

Introduction

The Masters' thesis is a part of the curriculum. The focus of the study is to establish an Internationalization Strategy. Due to the technical nature of the product, the industry involved and the international climate, I opted for this topic.

This thesis is classified into four chapters. An overview of the research is given in chapter one. Chapter two analyzes applicable literature and offers a theoretical context for the whole research and its individual steps. The methodology for the research is mentioned in chapter three. The fourth chapter focuses on the information discovered from the individual research steps. Finally, chapter 5 presents the observations, formulates guidelines, analyzes the Master thesis limitations and gives implications for the further inquiries.

Chapter 1; Background

The first chapter offers a summary of the work as a whole. The original history is described after which questions and structure of the research are presented and finally it gives the importance of the Masters' thesis.

Technology is constantly making the World a smaller place through radically improving data and telecommunication. This in turn improve the opportunities for information-gathering, exchange and transfer of wealth, sales and marketing across the globe. In today's world the companies want to go internationalized because they want to expand their business, earn revenue, reduce cost and increase their investment opportunities. Globalization means the speedup of exchanges and movements across the planet. It plays a major role in betterment of the business interaction across different regions around the Globe. A definition of Economic Globalization according to (**The committee for Development Policy**) is "Economic Globalization refers to the Increasing interdependence of world economies as a result of the growing scale of cross-border trade of commodities and services, flow of international capital and wide and rapid spread of technologies. It reflects the continuing expansion and mutual integration of market frontiers and is an irreversible trend for the economic development in the whole world at the turn of the millennium. The rapid growing significance of information in all types of productive activities and marketization are the two major driving forces for economic globalization [1]. For a company to enter the Global Market, there are various drivers: Political, technological, market, cost and competitive drivers [2].

Pupa India private ltd., with ISO Certification Since 2003 is a South India's fastest growing company in Home care, Sanitary Ware, Construction Chemicals, Ceramics and Cleaning Service Segments. It wants to expand its business in Europe hence it needs an International Marketing Strategy to implement internationalization of its products.

1.1 Structure of the Research

The following expressions are taken into consideration in choosing the Research Problem:

-The objective of the master thesis is to design a marketing strategy for PUPA India private ltd., in European markets and the sale mechanism of their products in European markets.

-The International Market Entry strategy should focus more on Home care Industry and Home Health care Market.

-The Research Focuses more on Countries in Europe and EU legislation is considered in this research.

- And this Research focuses mainly on one particular country in the European Union since the analysis can be carried out in a better way.

Based on the Expressions stated above, the problem formulation can be defined as follows:

Which Is the Best International Marketing Strategy for PUPA India Private Ltd to enter a European Country in the Home Care Industry?

Based on the Problem Formulation, the questions which should be taken into consideration are defined as follows:

1.1 What are the organizational characters of PUPA India private ltd?

1.2 When Selecting a target nation, Which criteria will be used by PUPA India Private ltd., and which country in Europe will PUPA India private ltd., will choose as a target nation?

1.3 What are the characteristics of the Home care and Sanitary care markets in the target nation?

1.4 Which criteria are considered when selecting a form of entry mode and the form should PUPA India Private ltd., choose to enter the destination country?

1.5 How is PUPA India Private ltd expected to market its goods in target country?

1.6 How will the Foreign Market Penetration Strategy be executed in the target region, so that PUPA India Private ltd has the greatest chance of success?

1.2 Relevance

Analysis is performed of the practical and theoretical interest.

The Master thesis is written for a Masters' degree but is also given by PUPA India ltd, but they also want to use the thesis to frame PUPA India ltd penetration into Europe. This

Masters' thesis tells the company on how to do this. It also provides the client with multiple templates that they can use in certain ways, including for specific businesses or client pieces.

This masters' thesis also analyzes the potential at the end of country selection for the top three countries in Europe. The selection model shows which countries have the most potential to join, and which one is not a suitable country. It provides knowledge about how to reach the country with the greatest opportunity and demonstrates how businesses have the following steps as they enter a new market.

The Key scientific significance of the Masters' thesis are the models developed in the Masters' thesis. All the different models are developed using an analysis of the literature. The International Market Entry Strategy plan as a whole is formulated, a country screening model is created, the decision on the entry model is organized, and marketing plan elements are differentiated.

In this research a deductive method is employed. The theoretical framework represents various models and theories to provide a response to the research questions. The next chapter analyses this Master study theoretical structure.

Chapter 2; Theoretical Framework

Chapter 2 draws on related literature and offers a theoretical context for the entire study and the individual steps it takes. The theoretical context revolves around the literature and models used in this study. The articles used for the overall Foreign Market Entry Strategy plan were found using "Google Scholar" and "Web of Science" repositories. Reports are written using the keywords "International market entry" and "Internationalization strategy. After reading them, all 4 articles considered relevant were used for the theoretical context of the International Market entry Strategy. Table 1 offers a summary of the elements used for the different internationalization strategies.

	[3]	[4]	[2]	[5]	[6]
Elements					
Analyze Internal Environment		X	X	X	X
Analyze External Environment	X ^a	X	X	X	
Choose Target Market	X				X
Choose Entry Mode	X				X
Marketing Plan	X				
Theoretical Plan			X		

a: added in choose target country

Table 1 overview of elements used in different internationalization strategies

The Market entry strategy used in this research is based on the strategies of [6] that after an entry has been selected. The form of entry mode depends partly on the target market, since the target country's characteristics support or even require those types of entry mode. Figure 1 depicts the elements of the Foreign Market Entry Strategy. A small part of the external analysis is carried out in the selection of countries.

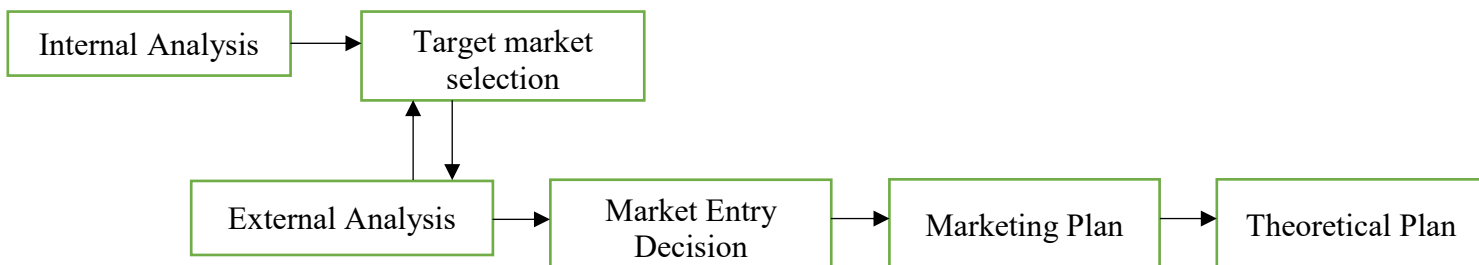


Figure 1 International Market Entry Strategy Model

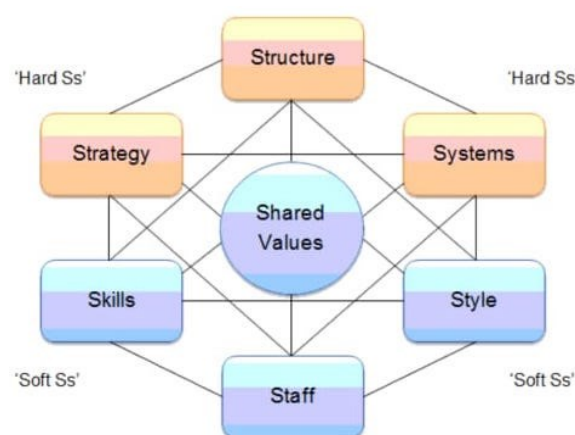
2.1 Internal Analysis

Internal Analysis is mandatorily executed to analyze the company to arrive at a better understanding about the thesis. The main focuses of this Internal Analysis are Market, Product and Organizational Characteristics.

The first and foremost step in understanding the purpose of the companies on which the Masters' Thesis is carried out is to formulate their Mission and Vision. A Mission is a formal expression of the scope of a company's activity in terms of the value brought to its customers [3]. A vision is a desired future state of the company [4].

While arriving at a model to map the organizational characters, the McKinsey model is used as this model seems more accurate in the analysis. The Model of McKinsey is developed to describe several factors which have to be considered and influenced by managers to make their business effective and efficient [5]. "McKinsey 7s model is a tool that analyzes firm's organizational design by looking at 7 key internal elements: Strategy, Structure, Systems, Shared values, Style, Staff and Skills, in order to identify if they are effectively aligned and allow organization to achieve its objectives" [6].

The First three elements: Strategy, Structure and systems are regarded as the effective hardware. Strategy represents the overall purpose and goals of a company; structure describes the line of command and system represents systems used in a company for several supporting activities [5]. The other four; skills, shared values, style, staff are considered the effective software.



2.2 Country Selection

A target country is selected for which the foreign business plan will be published. International Market Selection meaning the study of deciding where and with whom international business should be performed, can largely be categorised into the systematic or the non-systematic approach. The systematic approach refers to the nature and content of the decisions-making process which is supposed to be a structured and a formalised stage-wise process, resulting in normative advice on how to select markets and customers. The non-systematic approach appears to be more descriptive in nature and focuses on describing how firms actually select a foreign market, and includes a well-known concept such as psychic distance [8].

The papers used to identify the country selection model parameters were found using “Google Scholar” and “Springer”. To find the articles keywords such as “country selection”, “criteria” and “SME” were used. Lots of publications with evaluated requirements were hard to find for a country selection. PUPA India private ltd. have also proposed requirements that had to be implemented in the country selection model. Table 2 provides a glimpse of the criteria which has to be included in the country selection model.

Elements	Market Forces	Economic Forces	Infrastructure	Legal Forces	Political Forces	Financial Forces	Socio-Cultural Forces
[9]	X	X	X	X			X
[2]	X	X		X			X
[10]	X	X		X			X
PUPA India private ltd,	X ^a						X ^{b,c}

Table 2 Criteria For the selection model

The work further covers only the parameters proposed by PUPA India Private Ltd., and by [2]. The criteria mentioned by [2] comprises all the other criteria mentioned by the authors except for infrastructure. The development of a country wholly depends on the availability of its infrastructural facilities. Infrastructure plays a vital role in the improvement of the country's standard of living. It also plays an important role in contributing to a higher rate of economic growth [11]. The distance criteria formulated by PUPA India private Ltd., is used to scan Europe and find countries that are placed in the model of country selection, because this criterion is considered very important.

The country selection system is formulated according to various models and theories found in the "Google Scholar" and "Web of Science" databases. The keywords "countries" and "selection model" and the country selection models were used to find appropriate posts. Only a handful of relevant models were listed in the articles I read. The most important things and their country model of selection are listed below:

[14] When selecting a target market, he describes three phases (Pre-Screening, Data collection, Analysis and screening of short-listed candidates).

[15] designed steps to select a target country (The first is based on objective information using secondary data, the second solution is modeled using subjective judgement information transformed and developed from various data analysis tools).

The EUROMAP study has used the following two instruments. A *comprehensive set of indicators* which served as the structured framework for data collection in each country. These were developed on the basis of a systematic literature review and the expertise partner in the project. Four case narratives (vignettes) with related questionnaires, developed within the consortium, describing different situations of people living at home and in need of various sorts of care [16].

After analyzing through the Case studies published by [16] the founders of PUPA India Private Ltd., considered integration of home care with other health-care services is most developed in England, Italy, the Netherlands, Scandinavian countries, Estonia and Slovakia; and least formally integrated in Bulgaria, France and Romania.

Figure 3 points out the parameters [17] identifies, the parameters used in this research and importance of every single criterion.

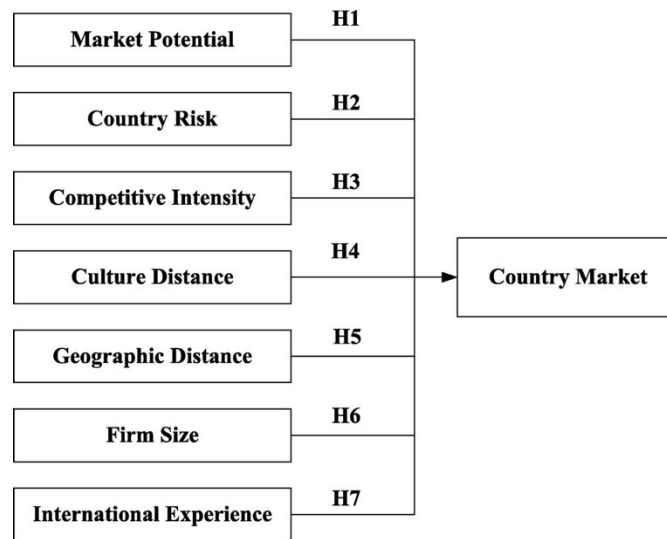


Figure 3 Criteria for research and International Market Selection Model

2.3 External Analysis

The External Analysis is done to define the market, establish better understanding of the market, consumer and competitor characteristics. The target country is selected using the method in the previous section. Some basic features are listed in this section, the Household care and Professional cleaning and Hygiene products Industry is analyzed, and Porter's five forces framework is used to analyze the competitive forces in the target market.

Financial Powers, the country's economic situation, the political climate, legal powers and the socio-cultural environment are the main characteristics. The five forces framework of Porter identifies five forces that shape strategy [9]:

1. Threat of New Entry.

2. Threat of Substitution.
3. Buyer Power.
4. Supplier power.
5. Competitive Rivalry.

To understand industry competition and profitability in each of those three cases, one must analyze the industry's underlying structure in terms of the five forces [9].

2.4 Mode of Entry Decision:

The choice of an entry mode type is an important part of a firm's foreign investment strategy. Companies that enter a foreign market may choose between different modes of entry. The entry strategy selection becomes especially important, not only for a new product's success, but also for the efficiency of the company's total new internal business development effort. In this part of the Masters' thesis the decision on the entry mode is organized.

Exporting is the marketing and direct selling of products manufactured domestically in another country. Since it doesn't allow the products to be manufactured in the target region, there is no need for investment in foreign production facilities. Most of the export related costs take the form of marketing expenses. Exporting is usually the fastest way to reach an foreign market and so most businesses continue their international expansion using this entry model. Exporting is the export of goods and services from home country originating in foreign countries. You can differentiate between two main types of exports; **Indirect exports** use intermediaries who are based in the company's own country and who actually do the exports and **Direct exports** which do not use intermediaries in the home countries, although they may use target country intermediaries.

Licensing and Franchising A business that wants to move rapidly into an international market while taking only minimal financial and legal risks might seek licensing agreements with foreign firms. An international licensing arrangement enables a foreign company (the licensee) to market a producer's (the licensor's) goods or use its intellectual property (such as patents, trademarks, copyrights) in exchange for royalty payments. Licensing basically allows a corporation to use the licensor's property within the target region. Such property, such as trademarks, patents, and manufacturing techniques, is typically intangible. The owner shall

pay a fee in return for the rights and likely also for technical assistance to use the intangible property. **Selling franchises** is another common means of expanding overseas. In an international franchise arrangement, a corporation (the franchiser) reserves the right to use its brand name to market its goods or services to a foreign company (the franchisor). The franchisee is responsible for all operations but decides to work according to the franchiser's business model. The franchiser, in addition, typically offers advertising, training and assistance with new items.

Partnerships another way to break into a new area is through a strategic alliance with a local partner. A strategic partnership requires a contractual arrangement between two or more entities that stipulates that the parties involved must collaborate in some way for a specified period of time in order to accomplish a shared goal. In order to determine if the partnership strategy is acceptable for the firm, the firm must decide what benefit the partner might bring to the venture in both tangible and intangible respects. The benefits of working with a local company are that the local company typically knows the local culture, environment and ways to do business better than an outside company. Partners are especially important if they have an recognized, respected brand name in the country or have established consumer relationships that the firm would want to access. **Strategic alliances** are also useful for small business companies, which may be too small to make the requisite investments themselves to reach the new market. Therefore, some countries allow foreign owned companies to partner with a local company if they wish to join the market.

An **Acquisition** is a process in which a company takes ownership of another company by purchasing its stock, exchanging the stock for its own or, in the case of a private company, paying a purchase price to the shareholders. Cross-border acquisitions have gone up significantly in our increasingly flat world. Cross-border acquisitions have accounted for over 60 % of all acquisitions executed worldwide in recent years. When deciding whether to pursue an acquisition strategy, firms examine the laws in the target country.

New, wholly owned Subsidiary The process of forming a new wholly owned subsidiary (also known as a greenfield venture) is always complicated and potentially expensive, but it gives full leverage to the company and has the greatest potential to produce above-average returns.

Type of Entry	Advantages	Disadvantages
Exporting	Fast entry, low risk	Low control, low local knowledge, potential negative environmental impact of transportation
Licensing and Franchising	Fast entry, low cost, low risk	Less control, licensee may become a competitor, legal and regulatory environment (IP and contract law) must be sound
Partnering and Strategic Alliance	Shared Costs reduce investment needed, reduced risk, seen as local entity	Higher Cost than exporting, licensing or franchising; integration problems between two corporate cultures
Acquisition	Fast entry; known, established operations	High cost, integration issues with home office
Greenfield Venture (Launch of new, wholly owned subsidiary)	Gain local market knowledge, can be seen as insider who employs locals; maximum controls	High cost, High Risks due to unknowns, slow entry due to setup time

Table 3 International-Expansion Entry Modes [10]

This study includes the characteristics of the target countries which are also listed in the selection of the country. The two analyzes have a slight overlap. In this Master thesis both phases shall be intentionally segregated and dealt with individually.

2.5 The Marketing Plan

A marketing plan has to be in place to effectively sell a product or service in a target country updated. This section focuses more on the marketing strategy and specific steps that it takes.

A marketing plan is a comprehensive document that outlines a company’s overall marketing effort. It is a blueprint that outlines how a company will implement its marketing strategy, and use a combination of resources to achieve business objectives including sales targets or customer acquisition . The marketing plan includes information such as the product or service offered, pricing, target market, competitors, marketing budget and promotional mix. The marketing plan analyzed here is for the Home Care products Industry in Estonia.

A marketing strategy has several elements to it. The articles are searched using “Google Scholar” and “JSTOR” using the key words “international marketing strategy” and the relevant articles are found.

Authors	[22]	[23]	[24]	[25]	[26]
Elements of a marketing strategy					
Segmentation	X			X	
Preparation					X
Targeting					X
Product	X	X	X		X
Naming					X
Price	X	X	X	X	X
Packaging					X
Place	X				
Distribution		X	X	X	X
Promotion	X	X	X	X	X

Table 4 Elements of International Marketing Strategy

Some authors have merged multiple parameters into one item looking at table 6. Place refers to the position of the target country and its networks, these elements are already accessible analyzed in the decision of the target country and the decision of the entry mode. Thus, place is not included in the marketing plan.

Overall a marketing strategy is composed of the following elements, analyzed in this master's thesis:

- Market segmentation is the actual process of identifying segments of the market and the process of dividing a broad customer base into sub-groups of consumers consisting of existing and prospective customers [27].
- The target market decision is the choice of which consumers in a product-market towards which a company will aim its marketing programme positioning strategy [28].
- Positioning involves implementing our targeting [29].

For several decades the method of introducing new technologies has been studied and one of the most common adoption methods is described [30]. Description of Innovation-diffusion process as a reduction of uncertainty and he suggests Innovation attributes which help reduce innovation uncertainty. Innovation qualities includes five innovation characteristics, which are:

- *Rate of adoption* is the relative speed with which an innovation is adopted by members of a social system [30].
- *Relative advantage* is the degree to which an innovation is perceived as better than the idea it supersedes [30].
- *Compatibility* is the degree to which an innovation is perceived as consistent with the existing values, past experiences, and needs of potential adopters [30].
- *Complexity* is the degree to which an innovation is perceived as relatively difficult to understand and to use [30].
- *Trailability* is the degree to which an innovation may be experimented with on a limited basis [30].
- *Observability* is the degree to which the results of an innovation are visible to others [30].

[30] argued that innovations offer more relative benefits, it will follow reliability, usability, trialability and observability faster than many other innovations.

After an analysis of the theory to be used in this Master thesis, the following chapter focuses on how information is collected for each model presented in this chapter.

Chapter 3: Methodology

The approach of the individual Masters' thesis steps is discussed in Chapter three. It focuses on how to gather information to complete the models and to use the theory analyzed in the previous chapter.

3.1 Internal Analysis

Information on the Vision and Mission of the PUPA India private ltd. can be found using the individual websites. The Product and Market are represented using the company's individual websites and by talking to multiple staff members. A business questionnaire is used to identify organizational characteristics for the company PUPA India Private ltd, the company questionnaire is based primarily on McKinsey's 7s model, and the questions include each S. The questionnaire sent to PUPA India Private ltd., is expanded with some questions about the implementation of the products. Various staff of the companies complete the business questionnaire, Development questionnaire, company questionnaire.

3.2 Country Selection

Selection of country consists of a multi-step process. These steps include detailed market-potential information, political & legal information, financial & economic information and socio-cultural data. Overall the information for the individual steps is available on the internet. Several web servers are being used. In particular statista.com and ecovia.com are used to find market potential information, and websites of the company are also used. For the other steps' individual country websites, the general country information sites and the EVD and FME-CWM websites are consulted.

Google Earth's internet software is used to identify the countries that are placed into the model. Google Earth is a system that scale-ups the globe. The center of the circle is set in the system and the circle is drawn, with a radius of 1500kms. At the same time Google earth will draw lines and weigh them. After drawing a few lines with starting point Frankfurt, a circle became clear.

3.3 External Analysis

The External analysis focuses on the target country which was found in the International Market Entry strategy's previous phase. The external research focuses on general aspects of the target area, the Home care products industry and Porter's five strengths structure.

In the country selection the general aspects of the target country are already suited, and thus little attention is paid to general knowledge. Details on the Home care Industry sector can be found on the target country's website, on the statista.com and ecovia.com, the EVD and FME-CWM website and on the PUPA India private ltd., company's website.

Porter's five-force system is used to evaluate the competitive pressures on the target market, these factors are: new entrant's danger, buyer's bargaining power, alternative goods or services threat, supplier's bargaining power and current competitor's rivalry. Knowledge about the 5 powers is primarily found on the internet. The google database is used to find company names and for precise details, the individual websites are checked. The statista.com and ecovia.com, the EVD and FME-CWM website and on the PUPA India private ltd., websites are used.

3.4 Market Entry Mode Selection

The choice of an entry mode is determined by four classes with multiple criteria, mentioned in chapter 2 of Table 5. Each criterion is evaluated, and a comprehensive internet search is used to find details about these criteria. Several websites are consulted, such as target country websites, individual plant sites, and websites used by the companies statista.com and ecovia.com, the EVD and FME-CWM. This knowledge is substantiated when opposed to what the authors say about the requirements and the most acceptable type of entry mode.

Talking to many PUPA India private ltd, employees often creates information that can be used, this information is primarily about the product and the business.

3.5 Marketing Plan

There are several facets to a marketing strategy, Rogers' five innovation characteristics are examined, and the marketing campaign elements are also discussed: market segmentation, market planning, targeting, positioning and execution.

Information on the five innovation characteristics proposed by Rogers can be identified by talking to the PUPA India Private ltd., employees. Often information collected in previous sections is used as consumer and product specific information. In the external research these involved industries are already identified.

The next chapter presents the results, based on the models and the methodology. The next chapter discusses all the details about the International Market Entry Strategy.

Chapter 4; Data

This chapter focuses on the information needed to respond to the research questions. Firstly, a company description is given to explain the internal environment, after which a destination country is selected then external analysis is provided, and the entry mode analysis is carried out and finally the marketing strategy is described.

4.1 Internal Analysis

The purpose of the internal analysis is to identify the goal and priorities of the companies whose emphasis in this research is on the commodity, the market and the features of the organization.

