

MARKET ANALYSIS FOR COMPANY X

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Title
Market Analysis for Company X

Abstract

The aim of this study was to research and analyze the possibility of a market expansion to the Netherlands for a machinery rental business Company X. To further analyze the market and scope the competition and environment in the new market, a market research study was necessary. The main goal of this thesis was to get an answer if expansion would be possible or profitable.

The study analyzes the market environment and the competition present in the market. The data for the study was mostly obtained through secondary online sources. The main tools used in this thesis were PEST and SWOT analyses and a marketing mix. The study contains a marketing plan as well as an estimated cost structure of this type of market expansion.

The results of the study indicated that a market expansion would be a possibility for Company X, with some further research of the market environment. The results showed that a foreign market has to be analyzed more before expanding, although at first it looked very promising. The study offers a base for the research company to create a more advanced market analysis if the market expansion progresses further.

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Terms and concepts

Biomass, Biofuel: Fuel produced from living biomass instead of fossil fuels. Biomass is commonly gathered from agricultural crops

Hay rake, harvester, round baler: Machinery commonly used to speed up the harvesting and reserving of the crops.

1 Introduction

The world of business has globalized more and more during the last years, and multiple companies have already expanded their business to international fields. Expanding the business to new locations overseas can act as an opening to multiple new market areas for companies if the current market seems to be occupied by competitors already, or if it simply is not large enough for the company to prosper and grow.

Before a company can safely start up the business abroad, the target market has to be analysed precisely. Market analysis will offer useful information to the company about the opportunities and risks that may come with the expansion. The conclusion of the research will provide the company with the answer to the question: would expansion be profitable, or would it be more beneficial to look elsewhere?

1.1 Thesis purpose

The goal of this study is to research and scope the environment of the agricultural machinery rental businesses in the Netherlands and to analyse the possibilities of Company X to expand its business to a new geographic area. Company X is a Finnish agricultural machinery rental business that currently

specializes in tractor rental. The market in the Netherlands will be analysed to find out information on the competition in the market and to see if Company X has an opportunity to enter the market

This study will focus more on the agricultural field of the Netherlands as a whole, to see the potential of a smaller company to branch out.

After the market analysis has been conducted, a marketing plan for the entry will be created to provide the reader more accurate information on how the operation would proceed in a real life situation, with an estimated cost structure.

1.2 Research methods

The study will be conducted as a quantitative research, mostly focusing on second-hand data such as online sources. Due to the objective of this study being an estimation of the market opportunities, using mostly second-hand data will suffice. A lot of data is written about this topic, which makes online sources easily available, and efficient to use in this case. The reliability of online sources has to be thought of, and the credibility of the writers will be taken into consideration. Primary data on the Dutch market will be collected via e-mail with the Dutch Chamber of Commerce (KVK). As a desktop research, most of the data can be acquired online through various government statistics, research journals, newspapers and data banks. The acquired data will then be analysed by concluding both PESTEL and SWOT analyses.

1.3 Research questions

The data acquired from the sources will be analysed to seek out information on the potential of the market expansion of Company X. To help the analysing process, research questions will be created to outline the goal of the study. These research questions will be answered in the conclusion of the study.

The study's main research question is:

- Would it be possible and profitable for Company X to expand its business to the Netherlands?

In this type of context, of course this main question requires answers to some sub-questions, such as:

- What are the external factors like in the target market and its environment?
- What are the strengths and weaknesses of Company X?
- How competitive is the market in the Netherlands?

2 Internationalization

Kotler, Armstrong, Harris & Piercy (2017, 563) provide a descriptive definition of global firms. A firm that can be considered global, is one that gains advantages in relation to its domestic competitors financially, and in marketing, production, research and development by operating outside the domestic market.

Internationalization is the process in which products or services are designed to fit for users in many countries or in a way that they are easily changeable to achieve this. In economics, the term internationalization can be used to describe a company that attempts to capture a larger market in international environments. The trend towards internationalization has pushed the economy into a state of globalization, in which large economies throughout the world are now highly connected due to countries working together in the world of business. Due to this globalized state, a country's economic situation is largely affected by the actions of other countries. (Hayes 2021.) The international market of business as a whole has grown substantially, the number of international corporations has more than doubled since the 1990s. (Kotler, Armstrong, Harris & Piercy, 2017, 563).

Companies attempting to achieve internationalization commonly adapt a strategy to enter a new market; these strategies can be divided into three main types, multi-domestic, global and transnational.

A multi-domestic strategy sacrifices effectiveness to achieve a better response to its foreign target market (Edwards 2014, 7). In an example for this strategy, a company would adapt its current, well-received product to fit the target market environment better.

Edwards (2014,7) states in her work that global strategy focuses more heavily on the efficiency instead of responsiveness. When this strategy is adopted, the company more often offers the unedited product or service around the globe, although minor tweaks are still common. This strategy emphasizes the objective of gaining economies of scale by offering the same products or services in each market. (Edwards, J, 2014, 7.)

Edwards (2014,7) writes that transnational strategy settles in the middle ground of these two forementioned strategies. Firms using this strategy try to balance the emphasizing between efficiency and the preferences of multiple foreign markets. The main product or service remains the same in multiple markets, but changes are made to fit the preference of the target market environment. As an example of this strategy, McDonald's is the perfect example; the main menu stays the same in all of the countries but the restaurants offer tailored options to the customers in each market individually. (Edwards, J, 2014, 7.)

3 COMPANY X

Company X is a small business located in eastern Finland. The entrepreneur came to a conclusion that the local environment was in dire need of machinery for farming needs and it was a good opportunity to start up a business to help both farmers and of course the entrepreneur as well.

Since the company is still new, it offers one tractor for rental at a time. The machine can be rented for a month at a time, although in special cases, an hour-based rental can be negotiated.

Now after the first year of the business up and running, Company X has seen its potential, the machinery available is rented continuously, and other

entrepreneurs are inquiring about vehicles for rental as well. This means that the demand in Company X's area is greater than the supply. This has caused Company X to start thinking about expanding its market and supply, in this case meaning acquiring new machinery. Although Company X is currently operated by its two owners, it is likely that a market expansion abroad would at some point require the company to hire an outside source to help with the machinery transportation and repairs abroad.

4 Market entry modes

When planning to enter a foreign market, a business has to plan out its market entry beforehand. One of the important decisions is the company's market entry mode. There are five recognized market entry modes related to international markets. These five are exporting, licensing and franchising, partnering and strategic alliance, acquisition, and Greenfield Venture. (Mariadoss 2023.) Datta, Herrman & Rasheed (2002, 86) summarize that the research done on the choice and consequences of an entry mode has not been able to draw generalizable conclusions. Each of these entry modes has advantages and disadvantages that will be covered.

4.1 Exporting

Exporting as a market entry mode is considered to be typically the easiest way to enter an international market. Exporting means the sale of products and services in foreign markets that are produced by a company that is located elsewhere. (Mariadoss 2023.) Exporting's greatest advantages lie in its potential to generate a large amount of sales overseas in a short timeframe. While the product is easy to move to another market, market coverage and knowledge of the foreign market can remain limited, which might prove to be a disadvantage. (Business.gov.nl. 2023.)

4.2 Licensing and Franchising

Licensing and franchising rely on a similar type of a business contract, the licensor or franchiser sells the other company – in this case the licensee or franchisee the right to use either its product or the brand itself in another location. This is a common way to create new locations. McDonald's restaurants are examples of franchising restaurants. This approach gives a company fast entry into a new market with low risk of entry. The company that stays in its own environment will however have less control over the licensee's or franchisee's actions, and they might become competitors at some point. (Mariadoss 2023.)

4.3 Partnering and Strategic Alliance

Another way to enter a foreign market is to partner with a local company. A contract will be created to ensure both companies will cooperate in a certain way for a set period of time. When partnering with another company, the knowledge of a local company will be very useful for the market entry, and both companies have the same benefits of new market environments. Alliances with other companies provide a safer entry to a new market with shared costs reducing the investment needed, as well as the matter that the local presence of the partner company may help with the awareness. The disadvantages of alliances can be seen as the higher costs than the two previously-mentioned entry modes. One risk of this entry mode is the possible internal problems when cooperating with another business on this level. (Mariadoss 2023.)

4.4 Acquisition

Mariadoss (2023) states that the term acquisition means a transaction in which a company purchases another company's stock, or the company itself for its own usage. A method that comes with both a great risk and a reward, acquisitions require a larger investment cost, but provide a fast entry to a market with a local presence and established operations. (Mariadoss, B, 2023.)

4.5 Greenfield Venture

Greenfield Venture can be explained as a company launching a new wholly owned subsidiary in the target market area. Mariadoss (2023) concludes this entry mode as one that can provide the company with maximum control, and with an opportunity to gain the complete market area to itself, instead of co-operating with a partner. Although the reward can be great, the company has to take the maximum risk that can come with a market entry, the costs are high compared to the other entry modes, and the lack of knowledge on the environment may come with greater risks. When setting up a subsidiary, the setup time may slow down the entry. (Mariadoss, B, 2023.)

4.6 Company X's entry mode

Since Company X is an already established company with a service that requires only the machinery to be transferred to another market, the entry mode suitable would be a mixture of both a partnership and a new subsidiary. When first moving into the new market, it would be the fastest way to set up the business if the company would work on its own, with a rental space for warehousing the machinery. Although when the entry is complete and the business is up and running in the new environment, a partnership with a local company would be beneficial. This way Company X could gain more brand awareness and possibly reduce the costs that come with warehousing and the repairing of the machinery. It could even potentially offer a market for a Dutch company here in Finland in exchange.

5 Rental vs ownership

Sustainable businesses are nowadays becoming appreciated more. When companies are starting to take their carbon footprint into recognition, the choice between leasing or renting equipment or purchasing it for the business may arise, since each one of these options has its pros and cons.

When the equipment is rented, the business does not usually have to worry about the repair costs or additional fees included with certain products. The rental service commonly is reliable for their equipment in case anything happens, and the products are insured. When talking about vehicle rental or leasing, it is quite common that the only cost left to the customer besides the rental fee is gasoline. Why would every business that needs these types of equipment not just rent then?

In some cases, if the business needs additional machinery or equipment constantly, and the financial state of the company is stable, it can be reasonable to acquire the machinery for the company. This way the business never has to worry about not being able to get a hold of the equipment when it is needed. The answer to the question if a company should rent or to buy comes down to individual factors such as the size of the business, the frequency of the need for additional equipment, and the financial stability of the business. There is no clear-cut answer, and this question should be thought out carefully when it arises.

6 Process

To find out if the expansion would be a success, the first step is to look at the Dutch agricultural environment to try to get a broader perspective on the market Company X is looking at. After this, the second step is to research information on what is required to start a business in the Netherlands, since entering a foreign market will always have some differences to the familiar, safe environment in which the company is currently operating.

When this essential information is gathered, the study will focus on the Dutch market's competition, and the internal and external factors will be analysed by conducting both PESTEL and SWOT analyses.

When the analyses have been concluded, the study will focus on creating a marketing plan for Company X's market entry. The marketing plan is a great

method to acquire more data on what is actually needed to enter the market, and will help create an estimate of a cost structure for this kind of expansion.

7 Agriculture in the Netherlands

The Netherlands has one of the world's largest agricultural industries. The country is the second largest exporter of agricultural products in the world, behind the United States (Government.nl 2023). Almost a fifth of the country's exports consists of agricultural products.

According to the Dutch Government's national database, the most produced forms of plants are wheat, feed crops and potatoes. The country is moving its agriculture towards a more ecological approach. The usage of chemical pesticides is reduced, and the government has signed to help to promote organic products in stores and supermarkets.

With the use of biomass obtained throughout farming processes, the Netherlands is trying to reduce the usage of fossil raw materials for fuel.

Nederland								
	2010	2015	2018	2021				
Number of farms, total	All farm types			number	72,324	63,913	53,910	52,107
	Specialist field crops			number	11,962	12,393	10,834	11,189
	Specialist horticulture			number	10,198	8,043	6,742	6,995
	Specialist permanent crops			number	1,825	1,652	1,586	1,512
	Specialist mixed cropping			number	905	966	1,155	1,220

Table 1. Number of farms by general farm type (Statline 2023).

Table 1 describes the growth of agriculture in the Netherlands. As shown, the total number of farms has decreased, but the field this study focuses on, field crops and horticultural farming, is still growing. The growth of these type of farms suggests that the Netherlands will indeed need more machinery for farming in the future, which means there is room for new businesses to enter the competition.

8 Competition and potential

Although agriculture is a very large business venue in the Netherlands, there is only a limited number of rental businesses for machinery. According to research done by Googling similar rental businesses and services in the Dutch market, most of the companies that provide rental services for agricultural needs are larger companies that have specialised in other machines, but happen to provide tractors and related equipment as well. In case of Company X, this could mean that there is potential for growth in the market.

Since the market is not flooded with similar businesses, a more specialised business could acquire its target market more easily in the area. Compared to the larger rental businesses like Truck1.EU or Europe-Agriculture, Company X could be able to provide customers with faster service. With a smaller business, the service becomes more personal as well. This will leave a positive impression on customers, since they can feel like they are operating with an individual person, not a large company. Personalised customer service generates word-of-mouth advertising as well and elevates customer retention and loyalty, both of which will help Company X in this type of a market entry. (Vervent 2023.)

When trying to find information related to the saturation of the Dutch market, it should be kept in mind that a large number of competitors could be hard to find online without a native Dutch information source, since most of the information is only available in Dutch. For this reason, the Dutch Chamber of Commerce

(KVK) was contacted via email. The reason for the email was to obtain additional information and insight on the market situation of these types of businesses. The information source from KVK stated that a foreign company trying to expand into the Dutch market in this field should indeed analyse the market very well beforehand, since the competition is hard. The source also stated that a noticeable part of the rental business is run through partnerships between different businesses.

Another point that should be acknowledged is that it is most likely possible that a portion of competitors may only advertise through different media outlets, for example Facebook and local papers, and thus remain unnoticed in a study like this.

The pricing of the rental or leased tractors varies greatly depending on the model of the tractor. In case of Company X, the current monthly rent in Finland is 2400 euro, and similar-sized tractors in the Dutch market are priced around 3500-4500 euro.

8.1 Marketing Mix

One method to analyse the product of Company X on a theoretical level is to use the Marketing Mix and its four Ps, to see how well designed the idea is when applied to the methodology.

Marketing mix is a framework that uses four Ps - product, price, placement and promotion. The main purpose of a marketing mix is to generate a greater amount of sales. (Kenton 2023.)



Picture 1. 4 The Ps of marketing (NPdigital 2023)

The four Ps mentioned before can be looked at individually, but they often are dependent of one another in practice.

Product

Company X's "product" is its service, providing customers with their needed machinery for rental. The service is very beneficial for those in need, and the differentiation from competitors comes from the customer-orientated service. Company X's service has a lot of potential for other businesses as well, and collaborations with firms working in the same industry could be easily arranged.

Price

Company X's current rental fee in Finland is 2400 euro per month. Gasoline is excluded from this. If the customer needs the tractor for a time period shorter than a month, the pricing is currently 12.5 euro per hour. The pricing is very competitive in the current market, and for the future, it is very effortless to bundle multiple machines together for a lower price.

Place

In a marketing mix, the place includes the businesses' current market, also the marketing- and distribution channels. This is currently Company X's weakness, which is partly related to the current supply of machinery. Company X does not yet have a certain channel of distribution. This is about to change in the very near future: a website is already in development, and in case a market expansion would occur, social media handles would be necessary to create more brand awareness. As for Company X's current market environment, the placement seems to be very beneficial. There are no direct competitors in the environment, and retail locations that offer tractors and agricultural machinery have already started to negotiate potentially working together in the future. (Company X 2023.)

Promotion

In Company X's current state, the promotional website is being worked on, and it would be ready for the market expansion. In its current market environment, the company is already quite well-known, and the awareness has rapidly grown by word of mouth marketing.

8.2 PEST Analysis

PEST – Analysis is a macro environment analysis used by researchers and companies to research a target market for a service or product. PEST mostly focuses on larger external factors related to the environment analysed, unlike SWOT, which emphasizes the internal factors more. PEST is made of four different external factors that will be analysed individually: political, economic, socio-cultural and technological. (Kenton 2022.) In Company X's case, most important aspects are these four, and in this study the additional factors that are commonly used in a PESTLE-analysis meaning the legal and environmental factors have been excluded from the analysis.



Picture 2. PEST Analysis Template (VisualParadigm 2023).

8.2.1 Political factors

The Dutch Government has approved changes for 2023 in taxation concerning businesses. Lower corporate tax has been confirmed to increase from 15% to 19% (Orbitax 2022). This change has an effect on all businesses, including Company X. According to Orbitax, another change related to businesses is a reduction in the lower/upper rate threshold from 395,000€ to 200,000€. This change might not affect Company X yet, since it is unlikely that the taxable amount of the business would reach those numbers, during the first couple of years at least.

8.2.2 Economic factors

Economic factors that have an impact and are therefore considered in the analysis are inflation and GDP growth.

Due to increasing energy prices, the Netherlands hit peak inflation of 17.1% year-over-year in September 2022 (European Commission 2023).



Figure 1. Inflation rate expectancy (Statista 2023).

After the peak, the authorities have placed a price cap on the energy costs, and according to European Commission's Economic forecast, inflation is expected to come down to 4.9% in 2023, and to slow down further during the upcoming years.

The GDP growth of the Netherlands is expected to come down to 0.9% due to the recent increase of inflation.

While these statistics would suggest that starting a business in the Netherlands would be risky, it could also be considered as an opportunity. Since the growth has slowed down, the competition might be uncertain as well. Since Company X is currently operating at a much smaller level, the risks are decreased as well.

8.2.3 Socio-cultural factors

The socio-cultural factors that have been taken into consideration for this study are the age structure of the population and the cultural characteristics.

In recent years, the age distribution of the population in the Netherlands has been shifting towards older age groups (CBS 2023). According to statistics provided by the Dutch Government's information channel CBS, this phenomenon can be attributed to the low birth rates and longer life expectancies. This trend has significant consequences on the country's healthcare, pension systems, and labour force participation.

The culture in the Netherlands is quite similar to the one in Finland. Dutch people are generally known for being liberal, with a high degree of tolerance towards diversity and equality. The Dutch tend to have a strong sense of community and place a high value on personal freedom and autonomy. (Commisceo-Global 2023.)

As mentioned before, the similarity to the environment in Company X's current one can be perceived to provide "safety", since there are no glaring differences in the socio-cultural environments of the two countries.

8.2.4 Technological factors

The technological factor that play a role in Company X's case would be the attitude towards E-commerce, which is the main distribution channel for the service currently.

The E-commerce revenue is expected to increase by 17.0% in 2023 (ecommerceDB 2023). According to the article in ecommerceDB's database, the Dutch e-commerce market is expected to keep growing for at least the next four years.

This growth would suggest that the most efficient distribution channel for Company X would indeed remain on the internet.

8.2.5 Conclusion

The PEST-Analysis shows potential in the market entry for Company X. As the analysis shows, the changes in tax rates seem to favour new, not yet well-established companies. Economic factors point out that the decrease in inflation will increase the GDP growth during the upcoming years, which is a good sign for businesses. Although the results show potential, there is always a risk in this kind of a market entry, and aim of the analysis is to minimize that risk.

8.3 SWOT Analysis

To help analyse the environment in the Netherlands, a SWOT analysis can be created.



Picture 3. SWOT analysis (Peterdy 2023).

A SWOT analysis is a valuable tool that can help businesses gain a deeper understanding of a research topic and the context in which it operates. SWOT stands for strengths, weaknesses, opportunities, and threats. In a SWOT analysis, these four elements are identified and analysed in relation to the topic of a study (Bigelow, Pratt & Tucci 2023).

By conducting a SWOT analysis, the company will be able to identify potential challenges and opportunities in its research, which will help them make informed decisions about how to proceed. The company will also gain a better understanding of the research area's strengths and weaknesses, which can help refine the research question and objectives. (Bigelow, Pratt & Tucci 2023.) Ultimately, a SWOT analysis can help to create a more robust and effective thesis.

In Company X's case, the SWOT analysis is a fantastic tool to analyse the internal strengths and weaknesses of the company, since these factors can have a detrimental effect when crossing borders to a new market environment.

<p>Strengths</p> <p>Specialised service. Individuality instead of a larger concern.</p>	<p>Weaknesses</p> <p>No name status yet. Competitors have a larger selection of equipment.</p>
<p>Opportunities</p> <p>Growth of field crop farming. Trend towards supporting smaller, local businesses.</p>	<p>Threats</p> <p>New competitors could always appear from a local background. Limited knowledge of the business field in the area.</p>

To conclude the result of the SWOT analysis – there is most definitely a potential market for Company X, although the field is populated by larger companies currently. If Company X can create a name for itself with personalized services, with customer-friendly experiences, the word of mouth and reputation will carry a long way.

As mentioned before in the study, the growth of field crop farming in the Netherlands is also a trend that would suggest that this type of business could prosper.

Naturally, with these trends there is always a risk a new surge of competitors will arrive in the market, and Company X would have to fight for its share of customers; although this risk is always imminent in almost every market situation.

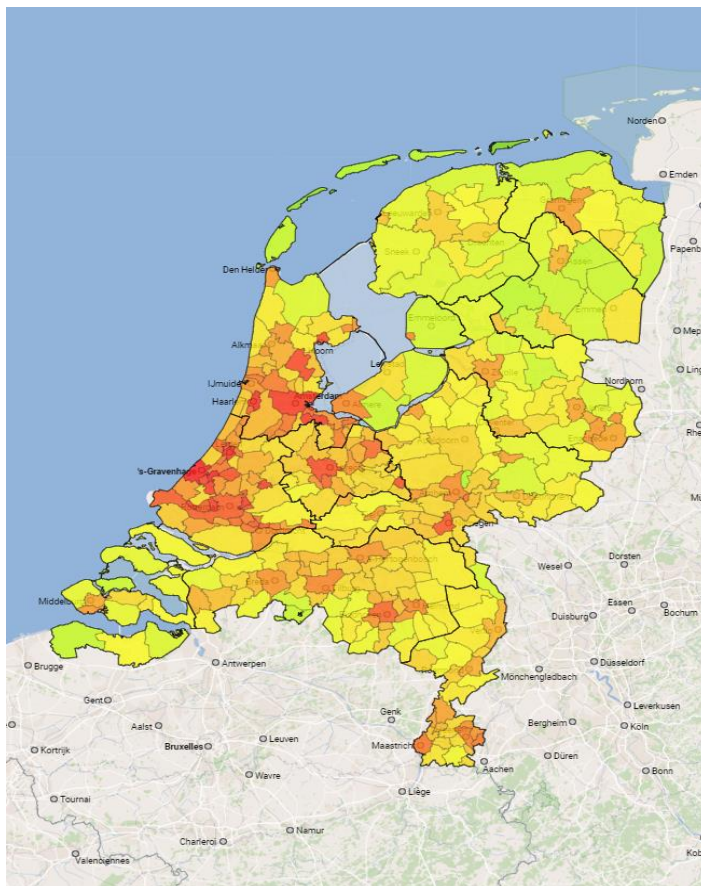
Also it has to be taken into consideration that Company X is looking to start the business in the Netherlands with one or two tractors, and possibly other related equipment first, for example harvesters, hay rakes and round balers. Since the quantity of rental machinery is limited in the beginning, the profitability of the business has to be analysed by finding out if these machines can be rented for longer periods of time with no downtime. Company X does not have to attempt to take over the whole market with dozens of tractors, making branching out more attainable. With the growth of the specialised field farming of crops that can be seen in the Netherlands according to Picture 1, there seems to be an opportunity to have the equipment rented out continuously.

9 Potential locations

When comparing the economical differences in the field of agriculture between Finland and the Netherlands, the difference is quite notable. According to Eurostat (2023), the annual gross value of the agricultural industry in the

Netherlands during the year 2022 was 11 863.39 million euro, compared to Finland's 1232.25 million.

Company X is established in a city of approximately 8,000 people in Finland. The company is trying to find a similar sized city for expansion. The company is looking to start the expansion with a single tractor to rent at a time, which makes finding a city with exactly the same population impossible. For this context, a population range of 7500 to 9500 will be addressed as similar enough. Cities of this population are Mook en Middelaar (population 8045), Noord-Beveland (population 7861) and Zoeterwoude (population 9447). (citypopulation.de 2023.)



Picture 4. Population density in the Netherlands (Citypopulation.DE 2023).

A deeper look at these cities would provide Company X with a more accurate picture of the environment to see, if one of these cities would be possible for expansion. As this study focuses on the market environment of the Netherlands

as a whole, a more in-depth analysis of these smaller cities is irrelevant, and would be an inefficient usage of resources, since the information on these locations is very scarce.

10 Marketing plan proposition

To provide additional credibility to this type of a study, a marketing plan can be created to see how the market entry would proceed in action. In this plan, the most important factors to consider are the logistics of transporting the machinery to the Netherlands from Finland, and providing an approximate plan on how the company would reach customers on the new market.

Transporting a vehicle of this size from Finland to the Netherlands is quite expensive. For the purposes of this study, an international logistics company, Clicktrans, was contacted for quotes from carrier companies. A rough estimate of the transportation costs from Helsinki to Amsterdam would be approximately 1900-2100 euro. One courier company from Poland offered its services for around 3000 euro as well. This shows that the price range of these logistics services varies greatly. Through this courier, the transportation can be assigned to any city, which makes it possible to easily transport the vehicle to the wanted location.

The next step in the process of transporting the vehicle would be to allocate a warehouse space for the purpose of keeping the vehicle unscathed during the time periods it is not being used. In an ideal situation, the warehouse would be located in a more remote location, outside of a city, since the usage of the machinery will more likely be happening in the countryside as well.

The most important aspect of this plan is to find an efficient method of marketing for Company X, so the new business can be seen and reached in a new market. The modern day option for marketing would be through Google's search engine, since that way anyone looking for information related to

agricultural machinery would see the company name and information pop up. Another, similar option is to market the service through Facebook or Instagram. The advertisement can be engineered to reach a fitting demographic, which would attract eyes to the business very efficiently.

In this type of industry, where a large portion of the entrepreneurs are familiar with each other, word of mouth plays a big role in advertising as well. If Company X manages to gather a positive reputation in the area during its starting period, it is very likely that either the same entrepreneurs will keep using the service continually for longer periods of time or that they will promote the business to their fellow farmers that might be in need of some additional machinery for seasonal uses, for example.

It is important to keep in mind that Company X's expansion will start with a single tractor to rent at a time. This greatly decreases the need for advertising. In its current market environment, a tractor is usually rented for weeks or months at a time, and it is likely that the same phenomenon will happen in the future in the new market as well. This means that the marketing objective of Company X should remain to gain status in the new area and not to necessarily gain multiple interested customers at once, since the demand might become greater than the supply.

10.1 Cost structure estimate

When it comes to the cost structure of this plan, one should keep in mind that it is only a rough estimate. In case of Company X's expansion, the cost of the new tractor, and its insurances will not be taken into account. The specific costs left to estimate are the transportation to the Netherlands, in this case around the Amsterdam area, the warehousing of the tractor, and the marketing cost estimates.

As mentioned before, the estimated transportation cost of the machinery from Helsinki to Amsterdam ranges between 2000-3000 euro, although the lowest estimate from Clicktrans was 1900 euro. With this cost, the vehicle can be transported to the warehouse in the Amsterdam area.

The warehouse space needed for a tractor was quite difficult to find in the Amsterdam area. One suited for Company X was found via Marktplaats, with a monthly rent of 550€, with additional 25€ per month for the service fee. This space is located 15 minutes from central Amsterdam.

To estimate the marketing costs, a time period has to be established for the marketing campaign. In Company X's case, the customer has to be acquired before the machine gets transported into the Netherlands. In this scenario, the marketing period can be estimated as one month, and in case a serious customer is found earlier, the campaign can be stopped. When trying to acquire a customer for the company from abroad, Facebook and Instagram advertising can be cost effective. The average cost per click on Facebook advertising is 0.40€ (AdRoll 2023), and the similar metric for Instagram currently varies between 0.18€ and 1.81€ depending on the bidding model (WebFX 2023). Since Company X does not need more than one serious customer to click on the advertisement, the marketing budget can be kept smaller. When choosing between these two major social media marketing platforms, the user base should be kept in mind. It might be easier to reach business owners in this field of business through Facebook, although an even more effective option might be found.

For Company X, the use of Marktplaats.nl is also one option. Marktplaats is the most visited online marketplace in the Netherlands (Statista 2022), and the pricing of the advertisements on the site is on the lower end, at 0.03€ per click (Marktplaats.nl 2023). Through this site, the acquisition of potential customers could be the easiest, and therefore it could be chosen for the marketing channel at first if Company X choses to expand to the new market. To start off the marketing campaign, Company X could establish its marketing budget at 100 euro first. This would equate to 3333 clicks, which is ensured to reach potential customers of the business. If the customer contact is established before the marketing budget is fulfilled, the company can either choose to keep the campaign going to gain more market visibility, or to save the remaining budget.

As a rough estimate of these direct costs related to the market expansion, the total comes to approximately 2750 euro, which is divided into approximately

2000 euro for the transportation of the tractor, the monthly rent of 575 euro for the warehouse space, and the marketing budget of 100 euro through Marktplaats. As mentioned before, the cost structure is only an estimate, and in reality the cost of the tractor and its insurances would add up to this total. Also, the marketing budget might have to be set higher in case a customer is not found through Marktplaats and the company would have to rely on other social media.

Company X's pricing for the service would have to be set at around 3500 euro, to cover the down payment of the loan for the tractor, insurances, and the monthly costs of the warehousing space and marketing.

11 Conclusion

The objective of this thesis was to find out if it would be possible and profitable for Company X to enter the market in the Netherlands. The questions created with the main research questions were answered through both the PEST and SWOT analyses, and these results were the ones that showed the potential of the business.

In case Company X would set out to expand to the Dutch market, the market would have to be studied even more carefully for a longer period. The market appears to have competitors, and the new environment might provide additional factors to take into consideration when this type of a change happens in a growing business like Company X. Something to consider for the future of Company X as well is the fact that the company has no staff hired besides the two entrepreneurs. If the company decides to start expanding the business more, it will be necessary to get some additional pairs of hands. Hiring employees comes with multiple forms of costs: salaries and insurances have to be covered. These types of costs have not been recognized in the study, since they are not necessary at the start of this market expansion.

Since the available information of the market saturation is limited, to minimize the risks it would be possibly beneficial to conduct another study, which would use data acquired from entrepreneurs in the area to gather an even deeper

knowledge of the situation. This more targeted study could show if the market expansion would be worth taking the risk or if it is safer for Company X to either stay in its current market environment in Finland, or start to study a different foreign market.

We live in a day when many businesses are going global, and the market seems to be functioning more and more together worldwide. If Company X can find its spot in the foreign market, it is undoubtedly reasonable to assume that the revenue stream would be sufficient to expand the business to a larger scale, and consider purchasing multiple tractors for the business. Since Company X is operating in a business field that is connected to multiple industries, it is possible to expand the business in multiple ways. The company could reach into different types of vehicles, machinery for harvesting and planting, soil cultivation, etc. The possible opportunities are almost endless, Company X could capitalize on this if the market entry comes into reality, and the new market receives this type of more local, personalized service well.

Although the possibility of the market expansion has been noticed, to answer the research question created at the start of the process, at this point, and with the information gathered by this study, it would be too risky for Company X to start the expansion process.

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