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MARKET ENTRY PLAN

Case: Vepe Oy

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Nikolay Karpilovich

Abstract

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Abstract

Ice hockey is a really popular sport in Russia, it is even considered to be an official national sport. The growning interest in ice hockey steadily grows, meaning that the Russian ice hockey market is growing as well. This created an idea for the case company, Vepe Oy, to enter the Russian market with its ice hockey dasher boards.

The main objective of the study was to advise Vepe Oy on how it should enter the Russian ice hockey dasher board market. A research on the Russian hockey market was conducted in order to develop a suitable market entry strategy for Vepe Oy.

This study includes qualitative research. The data was collected from primary sources, including interviews and the author’s personal knowledge gained while working in the case company, and from secondary sources, as books, articles and internet-based sources.

The research started with theory on possible market entry modes, followed by the analysis of the case company, including product analysis, SWOT-analysis and current situation analysis. After this, the author analyzed the target market by using PEST analysis, Porter’s Five Forces analysis and competition analysis.

The research results indicated that the best way to enter the target market is by combining two entry modes: direct exporting and official sales representatives. By using such approach, the case company should be able to gain a market share in the Russian hockey dasher board market.

Keywords

Market entry plan, ice hockey, entry modes, marketing

CONTENTS

1 INTRODUCTION

The main objective of the study is to advice the case company on how it should enter the Russian ice hockey market. The case company, called Vepe Oy, wants to enter Russian market of hockey dasher boards.

1.1 Background

The chapter introduces the backgrounds, thesis objectives and research questions of the thesis, the research approach, strategy and problem. Next, the theoretical framework will be covered. It will be followed by a presentation of the data collection and research methodology, which is used in the thesis.

Both Finns and Russians have common love to hockey. Hockey plays a big role in international relations and can improve or spoil them. For example, Russian hockey fans know what role hockey did play at the times of The Cold War, when one hockey game becomes a battle, and the hockey rink becomes a battlefield, where the reputation of the whole country is at stakes. Such cases, like the famous “Miracle on Ice” in 1980 only proves that for some countries hockey is more than just a leisure activity and any victory in hockey or figure skating was interpreted as an advantage of the social system of socialism or capitalism.

Finland is a member of the "Big Six", an unofficial group of the six strongest ice hockey nations. The “Big Six’ also consists of Canada, United States, the Czech Republic, Sweden and Russia. In season 2017/18, Finland had almost 73,000 registered ice hockey players. Also, in 2017 about 190,000 Finns called ice hockey as their hobby (STATISTA 2019). As one of leading countries in ice hockey, Finland has a large sustainable market in the sphere. Luckily, this case company already has an impressive stake in its home market. Vepe Oy (Also referred to as Vepe) is a family owned private company, manufacturing steel products since 1934. The company entered the ice hockey market in year 1976 and gained the reputation of one of the best, safest and most durable products among the competitors. Its sport segment products are ice hockey dasher boards and sport multicourts. Vepe is an official partner of the most popular Finnish ice hockey team “Jokerit”. Having a major stake in the home market, Vepe decided to enter several other European countries and even China. Notably, the last IIHF (International Ice Hockey Federation) World Championship in Denmark was played on Vepe dasher boards, which only escalated the interest in Vepe’s products in Europe and boosted sales. (Vepe 2019.)

Although Vepe is feeling good and steady on the European market, the neighboring Russian market still remains unconquered, with quite a few notable reasons for that. While trading and transporting products within the European Union is fairly easy and tax-free, the Russian-Finnish logistics and customs solutions can add perceptible expenses. On the flipside, the Russian ice hockey market is almost as big as the whole European market combined and is only expected to grow more. In the 2017/18 season, 110 624 hockey players were registered in Russia (IIHF 2018). Also, the Russian government is running a campaign to increase the citizens' interest in sports, with ice hockey being highly promoted on all levels: The government is funding and opening more and more ice rinks and arenas, while Vladimir Putin himself creates tournaments like Late Night Hockey League, where he plays among other Russian ice hockey veterans and amateurs in a self-titled tournament every year. In 2018 the number of participating teams in the league amounted to 933. (NHLIGA 2019.)

Considering the today's popularity of Vepe in Europe, the company thinks that now might be an appropriate time to enter and to penetrate the Russian market. This thesis analyzes if Russia is a suitable potential market for Vepe Oy to enter and understand what steps should be taken to get the best possible result.

1.2 Objectives, Research Questions and Limitations

This thesis is a case study, which focuses on Vepe Oy and its products - ice hockey dasher boards and the Russian ice hockey market. As it was described in the previous chapter, there is an enormous potential in the Russian ice hockey segment for Vepe.

The thesis is trying to understand what kind of products the Russian market needs and find the best way to enter the market, then to propose solutions for Vepe and provide an action plan, describing what should be done for Vepe to succeed in the market entry. The study is considered to be exploratory and descriptive, as is approached from the Vepe Oy's perspective.

Vepe wants to expand to Russia in the nearest future. In order to create possible solutions for Vepe to gain a market share, this study aims to:

- Analyze the competition in the target market.
- Create an overall vision of the Russian hockey dasher board market.
- Create a market entry plan for Vepe on how to enter the target market.

A good research question is vital for this thesis. It will assist in setting up a clear direction of the research. It also helps to structure the study and create an understandable easy-to-follow format. (Kabalov 2001, 8).

In this thesis, the main research question is:

How should Vepe Oy enter the Russian market with hockey dasher boards?

To answer the main research question, the following sub-questions will be included. Their aim is to narrow the research field, assist in following and answering the main research question. An appropriate research question is needed to guide a research, project or thesis. It emphasizes what needs to be found out and gives the work an easy-to-follow focus. (McCombes 2019.)

The three sub-questions *are presented below:*

1) *What is the current situation on the Russian ice hockey dasher board market?*

2) *Is there potential for Vepe in the Russian ice hockey dasher board market?*

3) *What is the brand awareness of Vepe in Russia?*

The study concentrates only on the Russian ice hockey market. Interviews were conducted both in Finland and Russia.

Every research has its own limitations. The primary limitation of this particular research is the fact that different countries have their diverse markets develop in a distinct way. The other limitation is that this research is followed specifically by Vepe's products.

More than that, the study is focused only on the Russian hockey dasher board market. This study cannot be projected on any other hockey market, because of the differences in the way ice hockey is developed, treated and supported by both government and citizens.

1.3 Theoretical Framework

The main point of the research is to advice Vepe how it should enter the Russian market with ice hockey dasher boards. This thesis contains a market study and a market entry plan. To reach the research objectives, the research flow will be projected on Hollensen's Five Stage decision model, because the model provides a convenient structure for a market entry. Also, such business analysis tools as PEST analysis, SWOT-analysis and Porter's Five Forces analysis will be presented in the research part of the thesis, alongside with competition analysis. The research studies internal and external factors, which may affect the market entry to Russia. The internal research will view VEPE, its current situation and products while the external part will review Russia as a target market and its contemporary ice hockey industry.

1.4 Research Methodology and Data Collection

There are various ways to conduct a research. Firstly, the author needs to decide whether to use deductive reasoning or inductive reasoning.

The thesis will be based on deductive reasoning. The figure below shows the difference between the two methods.

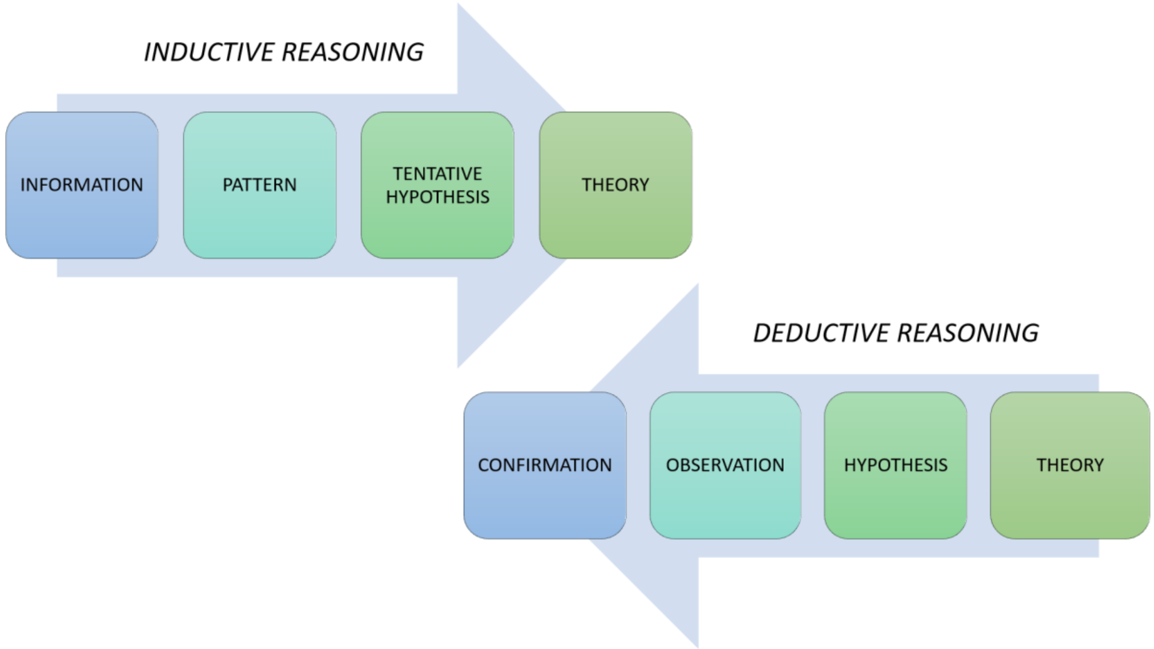

Figure 1 Deductive / Inductive reasoning

Deductive reasoning means focusing on the topic first, ending with a detailed information on the issue. Inductive reasoning acts as a direct opposite of the deductive method and means focusing on the topic first, ending up with a general understanding on the issue. (Myers 2013, 23.)

After choosing the appropriate research approach, the next step is to pick a research methodology. The two most frequently used methods are qualitative and quantitative research methods.

Quantitative research based on various numbers and graphs and is mainly used to test or confirm theories and assumptions. This type of research can be used to establish generalizable facts about a topic. (Streefkerk 2019.)

Qualitative research, on the other side, is expressed in words. It is mainly used to understand concepts, thoughts or experiences. Such research allows to gather deeper analysis of topics. This type of research is mainly used with interviews, case studies, discourse analytics. (Streefkerk 2019.)

As the main goal of the study is to choose the most appropriate market entry mode and to increase Vepe's presence on the Russian ice hockey dasher board market, the author decided to use the qualitative research method.

When the research approach and research method are decided, the next step is to find suitable data collection methods. Data is a type of information, which is collected for a certain research. The collected data then assists the researcher in creating the whole picture of the study. (Quinlan 2011, 4-5.)

For this study, the data will be mainly collected from five interviews of people related to the hockey industry in both Russia and Finland, completed with the obtained knowledge of the author about the hockey industry in Russia, gathered while working in Vepe's marketing and sales department in market area Russia.

Secondary data, such as literature and internet-based information, will also be used in the research, mainly to support and back up the primary data. Combining the secondary and primary data will assist in showing the most accurate result for the research.

1.5 Thesis structure

The thesis consists of two parts: theoretical and empirical. The figure below represents the complete thesis structure.

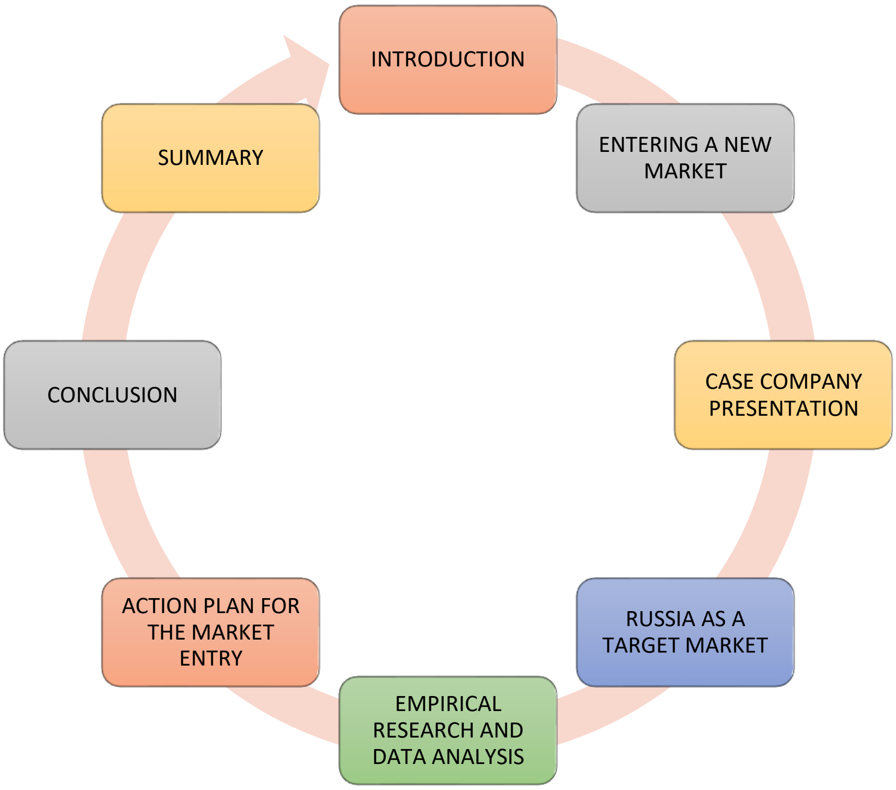

Figure 2 Thesis structure

The theoretical part focuses on the theory about internalization strategies and about entering the Russian market, which will make a general view on the market entry case and create a basis for the research.

The empirical part will provide information about how ready the case company is for entering the Russian market, what steps and improvements it needs to make. Both case company representatives and possible clients from Russia will be interviewed, as well as representatives/owners of ice hockey arenas, representatives from Committee of Physical Culture and Sports and Hockey Federation, hockey teams' management and others. Then all the gathered info will be analyzed, and the action plan will be created. In the end, conclusion will answer directly to the research questions, after which summary will gather and compile all the vitals.

2 ENTERING A NEW MARKET

This part of study will cover the theoretic part about entering a new market. Different common market entry modes will be described. Market entry mode should be picked concerning the case company's distinctive business strategies and goals. Selecting the entry mode is the most valuable decision for the internationalization process. Russia's special political situation will also be considered and might strongly affect the market entry mode choice.

2.1 Introduction to Hollensen's Five Stage Decision Model

Svend Hollensen introduced the Five Stage Decision Model for companies willing to internationalize. The model assists a firm by asking fundamental questions, which go step-by-step. By using the Hollensen's five stage decision model it can be seen which exact steps should be taken to internationalize. Svend Hollensen described his model as a system, which includes an assessment of market opportunities mixed with internal resources, specifications of marketing objectives, and an implementation plan (Hollensen 2010, 19).

This particular thesis will cover all five stages, although the main concentration will be put on the stage of market entry strategies. The figure below represents Hollensen's Five Stage Decision Model in graphics.

Figure 3 Hollensen's Five Stage Decision Model

Decision to internationalize

The first stage is focused on the company's internal analysis. The company must figure out its competitive advantages to succeed in the internationalization pocess. In addition, in-depth knowledge of the industry from a global perspective is needed to analyze the market to enter. After completing the stage, the company should understand if it should internationalize or not (Hollensen 2012, 3.)

The decision-making process on acquiring a growth strategy by entering new foreign markets is complicated, and the results, as a rule, have a significant impact on the future of the company. A company is facing different problems, which are usually accompanied by unfamiliar economic, environmental, political, legal, technological, sociocultural problems. Therefore, certain advantages should be noted that make companies think about the risk of entering foreign markets. (Glowik 2009, 72.)

Transportation costs can seriously limit the export profit, especially if the exported product is large or the target market is far. In addition, in the light of globalization, companies are faced with the problem of supply flexibility and effective management to achieve competitiveness. (Vollmann et al. 2004, 588.)

Deciding which markets to enter

The international market selection process means that a company should choose the best suitable markets for its activities. Various external factors can affect the process of internationalization of the company. Such factors may come from the political(legal), economic or sociocultural environment. These factors cannot be affected by the company. That is, the company must adapt to these special characteristics of a particular market. After analyzing these factors, the company should decide whether the market is appropriate for doing business. (Hollensen 2012, 117.)

Determining a market entry may become one of the toughest decisions made by the company in relation to international markets. The choice of a foreign state for entry obliges the company to work in a certain area and signals its future strategic intention to the client, supplier, competitors, shareholders and stakeholders. (Douglas & Craig, 1992, 302.)

Market entry strategies

This step provides information on the most common market entry modes used, and also explains when a particular entry mode can be used. There is no ideal entry mode that should always be used in a particular, each company may has its own approach. Companies also often combine several entry modes to enter new markets. The strategies differentiate in levels of risk, control, and flexibility. (Hollensen 2012, 216-217.)

Designing the global marketing programme

This step covers various aspects that the global marketing program includes. The phase is based on 4P marketing model: product, price, promotion and place. (Hollensen 2012, 311.)

Implementing and coordinating the global marketing programme

The final stage focuses on implementation and coordination of the plan. At this stage, it becomes clear how the firm should deal with various cultural traditions in the target market to maximize its success. (Hollensen 2012, 441.)

2.2 Situation analysis

This part of the study aims to show which kinds of analysis will be used in order to get information about the situation in the Russian market. PEST analysis and Porter's Five Forces analysis are chosen because in tandem they provide complete information, both on country level and industry level. Market competition analysis will be conducted, as a part of Russian ice hockey market overview. Also, SWOT-analysis will be conducted in the action plan part.

2.2.1 PEST (country level)

PEST is an analysis of the external macro-environment. P.E.S.T. is an abbreviation for the political, economic, social and technological factors. These factors, as a rule, cannt be controlled by the company. (Netmba 2010).

Political – This includes various rules and regulations in a target country. Main factors to analyze are political stability, tax rules, trade rules, security rules, and employment laws.

Economic – Economic problems which have influence on businesses. Factors for analysis are inflation, interest rates, economic growth, unemployment.

Social – Everything related to customers and their needs. Factors for analysis: cultural differences, demographic situation, education, lifestyle.

Technological – How technologies can have a positive or negative impact on a market entry. Factors for analysis: technological advancements, technology lifecycle, governmental spendings on technology research, Internet accessibility.

(PESTLEanalysis Contributor 2013.)

2.2.2 Porter's Five Forces (industry level)

Porter's Five Forces is a tool that is used to analyze the five competitive forces by identifying the strengths and weaknesses of each force. It can be applied to any market in order to rate how attractive and profitable it can be for a case company. (Chappelow 2019.)

Understanding these competitive forces and their underlying causes reveals the roots of the industry’s current profitability, providing a basis for forecasting and influencing competition (and profitability) over time. A healthy industry structure should be as worrying for strategists as their company’s position. Understanding industry structure is also important for effective strategic positioning. (Porter 2008.)

The five forces are:

Rivalry among existing competitors – This force is all about competitors and their abilities to undermine the company. The more competitors, as well as the equivalent products and services that they offer, the less influence the company has. Suppliers and buyers are looking for competitors in the company if they can offer a better deal or lower prices. Lower competitiveness means extra opportunities for the company. For example, to control prices to achieve higher profits. (Chappelow 2019.)

The rivalry between existing competitors takes many familiar forms, such as discounts on prices, introduction of new products, advertising campaigns, and service improvements. High competition limits the profitability of the industry. (Porter 2008.)

Threat of new entrants – New participants in the industry bring new capabilities and the desire to gain market share, which puts pressure on prices, costs and the level of investment necessary for competition. Especially when new entrants diversify from other markets, they can use existing opportunities and cash flows to shake up competition. Consequently, the threat of entry limits industry profits. When the threat is high, officials must hold back their prices or increase investments to deter new competitors. The threat of entry into the industry depends on the height of existing barriers to entry and on the reaction of market participants to expected employees. If entry barriers are low and beginners expect little retaliation from entrenched competitors, the threat of entry is high and industry profitability is reduced. (Porter 2008.)

Power of Suppliers – This force determines how easily suppliers can add value to resources. This force is influenced by factors such as the number of possible suppliers, the uniqueness/complexity of the supplied product/service, and the cost of switching to another supplier. Fewer suppliers means more opportunities for the supplier to increase costs and increase trade advantages. Excess of suppliers or low switching costs means more chances for a company to find a profitable supplier. (Chappelow 2019.)

Power of Customers – This relates to the ability of buyers to reduce prices. It depends on how many clients a company has, how significant each customer is and how much it will cost the company to search for new customers or markets for its products. A smaller and more powerful client base means that each customer has more opportunities to negotiate at lower prices and more profitable deals. A company with many small independent buyers will find it easier to set higher prices to increase profitability. (Chappelow 2019.)

Threat of Substitutes – Substitute products or services that may be used as an alternative are a threat. Companies that produce goods or services that cannot be substituted will have more opportunities to raise prices and establish comfortable conditions. When close substitutes are available, customers will have the opportunity to refuse to buy the company's product, and the company's influence will be weakened. (Chappelow 2019.)

A substitute can have either the same or a similar function. Videoconferencing is a substitute for travel, plastic is a substitute for aluminum. (Porter 2008.)

2.2.3 SWOT-analysis

SWOT analysis is needed in the thesis in order to understand how Vepe’s potential in the Russian ice hockey market. The analysis will be conducted in the action plan part.

SWOT analysis is a tool, which is widely used to analyze strengths, weaknesses, opportunities and threats involved in a company or a project. SWOT analysis is also used when the objectives have been set to help pursue them. (Weybrecht 2010, 284.)

SWOT-analysis has 4 components: strengths, weaknesses, opportunities and threats. Strenghs and weaknesses are evaluated as internal components, while opportunities and threats are formed as external. (Chermack 2011, 108.)

2.3 Entry modes

When a firm has decided on where to expand the business, the next step is to find the most suitable market entry strategy. In the classification of entry modes, there are three main categories for a market entry, each mode has its subcategories. Several modes may be combined for specific entry cases. (Freeman et al, 2006).

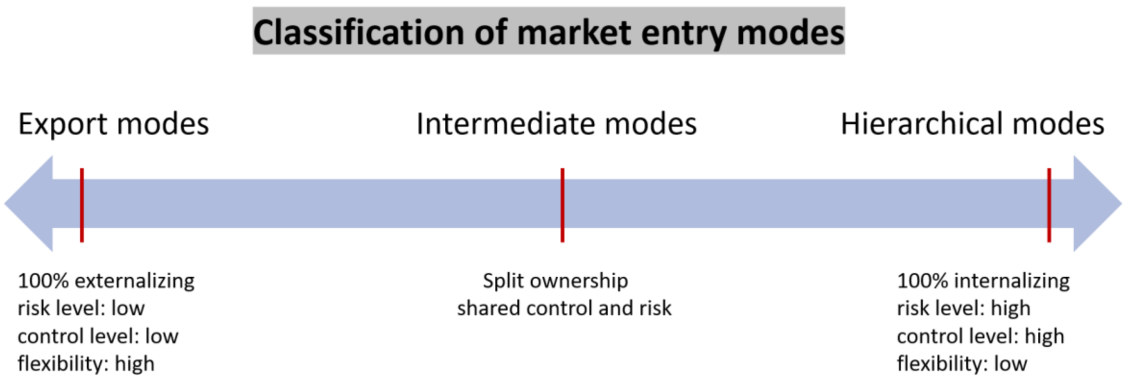

Figure 4 Classification of market entry modes

As it can be seen in the figure above, there are three market entry modes. On the top it has export modes, which provide low control, low risk and high flexibility. On the bottom of the figure are hierarchical modes (investment modes), which specifics provide high control, high risk and low flexibility. Intermediate modes (contractual modes) mean shared control and risk with split ownership.They all have different levels of control, risk and flexibility. Based on the figure, it is clear that there is no way to acheve high control with low risk, so the decision always has its trade-offs.

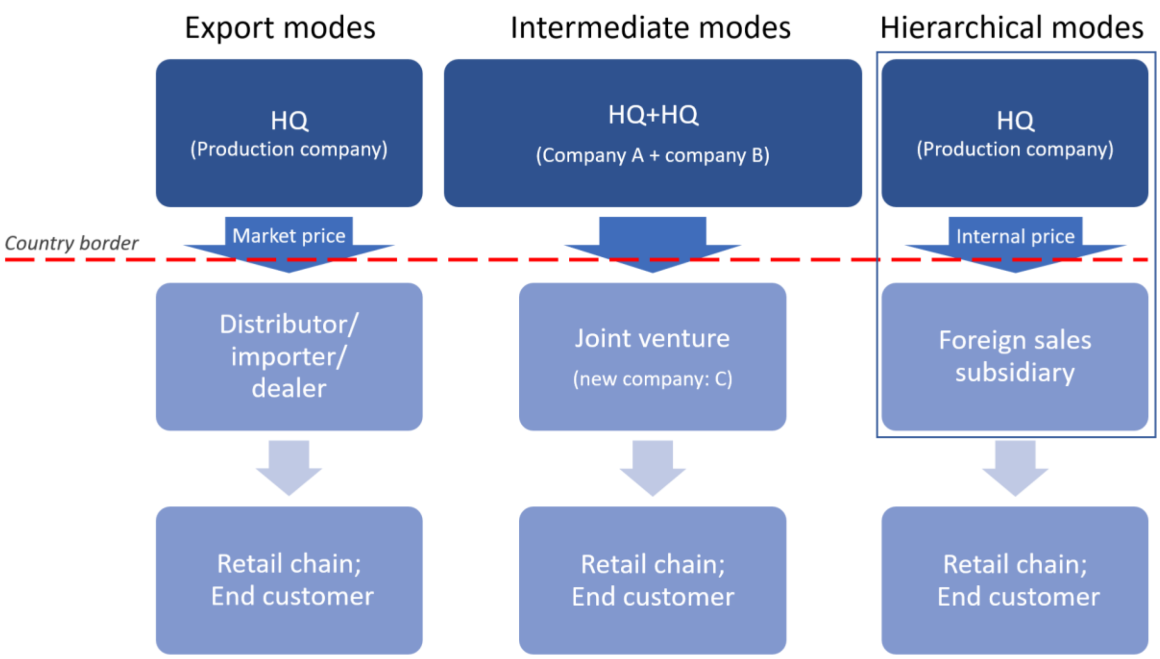

Figure 5 Examples of entry modes

Figure 5 shows us examples of each market entry mode. When using export modes, goods are sold for the market price from a company to a distributor/importer/dealer through the border. In the case presenting intermediate modes two companies create a joint venture in the market they are entering. In an exampled hierarchical mode a production company creates a foreign sales subsidiary in a destination country and sells goods for internal transfer prices, doing the customs clearance if needed.

2.3.1 Export modes

As export segment increases, a firm can carefully expand its participation to serve the target market abroad. In these circumstances, the company may open its own representative office or branch in foreign target markets (Rugman & Hodgetts, 2003, 41). Export modes are the most commonly used modes for international market entry. In such modes a product is produced in the domestic country (or 3rd country) and then transferred to the host market. In one establishing export channel a company needs to decide which functions it is ready to do by itself and which functions will lay on an external agent. Commonly the more steps lays on agents' shoulders – the bigger price will be asked.

As it is shown on the figure below, there are three main export modes: Indirect export, direct export and cooperative export.

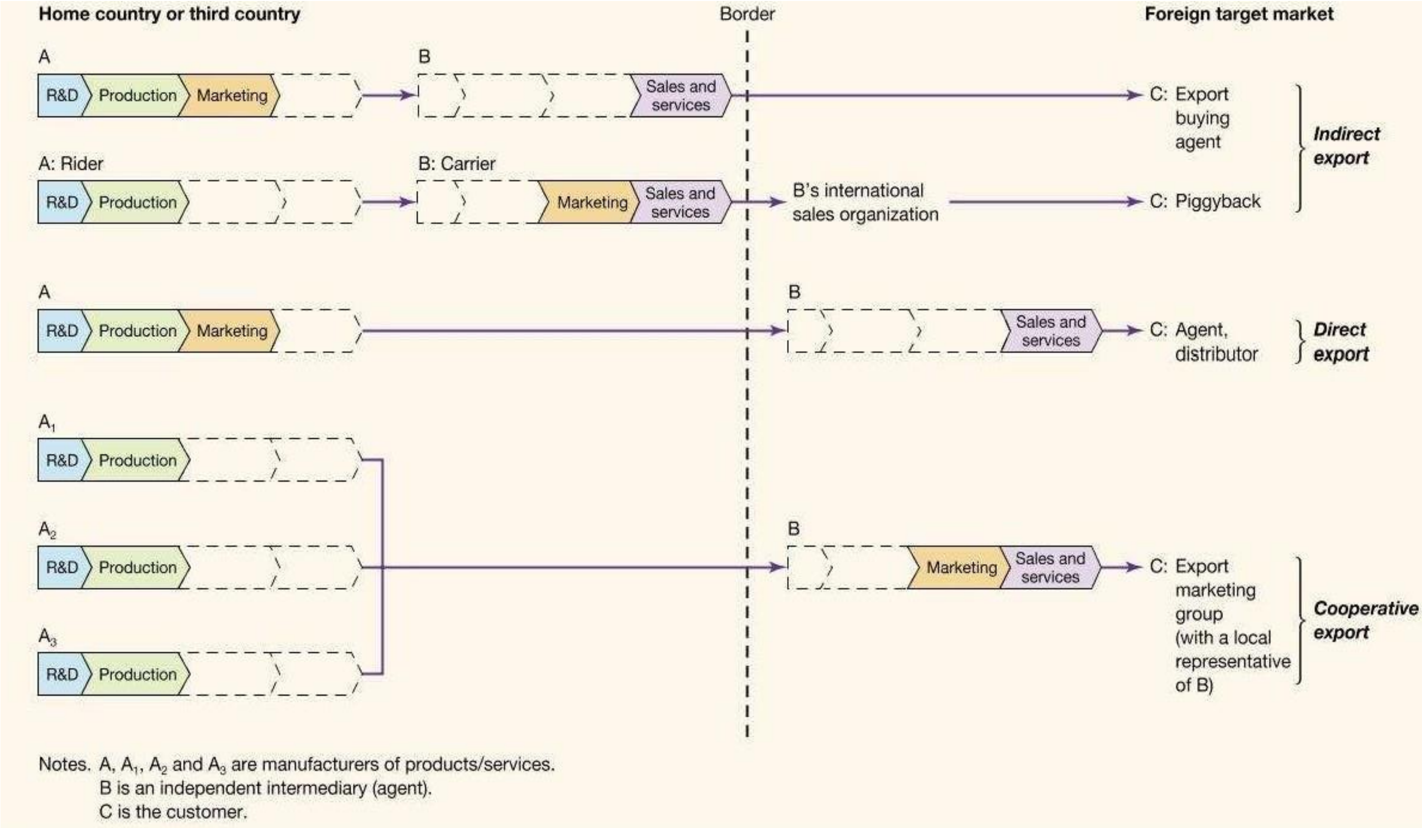

Figure 6 Export modes (Hollensen 2012, 234)

In the first case with indirect export, the company doesn't take direct care of exporting activities and asks a domestic agent (export house, trading company etc.), which controls all the exporting without manufacturers' control, processes products through the border and sells them in the foreign target market. The other way called "Piggyback" is to sell a bare product without any marketing expenses to a carrier, who then will proceed the product through the border and handle all the marketing and sales.

Basically, indirect export happens when a company sells its products to independent organizations, located in the producer's country. This means that for a manufacturer the deal comes like a domestic sale, then the goods get exported by someone else. The manufacturer doesn't get any control of export, because it is done by someone else. The risk becomes higher when using a piggyback method, because someone else will take control on product marketing. Concerning such risks, it is vital to carefully choose agents, on whom a manufacturer can rely.

Direct export method occurs when a manufacturer wants to control and take care of all the export and be in direct contact with the first intermediary in the foreign target market. It requires the manufacturer to process the ready marketed goods through the border and

then straightly sell it to an agent/distributor in a foreign target market. This gives more control for the manufacturer but requires doing all the customs processes and provide a developed ready-to-sell product to an intermediary, who only handles sales.
Cooperative export method is a set of companies creating a local representative in the target market, making an export marketing group. It involves collaborations with other firms (export marketing groups), who are also interested in entering the market. Manufacturers handle their products through the border and then their local representative receives them and starts to promote and sell.

According to Hollensen's Essentials of Global Marketing, there are five main entry modes of indirect exporting:

- Export buying agent (export commission house)
- Broker
- Export management company (export house)
- Trading company
- Piggyback.

In an indirect export mode, there is an intermediator between a company and a client. The intermediator receives a certain commission as a payment. The commission is agreed between the exporter and the intermediator and usually is about 2-15% of the deal. The commission is due upon signing the contract by the exporter and importer. (Glowik 2016, 157.)

Export buying agent (export commission house)

Export buying agent acts like a representative, located in the same country as the exporter. The agent offers services to the foreign customers, such as identifying potential sellers and negotiating prices (Hollensen 2012, 236).
The export buying agent's task is to scan the market for some particular merchandise, which it has requests for. The buyer's request is the moving process in export commission house case, which means it's not a manufacturer who pays a commision, but the buyer.

Broker

Brokers are intermediaries who buy and sell products or investment funds for third parties. Brokers are specially trained and have a license to deal with complex products, which distinguishes them from dealers who sell simple goods for the manufacturer. (Geier 2019.)

Broker's brings sellers with clients together, for which they get about 5% interest from one deal and doesn't need to handle the products being bought and sold, they may not even ever see the product they're working with. Brokers are commonly based in the manufacturers' country.

Export management company (export house)

Export management companies (also called EMCs) are specialized companies that act as an "export department" for several companies. EMC conducts business on behalf of each of the represented manufacturing companies. EMCs receive commissions and they can specialize in specific geographic areas, product types, and customer types, so it's important for a company to choose the right type of EMC for collaboration. (Hollensen 2012, 237.)

EMC can set sales representatives target countries, promote goods and services of its customers, arrange logistics, provide warranties and after-sales services (Globalnegotiator 2019).

Trading company

Trading company trades goods and its primary task is to rapidly find a buyer for the products that have been taken in exchange. They can work both domestically and abroad. (Hollensen 2012, 238.)

Piggyback

In a piggyback, the exporter does not have enough experience/resources to manage the export process. It decides to cooperate with a more experienced company that already exists in a particular market, with their activities. An inexperienced company is called a ”rider”, while the second one is called a ”carrier”. The carrier can either work as a distributor or handles the export procedures for an agreed commission. (Hollensen 2012, 238.)

Ideally, this strategy should be used between two unrelated businesses. This approach often gives the best result, since companies do not compete with each other. (Globalnegotiator 2019.)

2.3.2 Intermediate modes

Intermediate modes share ownership, control and risk. The main difference between export entry modes and intermediate entry modes in the second case two companies share skills and knowledge to create sales abroad. One company can have some competitive advantage that it can't use because of limited resources and decides share this advantage with another company. (Hollensen 2012, 346.)

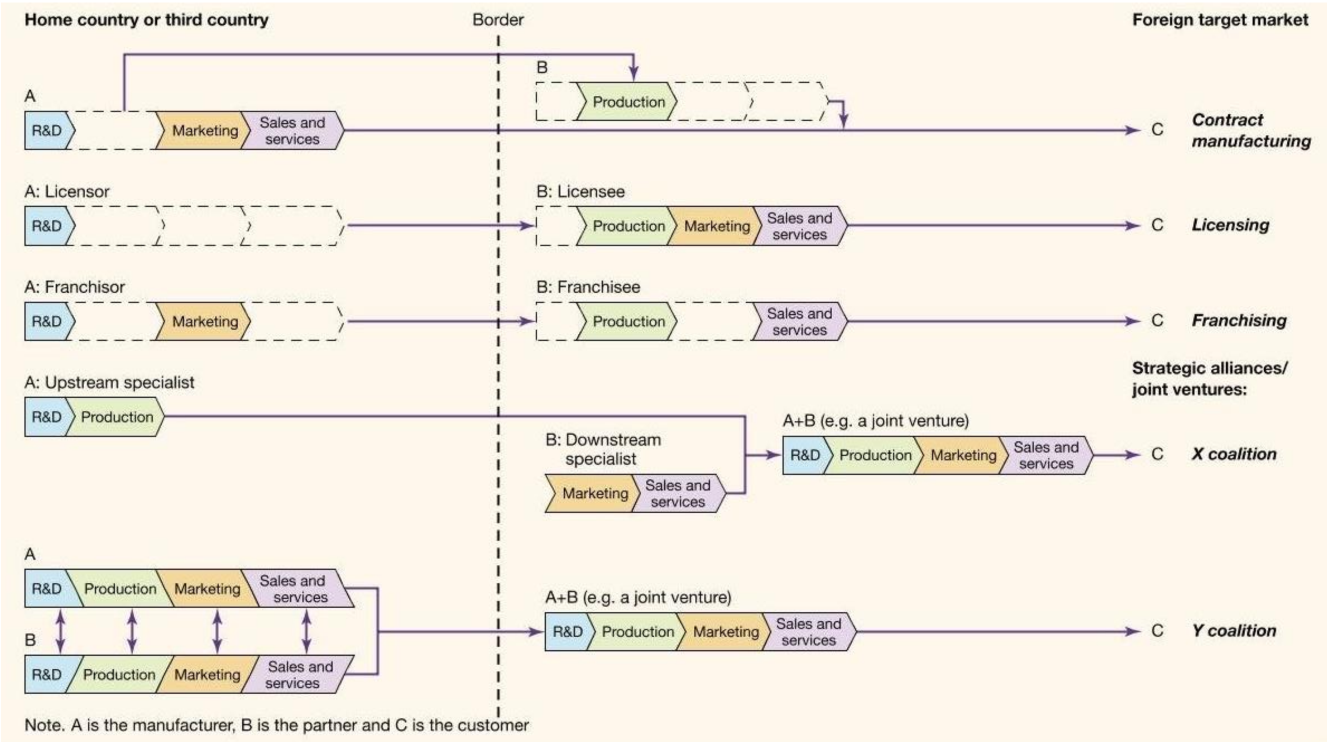

Figure 7 Intermediate modes (Hollensen 2012, 346)

The most popular intermediate modes are:

- Contract manufacturing
- Licensing
- Franchising
- Strategis alliances / joint ventures.

Contract manufacturing

Contract manufacturing allows a company to establish a production in a foreign target market without making a final commitment. With this mode a company will be able to pass the production to a local firm while operating R&D, marketing, sales and services from the country of origin. The weakest point of the mode is to sustain a production facility in the foreign market, that meets the company's quality and delivery standards. Without direct control over the manufacturing function everything should be set to meet all standards and the contract should be negotiated carefully.

Licensing

Licensing is an inexpensive way that has the advantages of local production without ownership. Payment is made to the licensor, which gives the licensee the right to use intellectual property, such as a patent, technology and brand names. This method has additional risks, for example, after the expiration of the license agreement, the licensee may begin to act against the licensor using the learned trade secrets. (Griffin and Pustay 2015, 370-374.)

Franchising

Franchising is a wider form of licensing. The franchisor sells a trademark right or a general business concept to a franchisee who pays royalties or an agreed amount. The franchisee receives the franchisor's operating systems, product reputation, quality and marketing programs, service support. (Griffin and Pustay 2015, 375.)

Strategic alliances and joint ventures

A strategic alliance generally does not include an obligation to participate in equity since the joint venture may be a contractual non-profit joint venture or joint-stock joint venture. A new company is created in a joint venture, where partners share investment costs, risks and profits. Partners play different roles in the collaboration that takes place in different coalitions of the chain. (Hollensen 2012, 366-367.)

Joint ventures are established partnerships for sharing risks between two or more parties with common interests, such as combining complimentary resources, opening up access to closed markets and prohibiting risky competitors at potential competitors' enterprises. (Young, Hamill, Wheeler & Davies 1989, 17-18.)

2.3.3 Hierarchical modes

If a manufacturer wants more influence and control over a local market than export methods can provide, it can create its own distribution point. This requires direct investments, unless the company has its own sales department, which is counted as operational costs. (Hollensen 2012, 258.)

On a figure below, in the hierarchical entry mode a company has a set of 5 steps, from least to most integrated into the target market. Typically, the integration is organized by following the steps one-by-one. (Hollensen 2012, 258.)

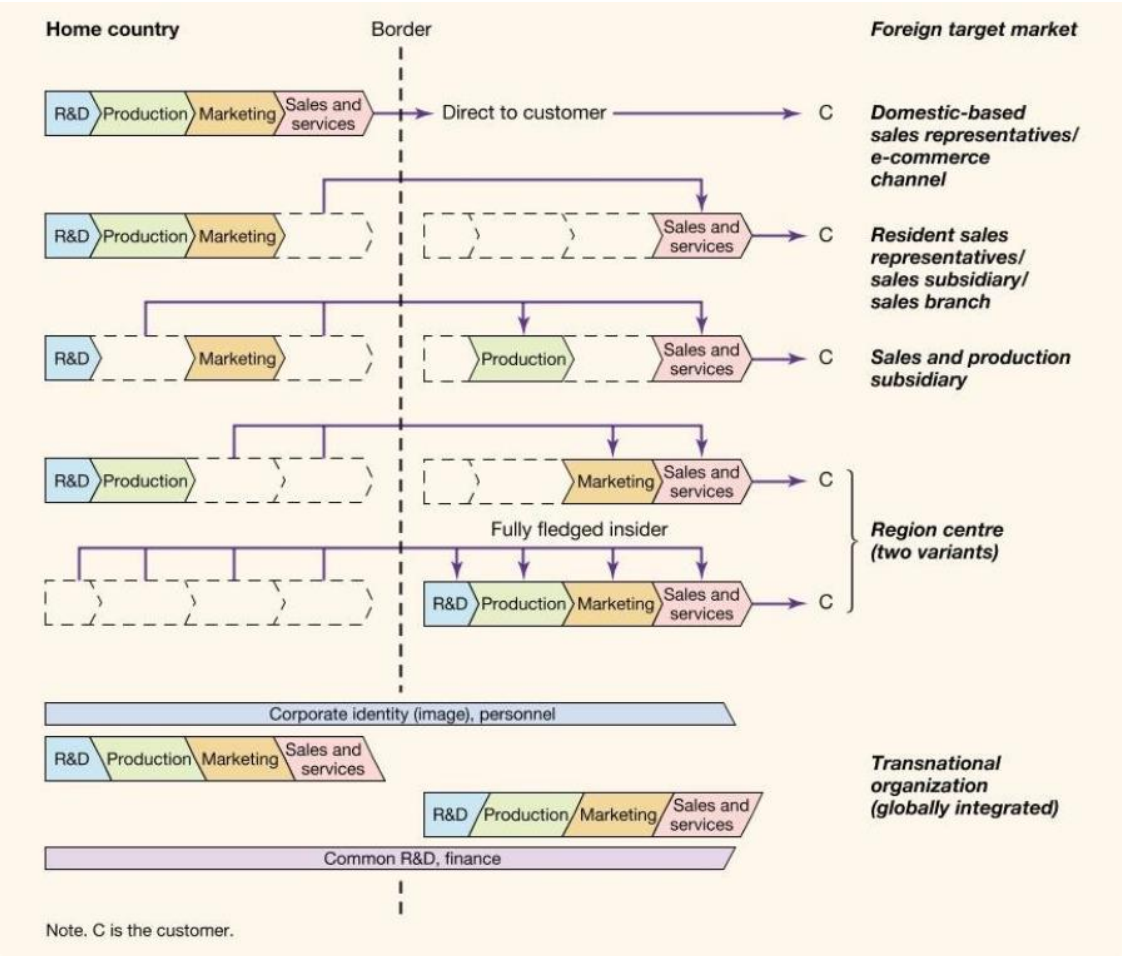

Figure 8 Hierarchical modes (Hollensen 2012, 258)

In hierarchical mode, five main modes will be covered. They are listed from the least to most integrated in foreign target market:

- Domestic-based sales representatives / e-commerce channel
- Resident sales representatives / sales subsidiary / sales branch
- Sales and production subsidiary
- Regional center
- Transnational organization (globally integrated).

Domestic-based sales representatives / e-commerce channel

This type of a sales representative is a typical domestic-based salesman, who travels abroad to make sales. The representative is a direct employee of the exporter, which means that all the export control is directed from the company. Typically, companies’ own sales force shows greater to its customers than indirect exporters. Considering these facts, such methods are popular in industrial markets, where there are only a few large customers that require close contact with suppliers, and where the size of orders justifies the cost of travelling abroad. (Hollensen 2012, 259.)

Resident sales representatives / sales subsidiary / sales branch

If a company wants to increase its presence on the target market and already has sufficient export volumes, the next step of the hierarchical mode is to set up a sales representative in the target market or to open a sales subsidiary/branch (Rugman & Hodgetts 2003, 41).

Sometimes companies consider it appropriate to create a sales branch, in which a regular seller is appointed. A foreign branch is an extension and legal part of the company. If sales on the foreign market are gradually increasing, the company may consider establishing a sales subsidiary. (Hollensen 2012, 259.)

Subsidiary is operated in the target market in accordance with all laws and taxations of the host country, while still being owned by a foreign company. Subsidiaries can also provide tax exemptions to the company if the headquarterters are situated in a country with high taxes. (Hollensen 2012, 259-260.)

A person with significant experience in international business is often assigned on a position of brand manager. The degree of use of additional personnel in the host country depends on the volume of business in the target market, the size of the branch and the level of sales in the host country. (Dülfer 2001, 152-153.)

If a company exports its products through an agent, it is often difficult to understand when it becomes more profitable to create an own sales subsidiary (Ross et al, 2005). The figure below presents the total sales and marketing costs associated with using the two entry modes.

Figure 9 Break-even shifting from agent to sales subsidiary (Hollensen 2012, 260)

- An agent gets the same percentage in commission, regardless of how much it will generate in annual sales
- Sellers in a sales subsidiary get a fixed salary per year but can receive bonuses if they fulfill certain sales goals.

In these circumstances, there will be a certain breakeven point, from which it is more financially appropriate to switch from an agent to a sales subsidiary. Before switching, the company needs to consider other issues, such as control, flexibility and the level of investment. (Hollensen 2012, 260.)

Regional Center

A regional center plays a role of a coordinator/stimulator in a certain region, as a rule, is located in one country. Such centers ensure coherence between the country's strategy and business, control the order and balance between subsidiaries and support new subsudiary development. (Hollensen 2012, 391-392.)

3 CASE COMPANY PRESENTATION

In this section the case company is presented. The first part includes Vepe's historical background and current situation of the business, then the distribution chain is overviewed. In the end of the section are the Vepe's products, which will be available in the market entry to Russia.

3.1 Company overview

Vepe Oy is a family-owned private company, manufacturer of steel products on own factory in Tuusula, Finland. Grounded in 1934, now it is operated under 4th generation of Peltonen family. The family spirit of entrepreneurship is very strong, which gives a great mood for the activities of the entire enterprise. The main areas are Industrial production, planning, development and international sales in construction, sports and area security. The company's main vision is to deliver the best and safest products. (Vepe 2019.)

In 1976 Vepe entered the hockey dasher boards market with products, made on an own factory. As the segment started to go, the company decided to enter other European markets.

3.2 Current situation

In 2019, Vepe's sports segment is feeling mighty. 2018 IIHF World Championship in Denmark was held on Vepe Beta Flexiboard dasher board. 2020 IIHF World Championship in Switzerland will be played on Vepe Zeta Flexiboard dasher board. 2022 Olympic games also approved to hold ice hockey games on Vepe's products. This escalated the prestige of Vepe on an international level, making it a top choice.

3.3 Distributors

Distribution of Vepe's products is done mostly through various agents (in Europe) and sometimes straight through Vepe sales managers (mostly in Finland, Russia and China). When dealing with VIP customers such as ice hockey clubs, the deal in always done through Vepe office, avoiding middle agents. (Vepe 2019.)

Distributors in Russia

In 2018, when Vepe decided to develop the Russian market, two Vepe workers were appointed to start working as sales representatives in Russia: one resides permanently in Russia, and one (the author) resides in both Finland and Russia and acts as a connecting chain. The sales representatives organize meetings with municipalities, sports clubs and other interested individuals and also attend to ice hockey-related expos and forums in order to promote Vepe dasher boards and create a strong brand image.

Before 2018, Vepe tried to enter the Russian market in 2008 when the market was not fully developed and less desirable. In short time, also regarding some internal issues and loss of confidence with previous sales representative in Russia, Vepe decided to leave the market and wait.

3.4 Products

Right now, the line of VEPE ice hockey dasher boards products for the Russian market consist of four dashboards, two of which being professional top-of-the-line, and the two others being mid-line and more accented on training more than on professional competitions. The main differences between the professional Zeta/Beta models and mid-line Epsilon and Omega:

- Professional models have better visibility for spectators due to fully transparent public protection (even the posts, which are made of aluminum in the cheaper models).
- Professional models are engineered with a Flexi Board technology, which becomes more flexible in collision with players and distributes any hit like a wave through the whole dasher board.
- Professional models have a double frame instead of a single frame, which adds extra durability.
- All of the listed boards fit the MHL (Youth Hockey League) and VHL (Major Hockey League) rules/regulations, but only the professional models fit the KHL (Continental Hockey League) and IIHF regulations.

Now, each of the products will be presented separately with images and descriptions. Each product’s characteristics can also be modified/edited to fit certain demands, as well as get extra options like Vepe quick fastening Rapido system or a soft profiled cap rail to prevent head and neck injuries.

VEPE products line for Russia is as follows:

3.4.1 Zeta flexi board

This subchapter provides information about one of the company's top-level dasher boards. The name of the model is Vepe Zeta flexi board.

Vepe Zeta model characteristics:

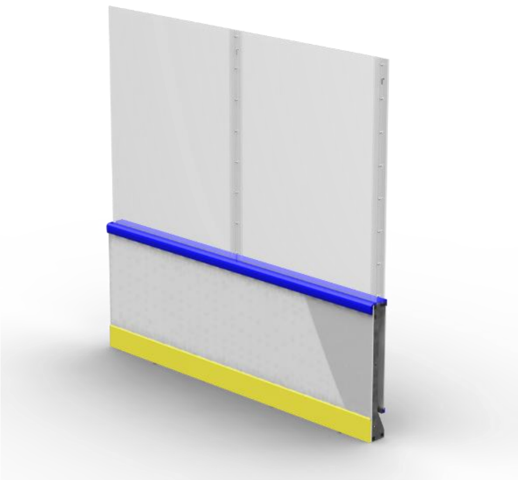

Image 1 Zeta flexi board (Vepe 2019)

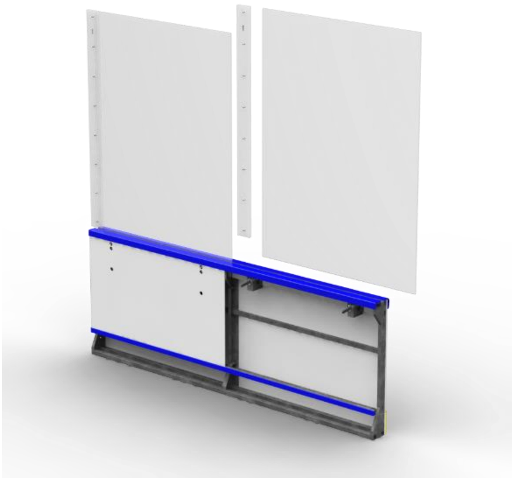

Image 2 Zeta flexi board (Vepe 2019)

- Curve Radius: 8.5 m
- Height from concrete: 1.1m
- Standard sizes: 26-30m x 56-60m.

Dasher board frame construction is made of hot dip galvanized steel in double frame construction for holding public protection sheet with clear supporting H-lists, and in the footing for better fastening into concrete. Elements have single frame construction in the middle for more flexible movement in collision with players. Steel construction is made of square steel tubes and profiles of special steel mixture and laser cut parts to endure flexing movement. Steel frames are coated
with white 10 mm HDPE 300(High Density Polyethylene) boards to make a smooth surface to the ice side. (Vepe 2019.)

3.4.2 Beta flexi board

This subchapter provides information about one of the company's top-level dasher boards. The name of the model is Vepe Beta flexi board.

Vepe Beta model characteristics:

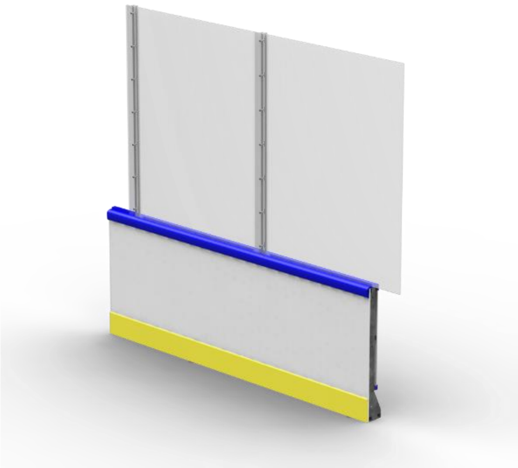

Image 3 Beta flexi board (Vepe 2019)

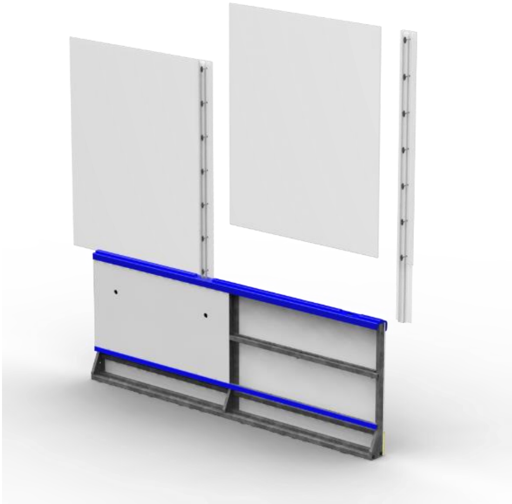

Image 4 Beta flexi board (Vepe 2019)

- Curve Radius: 8.5 m
- Height from concrete: 1.1m
- Standard sizes: 26-30m x 56-60m.

Dasher board frame construction is made of hot dip galvanized steel in double frame construction for holding public protection sheet with clear supporting pc-posts, and in the footing for better fastening into concrete. Elements have single frame construction in the middle for more flexible movement in collision with players. Steel construction is made of square
steel tubes and profiles of special steel mixture and laser cut parts to endure flexing movement. Steel frames are coated with
white 10 mm HDPE 300(High Density Polyethylene) boards to make a smooth surface to the ice side. (Vepe 2019.)

3.4.3 Epsilon

This subchapter provides information about the company's cheap/middle class dasher boards. The name of the model is Vepe Epsilon.

Vepe Epsilon model characteristics:

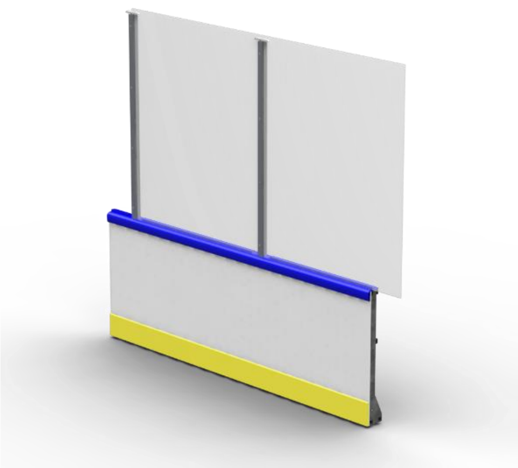

Image 5 Epsilon (Vepe 2019)

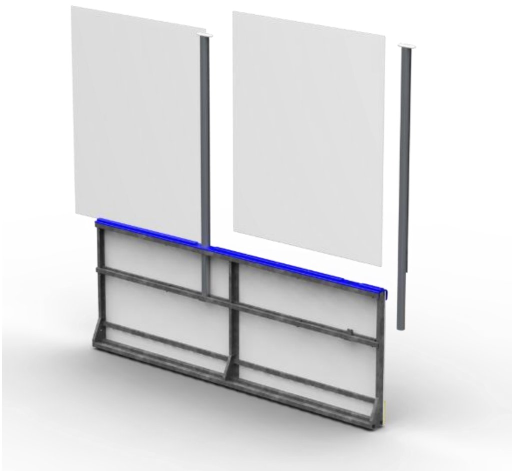

Image 6 Epsilon (Vepe 2019)

- Curve Radius: 8.5 m
- Height from concrete: 1.1m
- Standard sizes: 26-30m x 56-60m.

Dasher board frame construction is made of hot dip galvanized steel in double frame construction for holding public protection sheet with aluminum posts, and in the footing for better fastening into concrete. Elements have single frame construction for more flexible movement in collision with players. Steel construction is made of square steel tubes and profiles of special steel mixture and laser cut parts to endure flexing movement. Steel frames are coated with white 10 mm HDPE 300 (High Density Polyethylene) boards to make a smooth surface to the ice side. (Vepe 2019.)

3.4.4 Omega

This subchapter provides information about the company's cheap/middle class dasher boards. The name of the model is Vepe Omega.

Vepe Omega model characteristics

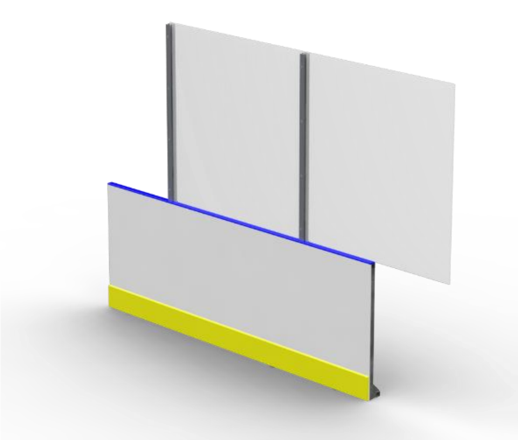

Image 7 Omega (Vepe 2019)

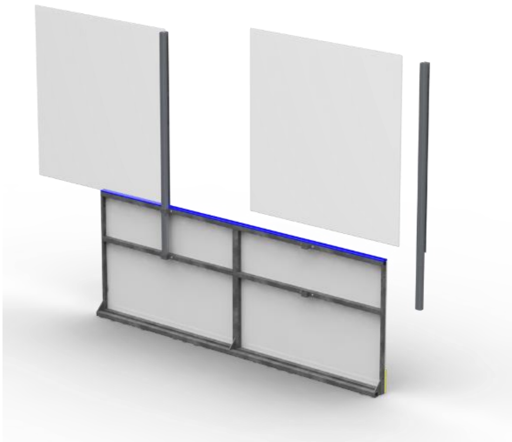

Image 8 Omega (Vepe 2019)

- Curve Radius: 8.5 m
- Height from concrete: 1.1m
- Standard sizes: 26-30m x 56-60m.

Dasher board frame construction is made of hot dip galvanized steel in single frame construction for holding public protection sheet with aluminum posts, and double frame construction in the footing for better fastening into concrete. Elements have single frame construction for more flexible movement in collision with players.
Steel construction is made of square steel tubes. Omega model can be either anchored to concrete slab or supported with movable concrete weights (no anchors).
Steel frames are coated with white 10 mm HDPE 300 (High Density Polyethylene) boards to make a smooth surface to the ice side. (Vepe 2019.)

4 RUSSIA AS A TARGET MARKET

Vepe wants to enter the Russian market with its ice hockey dasher boards. To get a better understanding of Russia as a market area, this chapter will conduct PEST analysis to analyze Russia as a country. After PEST, market segmentation and market competition will be reviewed. In the end, Porter's Five Forces analysis will be conducted, which specializes in completing the information on an industry level.

4.1 PEST analysis

PEST analysis consists of political, economic, technological and social factors in a target market. It helps the company figure out the target country's weak and strong points, so the market entry plan could be adapted for a smoother entry.

Figure 10 PEST

Now these points will be analyzed at a general level. As the research is tied to the field of sports business or, more precisely, ice hockey dasher board business, the analysis will be projected on the industry.

4.1.1 Political factors

Russia is neither a part of the European Union, nor of the Schengen Zone. Moreover, it does not have any profitable agreements with Finland at the moment, which in some way weakens the trade connection. While trading between Russia and Finland, the business faces issues with taxes and customs clearance. Finland uses euros, Russia uses Russian rubles – a major problem when making a deal because of instability of the Russian currency, which Vepe has already faced.

As the case company is from Finland, it will have to face customs procedures in order to do business in Russia. This will increase the end price for the customer. Custom procedures can add up to 30% of the end price of a single dasher board.

In addition, one more trouble for a foreign business in Russia is the today's state course of import substitution and localization of any production and services in the Russian Federation. On the other side, if foreign companies decide to start localizing their production/services, the localization and substitution program provides support for such small businesses at regional and federal levels. (Kotlyarova et al. 2017.)

Corruption is a big problem in Russia. As of the matter of this thesis, corruption in Russia may possibly affect the market competition. According to the Corruption perceptions index 2017, Russia's rank was 135 of 180 in the rank of 180 least corrupt countries, While Finland's rank was 3 (Transparency International 2018).

The geographical position of Russia, the wealth of natural resources, the military potential, combined with some geopolitical tensions with other countries, as well as the fact that this country is a neighboring country of Finland and its vital trading partner, make it extremely important for foreign companies, especially Finnish companies, to know about the political factors of Russia. Political instability can affect foreign companies at any time. (Monaghan 2016.)

4.1.2 Economic factors

Economy in Russia is highly dependable on crude oil prices, as it is the biggest area of income. Right now, the country faces several sanctions from other developed countries, such as the US and countries of the EU.

Table 1 Economy statistics of Russia 2018 (CIA 2019)

GDP (purchasing power parity)	$ 4.016 trillion
GDP (official exchange rate)	$ 1.578 trillion
GDP (real growth rate)	1.5%
GDP per capita	$ 27,900
GDP by sector	Agriculture 4,7% Industry 32,4% Services 62,3%
Inflation rate	3.7%
Unemployment rate	5.2%
Population beyond poverty line	13.3%
Budget	Revenues: 258.6 billion Expenditures: 281.4 billion
Imports	$ 238 billion
Imports - partners	China 21.2%, Germany 10.7%, US 5.6%, Belarus 5%, Italy 4.5%, France 4.2%

Based on the table, it can be seen that most of imports comes from China (1/5), Germany, The US, Belarus. The main import products are machinery, vehicles, pharmaceutical products, plastic, semi-finished metal products, meat, fruits and nuts, optical and medical instruments, iron, steel. GDP is rather high – 4.016 trillion US dollars, which makes it 6th in the world by volume. On the other hand, GDP per capita is 27.900 US dollars, which puts Russia on 74th place in the world. This leads to 13.3% Russians living beyond poverty line.

The economic situation is Russia is quite unpredictable and unstable, though it still tries to recover after the 2008 World crisis, which hit the country heavily. More than that, the regulation of oil prices and the national currency is considered as a weak spot in Russian economy at the moment.

4.1.3 Social factors

The table below shows the important number and facts on Russia's social statistics:

Table 2 Social statistics of Russia 2018 (CIA 2019)

Population	142 million people
Population growth rate	-0.11%
Age structure	0-14 years: 17.21% 15-24 years: 9.41% 25-54 years: 44.21% 55-64 years: 14.51% 65 years and over: 14.66%
Religion	Russian Orthodox 15-20%, Muslim 10-15%, other Christian 2%
Ethnic groups	Russian 77.7%, Tatar 3.7%, Ukrainian 1.4%, Bashkir 1.1%, Chuvash 1%, Chechen 1%, other 10.2%, unspecified 3.9%
Life expectancy at birth	71.3 years
Urbanization	74.4% of total population

The table shows that population of Russia is 142 million people, 74.4% of these life in urban areas. Population growth rate is negative -- -0.11%. Over 70% of Russians are less than 54 years old, which is good for economics. Partly that is because of Russia's life expectancy, which now is on 71.3 years but was much lower before. Religion in Russia is not popular because of its Soviet part, where the official religion of the country was atheism. For now, 15-20% of the country is Russian orthodox and 10-15% is Muslim (mainly in Russia's southern parts). (CIA 2019.)

Russian Ice Hockey Development program

Along with Finland, USA, Sweden, Czech Republic and Canada, Russia is a member of the “Big Six” – countries with highest contribution and dominating in ice hockey.

Over the past 4 years, 174 indoor skating rinks have opened in Russia. But still there is an acute shortage of covered arenas with artificial ice. This significantly hinders the development of all directions and components of Russian hockey.

Apart from ice hockey, such sport as figure skating should also be considered as a possible field for business: figure skating is a popular sport in Russia, it has strong and powerful history from the times of the USSR. Figure skating also demands dasher boards, which may sometimes slightly differ from ice hockey dasher boards.

Over the past 10-15 years, the revival and support of the great hockey traditions in Russia started on the state level. The President and 20% of the Government of the Russian Federation play hockey regularly.

As for 2018, the number of Russians who play hockey is 607.439 people, which means 0.41% of the overall population. Ice Hockey Federation of Russia monitors and annually reports the growing interest in ice hockey. According to the “Russian Ice Hockey Development program 2018-2022” published by Ice Hockey Federation of Russia, the overwhelming majority of ice hockey sports schools and sections lack their own playgrounds and ice, and the existing ones are maximally in demand and used at the limit of possibilities and distributed not only among hockey players, but also other sports, such as figure skating, speed skating, short track, etc. (Statista 2019.)

According to data from the beginning of 2018, among the leading countries in hockey, Russia ranks last in the number of hockey rinks per population. The lack of indoor and equipped outdoor rinks for hockey is one of the main constraints for the development of hockey in Russia. In the future, with the growing popularity of this sport, the situation will become even more complicated. In this regard, the Russian Ice Hockey Federation plans to build more than 2,000 hockey facilities, including more than 40 indoor hockey arenas (with artificial ice).

Personally, at the request of Vladimir Putin, the Russian Hockey Federation is working on equipment for school gym halls with specialized detachable hockey corners. At the initial stage, it is planned to create from 5,000 to 10,000 such ice hockey corners. It is also indicated that all simulators and equipment are manufactured in Russia.

According to the “Russian Ice Hockey Development program 2018-2022” published by Ice Hockey Federation of Russia, these are the estimated program targets:

Table 3 Russian Ice Hockey Development program 2018-2022 (FHR 2019)

Indicators	Changes in indicators	
	2018	2022
Number of ice hockey players in Russia	607,439	More than 680,000
Number of ice hockey units in sports organizations	706	More than 750
number of hockey facilities in use:		
- Indoor (artificial ice)	560	More than 600
- Outdoor (natural ice)	2583	5000
Number of regions of Russia, cultivating hockey	75	80
Hockey-related events and sports activities	32	49

As it can be seen from the table, the numbers will grow significantly by year 2022. The number of ice hockey player will grow by 11%, the number of ice hockey units in sports organizations will increase by 44 units. Most importantly, the number of hockey facilities in use will double as from 2018. Five more regions of Russia will start cultivating hockey. Lastly, the number of hockey-related events and sports activities will grow by 35%. (FHR 2019.)

4.1.4 Technological factors

Russia has made good progress and significant contribution in fields like chemistry, mathematics, IT and engineering. A lot of attention is paid on nanotechnologies: Russian government-owned company RUSNANO is one of the biggest nanotechnological companies in the world. RUSNANO states, that its current task is to become a leader on the world’s nanotechnology market. (RUSNANO 2019.)

After the collapse of the Soviet Union, Russia underwent significant changes, moving from a globally isolated economy with central planning to a more or less globally integrated economy. The economic reforms of the 1990s privatized most of the industry, with the exception of the prominent energy and defense sectors. Protection of property rights is still weak, and the private sector is still under serious government interference.At the moment, Russian industry is primarily divided between globally competitive producers. (Kum 2010).

4.2 Russian ice hockey market overview

In this part a closer look on Vepe's competitors will be taken. The information on the competitors will be used in Porter's Five Forces analysis later. After the competition analysis, segmentation of the Russian hockey market will be carried out.

4.2.1 Market Competition

The most popular ice hockey dasher board brands in Russia are: Raita, Icepro and Sportmax. The first two companies are Finnish companies, which already entered the Russian market before Vepe and gained a sufficient market share. There are lots of other dasher board producers in Russia, but either their operating volume in the country is not sufficient, or they do just the simplest dasher boards for outdoor use. The author decided not to include such companies on the analysis, because they do not influence or affect the segment, and are not widely known.
Now, each of the top-three manufacturers will be separately analyzed:

Raita

Raita Sport Oy was founded in December 1979 by two Finnish athletes: Raimo Eskola (RAI) and Tapani Haapakoski (TA). In the early years RAITA focused selling equipment for the athletics track and field. In the 80's company expanded to Winter sports and started to design, manufacture and install ice hockey dasher boards. First international highest-level dasher board delivery took place for the Lillehammer Winter Olympics 1994 in Norway. After that there has been over 30 World Championships events arranged using Raita dasher boards. After Lillehammer Olympics Raita has delivered dasher boards to also to Nagano 1998 and Sochi Olympics in 2014.
In total Raita has delivered more than 2200 dasher boards all over the World. In Russia Raita has its own representation office in St. Petersburg to take care of business and customer service in all Russian speaking countries. Currently 16 of 24 KHL teams are using Raita dasher boards. Raita has delivered more than 150 dasher

board projects in Russia and Russian speaking countries (Kazakhstan, Belarus, Turkmenistan, Uzbekistan). (Raita 2019.)
As it can be understood, Raita chose to enter the Russian market via hierarchical mode. Their representation office covers not only Russia, but also other russian-speaking countries

ICEPRO

ICEPRO is a Finnish manufacturer, which provides ice hockey arena builders, renovators and managers with customized ice hockey rinks and ice rink equipment since 2010. Apart from hockey dasher boards, they produce other equipment for ice hockey arenas. ICEPRO has completed more than 350 dasher board projects. ICEPRO boards were used on IIHF World Championships 2012, 2013 and on 2018 Winter Olympics. ICEPRO has a dealer (SportConcept) in Russia with a warehouse and a mounting brigade. (ICEPRO 2019.)
Unlike Raita, ICEPRO entered the Russian market via export mode,specifically direct export. This means that a dealer in Russia handles all the local sales for ICEPRO.

Sport-Max

SportMax was founded in 2001 and is located in Moscow, Russia. The main field of activity is the development and production of modern dasher board systems for ice hockey, sledge hockey, cultural and entertainment centers and related equipment for indoor ice sports palaces. Currently, more than 330 arenas in Russia and the CIS are equipped with dasher board systems of SportMax LLC. The company's products are used in the arenas of the MHL, VHL, KHL, meet the requirements of the regulations for the competitions of the Russian Hockey Federation and approved by the International Hockey Federation (IIHF) for holding international ice hockey tournaments. (Sport-Max 2019.)

4.2.2 Market Segmentation

The two most used types of hockey market segmentation create a division either by the level of players or by the players' age. As the research is focused on ice hockey dasher boards, only the segmentation by the level of players will be analyzed - because the players' age does not necessarily affect the dasher boards on which they play. The players' skill, on the other side, can sufficiently affect the hockey field they play on.
Ice hockey players can be divided by 4 categories, based on their skill:

- Beginner players – people, who have just started playing ice hockey. They mostly don't have any knowledge about ice hockey teams and don't know ice hockey equipment brands.
- Hobby players – people, who don't set any professional goals in the sport and just casually play ice hockey in their free time. This group is the biggest by quantity, because it may contain anyone from casual players to retired professionals.
- Advanced players – people who already have certain knowledge, skills and ambitions in the sport, but yet don't get paid for playing it. The group includes hockey players from ice hockey sections or even some lower level league players. This group often has knowledge about ice hockey related brands.
- Professional and semi-professional players – people who get paid for playing hockey. The difference between the two is that for professional players playing ice hockey is their only job, while semi-pros have a side job because their ice hockey player salary is not yet as big as professionals'.

As is was described in part 3.4 of the thesis, Vepe divides its ice hockey dasher boards on two main categories: professional and training boards. The main difference between Vepe's professional dasher boards and training boards is that a professional product gets all the latest technology, which makes them safer for the players, more durable and convenient. Of course, even a beginner can play on a professional dasher board and it is even better to get used to a real, professional ice hockey arena right away. Though, the real demand in professional dasher boards appears when it comes to ice hockey games of advanced players and higher. Russian ice hockey leagues like MHL (Youth Hockey League) and VHL (Major Hockey League) have sets of rules for ice hockey dasher boards, though Vepe's training boards are engineered by standards, which make them suitable even for such Leagues. The only Russian ice hockey league with strict rules is the highest league – KHL (Continental Hockey League). For KHL rules only the professional Vepe Beta and Vepe Zeta dasher boards are suitable. In spite of this fact, the main demand for Vepe's professional dasher boards comes from KHL teams and arenas, where the professional ice hockey competitions are held. For other purposes and lower-level hockey – Vepe Epsilon and Omega products remain a more affordable and suitable solution.

4.3 Porter's Five Forces analysis

As it was previously mentioned, Porter's Five Forces will be used to analyze the Russian ice hockey market. The analysis consists of five parts: threat of new entrants, supplier power, buyer power, threat of substitutes and industry rivalry. The answers will create an understanding of the competition in the market, as well as its potential. The Porter's Five Forces analysis figure is presented below.

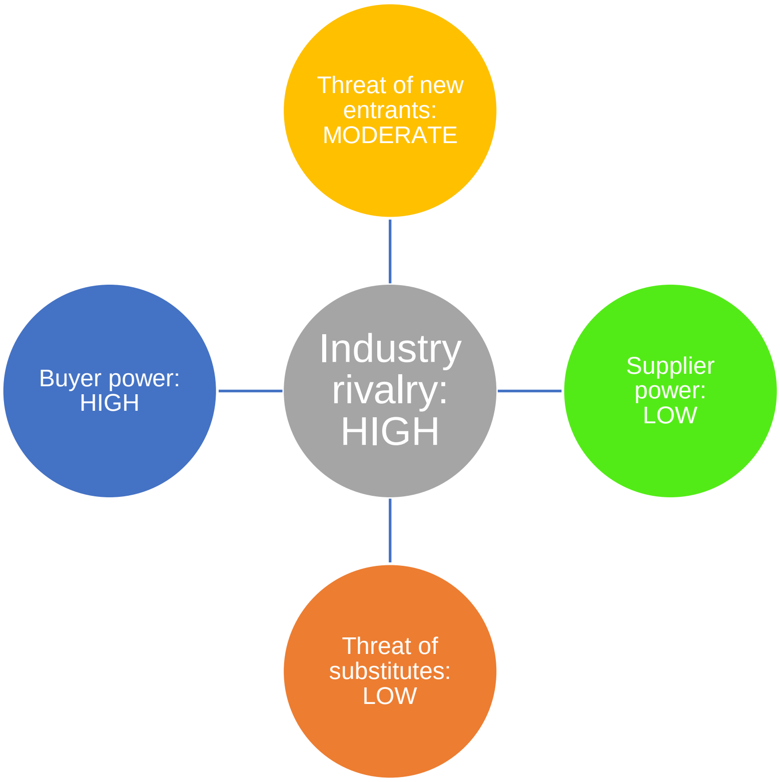

Figure 11 Porter's Five Forces

The figure shows all the analyzed parts with assessments of the current situation in the target market. The following chapters provide the author's in-depth analysis of each part.

4.3.1 Industry rivalry

Porter's five forces analysis starts from industry rivalry, as this force often has the strongest influence on the competition and may affect the other parts. First of all, the low differentiation between products competing in ice hockey industry leads to constant switching of consumers from one manufacturer to another and provides a high level of instability. The current rise of the ice hockey market in Russia, described in the PEST analysis, leads to a constant redistribution of the market, seizing market share from each other. Combining the two factors, manufacturers have to heavily compete for every client (especially for big ones) and try to provide the most competitive price and most convenient extra services.

This describes industry rivalry as **HIGH.**

4.3.2 Threat of new entrants

Russian ice hockey market is only getting bigger, as the interest in sport is steadily growing each year. This clearly attracts more and more businesses in the industry. After participating in the sport B2B expo & forum called "Ice Industry" in Moscow in April 2019, the author saw the rising interest in the ice hockey dasher board business – new companies enter the competition to gain its share in the growing sphere.

Differentiation between products of ice hockey dasher board manufacturers is low, which is a plus for those who want to enter the market.

On the other hand, ice hockey dasher board development and production require a lot of work and funds. This limits the amount of companies wanting to enter the business and compete with the existing manufacturers.
Also, the difficulty of selling a single ice hockey rink is pretty high. This can scare some of the potential market enterers.

These factors describe threat of new entrants as **MODERATE.**

4.3.3 Threat of substitutes

Speaking about substitution of a dasher board as a product – this has never been an issue. Strict IIHF regulations precisely explain what an ice hockey dasher board should be, and this fact prevents the chance of any substitution of an ice hockey dasher board in the professional segment. An ice hockey dasher board is a unique product that hardly can be substituted, especially when it comes to professional hockey.

However, when speaking about substitution of materials in a dasher board unit – the situation is slightly less predictable. During the past years, ice hockey dasher board technologies made a massive step forward. Modern technologies flooded the industry, making the arenas more practical, durable and safe, both for players and spectators. However, there things which regulate the ice hockey dasher board market and affect the ice hockey dasher boards: IIHF rules, NHL rules, KHL and VHL rules etc. Most of the time regulations are strict and dictate materials, sizes, colors and even gaps between dasher board parts. Such regulations get updated in a certain amount of time, for example current IIHF rules are used from year 2018 to year 2022.
From top-level ice hockey rinks for competitions like IIHF World Championships there are also rinks for regular hockey training or amateur games, which don't have to follow special rules and regulations. Such ice hockey dasher boards are called training boards and can be as easy and cheap as the client wants. The market competition in this specific segment

is a little more interesting. However, even the cheapest rink should be as similar to the professional rink as possible for players to get used to the real specifications and feel more comfortable on a professional rink later.

However, there is still a possibility of developing new, cheaper materials with similar characteristics (maybe new types of plastics for dasher boards), which then can be implemented first into training boards and then accredited and approved by the organizations like IIHF.

Right now, Vepe's ice hockey dasher boards are among the best products on the market. The products will be used in Winter Olympic games 2022, they were used in recent IIHF World Championships. These factors make the chance of substitution of Vepe's products quite challenging: Vepe's R&D department uses the highest quality and provides most modern technological solutions.

These factors describe threat of substitutes as **LOW.**

4.3.4 Supplier power

Concerning the fact from the chapter above, it can be realized that the product differentiation in the ice hockey dasher board segment is low. Each supplier can have some special features, but the basis will be almost identical between the suppliers. This means that the manufacturers often have a small differentiation in detail comparing to their competitors. This reduces the bargaining power. Also, the amount of ice hockey dasher board manufacturers is not high, because the production and development of a dasher board is rather expensive and complicated.

This describes supplier power as **LOW.**

4.3.5 Buyer power

In the ice hockey dasher board market, the purchasing amounts for a single client are fairly low and mostly singular, concerning the fact that one ice hockey rink can cost up to 200 thousand euros or even more. Also, clients are mostly building one hockey arena at a time, so they have no need in buying multiple hockey rinks at once.

Due to the expensiveness of ice hockey dasher board production, the amount of companies in the business is moderate. As it is known from the previous paragraphs, the differentiation among products is low. This creates a situation, when several ice hockey dasher boards manufacturers offer very similar products to one client. In such usual case, the client is more likely to choose a product with the lowest price and extra services that one seller can provide, for example installation of the dasher board free of charge.

Concerning these factors, it can be seen that the uniqueness of such product as ice hockey dasher board is limited, meaning that a customer can freely switch between products without incurring additional risks. Also, clients demonstrate high price sensitivity.

This information can describe buyer power as **HIGH.**

4.3.6 Conclusion on Porter's five forces analysis

Based on the factors described above, it can be seen that the highest concerns for Vepe are high industry rivalry due to low differentiation between top-notch ice hockey dasher board units. Low differentiation combined with high competition inside the market makes the competitors to always keep providing best offers and solutions to any possible client in order to gain sales and market share.

5 EMPIRICAL RESEARCH AND DATA ANALYSIS

This chapter is the start of the empirical part of the thesis. It also contains explanations on how the study is designed and formulated. The reader will get familiar with the research methods and understand how the data was collected and analyzed. The empirical research consists of five interviews with people related to ice hockey industry and supplemented with the experience that the author gained while working in Vepe. The data gathered from the interviews will be introduced and then analyzed in the end of this chapter.

5.1 Design and formulation of the empirical research

Empirical research cannot be based on theoretical knowledge, only on observation and experience. Only qualitative data was used in the research, because no quantitative data was gathered.

All the primary data was gathered via five interviews with ice hockey related persons in Russia and Finland. Every interview was done face-to-face. The main focus of the interviews was to gather knowledge about the Russian ice hockey market, and to understand what potential Vepe has on this market. All the results gained from the interviews are used as a valid source of information and do not require further analysis. Each interviewee was from a different field and got a unique set of questions. This allowed to gather a lot of useful information and create a vision from various angles/perspectives. Each interviewee's background was considered when preparing questions for an interview. This approach assisted in gathering valuable answers from an interviewee's knowledge in a certain area. The knowledge will be used to find the best way to enter the Russian market and possibly to find a potential segment for Vepe.

5.2 Data collection

This part provides the information about the data collection process for the thesis. The part also includes complete data gathered from the interviews. The following figure demonstrates the whole process of data collection and when each step was done.

March – April 2019

- Collecting the theoretical information

May – August 2019

- Interviews in Finland and Russia

August – September 2019

- Analysis of the interviews

Figure 12 Data collection process

The writing process of the thesis began in March 2019, when the case company was found, and the research question was created. After this, the introduction part was written, followed by the theoretical part. Then the longest part began - conducting the interviews with people related to ice hockey sphere in Russia and Finland. The challenge was to find contacts and organize interviews with experienced people from the industry, who can genuinely assist Vepe in the market entry. All the 5 interviewees come from a different background and are all related to the ice hockey industry. Each respondent had an individual set of questions. This allowed the author to understand the situation from many different angles. The information gathered from the interviews was used as a valid source of information in the thesis. All the questions were open-ended in order to gather as much data as possible. All the interviewees and the reason behind their involvement in the empirical research are listed in the table below.

Table 4 Description of Interviewees

Date	Interviewee	Description
May 2019	Antti Terkomaa (CEO of Vepe Oy)	In-depth interview aiming at understanding Vepe's approach to accomplished market entries, and Vepe's current situation
June 2019	Roman Ryabkov (head of international operations in Jokerit ice hockey team, ice hockey enthusiast in Finland)	In-depth interview aiming at understanding the situation in the target market of a KHL team representative
August 2019	Andrey Karpilovich (ice hockey enthusiast in Russia, entrepreneur, PhD EMBA)	In-depth interview – to understand the target market situation from a regular hockey player's perspective with insights on governmental development programs
May 2019	Alexander Perelman (vice-chairman of St. Petersburg committee for physical culture and sports)	In-depth interview to find the best approach to enter the Russian ice hockey market and to gain the market share
May 2019	Igor Dyomin (hockey stadium manager in St. Petersburg)	In-depth interview aiming at understanding the competition in the target market from a hockey stadium manager's perspective

The interviewees allowed to use their names in the thesis. After the interviews, all the gathered data was analyzed and a market entry plan strategy was created.

5.3 Data analysis

This chapter provides an analysis of the data obtained during the interviews. The sequence of the interviewees in the analysis is the same as shown in table 4.

5.3.1 Antti Terkomaa

The first interview was with Vepe's CEO. The main aim for this interview was to find out how Vepe typically enters foreign markets to be able to project the experience on the Russian market. Mr. Terkomaa explained that most of the time Vepe enters the market through export agents or resellers. This means that Vepe prefers to use direct export modes. Among the two options, resellers are preferred because they can offer extra services to end customers and doesn't require Vepe's direct involvement in deals. Also, Mr. Terkomaa pointed out that Vepe doesn't work directly with any currencies other than Euro, while a reseller may accept other currencies if needed, including national currencies. He also said that an average dasher board lifecycle is between 5 to 15 years.

When speaking about best-selling dasher boards, Mr. Terkomaa pointed out the two top-of-the-line products: Zeta and Beta. This proves the overall demand in Vepe's top-level products.

The last thing that the interviewee pointed out is the possibility that IIHF will edit the ice hockey rules to make a hockey dasher board narrower. If this happens, teams and arenas will have to update their dasher boards, including the Russian ones. This might be one more good possibility to penetrate the Russian market.

5.3.2 Roman Ryabkov

Mr. Ryabkov has a useful in-depth knowledge about Russian ice hockey market because he works as a manager in Jokerit ice hockey team, which is a member of KHL. He stated that Raita and Icepro are currently the most known Finnish brands in the premium-class dasher board segment, while Russian dasher board manufacturers dominate in the cheap-medium segment. Due to low cost of production both their quality and price is lower than Finnish-made products.

Also, Mr. Ryabkov repeated Mr. Terkomaa's words about possible changes in dasher boards' dimensions and added that KHL also may implement other regulations that may make KHL teams to change their dasher boards to comply with regulations.

In the end Mr. Ryabkov stated that Vepe has certain potential in the Russian premium segment and needs to find strong agents/partners to be visible and active. The Russian market of premium dasher boards is significantly larger than any European ice hockey market: in the KHL alone there are 19 professional Russian hockey teams, and all of them use only premium class boards. Apart from the KHL, there are also VHL, MHL and other leagues, which means many opportunities for Vepe.

5.3.3 Andrey Karpilovich

Mr. Karpilovich is a big hockey enthusiast, who has certain knowledge and many connections in Russian hockey. He enthusiastically stated that Russian government pays lots of attention to the Russian ice hockey industry, and hockey arenas are being subsidized by the federal funds. This means that Vepe should keep an eye on the federal programs of ice hockey development to be able to offer its products.
The interviewee proposed four blocks for the market entry:

- To use Russian export partners to handle customs procedures and payments in rubles.
- To offer competitive prices and possibly create leasing schemes for Vepe products, remembering that Russian domestic dasher boards are cheaper.
- To follow Russian localization and import substitution strategy by transferring small parts of technology/production facilities to Russia. This will represent Vepe as a localized company and create an ability to offer repair services for Vepe products in Russia.
- To try cooperating with Russian construction companies. This will make Vepe one step ahead when a construction company will have ice hockey-regarded projects.

5.3.4 Alexander Perelman

Mr. Perelman is not directly associated with ice hockey, but as a vice-chairman of St. Petersburg committee for physical culture and sports oversees this sport. He stated that Vepe should take care of its brand awareness, be visible and participate in Russian ice hockey-related expos and forums to advertise Vepe products.
Mr. Perelman also stated that Vepe should try participating in tenders and search for useful partners in the Russian ice hockey market. To be able to participate in tenders, Vepe needs either an agent or a subsidiary in Russia, because Russian rules allow only Russian companies to participate in the tenders. The other requirement for tenders is the ability to work with Rubles.

5.3.5 Igor Dyomin

Mr. Dyomin is a hockey stadium manager in St. Petersburg, he had some insights concerning Vepe's competitors. Mr. Dyomin stated that Vepe's rivals like Raita are dominating the market, but Raita refuses to work with Russian governmental institutions, which creates a possibility for Vepe. However, to deal with Russian governmental institutions Vepe needs to be able to sell its products in rubles.

In the end, Mr. Dyomin advised to update Vepe's website, because it looks rather old and may affect a potential customer's decision to contact the company.

6 ACTION PLAN FOR THE MARKET ENTRY

The goal of the study was to decide how Vepe should enter the Russian market with its ice hockey dasher boards. In this chapter an action plan for the market entry will be created. First, a SWOT-analysis of Vepe will be conducted, followed by a presentation and explanation of the chosen market entry mode.

6.1 SWOT-analysis

SWOT-analysis is a very useful tool when it comes to creation of market entry strategies. It covers both internal and external factors, which may affect one company's operations. The analysis will be based on the data collected from the interviews, completed with the author's knowledge about the case company and the Russian ice hockey market. The analysis can be seen below and is followed by more detailed description of each part.

Figure 13 SWOT-analysis

Strengths

The first strength is that simply Finland is a neighboring country to Russia. This means that deliveries can be handled in shortest amount of time, as Vepe's headquarters and factory are located just a few hours away from Russia. The next strength is the famous Finnish quality, which is complemented by more than forty years of experience in premium ice hockey dasher boards production. The last thing is that to remain competitive on the

Russian market, Vepe will provide Russian customers with special prices and offers. Vepe top-level dasher boards will remain cheaper than Raita dasher boards.

Weaknesses

The main weakness to be focused on is brand awareness. Right now the brand awareness in Russia is fairly low, but it is a matter of time for Vepe to spread its name on the market. This will assist in getting a steady client base, boost sales. The next point, which is also faced by the other Finnish brands in Russia, is the need to handle all the customs procedures for every exported product. This may become less of a problem in some time with experience, but at first it may slow down the logistics. The last point is the outdated Vepe website. This issue cannot seriously affect the market entry and sales, but there is certainly some room for improvement.

Opportunities

The Russian ice hockey market keeps growing. Russia has numerous professional hockey leagues with lots of professional hockey teams. The Russian government stimulates the popularization of hockey and subsidizes hockey teams, sections, tournaments, leagues, arenas etc. – the demand in dasher boards is only growing. As it was mentioned in Russian Ice Hockey Development program, the Russian government plans to double the overall number of ice hockey facilities by 2022. And possibly this tendency will continue after 2022. There is no question about the growing demand for hockey dasher boards in Russia, and this is a great plus for Vepe. In addition, there may be some changes in IIHF and KHL regulations concerning ice hockey dasher boards, which will demand hockey arenas to change their existing dasher boards to meet new rules and regulations. Vepe should keep an eye on the regulations to be able to offer its products to arenas.

Threats

The one and only threat for Vepe in the Russian market is the market competition. Such companies like Raita and ICEPRO are feeling great on the top-level dasher board market, while ordinary Russian ice hockey dasher board manufacturers are dominating the cheap-medium segment. Vepe can compete in both areas of the market, although the company is more focused to produce top-level products.

6.2 The decision on entry modes

As it was mentioned earlier in the theoretical part of the study, there is plenty of market entry modes to choose from. Sometimes it may even be not one, but several entry modes at once. The main things to consider:

- level of control which the company wants to keep for itself
- what the company plans to achieve in the market
- company resources.

As it is known from the empirical research, almost every Vepe's market entry was done either via agents or resellers. This means that Vepe usually doesn't pursue high level of control on new markets. The only exception being China, where Vepe's CEO Mr. Terkomaa personally curated the market entry and worked in tandem with the Finnish government. It must be pointed out, that Russia is not a typical European market with which Vepe is mostly used to work. The Russian market is much bigger, yet more quircky.

All the intermediate entry modes are unsuitable for Vepe, because the company doesn't want to transfer production to Russia yet. In addition, Vepe doesn't want to share its manufacturing process features with any other manufacturer.

Like it was described in the case company presentation, in 2018 Vepe decided to enter the Russian ice hockey market and assigned two sales representatives (hierarchical mode) to gather information about the Russian ice hockey market, promote Vepe products in expos/forums and to start creating a client base. Vepe sees potential in further development of the hierarchical mode on the Russian ice hockey market, but it requires lots of resources. And since Vepe brand awareness in Russia is still fairly low and there is no serious client base yet, the need to create a subsidiary is not urgent. If Vepe conquers a part of the Russian ice hockey market and gets a steady customer flow, the idea of creating a subsidiary, as the next step after sales representatives in the hierarchical mode, will rise.

Based on the theoretical part of the thesis, sales representatives are a step of hierarchical mode. The next step of the hierarchical market entry mode is creating a sales subsidiary. As Vepe is not yet ready to proceed to the next step of the hierarchical mode due to low brand awareness and yet unclear potential of its products on the Russian market, the author decided to propose starting a separate entry mode for compilation with the existing sales representatives.

During the interviews, the respondents urged Vepe to find valuable partners: agents or resellers with knowledge and connections in the Russian ice hockey market. Also, agents or resellers will make Vepe products able to participate in tenders and get sold in national currency, which will open new ways of distribution. Agents and resellers will assist Vepe in promoting its ice hockey dasher board products and boost sales, while Vepe official sales representatives continue to promote Vepe products in Russian ice hockey expos/forums and directly handle large projects (for example, with KHL teams). With such approach, Vepe will increase its presence in the Russian ice hockey market. When the share of the market becomes significant, it will have a perfect ability to follow the hierarchical mode market entry and create own sales subsidiary. After setting up a sales subsidiary, Vepe can follow the ideas of localizing production and import substitution of products on the Russian market, transfer and place part of the technology and production facilities in Russia.

6.3 Target customers in Russia

Vepe has dasher board products which cover every part of the segment: from cheap and simple dasher boards to top-level ones. It is not a secret that Vepe mainly known with top-level products like Beta and Zeta, because Vepe focuses a lot on latest technologies. This makes Vepe very competitive in the top-level dasher board segment, which is mainly demanded by KHL teams and expensive arenas.

However, after gathering information about the Russian ice hockey market, it becomes obvious that the cheap-medium ice hockey dasher board segment is also in high demand right now. This can be especially seen from the document called Russian Ice Hockey Development program, which was analyzed in the social part of the PEST analysis in the thesis. This document, published be Russian Hockey Federation, states that during 2018-2022 the Russian government will subsidize lots of Russian regions with ice hockey fields to support youth and amateur hockey. The number of outdoor ice hockey fields will increase from 2583 to 5000+. Vepe shouldn’t miss this opportunity to offer its cheap-medium class products Epsilon and Omega, as this is also a great possibility for Vepe to gain a market share and compete with Russian manufacturers.

Concerning these factors, the author advices Vepe not to focus only on top-level dasher board segment, but also try to compete in the cheap-medium segment of dasher boards. The competition in the low-level dasher boards will be harder for Vepe, because Russian competitors produce cheaper products. However, Vepe can try to create a competitive pricing policy and promote its products as more durable and safer for the players, which is always a benefit for young ice hockey players.

6.4 Possible partners for Vepe in Russia

As an addition, the author decided to provide Vepe with two possible options of partners, agents/resellers for the Russian market. Vepe can consider these Russian companies when searching for appropriate agents and resellers for the market entry:

- Karmed – a Russian agent/reseller based in Petrozavodsk. The company successfully operates with European exporters for more than 20 years. Its location is close to Finland. Unlike cities like Moscow and St. Petersburg, Petrozavodsk has lower salaries and taxes, which allows to achieve cheaper operational costs and cheaper warehouses and storage costs for spare parts. Moreover, the company has an ability to participate in tenders and can operate with Russian rubles.

- DMTEL-M – a company which specializes in implementation and integration of challenging solutions, including IT, location systems, hardware and engineering equipment into ice hockey arenas. This company is an official KHL partner with a lot of connections in the Russian hockey, including all KHL teams and top-level hockey arenas around Russia. The headquarters are located in Moscow.

These companies shouldn't be counted as the only possible options for Vepe and are actual recommendations of the interviewees. However, the companies should be considered first, as they received personal recommendations from the reliable sources.

7 CONCLUSION

This chapter presents the key findings, which are based on all the gathered information. The chapter contains answers to all the announced research questions, proves the validity and reliability of this research and offers some possible suggestions for further research.

7.1 Answers to the research questions

The research focused on the Russian hockey market and on ice hockey dasher boards in particular. The case company wants to increase the market share in Russia with its dasher boards. To achieve this goal, the main research question was created: How should Vepe Oy enter the Russian market with hockey dasher boards? To answer this research questions, the following sub-questions were created. The sub-questions will be answered first.

What is the current situation on the Russian ice hockey dasher board market?

The Russian ice hockey market is pretty formed and narrow. Federal programs keep developing ice hockey with serious attention, because hockey is considered to be a national sport in Russia. This boosts the interest in ice hockey and creates a greater demand for hockey arenas.
Finnish companies like Raita and ICEPRO are dominating in the top-level dasher board segment, because they entered the Russian market 10 years ago and already gained their market share. Meanwhile, cheaper local Russian dasher board manufacturers own the cheap-medium market due to their low cost of raw materials and labor.

Is there potential for Vepe in the Russian ice hockey dasher board market?

Yes, there is certain potential in the Russian hockey market for Vepe. Russia has significantly more professional ice hockey teams than in any European country. The market is rapidly growing, and the Russian government is paying a lot of attention to popularization of ice hockey, subsidizing hockey arenas and outdoor hockey fields. This was described in chapters 1,4 and 5. As the demand rises, Vepe has multiple opportunities to offer its products and gain a market share.

What is the brand awareness of Vepe in Russia?

The brand awareness of Vepe remains relatively low in Russian ice hockey market. This issue requires a lot of attention in order to make Vepe visible and competitive in the Russian hockey market.

How should Vepe Oy enter the Russian market with hockey dasher boards?

In order to answer this main research question, theory on market entry strategies was studied and analyzed. The product line of the case company was also described and analyzed, and people from the ice hockey industry were interviewed to create a beneficial market entry plan. After analyzing all the gathered information, the author decided that Vepe should enter the Russian ice hockey market via direct export mode, using one or several agents or resellers. This will help to raise the brand awareness, create an ability to compete in tenders and accept Russian currency as payment. Also, Vepe should keep its sales representatives to participate in ice hockey-related expos and forums and to deal with VIP-clients. When brand awareness improves and market share grows, Vepe should consider following the next step of the hierarchical mode by opening a subsidiary. The sales subsidiary in Russia will allow to follow Russian localization and import substitution program by transferring part of the technology/production facilities in Russia. This will make it possible to present Vepe products as a localized product and, very importantly, to provide localized repair services for Vepe products in the Russian market.

7.2 Validity and reliability

The main purpose of the research was to answer all the research questions. In this research, the objectives were met, as the author answered all the research questions. Information for this research was gathered from secondary and primary sources. Primary sources consisted of the interviews conductes for the research, completed with the author’s existing knowledge in the ice hockey industry. Secondary sources were gathered from internet-based sources and literature. Based on the mentioned facts, this research can be stated as valid and reliable.

7.3 Suggestions for further research

This research focused only on ice hockey dasher boards and how Vepe should enter the Russian market with these certain products. However, Vepe produces not only hockey dasher boards, but also multifunctional sports arenas called multicourts. As multicourts are also considered to be a part of sports arenas segment, it might be useful to conduct a research for them and understand if there is a demand for such product in Russia.

8 SUMMARY

The aim of the study was to help Vepe to understand the best way to enter the Russian market with hockey dasher boards and gather all the possible information about the Russian ice hockey dasher board market. The final goal was to create a development plan with suggestions for Vepe and to answer the research questions on the current situation in the Russian hockey dasher board market.

In the introduction the author described the reason for conducting the study and described how the thesis will be structured. This was followed by theory on market entry, where various market entry modes were described in detail. The next step was the case company presentation, which included product line overview and its current situation.

The next chapter presented Russia as a target market. PEST analysis and Porter's Five Forces analysis were conducted, and the Russian ice hockey market competition and segmentation were reviewed. Then came the empirical research and data analysis part, where five interviews with people related to the hockey industry were interviewed, both in Russia and Finland. Then the interviews were separately analyzed.

With all the information gathered and analyzed, the final part provided the market entry plan and possible solutions regarding the market entry of Vepe to Russia. The market entry plan was based on the theory about market entry modes combined with the data from the empirical study on the Russian ice hockey market.

In the end, all the research questions were answered. Based on all the gathered information the author concluded that the most suitable market entry mode for the case company is direct export combined with official sales representatives. The next possible step, which should be considered after getting a share on the market, is the creation of a subsidiary in Russia.

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APPENDICES

APPENDIX 1. An interview with Antti Terkomaa (CEO of Vepe Oy).

1. How are products sold in Europe / Asia?
2. What currency is acceptable for a deal?
3. What are the best-selling products and how often a dasher board is changed?

APPENDIX 2. An interview with Roman Ryabkov (head of international operations in Jokerit ice hockey team, ice hockey enthusiast in Finland).

1. Tell freely about the Russian hockey market, especially arenas from your perspective?
2. How often do Jokerit/other KHL teams modernize a dasher board?
3. Do you see potential on Vepe to succeed in Russia? If yes, why?

APPENDIX 3. An interview with Andrey Karpilovich (ice hockey enthusiast in Russia, entrepreneur, PhD EMBA)

1. Tell freely about the Russian ice hockey market, especially arenas from your perspective?
2. Do you see potential on Vepe to succeed in Russia? If yes, why?

APPENDIX 4. An interview with Alexander Perelman (vice-chairman of St. Petersburg committee for physical culture and sports).

1. What is the best way for Vepe to enter the Russian ice hockey dasher board market?
2. Does St. Petersburg committee for physical culture and sports have any own projects in the ice hockey arenas market? If yes, how can Vepe offer its products for the projects?

APPENDIX 5. An interview with Igor Dyomin (hockey stadium manager in St. Petersburg).

1. Do you see potential on Vepe to succeed in Russia? If yes, why?
2. As a stadium manager, would you concern Vepe as a possible dasher board supplier?