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# **INTERNATIONALIZATION CONDITIONS FOR A FINNISH IGNITION FLUID PRODUCT**

FLAME GAME OY

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<p>The objective of the thesis is to conduct a research to determine the capabilities, current conditions, and overall readiness of Flame Game Oy for future internationalization activities. This Finnish company produces a biodegradable ignition fluid called OIVA and the research will focus on the products export potential.</p> <p>Most of the research literature is drawn from global marketing literature. Information about Flame Game Oy and the product comes from their website and the researcher's work experience in the company. A theme interview on internationalization is conducted with the technical director of Flame Game Oy and based on the results, an analysis is made, and the research questions answered.</p> <p>The theory segment of the research includes information about internationalization paths, strategy, competitive advantage, and value chain. In addition, there is some statistics about Finnish SME's and finally a SWOT- analysis to better understand the conditions for internationalization of Flame Game Oy. Competitor analysis and further market research is presented in the results- section.</p> <p>The aim is to uncover helpful information should the company be looking to expand to foreign markets in the future. The intention is to explore reasons and means of internationalization for Flame Game Oy.</p> <p>The research determined that Flame Game Oy has the required readiness and motivation for international activities as well as adequate resources to do so. The research was successful, and the product was proven to be suitable for foreign markets.</p>		
<p><u>Key words</u>          Internationalization, Global Marketing, Export</p>		

# CONTENTS

1 INTRODUCTION .....	4
2 PURPOSE AND OBJECTIVES .....	5
2.1 Purpose and objectives .....	5
2.2 Work process.....	6
3 FLAME GAME OY.....	7
4 INTERNATIONALIZATION PROCESS.....	9
4.1 Internationalization planning and strategy .....	9
4.2 Value chain internationalization .....	10
4.3 Market entry path .....	12
4.4 Internationalization readiness and competitive advantage.....	13
4.5 Internationalization in Finnish SME's .....	13
5 METHODOLOGY.....	14
5.1 Methodology and research process .....	14
5.2 SWOT-analysis .....	16
5.3 Analysis and reporting .....	16
6 RESULTS .....	17
6.1 Theme interview.....	17
6.2 SWOT- analysis of Flame Game Oy .....	18
6.3 Competitor analysis.....	19
6.4 Market research.....	22
7 SUMMARY AND CONCLUSION.....	24
REFERENCES .....	27

## APPENDICES

## 1 INTRODUCTION

The research will be focused on establishing the grounds and conditions for internationalization for a Finnish company, Flame Game Oy. The aim is to uncover helpful information about internationalization, should the company be looking to expand to foreign markets in the future. The research intention is exploring reasons and means for internationalization of Flame Game Oy.

Flame Game has already realized success in the domestic market and is currently delivering their biodegradable ignition fluid product to some of the largest retailers in Finland. Their product is expected to replace the current version in the market. Demand for an environmentally friendly solution for ignition fluids is evident. The product is unique and sustainable so the company appears confident that international market interest towards it will be realized.

The focus is information gathering and not the creation of a tangible solution or strategy of export. There are vast amounts of possible strategies and paths for internationalization and companies must tailor these to their needs and aspirations. In this research that sort of meticulous planning of certain ways of entering a new market will be discussed generally in turn producing new ideas and information for Flame Game Oy. Designing and implementing a global marketing program is left out of this research and the focus will be on the management decisions prior, which are described in the internationalization theory part. The value chain internationalization is discussed as well as a SWOT- analysis created to establish the conditions of internationalization for Flame Game Oy. Analysis of major competitors providing biodegradable ignition aids in the chosen target market areas is made. A PEST- analysis which examines political, economic, social, and technological factors affecting Flame Game Oy is created and market research is conducted on the selected market area demographics and consumer behavior.

The project topic will consider the export of a single product. Flame Game Oy produces multiple products including car chemicals and anti-freeze liquids. This research will be focused and limited to OIVA- biodegradable ignition fluid and the possibilities and conditions for its export. The subject of research is limited to reviewing internationalization conditions and producing theoretical development suggestions for Flame Game.

The idea for this topic emerged while I was working in the Flame Game Oy production facilities as a warehouse worker. My duties included running the production line and packaging the goods. As domestic orders were being filled effectively, I realized that the prospect of internationalization would allow Flame Game Oy to utilize their production line to its full extent and grow the company further.

## 2 PURPOSE AND OBJECTIVES

### 2.1 Purpose and objectives

The goal of the research is to find different, successful modes of internationalization from literature and apply them to the case company. The result is an information package for the heads of Flame Game Oy which will explain and establish internationalization conditions regarding the export of the OIVA- bio ignition fluid - product. Ultimately the purpose of this research is to produce information about the readiness and conditions of the company for internationalization. To achieve this goal research tools are required, first of which is the SWOT analysis to determine the strengths and weaknesses of the company. Moving on to the conditions, an evaluation of the company readiness and whether it is a good decision to internationalize at all is conducted based on relevant literature about the subject matter. The competitive advantage of the product is also investigated.

The preliminary objectives of this research are to find out:

1. What are the advantages and disadvantages of export?

2. What are the internationalization capabilities of Flame Game Oy?
3. What kind of paths and strategy could be suitable for the exportation of the OIVA- ignition fluid product?
4. Should Flame Game Oy internationalize?
5. Who are the major international competitors of Flame Game Oy?
6. Characteristics of the target market areas?

Research information about Flame Game Oy will be gathered via interview from the technical director of the company. The existing capabilities and conditions for export activities are reviewed. In co- operation with Flame Game Oy, information and new suggestions about internationalization are presented in the result part of the research. The aim of doing so is to create additional value in the form of knowledge for Flame Game Oy.

## 2.2 Work process

In figure 1 the workflow and procedure order of the research is presented.

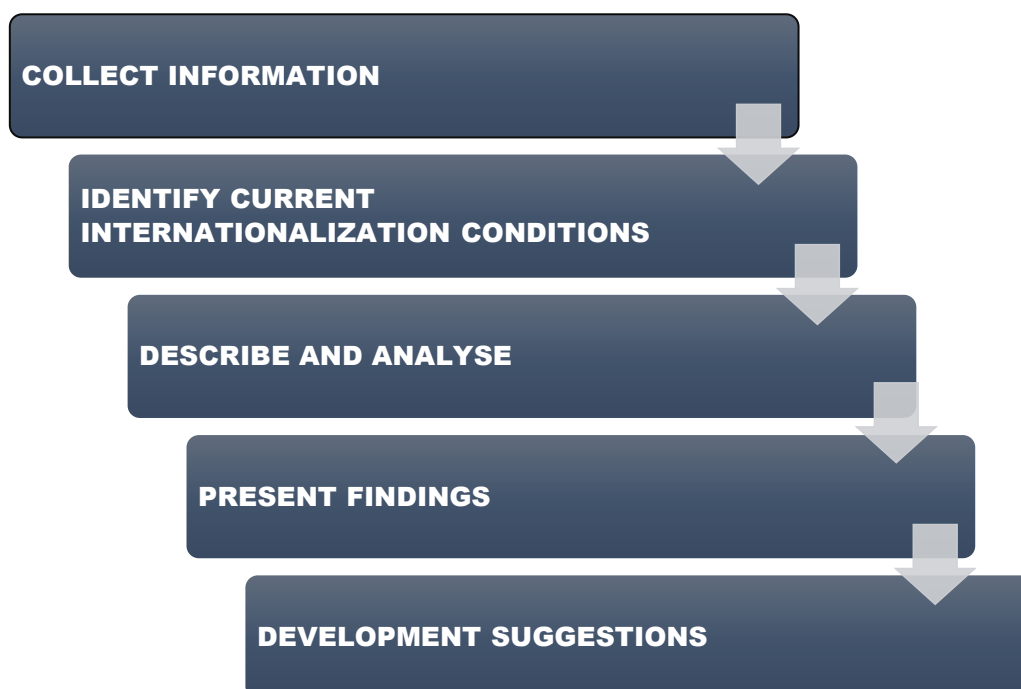


Figure 1. Work process

### 3 FLAME GAME OY

The company is based in Naantali, Finland and production facilities are located there. Flame Game Oy was established in the late 1990s. The company operated for a long time in the field of pyrotechnics but today they produce solutions for a wide range of consumers. For a long time, Flame Game Oy produced special effects explosives and carried out related training for various clients. Today they manufacture domestic high-quality ignition and fuel fluids as well as disinfectants for hands and surfaces. In addition, Flame Game Oy develops environmentally friendly ignition aids with their partners. In the products, in addition to high-quality raw materials, Flame Game Oy also invests in reducing the carbon footprint of the packaging.

Flame Game manufactures, processes and packages products in their own production plant. As a result of meticulous product development, Flame Game manufactures high-quality ignition fuel fluids and car chemicals entirely with domestic materials and labor. In addition, together with their partners, FG has developed an environmentally friendly and cost-effective ignition fluid product for the domestic market. The product is unique and currently is the world's first biodegradable ignition fluid. (Flame Game Oy, 2020)



Picture.1 FG Logo (Flame Game Oy, 2020)

Environmental friendliness, high quality and operational reliability are the most important values for Flame Game Oy. These values are reflected in every business decision made. (Flame Game Oy, 2020)

The environmentally friendly OIVA- bio- ignition fluid is a new generation ignition fluid developed and manufactured in Finland. This product is a new generation environmentally friendly ignition fluid made from renewable materials that delivers an excellent ignition experience without hazardous chemicals, odor, or smoke. This is

helping modern consumers reduce their carbon footprint. The fluid is a 100% Finnish product which utilizes renewable raw materials produced in Finland. The bottle, other packaging material and the labor are also sourced domestically. OIVA supports the principles of sustainable economy, in which renewable energy and bio-based raw materials replace non-renewable natural resources that burden the planet. (Flame Game Oy, 2020)



Picture 1. OIVA- Ignition fluid

OIVA is mainly intended for grilling food stuffs and thanks to the high-quality production process and raw materials, the product burns cleanly and is completely smoke-free. OIVA does not leave any traces of harmful chemicals to the food. It will burn for a long time and ignite the charcoal evenly. (Flame Game Oy, 2020) OIVA utilizes renewable energy in every part of the production process. The bottle is made from Finnish high-quality recycled plastic and resources have been directed into the development of biodegradable properties of the product itself. Recycled materials are used as a raw material and still, as a result of product development, the fluid has excellent ignition properties. This allows consumers of OIVA to mitigate waste and make their contribution towards a healthier environment. OIVA product should be sprayed evenly on charcoals or a campfire and it will light up instantly. The ignition fluid is non-smoking, odorless and it will not flare up like traditional ignition fluids. Despite this the liquid should not be spilled on a hot grill, glowing coals or open flame. (Flame Game Oy, 2020)



## 4 INTERNATIONALIZATION PROCESS

In this chapter research related theoretical information about the internationalization process is presented. Managerial decisions are discussed after which paths and strategy as well as value chain internationalization. Internationalization readiness and competitive advantage are the following topics and finally there are some statistics about domestic export activities in Finnish SME's.

Internationalization is often a difficult venture and not many export operations turn out successful. (Hollensen, 2016, p. 8) describes five integral management decisions when preparing for the global marketing process, which are:

1. Whether to internationalize
2. Deciding which markets to enter
3. Deciding how to enter the foreign market
4. Designing the global marketing program
5. Implementing and coordinating the global marketing program

The management decisions will act as research topics to be analyzed in the results-part. The first three are researched in this thesis while the last two, which go into designing and implementing the global marketing program, are not included.

The management decisions are investigated further in the research and conjectural information gathered based on them. This path of decisions will also be utilized as reference in the theme interview part to gain understanding of the state of globalization capabilities in Flame Game Oy.

### 4.1 Internationalization planning and strategy

Development of global marketing strategy and planning is reliant on the successful execution of the forementioned five decision stages. The main purpose of planning is to establish competitive advantages sustainably in the global market for the company.

Most companies go through a mental preparation for their globalization efforts. In SME's (small and medium sized companies) the process is usually informal, as in the case of Flame Game Oy, and in larger organizations mainly systemized. In this case the informal approach to globalization process thinking is applied. (Hollensen, 2016, p. 6)

Strategic decisions to consider when internationalizing are the choice of country and product market, modes of operation, target segments and timing of market entry. (Albaum, 2016, p. 28) The first step of internationalization is to assess the readiness and conditions of the company to enter such markets, and that is the key research problem of the thesis. The major topics that should be covered when preparing for internationalization are:

- Competitive capabilities in the domestic market
- Motivation for internationalization
- Commitment to the process
- Product readiness for new markets
- Knowledge, skill and resources
- Experience

These topics are examined further within context of the case and an assessment is made of the overall internationalization readiness of Flame Game Oy.

#### 4.2 Value chain internationalization

In the heart of the globalization process is the company's value chain in its totality. It contains the company's value and cost drivers. From the value chain one can determine where costs and value are accumulated and how they compare to competition. (Hollensen, 2016, pp. 28-29)

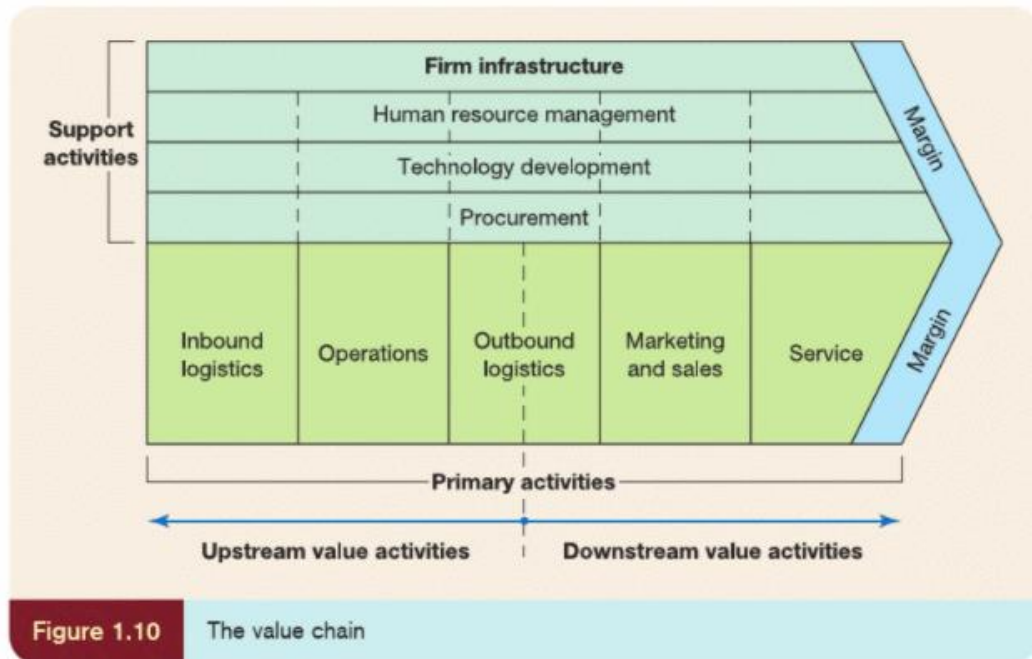


Figure 1.10 The value chain

Figure 2. The value chain (Hollensen, 2016, p. 28)

The value chain contains the building blocks of an enterprise. It describes the different factors of a company's valuable activities and margin, which is the difference between value and costs accumulated within the value chain. The purpose of a functional value chain is to create a valuable product for the consumer. Activities in the supply chain are divided into main activities and support activities which are displayed in Figure.2. This information is important when a company wants to achieve competitive advantage which means producing comparable buyer value more efficiently than the competitors. (Porter, 1986)

When entering a new market, a company must decide whether to internationalize the functions of its value chain. In Flame Game's situation this is a hurdle because of reliance on a domestic supply chain. There are still some parts of the value chain which could be eligible for international placement such as marketing and sales, but the principal is that the chain function should be done where the highest competence is located. If the selected target market area is similar to the domestic one, it would be relevant to keep value chain functions in the head office. (Hollensen, 2016, p. 33)

### 4.3 Market entry path

Market entry path means the channel through which the company's distribution activities are carried out. The selected path of internationalization is the structure of distribution of the product to the end customer. This includes all the intermediary actors in the foreign market such as agencies or institutions related to product distribution activities. There are two main aspects of distribution 1) The flow of transactions and 2) The flow of the physical product. The first one is related to the transferring of the ownership and is negotiated and facilitated between the according channel members. The purpose of the transaction flow is determining how the ownership of the products moves to the end customer and who is responsible for facilitating it. The flow of the physical product means the different points of the product movement and storage points. (Albaum, 2016, p. 272)

Choosing the right international marketing channel is a vital decision and requires careful planning, preparation and patience from the management. The decision will directly influence the price of the final product. Independent organizations such as export merchants and wholesalers can be eliminated from the export process and in some cases, this can lead to reduced price for to the final consumer. However, eliminating these specialized agencies from the supply chain can also lead to increase in cost and workload for other sectors. This decision must be customized and evaluated according to the company needs. (Albaum, 2016, p. 273)

Various factors in the economic climate during the export process can have impacts on market entry path choice. (Morchett et. al., 2010) describes in his meta-analysis that the following antecedents had the most impact:

1. Market attractiveness
2. Uncertainty in the host country
3. Legal environment in the host country
4. The culture of the home country

#### 4.4 Internationalization readiness and competitive advantage

A major challenge in realizing competitive advantage in a foreign market is adjustment to the new environment, especially for a company which has little to no international experiences. A company must establish new resources, competences and relations to others in the new environment. Analysis of the national competitiveness and industry competition should be conducted. A company must identify their core competences which should be handled and developed internally and other competence areas that would work more efficiently when placed for the responsibility of alliances and relations. Competitive advantage can be reached with an effective combination of national market circumstances and company strategy. (Hollensen, 2016, p. 108)

#### 4.5 Internationalization in Finnish SME's

Finnish SMEs are internationalizing for a variety of reasons. Competition in the domestic market or the benefits of foreign rapidly growing markets are major incentives. Internationalization grants opportunities like differentiation from competition, creating a new image and acquiring new partners and connections. Internationalizing, however, is not a foregone conclusion or a requirement, and large section of SME's decide to not consider the option at all. There are risks and added competition involved which can in turn lower the overall motivation of the business for such activities. Finnish companies are somewhat conservative in exploring foreign market growth and according to a VTT (Finnish Technical Research Institute) in 2015 29% of SMEs in Finland were considering or already conducting international business activities. According to the survey 70% of respondents said their company is strongly or moderately committed to growth and the willingness to grow was focused on the Finnish domestic market. (Tarinoita kansainvälistymisen poluilta, 2017)

## 5 METHODOLOGY

### 5.1 Methodology and research process

The aim of qualitative research is to understand, describe and interpret phenomena. In qualitative research the topic is examined in its entirety. In qualitative research the analysis is continuous, and the results are included in the writing process from the beginning. In qualitative research interpretations of phenomena are made through human actions, setting of goals, plans, administrative structures and other comparable forces emanating from humans. Because the work concerns orientation and development, qualitative method is the most suitable. The research topic is geared towards future globalization developments and current internationalization conditions of the company, on which subjects this method is commonly used. (Pitkäranta, 2017, pp. 8-11)

Interview with the technical director will provide the primary research data. The theory information is gathered from sources containing information about international market entry such as internationalization literature and report publications about the subject matter. Some company information is also based on the researcher's knowledge and experiences with Flame Game Oy. A SWOT analysis is conducted from the interview results after which an assessment of internationalization conditions and development suggestions are made. A mapping of needs, theoretical background and methodological foundation are the aspects on which research is built upon (Pitkäranta, 2017, p. 47).

Analysis of major competitors providing biodegradable ignition aids in the chosen target market areas is made. Information about the competitors and description of comparable products is presented. A PEST- analysis which examines political, economic, social, and technological factors affecting Flame Game Oy is created and market research is conducted on the selected market area demographics and consumer behavior.

Data gathering and conceptualization conjoin in qualitative research and even their analytical diversion from one another is challenging. The research should be approached with inference where theory and practice perspectives effect equally when forming opinions. The research process is the interaction between theory, concepts, and literature. (Pitkäranta, 2017, p. 33)

Personal interview with the technical director of Flame Game Oy will be conducted to gain insight of the current state of internationalization conditions. The contact person is the technical Director of Flame Game Oy, Vesa Kuisma. Basic information about the company, premises and processes are already familiar from the researcher's past work experience with the company. The interview is focused on international market potential of the product, what has been done regarding export and what kind of information is required to further the goals of the company. The goal of the interview is to gain perspective to the company's situation and capabilities to internationalize from the point of view of the executives. General themes and preliminary questions are provided to the interviewee via e-mail. The interview is conducted face to face and recorded to allow for more in-depth result analysis.

The method used in this segment will be a thematic interview. Result information about the company is gathered from the theme interview. Due to its flexible nature, the thematic interview is well suited for this study because the subject matter is very broad. (Pitkäranta, 2017, p. 92)

Qualitative interviewing is planned and reflected upon and thus requires a research structure. The interview is prepared, conducted, analyzed, and reported according to research design. It can be implemented with a tight structured or a more flexible approach according to research purposes. (Brinkmann, 2013, p. 45) The topics of the theme interview structure in the interview with Flame Game's technical Director Vesa Kuisma are presented in Appendix 1. Motivation, readiness, and challenges of internationalization are concluded based on the answers as well as current conditions and future developments of Flame Game Oy. The interview is conducted in Finnish language for interpretation purposes and answers will be translated and analyzed. Interview structure and draft are presented in appendix 1 and 2.

## 5.2 SWOT-analysis

This analysis is done to establish a company's current conditions when deciding to conduct new activities or strategy. Determining the *strengths*, *weaknesses*, *opportunities*, and *threats* of Flame Game Oy. The analysis will result in more in-depth view to Flame Game Oy's characteristics and position in the current market as well as produce useful information for international market entry in the future. In the result-section of the research the swot analysis is presented as an illustrative graph. The reference for this analysis is the theme interview with a Flame Game Oy executive. (Pestleanalysis)

## 5.3 Analysis and reporting

A challenge with writing up qualitative interview findings is condensing the data to a level suitable for the research purpose without leaving gaps. Peter Dahler-Larsen (2008) gives a solution to this problem in his book on how to *display* qualitative data and concludes that displaying qualitative data should be clear and transparent while demonstrating a chain of evidence that links the data with conclusions. (Brinkmann, 2013, p. 113) In data-analysis, the researcher should clearly present the path from findings to conclusions. Dahler-Larsen (2008) demonstrated three rules when displaying qualitative finding and argues that the data should be presented:

- Authentically
- Inclusively
- Transparently

The data should be presented in its original and *authentic* form and no interpretations about the statements should be made by the interviewer. *Inclusivity* means always displaying the data in its entirety under a given category. The third rule states that data should be provided *transparently* meaning it should be evident how a display of information has been constructed from the raw data. These rules are not an authority in reporting but are useful guidelines for representing qualitative data. (Brinkmann, 2013, p. 114)



## 6 RESULTS

### 6.1 Theme interview

A personal theme interview was conducted on the 24<sup>th</sup> of February with the technical director of Flame Game Oy Vesa Kuisma. The interviewee is a major shareholder, and his main responsibilities include repairing, maintaining, and operating the production machinery. The interview included three major topics which were 1) *Flame Game Oy*, 2) *Internationalization* and 3) *Future*

First, we discussed 1) *Flame Game Oy*, its current position in the market, company objective, mission, core competences and international readiness. The technical director concluded that the most important mission of Flame Game Oy is to maintain leadership in the bio-ignition fluid market because OIVA has already taken over traditional product sales of fossil-based ignition fluids in Finland. According to him, the production line has been recently modernized and is able to produce more than the current order backlog requires. Overall costs in Flame Game Oy have been mitigated by constructing and modifying the production machinery by acquiring previously used components rather than investing in readymade outsourced solutions. During the previous year of 2020, the production machinery has been updated little by little and by the start of 2021 it has reached the current desired production output.

2) *Internationalization* interview topics were motivation, pros and cons, market areas and whether to internationalize at all. Here I learned that export offers had already been made to a few central- European countries. According to the technical director, most suitable market areas for OIVA to enter at this moment would be the Nordic countries and Germany. The interviewee stated that Flame Game Oy's resources would be sufficient for internationalization. It became clear in this part of the interview that international motivation existed in Flame Game Oy and current manufacturing resources are sufficient. Flame Game Oy has investigated export and according to the technical director, it will not be achievable by acting alone. He suggested that one route would be to make the product known in European countries via the Finnish wholesalers who have existing contracts with Flame Game Oy. The most notable

benefit of internationalization mentioned by the interviewee was that with increasing demand, Flame Game Oy could utilize their production capacity to its full extent. Difficulties in the process could be caused by international money transactions and taxation practices.

The 3) *Future* spells opportunity for Flame Game Oy and the main goal stated by the technical director was to be able to develop new products and expand the variety of their product line. Grilling is a common practice across the world and ignition fluid products are used worldwide. Providing a sustainable option to consumers in this range of products gives Flame Game Oy a competitive advantage in the future. (Kuisma, 2021)

## 6.2 SWOT- analysis of Flame Game Oy

The following strengths, weaknesses, opportunities, and threats arise in the context of introducing OIVA to the central- European market. This analysis is based on the theme interview results.



Figure 3. SWOT analysis Flame Game Oy

*Strengths-* The OIVA recipe is unique and is currently the world's first biodegradable ignition fluid. Modern consumers appreciate sustainability and make decisions according to environmental ideologies. The product has already proven successful in the domestic market so international prospects are justified. (Kuisma, 2021)

*Weaknesses-* The production costs are slightly higher in Finland comparing to larger industry market areas in central- Europe and although the product is environmentally friendly, some consumers might still choose the traditional ignition fluid solely based on price. Flame Game Oy has no direct previous experience of export activities and this will present some challenges although this can be rectified by utilizing the existing wholesaler alliances. (Kuisma, 2021)

*Opportunities-* Expansion to foreign markets will increase demand and allow Flame Game Oy to utilize their production line to its full extent and this will in turn promote company growth. New alliances and partnerships can be formed when entering new markets. (Kuisma, 2021)

*Threats-* Payment transactions with international organizations and banks require adjustments and foreign taxation practices in new market areas can present some difficulties. (Kuisma, 2021)

### 6.3 Competitor analysis

Competitor analysis was conducted on 25.4.2021. The company information was drawn from official websites of the companies and additional product information from the websites of local retailers. This analysis considers Germany and the Nordic countries, which in this report include Denmark, Norway, Sweden, Finland as the target market areas for export. These countries were found to be the most suitable preliminary market areas for the OIVA- product. Major competitors are presented who operate in the field and provide a comparable product to OIVA in retailers in the forementioned market areas. Criteria for the selection of these companies were that

their ignition fluid product is either sold or produced in the chosen countries and has biodegradable properties.

## BOOMEX GmbH

A German company that is currently one of Europe's leading suppliers of coal and grill ignition fluids. Founded in 1984, the company has produced fire starter aids since and now produces the top selling ignition aids throughout Europe's retail food outlets, hardware stores etc. In addition to ignition aids they also make grill and fireplace accessories as well as items for oil stoves and solid fuels. (BOOMEX, 2021) BOOMEX carries Firestarter products under the brand name Flash and have in recent years developed an FSC® (Forest Management Certification) -certified fluid. The product is comparable to OIVA as it is described to be based on renewable raw materials and being ecological and biodegradable. The label of the Flash- product comes from FSC®-certified forests and other controlled sources, however there are no indications of recycled plastic usage in the bottle and cap packaging material of this product. (BOOMEX, 2021)



### Product information

Size: 1L

Biodegradable: Yes

Renewable raw materials: Yes

Recycled packaging materials: Only the label

Clean burn/odorless: Yes

Picture. 2 Flash- bio grill (BOOMEX, 2021)

## The Kemetyl Group

With presence in more than 15 countries, 2 own production sites and producing from countries in every continent of the world, the Kemetyl group is another major competitor in the field. They produce a wide range of products from screenwashes and

coolants, to fuels and cleaners. Kemetyl combines economies of scale with local production almost anywhere. (Kemetyl, 2021) The comparable product to OIVA from Kemetyl is their T-Yellow 100% Lighter Fluid. This bio-ignition fluid is described to be entirely based on renewable raw materials. The packaging of this product is made from PET 100% biodegradable bottles. The product is currently the prominent bio-ignition fluid in the Swedish market and is sold by a retail company called Tingstad that focuses on consumables and functional products in all industries. Their retail stores are located in Göteborg, Jönköping and Malmö. (Tingsstad, 2021)



Product information

Size: 1L

Biodegradable: Yes

Renewable raw materials: Yes

Recycled packaging materials: Yes

Clean burn/odorless: Yes

Picture. 3 T-Yellow 100% (Kemetyl, 2021)

### BCB Adventure Ltd – FireDragon

BCB Adventure Ltd produces is a leading global supplier and manufacturer of life-saving equipment. Today it trades in 96 countries across 6 continents. BCB currently has manufacturing facilities and associated support offices in America, India, and the Far East. The products are sold in the Nordic countries in outdoor supply retailers and their product Firedragon Fuel Gel Firelighter is made in Britain. (Firedragonfuel, 2021) The comparable product in question is a Firestarter gel is made from vegetable waste and has slightly different composition than ignition fluid. (Firedragonfuel, 2021)



#### Product information

Size: 200ml and 1L

Biodegradable: Yes

Renewable raw materials: Yes

Recycled packaging materials: Yes

Clean burn/odorless: Yes

Picture 4. Firedragon gel (Firedragonfuel, 2021)

When researching competitors of Flame Game Oy, it was found that companies which have recently developed biodegradable solutions to fire ignition aids were multinational and extremely large-scale organizations and had various other product lines in addition. The only company found to produce bio-ignition fluid locally was Boomex GmbH as their production facilities and largest customer base was in Germany. The most prominent product in these market areas still was the traditional petroleum fuel-based ignition fluid and the companies which did not have a biodegradable option cannot be considered direct competitors of Flame Game Oy.

#### 6.4 Market research

The market research considers Germany and the Nordic countries which in this report include Denmark, Norway, Sweden, and Finland as the target market areas. A PEST-analysis describes the external factors affecting a company when conducting new ventures such as export. The analysis examines political, economic, social, and technological factors. (Pestleanalysis, 2021)

Political	Economic	Social	Technological
<ul style="list-style-type: none"> <li>• Trade policy</li> <li>• No customs(EU)</li> <li>• Tariff import restrictions</li> <li>• Tax rates and incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Sales tax</li> <li>• Exchange rates</li> <li>• Demand/supply</li> </ul>	<ul style="list-style-type: none"> <li>• Population growth</li> <li>• Investing habits</li> <li>• Average income</li> <li>• Environmental consciousness</li> </ul>	<ul style="list-style-type: none"> <li>• Technological awareness</li> <li>• Innovation</li> </ul>

Figure 4. PEST- analysis of key factors affecting Flame Game Oy

Inside the EU there are no customs on exporting goods, but Flame Game Oy must consider the taxation practices of each country upon entry. Germany has direct taxes for business which are income tax and corporation tax and indirect taxes which are value added tax and trade tax. Businesses are obliged to file electronic declarations for payroll tax and value added tax (VAT). EU countries, which are not registered in Germany, are eligible to apply for a VAT refund according to the EU Directive 2008/9/EC. (Entering-europe, 2021) The taxation directives apply to the Nordic countries except for Norway and these custom duties must be checked from the Norwegian authorities.

The economic and social standards in the Nordic countries and Germany are high. These countries also maintain a highly developed foreign trade. The Nordic countries have an inter-linked historical demographic which makes cross-border communication rather easy. Norway is not a part of the EU but still maintains extensive cooperation practices with it and many of the Nordic multinational companies operate in all four countries. (Finnpartnership, 2011) Germany's GDP per capita stood at almost 46,500 U.S. dollars in 2019 (Statista, 2021)

## GROSS DOMESTIC PRODUCT (2010)

	Denmark	Finland	Norway	Sweden	EU
Gross domestic product at market prices (current prices), € m	234,005	180,295	311,855	346,667	12,268,387
GDP per capita in Purchasing Power Standards, €	30,400	28,300	43,700	30,100	24,500
GDP per capita in Purchasing Power Standards, index	124	116	179	123	100

Source: Eurostat

Figure 5. Average Nordic GDP (Finnpartnership, 2011)

In the Nordic countries and Germany, the consumers spend approximately 25% of their income on household expenditure. (Finnpartnership, 2011) (Santandertrade, 2021) Fire ignition fluids are most used on grilling and ignition of fireplaces within the home or holiday cottage and the OIVA- product belongs to this category. Environmental consciousness is common in these countries and consumers are willing to pay more for sustainable options. In a study by Santander trade about Germany's demographics, leisure, household, and garden equipment were listed under growing sectors. (Santandertrade, 2021)

In conclusion, the German market is the most attractive for Flame Game Oy because of its population, buying power and growing demand for products within the sector. However, the Nordic consumer base would be easier to familiarize with a Finnish product due to the of similar culture and demographic. Germany as a market area could present difficulties in this regard as consumers would be more likely to choose a local provider of bio- ignition fluid such as BOOMEX GmbH, listed in the competitor analysis.

## 7 SUMMARY AND CONCLUSION

Due to the recent global pandemic situation, a large portion of industries have suffered financially and have had the need make huge adjustments to their operations. Flame Game Oy has been fortunate in this regard as their products or business model has arguably been affected in a positive way. Ignition fluids are used for barbeques,



bonfires, and fire ignition in any given situation. While people are widely staying at home, these activities can be practiced. The backyard barbeque, making a bonfire or just heating the sauna are things that remain to be limited by the restrictions. The upcoming summer season can likely even increase popularity of these activities thus growing demand for ignition fluids.

Flame Game Oy should consider internationalizing their business. The resources and production facilities are adequate and based on the interview data, motivation exists as discussions and planning about the subject have been conducted internally. Suitable preliminary export market areas for the OIVA product would be the Nordic countries and Germany. These western societies are culturally similar to Finland and the consumer base can be familiarized with this kind of product. According to the research findings, the advantages of internationalization largely outweigh the disadvantages if strategic decisions in the process are made in a way which does not affect the final price of the product too much. These are the kind of managerial decisions which are to be made during the design and implementation of the global marketing program and are considered only if internationalization activities begin.

The research objectives were to determine what are the internationalization capabilities and conditions of Flame Game Oy and whether they should consider export activities in the future. It became evident in the research that the OIVA- product caters to the global green megatrend and has practically unlimited potential in international markets. Theoretical information about value chain internationalization and market entry paths were used as background information and a SWOT analysis was created based on the theme interview data. The research results indicate that Flame Game Oy has the required motivation, resources, and commitment to achieve a successful internationalization venture if they choose to do so. This research will provide Flame Game Oy an information package about the international potential of their product and hopefully it can be used as a blueprint to guide future decisions.

The main research questions of *whether to internationalize? what are the suitable market areas?* and *how to implement this?* were answered in the research. Flame Game Oy should internationalize and the suitable market areas to enter were determined to be the Nordic countries and Germany. Implementation plans should rely heavily on

co-operation with domestic wholesalers and responsibility should be shifted to them when making the OIVA product known in international market.

Working in the Flame Game Oy warehouse and familiarizing myself with the OIVA-product gave me the inspiration to conduct this research. A new product that promotes sustainability and environmental consciousness is a step towards a cleaner future and the work done by Flame Game Oy drives this change leaving a meaningful positive impact on future generations.

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## APPENDIX 1

### Appendix.1 Theme interview structure

#### Flame Game Oy

- Company objectives and mission
- Core competences
- Internationalization readiness
- Current internationalization conditions
- Desired research outcome

#### Internationalization

- Whether to internationalize
- Export paths and strategies
- Market areas
- OIVA in the international marketplace
- pros and cons
- Motivation

#### Future

- Company development
- Expansion plans
- Comments

## APPENDIX 2

### Appendix 2. Interview draft and results in Finnish

#### Thesis research interview

Kansainvälistymisen mahdollisuudet & olosuhteet: Flame Game Oy

Internationalization conditions for a Finnish ignition fluid product: Flame Game Oy

#### **Teemahaastattelu**

Haastattelu keskittyy OIVA- tuotteen kansainvälisten markkinoiden potentiaalin tutkimiseen, vientiin liittyviin asioihin ja yrityksen mahdollisuuksiin suunnata ulkomaanmarkkinoille. Haastattelun tavoitteena on saada näkökulma yrityksen tilanteeseen ja kansainvälistymiskykyyn johtajan näkökulmasta.

Tutkimuksen tarkoitus on saada tietoa yrityksen kyvyistä kansainvälistyä teoreettisella tasolla ja tuottaa lisätietoa, mutta ei luoda konkreettista vientistrategiaa tai markkinasuunnitelmaa.

Yleiset teemat ja ennakkokysymykset toimitetaan haastateltavalle sähköpostitse. Haastattelu suoritetaan keskustelumuotoisena ja aihealueet käsitellään vapaamuotoisesti. Haastattelu tapahtuu kasvotusten ja tallennetaan perusteellisemman tulosanalyysin mahdollistamiseksi.

Haastattelu toteutetaan puolistrukturoituna temahaastatteluna, jonka aihealueet ovat seuraavat:

### **Flame Game Oy**

- Yrityksen tavoitteet ja tehtävä
- Tärkein osaamisalue
- Kansainvälistymisvalmius
- Nykyiset kansainvälistymisen olosuhteet/tila
- Haluttu tutkimustulos

### **Kansainvälistyminen**

- Kansainvälistyminen tavoitteena?
- Polkuja ja strategioita
- Markkina-alueet
- OIVA kansainvälisillä markkinoilla
- Hyvät ja huonot puolet
- Motivaatio

### **Tulevaisuus**

- Yrityksen kehittäminen
- Suunnitelmat
- Kommentit

### **Tukikysymykset**

(Teemahaastattelu on joustava ja aihealueista keskustellaan yleisesti, kysymykset ovat suuntaa antavia)

Mitkä ovat Flame Game Oy:n tämänhetkiset päätavoitteet kotimaisilla markkinoilla?

Säilyttää markkinajohtajuus bio-sytysneste markkinoilla.

Onko OIVA- tuotteen kysyntä vastannut yrityksen tavoitteita?

Kyllä, Oiva bio-sytysnesteellä päästiin valtaamaan perinteinen fossiiliperäisiin raaka-aineisiin perustuva tuotemyynti.

Onko yritys mielestänne valmis kansainvälistymään?

Kyllä, tuotantolinja on uudistettu ja pystyy valmistamaan enemmän kuin nykyinen tilauskanta edellyttää.

Onko kansainvälistymiseen liittyviä tutkimuksia tai suunnittelua jo tehty?

Asiaa on mietitty miten se ylipäättään olisi mahdollista. Yksin toimimalla se ei onnistu mitenkään.

Yksi reitti olisi saada tuote tunnetuksi suomalaisten tukkuliikkeiden kautta, joilla on sopimuksia

Euroopan muiden maiden tukkujen kanssa.

Onko kansainvälistyminen tavoite?

Kyllä, nykyinen markkina on rajallinen ja uuden tuotteen etulyöntiasema alkaa olla jo uhattuna.

Minkälaiseen markkina- alueeseen tai maahan OIVA sopisi tuotteena?

Pohjoismaat ja Saksa.

Mitkä olisivat suurimmat haasteet, jos yritystoimintaa lähtisi kansainvälistämään?

Maksuliikenne ja verotuskäytännöt.

Entä suurimmat hyödyt?

Tuotantolinjalle tulisi enemmän käyttöä.

Riittävätkö tämänhetkiset resurssit?

Kyllä.

Tulevaisuuden suunnitelmat ja liiketoiminnan kehitys?

Saada kehitettyä uusia tuotteita.