



# **MARKET OPPORTUNITIES FOR IVK-TUOTE IN MURMANSK REGION**

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Abstract <p>Every company when it would like to growth is looking for new opportunities on the new markets. IVK-Tuote is not an exception. IVK-Tuote is a Finnish company producing products for ventilation systems such as sound attenuators, cleaning doors and exhaust diffusers. The purpose of the thesis was to identify possible market opportunities for IVK-Tuote in the specific Russian market. Main task of the work is to understand, would it be possible to enter the market? Moreover one of the major points is to define the potential customers and existing competitors.</p> <p>To success in the new places company has to make researches on market, analyse its current positions and look for a potential in this environment. This Bachelor's Thesis is limited to business-to-business marketing and divided into two main parts. The first section describes the theoretical part of the research; gathering information and determining the market, defining competitors and potential clients. Another part is a practical part. It describes visit to Murmansk and negotiations. Finally, it has the conclusion and summary which is based on the results of the business trip that proves the accuracy of essential theoretical issues used in the main research.</p> <p>During the research we could find and meet potential clients in Murmansk. Important fact was that we also identified our competitors and got the information about their activities in the market. Also we could understand what threats and opportunities could be for IVK on the target market. As a result we received clear picture of the market which is enough to make a clear conclusion for the company.</p> <p>Undoubtedly, there is a potential for IVK-tuote in Murmansk region. But at this stage it will be very difficult for the company to compete the rivals which is already in the market. Management should develop reliable marketing strategy taking in to consideration marketing mix approach. Due to some weaknesses as price, narrow specialization and position it is not possible to compete efficiently with other local domestic companies right now. With developing marketing mix and accentuating on company's strength it will be possible to use the opportunities of the region in the future.</p>		
Keywords Market research, ventilation systems, market opportunities, potential clients, competitors, threats, strength, weaknesses, marketing mix, analysis		
Miscellaneous Several pages were deleted due to their privacy.		

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# 1 CHOICE OF TOPIC

## 1.1 Searching for the company

Probably it is the most difficult part of the thesis work. It is very difficult to choose right topic. The risk is that the topic will be not suitable to the knowledge you have and you would be not able to finish you work in an appropriate way. Moreover it is very hard to decide on topic when you have no company to do it or have no specific idea or skill which would help you to make a right decision.

Firstly, I was trying to find a company, just writing them propositions for thesis work, without mentioning any specifications. The result was a zero. I have received only two answers for my emails out of 35. Answers were: “Sorry, but we have nothing for you at the moment.” After this occasion I decided to ask advice from my tutor, Heidi Neuvonen.

It was right choice. She gave me advice that I should find something special in my skills and then try to find some companies, which would be interesting. As a result I have started to think what could be the most important advantage I could propose for companies. The major thing was that I am a Russian. So, it could be possibly a “plus” for firms, which are interested in doing business in Russia

Next step I have decided on several topics, like “Doing business in Russia”, “Expanding to the foreign market”, “Market opportunities for Finnish companies in Russia” and few more . Variety of the topics to choose gave companies chance to have the right of choice; and raise my chances to find someone interested in those projects.

Finally, I was right. I have received 6 answers out of 50 emails and 3 of them were positive. It meant that even I could choose between the companies. This situation totally proved the advice of my tutor, that before proposing something you have to understand yourself better and decide what you are worthy and which advantages you could use.

## 1.2 Purpose of the research

After several days of thinking and interview with mr.Tuomas Vejalainen from IVK-Tuote I have decided to do thesis for that company. In the first meeting I have received more information about the company's needs and interests.

IVK already have been operated on the Russian market. They started to work with Saint-Petersburg around 2-3 years ago. So we have decided that there is already enough information about this area. Company now is interested to find some new opportunities in Russia. We have mutually agreed to try Murmansk region which will be new for IVK and try to find new useful contacts and potential clients.

So, the main purpose of the research is to collect and analyze information about the market. In our case it is to find new market opportunities for the company. With market research company could learn more about current situation and potential customers. It should help to answer some important questions like: What is happening in the market? What are the trends? Who are the competitors? Which needs are important? Are the needs being met by current products?

Market research is discovering what people want, need, or believe. It can also involve discovering how they act. Once that research is complete it can be used to determine how to market your specific product. Whenever possible, try to reduce risks at the earliest possible stage. For example you could carry out market research early on and not wait until you are almost ready to enter the market. If early market research reveals that your business idea has real potential, you can use this information in planning the build-up of your business. (Ilar, 1998)

## 1.3 Company overview

IVK-TUOTE OY was founded in 1988. From a small workshop of 7 people IVK has become a leading manufacturer of sound attenuators, dampers and cleaning doors for air handling systems in Finland. IVK currently employs 80 people and the turnover reached 6,9 million euro in the year 2006 . (IVK annual report, 2007)

Company operates internationally nowadays, not only in Finland. Of course part of the export is not so high around 10% from all production but it is growing from year to year. It has implemented several projects outside home territory. The most known projects of the IVK are:

- Paper mill projects (Norway, Sweden, and China)
- Edenderry Power Plant (Ireland)
- Offshore projects (Norway) and Stena line (Italy)
- Dynamo, LenExpo, Onninen (Russia), etc

Clients of the company are:

- Contractors
- wholesalers
- industry
- planning/design/engineering offices
- marine and offshore businesses

IVK pays special attention to health, environment and comfort related issues. IVK's products are designed to make the cleaning and maintenance of air ducts easy and safe to use, as it is written on the web-site of the company. (Company overview, 2007)

The major strength of the company according to IVK website (Company overview, 2007) is identified as:

- Special (Exclusive) products
- highly skilled personnel
- own test laboratory
- flexibility
- reliability
- extensive product range
- high commitment level
- excellent quality

### **Products of the company**

Variety of the types of products which are company produce is rather limited. But it gives company chance to concentrate and pay more attention on specific products. In spite of that the variety is rather small company produces these accessories for ventilation systems in different configurations. So it is not a barrier for the company to make for example an exclusive or non-standard sound attenuator or exhaust diffuser. It plays very important role. This issue is one of

the major strength of the company which helps company to compete with other producers and survive for the long period.

Major products of the company are:

- Sound attenuators for round and rectangular ducts
- Cleaning doors
- UVD exhaust diffusers
- Round modular ducts and duct parts



**FIGURE 1. Products of the IVK. (Round Sound attenuator, cleaning door, UVD exhaust diffuser); (adopted from the IVK's website, 2006)**

## **2 MARKET RESEARCH PROCESS**

### **2.1 Aim of the research & research plan**

As it was mentioned before the main idea of the research is to understand would it be possible for IVK to enter the Murmansk Ventilation market. We have to understand is there any potential for the company and what kind of obstacles are on the way to success. As we trying to find new opportunities for the company I have defined following objectives, to be obtained during the research:

- Gain detailed information about the market
- Find potential customers
- Define company's opportunities regarding to that region
- Understand would it be possible to enter Murmansk Market
- What should company to do to succeed on the market?

When these aims will be obtained it would be possible to make a final decision and prepare clear answer for the company. This research will help IVK to understand the Murmansk market needs and availability of the potential.

When research problem and the main objectives are defined it is a sense to prepare research plan according to which we will ac during whole project:

- Decide on methods and sources of the research
- Find more information on Murmansk Region
- Define the market
- Search for potential clients
- Define the competitors (general information and comparison with IVK)
- Meeting with the clients
- Evaluating and reporting findings and results.
- Conclusion

## 2.2 Methods of the research and sources of information.

The research is based on the deductive thinking and analyzing findings to make a common conclusion for the problem out of different questions. The conclusion is inferred using the process of deductive reasoning. Deductive reasoning is the kind of reasoning where the conclusion is necessitated by previously known premises and totally depends on them (internet source, wikipedia)

### **Qualitative vs. Quantitative research**

*Qualitative research* is one of the two major approaches to research methodology in social sciences. Qualitative research involves an in-depth understanding of human behavior and the reasons that govern human behavior. Unlike quantitative research, qualitative research relies on reasons behind various aspects of behavior. Simply put, it investigates the why and how of decision making, as compared to what, where, and when of quantitative research. Hence, the need is for smaller but focused samples rather than large random samples, which qualitative research categorizes data into patterns as the primary basis for organizing and reporting results. (Patton, 2002)

The objective of *quantitative research* is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships. (Demin 2000, 71-75)

Mostly qualitative approach has been used during the research. Several questionnaires and surveys were made to understand potential client's behavior, which have been used during the visit to Murmansk and telephoning interviews. Only the small part of the questionnaires was taken into account of quantitative approach to gain some statistical information on the market like market size and market shares of the competitors.

### **Sources of information.**

During that research the major role plays secondary data, the only small part of the research is based on the primary data, which were obtaining through the surveys. This work is not limited only for one source of information, but anyway the best storage of information and different data

is an internet and some local publications like news-papers and books. Moreover lot of needed information was received due to the telephone interviewing. All information has been checked in different type of sources, to prove the reliability of the data.

### 2.3 Research problems

During the thesis work I have met some problems which plays very important role. If not to solve the problems in the appropriate time or find other way to overcome these problems, final results of the work could be totally different from the right one or researcher could spend much more time then it is really needed. Troubles which I have met during that project are generally concern to the research of the Murmansk market with the use of internet and telephone.

When we speak about the internet and electronic sources in Russia, we should remember that the country is very large and not highly developed. In case of Saint-Petersburg and Moscow, it is not a serious problem. It is the main cities in the country and technology is developed very well. In case of small cities, like Murmansk, level of computerization is rather low, because it started to develop only few years ago. As a result small companies don not have websites or electronic sources. Sometimes there is even no need for that, because it is oriented for local region.

Due to that fact we could identify main problems, which I have exactly met during the research:

- *Lack of the internet sources*
- *Small amount of information available*
- *Generally, level of the answers by email are very low*
- *Risk of the wrong information*
- *No time limits for answers*

If problems exist it doesn't mean, that it is not possible to manage with it. I also have tried to overcome them. As a result through the practical experience I have identified the main points how to do a research and avoid barriers concerning to low use of the internet in some regions of Russia:

- If there is a lack of internet sources, researcher should try newspapers and magazines. Generally electronic versions of the local newspaper are available in the internet.

- It is a sense to check governmental and municipal web sites, it is possible always to find some specific information or find at least related links
- When sending emails or requests through the internet it is better to ensure about the delivering of the message by personal calling
- Check the information in different sources, to avoid fake information sources.
- Even after the agreement with the representatives of the companies, about the meetings, orders, etc it would be better to recall them in some period of time and ensure that plans didn't change.

As an example it could be situation which we I faced during the thesis work. First of all, I have spoken with the company's representatives by phone and some of them asked to send the catalogues to emails or fax. For the first two weeks we haven't received any respond from the potential clients in spite of that they have promised to do it within the week. Only after few more re-calls several companies showed their interest to the subject. Other thing, before the trip to Murmansk we have decided on timetable to meet with the potential customers. Unfortunately, our plan was almost broken, due to the fact that we didn't know when we will have meetings up to the day of arrival. Finally we have agreed with two companies to meet one day before arrival and others in the first day in Murmansk.

Generally it is normal cultural behavior. Almost every foreign company meets such barriers in Russian market. It is all because of the mentality of the people. One famous local researcher wrote in his work: there is an opinion that Russian human is very lazy and irresponsible. But for that case it is possible to cite two different explanations.

From one hand we could think about it as a reality. It is enough just to take as an example above that you have to force people to act and decide on decisions. Russian people prefer to wait until the end and only "pair of hours" before the deadline started to think about the work. From other hand we could explain this case as "Russian human is not lazy; he is contemplative. He is always interested in external issues". The other major point is that Russian culture puts one's own interests in the first place and only after that interest of other people. Those explanations could help to understand why we have met so many barriers during our research.

### 3 COULD MURMANSK REGION HAVE A POTENTIAL?

The idea of this chapter is to receive basic information on the Region. Understand is there any potential, how this region would be suitable for the company from the first point of view. IVK is interested in the markets which show potential. They expect to enter the market, which basically are:

- Rather large
- Has economic potential
- Industrial and marine region
- Close to Finland
- Has international relations
- Has some large construction projects

Based on those expectations we will look on Murmansk and then decide if there is a need to continue with the market research and searching opportunities for IVK-tuote.

#### 3.1 Murmansk Region geographic and economic overview

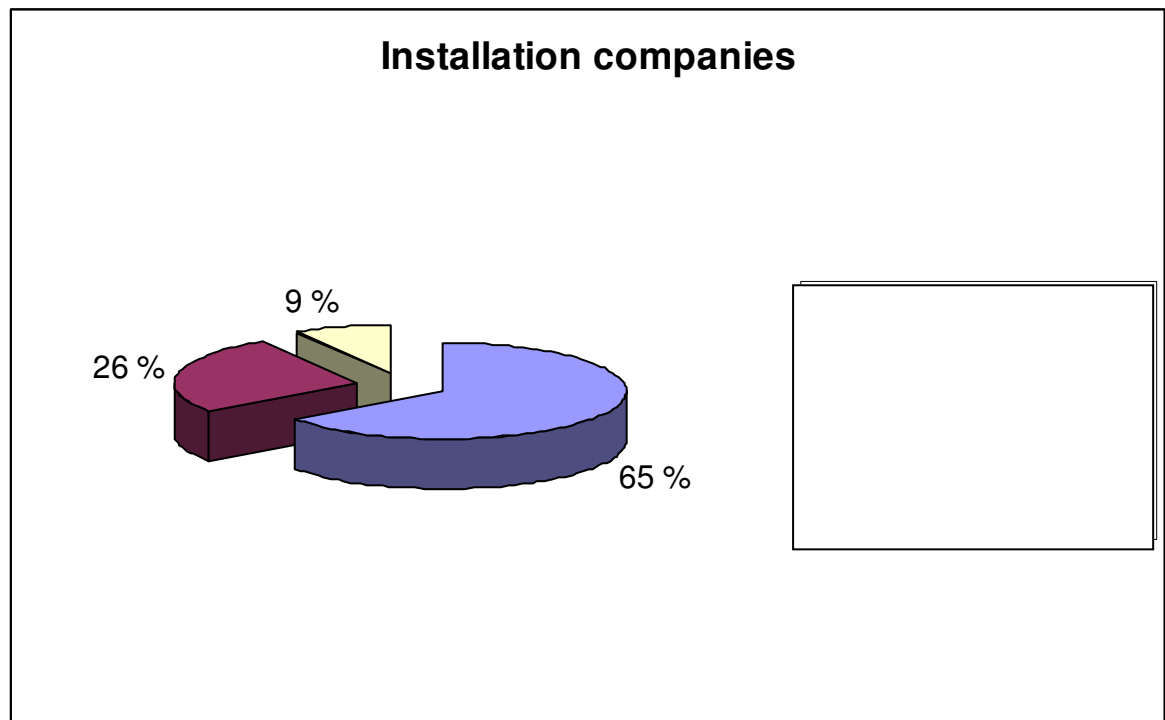
Murmansk Region covers whole Kola Peninsula. Total area of the region is around 145 000 square kilometers with the population 0.95 million people. Administrative centre of the region is Murmansk city with the population approximately 340 thousands people. The city is situated in the Arctic-Atlantic climate zone. The highest temperature is 32° C (year 07.1972) and the lowest temperature is -40° (year 01.1999) (Kulikova 2006, 12-14)

There are several means of communication in Murmansk region: Road, Rail-way, Air and Sea. Distance from Murmansk to: St. Petersburg ~1500 km, to Finnish Border (Lotta/Raja-Joseppi) ~220km, to Jyväskylä ~1100 km by road.

The major lines of industry are: fishery, sea transportation, sea geology, metal-working, food industry and oil industry in the nearest future. There is situated shipyard and maintenance base for atomic icebreakers, derricks and platforms.

Murmansk Region has border with Norway and Finland. Administration has cooperation agreements with different foreign cities, such as: Tromsø and Vadsø (Norway), Luleå (Sweden), Rovaniemi (Finland) and others from Holland, Poland and even USA and Iceland. Murmansk is

Out of these N. companies there are around N. registered installation companies. N. of them provide other services that ventilation (windows, doors, heating, etc.). Through the searching it was identified N. Ventilation companies. Unfortunately N. companies were registered as a municipal and only N. is private companies which are intend for assembling ventilation systems, mostly for industry as the ventilation systems for living buildings is provided by municipal services. (Figure 3)



**FIGURE 3. Installation companies’ graph**

*Wholesalers market*

There are more than N. hundred registered wholesalers in Murmansk. The percent of the Ventilation wholesalers is not so huge; there are only N. registered wholesalers which are exactly selling the parts for ventilation systems.

4.2 Clients data

Mail, telephone, personal interviews and the internet can collect the data. Table (Figure 4) shows the strength and weaknesses of each of these contact methods. I have used all methods to collect appropriate information except mail, due to huge weaknesses of this method.

	Mail	Telephone	Personal	Internet
Flexibility	Poor	Good	Excellent	Fair
Quantity of data	Good	Fair	Excellent	Good
Control of interviewer effects	Excellent	Fair	Poor	Excellent
Control of Sample	Fair	Excellent	Fair	Fair
Speed of data collection	Poor	Excellent	Good	Excellent
Response rate	Poor	Good	Good	Poor
Costs	Good	Fair	Poor	Excellent

**FIGURE 4. Strength and Weaknesses of the four contact methods, adapted from Tull,D.S. and Hawkins D.I.,1993**

Starting point of the data collection about the customers was internet. It provides a lot of information about the companies and brief description. After some primary data were collected it was processed with the telephone interviews. It gave us a chance to identify the most potential clients and update some data about the current market situation and the rivals on the market. Finally after needed data were collected by the two different methods we have proceed to the final step – Personal interviewing. In spite of the high costs it was the most efficient one. Lot's of data were collected and it was possible to meet the potential clients personally, which is giving some advantage for IVK.

#### 4.2.1 Contact with the potential clients

The main telephoning interviews were made two times, in the end of the March and beginning of April. The aim of the first survey was to gain more information about the customers and the competitors. Moreover target of this survey was to receive more knowledge about the current market situation. As we had three different samples: Wholesalers, Ventilation Companies and retailers there were adapted three different surveys, which a little bit different from each other. This interviewing gave us a chance to prepare plans for the future, and shows which contacts seems to be potential. The reason of the second survey is to understand how the potential clients think about the IVK and what additional information they would like to receive.

#### 4.2.2 Results of the survey

##### **Based on the calls which were made 21 of March:**

There were prepared N. phone numbers for the calling. There were N. wholesalers, N. Ventilation companies and N. retailers and shops. The calls gave us very efficient information about the current ventilation market situation and potential competitors. It gives us a chance to make a rational competitive analysis. First of all let's take a look into the results of the calling and decides on positive and negative one. To understand it easy I decided to make it as a table in order I've called and give explanation for every company. (Figure 5.1, 5.2, 5.3)

Our phone calls give a result of N. companies out of N. (there were N., but COMPANY1 and COMPANY is the same company) which could be potentially interested in cooperation/new suppliers; it is marked with a green in the table. Retailers and Shops do not give any result at all. The reason is that most of companies do not exist anymore or telephone numbers are changed.

Through the telephoning we have gained valuable information about the competitors. Now it is known that the main competitors on the Murmansk market are: Arktika, Klimat Prof, SystemAir, SuperVent and Rosklimat. Also we have gained information about the changes of the Ventilation Systems market, several companies have been asked and the result were not so different from others, for the last 2-3 years it have increased 35-40% and has potential to growth. Moreover phone calling give as information that ventilation companies mostly interesting in Sound Attenuators. If talk about cleaning doors, there are no companies which work with it, they do not use that kind of system in the region, may be it is even rare in whole Russia.

No meetings have been proposing for the first time, because companies would like to get more information about the company and products it is produced firstly by email or faxes. As intuition said that 2 or 3 companies probably would like to meet to discuss the opportunities more closely, but of course it is just expectations, results we will see later.

I suppose that this step is done, we need to send the information which have been asked and hope for the results. During that period I could prepare competitive analysis.

### **Based on the calls which were made 12 of April:**

This report is based on the phone calls which were made 12 of April 2007. There were eight firms: six firms which we already sent the price list and introduction letter (to ensure that they received our letters and to check what they are thinking about the proposition to cooperate) and two which we called for the first time, because previous time they were inaccessible. After calls were made we have received next results (in order of calling):

As a summary I could tell that it seems that companies are not interesting with the IVK product. Mostly firms are interesting in the suppliers which could provide full complete set of products, not the only individual parts. Moreover there are already some powerful suppliers which could provide full service almost at the same level, so it is no need to make a new connections (more information about the competitors are in the competitive analysis). As it was identified, that major Ventilation companies are: COMPANY1, COMPANY2, COMPANY3 and COMPANY4, so still we could wait for the answer of two of them and then we could make final conclusion for this project.

### 4.3 Competitor analysis

Now we come up with the competitive analysis, during this report we will try to understand our competitors and answer most important questions which could appear on the competition arena. I decided to work according to the next questions, which I found the most suitable. It is a mix of the 2 versions of competitive analysis which Philip Cotler and D.Moore describes in their books.

#### Studying Plan

- Who are our competitors?
- How are they doing overall?
- What are the similarities and differences between their products/services and yours?
  - How do their prices compare to IVK? \*
- What are the strengths and weaknesses of each of their products and services?

companies too, and sell their products. Quality of the service is also high; all of the companies are working on the market not for the first years and have rather good reputation.

“Maybe the products itself are as good as ours. But I’m sure that their know-how from attenuating technology is not that high than ours. They don’t have so many variations of attenuators than we have. Their products are suitable for normal ventilation, but I think that they can’t make attenuators to industry and maritime purposes.” (mr.Tuomas Vejalainen, april 2007)

Probably, right there the similarities ends and now we could come up with the differences, most important part of the comparison; there we will see what the major differences in services and policy which companies provide.

### ***Differences:***

First of all let’s take a look on the accessibilities of the companies. Arktika and KlimatProf are operating on the Russian market very long, and lots of companies already know them. Also they have offices in Russia, but IVK is only in Finland. Moreover our competitors are local companies, which is also a heavy conviction. The reason is that companies which are cooperating do not need to care about the custom issues. Products which different companies provide are also very different, for example, IVK has very narrow specialization, but the competitors have rather huge variety of products. Price policy is varies too \*, the same products have different prices. And the last thing which could be mention is that competitors are distributors, but IVK is producer.

## 5 PRACTICAL VERIFICATION OF THE RESEARCH

After the one month from the first calls to potential clients we have received answers from two of them. It was COMPANY1 and COMPANY2. Those companies show an interest in IVK and would like to meet and receive more information about the products and services are company provide. As a result mr. Tuomas Vejalainen decided that we should go to Murmansk to meet the potential clients and at the same time to visit annual construction exhibition. As this event has to be 17-19 of May, we chose that time to go and meet companies.

### 5.1 Preparation for visit to Murmansk

Before the trip we have planed objectives and timetable for the trip.

#### OBJECTIVES:

- Visit the exhibition
- To meet and interview potential clients
- To increase knowledge and interest about the IVK product trough personal selling
- To receive more knowledge about the region and potential market
- Try to find more potential customers during the exhibition period
- Gain more Information about the Clients and Competitors

Timetable was changed during our visit to Murmansk. The main reason was that it was not possible to know when we exactly would arrive to the city, so we can't arrange appropriate time for meetings. As a result our time table has been changed when we arrived. Anyway it doesn't influence on achieving our objectives.

### 5.2 Visit to Murmansk

First of all we came to Murmansk one our later then we were expecting. We can't manage to meet our clients first day. So we planed to meet them next day and visit exhibition for the first day. Actually we were disappointed with the event because no ventilation companies participates it. Before our trip we have checked the list of companies and found that it should be at least one, COMPANY3. But finally company decided not to take part in the exhibition. So we can't meet

any company which could be potential client to IVK. There were only Elita, which is exactly the partner of our company and Arktika, which is our competitor. In fact, we have told with some people who told us that this year trade event was really awful and it was the worst one for the last five years. The main reason is that the major companies were which one who provides services and products for cottage houses. So we can't find any suitable company for us.

Next day we have met three companies and brought our catalogues for one more (COMPANY1). We met COMPANY2 at 10.00 in the morning, then we had meeting with the KC-Electro at 12.40 and representative of the COMPANY3 at 14.00. And in the evening we brought our catalogues and pricelist for COMPANY1. Actually we could present our company for four companies which are potential clients.

### 5.3 Results of the Trip

Finally we can achieve almost all our objectives, except one. We can't find any appropriate company and potential clients in the exhibition. Anyway the major objectives were reached and we can manage very well. Because we were available to bring the information about the IVK for three firms which are the largest and leading Installation companies in Murmansk.

### 5.4 Summary

If take into consideration market situation we have received some additional knowledge about it. The most important thing is that Ventilation Market in the very beginning in this stage. It appeared not so long time ago and it means that it is not too late to enter the market. Of course there are already lots of competitors but at the same time it is growing from year to year. And as people from COMPANY1 told that it is started rapidly growth around two years ago and in five years it should be really huge in the region. Also important thing that there are not too much companies and the market of Ventilation systems is mostly divided between several large companies (COMPANY1, COMPANY2 and COMPANY3). Another point that the Ventilation systems market is not so common and huge still, companies prefers to provide not only the service of installing ventilation but also heating systems. It means that it could be rather difficult to compete on this market and the IVK Company should accentuate their view only on the things which our competitors don't have.

Analyzing the results of the trip according our objectives we come up to the summary that our visit to Murmansk was rather productive. We have been able to:

- Meet the most important clients
- Receive detailed information about them
- Identify which are the most suitable for us to cooperate
- Gain some additional and detailed information about Murmansk market
- Bring the information about the IVK to potential clients
- Rouse clients interest and propose our products and service for them
- Visit the exhibition (even it was not so useful for us)

## **6 SUMMARY AND CONCLUSION**

Analyzing the data which were collected during the research we could make the conclusion and finally answer the main questions, which are exactly identifying the idea of the research. As it was mentioned before, our main goals were to understand, could Murmansk market be suitable for the company? Does it have potential? What is the competition on the region? What are the opportunities and treats? To clarify the conclusion, let's answer the questions.

### **Could Murmansk market be suitable for the company?**

If we take a look in to the general market and region overview, we could see that it could be interesting region for the IVK. The main reason is that it is rather large, it is close to Finland and it is the industrial region, which are in the stage of growth for the last several years.

### **Does it have potential?**

Research showed that it is a potential in the sphere of ventilation systems. There are several large installation companies in Murmansk and some of them show that it could be possible to cooperate. Companies are: COMPANY1, COMPANY2 and COMPANY3. Moreover it is new way of business in Murmansk which just appeared few years ago and it is growing from year to year due to rapid increase of construction sector. As telephoning interview shows that the rate is around 15-20% per year.

### **What is the competition on the region?**

Major competitors are already there, as Arktika, for example, and some other firms from Saint-Petersburg. As we could see from the research the competition is rather tough in the market; main players entered the market from the early beginning, so it would be difficult to compete them, especially if take into consideration that the quality of the products is almost the same, but the prices and variety of the products are different from the IVK-Tuote.

### **What are the opportunities and threats? What is the result of the research?**

Those questions are the most important for the research and show the main idea of it. We could adopt main conclusion of this work to marketing mix. Generally marketing mix is accepted as the use and specification of the 4 Ps describing the strategic position of a product in the marketplace. This concept is described in the P.Kotlers's book very well, so we could link the outcome with his explanation of the concept.

If speaks about the opportunities, we could see that they are available in that Market. It has rather good potential and looks suitable for the IVK. But the only reason is that it would be hard to enter that market, due to some weaknesses of the company. IVK has to improve strategic position of the product in the marketplace. As a result, the best way to explain is to use marketing mix approach which consists of four major P's.

**Product** – The product itself is very good with the high quality, but as research shows that the only interests for Murmansk region will be sound-attenuators. There were one company which is interested in COMFO, but the demand was very small. So it will be wisely try to sell there only silencers.

**Price** – As the price is little bit expensive compare to domestic products and competitors it will be better to provide discounts. The revenue would be lesser, but it will be possible to conquer potential customers.

**Promotion** – If speak about promotion the best variant will be to use personal selling and participating the events like exhibitions. It plays an important role in that market. As the ventilation market is rather small compare to Saint-Petersburg market it will not cost so much, but it would spread the knowledge about the company. Even some of interviewed people told that some of the competitors used the exhibitions as a major promotional tool to enter Murmansk market. Good promotional campaign is a key to success.

**Place** – This question is important in case of Murmansk market. Now IVK situated in Finland and doesn't have any representative or branch in Russia so it will be beneficial for company to think about the representative. The best position will be Saint-Petersburg as a centre of North-West region. People prefer to cooperate with other businesses which are easier to reach. Other option is to find similar company as a strategic partner which produces parts for ventilation systems with other “non-completed” specialization so they could place the products together.

Summarizing all issues, I could make a conclusion that researched market could be profitable and potential but IVK should take into consideration all of the formalities mentioned above concerning marketing mix approach. At this stage it will be very difficult expand business in that region or even almost impossible.

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