MARKET SURVEY FOR ENVIRONMENTAL TECHNOLOGY

Case: Ekomuovi Oy

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ABSTRACT

This thesis deals with a market survey completed for Ekomuovi Oy in the field of environmental technology.

The objective of this thesis is to outline Ekomuovi's potential for entry to the Swedish markets. Ekomuovi is specialized in the design and production of units and individual products from thermoplastics and special plastics. The company has made a partnership contract with a French company called Europe Environnement which specializes in gas and odour control engineering.

The empirical part of the thesis is divided into two sections; in the first section, the case company, Ekomuovi, and co-operation company Europe Environnement are presented. This is followed by a discussion of the co-operation between the two companies. The second section presents the Swedish markets briefly and then analyses and discusses the competitors as well as the potential customers for the market. The second section also answers the following research questions: who are the competitors and the customers, and how can Ekomuovi serve the needs of potential customers.

The research is a case study. The empirical examination is done as a desk research, using mainly secondary data sources. The secondary data were interpreted by using the Internet and informal interviews and discussions with the commissioner of the study, Ekomuovi Oy. The markets seem to have potential but to successfully enter them, Ekomuovi has to differentiate itself from the other competitors.

Keywords: Sweden, market entry, segmentation, competition, internationalization, Ekomuovi

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TIIVISTELMÄ

Tämän opinnäytetyön aiheena on markkinatutkimus Ekomuovi Oy:lle, joka toimii ympäristöteknologian alalla.

Opinnäytetyön tavoitteena on selvittää Ekomuovin potentiaalia lähteä Ruotsin markkinoille sekä konkretisoida potentialisuus löytämällä Ekomuoville mahdollisia asiakkaita. Ekomuovi on erikoistunut kesto- ja erikoismuoveista tehtävien tuotteiden ja kokonaisuuksien suunnitteluun, valmistukseen, tuotantoprosesseihin ja kunnossapitoon. Yritys on tehnyt partneri-sopimuksen ranskalaisen kaasu- ja hajuhaittoihin erikoistuneen yrityksen, Europe Environnementin, kanssa.

Empiirinen osuus opinnäytetyöstä on jaettu kahteen osioon, ensimmäisessä esitellään case yritys Ekomuovi Oy, yhteistyöyritys Europe Environnement sekä kuvataan yritysten yhteistyötä. Toinen osio esittelee Ruotsin markkinat lyhyesti ja esittelee kilpailija- sekä potentiaaliset asiakas-analyysit molemmille markkinoille. Se vastaa tutkimuskysymyksiin; keitä ovat Ekomuovin kilpailijat ja ketkä ovat sen asiakkaita. Toinen osio vastaa myös tutkimuskysymykseen miten Ekomuovi voi täyttää potentiaalisten asiakkaiden tarpeet.

Tutkimus on tehty tapaustutkimuksena ja se pohjautuu sekundäärisiin, jo olemassa oleviin, tietoihin. Lähteeenä on käytetty lähinnä sekundäärisiä tietoja ja tukea näille on haettu epämuodollisten haastattelujen/keskusteluiden kautta Ekomuovin toimitusjohtajan kanssa. Markkinat osoittavat potentiaalia, mutta päästäkseen menestyksekkäästi niille, Ekomuovin tulee erottua muista kilpailijoista.

Avainsanat: Ruotsi, markkinoille meno, segmentaatio, kilpailu, kansainvälistyminen, Ekomuovi

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1 INTRODUCTION

1.1 Background for Thesis

> *"Internationalization of a firm can be seen as a process of increasing involment in international operations, where the firm transfers products, services and resources across countries when expanding its trade outside the domestic markets, and thus required to select which countries to operate in and the mode of operation."*
> *(Welch & Luostarinen 1988, 156; Luostarinen & Welch 1990, 360.)*

International trade is today's everyday life. The structure of B2B business has changed during the past decades as the Internet, mobile industry and the capability of making business worldwide has broadened out. Local businesses have national trade but many, especially industrial businesses, operate also in international markets.

Environmental issues are becoming more and more important by national and international legislation, people are more aware of the impacts of environmental acts and generally of the environment around us. Issues such as what happens to the waste, where it will go and how it can be treated are important factors to the background for this thesis. Environmental issues have led to government agencies, researchers and different industries to investigate and create new policies and standards in order to create a safer place to live in the future.

As background of the thesis, it should be mentioned that the author has made her internship, 6 months, at Ekomuovi Oy and therefore could use personal observation as a research method closely during writing the thesis.

The aim of this thesis is to make a survey for an advanced determined environmental market in Sweden for Ekomuovi Oy. Ekomuovi is a company which operates in the field of thermoplastics for water treatment environment, technologies, air and odour treatments and chemical industry. The company has made a part-

nership contract with a French company called Europe Environnement about engineering and manufacturing in gas and odour control systems. As the result of the partnership contract, Ekomuovi will now be also manufacturing and selling together with Europe Environnement its products to Finnish, Swedish, Danish and Northwest Russian markets (Pykälä 2010*)*.

1.2 Objective, Research Questions and Limitations

The main research objective is **how Ekomuovi can successfully enter Swedish markets?** The question itself has several aspects and in order to be able to answer the objective, three questions are presented here which will help answering the main objective. The questions are:

- Who are the customers?

Ekomuovi knows its customers in Finland. However Ekomuovi has not yet a permanent customer base in Sweden. The thesis aims to pinpoint who the potential customers are for Ekomuovi in Sweden. The second aiding question to answer the main objective is:

- What are their needs Ekomuovi can serve?

Ekomuovi produces products from special plastics and a lot f their products end up into water treatment, surface treatment and for example into the chemical industry plants. Now the new product range covers biofilters, chemical scrubbers and activated carbon adsorption. As the environmental regulations tighten, Ekomuovi can serve the customers with innovative environmental products.

- Who are the competitors?

Ekomuovi knows who their competitors in each customer groups in Finland are. However doing business in Sweden is not that familiar to the company, at least not yet. The aim is to find and pinpoint competitive operators in Swedish markets

in Ekomuovi's area of business. When searching for competitors for Ekomuovi, it should be noticed that some of the found competitors could also be possible co-operators for the company.

The theoretical framework of this study is formed by using secondary data sources. These secondary data sources include marketing literature, articles, previously conducted case studies and information from the organizations themselves. The Empirical part, where is represented the case company and co-operation company and the analyses for the pre-selected market in Sweden uses both secondary and primary data sources. Primary data sources are collected by informal interviews and conversations with the representatives of the companies.

When searching for potential clients and competitors, the use of Internet is the most convenient way to find different kinds of sourcing from homepages to legislative issues. Also as been an employee of Ekomuovi, observation is used as a research method.

This thesis will concentrate on searching the right markets for Ekomuovi. It tries to locate the potential target groups for the company to enter with the new product range to new markets in Sweden. Even though Ekomuovi's contract with Europe Environnement concerns also Finland, Denmark and Northwest Russia, this thesis will not concentrate on those areas for the clarity of limitation of this thesis. In Finland Ekomuovi has already existing customers and therefore the customer database for the new product range is somewhat existing already. In Russia on the other hand the researcher has to have knowledge of Russian language, location and existing contacts to the area. Ekomuovi Oy will fulfil the export internationalization plans to Denmark, Finland and to Russia later on in its business.

As the products are the same in general whether in Finland, France, Sweden or Denmark, this thesis will not concentrate to the differences of the products/product families. The thesis will not concentrate on the technical aspects of the industry, it will on the other hand explain what possibilities Ekomuovi Oy will have in entering new markets and recommend the best seen solutions for the company. Also as the thesis will be made for Ekomuovi's business purposes, it will

not concentrate too much into Swedish culture, business environment or the people living in the country for the company's request.

The commissioner also states that this thesis purposes to find and locate new potential customers in the preselected market, therefore it will not consentrate in costs or prices of the products. As the works are usually project based, the limitation in costs and prices clarifies the aim of the thesis. Also as the target market in Sweden is in EU and as being a Nordic country, the legislation is similar to domestic markets and the thesis will not concentrate to legal matters due to the commissioner's request. Furhermore as Ekomuovi's works are individual project, strategic solutions and each of the products details are set separately. The overall look for the Swedish Governmental and regional policies concerning environmental products is useless.

1.3 Research Methods

As the quantitative research measures the amount and quantitity of things, qualitative research aims to research the quality of things. Qualitative research helps to understand the target of research, its behaviour and the reasons behind the decisions. Qualitative research methods are sigle and group interviews, group discussions, expert interviews, deep interviews, projective tests and observation researchs. (Vahvaselkä, 2009, 150.)

In this thesis the qualitative research methods used are single interviews, observation and informal interview. As the thesis is the first step for Ekomuovi to enter Swedish markets, most of the data is collected from already existing data. When the collected data is known from different sources, it is called a Desk research. The definition for a desk research is that it is formed together by gathering already printed or published information.

1.4 Thesis Structure

This thesis is conducted of two main parts, theoretical and empirical parts. The introductory part represents the background, objectives, limitations and how the data is gathered for the thesis. The theoretical framework can be found from Chapter 2 which consists of the above mentioned research questions; it represents the importance of segmentation, how to enter new Markets and introduces different kinds of tactics to do so. It also presents Marketing Mix and several analyses which help the company when entering new markets.

The second part introduces the companies Ekomuovi Oy and Europe Environnement and their fields of businesses along with their products and target customers. The third part represents the preselected target markets in Sweden. It will examine the target country in general, followed by the competitors and potential customers analyses.

The final part, Chapter 5, represents Conclusions and Recommendations, answers to the objective of this thesis, how to enter Swedish markets. In the Chapter there will be suggestions and recommendations which would be the best ways to start creating business relationships and co-operations and what is the best market entry mode to enter new markets. The last chapter summarizes the main aspects and topics along with the key findings of the thesis. The list of references and the Appendices are then followed.

2 ENTERING NEW MARKETS

The theoretical framework represents the importance of segmentation, different kinds of market entry modes and it represent different strategic analysis to analyse the possible markets and companies in several ways. As an internationalization plan is a marketing plan, the theoretical framework explains what is a Marketing Mix and its importance. In the theoretical framework will be also represented Kotler's and Keller's model of how the marketing research process should be done.

The theoretical framework will also discuss about customers and competitors as the aiding research questions are who are the customers and the competitors. The thesis will represent later on in the empirical part separate analyses from customers and competitors in Sweden. The mentioned analyses will be the key factors in helping to answer the main research problem; how Ekomuovi will enter Swedish markets.

2.1 Marketing Research Process

Kotler and Keller (2009, 131) suggest that an effective marketing research follows six steps, which are:

1. Define the problem and research objectives
2. develop the research plan
3. collect the information
4. analyze the information
5. present the findings
6. make the decision.

Step 1 creates the base to the research; the researcher has to be careful on how the research objective is constructed. Some researches require more specific definitions than others. Some can be more exploratory, as its goal to suggest variable solutions, new ideas or show new aspects to the real nature of the problem. Some on the other hand needs more descriptive solutions for example a quality of demand. (Kotler & Keller, 2009, 131-132)

Step 2 is to develop the research plan. According to Kotler and Keller (2009, p. 132) decision needs to be made about the data sources, research approaches, research instruments, sampling plan and about the contract methods. The researcher can gather secondary data, primary data or gather both to complement each other. The research approaches can vary depending on the nature of the research. Some data can be collected through observation, some by focus group research, some by surveys or behavioural data and some through experiments.

The research instruments can be chosen from three instruments in collecting primary data: questionnaires, qualitative measures and technological devices. After deciding on the approaches and research instruments, the marketing researcher has to design a sampling plan. To fulfil this section, three decisions must be made:

- Sampling unit: Who should we survey?
- Sample size: How many people should we survey?
- Sampling procedure: How should we choose the respondents?

To complete the second step of the research plan, the contact methods must be chosen. The subjects can be contacted by mail, by telephone, by email, in person or online. (Kotler & Keller, 2009, 140.)

Step 3 is the actual information collection phase. Generally it is the most expensive and must be conducted carefully as there the most errors can occur or be made. Some problems may arise such as some respondents will not be reached or they will not cooperate. Some could give dishonest information or other ways is dishonest. Therefore a certain criticism is in order. (Kotler & Keller, 2009, 141-143.)

Step 4 is to 'extract findings by tabulating the data and developing frequency distributions.' Different hypotheses and theories may be tested as well as adding sensitivity analyses to the test assumptions might be done in this phase of the research plan. (Kotler & Keller, 2009, 143.)

Step 5 is the last step where the findings relevant to the marketing decisions are presented. It is highly recommended that the researcher pay attention in the way

the results are presented. Visualization, different charts and actual presentation of the findings should be proactive and well prepared. The final 6th step is usually up to the managers who commissioned the research. (Kotler & Keller, 2009, 143.)

As Kotler and Keller suggest that the marketing research should be done in above mentioned way, Lotti (2009, 107.) states some fundamental issues regarding the research process which should be still clarified:

- Defining the objectives: what information, for what and whom
- The need for information: is it continuous, repetitive
- The existing knowledge: what, where, utilisation
- The chosen researcher, is it in-house or outside, who are the partners and contact people
- The research design, implementation, schedule, resources, budget
- Information collecting and processing
- Data exploitation, who and where
- Data updates, how often should be done.

2.1.1 SWOT-analysis

SWOT-analysis can be used to evaluate an organization's strengths, weaknesses, opportunities and threaths in many ways. The analysis structure is presented as Figure 1. How wide it is depends on what is the target of the anaylsis. It is important to make limitations to what is analysed in order to get results that are comparable. (Lindroos & Lohivesi, 2006, 217)

Based on analysis a company can make conclusions how to benefit from the strengths, how to turn weaknesses into strengths, how to profit from future opportunities and how to avoid the threaths found in the future. As the result the company will have an action plan what to do to each factor adduced in the SWOT-analysis. (Lindroos & Lohivesi, 2006, 218)

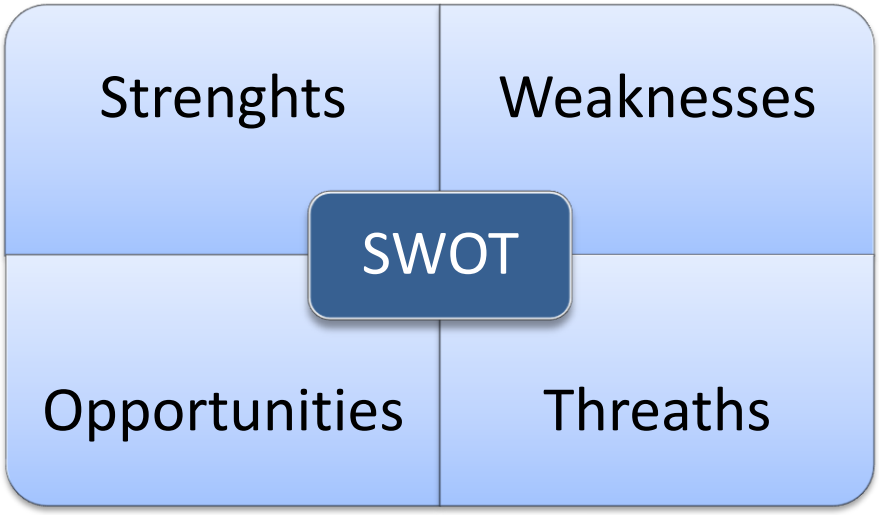

FIGURE 1. Basis for SWOT-analysis (Lindroos & Lohivesi, 2006, 218)

2.1.2 PEST-Analysis

As the SWOT-analysis measures the company's strategic factors, the PEST-analysis measures the macro environment, which has influence in every company operating in a certain market. PEST stands for Political, Economic, Socio-cultural and Technological operational environment. These factors are usually things that a company can not control itself. Sometimes when the ecological or ethical and legal factors are included in the PEST-analysis, will the analysis be called PESTEL-analysis.

FIGURE 2. Basis for PEST-analysis (Vahvaselkä, 2009. Modified.)

According to Vahvaselkä (2009, 68) the Political environment is brought together by two parts. The parts are the national political and juridical operation environments. It includes all the aspects a company has when operating internationally. The target market's government can restrict for example different kinds of laws, import restrictions, control of fundings, market- and price controls and regulations for taxing and labor force. The restrictions of a target market's government actualize the political risks a company can have.

Vahvaselkä continues that the economic operation environment counts the global economics aswell as the national environment of each country (2009, 68). Into the world trade includes the trade between different countries, how the world economics is divided between economic blocks and countries, different kinds of economic theories as well as organizations which helps or controls the world trade such as European Union, World Trade Organization and International Monetary Fund.

As a result of globalization and economic integration the economic operation environments all over the world gets more similar one country by another. The financial risks, such as capital risk, non-capital (political) risk and exchanging

foreign capital. All the financial risks should be controlled by a company because uncontrolled they could cause problems and threaten all international operations. (Vahvaselkä, 2009, 69.)

Socio-cultural operation environment factors are among other things culture, demographical factors, trends, consumers' opinions and attitudes. Culture is learned behavior which is shared and which is inherited through generations. Culture can help a man to understand certain standards and beliefs as it can combine biollogical basis, language, values, attitudes, manners, beliefs as also social institutions. (Vahvaselkä, 2009, 69.)

Technology in a certain product, the technology used in manufacturing and the technology used by the management in a company combinds the Technological operation environment. The mentioned factors affect also the competitiveness of the company. Rapid changes in the technology can import changes even in a whole industry and its procedures. (Vahvaselkä, 2009, 69.)

2.1.3 Porter's Five Force Analysis

Porter (1980) has developed a five force analysis which can help analyzing the competition situation in an industry and the surplus potential. If the competition is intensive, the invested capital's surplus decreases. On the other hand if the competition is weak it offers more changes to make more profit. (Porter, 1980, 4-6.) The five forces affecting a company's competition are likehood of new entry, the power of buyers, the power of suppliers, the degree of rivalry and the substitute threat.

There are some bars to the likehood of new entries. First of these barriers is the repertuare advantage. It means that when the volume of manufacturing grows, the cost level degreases. The second barrier is the differentiation of a product, which creates customer loyalty when done right. The third is the demands for capital. The fourth is the switching cost of a product which means how much costs the customer comes across if he switches the supplier. The fift barrier is the difficulty to create a distribution channel. The sixth barrier according to Porter (1980) is

formed by the existing competition situation and how much the existing competitors have competition benefit by being already part of the certain industry. (Porter, 1980, 7-13.)

Porter continues by stating that there are several ways to measure the degree of rivalry. The degree rises when there are several companies positioned in the same way, when the industry developes slowly, when the manufacturing capacity rises, when there are different kinds of strategic goals between doers. If the industry has a high importance, it creases the also the degree of rivalry as well as high barriers to shut down operations. (Porter, 1980, 18-21.)

When analyzing the threat of substitutes it is important to pay attention to the products with similar fulfilling features. Also the factors making price/quality functions better are important according to Porter. The products that bring a high marginal to the substitutes are important to analyze. (Porter, 1980, 24.)

The focused buying, the importance of the product, the technological development of the product, the switching costs of the product, the low marginals of the buyers, the productional co-operation, the buyers full information of the product and the insignificance of the product are factors that affects positively in the power of buyers. (Porter, 1980, 24-26.)

The suppliers at the same time can raise their power by threathening to put up the prices or lower the quality of the product. However to make these threats count, there can not be too many suppliers. There are only a few substitutes available, the product is differentiated, it is important to the buyers business operations or it has high switching costs and the supplier has some information or technology the buyer can not get elsewhere. (Porter, 1980, 27-28.)

The aim of the five force analysis is to position the company in the industry in a way that it can defence itself the best possible way in the competition. The analysis helps the company also to position itself in the right way to amend its position in a market as well as to forsee the possible changes and react to them in a posi-

tive way. Plus that the company has to decide where it meets competition and where it tries to avoid it. (Porter, 1980, 29-30.)

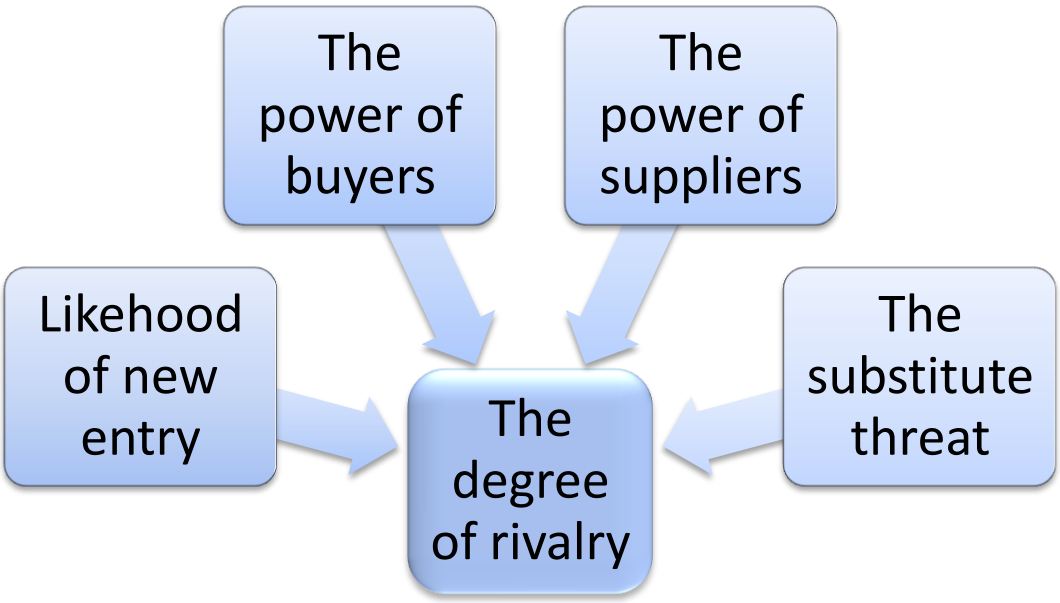

FIGURE 3. The Porter's(1980) five forces affecting a company's competition. (Modified.)

As Porter's analysis has been developed already more than 30 years ago, it has faced some criticism and development ideas as well as praises. White (2004, 211) suggest that there should be added an extra force which would be the negotiating power of the companies supporting the product. The more the supporting companies exist, the better position the company has. White also states that the risks should be examined more carefully.

2.2 Segmentation

Finding the right customers is important when entering new markets. According to Blythe and Zimmermann (2005, 84) it is the most important strategic decision to choose the correct and most giving segments for a firm. A segment can be defined by saying that it is a group of customers who can be caught with an abstract marketing mix. When one or more segments are chosen it automatically excludes a number of potential market segments the firm has not chosen.

The main benefit of segmentation is when the potential customers are analyzed and the list of the potentials is narrowed to the most potentially responsive. Then a company can develop significant specific marketing strategies for each selected segments. When the segments are clear to the company, it is easier to monitor the segments and their success. The company will also be able to consider its budget, place the biggest expenditures in activities headed to serve the chosen market segments. It is and also possible to 'reallocate resources or re-segment as necessary'. (Blythe & Zimmermann, 2005, 84-85.)

A good segment is measurable, substantial, accessible, differentiable and stable. Adapted from Blythe & Zimmerman (2005) tests of a good segment are listed in Table 1.

TABLE 1. Tests of a good Segment (Blythe & Zimmerman, 2005, 87)

Measurable	Specific information about the size and expenditures and characteristics of any segment can be determined through primary or secondary research.
Substantial	Large and profitable enough to justify a firm's expenditures of manpower and capital.
Accessible	The firm must be able to reach the segment through marketing efforts.
Durable	To be homogeneous within and heterogeneous between.
Stable	The segments are relatively stable justifying the investment by a firm in targeting in particular segment.

Even though many authors have written their opinions about how the segmentation process should be done, there is not just one right way to plan and execute segmentation for a company.

When entering new markets a company has to consider multiple decisions concerning strategies, environmental factors and segments. Although the new markets would be similar to existing markets, decisions must be made carefully and thoughtfully. The company must make sure that it has capital, right technical skills and some advantage to enter competitive markets.

When broadening markets and entering possible new markets, the firm has to remind itself that there's already in some level competition with competitors from the potential customers. Therefore the company has to have some competitive advantage to arouse interest.

"Experience has shown that a marketing program in a new location has the best chance of success if the firm can simply present one clear advantage." (Bythe & Zimmerman, 2005, 106.)

These competitive advantages could be a lower landed cost, most cost-effective technology, higher quality or to be more environmentally acceptable (Blythe & Zimmerman, 2005, 106). Obviously not all of these advantages can be used in every business and some of these have to even be optimized or adapted to certain technology and field. Still all the mentioned factors could be used in some way in every field of business. There are also multiple environment-related factors a company should consider of before entering new and possibly foreign markets.

2.3 Marketing Mix

When the market segment is chosen, it is easier for a company to plan a marketing mix for a specific audience. A marketing mix can be formed by using four P's, price, place, product and promotion (Kotler & Keller, 2009, 63). Finding a right price for a product in a specific place and promote the products in a right way. It is also possible to use a broadened marketing mix and include to the 4 P's also people, process and physical evidence. Segmentation makes it easier to focus on a narrowed market and by doing right the segmentation it can also pinpoint some of the potential customers to the company. In this thesis the chosen marketing mix is the traditional 4 P's mix.

The product includes all the things a company sells. It should though be mentioned that the product is not always physical. For the product each attribute that brings some value to the customer are important aspects for product for a marketer's view. These could be brand, value, warranty or for example packing of a product. Price means the financial value which is set for the product. Beside the list price set for the product, a company should consider varies possible discounts, payment terms and –times for different customers or customer groups. Promotion refers to a company's way to communicate with its customers of the value of the product. Into promotion includes subspecies such as advertising, personal sales work and direct marketing. Place alludes to the ways how to bring the product close to customers. It includes distribution channels, warehousing and delivery forms. (Kotler & Keller, 2006, 19.)

FIGURE 4. The Four P components of the Marketing Mix (Kotler & Keller, 2009, 63)

Figure 4 shows what variables are included into the four P's by Philip Kotler and Kevin Lane Keller (2009). Under product, price, promotion and place are listed

variables which set the P's and which can influence into them. The variables also helps to understand the idea of a marketing mix better and eventually help to consolidate a marketing mix.

2.4 Target Markets

Marketing can be devided according to Tarket markets into consumer markets (Business-to-Customer, B2C) where the consumers are the customers and into business markets (Business-to-Business, B2B) where the target group is other companies and organizations. Different markets focuses on different P's. For example the consumer markets sets its focus points usually to reach big grouds, therefore promotion plays a big part in those markets. The industrial markets on the other hand focus more on personal selling as the customers need more knowledge and professional sales work. (Kotler & Keller, 2006, 11.)

In the industrial markets, the products sold are usually large and more complex than in the consumer markets. This makes the sales process longer and as there are fewer customers, the more personal perspective is possible and one might add necessary. The buyers in the industrial markets are also experienced in what they do and are aware that they have the power to pick up the most suitable seller. The duty of industrial markets is to show the added value to the product. Industrial markets require also in many cases after sales services and the customer relationships are longer than in the consumer markets. The prices are also often negotiated instead of list prices. (Kotler & Keller, 2006, 11; Johnston & Marshall, 2006, 51-52.)

2.5 Market entry modes

There are several opportunities for a company to enter a new, foreign, market. Some alternatives include more risks than the others and some need less capital than others. Depending on how much the company is willing to invest into export-

ing or into internationalization; the company can end up with direct or indirect exporting or even creating a subsidiary or potentially a joint venture.

Table 2 is presented below. It is a comparison of selected market entry alternatives. The table is adapted from Blythe and Zimmermann (2005) and it shows indirect and direct export, licensing/franchising, minority and majority joint ventures and contract as possible entry modes. The table compares the modes for example for the required resources, risks and return on investment. Later in this Chapter there will be presented also other entry modes besides the ones presented in the table.

TABLE 2. Comparing market entry alternatives (Blythe & Zimmerman, 2005, 111)

Entry Mode Considera-tion	**Indirect Export**	**Direct Export**	**Licensing/ Franchising**	**Minority Joint Ven-ture**	**Majority Joint Venture**	**Contract**
Resources required	Very little	Minimal capital - must manage effectively	Minimal capital - human resources may be significant	Significant, but less than ma-jority joint venture or sole ven-ture	High for capital and hu-man re-sources	No capi-tal - can be sig-nificant human re-sources
Potential Risk(s)	Low risk of any kind	Low risk of loss	Risk of es-tablishing competitor (licensing)	Significant for invest-ment - differences between partners	Signifi-cant for invest-ment - differ-ences between partners	Low
Experience Gained	Limited	Some ex-perience in foreign market(s)	Limited	May be limited - take ad-vantage of local knowledge	High - some local knowl-edge	Limited
Return On Investment	Limited	Good	High but gross mar-gin limited	May be good	May be excellent	N/A
Other Con-siderations	Easy way to explore interna-tional business	Good first learning step	May be only way into market - need to keep intel-lectual property registered	May be required by govern-ment	Many firms prefer this	Meets specific needs

As the table above tells features about the represented market entry modes, it shows that a company planning to enter new market has several possibilities. Daniels & Radebaugh (1998, 711) states that 'entry mode depends on ownership advantages of the company, location advantages of the market, and internalization advantages of integrating transactions within the company'.

Vahvaselkä (2009) on the other hand suggests that the entry mode should be chosen by considering below listed factors. These factors are:

1. The company's operation based position.
2. Direct investments.
3. The need for economic resources.
4. The need for human resources.
5. The possibility of technological transfers.
6. The Speed of entering markets.
7. The company's/product's sensibility for barriers of trade.
8. The susceptibility (Economic and political risks).
9. The control level.
10. The feedback system of the company.

(Vahvaselkä, 2009, 72)

The most common means in an international business is to export goods. The product is manufactured in the home country and then exported to another country either with using intermediary or exporting itself. (Vahvaselkä, 2009, 73.) There are three modes of export operations. They are indirect exporting, direct exporting and own esporting. The Figure 5 below explains how they work.

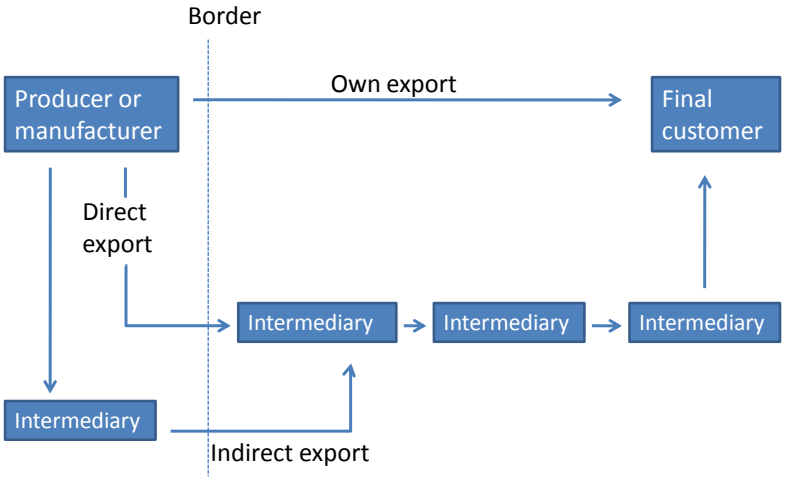

FIGURE 5. Three major exporting modes (Luostarinen & Welch, 1990, 20). (Modified)

In the indirect export the company uses in the domestic market an intermediary such as an agent or exporting company. The role of manufacturer is quite passive as the intermediary handles everything besides the actual manufacturing. (Vahvaselkä, 2009, 73-74.) The exporter's risk is small as said in the Table 2.

The direct export differs from the indirect exporting when the manufacturing company handles itself the exporting into the target market's intermediary such as import agent, distributor or to the broker. It is essential to know the markets as the direct export demands professional personnel and it has more risks than indirect export. (Vahvaselkä, 2009, 74.) Luostarinen & Welch (1990, 25) add that the manufacturer takes care of transportation, billing and forwarding, in other words the manufacturer takes care of exporting routines and techniques.

Own export valids then the producer sells its products or services straight to the end customer no intermediaries needed. Luostarinen & Welch (1990, 27-28) states that in own exporting the producer has to keep close contact with the foreign mar-

kets and final customers. That requires travelling and time. Although it can be the most expensive market entry mode it can also be the most competent way to export.

In the licensing a foreign company buys the right to use the immaterialrights, such as patents, trademarks or for example the technological knowhow. A licence is bounded to a certain area by a contract and in the contract is also said what is included in it. The company choosing licensing as an entry mode should overthink what is included in the licensing contract in every possible aspect. Licensing is a good choise when a company wants to benefit from its product innovation globally but its resources are not large enough. (Vahvaselkä, 2009, 75.)

Franchising exists in three types: service, distribution and in industrial. Service applies to service companies, where the service, whether it was fastfood, restaurants or hotels is the key element. Distribution franchising is used by manufacturing companies and retailing companies. Retail companies gain to utilize their exellency in marketing missions and sales in overall in foreign markets via franchising. Manufacturing companies at the same time can establish their vast international distribution networks. Industrial franchising is used by cottage builders or for example car wash machinery. (Luostarinen & Welch, 1990, 72.)

Joint venture has two meanings, a joint contractual venture and a joint equity venture. Joint contractual venture applies to all kinds of co-operation ‘which implies collaboration for a certain purpose between partners for a stipulated period of time, without sharing equity of the co-operating firms’. The co-operators don’t share a buyer-seller relationship. Joint equity venture contains taking part in management between the partners and a sharing equity of risks. It is a profit-seeking relationship. (Luostarinen & Welch, 1990, 158-159.)

Contracting can be divided into management contract operations and into subcontracting and contract manufacturing operations. The management contract can be defined as “an arrangement under which operational control of an enterprise (or one phase of an enterprise) which would otherwise be exercised by the board of directors or managers elected or appointed by its owners is vested by contract in a

separate enterprise which performs the necessary managerial functions in return for a fee" (Pugh, 1961, 49; Luostarinen & Welch, 1990, 93.)

Subcontracting can be described as all goods ordered advanced by a contractor and the orderer organizes the marketing. This could for example make possible for the subsidiaries to make sales for their parent companies. Contract manufacturing can on the other hand be defined that a company produces its goods in a foreign market under the company's contract in another firm. (Luostarinen & Welch, 1990, 112.)

Project operations can be Partial projects or Turnkey projects. Partial projects are projects where a company manufactures, offers know how or for example contributes only partial of the total package. The company which is involved in a project by delivering or manufacturing partial of the whole does not usually have a power to control the overall project. Turnkey project situation applies when one party is responsible for the project whether it was building a factory and putting it into operations. The turnkey project may include the engineering, supply of technology, supply of complete factory and/or equipment, commissioning of the total factory facilities up to the motioning stage and for example installation. (Luostarinen & Welch, 1990, 126-127.)

The most common means by which companies starts internationalization is via exporting. It is an easy way which doesn't require too much risk or other investments. Vahvaselkä (2009, 61) suggest that there's three strategic desisions to be made before going international in business. The questions are:

1) *Why internationalization? (making the decision to internationalize operations)*
2) *Where to internationalize?(Choosing the target markets)*
3) *How to internationalize in the chosen market?(Choosing the entry mode)*

2.6 Competitors

A company has to define and recognize its competitors or in other words the companies operating in the same field and markets (Raatikainen, 2004, 64). There are three types of competition in business: monopoly, oligopoly and polypoly. In monopoly situation there is only one company operation in a certain business field, and the situation is commonly controlled by a public authority. In oligopoly there are only few companies operating in certain field. Polypoly is a situation where the competition is perfect and none of the competitors has an advantage another will not have. A monopolistic competition is on the other hand a situation where the products of the competitors vary from each other. (Bergström & Leppänen, 2004, 75.)

Raatikainen (2004, 64) has named 8 factors which should be included in a competitor analysis. The factors are as follows:

- The number and the names of competitors.
- Competing products.
- The competitive weapons competitors use.
- The market status and share of competitors.
- The nature of competition and the role of your company.
- Conspicuousness of competitors and the product advantages.
- The financial and functional resources of the competitors.
- Marketing strategies of the competitors.

In the empirical part, in competitor analyses, will be discussed most of the above mentioned factors such as the financial and functional recourses, competing products and the number and names of the competitors.

2.7 Customers

The base for marketing is the markets to where the products are offered. Markets are formed of customers who buy products. Possible markets for a company can be Consumer markets, Business markets, Global markets and Non-profit and Governmental markets. In consumer markets people and households buy products

and services to their own use as in business markets organisations buy goods and services to reach their financial goals. Governmental markets buy goods to produce public service. One product can operate in several markets and together they create total markets. (Kotler & Keller, 2009, 49-50.)

Äijö (2008, 106) states that the question, 'who is the customer?' is essential for a company entering new markets. He also adds that the question is seldom clear and not easy to answer.

There are two main stages in a customer analysis which are:

1. Finding out the customer chain and the decision making process.
2. Finding out the customer attributes, customer needs and making a product consept analysis.

(Äijö, 2008, 106.)

When going international, a company should think carefully, who the key customers are and how to reach them. One should remember that accurate and reliable information is essential to find in objective way. According to Äijö, (2008, 106-107) a company should consider what is the buying chain, who are involved in the buying center, in other words the company should find out who is the one funding, who plans and designs and who is the influencer in the decision to buy products in the company.

In business to business the buyers are usually more professional and more rational. They also have systematic, critical and analytic way of buying as the products bought are usually consisted of wider range of components (Äijö, 2008, 107-108).

Äijö (2008, 108) sums up that a customer analysis is not just analysing the whole potential customer range as a bunch, one should examine more carefully the key customers if possible to get a more thorough picture.

3 INTRODUCTION OF CASE- AND CO-OPERATION COMPANIES

3.1 Ekomuovi Company Profile

Ekomuovi is a company established in 2001 which operates in the field of thermoplastics. It is located in Hollola, Finland, and the company has 1600 m^2 premises in which they have operated now since 2009.

The ownership is divided between Oy Galvatek Ab, Oy Watman Ab and the management of Ekomuovi Oy. Both of the owner companies are leading operators in Finland in producing surface treatment plants and water treatments plants, processes and water treatment equipment. Company MTL-Plastics Oy was merged to Ekomuovi Oy on 2007. The CEO of Ekomuovi Oy is Mr. Esa Pykälä.

Ekomuovi Oy is specialized in the design and production of units and individual products from thermoplastics and special plastics. The company participates closely in their customers' production processes and various systems. Installations, maintenance and spare part services are part of their professional service. (Pykälä, 2010)

The mission for the company is to improve its customers' cost-effectiveness and the process management by specializing especially to different kinds of thermoplastics and special plastics based products and entities for their design, production, manufacturing processes and their maintenance repairs and spare part care according their customer's needs and requirements.
(Ekomuovi, 2010)

3.1.1 Customers and Products

The biggest customers come from the fields of water processing, environmental technology, chemical industry, surface treatment, surface coatings, industry and maintenance and the process industry. As Ekomuovi's works are mainly individual projects, the company does not have just a certain range of products. Eko-

muovi designs, customizes and keeps maintenance of their products and the company works closely together with their customers/clients.
(Pykälä, 2010)

Ekomuovi products are among other things different kinds of sinks and tanks, process equipments and pipes, extraction systems of industry, various air cleaning equipments (e.g. gas scrubbers and bio-filters), installations and maintenance. Ekomuovi has also done a lot of diverse container systems for clean water treatment, wastewater treatment and for many special operations such as oil- and dripping-extraction, sand separation equipment and -scrubbing.

To mention a few references, Ekomuovi has delivered numerous chemical dosing tanks and -systems and coatings for St. Petersburg Vodokanal Waste Water Treatment Plants as a part of Clean Baltic Sea project in co-operation with Kemira Oyj, John Nurminen Foundation and the Ministry of Environment. Industrial companies such as Kemira Oyj, Lassila & Tikanoja Oyj, Uponor Oyj, Finnair Oyj, Abloy Oy, Sandvik Mining and Construction, YIT Service, Oy Galvatek Ab, Oy Wat Man Ab, and many municipal water treatment plants belongs to Ekomuovi's customers among others. The company has also done a lot of collaboration with Lahti Science and Business Park and it is also part of Cleantech Cluster and a local Minicluster of Russia. Figure 6 below represents the customer groups and some referencies belonging to each group.
(Ekomuovi company presentation, 2009)

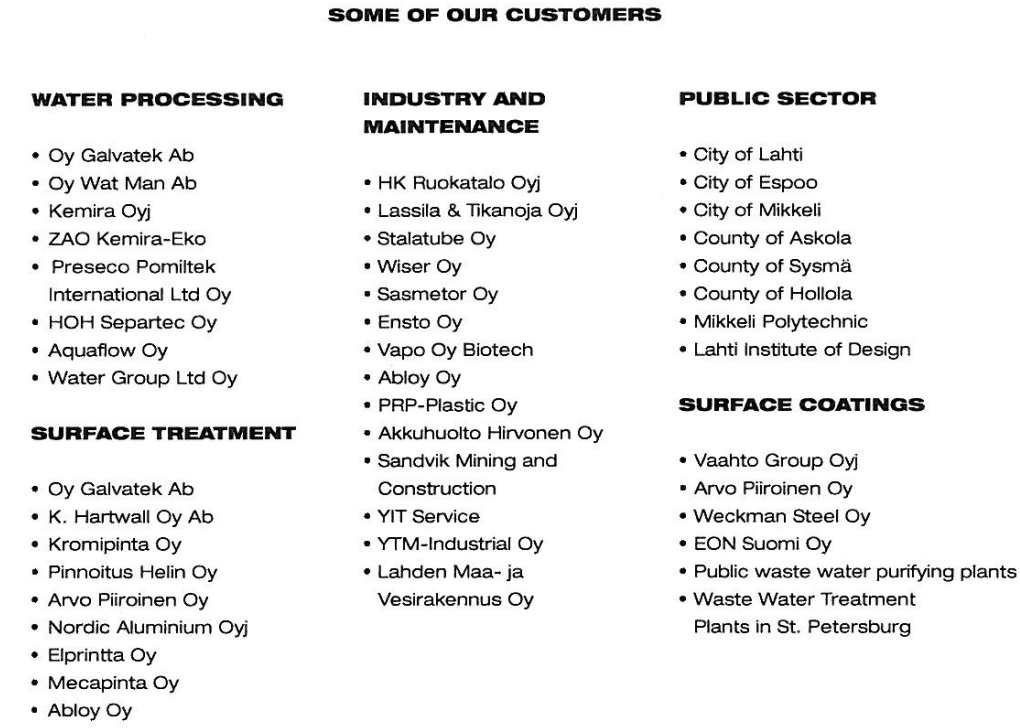

FIGURE 6. Ekomuovi Customer Groups (Ekomuovi Company Presentation, 2009)

Previously Ekomuovi has operated in above mentioned fields. However lately the company has sought also some new business ideas how to grow their business and in 2010 Ekomuovi signed a contract with a French company Europe Environnement which operates in gas and odour control engineering. The contract makes Ekomuovi Europe Environnement's agent in Finland, Sweden, Denmark and in South-West Russia (altogether 13 Oblasts). (Pykälä, 2010.)

3.1.2 SWOT Analysis

Below is presented a SWOT analysis of Ekomuovi. Figure 7, The SWOT analysis, shows the strengths, weaknesses, opportunities and threats of Ekomuovi. The first two shows current situation in the company and the two last concentrates on the possible future of the company. The analysis is conducted together with the CEO of the company along with company presentation and business plan of Ekomuovi.

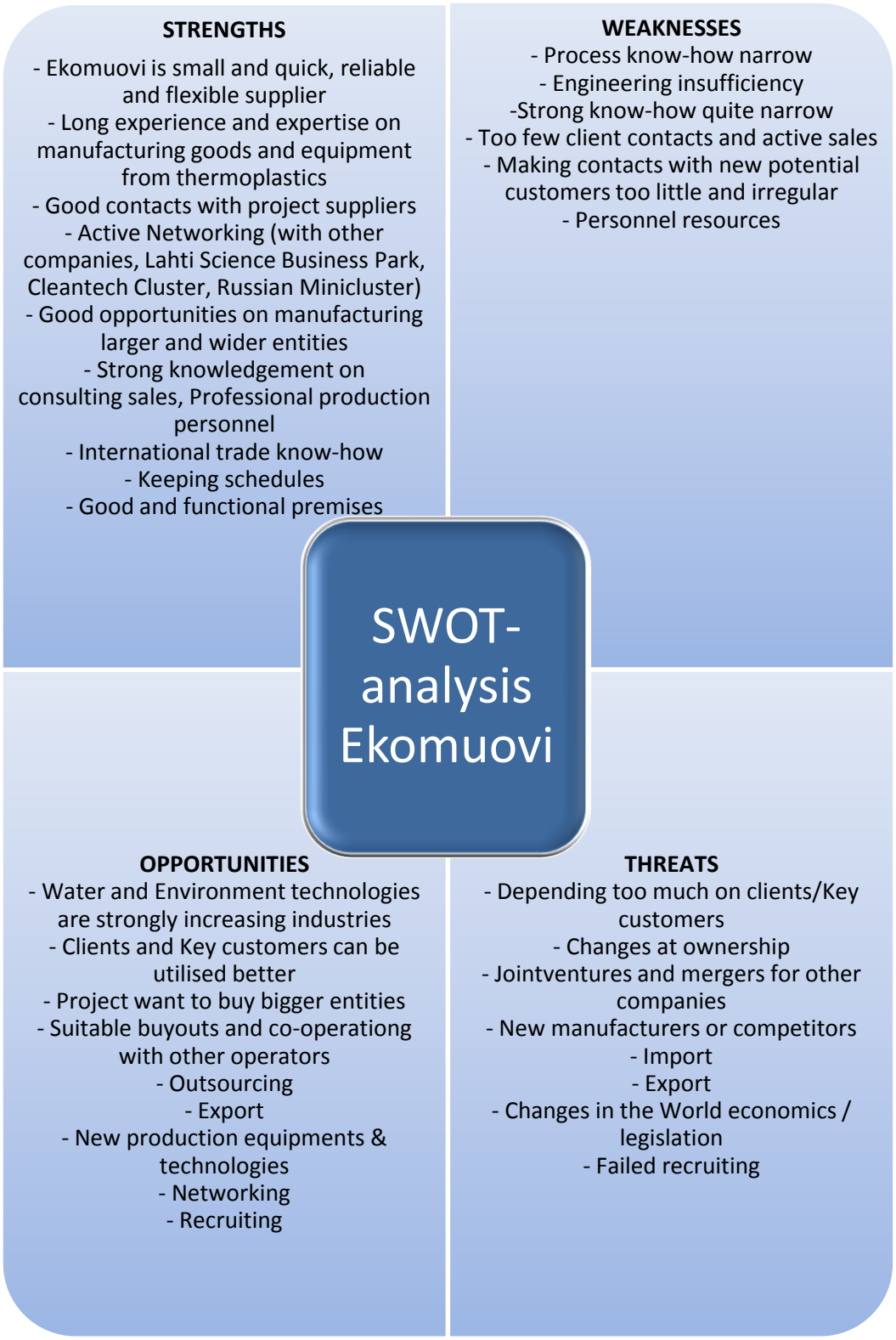

FIGURE 7. SWOT analysis of Ekomuovi

The analysis was carried out carefully with Ekomuovi's CEO and especially the strengths and opportunities are well thought of. Overall the SWOT analysis combines different factors thoughtfully and diversively.

Ekomuovi sees that its strengths lie in long experience and expertise on manufacturing goods and equipment from thermoplastics. Also the professional production personnel, international trade know-how and the strong knowledgement on consulting sales are few of Ekomuovi's strengths.

The opportunities are broad to the small and flexible company as for example the water and environnement technologies show potential and are strongly increasing industries. Ekomuovi could also use the opportunity by thinking if it could be involved in suitable buyouts and co-operate even more with other operators. The company could also use the opportunity to use new technologies and production equipment in its business.

The author recommends Ekomuovi to think how to cope with its few named weaknesses and think how to persuade in its business by depending more on its opportunities and strengths than the threaths and weaknesses.

3.2 Europe Environnement Company Profile

Europe Environnement was founded in 1993 in Aspach le Haut, France. The Construction of their first plant started in 1996 and as their operations expanded, the construction of the 2nd production plant started in 2002. Europe Environnement entered the stock market in 2003 and by the year of 2010 the company has acquisitioned Protech-Air, Ventacid and Amced Inc. (Europe Environnement company presentation, 2009). The Figure 8 shows the Europe Environnement Organization chart, which indicates the ownership of the company.

Europe Environnement designs and manufactures gas and odour systems. They product range consist of spray gas scrubbers, venturi scrubbers, packing gas scrubbers, bio filters and bio scrubbers. Europe Environnement doesn't itself manufacture all the mentioned products but the company's subsidiaries; Europ-Plast, Ventacid and Protech-Air in Europe, and Amced and Amplast in The USA, manufactures products as follow:

- Europ-Plast - Ventilation
- Protech-Air - Dust Treatment
- Ventacid - Gas Treatment (Eastern Europe)
- AMCED Inc. - Adsorption/ regeneration of solvents
- AMPLAST - Gas Treatment (USA Market)

(Europe Environnement Company presentation, 2009)

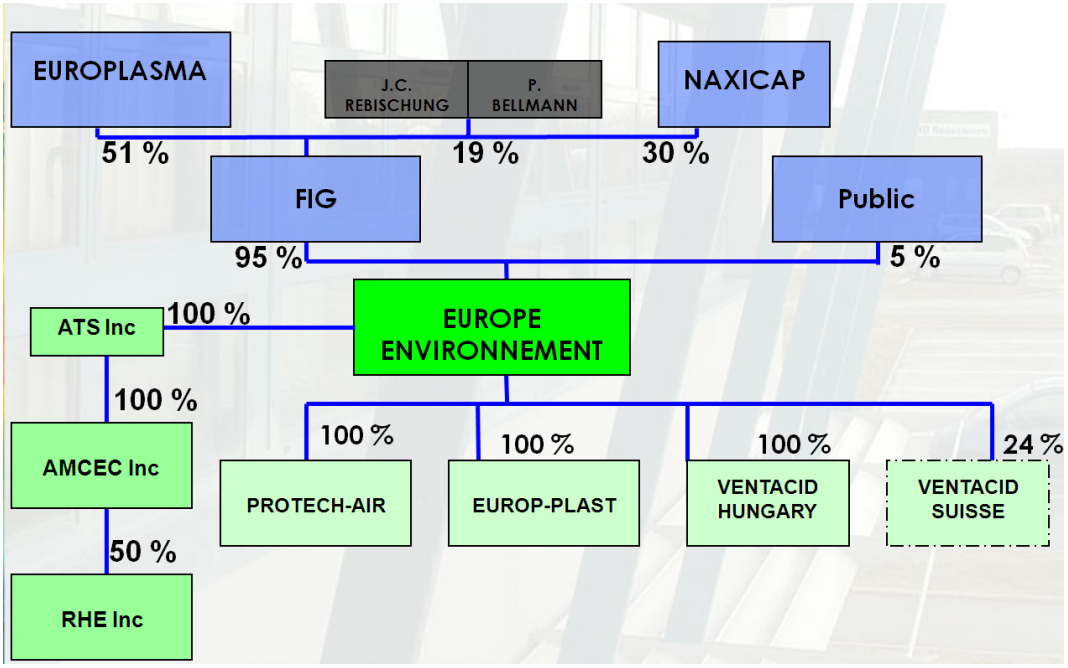

FIGURE 8. Europe Environnement Organisation Chart (Europe Environnement Company Presentation, 2009)

Altogether Europe Environnement employs 250 people. In the head office in Alsace France, operates Europe Environnement, Europ-Plast and Protech-Air. The two other plants are situated in The USA and in Hungary. The company also has Agents and Partners in all over the World.

- ACD Plast Agent: Spain
- AES Agent: Russia
- Air Vision Agent: Belgium, Luxembourg, Netherlands

- Air Technology Systems Ltd. Partner: United Kingdom
- DEVISE ENGINEERING Agent: Greece
- EiE Consultant Inc. Agent: Canada
- JBA Automation Agent: Switzerland
- METEC / AUROVENT Agent: Portugal
- Polymold Products Partner: India
- Ventec Maroc Agent: Morocco
- VONA Agent: Turkey
- Wilhelm Tell Consulting Agent: Poland
- UNIVERSAL Agent: UAE
- **Ekomuovi Oy** **Partner: Finland, Sweden, Denmark, North-western Russia**

(Europe Environnement company presentation, 2009)

3.2.1 Products and Technologies

Different kinds of gas scrubbers, odour control systems, bio-filtration and activated carbon adsorption are Europe Environnement's products. In their products Europe Environnement Group uses combination of three technologies, thermoplastic manufacturing, aeraulic-ventilation and chemical engineering.

In their products, Europe Environnement uses mainly thermoplastics, such as Polypropylene, High density polyethylene, Vinyl polychlorure, Vinylidene poly fluorure, Electro-conductive polyethylene and Electro-conductive pollypropylene. However Europe Environnement produces also from Stainless Steel and Fibre Glass if necessary. (Europe Environnement company presentation, 2009)

Europe Environnement uses three kinds of air pollution control technologies in their business. The technologies are:

1. Chemical treatment.

2. Biological treatment.
3. Active carbon adsorption.

Chemical treatment is based on solubilisation of the pollutant being treated by simple absorption or chemical reaction. There are various possible configurations which are: spraying scrubber, packing scrubber and venture scrubber. The choice of the scrubber depends on the pollutant, the effiency required, the pressure drop, dust etc. Europe Environnement uses software called Simona to do the calculations and the software eventually tells which scrubber or packing to use for which pollutant in which situation. The scrubber types are as followed:

- Spraying scrubber
- Packing scrubber
- Venturi scrubber

(Europe Environnement brochure, 2010)

> *"The biological treatment of gases is an increasingly popular treatment method. The process of bio-filtration consists of using bacteria to degrade the gaseous pollutants biologically. The most common used system is the bio filter, in which the bacteria are fed by the pollutants. Gas passes through a media where the bacteria find optimum living conditions. Europe Environnement has many references in the bio-filtration sector and proposes also some bioscrubbing installations."*
> *(Europe Environnement brochure, 2010)*

> *"Filtration by an adsorber consists of trapping the gaseous pollutants on the surface of a porous solid. Depending on the compound that is treated, the adsorber to use is either standard activated carbon of impregnated carbon for specific gases, odours like H_2S, NH_3... Ventilation and treatment of VOC's is also done by activated carbon."*
> *(Europe Environnement brochure, 2010)*

3.2.2 Customers

The biggest customers for Europe Environnement come from Waste water treatment industry and composing industry. Europe Environnement has done surface treatments to chemical industry, big installations to waste water treatment plants and composting plants. They have also made installations to foundry industry just for few to mention.

As already said, Europe Environnement employs 250 people wolrd wide and they have also done installations to Brazil, China, Belgium, Spain and United Kindom to pinpoint a couple of countries. Their works are also project based; therefore the reference list is wide and worldwide. For example Europe Environnement has produced big entities into all above mentioned countries into for example Wastewater Treatment Plants or into metal process industry.

3.3 Co-operations of the Companies

In spring 2010, Europe Environnement started to look for a partner or an agent from Finland and by the summer of 2010, Ekomuovi signed a partnership contract with Europe Environnement after visiting Europe Environnement headquarters in France. The contract made Ekomuovi Europe Environnement's Agent in Finland, Sweden, Denmark and Northwest Russia.

Ekomuovi operates as an Agent and partly as an Original Equipment Manufacturer (later on referred as OEM in this thesis) in alliance with Europe Environnement. According to Blythe and Zimmermann (2005, 114) OEM buys manufacturing equipment, raw materials and components to make into finished products. Examples would be car manufacturers or consumer durables manufacturers. In Ekomuovi's case the company will be the agent in Finnish, Swedish, Danish and North-western Russia markets. Ekomuovi will manufacture as much as it can in its premises in Hollola.

Ekomuovi’s contract concerns product range such as ventures, droplet separators, flue gas scrubbers, activated carbon dissertation and biofilters.

4 ANALYSIS OF POTENTIAL NEW MARKET

This is the actual internationalization plan part of the thesis. In this chapter the Swedish target segment is presented and the competitor and the potential customer analyses are shown. In the potential customer analysis are presented a few companies possessing the most potential for Ekomuovi's business, as customers or also as co-operators. The competitor analysis aims to pinpoint the biggest competitors nationally and internationally of the markets.

Finding customers for Ekomuovi is a process where different companies in Sweden operating in waste water treatment, surface treatment, land filling, heavy industry and painting are sought mainly via Internet. Different search engines have been used in order to reach as many companies as possible. The next step in the process after spotting potential customers is to contact them first via e-mail. The email can be found as Appendix 1.

The idea for the sent e-mail is to create interest in Ekomuovi for the found potential customers. After sending the e-mails the aim is to contact as many as possible by telephone as well. As Ekomuovi has not made so much business before in Sweden it is crucial to make a good first impression to new contacted potential customers. However the research made in this thesis will not go further than search for the potential customers. That way the commissioner can gain the most of the thesis without the competitors to be able to find out which contacts reached co-operation.

The search for the competitors also happened mainly via Internet. Ekomuovi can name its competitors in Finland and a few of them have operations in Scandinavia which makes them competitors also in Sweden. The main benefit the company gets form finding competitors is to see where they stand in the market and possible find out who the competitors' customers are.

When asked from the commissioner: what does Ekomuovi want to know from the competitors? The answer was income, products, how many workers the company has and referencies if available. However one should notice that not all companies share their referencies and other information openly in public which may affect on the results in this thesis.

4.1 Sweden as a Market

Like Finland, Sweden joined European Union in 1995.The legislation is similar and Finland and Sweden do a lot of business with each other. The country exports cars, engineering products, steel, electronic devices, communications, equipment and paper products. (Europa.eu 2010)

The infrastructure is good in Sweden, there are, among other things, over 11 000 km of railways and the roadnetwork is functional. From Finland's point of view products can be exported to Sweden by roads, railroads, by ships or combination of these. Exporting to Sweden by air is also possible; there are 249 airports of which 18 are significant (Finpro Maaprofiili 2011).

Sweden is a member in several world wide organizations which are: OECD, which stands for the Organisation for Economic Co-operation and Development. OECDs mission 'is to promote policies that will improve the economic and social well-being of people around the world. (OECD 2011.) Sweden is part of United Nations, European Council, Organization for Security and Co-operation in Europe, General Agreement on Tariffs and Trade, World Trade Organization, European Union, International Monetary Fund and in Nordig Council. (Ulkoasiainministeriö 2011.)

Sweden is known for its policies in democracy and in boosting human rights. International law and rights principles are highlighted in the Swedish international operations. There's a wide national consensus in foreign policies where also EU is a conspicous trendsetter. Sweden has taken global energy-, climate- and environmental issues seriously in its foreign policies. (Ulkoasiainministeriö 2011.) As

Ekomuovi offers environmental high technology in its products, it shows great potential as a country in Ekomuovi's point of view.

Swedish government is commited for active EU-politics. There's appointed a separate Europe Minister, currently Ms. Birgitta Ohlsson. However Sweden is not part of the European Montary Union and Euro and the country shows no interest in joining it. In all Sweden is positive about the ideal consensus withing different nations and about expansion of European Union. (Ulkoasiainministeriö 2011.)

The Recession hit also Sweden in 2008. However the country took advantage of its own currency, the krona. Sweden is ought to survive the international recession faster and better than many other country in the European Union. The labelmarkets are estimed to resume to the same level what they were before the financial crisis. The unemployment rate is predicted to be approximately 8 percent. (Ulkoasiainministeriö 2011.) The low and descending unemployment rate along with surviving well from the recession raises Sweden's potentiality as a target market because it shows in one way the strength Sweden has.

Finland and Sweden are close business partners in every industry. The structure of technolody and industries are quite similar. Therefore the financial interests are congruent even though there is at the same time competition. Lately many companies in the same area of business has done co-operation, joint ventures and mergers in order to increase the competitiveness in the Nordic, European and in the Global markets. In 2009 Sweden exported to Finland 6.5 billion Euros and imported from Finland 4.7 billion Euros. (Ulkoasiainministeriö 2011.)

4.1.1 Competitor Analysis

There are several companies operating in environmental markets in Sweden. The environmental technology is higly developed and for a customer, there are many opportunities to find solutions to gas and odour controlling. In this chapter is presented four of Ekomuovi's competitors in Sweden which are; Opcon AB, Scanacon, Spirac AB and Hydropress Huber AB. It is obvious that the four here pre-

sented companies are not the only competitors, but their product have been seen showing competitive features for Ekomuovi's/Europe Environnement's products.

Opcon is 'an energy and environmental technology group that developes, produces and markets systems and products for ecofriendly, efficient and lo-resource energy usage'. (Opcon 2010.) Their technical solutions are based on core competencies in Heat Recovery, incineration, treatment and material handling as in Bioenergy.

The Opcon Group consists of parent company Opcon AB and its seven subsidiaries. Opcon's operations are organized in two business areas which are renewable energy business and engine effiency business. In renewable energy operates five of Opcons subsidiaries and in engine effiency business two. Opcon has operations in Sweden, China, Germany and in UK, with around 410 employees together. The revenue in 2009 was approximately € 76M. (Opcon 2010) Opcon is named one of Ekomuovi's competitors mainly because the bioenergy installations the company does worldwide.

Opcon's reference list is wide and can be found fully in the Internet page of Opcon. As mentioned earlier in this thesis, Ekomuovi's competitors' customers may also show potential to be future customers for Ekomuovi as well. Here's listed a number of referencies:

- Trosa
- IMTECH/Holland
- Rindi Enrgi in Filipstad, Älvdalen
- Vattenfall in Gustavsberg
- Lerun fjärrvärme AB
- Pålsboda Bioenergi AB
- E.ON in Edsbyn, Dorotea.

(Opcon 2010.)

Scanacon is strongly 'focused on providing products, engineered solutions, consulting and training for managing acid finishing processes used in the pickling,

milling, etching and other acid-based surface treatments for the stainless, titanium and speciality alloy industry'. Its core competencies lie in:

- Analysis, dosing and process circulation
- process filtration and suspended solids removal
- acid- metal separation and acid recovery
- waste management.

(Scanacon 2011.)

Hydropress Huber AB is a subsidiary for a German company Huber. Its core businesses lie in water treatment and in waste water treatment. Hydropress Huber manufactures amongs other things flotators, sand separators, sludge treatment equipment and sand treatment equipment out of stainless steel. The company has operations in Sweden, Finland and in Norway. (Hydropress Huber 2011.)

Many of the mentioned products are close to the products Ekomuovi manufactures. The main difference comparing the two companies is the raw material they use. Hydropress Huber uses stainless steel as its core raw material, Ekomuovi uses special and thermoplastics.

Spirac AB is specialized in supplying shaftless screw conveyors and related products. It also makes silos and storage systems. The company operates primarily in water and waste water industries and their key product areas are municipal sewage screenings handling and dewatered sludge handling. Spirac has oparations in Australia, USA; France, Sweden, Netherlands and in UK. Spirac has applications in food, municipal inlet/head works, municipal dewatered sludge, pulp & paper, chemical, winery and in general industry. (Spirac 2011.)

Many of the presented competitors could however be seen also as potential co-operation partners. The competitors have variety of operations in which Ekomuovi shows its expertises if the competitors buy an operation or a component in every case Ekomuovi could have a good opportunity to make co-operation with them.

4.1.2 Potential Customer Analysis

Ekomuovi's customers come mainly from water treatment, surface treatment, industry and maintenance, public sector and surface coatings. Europe Environnements customers come mostly from waste water treatment and composting industries. The industries mentioned set the base for potential customer industries also in Finland.

As said in beginning of this chapter, to found potential customers and co-operators are contacted via email and here's presented the ones that show the most potential of the contacted ones.

Veolia Water provides management of water and wastewater services. It also designs the technological solutions and builds the facilities required for these services. It has operations in 66 countries and it employs almost 96 000 people and its revenue in 2009 was € 12.56 billion. (VeoliaWater 2011)

Veolia Water Solutions & Technologies Sweden 'designs and builds water treatment works for municipalities and industry. It offers a complete range of technological solutions based on in-house processes and including equipment, modular systems and associated services that meet the water treatment requirements of its municipal and industrial clients.' (Veolia Water 2011.) It has four subsidiaries in Sweden:

- VA-Ingenjörnerna - supplier of technologies and solutions for water and wastewater treatment.
- Krüger Akvapur - develops world leading filters for use in areas suchas effluent polishing, storm water, waterworks, process plantsand fish farms.
- Hydrotex - delivers water treatment technologies to Swedish industry within; process, food and beverage, power plants, pharmaceuticals and biotechnology, mechanical and electronics.
- AnoxKaldnes - is a leading-edge technology company focusing on biological wastewater treatment.

All the four subsidiaries could be Ekomuovi's potential co-operators or customers and as Veolia is a multinational company its core benefit lies in its size and the

reliability in its whole. Each of the subsidiaries has stabilized their place in Swedish markets.

Akzo Nobel is a multinational corporation which has operations in different fields such as industrial chemicals, surface chemistry and automotive & aerospace coatings just to mention a few. Akzo Nobel has operations in approximately 20 countries and alone in Sweden it has 42 locations operating in special chemistry, performance coatings and in decorative paints. The company's revenue is €13.9 billions and it employs 57,060 people. (Akzo Nobel 2011.)

Akzo Nobel is a large company and operating with paints and chemicals, it has to consider the environmental effects its production cause. Possible Ekomuovi's products for Akzo Nobel could for example be dust exhaust systems or gas scrubbers. As Akzo Nobel is a big corporatioin, it would be an enourmous reference for Ekomuovi. By getting even a single project for an operator such as Akzo Nobel Ekomuovi would gain conspicousness in the Swedish markets.

Läckeby Water AB has water treatment and biogas production in 70 countries. It is a know-how company in water treatment and the innovative treatment of biological waste. Läckeby Water's sales were approximately 50 million Euros last year.

Läckeby Water has three brands; Purac for contracting business, Läckeby Products for the key products, and Läckeby for the local service organisation. The three combind, the corporate offers total involvement in everything from product deliveries to turnkey treatment plants for both public sector operations and industry. (Läckeby Water company presentation 2011.)

As Läckeby Water for example contracts different kinds of plants within water treatment and biogas plants, their gas and odour controlling must be well taken care of. To improve the controlling, Ekomuovi could offer Läckeby Water a wide range of products and systems in its product range.

Malmberg Water AB is a company operating in water treatment, biogas, geoenergy and in drilling. It employs 135 people and its net sales in 2009 were 350 MSEK which is approximately 39 million Euros. Today Malmberg produces from 60 to 70 percent of all Biogas plants in Sweden. (Malmberg Water 2011)

Malmberg builds for example biogas plants and someone should take care of the gas and odour control systems. Ekomuovi's opportunies with Malberg lie in the new product range in odour and gas controlling equipment.

Lassila & Tikanoja is specialised in environmental management and property and plant support services. L&T is a leading supplier of wood-based biofuels, recovered fuels and recycled raw materials. The company has operations in Finland, Sweden, Latvia and Russia and it employs 8,700 persons. Net sales in 2010 were 598 million Euros. They have four offices in Sweden. (Lassila & Tikanoja 2011.)

Lassila & Tikanoja is Ekomuovi's customer in Finland and therefore they could show great potential to be Ekomuovi's customer also in Sweden. Currently Ekomuovi operates constantly with Lassila & Tikanoja in different places in Finland. The first bigger reference concerning the new product range within gas and odour controlling systems is the hazardous waste treatment Lassila & Tikanoja plant in Lahti. The system consists of active carbon adsorber and gas scrubbing system including the requested exhaust air conducting. The project raises Ekomuovi's conspicousness and reliability as odour and gas controlling producer into the higher level supplier.

In the cleaning market in Sweden there are couple of big operators such as ISS, Sodexho and Samhall. In 2007 when Lassila & Tikanoja considered entering the Swedish markets, the company commissioned a strategic intelligence and advisory group to make a market survey to find potential acquisition candidates. In the survey Lassila & Tikanoja named ISS, Sodexho and Samhall as its competitors. (Case Lassila & Tikanoja, 2007.) From Ekomuovi's point of view, the mentioned operators in the cleaning market in Sweden could also be Ekomuovi's potential customers.

Above are analysed few of the contacted potential customers operating in Sweden. The author recommends strongly that Ekomuovi contacts personally all the found potential customers although the first step, an introductive email of the company, has been sent already. As Ekomuovi is a small company and new in business in Sweden, a personal sales work is essential for the company to transform the potential customers into actual customers.

5 CONCLUSIONS & FINDINGS

In this chapter, the previously presented data are analysed together and based on that, recommendations for Ekomuovi will be made. The represented case company, co-operation company and the analyses for the potential markets are evaluated against the theoretical framework. The suggestions are then concluded for further research and the author's thoughts on the process presented in the chapter.

In paragraph 2.1, six steps were presented for an effective marketing research. The six steps also describe how this thesis was carried out. In the first chapter the research objectives were defined, second chapter developed the research plan, gathered data and formed the knowledge base for the empirical part. Even though Kotler and Keller suggest doing an actual survey, this case was a desk study and the potential customers will be contacted by the case company apart from this thesis. This thesis only outlines the potential customers in Sweden.

The step 3 was the information collection phase. The information for the case- and co-operation companies was collected via internet and observation and the information for internationalisation part via internet. Some of the companies shared more information than others which affected the quality of the competitor and customer analyses.

As every study is an unique case, some of the models or steps different marketers have developed can not be used for each research and so happened in this thesis. Step 4 was irrelevant for the thesis and then left out. This chapter, like its title already tells, represents the findings and conclusions which is the fifth step for Kotler & Keller's 6 steps for an effective marketing research.

Ekomuovi has segmented its customers into water treatment, surface treatment, industry and maintenance, public sector and surface coatings. When co-operating with Europe Environnement, the customer segments will most likely be in the water treatment. The theoretical framework represents the importance of segmentation and the empirical part first defines the segments and then names some potential customers to demonstrate the segment.

While Ekomuovi contacts the found potential customers in Sweden, the company has to clarify for itself the competitive advantage Ekomuovi has. According to the CEO, the main advantage Ekomuovi has, is its willingness to fulfil customers' requests with superior service, flexibility and professionality (Pykälä, 2010).

With the competitive advantage in mind, Ekomuovi should decide with which market entry mode to enter Swedish markets. Paragraph 2.4 presented different alternatives for market entry mode and the author recommends Ekomuovi to enter Swedish markets via own exporting, direct exporting or go to the Swedish markets one project at the time. Export does not require a lot of capital, it has low risk of loss and it has good return on investment. Project base internationalization is somewhat familiar to Ekomuovi as it has been doing international business in project base style. After regularising their business in Sweden, Ekomuovi should also consider other presented options how to enter markets, such as joint ventures or contracting.

All in all, Sweden shows potential for Ekomuovi to enter the market. Sweden's structure in business is similar to Finland's, the countries do remarkable trade annually with each other and the way Sweden has handled international financial crisis in the past few years raises Sweden's potentiality fomr Ekomuovi's point of view. The author strongly recommends for Ekomuovi to make personal contacts with the found potential customers in Sweden and hopefully the input made creates results.

5.1 Suggestion for further research

The whole process of delving into Ekomuovi's business and new business plans has been interesting from every aspect one can think of. The process has brought up some ideas and suggestions on how to either develop or gain new information or ideas for the company.

Ekomuovi currently has web pages which have been the way they are for a couple of years now. From the web pages one can not get current information on, for example, Ekomuovi's co-operation with Europe Environnement. Therefore the author suggests Ekomuovi to update its web pages. Under the updates could be the latest, even internationally big, referencies to increase conspicousness within potential new and already existing customers.

As this thesis has been the first step to examine Swedish markets, the research has been doing its purpose, which is analysing the potential markets in Sweden and finding potential competitors, customers and possible co-operators in the Swedish markets. Therefore some further study would do well for Ekomuovi. The further research in the Swedish markets could be separate analysis within each product in the new product range.

The deeper analysis to find actual customers and to gain more information from the markets could be commissioned by a professional consulting firm such as Finpro, Lahti Sciences and Business Park or some strategic intelligence and advisory group. Although the deeper analysis usually costs up to 5000 Euros, the author sees the investment to be beneficial.

As the new target markets in the co-operation with Europe Environnement are besides Sweden also Denmark, Finland and the areas in Russia, the investigation in the other target markets is strongly recommended. The research in the other target markets should be done separately in every area and in every product in order to get accurate, usable information for Ekomuovi Oy.

As the next step for the research, the author recommends Ekomuovi to study Denmark as a potential target market as the regulations, environmental business and co-operation are similar with the Swedish ones. Many of the found competitors and potential customers also have operations in the Danish markets which also makes the author strongly recommend studying the Danish markets as the next step.

The Financial analyses have been left out from this thesis due to the commissioner's request. To enter succesfully the Swedish environmental markets, Ekomuovi should also study the financial issues such as funding, exporting costs and, for example, find out whether it is possible to use Swedish electrification in the projects.

In the SWOT analysis, Figure 5, 'suitable buyouts and co-operation with other operators' were mentioned as an opportunity. With the new product range covering now also gas scrubbers, active carbon adsorbers and bio filtration, Ekomuovi could gain more conspicousness also in the Swedish markets along with its own products such as lamella separators and flotators. The author recommends Ekomuovi to keep its eyes open for possible subsidiaries or co-operators in Sweden.

5.2 Thoughts on the process

Writing this thesis has been challenging at times, due to the nature of the needed information. Finding the potential customers and competitors was not as easy as the author initially thought. As the author had to use secondary data from the Internet, some data was not in the form that the researcher would have needed it to be. Some data was available only in Swedish or then was provided only with a charge. Therefore it affected somewhat to the quality of the found information in the competitor and customer analyses.

The question "For whom should I write this?" was an issue to consider. On one side is Ekomuovi, the applicant who gains advantage from the results of this work and on the other side are the reviewers of this thesis. The company expressed quite clearly its opinions about the theoretical parts and that in mind the author's mission was to conduct a work that pleases both of the target audiences.

Though some difficulties were met, the author finds the research subject, working with it and with the company interesting. It gave an opportunity to develop oneself as a researcher and taught a lot about Ekomuovi's business and the environmental industry.

6 SUMMARY

The aim of the thesis was to outline Sweden's potentiality as a target market for Ekomuovi Oy and its new product range in odour and gas controlling business. The thesis process started when the author started her internship in Ekomuovi Oy and familiarized herself with the case company, co-operation company and the industry they operate in.

The thesis is divided into two parts, the theoretical part and the empirical part. The theoretical part is the first part of the thesis. It deals with various literature sources being related to entering new markets. The aim is to give valid information on how to conduct a market research, represent different possibilities how to enter new markets and give backround how to analyze the potential new markets in a different way. The theoreticalpart also gives some guidelines that the rest of the thesis follows.

The second part, the empirical part of the thesis is divided into two phases. The first phase introduces the case company, Ekomuovi Oy and the co-operation company Europe Environnement and their partnership. The second phase represents the potential new market, Sweden. In the market analysis, an analysis of Sweden as a market is conducted; a competitor analysis and an analysis of the potential new customers are then followed.

The research is a case study. The examination in the empirical part weas mostly conducted by using secondary data sources, in other words as a desk research. To gain support for the findings and to analyze them the author had informal interviews with the case company. By these interviews some goals and aspects were clarified. The objective of the process was to seek out Sweden's potentiality, find whether the intuition to enter Swedish markets has validity, and to find potential new customers for Ekomuovi.

The findings show that the intuition was valid, accurate, and Sweden shows potentiality as a target market for Ekomuovi to enter. As the markets are similar to domestic ones, the technology and environmental requirements seconds Eko-

muovi's standards and several potential customers will be contacted. It is positive for Ekomuovi to succeed in entering Swedish markets.

To conclude, the author recommends further exploring the Swedish markets via exploring customers via products point of view. Sweden shows its potential, but the author believes that Ekomuovi could gain more success and profit if the company desides to study more the potential customers. After entering the Swedish markets, the author suggests Ekomuovi to explore the Danish markets as the next step as Denmark is, in its environmental requirements, technology and in the way of doing business, similar to its neighbour country, Sweden. The recommendations and suggestions for further research are made in the chapter five.

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APPENDICES

APPENDIX 1

MEET THE EXTENSIVE PLASTIC WORLD WITH EKOMUOVI, CURRENTLY LOOKING FOR PARTNERS AND CO-OPERATION

Ekomuovi Oy is a Finnish company specialized in the design, manufacturing and production processes, equipment and units made of thermoplastics and special plastics, as well as spare part services and maintenance.

Many Ekomuovi products are destined for pure water and waste water processing plants, surface treatment plants, chemical industry processes and are used in industries, private houses, small companies and in the public sector. We also provide products for laboratory and prototype use. Our long term and extensive experience ensures Your cost effectiveness and process management in many fields and we are commitment to fulfil all Your requirements.

Among other things Ekomuovi products are different kinds of sinks and tanks, dosing and process equipment, -systems and pipings, extraction systems of industries, various air- and odour cleaning equipment and techniques such as gas scrubbers and bio-filters, installations and maintenance. Ekomuovi has also done a lot of diverse container systems for pure water- and wastewater treatments and for many special operations such as oil- and other industrial waste extraction systems, sand separation equipment and scrubbing. Enclosed are our brochures where You can find some of our references and some images of our projects and products.

Currently Ekomuovi is looking for new partners and customers together with our French Partnership company Europe Environnement. Europe Environnement is specialized in gas and odour control engineering.
Looking forward to hear from You soon in order to start a long-term business relationship with You.

With Best Regards,

Esa Pykälä
Managing Director

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