

Market Entry Strategy for Kari Finn float switch into the Nigerian Market

Case Company: Kari Finn Oy

Abstract

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Title of publication Market Entry Strategy for Kari Finn Float Switch into the Nigerian Market Case company Kari Finn Oy		
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<p>Abstract</p> <p>For every business that considers market expansion on an international scale, adopting the right market entry mode for specific markets is essential. It lays the foundation for the strategy and exposes the risk levels and benefits for the proposed plan. The main drive of this thesis is to make a research on the market entry modes which Kari Finn Oy, the case company, can adopt in expanding their float switch market in a foreign country, Nigeria.</p> <p>The theoretical part of the thesis adopts a deductive approach to evaluate and analyze the various modes and theories of market entry to make a concrete decision on the best entry strategy for Kari Finn Oy. It also examines the PESTEL analysis, SWOT analysis, and Porter's five forces to reveal how they play in influencing the case company's market entry strategy. Additionally, the qualitative research method was used to extract answers to the research questions raised in the thesis. Primary data was collected through interviews with relevant company and industry stakeholders and secondary data were obtained from internet sources and other existing literature.</p> <p>The study result reveals that there are several possible strategies that the case company, Kari Finn Oy, can adopt to enter the Nigerian market. It also indicates that the most viable entry strategy will be through foreign direct investment by the establishment of a subsidiary firm in Nigeria. According to the study, this strategy will give the case company, Kari Finn Oy, the long-term benefit to leverage on ownership of facilities, have direct dealings with suppliers and customers alike, and invariably a stronger control of its business operations. Further studies are required to significantly analyze the Nigerian market as well as the unique customer persona within the supply chain. The result of the thesis can be used to give insight and information to the case company for its market expansion goals.</p>		
Keywords: Market entry mode, market segmentation, international market, Kari Finn float switch, market strategies, the Nigerian market		

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1 INTRODUCTION

1.1 Background

The existence of float switches dates to the 18th century. The product was originally a magnetic float that functions via induced movement of needles that indicate liquid levels. Over the years, float switches have transformed and have been fitted with more advanced technology to what it is now. It is a device usually connected to a computer system used to detect the level of liquid in a tank, sends an alarm signal to control (automatically turn on or off) the level of liquid based on a pre-set parameter.

The float switch technology has been of immense use in various industries. The technology is being operated broadly by experts in the brewery, water corporations, waste management, pharmaceuticals, automotive industries as well as private use in residential estates operating pumping machines and other minor plumbing and water management systems.

The manufacture of float switches is being engaged by a lot of companies around the world in Asia, The Americas, Europe, and as well in Africa. One of the European based companies involved in the manufacture of the float switches is Kari Finn Oy located in Finland. The multilevel float switch is one of their major products with distribution across the Nordic states in Europe.

Kari Finn Oy is one of the leading manufacturers of float switch products in Finland with over 50 years of manufacturing experience. The company has successfully produced millions of high quality and durable float switches over the years which it has designed and tested to suit a variety of industries as well as exported to every continent in the world. Kari Finn float switch product has a heavy market representation and distribution across the Nordic countries in Europe.

Having positioned itself as a global company in the float switch industry, Kari Finn Oy has enjoyed a lot of recognition and patronage from long-standing customers. It has also achieved a level of success which has become consistent in income, customer base, and profit margins over the past decade. The dawn of a new decade presents the company with another opportunity to reconsider its strategy, set new goals of achievement, and reposition itself for a new level of success through market expansion. Taking a global view of the penetration of the Kari Finn float switch product, Africa as a continent is identified as a target market that has not been fully explored even though some level of penetration

has been attempted in the past. A look at Nigeria as a target market for penetration is being considered.

Nigeria is Africa's most populous nation with over 199 million people. The West African country has one of the greatest economies in Africa with a GDP of \$446.543 billion. It is a mixed economy with emerging markets in manufacturing, telecommunication, technology, and entertainment. The country presents a ready opportunity for Kari Finn Oy to achieve its market expansion goals.

1.2 Objectives and Research Questions

As a way of introducing the Kari Finn float switch into the Nigerian market, it is the objective of the thesis to determine the effective market strategy that will aid successful entry of the product while maximizing profits.

In this thesis, the main research question is as follows.

What are the most effective market strategies for the Kari Finn float switch to penetrate the Nigerian market?

As a fall out of this major research question, other sub-questions arise to enable a more detailed and thorough analysis below:

- *What are the peculiarities of the Nigerian market?*
- *What are the factors that affect the choice of market entry mode of Kari Finn company into Nigeria?*
- *What will be the challenges expected when they enter the Nigerian market?*
- *What are the resultant effects of these proposed market strategies?*

1.3 Limitations

There are always limitations in every research carried out. One of the limitations of this study was partial access to corporate information about the case company. Even though the author was granted the audience to interview key personnel, some level of classified information was held back. As such, the study only represents as much information that was given.

It is well established that there are more sophisticated devices such as radar, capacitive level sensors, ultrasonic level sensors, etc. which also serves as liquid level detection.

However, the float switch continues to be the simplest and most reliable technology for liquid level detection. This research is, therefore, limited to float switches.

1.4 Theoretical Framework

The research thesis is focused on market entry and market strategies of the Kari Finn float switch product into the Nigerian market. Decker & Zhao (1994.) states that the choice of market entry mode is one of the most critical strategic decisions for Multinational Enterprises (MNEs). It affects future decisions and performance in foreign markets, and it entails a related level of resource commitment which is difficult to transfer from one to another, especially from a high level to low level. The author has chosen to do a study on the various market entry modes which multinationals should consider, these are exporting, foreign manufacturing, joint venture formation, and wholly owned subsidiaries.

Additionally, the author has chosen to analyze the theories of market entry mode as the primary reference.

There are four theories of market entry mode which the study will examine to make informed deductions on the most suitable market entry modes for Kari Finn Oy into the Nigerian Market (Singh 2013, 28-35.) These are:

- *The Eclectic theory of market entry mode*
- *The Transactional cost theory of market entry mode*
- *The Behavioural theory of market entry mode*
- *The Bargaining power theory of market entry mode*

The entrant of a company's product into a new market, especially when it involves a new country, is one that must be tactically done. A lot of factors and variables play and strongly determine the best approach and strategy to operate. The purpose of adopting this framework is to help us probe further and develop empirical research which will also be explained and opened in these specific parts.

1.5 Research Methodology and Data Collection

To show how the research outcome at the end will be obtained in line with meeting the objective of the study, the author has illustrated via Figure 1, the steps involved and the process through which data will be collected, analyzed and outcomes evaluated.

The methodology will involve a literature review on relevant theories that will support the framework thereby giving it a more credible background. Building further, this will be the

crust of the matter where we will engage target segments or players in this discourse using the various data collection tools such as questionnaires, interviews as well as other sample strategies to mine useful information and followed closely by an analysis of findings and data collected.

This thesis will adopt a deductive approach that comes with a combination of primary and secondary methods of data collection as illustrated below.

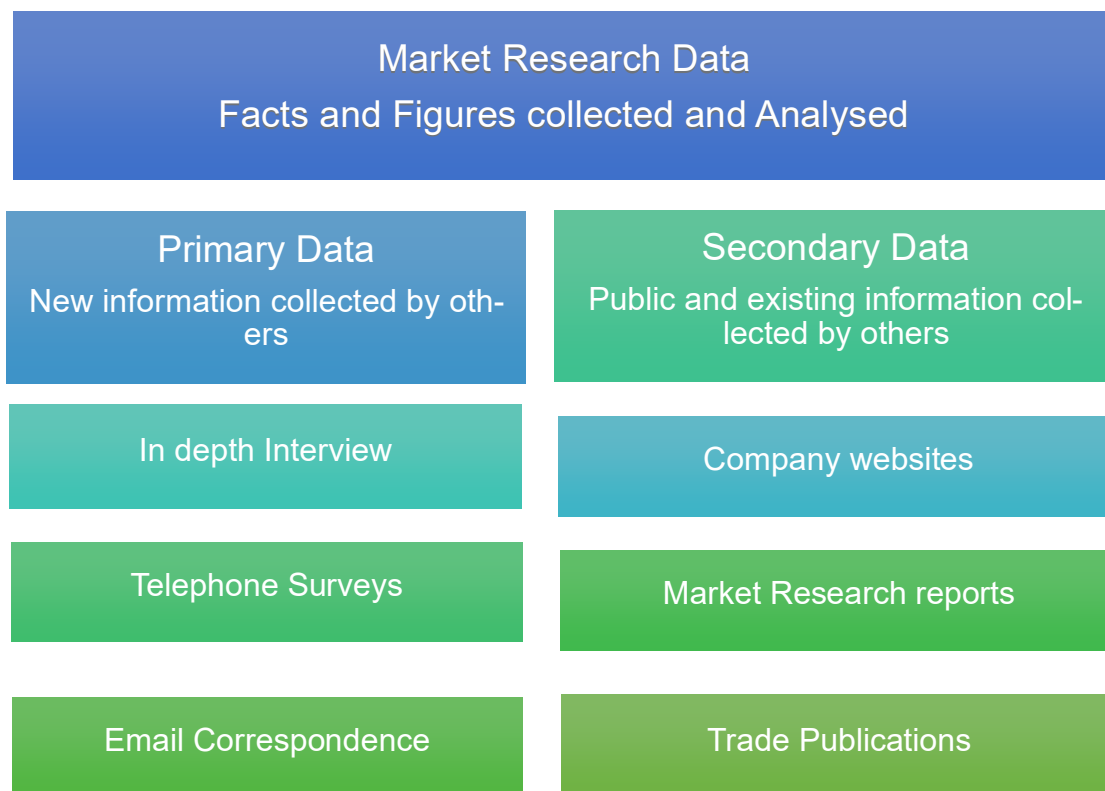


Figure 1 Research methods

1.6 Thesis Structure

The thesis is structured in seven (7) parts detailing the flow of thought and work process. Chapter one (1) gives a more general and blanket overview of the research, introduces the research topic, raises salient questions to be considered as well as establishing the research methodology. Chapter two (2) presents the market entry modes and theories that speak on possible strategies for new market entry. Chapter three (3) analyses Porter's five forces, PESTEL and SWOT analysis to give the reader a clearer insight into the factors to consider as well as the variables that actively affect market entry strategies. As

we move further down in Chapter four (4), the research begins to take a more tailored approach as it deals more specifically on the details about the case company, giving an overview of Kari Finn Oy, its products, distribution channels and other market details that will aid the research. More specifically are the empirical research and analysis obtained in chapter five (5). This covers data collected from interviews with the company and industry stakeholders and an analysis of the questions asked and the responses received. Chapter six (6) builds further on the results acquired from the data analyzed and gives a position on the best market entry strategies to be adopted by KARI Finn Oy. Chapter seven (7) presents a synopsis of the research, answers the research questions and gives the resultant conclusion of the thesis.



Figure 2 Thesis structure

2 NEW MARKET ENTRY CONSIDERATIONS

2.1 Situation Analysis

Internationalization occurs when a firm expands its research and development, production, selling, and other business activities into international markets. In many larger firms, internationalization may occur in a relatively continuous fashion with the firm undertaking various internationalization stages on various foreign expansion projects simultaneously in incremental steps over a while (Hollensen 2011). Internationalization is referred to as doing business in many countries of the world but often limited to a certain region e.g. Europe. A firm may choose to expand its business beyond countries within the same region into other regions of the world. This concept is known as globalization. According to (Hollenson 2011, 50), globalization is the trend of firms buying, developing, producing, and selling products and services in most countries and regions of the world. He further reiterates that a company may decide to go global for various reasons which may include foreign market opportunities, tax benefits, technological competence, managerial urge, profit, and growth goals amongst others. It is against this backdrop that the various market entry modes and theories are being examined.

Market entry mode stems from the concept of international investment. Wind and Perlmutter (1977) reasoned that the choice of market entry mode has an excessive bearing on international operations and can be held as “a frontier issue” in international marketing. Root (1994) asserted that the choice of market entry mode can be said to be one of the most critical strategic decisions for multinational enterprises and companies to make. It concerns forthcoming decisions and performance in foreign markets, and it requires a concomitant level of resource assurance which is challenging to transfer from one to another; particularly from high level to low level.

2.2 Market Entry Modes

The choice of market entry mode is a critical strategic decision for firms intending to conduct business overseas. Chung & Enderwick (2001). Singh (2013), states that corporations entering a new market must take into consideration many market entry modes that are available to start their operations in a foreign location. There is, however, no ideal market entry strategy, and different market entry methods might be adopted by different firms entering the same market and/or by the same firm in different markets. (Hollensen 2011). He maintains that these modes of entry involve different degrees of control, risk, and flexibility. From the perspective of a manufacturing company, the category which the case falls under, Hollensen classifies market entry modes into three (3) groups:

- *Export modes*: This is the most common 'initial' entry mode for international markets and is executed when the products of the company are manufactured in a third-party country or home country and then exported to the host country where it is required for sale. Exports are executed either directly, indirectly, or via cooperative export marketing groups. A company may consider export mode as an initial entry strategy and gradually evolve to a foreign-based operation.
- *Intermediate modes*: Unlike the export entry mode, the company finds production in the home country and exporting to another as a tedious venture and may decide to rather have shared ownership with a local partner in the host company. The intermediate entry mode thrives on a partnership relationship where there is a transfer of knowledge and skills between partners to make foreign sales. This is a vivid example of a joint venture or contractual agreement where there is no full ownership of the business, but it is rather shared and controlled between the parent company and the foreign-based company. The intermediate market entry mode provides the company with an assortment of business engagements such as licensing, franchising, management contracts, turnkey contracts, joint ventures, and technical know-how or coproduction arrangements.
- *Hierarchical Modes*: It is an investment mode that involves a high level of control, high risk, and low flexibility. This mode of international market entry presents a situation where the company completely owns and controls the business operations. It gives the company firm ownership and invariably high control but at the same time presents a high level of risk through the commitment of heavy resources into foreign markets. This risk level reduces the chances of a company to make changes to its entry mode easily or swiftly. This entry mode choice involves compromises between the company's control and flexibility as both cannot exist side by side in this market entry choice.

To summarise, Vrontis D, Thrassou A and, Wei C-H. (2006) illustrates the different entry modes and their entry methods as follows:

<i>Models</i>	<i>Method</i>
Export entry models	Indirect export Direct agent/distributor Direct branch/subsidiary Others
Contractual entry mode	Licensing Franchising Technical agreement Service contracts Management contracts Construction/turnkey Contract manufacture Co-production agreement Others
Investment entry model	Sole venture – new establishment Sole venture – acquisition Joint venture – new establishment/acquisition Others

Figure 3 Types of market entry modes. (Vrontis D et al., 2006.)

2.3 Theories of Market Entry

Building on the foundation of the market entry modes discussed, there are four theories of market entry mode.

- The Eclectic theory of market entry mode
- The Transactional cost theory of market entry mode
- The Behavioural theory of market entry mode
- The Bargaining power theory of market entry mode

The eclectic theory of market entry mode

This theory analyses the firm's decision to invest in a market by the ownership, location, and internalization factor. Dunning & John H (1970). The eclectic theory proposes that for a firm to internationalize, it ought to have certain advantages for it to be able to compete effectively with the home country firms. Roy & Dibrell (2002). The theory proposes three conditions for international production or trade based on:

- Ownership of foreign facilities: This condition places the company in a position of advantage over other firms by possessing intangible assets such as know-how.
- Locational advantages: There are peculiar privileges that accrue to an organization due to its location in a foreign country. These include labor, energy, materials, transport, communication channels, legal frameworks, and government policies.
- Internalization advantages: The condition for internalization that must be fulfilled is that of ease of doing business and having a profitable advantage when it comes to timely delivery of goods, control over pricing, the distance between resources, and cost involved in transportation or exportation. (Roy et al., 2002.)

The transactional cost theory of market entry mode

This theory propounds that the entry strategy is based on the issue of control (Deng 2003). The transaction cost theory has expanded its breath to strategic management and international business in seeking to explain how firms internationalize and the structural arrangements required to improve the odds of success. (Martins et al., 2010, 2.) The hypothesis that organizational structure and design are determined by minimizing transaction costs, they concluded that MNEs choose a specific mode of market entry which maximizes the long-term risk-adjusted efficiency. (Zhao and Decker). The choice depends on four constructs that determine the optimal degree of control: transaction-specific asset, external uncertainty, internal uncertainty, and free riding potential.

Entry modes are assessed by the level of control and the degree of control can range from high to low depending on the costs involved. (Singh 2013, 22) adds that certain factors influence the decision of a firm or company for the kind of control they want to exert, these are technology, brand, products, assets involved, risk level, company experience, and government policies.

The behavioral theory of market entry mode:

This theory states that market entry commitments of a firm are based on the corporation's knowledge of the market, it further states that there is a proportional positive relationship between the resources that are committed and the knowledge of the firm about the market that it is entering. (Erramillii & Rao, 1990.) This theory is mostly hinged on the level of knowledge the company holds about the market it chooses to enter. It means that the more knowledge it has, the more committed a company can be to invest in a market and vice versa. The behavioral model is reactive in that it is a slow, gradual process of gaining knowledge of the foreign market to minimize its risks and exposure levels while trying to maximize profits. According to (Singh 2013, 27), there are two kinds of knowledge a company can have either objective where it depends on information from experts in that

market or industry, or experiential where the company has hands-on experience of the market it chooses to enter. The amount of market commitment that a corporation has for a given market is assumed to be composed of two factors:

- The amount of resource that has been committed
- The degree of commitment of the company

The bargaining power theory of market entry mode

This theory hypothesizes that there is a struggle for ownership or control of the enterprise between the multinational corporation and the host nation. (Nathan & Wells, 1982.) The main thrust behind this theory is that of the struggle for ownership and control during the market entry. In this theory, the bargaining power of the firm or home company is hinged on its ownership of a product, business idea, resources, etc., while the host country bargains on its control over the market so to say; such as local materials, government policies, labor, etc. A lot of variables play actively and influence the bargaining power of both parties involved. These range from the capital to product range and differentiation with regards to advertising, technology, management expertise, country risk, and familiarity of the culture of the host nation. (Singh 2013, 20.)

3 NIGERIA AS A TARGET MARKET

3.1 Porter's Five Forces

A comprehensive industrial analysis is required to give a bird's eye view of the float switch market in Nigeria. For Kari Finn Oy to compete favorably and be adequately prepared for new market entry, Porter's five forces will be considered. These include competitive rivalry, bargaining power of customers, the threat of new entrants, bargaining power of suppliers, and threat of substitute products.



Figure 4 Porter five forces

3.1.1 Competitive Rivalry

The float switch market in Nigeria is heavily saturated. Much of the market share product is held by Italy while some other float switch products in the market are supplied from Germany and China. They not only have cheaper versions of the products, they are also readily available and can be suited to fit most customer's budgets. The float switches are easily affordable and durable. The float switch market in Nigeria is very huge due to the large population with varieties of users across different sectors. This has created room for users to test new products. Some of the float switch products available in the Nigerian market include Deutz Float switch, Stuart Turner F1 float switch, Matic Float Switch, etc.

3.1.2 The Bargaining Power of Customers

The bargaining power of customers comes in different ways and this affects how well a new product is going to fare in the market. Already, the Nigerian float switch market is saturated. The author provides a possible way at which the bargaining power for the Kari Finn float switch will be sustainable in realizing its set goals in the new market. The bargaining power is the consumer's ability in the area that affects the price of the product through negotiation. The strongest power that buyers can exert is to lower prices, which in turn impacts the profit potential. (Martin, 2004.) The effects of the Covid-19 pandemic have hit the economy of Nigeria so bad that it is experiencing a recession having survived the last one in 2016. This, therefore, means that consumers are more likely to spend on the most essential needs like food and health-related items and slow down on other expenses just to conserve limited finances. This does not look good for a new entrant as the times are not favorable. The bargaining power of customers is therefore heightened through lowered prices, greater quality, and other additional services which the new entrant should consider.

3.1.3 Bargaining Power of Suppliers.

Supplier power, on the other hand, is leveraged from the supplier's side by controlling the costs or quality of their goods. Low supplier power can make the industry sound more interesting altogether. However, the bargaining power of suppliers does not affect the market entry of Kari Finn Oy at its initial stage.

3.1.4 The Threat of New Entrant

New entrants into any industry spell a threat to the existing players. New entrants come with their clauses, they may present themselves to consumers as a direct alternative to a company's product or services using all manner of incentives, competitive costs, quality, etc, and contend for market share. However, this will not be considered at this level because the Kari Finn float switch seeks to enter the Nigerian market.

3.1.5 The Threat of Substitute Products

Float switch products already exist in Nigeria, and consumers still make use of float switches products in their homes, factories, etc. This clearly shows that the consumers have choices to select from, they have had their fair share of these product experiences and have probably become loyal to certain brands in the market. These existing brands

already have a foothold on the market share and stand as alternatives to the Kari Finn float switch.

3.2 PESTEL Analysis

When considering markets to enter and the best strategies to adopt, a lot of factors must be properly thought through. Many external factors affect new market entry. To give perspective, clearly define and understand the peculiarities of the Nigerian market, the PESTEL analysis is being considered. It is a model used for analyzing and monitoring the various external factors that can affect or impact the market entry strategy of a product. These are the political, economic, social, technological, environmental, and legal factors.

3.2.1 Political Factors

The political factors refer to the extent the government intervenes in the economy. (Rothaermel, 2016.) The political terrain in Nigeria is one that cannot be overlooked. With a democracy of about 21 years, the country has enjoyed a level of stability. The tussle for the presidential seat has steadily rested on the two largest political parties in Nigeria PDP and APC. Suffice to say, that a change in government, especially from the ruling party to an opposition party, leaves a high possibility of changes in policies. Although the political arena in Nigeria has been one laden with corruption, the current president has made known his commitment and has taken steps towards fighting corruption as well as tackling the issue of insecurity that has plagued Nigerians in the Northern parts of Nigeria which will greatly give new entrants the confidence they require to do business in the country.

3.2.2 Economic Factors

In the wake of the current Covid-19 pandemic, the world is experiencing a global recession with a glaring economic downturn in Nigeria. The sad truth is that this is only the beginning of the crisis as the pandemic is very much underway. The Covid-19 pandemic so far has impacted Nigeria's economy via five major touchpoints. Borrowers' capacity to service loans has been hampered. Oil demand shocks which were reflected in the sharp decline in crude oil price from nearly \$60 per barrel to as low as \$30 per barrel in March 2020. Supply shocks in the global supply chain as many importers shut down their factories and closed their borders, particularly China. This severely affected Nigeria being an import-dependent country and as a result, Nigeria witnessed a shortage of crucial supplies like pharmaceutical supplies, spare parts, and finished goods from China. The national budget which was also affected was initially planned with an oil price of \$57 per barrel. The fall in the oil price to \$30 per barrel meant that the budget became obsolete and a

new budget had to be formed that was repriced with the low oil price. Finally, Covid-19 pandemic affected the Nigerian stock market. Major market indices in the stock market plunged when investors pulled out their investments into so-called safe havens like the US Treasury bond. (Peterson, 2020)

3.2.3 Social Factors

With a population of over 199 million people and the largest economy in Africa, Nigeria presents a huge potential for doing business. Likewise, certain key socio-cultural factors hold and must be considered for market entry strategies. These touchpoints include ethnic and religious diversity. Nigeria has over 250 different ethnic groups and dialects. Therefore language, in general, goes a long way in driving communication. The nation holds fast to its religious behavior as religion is seen as the opium of society. The two main religions practiced are Christianity and Islam. Considerations must be given to these by every new entrant. Additionally, Nigerians are very keen about the brands they patronize and have the “herd mentality” where trending products become the rave of the moment today and the next day some other brand takes the lead. Therefore, companies invest heavily in advertisements to remain relevant, increase their word of mouth, and maintain top of mind awareness. (Oluwole, 2017)

3.2.4 Technological Factors

Technology is the new rave of the game. The present reality has further made it highly relevant to today's realities. The use of smartphones has made technology readily accessible to most of the population. It has also proven to be one of the driving forces that sustain businesses and help them remain relevant. Many businesses are seeking new ways to reach and connect with their target audience. The concept of digital marketing has become widespread. Many businesses have adjusted their business models to keep remaining relevant and profitable. This is one of the models Kari-Finn Oy will adopt to reach its target audience.

3.2.5 Environmental Factors

The Federal Government of Nigeria has played a key role in protecting the country's ecology. Furthermore, State governments are also empowered to create laws and policies which ensure that the environment is always protected. Businesses are also expected to follow environmental laws in Nigeria. The government has created policies on the emissions and material standards for different equipment imported or sold in the country.

3.2.6 Legal Factors

Businesses operating in Nigeria require registration as well as the right licenses to operate. Furthermore, businesses exporting products to Nigeria should have their products registered and approved by the bureau of standards. Processing of the licenses, as well as registration of businesses in Nigeria, is relatively fast thus making the environment conducive for international companies such as Kari Fin Oy. However, there are tax laws set in motion which foreign companies must adhere to. These are managed by the Federal Inland Revenue Services. Companies seeking to be registered to do business and open bank accounts in Nigeria are expected to get their Tax Identification Number via which they will make remittance to the federal government. Tax evasion is not acceptable in Nigeria and comes with penalties. Additionally, labor laws whether strict or relaxed can determine certain actions with regards to recruitment, remuneration, etc which can have an impact on the profit margins in the company.

3.3 SWOT Analysis

SWOT analysis is a powerful tool used to analyze and develop a marketing strategy. It is also used for different purposes when creating strategies for a company and covers both the internal and external issues which may affect the company's growth and operations. The four different components which include strengths, weaknesses, opportunities, and threats of the case company introducing the float switch product into the Nigerian market will be examined.

This analysis as given is hinged on the author's understanding and knowledge of the Nigerian market as well as information about the Kari Fin float switch product. Also, it is analyzed based on existing market entry theories. Illustrated below is a SWOT Analysis table for Kari Finn float Switch and a comprehensive explanation of each component.

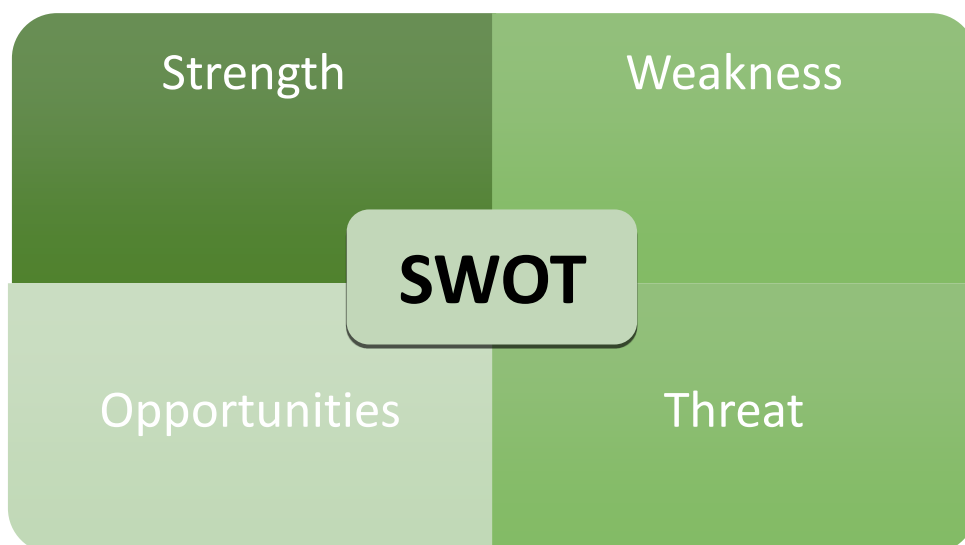


Figure 5 SWOT analysis

3.3.1 Strength

The Nigerian market is business conducive on both local and global scale. This increases the propensity for Nigeria to grow and stabilize its economy in the future. Nigeria has a functional monitoring system to monitor the country's currency and protect it from devaluation. The country has one of the most reliable telecommunication networks, which gives the Kari-Finn the requisite environment to expand its market. Also, Nigeria's population is over 199 million people and the majority are active young people. This is to the advantage of Kari Finn Oy investing in the country as it will obtain enough market for its goods and the necessary workforce to facilitate the penetration into the broad market. Rising oil and gas prices are promoting a stable foreign exchange market in Nigeria, boosting other businesses in the international market map. The government funding infrastructures such as the rural water development and the emphasis of the current poor infrastructure in major cities causing insurgence of water management projects in Nigeria.

3.3.2 Weakness.

Nigeria is still counted as a developing country, which hinders the competitiveness of its local and foreign markets. The major problems in the Nigerian market, which have forced many businesses out of the market is the power supply and financial resources. These two main challenges have brought down the productive and competitive nature of the Nigerian market. Also, there are a lot of restrictions on accessing loans to run the business in the country. Nigeria, as compared to developed countries, has very weak technological

advancement and most of the labor force has not been conversant with the current technology. Finally, Nigeria relies heavily on income from the oil sector and most of the local population does not diversify. The corporate issues in Nigeria are not addressed, which can be dangerous to new investors.

3.3.3 Opportunities

There are a lot of chances for Kari-Finn to prosper in the Nigerian due to several factors. The high population in the country creates high demands for products and services. Also, the country is undergoing economic transformation and growth; hence, there are high chances for the new business to flourish in the country. The diverse opportunities being advertised by the Nigerian government can be used by Kari-Finn to establish the potential market for their business to grow. The Nigerian government has created a conducive environment for both global and local companies to diversify and boost its competitive nature in the worldwide market. Furthermore, the Nigerian government has had a lot of focus on strengthening market liquidity by giving out offshore bonds regularly.

3.3.4 Threats

The major risks in the Nigerian market are the increasing rate of crime, money frauds, and scams. This heinous action hinders productivity and the competitive nature of a business start-up. Water shortages in the country also contribute to the slow growth of business ventures. Poor infrastructures in the country may hinder the movement of goods to prospective customers. The country has fallen victim of mismanagement, corruption and unreliable cohesion is also a threat to business ventures.

4 CASE COMPANY PRESENTATION

4.1 Company Overview

Kari-Finn Oy is an electrical electronics manufacturing company founded in 1965. The Finnish family-owned company is a subsidiary of KFR Hollola Oy. The main product of the company is a multi-level float switch; a cable-suspended control device that controls the liquid level in a tank as it rises or falls. Kari float switch makes it possible to have multiple functions with just one switch. Kari-Finn Oy also produces many other electrical devices besides the main product, such as electrode switches based on the conductivity of the liquid, silo switches made for surface level control for loose storage items, temperature-based thermal fuses, watertight pump cable connectors, and alarm and control units for pumping stations. (Kari Finn. 2010)

4.2 Company History

Kari Finn Oy was established in 1965. The company was initially named as Mauno Kari being the owner of the company. He was an engineer and inventor of the Kari float switch. After a couple of years, the company was later named as Kari-Finn Ky. At that point, Kari-Finn Ky began to make for itself the plastic parts it needed for the float switches. As demand increased, it also began to produce plastic parts for other industrial companies in the Lahti region. Kari-Finn Ky was divided into two companies in 1988: Kari-Finn Oy making float switches and its subsidiary company Muovisto Oy making plastic parts. In 2008, a new parent company, KFR Hollola Oy, was founded. It started to take care of corporation lead services, management, financing actions, and research and development services. At the same time, Kari-Finn Oy and Muovisto Oy became the subsidiary companies of KRF Hollola Oy. Muovisto Oy carried out a management buyout in 2015. Currently, Kari Finn employs about 10 people and they are responsible for the overall management of the company.

Kari level float switch is a recognized world brand and a respected product known for its top-quality service. In 1977, it was presented with a gold medal at the Brussels International Inventors Fair for a product widely exported all through Europe, part of the Americas, Asia, and South Africa. (Kari Finn. 2010)

4.3 Current Situation

Kari Finn Oy with over four decades of experience, doing business has fared quite well. The company has established about 30 distributors across several countries in Europe, including Finland and Russia, Asia, the Pacific, North America, and Africa.

Although the company has this span of the distributorship, it still has a vast untapped market in Africa and has not explored the possibilities or prospects of collaborating with partners across these distribution channels for a more robust and penetrative stand in the global market.

Consequently, this strategy has brought the company thus far and has plateaued into low sales, and stunted growth globally. Therefore, a new strategy is required to expand the scope of doing business through innovative tactics, re-channelling the company's resources that will bring about the much-needed market expansion and profitability.

4.4 Product Portfolio

Kari Finn Oy produces and offers a variety of float switch products and other liquid electrical components. These products are manufactured in Finland by Kari Finn Oy and distributed across several countries in Europe. The Finnish market forms the bulk of their product consumers. Amongst the products manufactured by Kari Finn Oy include:

- KARI surface switches
- KARI EL 22 Electrode switch
- KARI ELP Electrode switch
- KARI MS Silo switch
- KARI ATEX products
- KARI Alarms
- KARI Starters
- KARI PKL Multipole connectors
- KARI LS90 Thermal fuses
- KARI Sensors

However, the focus of this study will be the Kari Finn float switch.

4.4.1 KARI PKL Float Switch

The KARI PKL float switch is the world's most versatile float switch. Unlike the other products in the market, the Kari float switch comes with a four-point level switch. The Kari float switch not only serves as an alarm system for a predetermined liquid level but can also be

used to control the filling and emptying of a tank. One can set the threshold values easily, with no need for any additional devices. The Kari switch is available in several models, covering a wide variety of purposes and applications. The float switch can easily be customized to meet specific needs.



Figure 6 Kari PKL float switch

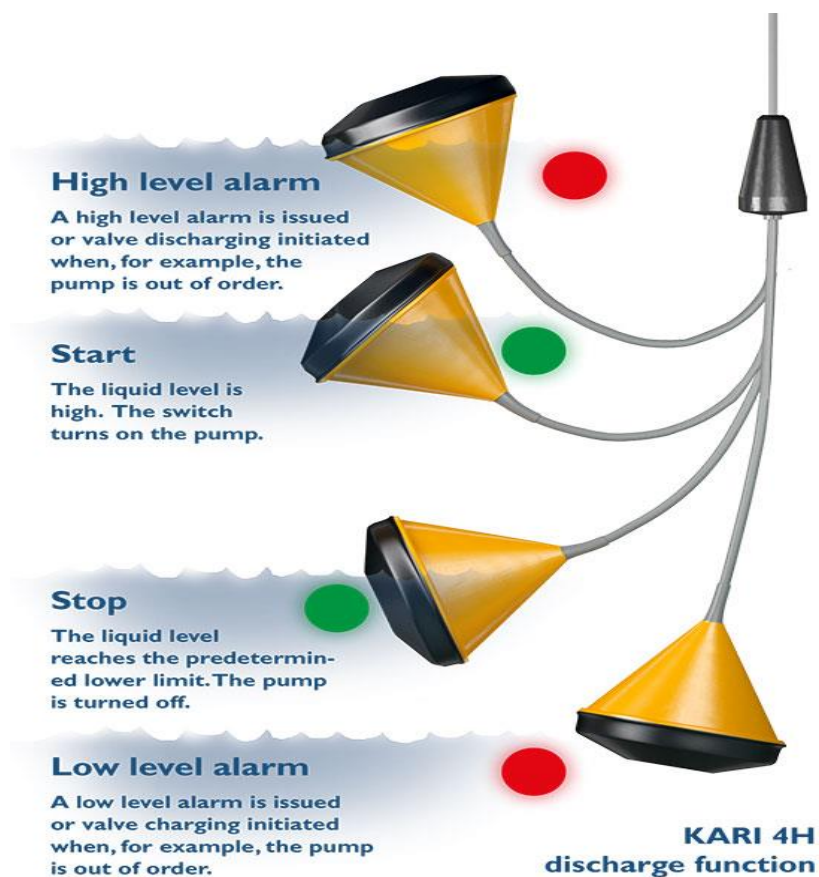


Figure 7 Descriptive function of the float switch in use.

Kari float switches are unique cable-suspended control devices used to sense liquid levels in, for example, wells and pump systems. These are the most versatile float switches in the market. The Kari float switch allows the user to set alarms for low and high levels, while also controlling the functioning of the pump all with just one float. As a result of the Kari float switch's revolutionary design, there is no need to install several single-point float switches in one tank and risk them getting tangled up as the liquid level rises and falls. (Kari Finn, 2010)

5 EMPIRICAL RESEARCH AND ANALYSIS

5.1 Empirical Research Design

As mentioned in the introductory part of the thesis, the author will be considering the deductive approach which is mainly the qualitative research method. This is because the research method is more useful to find out the main research questions and objectives. However, data is obtained through primary and secondary sources. This primary method of data is obtained through interview and existing knowledge of the author and the secondary data is obtained through literature and internet-based information. The empirical part of the research includes the author's experience gained during an interactive session with the CEO for 6 weeks at intervals. The CEO shed more light on the company's structure, situation, its primary goals, and expectation from the new market. Interviews were also conducted with the Director of Sales and Marketing as well as industry stakeholders in Nigeria. The interview questions as shown in the Appendix were formulated with a combination of open and close-ended questions to give the interviewees the liberty to fully express and exhaust answers to the questions raised. The interviews were carried out via various extraction methods which include face to face interview sessions, email correspondence, and telephone conversations.

5.2 Data Collection

The initial data collection process which serves as the primary method already started before the beginning of the research. All significant research information was collected from November 2019 till April 2020. However, the email messages with the CEO were exchanged during the course of the research to support all relevant sources. Interviews with stakeholders in the Nigerian water and float switch industries were made in April 2020. The secondary data used was also a vital source of information too. Information was obtained through market information and internet sources. The following figure shows the process at which data was collected.



Figure 7 Data Collection Process

5.3 Data Analysis

This section presents a descriptive analysis of findings made during the research. The study has pooled together data from both primary and secondary sources as explained in the subsequent paragraphs. Several interviews were held with key company personnel at different times as illustrated in Figure 7 above. The CEO of Kari Finn Oy and the Director of Sales and Marketing were selected and interviewed based on their position in the case company as top management staff, as custodians of key information about the case company as well as permission to use the case company for the thesis. Information about the company was shared, the nature of the business, its products, the current situation in the company, and projections for the future. The interviews with the CEO and Director of Sales and Marketing was carried out via e-mail correspondence and phone conversations. A physical interview was conducted with the CEO of Kari Finn Oy. Additionally, industry stakeholders were interviewed from Nigeria, which gave clarity to the needs of the market, the current position of float switch products as well as other notable insights of the peculiarities of the Nigerian market. The stakeholders were selected based on their direct dealings in the Nigerian float switch market, their field knowledge, and their knowledge about the various float switch products and corresponding prices in Nigeria. The interview with the stakeholders was done mostly via phone communication.

These interviews were more open-ended where questions gave rise to more questions for deeper insights, probing for clarity and prospects which will shape the most effective market strategies for Kari Finn float switch penetration into the Nigerian market.

5.3.1 CEO Interview Analysis

The interactive session was held with the CEO of Kari Finn Oy between October to December 2019. A mix of open and closed-ended questions was asked as follows.

Question 1: Share a brief executive summary about Kari Finn Oy. How many employees does Kari Finn Oy have in Finland?

Kari Finn Oy is a Finish based company that manufactures and sells float switches - Kari Float Switch. Kari Finn Oy is the major seller of the float switch product in Finland. The company has already established about 30 distributors across several countries in Europe, including Russia, Asia, the Pacific, North America, Africa, and Australia. The company has about 10 employees.

The author further asked the following:

Question 2: What is the current situation of the company? How well is Kari Finn Oy doing with sales? What are the goals of the company?

Sales have not grown over the past 10 years. The distributors are not forthcoming with sales that is why we are seeking to create more revenue via market expansion. Our goal is clearly to seek a new market and expand our customer base so we can have more inflow and increase our production.

From the interview session, the author found out that even though the company domiciled in Finland, has already established about 30 distributors across several countries in Europe, including Russia, Asia, the Pacific, Australia, North America, and Africa, there remained a persistent challenge with sales. Over the past 10years, sales had grown, stabilized, and plateaued.

The past decade has been centered on the same customer base, placing the same orders, with about the same level of income persistently for years. The objective of the case company became clearer for the need to increase sales through new market expansion. Therefore, to overcome this stagnancy, the prospect of getting new customers by expanding into other regions especially in Africa which has not been fully exploited came to bear. Nigeria was presented and became a focal point of the study.

5.3.2 Director of Sales and Marketing Interview Analysis

Since the objective as discussed with the CEO of the case company was directed at the sales, the Director of Sales as a key member of staff was also interviewed. The discussions were conducted via email correspondence and phone conversations. These also involved both closed and open-ended questions intended to allow for deeper meanings and insightful interactions. The author asked questions regarding the current situation in the company regarding sales and the response was not different from that of the CEO.

Other questions raised were as follows:

Question 1: What African country was penetrated by Kari Finn Oy?

South Africa was the choice of entry for Kari Finn African market.

Question 2: What was the entry strategy used to penetrate the South African market?

It was based on a Joint venture or partnership arrangement. This occurred during an industry event attended in South Africa. During the event and networking engagements, we had discussions with a prospective indigenous based company interested in partnering with us as major distributors of the Kari Finn float switch in South Africa. This eventually became a joint venture between Kari Finn OY and the distributor- Blanes Pressure Solutions CC.

Question 3: What part of the entry strategy used for the South African market worked? What made that part of the entry strategy work in South Africa?

Well, entering the South African market was made easier through a partnership with Blanes Pressure Solutions CC. They already had an established distribution channel, so it was a direct sales deal.

Question 4: What part of the entry strategy used for the South African market failed? What made that part of the entry strategy fail in South Africa and What were the mistakes made when entering the South African market?

The main challenge we had with Blanes Pressure Solutions CC was that the company did not have a full understanding and knowledge of Kari Finn Oy and our products. They were not fully engaged and actively carrying out the contract with us. This led to very low sales in South Africa.

Question 5: Does Kari Finn float switch come as a singular unit or is it sold as a part of a product?

It depends on the customer's specifications. The Kari Finn float switch can either be sold as a single standing unit or as a part of other products.

Question 6: What will be your goals and objectives for the market strategy in Nigeria?

We intend to come into the Nigerian market with low prices and then increase the prices much later to enable product acceptance in the market and increase demand from customers. This will also allow our customers to test and get acquainted with our products. Our major objective is to establish a production facility in Nigeria such that we can reduce our cost of production, maximize the local labor, and gain other benefits.

As a summary of the interview with the Director of Sales and Marketing, the target region which was Africa was also brought up and discussions were made about the market entry strategy the case company used for their South African market. The questions were deliberately targeted to know what has been done in the past in South Africa, what part of the entry strategy worked, what part of the strategy failed, what mistakes were made to avoid making the same when planning out the market entry strategy for Nigeria.

However, the findings were that the entry strategy used for South Africa was joint venture entry mode. This was established through basic contacts by the case company after an exhibition held in South Africa. The partnership in the form of a joint venture with a locally based firm did not profit the case company much and there was no growth in sales because the partners had little knowledge about the product and were not trained about the business and marketing of the product.

These also led to questions about the Kari Finn float switch product. The author found out that sales of the product can be based on the customer's specifications. The customer may choose to order the float switch as a singular product item or fit with other products. This gives customers the leverage of choice and to manage their costs. The Director of Sales and Marketing further reiterated the goals and objectives for the Kari Finn float switch to develop a market entry strategy, also mentioning concerns relating to cost implication of exporting the products to Nigeria for sales and distribution.

5.3.3 Industry Stakeholders Interview

Interview with stakeholders of the industry in Nigeria presents another opportunity to test the waters and directly feel the pulse of the Nigerian float switch market. This interview was also conducted on a phone conversation basis and was a mix of close and open-ended as follows:

Question 1: Share a brief knowledge about the float switch product. Are there float switch products in Nigeria?

The float switch product is an equipment used to detect the level of liquid in a tank. It can help trigger the power when the liquid level is low so water can be pumped also triggers off the power supply once the tank is full. Yes, there are various float switch products in Nigeria.

Question 2: What are the home countries of those float switch products? What are the brand names of the float switch products in Nigeria? How durable are these brands?

The various float switch products in Nigeria are supplied from mostly Italy, they have more products in the market than the others, we also have float switches of German make and China. Some of the known names of float switches in the Nigerian market are Deutz float Switch, Stuart Turner F1 float Switch, Matic float Switch among others.

Question 3: Is the Kari Finn float switch being sold in Nigeria? How is the Kari Finn float switch being sold in Nigeria? How best can Kari Finn float switch be marketed in Nigeria?

Kari Finn products are not quite popular in Nigeria. I got to know about the Kari Finn float switch because it came fitted with another product- an industrial pumping machine. From that experience, I can say it's a good quality product from the way it worked and its design. It is strong and I think it will be a durable product. It can easily be marketed through specialized markets like the Arena market, Jankara market, Orile market, and Alaba International market all in Lagos state. Other main markets exist in the various regions of Nigeria. It should come with samples that will be showcased to wholesalers. It can also be marketed through trade fairs in Nigeria.

From this discussion, the author asked questions regarding the competition existing in the market and it was discovered that the Nigerian float switch market was dominated by the Italian brand followed by a German and Chinese brand. Although it was assumed at the beginning of the thesis that the Chinese brands will have flooded the Nigerian float switch market, it was proven not to be true; rather there are fewer Chinese float switch products in the market. Also, the existing brands were said to be of good quality with the durability of about 2 years.

The stakeholder further reiterates that it will be of greater benefit for the case company to establish its industry in Nigeria for the same reasons as shared with the Director of Sales and Marketing which is to reduce its initial entry price via minimizing the cost of

production, cheap cost of labor and maximize profits. Also, when asked about marketing in Nigeria, it was discovered that there were specified markets that have cluster wholesalers which the case company can market directly in Nigeria; these Business to Business (B2B) opportunities are Jankara Market, Orile Plumbing market, Arena shopping center and Alaba International Market. These are specifically in Lagos State which is the commercial hub of the country.

However, other major markets exist across key zones in the country which can be further explored for sales and distribution. In addition to these, the market entry will be much easier by exploring advertisements via traditional media, direct marketing as well as other trade fair exhibitions in the country. More insights were gained regarding the target market with users across industries spanning; the oil industry, their depot and petrol stations, food & beverage companies such as Coca-Cola, etc. There is also an available market for Business to Customer (B2C) residential use. This is because as a developing nation, most residents generate their water via pumping machines, hence the need for the product in commercial and private residences such as hotels, estates, churches, malls, mosques, etc

5.3.4 Interview Analysis and Summary

The author was able to gain deep insights and extract useful information about the case company, its current situation, and its projections towards achieving its set objectives from the CEO of Kari Finn Oy, the Sales and Marketing Director via personal interviews. These insights gave guidance and overall direction in channeling the research towards relevant aspects needed for their business growth and expansion.

The interviews were carried out through various means such as email correspondence, face to face conversations, and personal interviews. These personal interviews which were mostly spontaneous engagements gave the author more information about what has been done by the case company in the past, how far those strategies have carried them, what worked, and their projections for the future as a business. The response has proven useful in examining Nigeria as a potential market and the best possible strategy to adopt.

5.3.5 Interview Deductions and Summary

Based on these findings, the experience of the case company with their South African partner and conversation with industry stakeholders, the author therefore posits that it is best to introduce the product to the Nigerian market with a lower price and gradually increase after good feedback is received from the market. Additionally, the author proposed setting up industry in the host country, Nigeria. The thesis presented a PESTEL analysis

of Nigeria, as well as using Porter's five forces to reiterate the prospects of the Nigerian market; the huge population of the country, the largest economy in Africa, together with the fact that as a developing nation, there is an immense need for the Kari Finn float switch product for both industrial and private use. This will have a direct impact on making the business cost-effective, cutting off extra expenses that will go into freight of products, custom clearance, and as well as valuable business time. As an emerging economy and a heavy population, the industry will have access to cheaper labor and raw materials which will make it cost-effective and more competitive in the market. Establishing its industry in Nigeria will give the case company a stronger foothold and better control of its business and the overall outcome.

6 DEVELOPMENTAL PLAN FOR KARI FINN FLOAT SWITCH IN NIGERIA

6.1 Choice of Entry Mode

Since the purpose of the research is to find out how Kari-Finn float switch will enter into the Nigerian market, it is imperative to know and decide which strategic entry rule or approach to use to be able to enter the new market successfully. This approach requires that all alternative entry modes be systematically compared and evaluated before any choice is made. An application of this decision rule will be to choose the entry mode that maximizes the profit contribution over the strategic planning period subject to the availability of company resources, the risk involved, and non-profit objectives. (Hollenson, 2011.)

The author of the study, having collected data from the case company and a survey produces this strategy guided by principles and theories of market entry.

New markets always present new possibilities for business expansion and growth. In this session, the author highlights the notable strategies to be adopted by Kari Finn Oy based on the analysis done on the series of interviews conducted to penetrate the Nigerian market successfully. To align the Kari Finn Oy corporate goals and expectations for international market expansion, the author recommends that the best market entry mode will be to establish a subsidiary of Kari Finn Oy in Nigeria.

From the analysis earlier conducted, several entry mode strategies were pointed out with potentials that will lead to an increase in sales. Taking a cue from the market entry strategy Kari Finn experienced with the South African market, it has become palpable that a partnership without a strong foundation or tie with the home company is not an option to be considered.

Alternatively, the thesis has considered the possibility of the case company establishing a company-owned subsidiary in Nigeria as a more viable option. This is because of the high impact it will have on control within its operations, marketing as well as an overall lower cost of production. Although the risks are higher in the sense that most of the factors as described under the PESTEL analysis and Porter's five forces will be borne by the case company, it will serve a better chance for a long-term investment plan.

As deduced from the interview analysis, the clear market entry point will be to register and establish a subsidiary of Kari Finn Oy in Nigeria, which will serve as the base in Africa for the production of the float switch products as well as the center for marketing and distribution across Nigeria and West Africa in the long run.

6.2 Target Customers in Nigeria

Targeting the right customers in Nigeria is a necessary part of market entry. It is a strong determining factor of whether the strategies will be successful or not. A market presents opportunities to do business; however, not everyone is a customer to the case company. Therefore, segmenting the target market in Nigeria will give the case company a greater focus to better serve the targeted customer's needs, and help the company focus in terms of communication and business expansion.

Noting the fact that the target consumers for the Kari Finn float switch belong to two broad categories as mentioned earlier; Business to Business (B2B) as it involves Industries, suppliers in the distribution channel and Business to Consumers (B2C) as it involves direct end-users in residential areas, the target market segmentation can be much larger based on psychography, geography, behavior, and demography.

Psychographic factors consider segmentation based on the social status of the end-users, their lifestyle, and personality type which applies mostly to residential users. Most of these users are landlords of residential homes, malls, supermarkets, estates, etc. and generate their water supply via boreholes and pumping machines and will, therefore, need the Kari Finn float switch products for a more convenient water management system.

Under the geographic segment, considerations are made based on their location. Many of the segmented consumers both industrial and residential are found mostly in the urban areas of Nigeria, like in the cities of Lagos, Port Harcourt, and Abuja. Additionally, the market distribution channels of wholesalers, suppliers, and buyers are clustered within these metropolis areas from which can be distributed across the country and West Africa, depending on the scale of marketing

Furthermore, the demographic segmentation of the target consumers in Nigeria is focused on age, gender, income, occupation, education, and nationality. This form of segmentation allows companies to use their time and resources carefully and make them better understand the prospective market. For the Nigerian target market, the demographic segmentation is hinged heavily on the income and invariably the buying power of the customers. This reduces when we consider other factors such as their occupation and education when we focus on the users in terms of plumbers, industrial factory workers whose work entails direct use of the product as well as traders who are into the sales of the product. Then the factors of age, gender, and nationality pose not much impact.

Lastly, the behavioral segmentation of these customers is focused on such factors as price sensitivity, technological adoption, how much they use the products, and invariably brand loyalty. The price factor affects the suppliers and end-users as these will rather save costs on cheaper products that can serve their purpose of convenience; for the residential users and good profit margins for those in the supply chain. Industries are more adapted to technological innovation therefore, the market is available so long as it is competitive in price, availability, functionality, and durability. Other incentives may suffice to gain brand loyalty. Therefore it theorized that behavioral, or needs-based, segments in B2B markets include the following:

- A price-focused segment is composed of small companies that have low-profit margins and regard the goods or services being sold as not being strategically important to their operations.
- Quality and the brand-focused segment is composed of firms that want the best possible products and are prepared to pay for them.
- A service-focused segment is composed of firms that demand high-quality products and have top-notch delivery and service requirements.
- A partnership-focused segment is composed of firms that seek trust and reliability on the part of their suppliers and see them as strategic partners.

7 CONCLUSION

7.1 Answers to Research Questions

This thesis aimed to determine the best strategy to adopt for new market entry of Kari Finn float switch into the Nigerian market. The thesis consisted of the main research question and four sub-questions to enable the reader to have a broader perspective of the research as follows:

- **Sub-question 1: What are the peculiarities of the Nigerian Market?**

Based on findings from the research done, the Nigerian market poses a lot of opportunities for the Kari Finn float switch being a developing country with a dense population. There are specific markets with clustered dealers in float switch products and other electrical and plumbing items with whom direct sales can be done. The existence of interstate trade where goods sold in the major markets can spread across the country is another peculiarity of the Nigerian market.

- **Sub-question 2: What are the factors that affect the choice of market entry mode of Kari Finn company into Nigeria?**

The choice of market entry mode rests heavily on economical, technological, political, and legal factors as discussed in Chapter 5 of the study. The dynamics of doing business in Nigeria are volatile especially in this season of the Covid-19 pandemic and economic factors practically drive and influence the choice of market entry. The country is in the wake of another recession and this is because Nigeria heavily relies on oil as a major factor that drives the economy. Trends in the international crude oil market can give the case company insight into what to expect and how to prepare for opportunities or mitigate loss. Also, legally, the government in Nigeria seeks to encourage industrialization and reduce the importation of certain items. This is an indication that a foreign-based investment will be useful and effective in naturalizing with the local communities and making use of indigenous labor.

- **Sub-question 3: What will be the challenges expected when they enter the Nigerian market?**

Being a growing economy, the country presents various challenges to the new entrant. The case company should be prepared to provide most of its industrial needs ranging from electricity, water, and raw materials. Concerning technology,

every necessary technology in terms of machinery and tools will be provided by the company. There would be challenges regarding acquiring land and a good location to site a factory. Many warehouses exist within the metropolis which could be rented on a long lease and converted to suit the company's purpose based on an agreement with the property owners. This is best brokered through well established and trusted real estate firms in the country.

- **Sub Question 4: What are the resultant effects of these proposed market strategies?**

The proposed market entry strategy will give the case company leverage on utilizing local labor and direct contact with their prospects to do business. This will drop the overall costs and give the case company a good grip and direct control of its operations within the country. It will make it easier to test the pulse of the country and constantly fine-tune its strategy to better manage company and customer's expectations.

Having presented answers to the sub-questions, the main research question:

- **What is the most effective market strategy for the Kari Finn float switch penetration into the Nigerian market?**

Based on the analysis from interviews and theories presented, the author recommends that foreign direct investment in the form of establishing a subsidiary firm in Nigeria will be most effective for Kari Finn float switch market entry. The reason being that the case company will fully control its operations thereby determining their outcomes. They can adjust their strategies based on their terms to fit customer and corporate goals. This could lead to the innovation of new products to meet market demands or fill a need in the market. There will be room to maximize their profit margins by minimizing the overall cost of doing business in terms of labor and freighting expenses.

7.2 Recommendation for Market Entry Strategy

Having laid the foundation of the study in previous chapters, the author adopts the market entry strategy for the case company based on a Foreign Direct Investment which is the ultimate form of foreign investment. (Rastogi, 2012.) This involves direct ownership or

establishment of a foreign-based assembly, manufacturing or sales facility. A vivid illustration is also given by (Hollensen, 2011.) to show a breakdown of the entry and distribution chain.

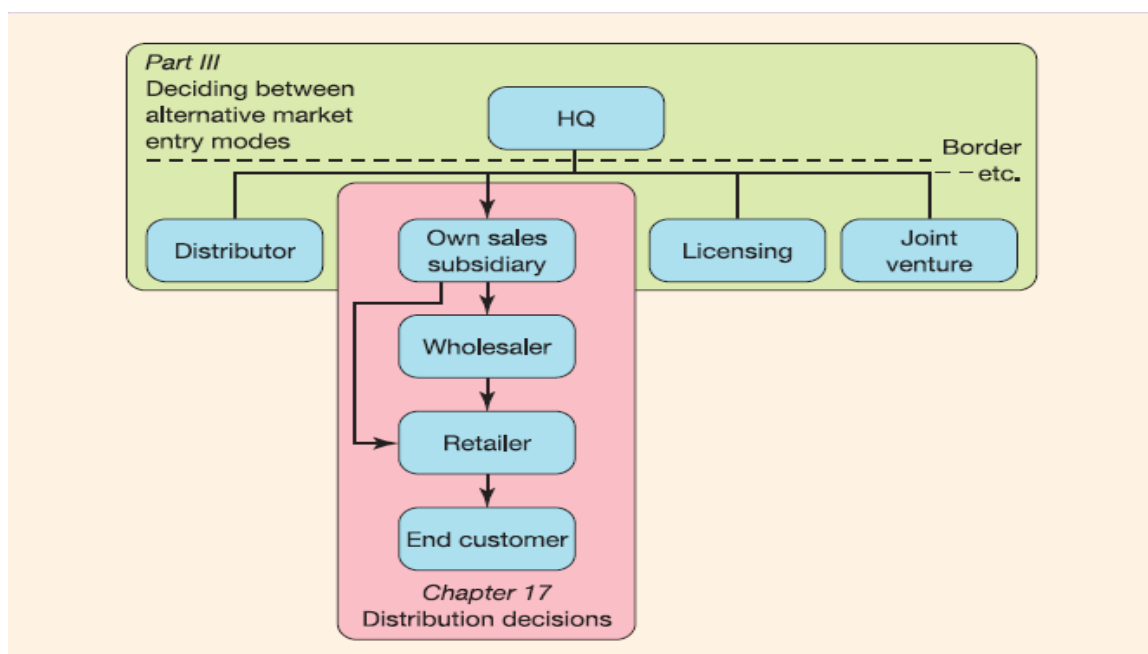


Figure 9 Market entry and distribution chain. (Hollenson 2011, 316.)

This market entry strategy even though it poses a higher level of risk if carefully considered, will give Kari Finn Oy full control of the business investment in Nigeria as opposed to the experience with the South African entry strategy. The case company, in the long run, will also save costs when it uses the local labor, cuts down on freighting, and ultimately have a direct business relationship with potential B2B and B2C customers.

The author strongly notes that the target consumers, especially on the B2B basis, will provide a viable entry point for the case company. A direct relationship between the case company and the members of the distribution chain, therefore, needs to be established via the right communication channel. One viable meeting point is by engaging in trade fairs where there is a pool of potential customers and businesses; moving them through the sales funnel, with prospects that can be converted from strangers to loyal brand advocates, distributors, etc.

Also, direct one-on-one marketing is a viable means of getting word to relevant stakeholders and customers about the case company and its product. Another key point to note is the competition.

As mentioned earlier that the Italian and German float switches already exist in the Nigerian market, it is pertinent to closely examine what the competition is doing to be different, stand out from the crowd and present a unique selling point.

The author sees these above strategies as viable means of market entry for the case company. It represents the deductions of the author based on market research done, interviews conducted, and guiding principles and theories examined in this thesis. It also serves as a foundation for further studies for the case company regarding market entry.

7.3 Validity and Reliability

Reliability and validity are two essential criteria of the research. Reliability is the consistency of the research, which means that the result of the thesis is stable when the data collection methods are repeated. Validity reflects the accuracy of the findings as it is supposed to be. (Saunders et al., 2009, 155.)

The main thrust of the thesis was to determine the most effective market entry mode for Kari Finn float switch products into the Nigerian market. The author successfully answered all the research questions and provided useful information that the case company can adopt as a foundation for its research, strategy for market expansion, and internationalization. Sources used for the research covered both primary and secondary resources. Primary sources were from key office holders in the case company and secondary sources covered resource materials from notable authors and citing authorities in the fields of internationalization and market entry. To a large extent, the study can be said to be valid and reliable.

7.4 Suggestions for Further Research

More research is needed to understand the Nigerian market and explore extensively the consumer persona in the supply chain. Another suggestion for further study is the impact of government interference on foreign investments on how easy it is for them to do business in Nigeria.

8 SUMMARY

In conclusion, the thesis examined the case company, Kari Finn Oy, and based on the objective of the case company, suggested market entry strategies that will aid the float switch product enter successfully into the Nigerian market.

The study explained what globalization means and how the case company can drive its goal for market expansion by delving more into other regions of the world such as Africa. The thesis gave an industry analysis of Nigeria using Porter's five forces and PESTEL analysis to map out clear factors that will aid the successful entry of Kari Finn Oy and the conditions that are to be wary of while making clear decisions. Additionally, the target customers were segmented into two broad categories of B2B which are the industries that make use of the float switch products for their use, wholesalers who sell and distribute the products, and as well as the B2C customers who will buy the products for direct usage. This was done under a general analysis of broader market segmentation as it boils down to the psychographic, demographic, geographic, and behavioral segmentation.

Also, SWOT analysis of Nigeria as a potential market for doing business with leverage on the dense population of the country, the fact that it is a developing nation with a growing economy as well as access to cheap labor was discussed.

Pooling all these together with findings from company interviews, stakeholder interviews and reiterating the unsuccessful market entry strategy as deployed for the South African market, the author concluded that foreign direct investment is a potent and viable market entry strategy for the case company with advantages of direct control on resources, operations, and sales, a good investment plan with long term benefits and direct contact with the consumers within the supply chain. This study will serve as a good foundation for the case company to consider when planning out its market entry strategies.

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APPENDICES

APPENDIX 1: The list of questions for the interview with the CEO Kari Finn Oy.

1. Share a brief executive summary about Kari Finn Oy
2. How many employees does Kari Finn Oy have in Finland?
3. What is the current situation of the company?
4. How well is Kari Finn Oy doing with sales?
5. What are the goals of the company?
6. Who are Kari Finn Oy's primary target market?
7. How does Kari Finn Oy want to be perceived as a company?
8. Who are competitors of Kari Finn Oy?
9. Does Kari Finn Oy have partnerships?
10. Who are the partners?
11. How many distributors does Kari Finn Oy have?
12. How many countries is Kari Finn Oy distributing the float switch product to and what are their names?
13. Any other notable challenges?

APPENDIX 2: The list of questions for the interview with Sales and Marketing Director Kari Finn Oy.

1. What African country was penetrated by Kari Finn Oy?
2. What was the entry strategy used to penetrate the South African market?
3. What part of the entry strategy used for the South African market worked?
4. What made that part of the entry strategy work in South Africa?
5. What part of the entry strategy used for the South African market failed?
6. What made that part of the entry strategy fail in South Africa?
7. What were the mistakes made when entering the South African market?
8. Does Kari Finn float switch come as a singular unit or is it sold as a part of a product?
9. What will be your goals and objectives for the market strategy in Nigeria?

APPENDIX 3: Stakeholders Interview questions

1. Share a brief knowledge about the float switch product
2. Are there float switch products in Nigeria
3. What are the home countries of those float switch products?
4. What are the brand names of the float switch products in Nigeria?
5. How durable are these brands?
6. Is Kari Finn float switch being sold in Nigeria?
7. How is Kari Finn float switch being sold in Nigeria?
8. How best can Kari Finn float switch be marketed in Nigeria?