

A Guide for Finnish Textile Companies Entering Nigeria

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1 ABSTRACT

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appendices

Finding new territories to expand a business is a common goal for many. Many markets are flooded with such a variety of products it is sometimes hard for an entering business to be noticed. Entering a virgin market that is not yet saturated with the mass companies is an ideal situation for a business. They would be new, fresh and desired. There are many countries that are considered to be up and coming economies. The factors in making these countries virtually untouched are many, some including poverty, crime, corruption and even terrorism.

The objective of this thesis is to show Nigeria as a lucrative target market and to create a guide for entry. There are barriers to entry and fears of terrorism that keep many businesses away. In this work, it will unveil some of the people in Nigeria, lessening the mystery to this culture. The Nigerian culture is very business orientated and worldwide, business is business, and this is a common bond that foreign businesses have with their Nigerian counterparts. This thesis is written jointly with a Nigerian author and an American author, giving the knowledge of a native Nigerian as well as the questions of an outsider.

The commissioners for this thesis are also used as the case companies. The first commissioner/case company is Vallila Interior, a Finnish interior design company and the focus will be on their brightly colored textiles. The second commissioner/case company will be Altretes Enterprises, a Nigerian interior design company wishing to import foreign textiles to meet their clientele's demand. This thesis will be a guide on connecting the two companies and easing some fears the Finnish company might have about entering the Nigerian market.

Key Words: International Business, Exporting, Business Culture

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3 INTRODUCTION

Fabric is amongst everyday life in Nigeria. It is used to celebrate births, weddings, deaths and other celebrations. It is used as fashion, in the case of a wedding, everyone in the wedding party uses identical fabric to create different celebration cloths for all men and women in attendance. In the case of births, an entire change of the home must be done, including curtains and furniture upholstery, amongst other things. Fabric does not only belong to home culture. Entire event centers are renewed many times a year with new fabrics and furnishings to keep them looking fresh and neat. This is what lead to the inspiration for this thesis.

Economist Jim O'Neill has created a new term MINT, which is an acronym for Mexico, Indonesia, Nigeria and Turkey. O'Neill is predicting that these MINT countries will be the next booming markets in the world. (Wright, 2014)

In the interest of tapping new markets, this thesis is aimed to establish new trade between an organization within the European Union and an organization residing in one of the MINT countries, Nigeria.

The selection process of what countries to join in this union of trade was done first with finding a good quality product that is not yet globally known. The second part of this process was finding a country with a potential need or desire for this product but no current access to it.

This brought about the thesis topic: A Guide for Finnish Textile Companies Entering Nigeria. With case companies as our thesis commissioners: Vallila Interior and Altretes Enterprises. Vallila, with their ever growing selection of beautiful textiles and designs, is always looking to expand into new markets. They have no dealings with Africa as of date and are interested in the possibility of entering this untapped market. The choice of focusing on Nigeria in this thesis is because it is one of the fastest growing economies and it has a big

demand for imported high quality, bright and lively designs. The teaming up with Altretes Enterprises was done because the owner Omo Momoh was drawn to the Vallila product because of its designs and color array, she would like to offer this product to her clientele.

Why Nigeria?

“Nigeria is a virgin market. Most things you introduce here are still new unlike what obtains in developed economies, where their market has reached its peak.” Korede Roberts, Fusion luxury goods, Nigeria.(Punch, 2014)

Nigeria is the most populous country in Africa located on the Gulf of Guinea in West Africa. The population in 2014 measured at over 177 million and over 62% of this population lives in extreme poverty (CIA Library). This thesis targets the remaining 38% of the Nigerian population. In the percentage of people who have extra income, luxury brands are on the rise. Nigeria has the third most millionaires in Africa with the numbers reaching 15,900 individuals (Maritz).

Purchasing foreign furnishings for homes and foreign brand clothing is a must to be in the upper class of Nigerian society. Many of the purchasing habits are undocumented and unknown to the outsider which is one of the reasons this market has remained untouched.

This thesis was written with a Nigerian as the co-author, thus gaining access to information that otherwise would have been unobtainable.

Jane Oshuwa Ojo, co author

Jane Oshuwa Ojo obtained her business degree from Nigeria. Since receiving her degree in Nigeria, Jane has held many desirable jobs in Nigeria where she was in upper management for large corporations over the course of 5 years. She received good salaries and enjoyed a nicely balanced lifestyle. This is how she has come to obtain such tacit knowledge that is crucial to this thesis work and why the decision to use her insight as an expert was made. Jane later started school in Oulu Finland to further her education in a global setting. As

globalization continues to impact Nigeria, this will give Jane some practical knowledge of other cultures which will greatly raise her desirability to future employers. Jane has had the opportunity to see the Nigerian market from the inside workings of every day life and now from a different perspective as someone from abroad looking in. This not only makes Jane a valuable thesis writer but also a valuable tool full of vast information capital for future employers targeting Nigeria.

Robyn McGuire, co author

Robyn Lynette McGuire is an American with a working class background. Robyn started her working career while still in high school and from there each job she accepted was a little better than the last. Before moving to Finland she had moved from the sales field to restaurant management where, amongst other things, she enjoyed documenting procedures, procuring new products and overseeing workflows. Once in Finland she pursued a bachelor's degree in Business Administration to better her job skills. This thesis of connecting high quality goods to meet a demand in Nigeria was very interesting as it is a simple Business to Business exchange of goods but it reaches across an international borders' which she has not yet experienced. Her previous experience in documentation and procurement made her a perfect match for writing this thesis in cooperation with Jane Oshuwa Ojo.

Introduction to the Case Company

This thesis is aimed to establish trade routes between the Nigerian interior design company Altrete Enterprises and the Finnish company Vallila Interior. The process of this thesis will guide the Finnish case company in how to make contact and create a relationship with the Nigerian company. The outcome aims to give Altrete Enterprises access to new imported textile designs for clientele in Nigeria and open up the Nigerian market for future import of Finnish products. For Vallila Interior, this thesis will open up the possibility to expand into the African market and lay a roadmap for a future African export division.

Company #1 Finnish Company

Vallila Interior was founded in 1935 by a Swiss man, Otto Berner. It has since become renowned as a leading runner in Finnish design. They specialize in home textiles, interior accessories and rugs. Main operations for Vallila are located in Helsinki, Finland. There are established export sales divisions within Europe, USA and Asia (Vallila Interior).

Company #2 Nigerian Company

Altretes Enterprises is a company from Lagos, Nigeria that is into interior décor. The enterprise was founded in July of 2002 by Omo Momoh. Omo, originally dealing only with interior décor expanded into carrying different textile designs for home and office use in Nigeria. This expansion into textiles set Altretes Enterprises apart from other décor companies creating the opportunity to introduce unique textiles to clientele. Omo Momoh is the managing director of Altretes Enterprises, to find unique fabrics Omo travels the world finding different foreign textile manufactures to bring high quality designs for upscale clientele. The company business model is to beautify the home and offices of the Nigerian citizens. Altretes Enterprises has done very well in the interior décor in Lagos, Nigeria where they have built good customer channels, relationships and a respected reputation. These tools have opened many doors for Omo Momoh to expand into the Abuja market. Abuja is the capital city of Nigeria. The residents who live in Abuja are eager to purchase textiles, the problem lies in their demand fabrics made outside of Nigeria with bright and quality colors. This thesis will introduce high quality fabrics from Finland to the Nigerian market that will improve Altretes Enterprises in satisfying their customer demands.

Objectives of thesis

The objectives of this thesis are to develop a better understanding of how a Finnish textile company could enter the Nigerian market. It is one thing for a Finnish company to think of entering the African market, it is another thing to actually start this process. Africa is a large continent and even narrowing the scope to just Nigeria there are many questions that arise. This thesis is going

to be a road map of sorts, explaining the process of connecting with a Nigerian company in attempts to get the Finnish goods onto the Nigerian scene.

It is relevant to understand the different usages Nigerians have for textiles in domestic and celebratory occasions. The possibility exists of untapped potential markets that might not be exploited to the fullest. It is important to establish who the direct competitors are, if any, and how they are distributing and marketing their products of foreign textiles to gain understanding on how they are succeeding in the market thus enabling our case company to better compete with them. This research will lead to suggestions on how to introduce Finnish textiles to the Nigerian market via the case company Altretes Enterprises.

The second objective of this thesis is to go through the process of establishing trade routes between our two case companies. This will be achieved by looking into the legalities of a Finnish company exporting to Nigeria and a Nigerian company importing goods from Finland.

Research Problem

This thesis is aimed to assess the potential success or failure of Finnish textiles in the Nigerian market. An in depth analysis of purchasing habits of textiles on the Nigerian market will be conducted to obtain a better understanding of the current market potential. Upon near completion of this thesis the information collected will then be analyzed with the use of different marketing tools thus leading to the discovery of the possible demand for Finnish textiles in Nigeria to be quantified.

The process of setting up trade between our two case companies will create a roadmap of import/export routes between the two countries.

Research Methodology

The research for this thesis is purely functional. There are two case companies that are both interested in how to get connected with one another. What will

unfold in this research is how this process of business collaboration becomes a reality.

Constraints and Scope

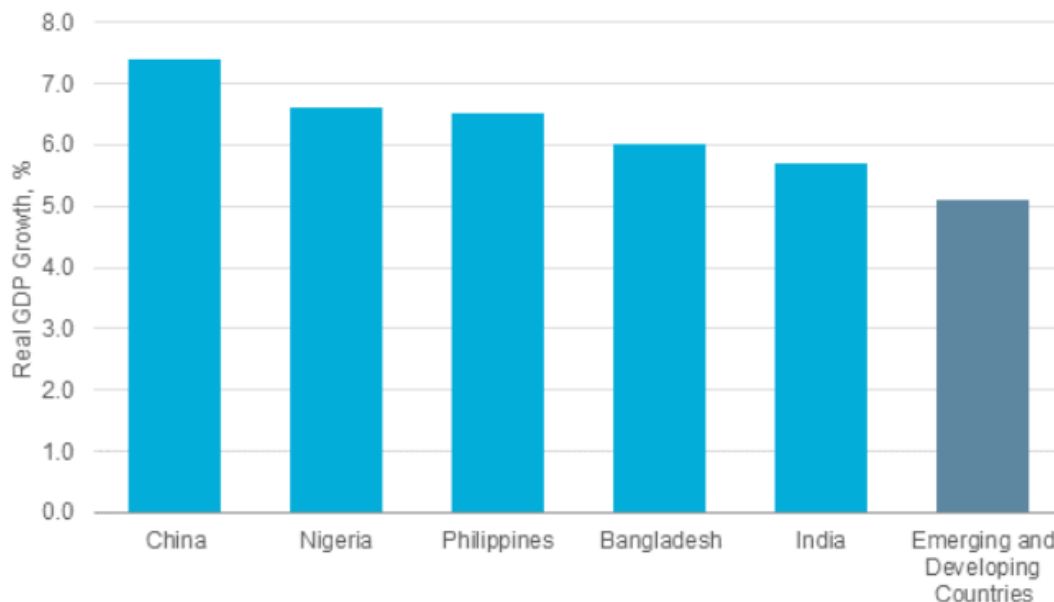
This thesis will demonstrate the sale and trade of textiles within Nigeria is a large lucrative business. Imported textiles as well as higher priced textiles bring great prestige and higher social standing to the individuals who own them and put them into use within Nigeria. Many of the higher end fabric suppliers travel the world and purchase different textiles and personally bring the merchandise back into the country where they then resale the textiles to the target population. This form of importation will create difficulty in data gathering of statistics of imports of foreign textiles into Nigeria, thus hindering research. With these constraints it will require diligence to devise alternate modes of information gathering to better show a complete picture of the Nigerian textile market which will be partly carried out in the empirical portion of our thesis.

4 CURRENT MARKET SITUATION ANALYSIS IN NIGERIA

Nigeria is called the giant of Africa with an estimated population of approximately 180 million habitants (World Population Review). Nigeria rebased its gross GDP data and it is now holding the title of Africa's biggest economy with the GDP at 80.3 trillion naira (369bn euros). (BBC News)

New trends in the business sector are opening up in Nigeria and new business enterprises are emerging. This has opened doors for foreign investors to invest and foreign brands to enter into the Nigerian market.

Real GDP Growth in Top 5 Fastest Growing Key Emerging Economies in 2014



Source: Euromonitor International from national statistics/Eurostat/OECD/UN/IMF

(Euromonitor International, 2014)

The table above table from Euromonitor shows Nigeria as the second in GDP growth rate in emerging economies.

In this section, some tacit knowledge from the Nigerian co-author will be used to gain insight into this market situation. To highlight more on the current market

situation in Nigeria, the focus will be some keynotes that will give a more detailed understanding:

The Market: The current market situation in Nigeria is stable and new products are being introduced daily. Investors are now focusing more on how best to fit in their products into the Nigerian market. They have the need to anticipate their customers' expectations.

Product: Product quality is very important when entering the Nigerian market. It is always encouraging for an investor to carry out a detailed market research to know and understand the needs and demands of the Nigeria consumers. An investor should note that keeping a product longer in the market will frighten customers away. Nigerians love fashion and when a new trend in fashion is introduced they love to be carried along.

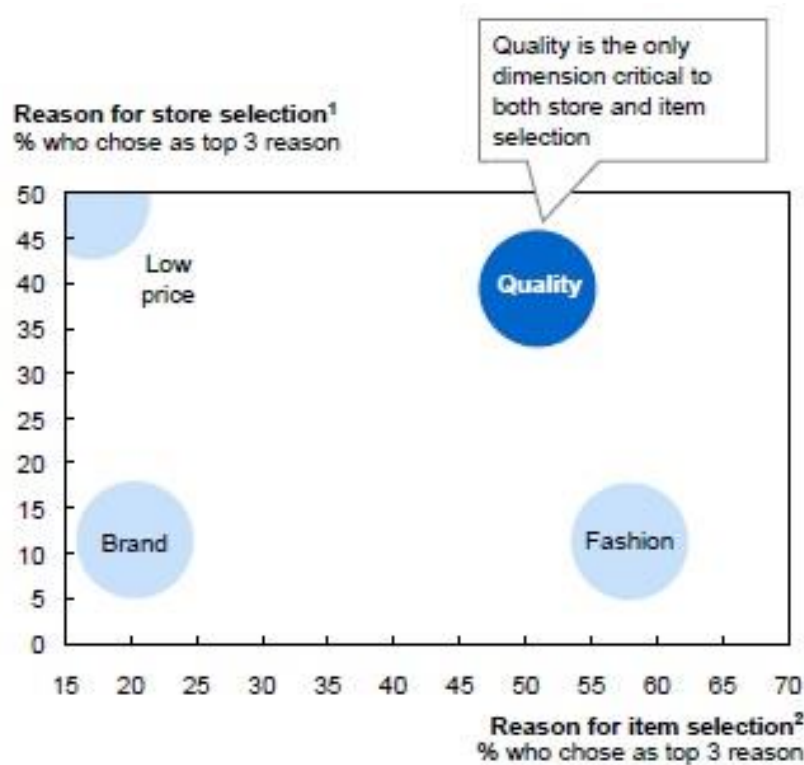


Figure 1. Demand for Quality (McKinsey&Company, 2012)

In Figure 2 the data was collected from a survey conducted in 2011 and 2012, 13,000 individuals from ten countries in Africa were sampled by McKinsey & Company. This survey places high quality of products at up most importance.

Competitors: Competition in the Nigerian market is fierce. Nigeria is known for being the largest economy in Africa. Nigerians believe competing with their competitors makes their business grow stronger and gives them more grounds to win more customers. The strong survive and to be strong, a business must win the hearts of the Nigerian people. This can be done by standing out as a good quality product that will impress their friends and business associates. It is all about the “wow” factor.

Actual Competitors for Vallila: The actual competitors in Nigeria are the different institutions that provide the fabrics. Name brands of fabrics are not as important as country of origin, quality and their beauty. In social circles when speaking about fabrics in Nigeria the most important fact about Vallila will be that it is, “imported from Finland”. The name brand of the fabric should be known to the fabric resellers, such as Omo. Creating brand loyalty amongst Nigerian clientele will be difficult because they are always looking for something new but creating brand loyalty with the fabric resellers is the key to entering this market. Later as the product matures in this market the general clientele might become familiar with the Vallila name.

The yearly sale of textile, apparel and foot-ware was documented at 1.096 trillion naira (5bn euros) (GDP report 2013). This does not include undocumented sales of fine fabric being imported by individuals going abroad and bringing the fabric and not declaring it to customs.

The table below holds four names that our case company Altretes named as Vallila’s competitors. However, they are not textile companies. These companies are interior décor companies that also supply foreign fabrics. There is a possibility that they could be contacted to be suppliers of Vallila fabric. As mentioned earlier in this section, these companies are the dealers of fabrics so these are also to be taken into consideration.

Competitors to Vallila/ possible opportunities	
<p>Sixth Sense Décor 18, Durosinmi Etti Street Off Admiralty Way, Lekki, Phase 1, Lagos, Nigeria Phone: +234-(0)805-6331-135 www.SixthSenseDecor.com</p>	<p>House to home 32a Admiralty Way Lekki Phase I Lagos, Nigeria +234 (0)802-3050-454 http://www.housetohomeng.com</p>
<p>Goggins 4a Olayinka Omololu Close Off A.J. Marinho Drive Vircoria Island, Lagos, Nigeria Phone: +234-(0) 808 867 8658http://goggins.biz/index.php</p>	<p>I0 Furniture Limited 6/8 Industrial Street, Off Town Planning Way, Ilupeju Industrial Estate, Ilupeju,, Lagos State, 23401 Nigeria http://iofurnitureltd.com/</p>

Social Cultural Trends: With the strong sense of culture that is influencing the Nigerian buying behavior, a new product entering the market will need to come with a very good standard quality. The product must look very appealing to some social groups who love to stand out amongst their social circles.

Economic Issue: For the higher class in Nigeria, economic issues have little impact on the majority money flow. The biggest issue Nigerians face is stability and terrorism. This is actually a burden and a positive point for foreign companies entering Nigeria. There might be some shipments that might be effected with delays because of this due to extra screenings. However, for example our case company of textiles. Since there are powers inside Nigeria that effect everyday life for companies, many textile plants are forced to shut down due to no electricity and things of that nature. Therefore, the quality of textiles and the quantity of textiles that are made inside Nigeria has been compromised. This is making Nigerians search elsewhere for high quality textiles.

MARKET SEGMENTATION NIGERIA

Definition: Market segmentation consists of a group of customers who share a similar set of wants. (Kotler, 2003)

For a product to sell to gain grounds in the Nigerian market, there are some certain people that need to be segmented into groups who have some common needs and priorities in designs and fabric of a product. These group of customers share similar sets of wants that differentiate them from the society and their social circle.

Income

Average and Median Monthly Salary Comparison in Nigeria



Figure 2 Salary Comparison in Nigeria (Salary Explorer)

Put into Euros

	Monthly	Annual (rounded to nearest 1 euro)
Maximum	€23965.68	€287,588
Average	€3155.43	€37,865
Median	€1581.74	€18,980
Minimum	€177.35	€2,128

The above tables show the approximate salaries of Nigerian workers. This table only shows half the story. In the opinion of our Nigerian author, the salaries are much higher. In addition, many Nigerian workers are not tied to only one type of employment. They might have a day job at one place while at the same time running a business on the side for their own leisure. The entrepreneurial spirit is alive and well in Nigeria and it is hard to show these numbers from collected data. There is also family money that is passed down through the generations when a parent dies that keep many wealthy.

To identify the target customers in the Nigeria market, they are divided into three (3) groups:

High Income Earners: This group has the purchasing power to buy whatever they need for example, luxury items such as fashion, jewelry, expensive cars and interior designs. Their main focus is to always look good and have a self confidence that will give them a standout among their social class and the society.

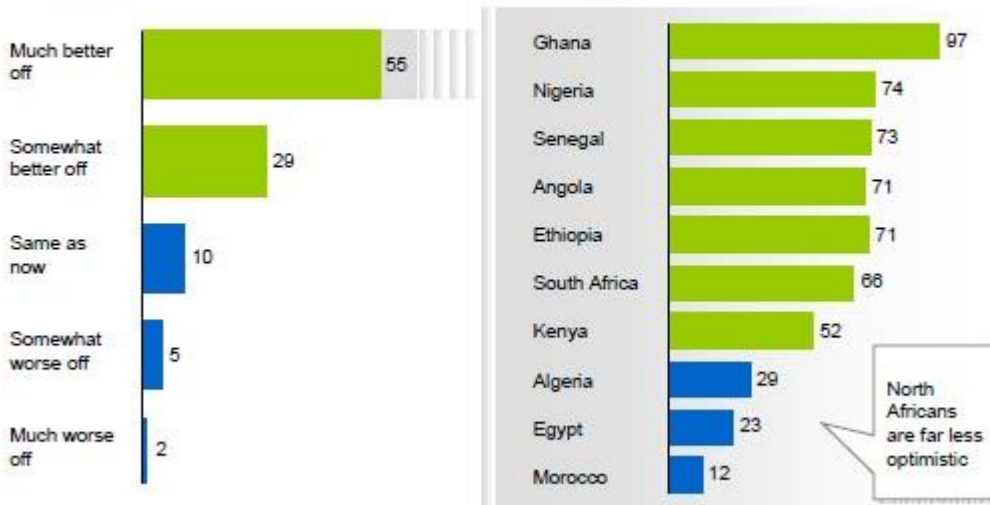
Medium Income Earners: This group of people loves to live comfortable and enjoy life. They do not depend on their monthly income from their employer but engage in a small scale business that will bring extra cash so they can be recognized by the society. Their purchasing power is on the average, they are always on the look-out for new trends in fashion that will give them a stand out among their social circle.

Low Income Earners: This set of people does not fall into any social group, they live life in a very low key they create fun and different activities among their social circle. They also live a full, vibrant life as does the rest of their culture but these are not the target market of foreign investors/brands.

Sadly, we were unable to find statistics on Nigerian spending habits on home décor. Foreign fabrics enter the country in many different ways and it is impossible to track so there is no data for this. In the future, an industry specific survey would be favorable for drawing in more foreign textile and interior companies. Asking questions such as what kind of things they like? How much they spend on home decoration? How often they re-decorate their houses? How do they purchase and so on.

Exhibit 2 Africans are optimistic about their future; 84% feel they will be better off in two years.

Two years from now, I expect my household to be ...
% who agree¹



¹ Numbers may not add up to 100%, because of rounding.
Source: Africa Consumer Insights Center survey, 2011 and 2012

Figure 3 Africans are optimistic about their Future (McKinsey&Company, 2012)

In Figure 3, survey results found in a McKinsey & Company report show that Nigerians are very optimistic about the future. Nigeria is one of the worlds' most rapid growth markets (DHL Express UK). Not only is that market growing but the people residing there can feel the growth. This leads to increased spending habits when they feel there is more income in the future.

5 THE NIGERIAN CULTURE

Geert Hofstede defined culture as “the collective programming of the mind that distinguishes the members of one category of people from another” (Lewis, 2006).

The Nigeria culture is seen and practiced in our everyday life, during business negotiation, social gatherings, meetings, dress code, food habit, Arts, greetings, consumer buying behavior and the working environment. With the vast population of Nigeria, cultural practice has a strong hold on the Nigeria citizens. For a foreign investor visiting Nigeria for business meetings or leisure is always advisable to study and understand the cultural background to avoid conflicts during business meetings.

In Nigeria there are of over 500 dialects. The largest tribes are the Hausa in the North, the Yoruba in the south-west parts of Nigeria and the Igbo in the southeast. Hausa is known for being well read, educated and very straight forward. A nickname for the Yoruba’s is “Owanbe”, meaning party, they are known to have an extensive love for parties and high taste for expensive fabrics for fun social gatherings. Yoruba’s are known also to be intelligent and being business savvy. Lastly, the Igbo’s in the southeast that are known for being business orientated. The Igbo’s are thought to be very intelligent and have an entrepreneurial spirit. Most of their ventures into business are thought to be successful.

The official language used in Nigeria is English, this makes it very easy for foreign investors coming into Nigeria for the first time to communicate and express their view during business meetings. There is also a language called Pidgin English, it is a combination of English and the Nigerian words, it is mainly used in casual conversation among friends and other ethnic groups but is not allowed in the working environment.

Nigerian Shopping habits

It is a common practice for Nigerians to travel abroad to London to do shopping. African's visiting the UK spend an average of £500 in each shop where they make transactions, that is four times what the average UK shopper spends (Mark, 2012).

The quality of items being sold in Nigeria are not the best. There are many counterfeit products being sold by street vendors and even in stores. The biggest exporter of products to Nigeria is China with 19% of all goods in Nigeria import origins being from China (Observatory). The Chinese products are thought to be of low quality or at times counterfeit.

There is a property developer in Nigeria that hopes to create 20 new shopping malls in Lagos to accommodate the shopping trends of the growing consumer class in Nigeria and Lagos being a large shopping commercial hub (Douglas, 2013).

Shopping Malls in Lagos Area 2014	
Shopping malls around Lagos Nigeria. Metro Park GRA ikeja, 31 Isaac John St. Ikeja, Nigeria	Shoprite- Adeniran Ogunsanya Shopping Mall Adeniran Ogunsanya St. 101211, Nigeria
Shoprite- The Palms Shopping Mall #2, 1 Bisway St. Lagos 101244, Nigeria	Etisalat Palms Shopping Mall Medium Experience Victgoria Island, Nigeria
Shop Rite IPM Ave, Ikeja, Nigeria	Shopping Center Ifako, Ijaiye, Lagos, Nigeria
Polysonic Shopping Center Apapa, Lagos, Nigeria	Broadway Shopping Centre Davies St, Lagos, Nigeria
Godfirst Shopping Mall Isheri Oshun Rd, Lagos, Nigeria	Adeniran Ogunsanya Shopping Mall Nnobi St, Lagos, Nigeria

The next step in accommodating the consumer class is to make available desired products within Nigeria. If reputable companies enter Nigeria it will lessen Nigerians need to travel abroad for luxury items. With the construction of new shopping malls it is expected that the Nigerian consumer would have the ability to purchase more of their goods within Nigeria and not have the need to

travel abroad. To make this happen, the shopping malls being built need to be filled with foreign products that the Nigerian consumers demands. Contacting businesses within these institutions might be another route for market entry for Vallila.

Business Etiquette in the Nigeria Culture

This is another important aspect of the Nigeria culture, where it explains in detail about the Dos and Don'ts relating to the Nigeria culture during business meetings.

Nigeria is a highly cultured country who values and practices respect in business environments and social gatherings. When a Nigerian is addressed in a public function or business meeting it is a sign of respect when their titles are included to their names during an introduction.

During business meetings, when a Nigerian hands over a business card, received with your right hand take a look at it with a smile and keep it nicely. Hand shake is the most common greeting with a warm welcoming smile. Try not to rush over the greeting process since Nigerians love small talk were they ask about your wellbeing and that of your family, this can take up to two hours (Internations).

- Time; try not to be late for a business meeting, is always advisable to be there before time.
- Gift giving is highly valued in the Nigeria culture; giving gift during business negotiation is not considered a bribe but the beginning of a long lasting relationship. Wrap the gift, it is also ok to bring gifts for the children of the associates if you know they have them. It is good to say the gift came from a woman. If a man gives a gift he should say it came from his wife, sister or mother.
- Dress code is highly recognized during business meetings; for the males a black suit, a black trouser with a bright color shirt and a tie, for the

ladies a smart skirt suits that looks very presentable. Avoid wearing a complete black color during meetings, it signifies a sign for mourning the dead, Nigerians believed your dress code says a lot more about you.

- Dining: Don't refuse a dinner outing from a Nigeria business partner it is a sign of disrespect. If invited to a home for a meal, bring edible gifts such as fruits, nuts and chocolate. If your hosts are observant Muslims they might decline to eat with women.
- Thumbs up sign is offensive in Nigeria
- Your left hand is considered dirty and you should never pass things with it, eat with it, etc.
- Nigeria has many different religions so keep an open mind to many different types of people. You can identify strict religious groups by the way they dress and then adjust your greetings accordingly.

(Vayama)

How to make contact with Nigerian companies

Let's be honest. A Finnish company attempting to enter the Nigerian market is a hard thing. The Finnish business owner can't rely on internet searches alone for contacting businesses in Nigeria. Over the internet people can lie about who they are and it is a recipe for disaster. On the same hand, a Finnish company figure head would not do much better wandering around the streets of Lagos alone in search of companies wanting to do business. The reality of Nigeria is that it takes a Nigerian in order to do successful business.

For example, if the Finnish case company would like to contact 10 interior design businesses, a Nigerian native could talk amongst social circles and find them. This would most likely lead to a hype in the product even at the searching stage. In the social circles someone would say they have an interior designer and inquire as to the product which is trying to come into the market. While negotiations of getting the product to the different companies are going on, their clientele are already hungry for this next best thing. This is how word of mouth marketing begins in Nigeria. In Vallila Interior's case, the second phase would be when the customer sees the vibrant and colorful designs which fit so nicely into the Nigerian culture.

Contacting companies in Nigeria takes a Nigerian liaison. This fact led us to create a job description for what is needed to break into the Nigerian market;

Job Description for Culture Consultant:

Help connect foreign investors with Nigerian companies. Here you will research, implement and facilitate the business relations between foreign investors and companies operating inside of Nigeria. You will help to cultivate working relationships that will lead to the globalization of Nigeria by connecting them with reputable companies from abroad.

- Research of potential matches for business cooperation worldwide to enter Nigeria.
- Facilitate meeting of businesses abroad with companies inside Nigeria that could benefit from the foreign associate. Via internet tools and possible travel arrangements.
- Guide foreign investors upon their visit to Nigeria with detailed travel arrangements and facilitation of meetings with Nigerian companies.
- Supporting foreign investors in business negotiations, ensuring nothing is being lost in cultural misunderstandings.
- Monitoring and reporting on current trends and giving constant insight into the Nigerian culture.
- Development of good relations network between businesses in Nigeria.

6 NIGERIAN ENTREPRENEUR OMO MOMOH

In a fact finding mission for this thesis, there was little documentation about the average person in Nigeria. It is difficult to illustrate a demand when so little is known about the consumer. Taking advantage of the fact that one of the case companies was owned and operated by a Nigerian national, a brief history of her life was given. This was done in hopes of giving the reader a small glimpse into this hard working, dignified culture.

Omo Momoh had always had a passion for designs and how to match colorful interior fabrics together creating beautiful and attractive living spaces. When in Omo's younger years she put this passion to the side as a hobby while she followed her other dream of becoming a lawyer. Omo quickly obtained her Bachelors in Law and was accepted into law school. Omo worked diligently on her studies and soon after became a certified lawyer in Nigeria.

Omo Momoh has worked in different organizations in Nigeria where she has built a promising carrier for herself. However, she felt there was always something missing. Her passion for fabrics and designs was calling to her. Omo missed the joy of putting smiles on others faces by beautifying their living and work spaces.

In 2001, Omo quit her white collar job and went into an entrepreneurship business. In January 2002, she lunched her company named ALTRETES ENTERPRISES.

Omo did not do her years of white collar work in vain; it now served as market research for her future customers. Those in Nigeria with higher paying jobs and the love of fine things are the target market for her interior design. She had lived that life, had those colleagues and worked in those offices; she indeed was her target market. This reality gives Omo an advantage over other interior designers in Nigeria.

Omo is successfully capturing the minds of Nigeria customers in Lagos Nigeria and Abuja which is the capital city of Nigeria. One of the main reasons her business expanded is word of mouth advertising, Nigerian customers always love to see things before their mind is made up. Omo's professional fabric combination has given her more grounds over her competitors.

Nigeria is a population of approximately 180 million (World Population Review), with a high demand for bright colorful interior fabrics used for home designs and social life. The demand for interior design is on high demand in Nigeria, for example, there are some interiors decor that needs to be changed if one is getting married, the arrival of a new born baby, native law, families buying a new apartment, offices, events centers, Hotels. The problem Omo encounters with some of her potential customers is the demand for imported colorful fabrics to be used for their design which includes; bed sheets, throw pillows, windows blinds, rugs, couches, tables, chairs etc.

This need for new imported fabrics is what has lead Omo Momoh to commission this thesis. Omo wants to bring the bright fabrics of Vallila Interior into her business, leading to the thesis topic, "A guide for a Finnish textile company entering Nigeria". Building relationships with foreign textile companies has been difficult in the past for the small and even larger sized company in Nigeria. The reason Vallila was chosen as the case company was because they have a very high standard in fabrics and their bright eye catching colorful designs that will fit into the Nigerian market and open more business opportunities for Omo Momoh and Vallila.

7 TRAVELING IN NIGERIA FOR BUSINESS

Traveling to Nigeria is usually not a necessity to do business. Nigerians realize that their country poses some dangers that foreign business owners choose to stay away from. Most times the Nigerian business owner is happy to fly to the associates' country if a face to face meeting is needed. If you do find yourself going to Nigeria, out of necessity or out of desire, here are some tips.

Summary

Still current at: 23 November 2014

Updated: 12 November 2014

Latest update: Summary - bomb attack on 12 November at the Federal College of Education, Kontagora, Niger State



Figure 4 Map Terror Nigeria (Gov.uk)

Always check terror warnings before traveling to new areas. There are cities outside of the ones mentioned in this thesis that are lucrative but the terror level is too high to suggest foreign companies to enter.

Safety: Many do not visit Nigeria due to safety reasons. It is important to know what areas of Nigeria are safe. It is also important that you have Nigerian contacts that can guide you there. This way you will be able to navigate yourself around these large cities and visit the places and people you would like to in a timely and safe manner.

Travel: When in Nigeria you should not be shopping around with air travel. Always use well known European or American airlines. The local, African run airlines have many crashes.

Sleeping arrangements: What hotels are safe, how to find them. You can find this out with the help of your Nigerian guide.

For this recommendation, the co-author of this thesis Jane Oshuwa Ojo will act as a **Culture Consultant** that was previously mentioned in section 4 of this thesis. The peaceful areas of Nigeria are ever changing and it is important that you have up to date information. As of December 2014 Jane recommends that these cities are hot shopping destinations in Nigeria and have a level of safety that is acceptable for foreign investors to enter, Lagos, Abuja, Port Harcourt, Delta-State and Edo-State.

8 LOGISTICS AND FOREIGN TRADE DOCUMENTATION

For Vallila products to be exported from Finland into Nigeria, most of the paperwork will be done by Altretes Enterprises in Nigeria. For importing procedures, Altretes must do the following.

- Complete e-Form “M” and submit this electronically to an authorized bank with documentation; Profoma Invoice, Insurance Certificate and Regulatory Certificate/Permits, the originals of these forms must also be submitted to the authorized bank.
- The authorized bank then reviews documentation and ensures all of the proper documentation was actually obtained and will then validate and transmit the e-form “M” to Nigerian customs.

(Nigeria Customs Service)

Omo will also need to know the following which can be determined through the Nigerian Customs Service:

- Commodity code for importation:
- Importation fees and tariffs:
- VAT Rate:
- HEADING/H.S. CODE:
- DESCRIPTION:

Due to time constraints and not wanting this thesis to be lengthy, the research on this matter was stopped here. Also, the Nigerian government does not grant access to forms unless you are actually doing them for business needs. We had our case company commissioner Omo go physically to the customs office in Nigeria and she was told they could not release any paperwork for student documentation. The above information does however give the reader some idea of how to start the process so it is felt relevant to be left in this thesis.

Barriers to entry

Nigeria is a country in conflict. Due to Nigeria's internal conflicts amongst its nationals, many sectors of industry are affected. Nigeria at one time banned many items from being imported into the country as to not have exports competing with local goods. This has since been replaced with high tariffs. Textiles play a large role in Nigerian everyday life and were once banned from being imported. This ban has since been replaced with a tariff but depending on the textiles intended use, it can be very high.

The case companies in this thesis are intending the use of the textiles being imported to be used only for interior design. With interior design being the intended use of the textile, the tariff should be around 25%. The problem that is being faced is there is no way to insure what percent customs will charge on the textile once entering the country. The intended purpose of the importer might not be shared with the customs official if the individual *thinks* it will be used for manufacturing clothing. If the custom agent believes the textile will be used for manufacturing clothing the tariff can spike up to 75%. Nigeria is very driven by fashion and having custom clothing made by high quality fabrics', this is why it is difficult for customs to accept the fabrics will be used for interior design only.

Importer/ Exporter price sharing agreement

Nigerian companies are working around these high tariffs when importing by making an agreement with foreign companies whose goods are being imported that the costs of importation tariff must be shared between the two. This enables the foreign business to penetrate this emerging market and it also gives the Nigerian business owner a much desired foreign products to offer customers.

In regards to our case companies, the goods being exchanged will not be in such large amounts to need extra shipment methods. Regular post will be a fine means of shipment.

Agreement created between Vallila and Altretes Enterprises

Connecting the two case companies in negotiations over this tariff sharing process is crucial. This actual negotiation will be done by the two case companies at a later point and is not relevant for the scope of this thesis.

9 CONCLUSIONS

The Nigerian market has a lot of untapped potential. The high earners in the country have much of their income to spend and often must travel outside their country to receive their desired items and brands. If foreign companies such as the case company of this thesis enter the market, it will benefit both the Nigerian economy (in the form of tariffs) and the foreign companies (new market). There is little documentation on industry consumption of textiles in Nigeria. There is also no documentation on what percentages textiles are being imported into the country. This is where the tacit knowledge of the Nigerian co-writer of this thesis is very crucial.

Nigeria is in a state of transformation. For example, Nigeria rebased its GDP based on 2013 statistics. They had not done this act since 1990 (BBC News). For years it was simply assumed that South Africa was the leading economy in Africa because this simple paperwork was not done. Perhaps Nigeria has been the leader for quite some time but there is no way to know. There is much documentation that is not being done in Nigeria and this leads to a struggle when searching for data to show an accurate market in Nigeria.

Recommendations

It is our recommendation that our case company Vallila should take the next step and connect with our Nigerian case company Altretes Enterprises. It could be the first step in entering this new market where their product might possibly flourish. In addition, if Vallila is considering entering this market they should make a position and hire our suggested Culture Consultant to ease the process.

If Vallila Interior were to start supplying to Omo I believe it would benefit Vallila in ways they might not imagine. The reasons being, Omo is an artist who renovates living and working spaces in a way that a Finnish designer would not. She uses fabrics to remake couches and chairs; this could possibly inspire

Vallila to do similar things in the future. If nothing else, it would be nice for Vallila to see their fabrics being used in unconventional ways.

Due to the length of our thesis there were many aspects of the actual bartering with the two companies that we chose to stop our research. This research would have led us to specific import duties, VAT percentages and incoterms that would have lengthened this thesis. Also, shipment routes being used for larger shipments of fabric. There is possible need for other thesis workers to continue where this thesis ends.

10 DISCUSSION

This thesis topic was thought of by the Nigerian author Jane Ojo when she saw beautiful fabrics in shops when entering Finland. She knew the Nigerian people would love to have these colorful fabrics in their lives. The pairing up with the American author Robyn McGuire was a strategic move so that two view points of the same subject could be seen and to bring up questions that perhaps a native Nigerian would not consider.

This thesis has transformed over time. It was originally thought that it would be written for fabric with the intended purpose of being exported to Nigeria for the purpose of fashion. After preliminary research, it was found that there are many barriers to entry for fabric with this intended use in Nigeria. At one point fabrics that could be considered to be Ankara (intended for production of African clothing for celebrations) were actually banned from the country. This ban has since been replaced with tariffs that are set at 80%.or possibly higher. For this reason we thought to search out a different use of fabrics in Nigeria.

In search of a commissioner for this thesis, Jane Ojo contacted an interior design company in Nigeria who was excited about the topic. Over the course of this thesis, the Nigerian commissioner stepped in and spoke with Nigerian officials that would not give students an audience. This was of great assistance. Even though little documented facts were obtained this way, it still assisted in giving a clearer picture of procedures and happenings. There is some documentation on government web sites but there is usually a stopping point where the site will say which form is needed but there is no way to retrieve that form. When it comes to official paperwork they do not release this to students.

When choosing the fabric company to use as a commissioner for this thesis Vallila Interior was approached because of their fabric selection. Jane had seen some prints in the shops that she thought the Nigerian customer would love, on

closer inspection we found those prints were Vallila Interior. When speaking to the head of our department he recommended the contact person we approached inside Vallila Interior, saying she was supportive to women entrepreneurs in Finland. To our delight she replied to our request and we were very proud to be doing work associated with such a prestigious person in this country.

The thesis went on with no surety as to what to include and what to leave out of this work, exploring every avenue. The decision to draw the line on certain topics was not made lightly. Some portions it was attempted to lead the reader to the point of knowing enough so they would feel confident about where to look if they needed further information on that topic (such as customs procedures for Nigerian importers). A lot of information was collected and in the end there was somewhat of an ease, sculpting the final report leaving in the important information and dismissing irrelevant information as it pertained to our topic.

So much is undocumented in Nigeria so market research was difficult. Some traditional things such as competitors were not very clear even to people in the industry. Stability is a new luxury that is coming to Nigeria. With the creation of luxury shopping malls, there comes room for competing brands to be housed. With the demand for foreign products to be shipped into Nigeria, there is a hope of stable places where items can be received, stored and sold. Previous times to present, the obtaining of high quality foreign goods has been from people traveling abroad and bringing these goods back to Nigeria in their luggage and then charging high prices to those who are demanding the products.

There is much need for future research on this subject. Documentation of the joining of the two companies, price negotiations and tariff sharing and shipment of the products could be a thesis in itself. There is also a great need for surveys done on the Nigerian shoppers detailing how often they shop, how often they change home décor and where they are purchasing their products.

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12 APPENDIX

Target Nigeria

As your next target market.

Top Reasons

Nigeria is...

- a virgin market
- 2nd in GDP growth rate in emerging economies
- one of the up and coming markets
- home to the 3rd most millionaires in Africa
- culture Friendly and Business orientated
- demanding high quality foreign products
- home to deep pockets, informed shoppers
- full of passionate people that are optimistic about the future



How to tap this market?

Hire a Culture Consultant!

A Culture Consultant will connect foreign investors with Nigerian companies. Research, implement and facilitate the business relations between the two via face to face or internet tools. Cultivate the working relationships that will spearhead the globalization process of Nigeria by connecting foreign brands with reputable companies within Nigeria. The consultant will support foreign investors in business negotiations thus ensuring nothing is being lost in cultural misunderstandings. They will monitor and report on current trends and give constant insight into the Nigerian culture. Overall, development of a good relations network between businesses is the goal.