



Market Analysis and Entry Strategy for Epoxy Flooring in Denmark

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Abstract

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<p>In the global landscape of industrial and commercial flooring solutions, epoxy flooring has emerged as a versatile and durable option, gaining widespread recognition for its exceptional properties.</p> <p>The primary aim of this Thesis is to determine the optimal entry method for the Estonian epoxy flooring company X to enter the Danish market. To fulfil its core objectives, the study's author conducts a comprehensive analysis of the target market relevant to the case company.</p> <p>The thesis employs a deductive approach, utilising a qualitative and quantitative research method to formulate the market entry strategy. Primary data is acquired through interviews with the CEO of the case company and interviews with people who have entered the Danish market previously. Drawing from 1.5 years of personal experience working for the company, the author contributes unique insights. Additionally, secondary data is gathered from relevant literature and online resources.</p> <p>The study focuses on establishing an international market entry strategy for the case company, guided by the principles of global marketing strategy and the target market process. It comprises theoretical segments that delve into various market entry modes, current market analysis, cross-cultural considerations, and marketing approaches.</p> <p>The study's outcomes outline the steps the case company must consider when entering the Danish epoxy flooring market.</p>
Keywords Epoxy flooring, Danish market, competitive landscape, international market entry, strategic planning, market analysis, commercial flooring, entry mode

Contents

1	Introduction	1
1.1	Research Background.....	1
1.1.1	Company overview	2
1.1.2	Services.....	3
1.2	Objectives and Research Questions	4
1.3	Research methods and data collection.....	5
1.4	Thesis Structure	6
2	Market Entry	7
2.1	Theoretical Framework.....	7
2.2	Theories on market entry.....	8
2.3	Motivation for Entry	9
2.4	Market Entry Modes	9
3	Denmark as the Target Country	16
3.1	Pestel.....	16
3.2	SWOT analysis	19
4	Empirical research and data analysis	24
4.1	Empirical research design	24
4.2	Data collection.....	24
4.3	Data analysis.....	25
4.3.1	Interview with the CEO of Company X	26
4.3.2	Interview with a company owner operating in the Danish market.....	26
4.3.3	Interview with a Nordic company owner.....	28
5	Market Entry Strategy for the Danish Market.....	29
5.1	Choice of entry Mode	29
5.2	Target customers in Denmark	29
6	Conclusions and suggestions	31
6.1	Validity and reliability.....	31
7	Summary.....	33
	Sources	34
	Appendices.....	37
	Appendix 1	37
	Appendix 2:	37

1 Introduction

In recent years, the global construction industry has witnessed a shift towards sustainable and innovative building materials. Epoxy flooring, known for its durability, aesthetic appeal, and environmentally friendly characteristics, has established itself as a leader in this industry. As businesses seek new markets to expand their reach, Denmark has emerged as a promising territory with its expanding construction sector and a strong attention on eco-friendly practices. Epoxy flooring has gained popularity not only in industrial settings but also in commercial and residential spaces, due to its long-lasting nature and attractive appearance.

In 2024, the estimated size of the Epoxy Resins Market is 3.55 million tons, with a projected growth to reach 4.20 million tons by 2029, experiencing a compound annual growth rate (CAGR) of 3.41% during the forecast period (2024-2029). The market faced adverse effects from the COVID-19 pandemic in 2020, attributed to the pandemic situation and stringent regulations implemented in various countries (Mordor Intelligence 2024).

Denmark's unique economic environment, attentive environmental regulations, and thriving construction sector position it as a prime candidate for the entry of epoxy flooring into the market. The research will additionally explore possible challenges, market entry modes, competitive analysis, and current market situation, to ensure a well-rounded entry strategy.

1.1 Research Background

The research is being undertaken by a last year student in International Business at HAAGA-HE-LIA University of Applied Sciences. The study is commissioned by an Estonian epoxy flooring company, which will be referred to as "Company X" or simply "the case company" throughout the research.

The selection of this thesis topic emerged from a company X decision to investigate entry ways into the Danish market. This thesis functions as an analytical and informative guide, providing insights and recommendations for Company X as it develops an entry strategy into the Danish market. Additionally, it offers valuable insights for individuals seeking to explore entry modes into the Danish market.

The thesis aims to closely study options for Company X extending its operations into Denmark, a strategic move that holds promise for growth. Moving beyond the exploration of relocation, this thesis aims to unravel the complexity of the Danish market, considering factors such as consumer preferences, regulatory frameworks, and existing competitors. Furthermore, the thesis has an ambitious agenda to propose a practical and effective entry strategy for Company X. The proposed

entry strategy seeks to ensure seamless integration, leveraging the strengths of Company X while adapting to the specific demands of the Danish market.

This research aims to conduct a comprehensive market analysis and develop an effective entry strategy for introducing epoxy flooring services into the Danish market. By examining key factors such as the political, economic, social, technological, environmental, and legal landscape of Denmark, this study seeks to identify opportunities and challenges for companies operating in the epoxy flooring sector.

The significance of this research lies in its potential to provide valuable insights and guidance for companies looking to enter or expand within the Danish market. By understanding the unique characteristics and dynamics of the Danish market, companies can formulate strategic approaches tailored to capitalize on emerging opportunities and reduce potential risks.

1.1.1 Company overview

Founded in 2021 in Estonia, Company X emerged from the vision of an epoxy enthusiast with over 12 years of hands-on expertise in the field. This individual's extensive experience laid the groundwork for Company X's inception, which followed a successful venture that involved selling shares in a previous epoxy business. Motivated by this accomplishment, Company X embarked on a new and innovative journey.

While initially rooted in Estonia, Company X quickly expanded its footprint into neighbouring Finland, engaging in subcontract work and contributing to various cross-border projects. This strategic expansion not only broadened the company's geographical reach but also solidified its reputation as a reliable and capable player in the market.

Focusing on a wide range of flooring solutions, including epoxy, polyurethane, and acrylic, Company X concentrates mostly on corporate clients like hospitals, schools, kindergartens, the pharmaceutical industry, warehouses, restaurants, shopping centres, parking lots and offices. The company's reputation as a trustworthy partner is backed by its strong dedication to providing excellent services.

During the summer season, Company X adopts a strategic approach, focusing on specific projects that showcase its expertise and innovation. These include the renovation of stairs using advanced acrylic techniques and the transformation of garages using high-quality epoxy or polyurethane materials. By concentrating efforts on these specialized projects, Company X not only maximizes its impact but also reinforces its position as a leader in the field of flooring solutions. Looking ahead, Company X remains composed for further growth and success, driven by its steady

commitment to excellence, innovation, and customer satisfaction. With a solid foundation built on years of expertise and a track record of success.

1.1.2 Services

Company X specializes in three special services – epoxy, polyurethane, and acrylic flooring.

Epoxy forms a strong and chemical-resistant layer, that safeguards floors and also gives them aesthetic look. Whether applied in industrial settings, garages, or healthcare spaces epoxy flooring service establishes a standard for durability and longevity. Epoxy flooring has found its way to homes, becoming a popular choice for basements, kitchens, and even living areas. Its ability to resist stains, easy maintenance, and a variety of design options make it a practical and stylish solution for modern homes. Transforming the garage floors into a clean and polished space, epoxy flooring is a go-to for car enthusiasts and homeowners alike. Its resistance to chemicals, oil, and durability against heavy foot and vehicle traffic make it perfect for garage settings. Mixing epoxy with special sand makes epoxy even more durable and is used in places like parking lots, where durability is essential. Epoxy ability to resist heavy machinery, chemicals, and provide a low-maintenance surface makes it an ideal solution for industrial settings.

Polyurethane flooring involves applying a strong and flexible coating that not only enhances the strength of surfaces but also adds a touch of practicality. Its unique composition provides a seamless finish. Schools and shopping centres benefit from the durability and low-maintenance aspects of polyurethane flooring. Its ability to withstand the daily activities of students and staff, coupled with easy cleaning, makes it a practical solution for educational settings. In hospitals and healthcare environments where hygiene is crucial, polyurethane flooring stands out. Its non-porous surface resists the growth of bacteria, ensuring a clean and sterile space that meets the strict requirements of healthcare settings. Polyurethane flooring is also making its mark in sports facilities. Its shock-absorbing properties make it an ideal choice for gymnasiums and exercise areas, providing a comfortable and durable surface for various physical activities.

Acrylic flooring introduces a straightforward approach to flooring solutions, providing a seamless and elegant finish that transforms spaces effortlessly. Known for its fast application and slip-resistant qualities, acrylic flooring brings a touch of simplicity and style to any environment. In commercial spaces such as offices, retail stores, and cafes, acrylic flooring stands out for its clean and contemporary look. Its slip-resistant surface adds a safety element, making it a practical choice for areas with high foot traffic. Acrylic flooring finds a special place in the renovation of stairs and high-traffic areas. Its slip-resistant properties make it an excellent choice for enhancing safety without compromising on style. The seamless application creates a cohesive and visually pleasing surface.

Acrylic flooring is gaining popularity in schools and educational settings. Its durability and ease of maintenance make it suitable for classrooms, hallways, and other areas that experience continuous activity.



Acrylic covered stairs

Self-leveling Epoxy

Polyurethane

1.2 Objectives and Research Questions

The research aims to provide a roadmap for Company X, offering practical insights and recommendations to facilitate successful expansion into the dynamic Danish market.

The research question of the study is:

"What would be the best market entry mode for Company X to enter Danish market? "

The investigative questions of the study are:

Q1: What are the factors affecting the choice of an entry mode?

Q2: Who are the target customers of Company X in the Danish market?

Q3: What are the business opportunities and barriers in Danish market?

1.3 Research methods and data collection

The study adopts a mixed-methods research design, incorporating both quantitative and qualitative approaches. This design allows for a comprehensive exploration of the market dynamics and entry strategies for epoxy flooring in Denmark.

Due to the restricted timeframe for project completion, the research scope for the University of Applied Sciences was narrowed to the following:

- Provide a background of the market with emphasis on the epoxy flooring sector.
- Conducting a comprehensive examination of Company X's potential to enter the Danish market and exploring prospective entry methods.
- Both the theoretical and practical sections of the thesis focus mainly on the entry into the Danish market for this company.
- Although much of the literature on the subject is accessible in Danish, this thesis relies solely on English-language literature, thereby not providing a comprehensive review of the topic.
- The data collection for the actual part was done by an employee of Company X while working in Estonia.

Conducting thorough market research is essential for making well-informed business decisions and reducing risks. It plays a crucial role, particularly when considering entry into new markets. By examining the size and structure of the market, companies can assess associated risks, determine potential profitability, and identify both opportunities and threats.

A key distinction in research information lies in the types of data gathered, specifically quantitative and qualitative data. Quantitative research involves the measurement of various market aspects, such as size, brand awareness, and purchase frequency. This type of research relies on hard data collected from larger respondent groups, necessitating attentive sampling methods for accuracy. In contrast, qualitative data aims to understand the underlying mechanisms behind researched events. With a smaller sample size, qualitative research may not represent the general population but offers insights into consumer shopping behaviours, motivations, and the reasons behind their actions.

Quantitative research concerns quantities and measurements, assessing factors such as quantity, duration, causal explanations, and potential predictions for future occurrences. It is often posed with qualitative research. Besides, qualitative research involves the collection and analysis of data using descriptive language rather than numerical values (Williams, Wiggins, Vogt 2021, chapter 4).

Qualitative research involves a structured investigation into human experiences within a defined context, employing methodologies that respect individual perspectives and voices. This method differs from the predominant approach in social science research, which typically relies on quantitative methods (Lincoln 2021, 16)

Quantitative and qualitative market research often complement each other effectively. For example, when analysing customers attitudes toward a brand, qualitative research may reveal specific opinions, while quantitative research quantifies the proportion of customers holding those opinions. The synergy between these two approaches helps paint a comprehensive picture of the market, enabling companies to make well-informed strategic decisions.

1.4 Thesis Structure

The thesis is structured into eight parts, each contributing to the logical progression of ideas and the research process. In chapter 1, a broad overview is provided, introducing the research topic and research questions, and outlining the research methodology. Chapter 2 delves into market entry modes and relevant theories that explain potential strategies for entering new markets.

Moving forward to chapter 3, a complete PESTEL and SWOT analysis is presented, offering readers deeper insights into the factors influencing market entry strategies. In chapter 4, the focus shifts to a more tailored approach, providing specific details about the case company, Company X, including its services, distribution channels, and other relevant market details that contribute to the research.

Chapter 5 highlights empirical research and analysis, incorporating data gathered from interviews with Company X and industry stakeholders. The questions presented and the responses acquired are thoroughly examined. Chapter 6 builds upon the analysed data, offering a detailed perspective on the most effective market entry strategies for Company X.

Chapter 7 serves as a conclusion, providing a summary of the research, addressing the posed questions, and presenting the conclusive findings of the thesis.

Finally, chapter 8 is a summary.

2 Market Entry

The purpose of this chapter is to explore and analyse potential market entry modes for introducing epoxy flooring services into the Danish market. Epoxy flooring, known for its durability and versatility, has gained significant interest globally, and the objective is to assess the achievable entry to the Danish market. This analysis will consider various market entry modes, considering the unique characteristics of the Danish market, regulatory landscape, and consumer preferences.

Market entry strategy serves as a carefully crafted blueprint that a company formulates to direct the introduction of its services, or brand into a fresh target market. This strategic plan outlines the methods and actions the company intends to employ to establish a presence, capture market share, and ultimately realize its business goals within the selected market.

Market entry encompasses a thorough strategic procedure at which point a business endeavours to introduce its products or services into a new, untapped market. This process entails accurate analysis of macro and microeconomic factors, along with research, planning, marketing, and operational strategies (Studysmarter 2024).

2.1 Theoretical Framework

This chapter delves into the theoretical groundwork of this thesis, exploring various theories related to the internationalization process and market entry strategies. Additionally, it provides insights into the Danish market, offering an overview of its key aspects to facilitate a better understanding of this market.

In today's business landscape, many firms find it challenging to sustain themselves solely within their home country. Competing firms often have already expanded internationally, and the home market can be both saturated and too small to support sustained profitability. This situation is particularly evident in Estonia, where the domestic market's size necessitates internationalization for most Estonian companies to thrive.

In economics, internationalization refers to the strategic expansion of a company beyond its domestic borders to increase its market presence or capture a larger share of international markets. This global trend among corporations has contributed to the process of globalization, wherein economies around the world are deeply interconnected through cross-border trade and financial activities. Consequently, the economic activities and well-being of nations are significantly influenced by each other's actions and economic conditions (Investopedia 2024).

2.2 Theories on market entry

Dunning's eclectic approach

In Dunning's eclectic ownership–location–internalization (OLI) framework, he emphasizes the significance of locational factors in foreign investment decisions. The term 'eclectic' signifies the necessity of integrating various economic theories to fully explain firms' transnational activities. Dunning argues that a firm's inclination towards international production increases when three conditions are met:

Ownership advantages: Firms possessing foreign production facilities enjoy greater ownership advantages compared to their counterparts from other countries. These advantages may include intangible assets such as expertise.

Locational advantages: The presence of factor endowments (such as labour, energy, materials, components, and transportation and communication infrastructure) in foreign markets must make it profitable for the firm to continue operating there. If not, the firm would resort to serving foreign markets through exports.

Internalization advantages: It should be more profitable for the firm to utilize its advantages internally rather than selling them, or the rights to use them, to foreign entities. (Hollensen 2020, 77-80)

The Uppsala internationalisation model

Developed by Swedish researchers at the University of Uppsala in the 1970s, focused on the process of firms expanding internationally. Based on their observations of Swedish manufacturing firms, the researchers identified certain patterns in the internationalization process. They noticed that firms typically began their international operations in nearby markets before gradually expanding into more distant ones. Additionally, they observed that companies tended to enter new markets initially through exports, with the establishment of sales organizations or manufacturing subsidiaries occurring only after several years of exporting to the same market.

Johanson and Wiedersheim-Paul (1975) categorized the internationalization process into four stages, each representing increasing levels of international involvement and market commitment:

Stage 1: Limited or occasional export activities.

Stage 2: Exporting via independent representatives or intermediaries.

Stage 3: Establishment of a foreign sales subsidiary.

Stage 4: Establishment of foreign production or manufacturing units.

International activities necessitate a blend of general expertise and market-specific understanding. It is commonly believed that market-specific knowledge is primarily acquired through firsthand experience in the particular market, while operational knowledge can often be transferred from one country to another. (Hollesen 2020, 80).

2.3 Motivation for Entry

In the dynamic landscape of the epoxy flooring industry, strategic expansion into new markets is often vital for companies seeking sustained growth and enhanced profitability. This is the case for an Estonian epoxy flooring company that has set its sights on entering the Danish epoxy flooring market. The decision to venture into Denmark is rooted in a comprehensive analysis of numerous factors, including macroeconomic trends and industry-specific dynamics.

The global economic disruption triggered by the COVID-19 pandemic has compelled businesses worldwide to reassess their market strategies. The Estonian epoxy flooring company, aware of the shifts in today's economy, recognized the need for relocating its business. The Estonian epoxy flooring market has witnessed saturation, as local demand decreases, the pursuit of international markets becomes a logical progression to maintain company growth. Denmark, with its thriving construction sector and a liking for high-quality flooring solutions, emerged as an ideal target for the company's repositioning.

Confronted with the essential need to expand its market reach and address the challenges posed by market saturation in its home base of Estonia, along with the discontinuation of subcontract work in Finland, Company X is currently in the process of exploring alternative paths. Having international experience and considering the similarities in epoxy flooring application technology in Denmark, Company X has found this Nordic country as a promising option for potential relocation. The primary objective is to thoroughly assess the overall appeal of the Danish market, and dive into its unique characteristics and potential opportunities.

2.4 Market Entry Modes

When a company decides to enter a new market, it has various options to consider. One approach is to start by exporting products, meaning selling them to customers in the new market. Another option is to let another local company use its products through licensing. Some companies also

form partnerships or alliances with local businesses, or they might buy an existing business in the new market (acquisition) or start a brand new one there (greenfield venture).

Figure 1, shows different market entry modes companies can apply when choosing market entry modes. When a company starts considering entry methods, it should also think about how much control it's willing to relinquish and how much investment is required. These factors can limit the available options.

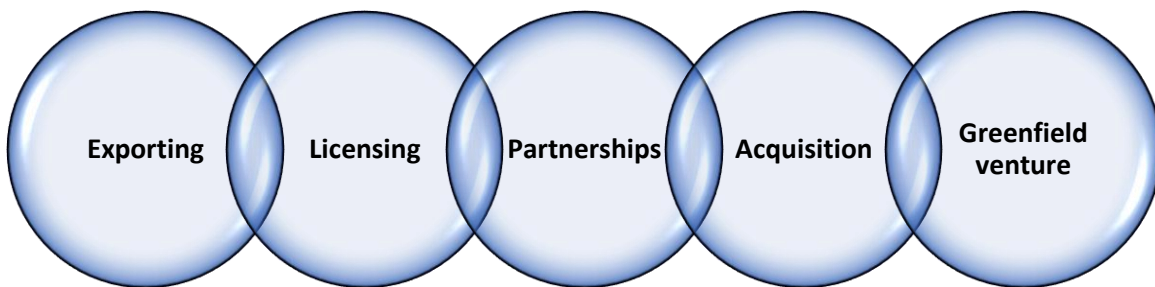


Figure 1 The Five Common International-Expansion Entry Modes

Exporting

Exporting involves marketing and selling domestically produced goods in foreign markets without the need for foreign production facilities. It's a traditional method for entering international markets, but it comes with costs such as marketing expenses and limited control over distribution. While it's low risk, exporters face challenges like high transportation charges, tariffs, and difficulty in customizing products to local preferences. Despite these drawbacks, exporting is often the first choice for firms expanding internationally due to its simplicity and avoidance of establishing operations in the new country. Typically, firms use contractual agreements with local distributors for distribution and marketing, while also considering factors like labelling, packaging, pricing, and promotional activities tailored to the target market (Manuel 2022)

Advantages of exporting:

- Fast entry
- Low financial risk
- Wide-ranging revenue source

Disadvantages of exporting:

- Low control and local knowledge
- Potential negative impacts of transit
- Cultural and language obstacles
- Transportation costs and problems

Licensing

International market entry through licensing involves granting permission to a foreign entity to use intellectual property, such as patents, trademarks, or technology, in exchange for royalties or fees. This allows the licensee to produce and sell products or services under the licensor's brand or technology. Licensing is a popular strategy for entering foreign markets as it requires less investment and risk compared to other entry modes like direct investment or joint ventures.

However, the concept of trademark licensing goes beyond this legal definition. It serves as a strategic tool for marketing and extending brands, utilized by entities ranging from large corporations to small businesses. While entertainment, sports, and fashion are the most visible sectors utilizing licensing, its scope extends to corporate brands, art, publishing, educational institutions, and non-profit organizations, among others (Licensing International 2024)

Licensing can be viewed as a mutually beneficial arrangement because it allows the original licensor to access the licensee's technology and products. This reciprocal exchange is significant as the licensee may enhance the provided information from the licensor. Some licensors are particularly interested in grant backs and may even reduce royalty rates in exchange for improvements to products and the potential for profitable new products. In cases involving products or services, the licensee assumes responsibility for production and marketing within a specified market area. This responsibility encompasses all associated profits and risks of the venture. In return, the licensee pays royalties or fees to the licensor, which typically constitute the primary source of income from licensing operations (Holleisen 2020, 357)

Advantages of licensing:

- Fast entry
- Low financial risk
- Shared marketing expenses

- Potential for rapid global growth

Disadvantages of licensing:

- Low control
- Licensee may become a competitor
- Legal and regulatory environment control challenge
- Royalty and franchise fees

Partnerships and alliances

Strategic alliances offer numerous advantages to organizations aiming to penetrate a new market. Firstly, they grant access to local insights, expertise, and networks. Collaborating with a local partner allows businesses to tap into their partner's understanding of the market, consumer preferences, and regulatory environment. This valuable knowledge facilitates a smoother market entry process, minimizes uncertainties, and helps avoid expensive errors.

Secondly, strategic alliances facilitate resource sharing and cost reduction. Entering a new market often demands significant investments in infrastructure, distribution channels, marketing efforts, and talent acquisition. Through alliances, companies can combine resources, share expenses, and capitalize on economies of scale, thereby enhancing the cost-effectiveness and efficiency of market entry (Faster Capital 2024).

Advantages of partnerships and alliances:

- Shared costs
- Low risk
- Fast market entry
- Perceived as a regional entity

Disadvantages of partnerships and alliances:

- Higher cost than exporting, franchising and licensing
- Possible difficulties in merging two corporate cultures
- Lack of control
- Potential exposure of confidential data

Acquisition

The acquisition strategy is a thorough and cohesive plan formulated during the acquisition planning processes. It outlines business, technical, and support strategies aimed at managing program risks and achieving program objectives. This strategy serves as a roadmap for executing acquisition programs throughout their entire life cycle, guiding the relationship between acquisition phases, work efforts, and crucial program milestones like decision points, reviews, contract awards, testing phases, production quantities, and deployment objectives. As the program progresses, the strategy adapts and should consistently align with the program's current status and ultimate goals. The creation of an acquisition strategy is essential prior to embarking on any projects within an organization. Developing this approach involves outlining how Program Management intends to handle program risks and achieve program objectives. It necessitates a clear understanding of the tasks to be executed and the interconnections among them by key project personnel. The development of the acquisition strategy demands input from leadership, program management, engineering teams, technical experts, cost estimators, schedulers, and other relevant areas that influence project outcomes (The Defence Acquisition Encyclopedia 2024)

Advantages of Acquisition:

- Utilization of local distribution networks
- Fast market entry
- Well-establish operations

Disadvantages of Acquisition:

- Significant upfront costs

- Challenges in integrating with the central office
- Variations in culture

Greenfield Ventures

A greenfield investment represents a method of entering a market frequently chosen by companies seeking maximum control over their overseas endeavours. In contrast to alternative foreign direct investments like acquiring foreign securities or purchasing a majority share in a foreign company, which may involve limited influence over day-to-day operations, a greenfield investment offers a high degree of control. Beyond the potential benefits of tax incentives or subsidies associated with establishing a greenfield investment, the primary objective of such an investment is to attain significant control over business operations while circumventing intermediary costs (Corporate Finance Institute 2024).

Advantages of Greenfield Ventures:

- Acquire insight into the local market
- Can be perceived as an insider who hires locals.
- Full control

Disadvantages of Greenfield Ventures:

- Significant initial investment
- Extended duration for establishing operations
- Lack of control
- Absence of familiarity with the local market

Figure 2 below shows investment risk, ownership, control and profit potential on scale low to high.

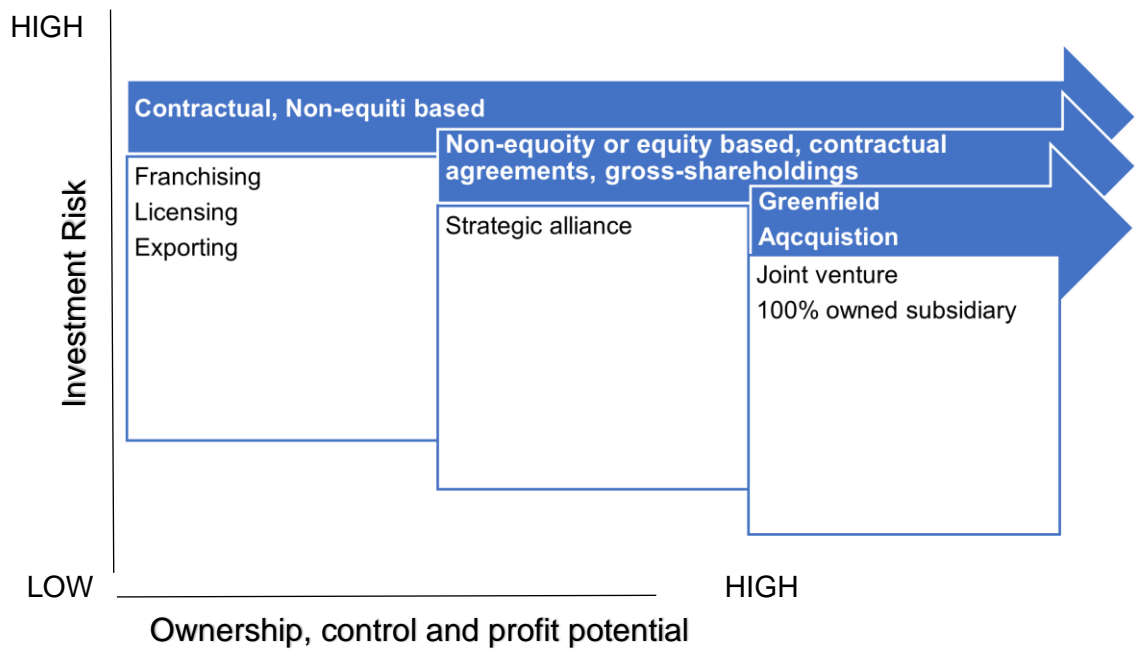


Figure 2 Entering International markets (University libraries 2024)

3 Denmark as the Target Country

Located in the heart of Scandinavia, Denmark presents productive opportunities for a business aiming to broaden its horizons and access new markets. Boasting a stable economy, a business-friendly atmosphere, and a strong focus on innovation, Denmark has become a top choice for relocation.

Denmark displays considerable influence globally, thanks to its highly developed economy, advanced infrastructure, and skilled labour force. Situated strategically at the crossroads of Europe, Denmark offers businesses unparalleled access to a wide range of markets, making it an attractive hub for international trade and commerce.

Denmark's progressive policies, transparent regulations, and supportive environment for entrepreneurship foster an ideal setting for business growth and prosperity. From streamlined registration procedures to ample financing options, Denmark provides businesses with the necessary resources and infrastructure to develop.

Denmark presents a wealth of opportunities for businesses aiming to thrive and succeed in a competitive global landscape.

3.1 Pestel

The PESTEL analysis in the Danish market is a vital tool for companies seeking to understand, adapt, and thrive in this dynamic environment. By systematically examining these key dimensions, businesses can identify opportunities, anticipate challenges, and make informed decisions tailored to the unique factors that define the Danish market landscape. Whether entering the market or adapting to changes, PESTEL analysis provides invaluable insights to strategize and navigate effectively within Denmark's varied business environment. Pestel analysis is displayed below in Figure 3.

A PESTEL analysis serves as a framework utilized by marketers to study and track the macro-environmental factors affecting an organization, company, or industry. It assesses the Political, Economic, Social, Technological, Environmental, and Legal elements within the external marketing environment. By examining these factors, a PESTEL analysis helps identify potential threats and weaknesses, which are subsequently incorporated into a SWOT analysis (Washington State University 2023).

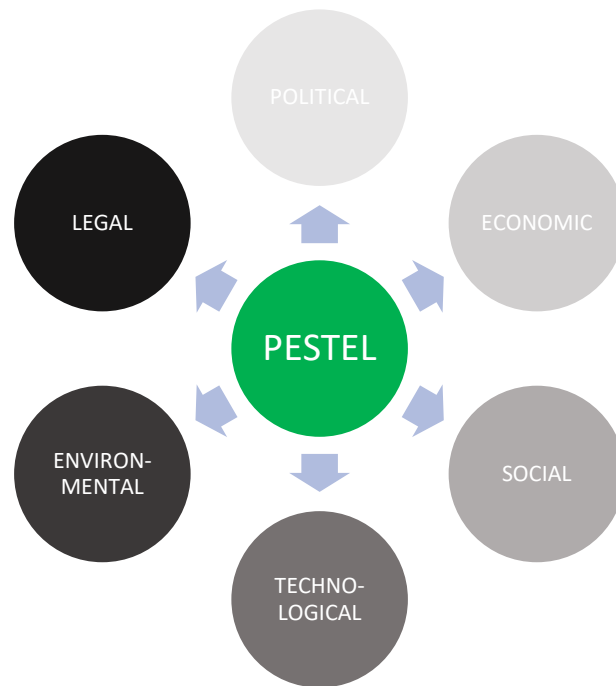


Figure 3 Pestel

Political

Denmark is renowned for its political stability and effective governance. The well-established democratic system and rule of law provide a secure foundation for businesses, fostering an environment conducive to investment and growth. The presence of multiple political parties reflects a diverse political landscape. Businesses should monitor the policies and agendas of these parties, as changes in government can influence regulations and economic strategies.

In Denmark, politics revolve around achieving consensus. The Danish parliament comprises representatives from 16 different parties, and since 1909, no single party has held enough seats to govern independently. As a result, governing coalitions are formed by multiple parties coming together to govern collectively (Ministry of Foreign Affairs of Denmark 2024).

The present administration took shape on December 15, 2022, comprising the Social Democratic Party, the Liberal Party, and the Moderates. Elections for the Folketing occur at least once every four years, although the prime minister retains the authority to call for an election at any juncture, typically selecting a time deemed advantageous for their party. While the Danish King holds the

formal title of head of government in Denmark, his duties are primarily ceremonial (Ministry of Foreign Affairs of Denmark 2024).

Economic

In 2023, the Danish economy saw low domestic demand but benefited from strong net exports, particularly in pharmaceuticals. Real GDP grew by 0.5%, lower than expected due to data revisions. Looking ahead, economic activity is expected to pick up, driven by stronger domestic demand. Private consumption is set to improve with rising real wages and lower inflation, while government spending and investment in key sectors like energy and pharmaceuticals are also projected to contribute to growth. Real GDP is forecasted to expand by 0.9% in 2024 and 1.6% in 2025, with a downward revision for 2024 (European Commission 2024).

Social

Denmark ranks second internationally in terms of social policies, boasting a flexible and highly developed welfare system that has remained consistent since 2014. The nation operates a universal tax-funded healthcare system, offering free services, though the pandemic caused significant strain, resulting in a backlog of patients and heightened wage disputes within the sector. Educational reforms have bolstered student performance following a period of dull international test scores. Efforts to enhance social transfers aim to strengthen motivation for employment, despite a recent gain in poverty and inequality rates. Denmark's powerful childcare system enables both parents to work, supported by generous parental leave policies. Recent pension reforms have enhanced long-term sustainability, while tighter immigration regulations reflect public tensions, though strides in labour market and educational integration are being made (Sustainable government indicators 2022)

Technological

Denmark stands out as a highly digitalized society, ranking sixth globally in the World Economic Forum's "Network Readiness Index" in 2022. The country's ICT sector, valued at USD 35 billion, primarily focuses on software development and services, with limited domestic manufacturing. U.S. hardware and software products are highly regarded in this market. New entrants face stiff competition from local, international, and well-established U.S. companies. To succeed, companies often establish a local subsidiary or sales office within Denmark or the broader Nordic region. The public sector is the largest consumer of IT services, followed by the financial and manufacturing sectors, with retail and wholesale also significant buyers. Industry analysts highlight mobility as a key

investment area in IT, along with cybersecurity, business IT alignment, unified communication, IT architecture, business intelligence, outsourcing, and the emerging market of Green IT (Official International Trade Administration 2024).

Environmental

Denmark joined the CCAC partnership in 2012, actively contributing to initiatives related to household energy and waste management. This includes developing and implementing testing and protocols to measure black carbon emissions from heat stoves, facilitating eco-labelling and other voluntary standards. Additionally, Denmark participates in the City Waste Exchange Program, sharing knowledge and experiences in municipal waste management with cities like Copenhagen and Sao Paulo. In advancing climate action, Denmark accepted the ambitious 2020 Climate Act, which aims to slash greenhouse gas emissions by 70% by 2030 compared to 1990 levels. The law also sets a long-term goal of achieving climate neutrality by 2050, and mandates the establishment of new national climate targets every five years, with each target being more ambitious than the last, in line with the Paris Agreement's principle of no regression (Climate and Clean air coalition 2024).

Legal

Danish and Nordic law exhibit similarities with continental European legal systems but have distinct characteristics of their own. Danish law, for example, shares traits with common law systems, yet the Nordic countries are notably different from Common Law nations. Despite ties to continental legal systems, Denmark and its Nordic counterparts form a unique legal family. The Danish Parliament, known as the "Folketinget," operates as a single-chamber assembly with 179 elected members, including representatives from the Faroe Islands and Greenland. Elections occur every four years unless called earlier. Legislative bills must pass three readings within the same Parliamentary year. Since joining the European Community in 1973, Denmark's legal system has been significantly influenced by European Union law. The country has four opt-outs from the Maastricht Treaty, excluding participation in European Union citizenship, the economic and monetary union, supranational defence decisions, and international cooperation in justice and home affairs (Nordia Law 2020).

3.2 SWOT analysis

The SWOT analysis indicates that while Company X possesses considerable strengths and opportunities, addressing weaknesses and mitigating threats will be crucial for a successful entry into the

Danish epoxy market. Strategic planning and adaptation to the local business environment will play a pivotal role in maximizing the potential for growth and market acceptance.

SWOT, which stands for Strengths, Weaknesses, Opportunities, and Threats, is a method used to evaluate these four dimensions within your business. Conducting a SWOT analysis helps in understanding your current strengths, identifying areas for improvement, seizing potential opportunities, and recognizing potential threats that could impact your business negatively. This analysis delves into both internal and external factors affecting the organization. While some factors are within control, others are not. Nonetheless, by systematically examining and analysing these factors, the company can gain clarity on the wisest actions to take in response to the opportunities and challenges facing your business (Mindtools 2022)

Table 1 below of Swot analysis, shows companies strengths, weaknesses, opportunities and threats.

Table 1 Swot analysis of Company X

STRENGTHS	WEAKNESSES
<p>Proven expertise: Company X boasts a wealth of experience and expertise in epoxy flooring, providing a solid foundation for entering the Danish market.</p> <p>International working experience: The company's successful operations in Estonia and Finland.</p> <p>Versatile product range: epoxy, polyurethane, and acrylic floor applications.</p> <p>Quality services: Company X's commitment to delivering high-quality services has established a reputation for excellence</p>	<p>Limited presence: The company currently lacks a presence in the Danish market, which may pose initial challenges in building brand awareness and recognition.</p> <p>Reliance on corporate clients: While corporate clients constitute the primary customer base, overreliance on this segment may expose the company to fluctuations in corporate project cycles.</p>
OPPORTUNITIES	THREATS
<p>Growing demand for innovative flooring: The Danish market exhibits a rising demand for innovative and sustainable flooring solutions.</p> <p>Alignment with Sustainable Practices: Company X can capitalize on Demark's commitment to sustainability by emphasizing the eco-</p>	<p>Competition from Established Local Players: Existing competitors in the Danish market may pose a challenge.</p> <p>Regulatory Compliance: Danish regulations and standards in the construction and flooring</p>

<p>friendly aspects of its epoxy flooring applications.</p> <p>Collaboration with Local Partners: Establishing collaborations with local contractors or suppliers can enhance Company X's understanding of the Danish market and streamline logical processes.</p>	<p>industry may present challenges that need careful navigation.</p> <p>Economic fluctuations: Economic uncertainties or downturns in the Danish market could impact construction projects, affecting demand for epoxy flooring solutions.</p>
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Strengths

Company X possesses significant strengths gained from its extensive international working experience. Over time, the company has accumulated valuable knowledge about various market dynamics, regulatory frameworks, and consumer behaviours across various regions. This extensive exposure has laid a strong foundation for Company X's strategic entry into the Danish market.

The company's broad service range is proof to its commitment to catering to diverse customer needs and preferences. From offering epoxy flooring solutions to acrylic and polyurethane flooring services, Company X has developed a comprehensive portfolio that addresses a wide spectrum of flooring requirements. This diverse range of services underscores the company's versatility and ability to adapt to different market demands.

Company X's strengths encompass not only its extensive international experience but also its comprehensive service range and proven track record of delivering high-quality solutions. These strengths form the cornerstone of the company's strategy as it embarks on its journey to establish a strong presence in the Danish market. With a solid foundation built on expertise, versatility, and customer satisfaction.

Weaknesses

Expanding into the Danish market presents a opportunities for the company, but without an established presence, building brand awareness and recognition will require strategic planning and execution. This involves tailored messaging to resonate with Danish consumers and align with local values such as sustainability and innovation.

While corporate clients have traditionally formed the backbone of the customer base, it's essential to recognize the potential risks associated with overreliance on this segment. Relying too much on big company projects can mean fluctuation in demand, Therefore, diversifying our customer

portfolio to include smaller businesses and exploring opportunities in the consumer market will be crucial for long-term growth and resilience in the Danish market.

Understanding the nuances of the Danish business environment, including regulatory frameworks, cultural norms, and competitive landscape, is essential. Conducting thorough market research and engaging with local stakeholders will enable the company to make informed decisions and adapt strategies effectively. By addressing these challenges proactively and leveraging our strengths, we can establish a strong foothold in the Danish market and unlock its potential for sustained success and growth.

Opportunities

The Danish market presents promising opportunities for innovative and sustainable flooring solutions. With a growing emphasis on sustainability, there's a rising demand for eco-friendly products like Company X's epoxy flooring applications. By highlighting the environmentally friendly features of our products, such as low emissions and eco-friendly materials, we can appeal to Danish consumers who prioritize sustainability in their purchasing decisions.

Establishing strategic collaborations with local contractors or suppliers is crucial. These partnerships can provide valuable insights into the Danish market, including customer preferences, regulatory requirements, and industry standards. By working closely with local stakeholders, Company X can tailor its offerings to better meet the needs of Danish consumers and ensure compliance with relevant regulations. Moreover, collaborating with local partners can streamline logistical processes, such as distribution and installation, leading to improved efficiency and customer satisfaction. By leveraging the expertise and network of local contractors or suppliers, Company X can navigate the complexities of the Danish market more effectively and position itself as a trusted provider of sustainable flooring solutions.

Threats

Existing competitors in the Danish market represent a significant threat to Company X's expansion efforts. These competitors likely have established brand recognition, customer relationships, and market share, making it challenging for Company X to penetrate the market. To counter this threat, Company X must differentiate itself by highlighting its unique value proposition, such as superior product quality, innovative features, or exceptional customer service.

Navigating regulatory compliance in Denmark's construction and flooring industry is another potential challenge. Danish regulations and standards may differ from those in other markets, requiring careful navigation to ensure full compliance. This may involve investing in additional research, obtaining necessary certifications, and adapting product designs or manufacturing processes to meet local requirements. By proactively addressing regulatory challenges, Company X can mitigate risks and demonstrate its commitment to legal and ethical business practices.

Economic uncertainties or downturns in the Danish market could impact construction projects and, consequently, demand for epoxy flooring solutions. Fluctuations in construction activity, changes in government policies, or global economic conditions may all contribute to volatility in the market. To mitigate the impact of economic uncertainties, Company X should focus on building resilient business strategies, diversifying its customer base, and maintaining strong relationships with key stakeholders. Additionally, offering flexible pricing options or value-added services can help Company X adapt to changing market conditions and remain competitive among economic challenges.

4 Empirical research and data analysis

This chapter of the study serves to inform readers about the groundwork of empirical research and data analysis. Initially, the chosen research method for the study is introduced, followed by an overview of the data collection and data analysis methods.

4.1 Empirical research design

In the initial chapter of the project, it was defined that two research methods qualitative and quantitative will be used. The qualitative research approach was chosen for this study due to its effectiveness in explaining the primary research questions and objectives.

Throughout the research process, the CEO was interviewed to obtain comprehensive insights into the company's overall structure, primary goals, and expectations concerning the Danish market. All interview questions were carefully crafted to determine the key objectives of entering the Danish market, and the interview was conducted in person.

Furthermore, two individuals were interviewed to gather relevant data regarding the Danish market. All responses obtained during these interviews were promptly documented and are deemed as the primary source of information.

4.2 Data collection

The data collection process involved conducting interviews with three individuals who have successfully entered the Danish/Nordic market. These interviews were designed to gather insights and perspectives from experienced professionals who have firsthand knowledge of navigating and establishing a presence in this specific market region. By engaging with these individuals, the research aimed to capture valuable information regarding the challenges, strategies, and key considerations involved in market entry within Denmark and the broader Nordic context. The interviews served as a primary method of acquiring qualitative data. Figure 4 below shows the time and interviews conducted.



Figure 4 Data collection process

4.3 Data analysis

This section provides a comprehensive analysis of the research findings gathered through a combination of primary and secondary sources. The study gathered data from various channels to ensure a strong understanding of the subject matter. Both primary research, consisting of interviews with key stakeholders, and secondary research, involving the review of existing literature and market reports, were conducted to gather insights into the case company's operations and its potential for expansion into the Danish market.

The primary research component involved conducting interviews with key individuals holding vital information about the case company. These interviews included discussions with the company's CEO, a company owner based in Denmark, and another company owner from Estonia who successfully entered the Nordic market. These interviews provided invaluable insights into the case company's current standing, its products, business operations, and future prospects. The face-to-face interview with the CEO facilitated a deeper understanding of the company's goals, challenges, and strategies, while online messaging interviews with other stakeholders ensured flexibility and accessibility. Specifically, the interview with the Danish business owner offered unique perspectives on the nuances of the Danish market, including consumer preferences, regulatory requirements, and competitive dynamics. This firsthand insight from a local entrepreneur enriched the study's understanding of the market landscape and provided essential context for evaluating the case company's potential opportunities and challenges in Denmark. Furthermore, the interactive session with the case company's CEO fostered open dialogue and allowed for in-depth discussions on key issues relevant to the research. These interactions, conducted in March 2024, gathered timely and relevant information, ensuring the accuracy of the study's findings.

4.3.1 Interview with the CEO of Company X

The company is embarking on a strategic relocation from Estonia to Denmark, spurred by various compelling factors. This decision stems from the cessation of subcontract work for a Finnish company, coupled with the challenges prevalent in Estonia's construction industry and economic climate. Denmark's robust and flourishing economy, along with its cultural similarities to Estonia, further catalyses this move. Moreover, Denmark's geographical distance from potential conflicts near the Russian border provides an added layer of security and stability, reinforcing the attractiveness of the relocation. While the transition presents promising opportunities, there are anticipated challenges that the company must navigate. These include acclimating to a new taxation system, adjusting to a different working culture, and overcoming language barriers. To address these obstacles proactively, the company plans to implement measures such as providing language courses for employees and hiring individuals well-versed in Danish tax regulations.

Integration of the existing workforce into the new location is a key priority, with a keen focus on accommodating minor cultural differences between Estonia and Denmark. The Danish market holds significant potential for growth, boasting a larger market size, less saturation, and greater prospects for financial and technological advancements in epoxy flooring.

In adapting to the Danish market landscape, the company will prioritize larger corporate projects while gradually phasing out certain service offerings, such as stair renovations. Compliance with Danish regulations and industry standards, particularly in taxation, law, and job safety, remains paramount.

Looking ahead, the company's long-term goals involve forging partnerships with local companies to expand business opportunities and aim to employ up to 50 epoxy flooring system installers. Marketing efforts will be concentrated on social media platforms, complemented by the recruitment of sales personnel to establish a robust customer base. Despite the less intense competitive landscape in Denmark's epoxy flooring sector compared to Estonia, the company aims to differentiate itself by developing unique offerings within its niche, ensuring sustained growth and success in its new market.

4.3.2 Interview with a company owner operating in the Danish market

The interviewee, originally from Estonia, has been living in Denmark for several years. She has an entrepreneurial background and decided to relocate her consulting firm to Denmark.

The decision to relocate her Nordic/Baltic business to Denmark was motivated by a strategic desire to enhance local credibility and capitalize on greater opportunities within the Danish market. The personal aspect of living in Denmark and the aspiration to establish a stronger local presence played a pivotal role in driving this strategic move, aligning both professional and personal objectives.

Since the relocation, the positive impact on her business has been notably elevating overall performance and market penetration. Transitioning to a Danish company status has significantly bolstered credibility, provided her services more attractive to potential customers and enhanced trust in the local market.

While the transition to Denmark posed no major challenges, it did present invaluable opportunities for growth and development. Embracing Danish business practices, such as prominently featuring the company registration number on websites, not only reinforced credibility but also positioned her business favourably among local competitors.

Navigating the Danish regulatory and business environment proved comparably smoother than in previous locations. Denmark's conducive climate for sole traders and the ease of familiarizing with local banking processes were instrumental in facilitating adaptation and integration into the Danish market.

Cultural acclimatization played a crucial role in ensuring a seamless transition for business. Having resided in Denmark for several years and being fluent in Danish, she found herself well-equipped to navigate the nuances of Danish business culture. Contrasting with Estonia, Denmark's emphasis on honesty over scheming fosters a more open and transparent environment, aligning closely with professional values.

Pre-relocation research revealed the existing demand for consulting services in Denmark, alleviating the need for extensive market analysis. Language barriers and communication differences were non-issues, thanks to the entrepreneur's proficiency in Danish and familiarity with the local mindset, further facilitating integration into the Danish business landscape.

Overall, the relocation to Denmark has proven to be a strategically sound endeavour, positioning the business for sustained growth and success in the Danish market. The alignment of professional objectives with personal aspirations underscores the significance and impact of this strategic move, setting the stage for continued expansion and prosperity in the years to come.

4.3.3 Interview with a Nordic company owner

The interviewee, originally from Estonia, is a seasoned entrepreneur with extensive experience in the construction industry. He made the strategic decision to relocate his construction company to Norway, leveraging his years of expertise in both construction and business management.

The decision to relocate their Estonian business to Norway stemmed from the economic instability witnessed during the 2009 crisis, prompting a strategic shift towards more stable markets. In light of this, the Kingdom of Norway emerged as the ideal destination for our business operations due to its robust economy, favourable business environment, and reputation for stability. Since the relocation, they have experienced a positive impact on our business, with overall performance and market penetration progressing as anticipated.

However, transitioning to the Norwegian market posed its challenges, particularly in building trust and navigating the regulatory and business environment. Establishing credibility and rapport with local stakeholders proved to be a significant hurdle during the initial phases of our transition. To address this, they undertook deliberate efforts to hire local staff and acquaint ourselves with the intricacies of Norwegian business culture and regulations. Over the course of a year, dedication of resources was made to fostering relationships and understanding the unique dynamics of the Norwegian market landscape.

Fortunately, the relocation process itself proceeded smoothly, with no significant issues encountered. This can be attributed to meticulous planning and proactive measures taken to ensure a seamless transition for the employees. Cultural differences between the previous location and Norway were effectively managed through the strategic recruitment of local personnel, facilitating smoother integration into the Norwegian business environment.

While specific research on demand for the services in Norway was not conducted prior to the relocation, language barriers or communication differences did not emerge as major obstacles. This is largely attributed to the widespread use of English in Norway, which facilitated effective communication and collaboration with local stakeholders.

Looking ahead, their focus remains on consolidating the presence in the Norwegian market, leveraging their newfound market position and driving sustainable growth in Norway through strategic initiatives and a customer-centric approach.

5 Market Entry Strategy for the Danish Market

The purpose of this study was to find out what the best entry mode for company x is to enter the Danish epoxy flooring market. Choosing the best entry strategy is crucial for companies' development and growth. The Danish market shows that there are many entry strategies companies can develop to enter the Danish market successfully. Company X's choice of entry mode will be discussed in the chapter below.

5.1 Choice of entry Mode

In embarking on its expansion into the Danish market, Estonian Company X has strategically opted to pursue entry through partnerships and alliances. The choice of this entry mode reflects a thoughtful consideration of the complexities and opportunities presented by the Danish business landscape. Estonian Company X is entering the Danish market by teaming up with local partners and forming alliances. By partnering with local entities, Company X can benefit from their knowledge, networks, and resources. This helps Company X enter the market smoothly and effectively.

Creating these partnerships gives Company X access to established networks of distributors, suppliers, and others. This speeds up their market entry and makes operations more efficient by using existing relationships and infrastructure.

Moreover, partnering with reputable local businesses boosts Company X's credibility in Denmark. This credibility is important for building a strong brand and maintaining good relationships with customers and partners. Through these partnerships, Company X shows it's committed to understanding and fitting into the local business scene, which will lead to mutual growth and success.

By embracing partnerships and alliances strategically, Company X can navigate the unique aspects of the Danish market well, using teamwork to achieve steady growth and long-term success in this new business environment.

5.2 Target customers in Denmark

Target customers in Denmark would be mostly big corporate and industrial clients. The main concentration is getting contracts with healthcare facilities since they prioritize cleanliness and sanitation, making epoxy flooring an ideal choice due to its seamless and easy-to-clean surface. This type of flooring meets strict hygiene standards and can withstand heavy foot traffic, aligning perfectly with the strong demands of healthcare environments.

In the industrial sector manufacturers, warehouses, and production and pharmaceutical facilities, laboratories all of them need to have long-lasting solutions for their floors. Similarly, educational institutions in Denmark, such as schools, universities, and daycare centres, benefit greatly from the durability and resilience of epoxy flooring. With bustling hallways and classrooms, epoxy flooring holds up well against the daily wear and tear caused by student activity.

6 Conclusions and suggestions

In conclusion, after careful analysis and consideration of various factors, it is evident that the most advantageous entry mode for the case company into the Danish market would be to establish entry through a partnership or alliance. Several compelling reasons support this strategic decision.

Firstly, considering the small scale of the company, entering through a partnership or alliance minimizes the need for significant investment in relocating workers or establishing a physical presence in Denmark. This approach allows the company to conserve resources while still gaining access to the Danish market.

Secondly, given the company's limited familiarity with the Danish market and the absence of an established client base, partnering with local entities provides invaluable insights, market knowledge, and networks. Leveraging the expertise and resources of these local partners can significantly enhance the company's understanding of the market landscape, customer preferences, and regulatory environment.

Thirdly, entering through a partnership or alliance strategy facilitates smoother market penetration by leveraging the established reputation and relationships of local partners. This not only accelerates the company's entry into the market but also enhances its credibility and trust among potential customers and stakeholders.

Moreover, partnering with local entities mitigates the risks associated with unfamiliar territories, including regulatory compliance, cultural differences, and market dynamics. By sharing risks and responsibilities with trusted partners, the company can navigate these challenges more effectively while focusing on its core competencies.

Overall, opting for a partnership or alliance strategy aligns well with the case company's circumstances and objectives. It offers a strategic advantage for successful market entry and growth by providing access to local expertise, resources, and networks. Through collaborative partnerships, the company can establish a strong foothold in the Danish market and position itself for long-term success and sustainability.

6.1 Validity and reliability

The main goal of this research is to thoroughly answer the research questions and successfully achieve the overall research objectives. Primary data was obtained through direct discussions with the CEO of the case company, providing invaluable insights into the company's objectives, challenges, and strategic considerations regarding market entry into Denmark or the Nordic region.

Additionally, interviews were conducted with individuals who have firsthand experience in entering the Danish or Nordic market, offering diverse perspectives and practical insights into the complexities and nuances of market entry strategies.

The goal was to get more interviews, since the number of interviewees was not met, this may have an effect on the research.

Because of the attentive way data was collected from different sources and analyzed systematically, this research is considered trustworthy and credible. The methods used make sure the findings are valid and reliable, which improves the quality and relevance of the research results.

7 Summary

In summary, Estonian Company X has chosen to enter the Danish market through partnerships and alliances, recognizing the benefits of leveraging local expertise, market knowledge, and established networks. This strategic approach minimizes the need for significant investment in physical infrastructure and provides invaluable insights into the Danish market landscape.

By forming strategic partnerships, Company X aims to accelerate market penetration, enhance credibility, and mitigate risks associated with unfamiliar territories. This entry mode aligns well with Company X's circumstances and objectives, positioning it for sustained growth and success in Denmark.

The primary factors influencing Company X's entry mode include financial constraints, market size, location, and regulatory considerations. Company X strategically targets corporate clients across various sectors, offering tailored facility management solutions to meet diverse industry needs in Denmark.

Overall, by leveraging its strengths, addressing market challenges, and adapting to local dynamics, Company X is poised to establish a strong foothold and achieve sustainable success in the Danish market. Through collaborative strategies and targeted customer segmentation, Company X aims to maximize opportunities for growth and market expansion.

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Appendices

Appendix 1

Interview questions for Company X CEO:

Can you share the main reasons behind considering relocation to Denmark for your epoxy flooring company?

What challenges do you foresee in the transition process, and how do you plan to address them?

How do you plan to integrate your existing workforce into the new location, and what considerations have you made regarding potential cultural differences?

What specific opportunities or advantages do you believe Denmark offers for the growth and development of your epoxy flooring business?

What adjustments, if any, do you anticipate making to your product or service offerings in the Danish market?

What steps are you taking to ensure compliance with Danish regulations and industry standards in the epoxy flooring sector?

How do you envision the future of your epoxy flooring company in Denmark, and what long-term goals do you hope to achieve through this relocation?

How do you envision marketing your epoxy flooring services in the Danish market and building a customer base?

Have you assessed the competitive landscape for epoxy flooring services in Denmark, and how do you plan to differentiate your company?

Appendix 2:

Interview questions for company owner from Baltic/Nordic country who have relocated their business to Denmark?

What motivated your decision to relocate your business from a Nordic/Baltic country to Denmark?

How has the relocation impacted your company's overall performance and market presence?

Were there specific challenges or opportunities that you encountered during the relocation process to Denmark?

How did you navigate and adapt to the regulatory and business environment in Denmark compared to your previous location?

Can you share insights into the steps taken to ensure a smooth transition for your employees during the relocation?

How have you addressed cultural differences between your previous location and Denmark within your business operations?

Did you conduct specific research on the demand for your products or services in Denmark before relocating?

Were there any language barriers or communication differences that you had to address in the new market?