Growth is essential for companies in order to compete more effectively, satisfy their stakeholders and attract top talents. Companies can grow through identifying and selecting new market opportunities, and then develop strategies to capture these identified opportunities. In order to do this, there are different possible growth options: offer existing products to existing or new markets, or offer new products to existing or new markets (Mohr, Sengupta & Slater, 2010, pp.74-75).

New market entries are a chance for companies to grow by leveraging their core business (Mohr, Sengupta & Slater, 2010, p.76), and this thesis will focus on market development, which is when a company offers their existing products to new markets (Mohr, Sengupta & Slater, 2010, p.76). An international market entry strategy is “the planning and implementation of delivering goods or services to a new target international market” (Kar, 2011).

Expanding into a new market and to develop a market entry strategy involves a great deal of market research, a thorough analysis and it takes an appropriate process to correctly assess the potential of each growth opportunity. When considering entering a new market it is essential to properly do the research correctly, since the success of any market entry is driven partially by factors outside of one’s control. It is important to investigate the appropriate level of resources in market analysis, selection and entry method to create a foundation of success in the chosen market (Stark & Stewart, 2013).

When deciding the viability of entering a particular market, there are several factors that are important to consider. Factors that should be investigated are the demographics, location and common interests or needs of the target customer. It is also important to develop an in-depth understanding of the market growth, forecasted demand, potential entry barriers and trade barriers, and competitors. It is also important to consider the own company’s capabilities before entering a new market.

When the market analysis is completed, it is time to prioritize potential markets and they should be prioritized based on strategic fit and the ability to serve them. When the appropriate markets have been selected, different market entry options should be developed. Important factors to look at are if there are any complementary infrastructures or sales channels in place (Stark & Stewart, 2013).
This thesis was conducted at Sandvik Materials Technology within the product area Wire and Heating Technology (WHT), producing niched products to sectors as heating industry, welding, energy, medical and semiconductor industry. The growth within the energy segment is one of the key success factors for Sandvik Materials Technology and a continued evolvement in this segment is a part of their strategy. As a result of competitor entries into the African market, WHT is now looking to identify new market opportunities in Africa.

Purpose

The purpose of this thesis is to increase the understanding, and to present an approach, of how to identify new market entry opportunities, specifically in Africa.

The aim is to provide WHT with a number of propositions of which selected markets they could enter and how to enter these markets.

Focus and Delimitations

This thesis only aims to investigate WHT’s prospects to enter the African market within the energy segment oil and gas, thus, no relevant connections have been made to the other product areas within SMT or the Sandvik Group that could influence the outcome.

To delimitate the research from all African countries, the authors of this thesis chose to focus on the countries with the largest oil and gas resources in Africa and countries with future potential in the oil and gas segment. Other factors that also have been taken into consideration are for example the economy, the infrastructure and governmental policies that influence regulations, the legal system and the trading policies. Cultural differences and geographical conditions have also been considered when analyzing each country’s potential. This thesis chose to focus further studies on possible market entries in Nigeria, Algeria, Angola and Libya.

This thesis is a strategic analysis, focusing on analyzing possibilities in order to facilitate further and more tactic studies. The result of the analysis aims to present different propositions on how WHT could enter the African market but not on analyzing and explaining how to implement these suggestions.

Theoretical Frame of Research

This study aims to evaluate and deliver different propositions to WHT on how to enter the African market within the energy segment oil and gas. In order to address this, a number of factors that affect the market and regions being studied, have been taken into account, for example government policies, regulations, competition, cultural differences, infrastructure, external relationships, legal systems and financial situations. These factors together with theoretical frameworks and models (a business plan, a PESTEL framework, a CAGE framework, distribution selecting criteria and a SWOT framework) have been used and modified into a new framework called Market Entry Analysis Framework (see figure 1).
In order to respond to the aim of the thesis, four different research questions were compiled:

- **RQ1**: What are the obstacles and opportunities for the oil and gas segment in each country?
- **RQ2**: What possible distribution channels could be considered for WHT in the selected markets?
- **RQ3**: What possible business partners and customers can be identified within each region and how can these be exploited by WHT?
- **RQ4**: What current competitors can be identified within each region and how are these present?

The questions were assembled in order to cover specific research areas that are of importance in a market entry; the macro-environment of the chosen regions, the production and distribution possibilities, and the mapping of the company’s potential customers and competitors in the specific regions.

**Outline of the Market Entry Analysis Framework**

A part of a business plan was used and modified in order to work as a foundation to the Market Entry Analysis Framework. The PESTEL framework is used to analyze the macro-environment together with a CAGE framework, in order to answer research question RQ1. By investigating different distribution selecting criteria, different distribution channels have been discussed in order to answer research question RQ2. In order to answer the research questions RQ3 and RQ4, overall observations, research and interviews were conducted. The SWOT analysis is used to summarize the findings partly, and to analyze whether the idea of entering different countries within the energy segment oil and gas is viable.

![Figure 1: The Market Entry Analysis Framework.](image-url)
Discussion and Propositions

Based on the research questions together with the factors discussed in the thesis and the Market Entry Analysis Framework, Nigeria, Algeria and Angola gives the impression to be the more suitable countries to consider entering for WHT. The reason for not choosing Libya as one of the possible countries to enter is due to its recent and current disturbances and the unstable governmental situation. However, since it is a country struggling on its way back with large resources and possibilities, it is a country to monitor for future business opportunities.

Propositions for Wirelines

After analyzing and answering the four research questions with the help of the Market Entry Analysis Framework, the different propositions for WHT in Africa, regarding wirelines, are presented below. The propositions are presented in no particular order.

- A field sales representative or an agent in Nigeria, with products shipped from Brazil if possible
- An agent in Algeria, where the distribution from Sweden is preferable
- An agent in Angola, with products shipped from Brazil if possible

Propositions for Welding Products

After analyzing and answering the four research questions with the help of the Market Entry Analysis Framework, the different propositions for WHT in Africa, regarding welding products, are presented below. The propositions are presented in no particular order.

- A distributor in Nigeria, with products shipped from Brazil if possible
- A distributor in Algeria, where distribution of products are made from Italy, the Netherlands or Sweden
- A distributor in Angola, with products shipped from Brazil if possible

Conclusion and Reflection

The theoretical contribution of this thesis is a deeper understanding of the different markets presented as well as a deeper understanding for how Sandvik and WHT work. Since the African market is an emerging market, the available information is limited and through this thesis, deeper analyses have been made of the investigated markets and different obstacles and opportunities have been identified.

The Market Entry Analysis Framework is a proposal of a strategic approach on how to manage the first steps when considering a market entry and to understand the important relationships between different factors contributing to different outcomes. The Market Entry Analysis Framework has been proved to efficiently structure the information gathering and facilitate the delivery of propositions. It has also shown to work in combination with both established and modified models and frameworks. The Market Entry Analysis Framework was developed in order to fill the previous gap in theory, and to cover relevant areas of research for companies wishing to enter new markets. Modifications of established models and frameworks as the PESTEL framework,
the CAGE framework, distribution selecting criteria and the SWOT framework have been shown to be efficient tools to combine when collecting information and thereafter presenting the findings. In conclusion, the Market Entry Analysis Framework is a generalizable framework that can be used for any company interested in entering new markets. However, modifications can be necessary depending on the company and what their current situation is.

The study in this thesis is a strategic analysis and if the company decides to move forward with the suggestions made, a continued business case would be a necessary and interesting research field. The business case would be based on quantitative data and gathered information. This is in order for the company to fully understand the various opportunities they have to continue with, and thereafter pursue an actual market entry.
References

