

Entering the Israeli market for Finnish Technology Company

Case: Witrafi Oy

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ABSTRACT

With its rapid development in technological industry, Israel has a relatively complicated transportation and parking structure, which is criticized by most of its people and leads to the increase in traffic congestion and severe air pollution issue. Therefore, Israel is in substantial need of an intelligent transportation and parking system which could assist it in managing and improving its traffic conditions. Meanwhile, the Case Company is seeking for opportunities to expand to the Middle East region. Acknowledging the Case Company's desire as well as the existing demand in Israel, the purpose of this thesis is to aid the Case Company in expanding to the Middle East by giving the insights of one of the markets in this region – Israel and designing an entry plan to penetrate this market.

In order to reach the research objective, this thesis is conducted based on Hollensen's five stage model and divided into two main parts – a theoretical and an empirical part. The theoretical part provides the literature review essential for the implementation of the research while the empirical part utilizes the mentioned theories to make practical evaluation. In general, the empirical work involves three main sections: the internal analysis of the Case Company in which its strengths and weaknesses and its product features are investigated; the external analysis of the Israeli business environment generally and its parking industry specifically as well as the market segmentation to identify the target customers; and eventually the internationalization plan which proposes the most suitable choice of entry mode and distribution strategies for the Case Company.

There are two primary findings in this thesis. First, the Israeli market has a lot of potential for the Case Company to penetrate thanks to its rapid growth rate in technological industry. Moreover, the country also invests significantly to support the enterprises operating in this section as well as enforces many regulations which encourage foreign corporations' investment. Second, based on its competences and weaknesses, the Case Company is suggested to deploy direct export and direct distribution channel as well as exclusive coverage strategy to penetrate the Israeli parking industry successfully.

Key words: market research, internationalization, distribution plan, Israel, intelligent parking system, smart transportation system, Middle East.

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GLOSSARY

B2B	Business to Business
B2C	Business to Customer
BCG	Boston Consulting Group
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
DTAA	Double Tax Avoidance Agreement
EU	European Union
FTA	Free Trade Agreement
GDP	Gross Domestic Product
IoT	Internet of Things
MEA	Middle East and Africa
OCS	Office of the Chief Scientist
OECD	Organization for Economic Cooperation and Development
R&D	Research and Development
SME	Small and Medium Enterprise
WIN	Witafi Network
WUC	Witafi Ultron Cloud

1 INTRODUCTION

As the beginning of the thesis, this chapter gives a brief outlook reasoning the purpose of this thesis, its objectives and the methods by which the thesis is carried out.

1.1 Background

Since long ago, the unceasingly increasing pace of worldwide population has been an issue of grave concern. In 2011, the world's population was recorded to reach seven billion, which is more than double of the population 40 years ago. (Best Population Size – The Big Picture 2012.) Seemingly, the more people there are, the more vehicles are used. Hence, not only has this dramatic growth resulted in many environmental and social problems such as famine, global warming, etc, it has also led to many adversities in transportation and traffic, especially in urban areas. (World Population Trends 2015.) Moreover, according to the Global Parking Survey of IBM, a significant 30 percent of traffic congestions in metropolitan areas is caused as drivers are seeking for parking slots. More interestingly, the survey also revealed that frustrations are faced by more than 50 percent of all drivers in 16 to 20 countries researched as they have been struggling in finding a parking place every single day. (IBM Global Parking Survey 2011.) Therefore, an intelligent parking system is necessary for any countries to decrease rates of traffic jams, carbon emission and drivers' waiting time leading to the rise in productivity and economic opportunities.

Driven by the increasing vehicle ownerships as well as the lack of parking places, global parking management market has been identified as such a huge industry that it was estimated to be at 4.19 billion dollars in 2013 (MarketsandMarkets 2013). Furthermore, this market is expected to grow up to 9.16 billion dollars by 2019 at a Compound Annual Growth Rate (CAGR) of 31.72% during the period of 2015-2019 (Global Smart Parking Market 2015). Among all regions, even though it is anticipated that North America will remain as the largest market with almost 30% of the total market share, the Middle East and Africa (MEA) is predicted to have the highest growth rate inasmuch as there are more international players penetrating this region and the number of smart city projects rises considerably. (Global Market Study on Off-Street Parking Management System: Middle East And Africa to Witness Highest Growth by 2021)

In addition, in the MEA region, in the past 60 years, from a country of agriculture, Israel has advanced into a high-tech economy and is now a hub of innovation with the rank of 18th among the countries that place in

top of the world's technology innovation (Israel profile 2015; Dutta 2007). The country is also recognized for its well-done practices of investing in human and a long tradition of innovation in the high-tech sector with 6th and 9th ranking regarding human capacity and technological complication respectively (Dutta 2007). Furthermore, by achieving the peace with Palestine and the ring countries including Egypt, Syria and Lebanon, Israel's economy has improved substantially and it gained approximately 59 billion dollars within ten years of peace agreement and a growth rate of three percents (Israeli economy expected to generate \$59 billion after making peace with Arabs 2014). Another point to add is that within the past years, Israeli's household consumption expenditure has increased gradually and more than 10% of total expenditure was recorded to be spent on transport, which is even much more than their spending on education, health or clothing (United Nations 2013).

In the mean time, in Finland, the start-ups environment is booming. There are more and more start-ups established every year, especially in technology department. It was recorded by the Federation of Finnish Technology Industries that the technology industry is the key export industry in Finland accounting for more than half of the Finnish export. (Technology Finland 2014.) Furthermore, between April and June of 2015, the new orders' monetary value for the technological companies had been increased to 14% higher than that of the previous year, which had fairly improved the market situation (Economic situation and outlook 2015, 5). Among all technological companies, Witrafi is noticed as a rising start-up. It was declared to rank 51st in the top 100 hottest start-ups in Finland in September of 2015 (Top100 2015.)

Established in 2013, Witrafi is a technology-based company which focuses on intelligent parking and transportation systems / services. The company provides smart parking products based on Internet of Things system which is low-range, low-power and positioning-capable. (Witrafi 2015.) With Witrafi's intelligent parking system, the users will be able to check the availability of parking places, purchasing for parking permit online while the admin could track and analyze the real-time information relating to parking and traffic flow (Witrafi 2015). Albeit with the fact that there are many parking apps / systems available in the present, the parking systems of Witrafi are promoted and proposed as an innovative solution for the digital parking problems (Sirén 2015). Moreover, the company was just granted seed funding of 300 thousand euros by Tekes – a funding organization for the development of new products and services. Therefore, the company is now to improve its product and longing to expand to international markets which are potential and demanding for similar parking products. (Witrafi 2015.)

Being aware of Israel's technological development and its high consumer expenditure in transport as well as acknowledging that Witrafi is longing to expand to the MEA area, it is believed that Israel would be the next potential location for Witrafi to internationalize after its success in Finland. This belief was backed by two main reasons.

First of all, though Israel is seen as a hub of technological innovations, still its technology is somehow perplexing and its government is trying to attract international brains to the country by heavy investment in human resource and education in order to provide the required human capacity (Dutta, Lopez-Claros & Mia 2014). Moreover, it is reported that Israeli road conditions are generally substandard and the highways are apt to be crowded with many aggressive drivers, from which ensues the high rate of traffic congestions, accidents and traffic-fatalities (Traffic and Road Conditions in Israel n.d.). Meanwhile, as mentioned above, 30% of traffic jams stems from the fact that drivers are seeking for parking place. Hence, Israel is really in-need of real-time solutions for its traffic problems like Witrafi's intelligent parking system, which may somehow ensure the company's success in this market.

Second of all, as already said, in this phase of unbarnization, traffic and parking management remains a matter of primary interest due to the profilation in the number of vehicles. Therefore, the value of an intelligent parking system is undeniable that both daily commuters and large-scale enterprises can benefit from it. (Glatz 2014.) However, though Witrafi is based in Finland, there have been so many competitors in European market that they have offered parking places for million users already (Frost & Sullivan 2015). Meanwhile, there have been signs of interest from Israeli companies in Witrafi's parking products. As a result, this could by some means indicate that Israel's parking market still has place for Witrafi.

1.2 Thesis objectives and questions

The main objective of this thesis is to assist the case company – Witrafi with its plan in expanding to the Middle East by providing insights into one of the markets in this region – Israel as well as providing it with the information needed for the internationalization process into this market. Hence, based on the found information, a market entry plan into Israel would be suggested for Witrafi.

Research questions:

Is Israel a potential market for the case company to penetrate? How can the Case Company enter the Israeli market successfully?

In order to achieve the objectives and answer the primary research question, the below sub-questions are identified as follows:

- What are the company's core competences and weaknesses compared to competitors?
- What are the factors affecting the expansion process of the Case Company to Israel?
- What are the characteristics of the Israeli market generally and its parking industry specifically?
- How competitive is the Israeli market? Who are the major players in the parking industry and what are their development strategies?
- What is Israeli trend in parking and transportation? Who could be the Case Company's target customers?
- What is the most suitable entry mode for the Case Company to enter the Israeli market?
- Which distribution strategies should be considered?

1.3 Theoretical framework

Based on the research questions, this thesis is defined as a combination of market research and internationalization plan concerning the Israeli market. As a market study, the thesis will consider both external and internal factors affecting the internationalization process of the Case Company into the Israeli market. As a market entry plan, the thesis will concentrate on identifying the most suitable and economical strategies for the Case Company to enter the Israeli market considering market entry options, distribution methods, as well as market segmentation.

As the two mentioned parts play the vital role of assisting each other, it is important that the theories must be strongly correlative so that the thesis could be produced harmoniously. Hence, after many elaborate reviews, the author realizes that the Hollensen's five-stage decision offers the most holistic approach to research questions. Therefore, this model will be chosen as the author's primary reference for the thesis framework, which is illustrated in the figure below.

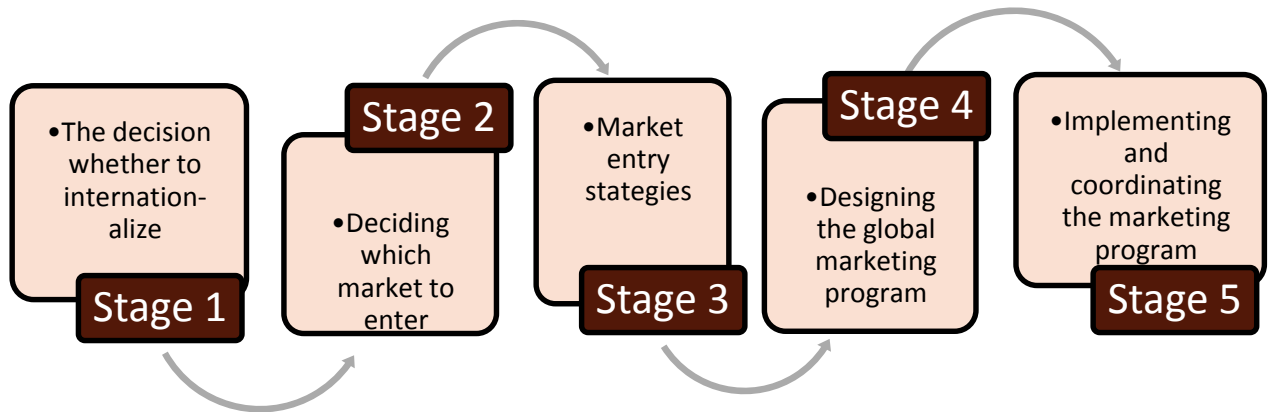


FIGURE 1. Hollensen five-stage model (Adapted from Hollensen 2012)

Later, the description of each stage in the model will be explained precisely in the Literature Review part. However, even though the author has considered to propose the marketing plan for the Case Company, still, the main objective of this thesis is to study the new market. Therefore, theories in the first three stages will be focused and described more meticulously because they are concerned as the major parts attributing to the success of the thesis.

In addition, as stated by Al Rise and Jack Trout (1990), “most market research is a report on the past” while “marketing is the game of the future”. Hence, not only does the author conduct the research based on the theories in the model above but she also utilizes the other business analysis tools to evaluate the market more thoroughly as well as avoid research gap and there defines the thesis framework. Figure 2 will demonstrate the theoretical framework for this thesis.

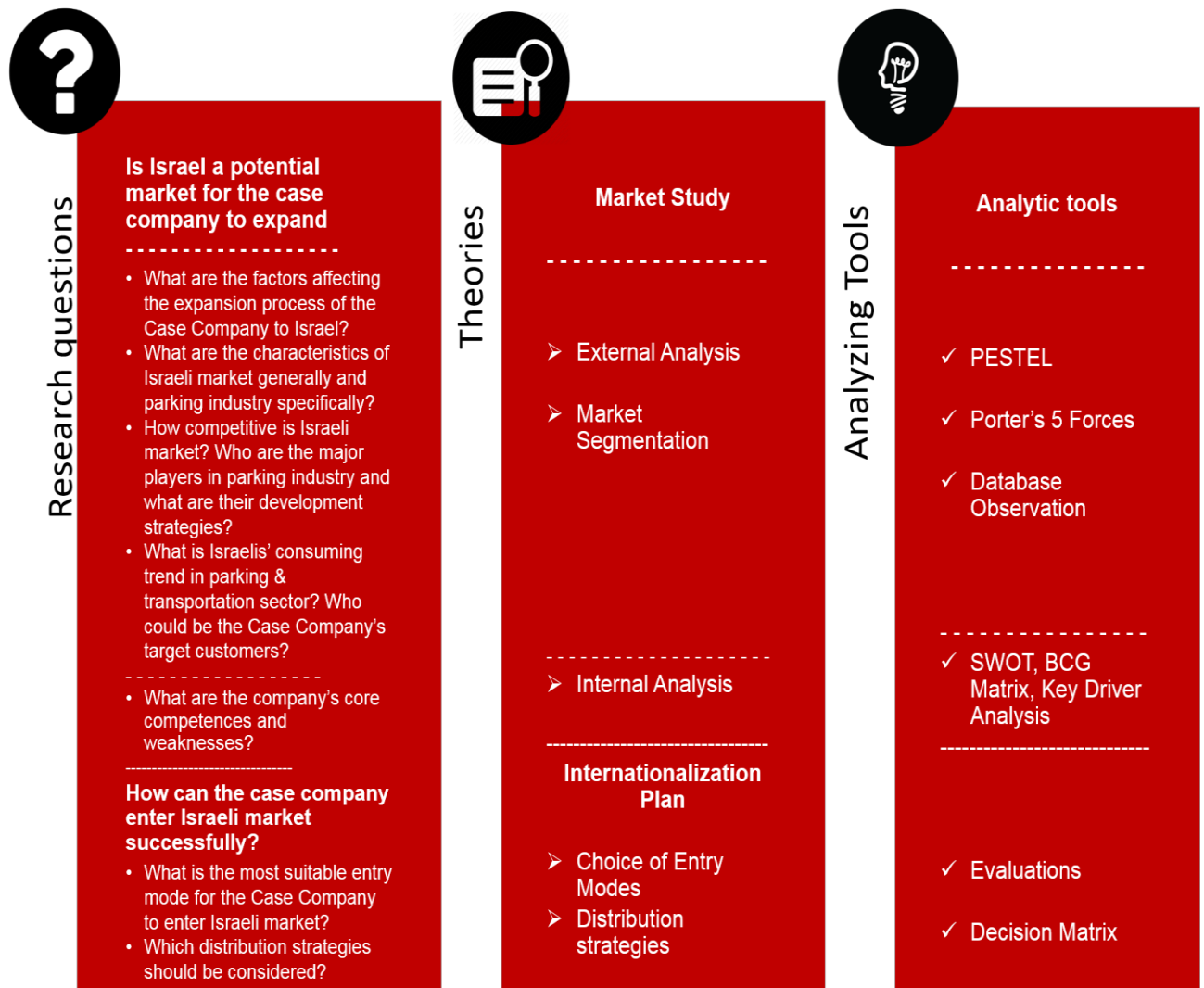


FIGURE 2. Theoretical Framework

In the thesis, at first, the company's internal capability, strategies and performance in the market will be evaluated by SWOT analysis. Subsequently, the Boston Matrix will then be utilized to analyzed company's product portfolio considering its market share and market value so as to define where best to invest on. Eventually, the thesis will assess the performance and satisfaction levels of the parking product's features of the Case Company based on its industrial customers' views.

Second, the exogenous factors that have impacts on the Case Company's internationalization process will be analyzed using analysis techniques. Together, PESTEL analysis and Porter's Five Forces will be used to examine the business environment and industry in which the Case Company will penetrate including country's background, competitiveness, business pressures and et cetera. Besides, a market segmentation will be carried out in order to detect the most potential industrial purchasers in the Israeli parking industry that the Case Company should target.

Finally, the thesis will refer to the most suitable entry modes, available distribution channels in the Israel as well as market coverage strategy to this market so that the Case Company is able draw its internationalization plan accordingly.

1.4 Scope and limitations

Noting that the Case Company is expanding to the Middle East region, the aim of this thesis is to give assistance in its internationalization process. Therefore, all the pertinent information needed for the market entry process will be covered elaborately, with central attention paid on market entry, distribution strategy and factors affecting this progress. Furthermore, the elements which are endogenous to the Case Company are also matters of grave concern. Nevertheless, the extent of this thesis are still circumscribed due to many reasons.

First of all, though the studied country was chosen based on the need of expansion to this region from the Case Company, it should be ascertained that the company is initially interested in those markets with high growth potential according to Mr. Sampsa Siitonen – the Co-founder and CEO of Witrafi. And so, whether Israel is appropriate market for Witrafi to expand still remains up in the air as there may be other countries that have higher growth potential than Israel. Therefore, it is suggested that the company should conduct further studies on other markets in the Middle East such as United Arab Emirates or Saudi Arabia so as to have a relative comparison between these markets and detect the most potential one among them.

Second of all, it should be noticed that as this thesis is an internationalization plan concentrating on marketing activities in the entering stage only, the application of marketing mix - 4Ps is deployed but not all the elements are dissected. Among them, the 'Place' element takes center stage in the thesis concerning distribution channels, choice of entry mode, etc. so as to give the Case Company a broad view of entering process to the Israeli market. In addition, the 'Promotion' element is also discussed for proposing the marketing plan which is apposite to the specific market suggested in the internationalization plan. The other elements – 'Product' and 'Price', however, are not analyzed carefully as the author believes that they are not current priorities according to the thesis objectives and research questions mentioned above.

Last but not least, even though the Case Company's product varies from parking to other sectors such as lighting, network and so on, this thesis will focus mainly on the parking category considering market size and trends, as well as analyses on purchasers' behaviors and competitors in this

sector. Hence, further researches on other areas may be required. Another point to add is that finance, supply chain and logistics are also excluded in this thesis.

1.5 Research methodology and data collection

To conduct a research successfully, it is necessary that the methods of studying and gathering data are thorough and proper to the research's objectives. In this part, different approaches and techniques to carry out a research and collect the information are described, from which the best methods will be selected to conduct the research.

1.5.1 Research methodology

Research methodology is a systematic and scientific way in studying research problems, which requires researchers to not only know how to apply the research techniques/methods pertinently but also understand the underlying indication of the research procedures as well as how to develop the indices and hypothesis based on the results (Kothari 2014, 7-8). The dimensions of research methodology is wide and research approach and data collection contribute indispensable parts when carrying out one study (Kothari 2014, 10). Both of these terms will be described specifically later with explanation on which one is relevant and essential to the thesis.

An overview of this thesis's methodology are represented in the graph below:

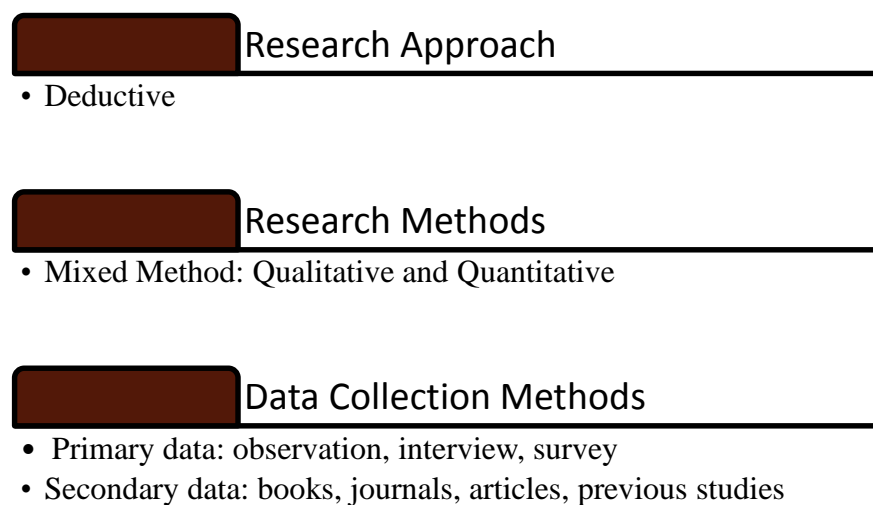


FIGURE 3. Thesis methodology overview

Research approach

Research approach refer to the way of studying a topic proceeding sequentially from making broad assumption about the subject to the precise actions of collecting, analyzing and interpreting the data (Creswell 2014, 3). Based on the nature of the study, a suitable research approach will be selected that helps resolve the problems addressed in the research questions.

In general, there are two main methods of reasoning and approaching a problem: deduction and induction (Saunders, Lewis & Thornhill 2009, 124). Deduction is a reasoning procedure spanning from the formulation of a truth, theory or hypothesis drawn from rigorous tests to its application in a specific case or context for testing (Taylor, Sinha & Goshal 2006, 4). In addition, according to Robson (2002), deductive approach will proceed step by step through five stages (see Figure 4) in which the primary goal is to verify the theory or hypothesis. By contrast, inductive reasoning will start with a specific case and educe a relevant conclusion grounded on the collected data or evidences, which dictates that researcher has several claims needed to be proved (Pellissier 2007, 9). Besides, it is opinion of Saunders et al (2009, 127) that albeit with difference in both processes, researcher could gain advantages in conducting a study by combining both deductive and inductive approach in the same piece.

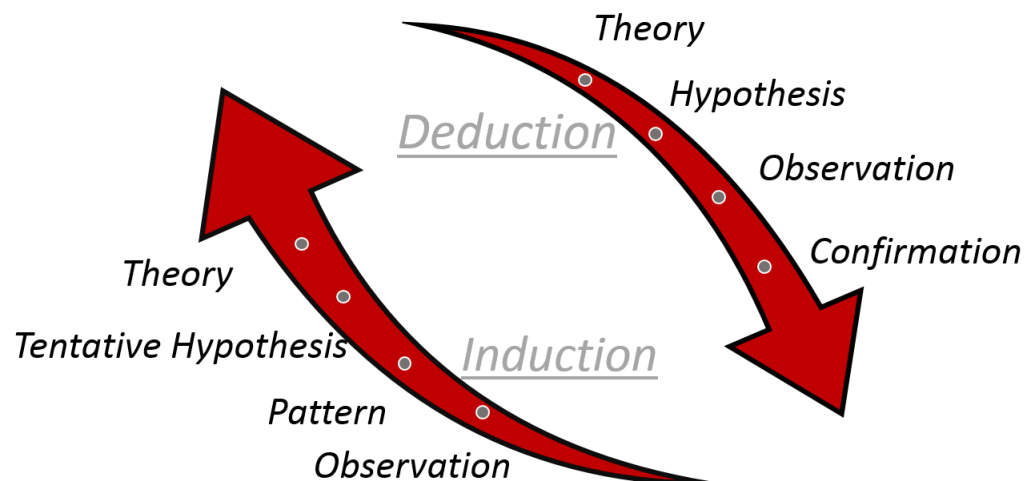


FIGURE 4. Inductive and deductive approaches (adapted from Burney, 2008)

Apart from the research nature, the breadth of the researcher's knowledge of the relevant theories while at the starting phase of study also plays an important role in deciding which approach to follow (Saunders, Lewis & Thornhill 2009, 124). As the author's initial intention is to support the Case Company in its internationalization process to the Middle East generally and to the Israeli market particularly, the idea will become more specific after the market research is carried out with the proposed market entry plan. Hence, the deductive approach is necessary for conducting this thesis.

Research methods

Concerning the research methods, qualitative and quantitative are considered as the most-widely used ways of collecting and analyzing data with one focusing on indices while the other is more about text interpretation (Saunders, Lewis & Thornhill 2009, 151). 'Qualitative' method refers to the procedure of generating and understanding the non-numeric data such as interview, photo or video (Taylor, Sinha & Ghoshal 2006, 5). In the contrary, quantitative method denotes to theory testing by exploring and measuring the statistical data like graphs or questionnaires (Creswell 2014, 4). When it comes to the choice of method, the researcher can either utilize only one data collection and analyzing technique only, which is known as mono method, or integrate both methods together (multi-method and mixed-method). In mixed-method, both quantitative and qualitative data will attribute to deal with the inquiry that each data collection technique and analysis procedure will be conflated with the other (Creswell 2014, 4). This method was also recommended by Saunders et al (2009, 151) to the readers of their book as a research choice.

As the nature of this thesis is both a market research and market entry plan, it is of high necessity that not only are the findings trustworthy but it also needs to be beneficial and provide deep insight for solving the thesis problems. Therefore, to achieve the desired results, the author decides to used mixed research method, especially in employing interviews and deploying surveys about the Case Company and the Israeli market.

1.5.2 Data collection

As the process of doing research is more like an intensive study rather than the basic acts of collecting information or writing a description, not only does it require choosing the expedient data collection methods but it also beseeches the researcher to be capable of understanding and

differentiating various types of data so as to use it in the right ways. Hence, the best output can be produced. (Olsen 2011.)

Unlike general knowledge, data are disembodied information containing two types: primary and secondary sources. Primary data denote to the piece of work conducted by the researchers themselves with the aim to expressly address the research issues, which are first occurrence and cannot be found elsewhere (O'leary 2013, 201). There are legion ways to gather primary sources such as observation, questionnaires, survey, semi-structured, in-depth and group focus interviews (Curtis 2008, 2). Albeit with being time-consuming and somehow costly, these unique data are necessary and preferred as the researcher could have the pilot in undertaking the information and designing their work, which means that the narrative of their research could be more trustworthy and reliable (Collins 2010, 124-125). Distincted from primary data, secondary literature sources refer to both raw and published data that are gathered for other uses, which are divided into two main groups: internal secondary data (company's record, database) and external secondary data (reports, journals, censuses or recording) (Murthy & Bhojanna 2009, 83-84). Therefore, compared to primary data, secondary data may not be focused to the research objectives and provide rather related information, which asserts the researchers to investigate and perceive the data in a new perspective (Ritchie, Lewis, Nicholls & Ormston 2013, 53). However, using secondary data is more advantageous to some studies thanks to its availability and being both time and budget saving (Curtis 2008, 1).

In the literature review part, the author will extract primarily secondary data from publications such as books, journals, reports as well as other electronic sources (video recording, TV news, ...) so as to generate and refine research ideas more critically. By justifying and reviewing information from previous studies and different sources, the author will be able to make more reasonable judgement and create a solid bedrock in which her thesis is built.

Turning to the empirical part, both primary and secondary sources will be deployed so as to result in more productive analyses and hence, understand the Case Company and the Israeli market more thoroughly. Referring to primary data, the author will conduct various surveys, questionnaires regarding the Case Company so as to examine the interest of the Israeli customers beyonds the company's products. Furthermore, a legion of interviews will also be made with the managers of different large-scale enterprise or key decision-makers from the Israeli companies. Besides, the secondary data relevant to the Israeli market and parking

industry are also reviewed carefully in order to testing its potential for the Case Company internationalization process.

1.6 Thesis structure

The thesis contains eight chapters which are divided into two main sections including theoretical and empirical part.

Figure 5 below will present the thesis's structures and its allocation.

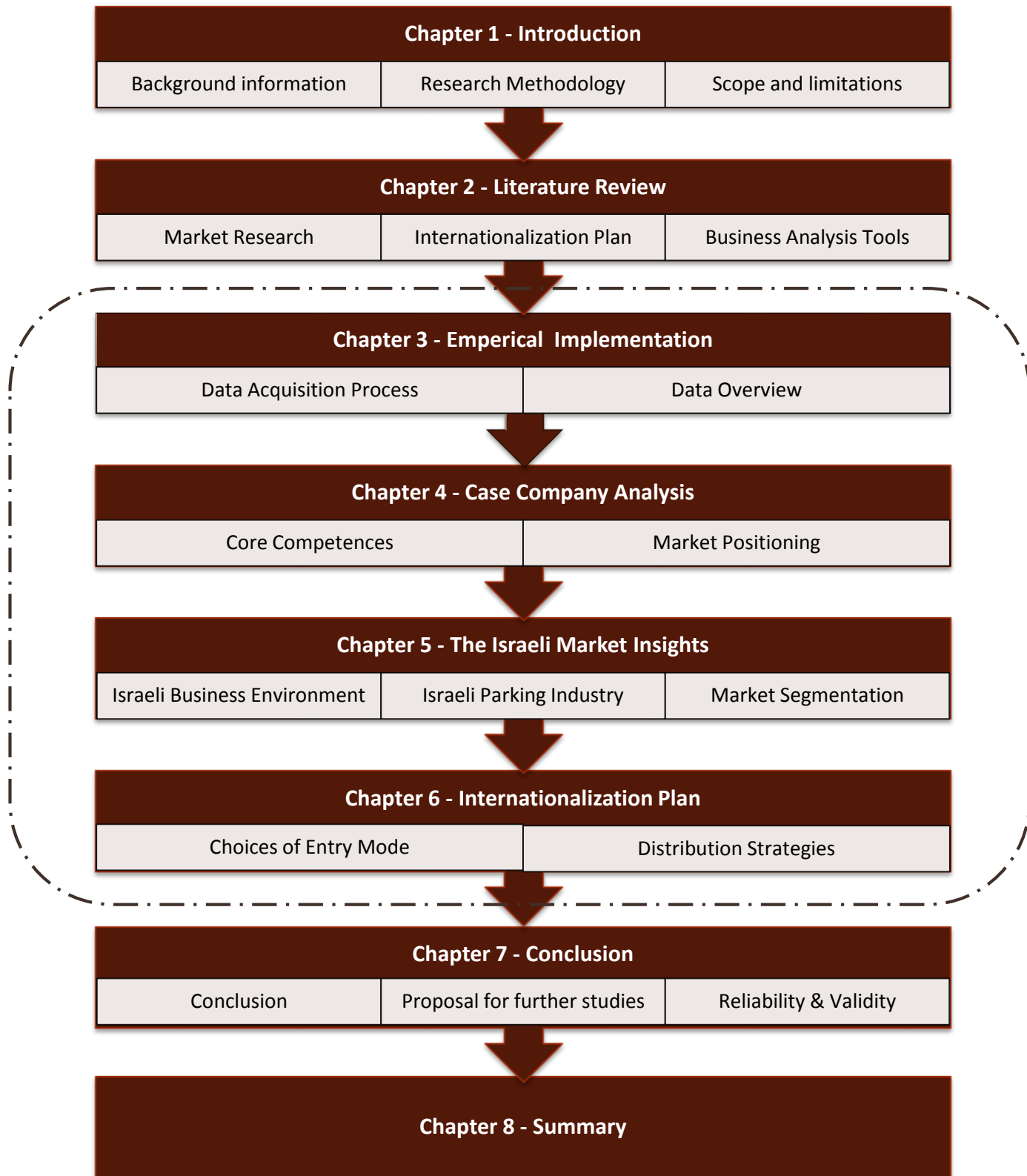


FIGURE 5. Thesis structure

After the introduction, Chapter 2 will review the mentioned theories in the theoretical structures which are needed to tackle the issues in the empirical section. Hence, all the internal, external analysis, market entry

strategies as well as business analysis tools will be covered in this chapter.

Subsequently, from Chapter 3 to Chapter 6, the empirical part is conducted. The main purpose of Chapter 3 is to give a broad view towards by which methods the data is gathered for the thesis, which information is needed and why it is critical for reaching the thesis objectives. Succeedingly, in Chapter 4, internal analyses on the Case Company is carried out based on its characteristics and products in order to check its readiness for entering new market. Chapter 5 will describe Israel as a target country, its business environment in general and parking industry – the company's target market in particular. In addition, this chapter also examines the external factors affecting the company internalization process as well as customer segmentation and behavior in Israel. Then, based on both the collected data, analyses from the previous chapters and available information, in Chapter 6, the author will design an internationalization plan to the Israeli market for the Case Company concerning market entry strategies, entry mode and distribution plan.

Following is Chapter 7 in which the author fulfills the thesis's main objectives by providing important insights which assist the Case Company in answering the main research questions as well as their decision-making process. Moreover, this chapter will also bring out the proposal from the author for future studies and proves the reliability and validity of this thesis. Finally, Chapter 8 will finish the thesis by a brief summary.

2 LITERATURE REVIEW

Nowadays, the term of 'internationalization' is often heard and mentioned, especially in the economic world. It refers to the process of increasing interdependence and mutual awareness in international markets concerning economics, politics, organizational patterns as well as other units in the world, which links to the growth in cross-border trades in goods, services, information flow and so on (Guillen 2010, 5). However, beside the possible success drawn from internationalization, studies in the 1980s and 1990s had conceded that this process could also result in risks and failures in the firm performances (Krist 2009, 2). Therefore, a consummate preparation for the internationalization process before implementing is indispensable to any companies.

In addition, to arrange such elaborate studies for a globalization plan, it is necessary to accumulate knowledge, network as well as experience and integrate them with holistic approaches so as to increase the possibility of success (Fletcher & Harris 2012, 631-647; Wach, 2014). Currently, there are various frameworks, models designed to aid companies in describing and analyzing their stages and path of internationalization. And yet, only those with high validity and based on similar firm level should be considered. (Curci, Yagi & Mackoy 2013.)

As mentioned above, Hollensen's decision-oriented framework, which is of great interest to managers of global marketing, will be applied as the primary reference in this thesis. Not only does this model equip the author with full knowledge and understanding to answer the research questions but it also allows her to design a responsive market entry plan for the Case Company. Accordingly, this chapter presents the theories described in the theoretical framework based on the five-stage model of Hollensen and hence, set a solid bedrock for the analyses conducted in the empirical part.

2.1 Hollensen's five stage model

The Hollensen's five stage model, selected to be the core framework that the thesis will follow, should be the very first topic to be discussed when reviewing the literature. Furthermore, when applying any theories into practice, it is essential to fully comprehend the meaning as well as usage of the theory before execution. For this reason, the Hollensen's framework will first be explained elaborately in this part before stating how it will be utilized in this thesis.

2.1.1 Understanding the framework

The model designed by Hollensen can be referred to as an action-oriented framework consisting of five major management decisions which are inevitable while dealing with the global marketing process. As conducted from the perspectives of international organizations regardless of their original countries, this framework will provide users with the fundamental steps in designing a market-responsive program which will gain global competitiveness as well as catch up with the latest development in global marketing field. Moreover, users will also be capable of developing an effectively structural international marketing plan based on the mission and vision of their companies. The plan will cover all the essential activities from evaluating the market opportunities associate with their internal resources to determining marketing goals as well as designing implementation strategies that are classified in a specific time frame. (Hollensen 2012, 6-9).

Figure 6 illustrates the five-stage-decision model by Hollensen:

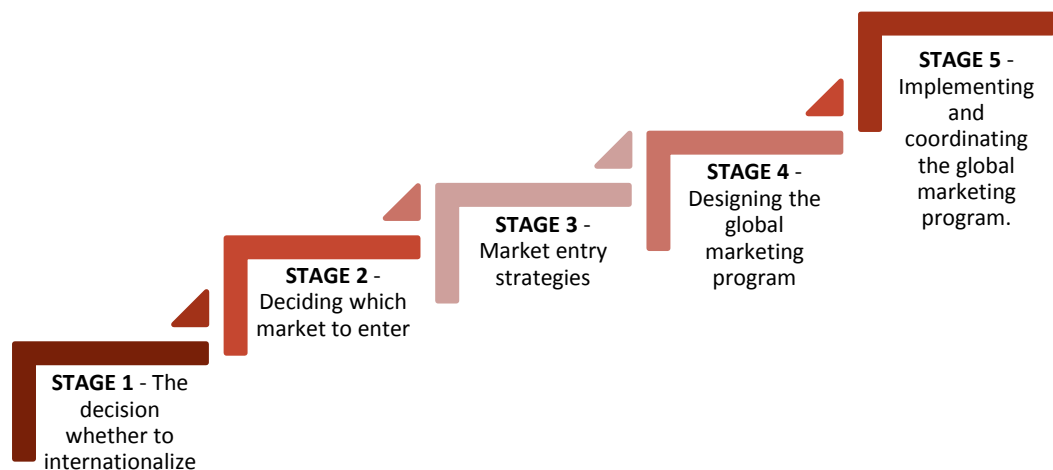


FIGURE 6. Hollensen's five stage decision model

STAGE 1 – “The decision whether to internationalize”: In this beginning step, there comes the big question namely that “Should the company go internationalized or should it stay at the home market?” The answer for this question lies in the firm’s ability in implementing the strategies in a foreign marketplace, its preparedness and competitive advantages as well as the international knowledge and adaptation experiences of the headquarters. For this reason, finicky analyses regarding the status of industrial competition, the firm’s home-base characteristics and its core competences in comparison with the industry competitors towards customers at the same level of competition are

required in order to make the right decision on whether or not to internationalize. In the case that the company has internationalized already, study of those areas is still necessary as it will become a steady stepping stone for the company to expand further.

STAGE 2 – “Deciding which market to enter”: After the very first stage, if the choice to be made is internationalization, the company should proceed to figure out the appropriate market as the entry target by carrying out the international market selecting process. Through this process, with the systematic deployment of market research tools, the company will be able to examine the exogenous factors that may influence its internationalization progress strikingly. Those external factors are classified by Hollensen into three main groups including political (trading policy, governmental supports ...), economic (GDP, exchange rates ...) and sociocultural environments (cultural context, customer’s behavior ...). Hence, after such thorough researches, not only does the firm detect the possible market to enter but it can also enhance the chance of success thanks to understanding the market deeply.

STAGE 3 – “Market entry strategies”: Once the target market is found, there arises another painstaking choice to be made saying which is the best way to penetrate that market successfully. This is a very important and impactful determination as it decides the survival of the whole internationalization process of the company, especially to the small medium-sized enterprises (SMEs). Besides, to the established companies, the market entry strategies also act as a key component in how effectively they will exploit the market opportunities. Thence, to fulfill this step, different types of entry methods need to be comprehended carefully with the most suitable one chosen based on the selection criteria. In addition, the buyer-seller relationship and global e-marketing are also necessary for further consideration.

STAGE 4 – “Designing the global marketing program”: Following the decision on market entry strategies, stage 4 beseeches the marketers to follow-up developing the marketing mix as an outline of how to obtain their international marketing objectives. One of the most popular tools commonly used in this phase is the classic 4Ps marketing mix or its extended version - the 7Ps mix from Booms and Bitner (1981). Moreover, while designing the program, it is crucial to specify the extent of standardization or adaption of the marketing mix.

STAGE 5 – “Implementing and coordinating the global marketing program”: As most of the important tasks required for the pre-internationalization process are accomplished through the previous stages already, it’s seemingly the time to translate all the designed plan and

strategies into real action. Nonetheless, the success after implementation can't still be ensured if the companies just utilize the program and studies conducted before. Instead, it is suggested that more in-depth studies of the target market's cultural background, its negotiation styles or ways to reduce the gap between two cultures should be conducted to support the implementing process. Another point to add is that it is critical for one company to consider modifying its organizational structure in alliance with the external environment as well as adopting the control methods so as to measure its performance and keep all activities completed as in the plan. (Hollensen 2012a; Hollensen 2004)

2.1.2 Model implementation in thesis

As mentioned earlier, a majority of the theories and analyses conducted in this thesis is built based on the upper framework of Hollensen because the author believes that this model would help approach the research questions and acquire the thesis objectives more systematically and hence, more comprehensively.

However, even though the whole framework is adopted progressively, studies in the first three main stages will stay as the cornerstone and receive more attention. Perhaps the most effective line of reasoning on this decision is that in spite of being both a market research and internationalization plan, the focal point of this thesis is to examine the success potential of Israeli market for opening a new store while the research conducted on the first three stages is pivotal to fully understand the market.

Below ensue the sections presenting the theories and explaining the business analytic tools which are chosen for empirical research coordination. These theories can be recalled quickly by seeing Figure 2 – the theoretical framework (page 6).

2.2 Internal analysis

As described above, the process of doing a market study and designing market entry plan is both onerous and intricate and a legion of studies regarding both external and internal environments are required. This usually causes ambivalence and hesitancy among researchers about where to begin and which action is more urgent. As stated in the framework as well as by other former researchers, one company must apprehend its operational capabilities plus its goals and strategies at first so as to understand the nature of exogenous circumstances and gain competitive advantages (Wickramasinghe & Lubitz 2007, 170).

Generally, the internal analysis is carried out with the aim to give an elaborate appraisal of the firm's organizational structures, its development strategies, stance and business systems (Sutherland & Canwell 2004). It denotes the process of discerning and evaluating a company's strengths and weaknesses in different aspects including business context and cultures, performances and resources, product and production portfolio as well as its ability in planning, developing and risk management (Campbell, Edgar & Stonehouse 2011, 31-32; Paley 2006, 104; Sutherland & Canwell 2004). Concerning the ways of analyzing the endogenous factors affecting one company, in their book about Strategic Marketing, West et al (2010, 88-95) have suggested that currently, there are two methods of conducting the internal analysis: the resource-based approach and value chain approach.

The approach of resource-based theory signifies the company's uniqueness respecting its resources, intrinsic competences and capabilities is the key component defining its success and competitive advantages (Kodama 2009, 25). In addition, there is a strong case to be made via the resource-based view that in this dire business world, competition equals to the rapid change in demanded goods/services. Meanwhile, the resources and capabilities of one company apparently maintain more tenaciously, which befits as a solid bedrock for strategy formulation. (Maier 2007, 96-97.) As a result, the more sustained and arduous to fascimile a firm's competences are, the longer it can retain its competitive edge (Ungson & Wong 2014, 106).

On the contrary, the value chain approach, which was developed by Porter (1985), argues that the company's decision makers should immerse in managing the activities in their value chain in order to gain competitive advantages (Brocke & Rosemann 2014, 45). According to Porter (1985, 33), "competitive advantage cannot be understood by looking at a firm as a whole. It stems from the many discrete activities a firm performs in designing, producing, marketing, delivering and supporting its product". In his concept of value chain (illustrated in figure 7), the firm's business process is decomposed strategically into two major relative categories: primary activities and support activities. The primary activities indicate the tasks contributing to the physical process of creating products or services while the support activities are meant to aid the primary ones by purveying the inputs for them to take place. (Porter 1985; Alok & Mridula Goyal 2009, 11-12; Lomash 2003, 190; Hill, Jones & Schilling 2014, 89-92.) By emphasizing the divergence between the primary and support activities, the marketers would be able to comprehend the firm's cost position and possibilities of differentiation.

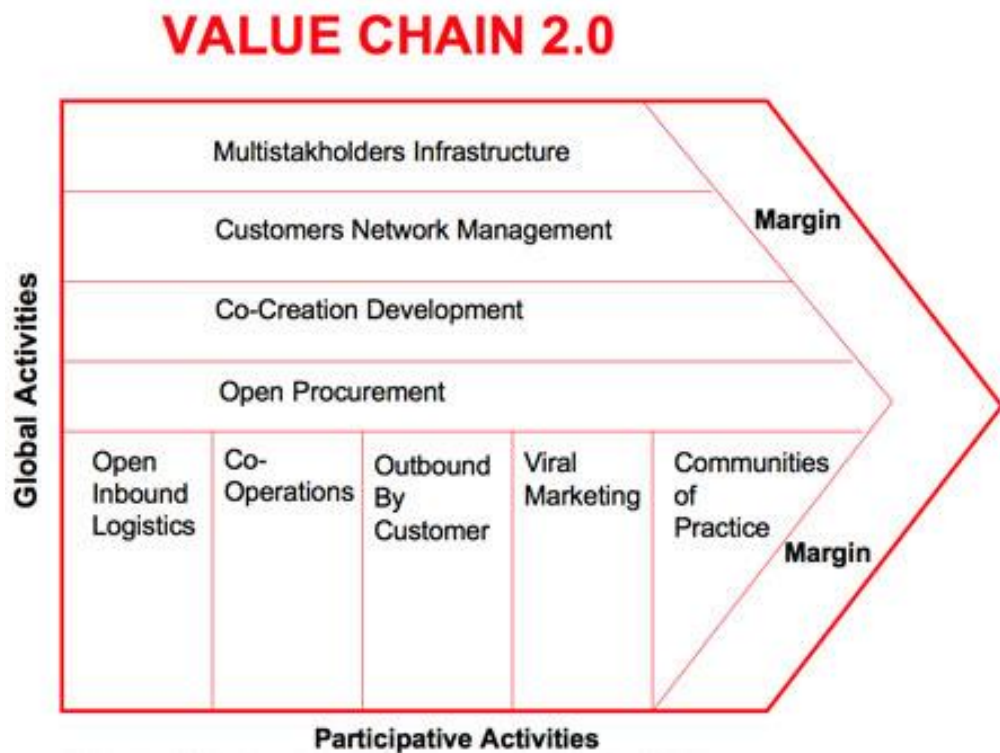


FIGURE 7. Value chain model (Adapted from Porter, 1985)

Regarding this thesis, the author will deploy the business analytic tools like SWOT analysis and Boston Consulting Group (BCG) Matrix to conduct internal research on the Case Company's strengths and weaknesses based on the resources-based approach with the purpose of identifying what is the company's uniqueness. The definitions of these tools will be explained in detail as follows.

2.2.1 BCG Matrix

It is undeniable that one of the most problematic matters that most multinational corporations have to face is how to manage and diverse their portfolio strategically while having so many products / services. Correspondingly, those organizations are likely to adopt the portfolio management techniques to reflect their diversification strategy (Blythe 2008, 122). Among all, the strategy management concept developed by the Boston Consulting Group, known as the BCG Matrix, is detected as simple but useful tool to be applied.

Figure 8 illustrates an example of the BCG matrix.

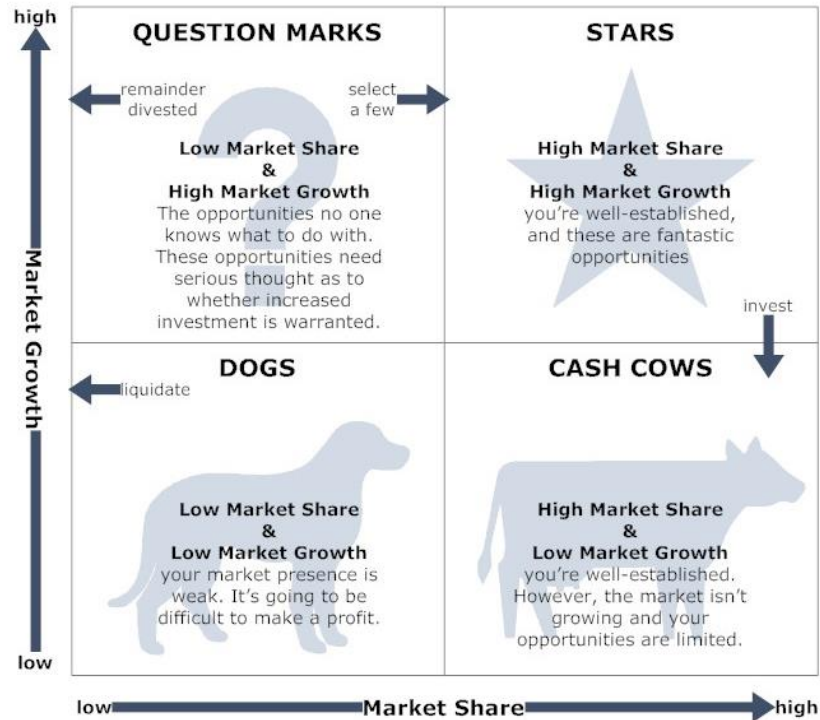


FIGURE 8. BCG matrix (retrieved from Jurevicius 2013)

As shown in figure 8, the BCG matrix congregates the product lines around two dimensions – market growth and market share, which implies that either the increase in any of these devotes to the value creation process of the company (Leeman 2013, 55-56). The market growth rate denotes the speed at which the whole industry is accreting while the market share rate indicates the extent of dominance of the company's product compared with its nearest competitors (Daft 2008, 249).

With the purpose of managing diversification, the matrix classifies the firm's products into four main categories:

Stars pertain to the products with rapid growth and large market share, which is profitable thanks to considerably permeating into the growing market. Not only is this category attractive in the present but it also shows high growth potential in the future, which requires further investment to be fully exploited. (Schermerhorn 2011, 171.)

Cash Cows are considered as the mature Stars which provide large profits and remain dominant in terms of market shares though belonging to slow-growth industry (Griffin 2012, 222-223).

Question Marks are normally designated for the product lines which exist in the expanding market and just obtain a small share of it. Normally, these

products are in the beginning of the life cycle and hence, their future performances are obscure and unpredictable. (Daft 2008, 250.)

Dog products remain in a low-growth market with small market share, which are regarded as slow performers with little or no profits. And so, there comes the question whether this group's profitability could be improved or not (Blythe 2008, 123).

With such thorough scanning, the BCG matrix could be utilized in different levels from corporate, product to strategic business units (SBUs) (Donnelly & Linton 2009, 31). Despite receiving many criticism, this matrix is still widely used thanks to its simplicity (Harrison & John 2013, 132).

2.2.2 SWOT Analysis

When conducting internal analysis, SWOT can be reckoned as a useful analytic instrument in the strategic planning process to examine both internal and external parameters in general (Pahl & Richter 2009, 2-5). Containing four elements, SWOT is abbreviated from Strengths, Weaknesses, Opportunities and Threats with the aim to design or adjust the company's business model by alligning its internal resources and capabilities with the needs of its operating market (Henry 2008, 61). Concerning strengths and weaknesses, the analysis will begin with an in-depth study of the internal activities that a firm is excel in and the characteristics hindering its performance in associate with the organizational business operations including R&D, production, logistics, finance, sale and marketing (Kumar 2008, 135-136). Subsequently, after having a look at the competences, the SWOT analysis will prosecute the refinement of opportunities and threats stemming from the external environment that the company can capitalize or need to alleviate (Böhm 2009, 1-4).

As a pursuit of integrated approach, the use of information stands as a key component contributing significantly to the success of SWOT analysis. In addition, it is wise to acknowledge that the SWOT analysis could only show valuable results when there is distinction between the internal and external environmental variables during research (Chermack 2011, 108-109.) However, albeit with being a useful bridge into scenario planning, there are still some spurious objections towards the use of SWOT analysis namely that this strategic instrument isn't able to provide users with prompt strategic decisions or it is obscure to distinguish between strengths and weaknesses when conducting the analysis (Henry 2011, 123-124).

In this thesis, SWOT analysis is administered with the intention of eliciting to which extent the Case Company's strategy, capabilities and resources match with the demands of the business environments where it performs.

2.2.3 Key Driver Analysis

Dissimilar to the former analyses, this study is based on the customers' points of view. In this thesis, the key driver analysis is conducted to mainly support the BCG matrix and SWOT analysis by listing out the key factors that are considered essential by the Case Company and reflecting their performances so far in the eyes of buyers. Besides, as this thesis is evaluated by the resource-based approach, this analysis plays a vital role in finding the main drivers contributing the success of the company's product.

By using a statistical technique, key driver analysis will allow researchers to have insight into which feature of a company's products or services has the greatest impact on customers' buying decision statistically (Sauro 2015, 177-178). Consequently, the company could know the pivotal features to compile in its product for market positioning (Neubert 2013, 84).

Here is an example of a key driver analysis (Imported from Mahoney, 2011).

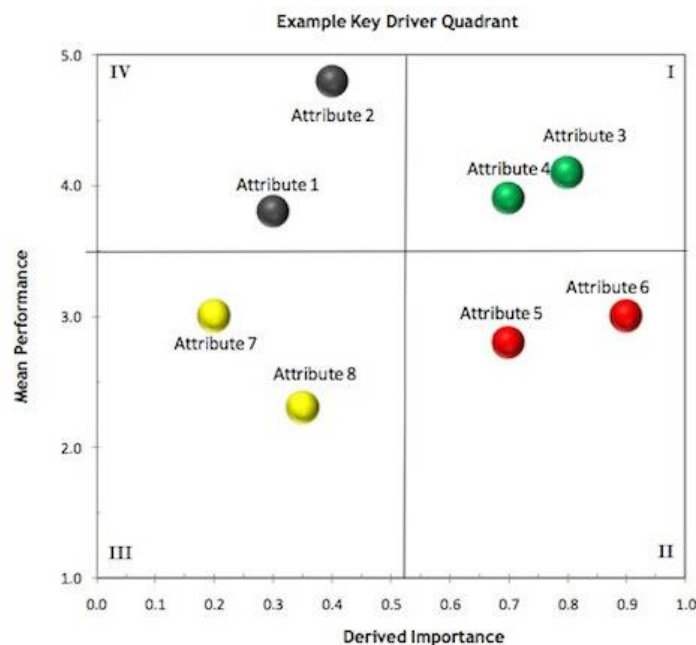


FIGURE 9. Example of key driver analysis

2.3 External Analysis

In addition to internal analyses, external analyses play an inextricable role in internationalization and marketing plan after comprehending the organizational abilities, targets and strategies. An external analysis will let researchers contemplate the specialty of global or organization's operating environments regarding the markets' nature, dynamic, threats and opportunities that may give the company undue influences on its vision and mission. (Hill, Jones & Schilling 2014, 17.) Above and beyond, the external analyses will also administer fair predictions on the changes in exogeneous environments that company has to face in the future. And so, the more fickle the operating markets are, the more precarious the company's success appears. (Nijssen & Frambach 2013, 31-34.) Thence exist the external analyses to help the firm appraise the competition in the market and the organization's position in industry so as to mutate its strategies accordingly as well as distribute its facilities and resources properly (Laurent, Lilien & Pras 2012, 137).

By and large, an external analysis is deemed as the perusals of three interconnected environments including the industrial environment in which the firm performs, the national and the macro-environment of the country where the company would like to expand (Hill & Jones 2008, 9). By examining these three environments, researcher will have a broad view on different aspects of a market such as its competitive degree, economical and technological conditions as well as political and social conditions (Solomon et. al 2013). And yet, the breadth and depth of external analysis vary widely depending on the organizational analyzing purposes and which units involve or conduct the study. While a narrow research could hinder the company from fully understanding all aspects of the market or catching up with the industrial trends and opportunities, an all-embracing one may impede inferring productive conclusion, which is considered as the success factors for the company. (Aaker & McLoughlin 2010, 24-25.)

Apart from its benefits, there are still many challenges in conducting external research. One of the hardships in this work is namely the upheaval of information, which beseeches researchers to put a lot of efforts in gathering data and following the market trend until it gets obsolete. (Solomon et. al 2013.). Besides, it is the fact that data in several countries are scant and available in national language only, which hampers the development of analysis and makes the work usually costly and time-consuming (Nijssen & Frambach 2013, 34-35).

Although there are multifarious tools supporting external analysis, there are three frameworks to be deployed in this thesis – PESTEL, Porter's Five Forces and market segmentation. As discussed above, an external

analysis is effective when practical conclusion could be drawn from it. Hence, it is believed that a focused operation of three frameworks would be more practical than conducting too many of them. Following is the explanation of PESTEL, Porter's Five Forces and market segmentation's functions.

2.3.1 PESTEL Analysis

Being used to delineate the macro environment of an industry in which a firm operates, PESTEL analysis (also used as PEST, PESTLIED) is a well-known framework utilized by many organizations in order to have a full view of the market before entering (Kourdi 2015). There are eight areas to consider in this framework including:

- **Political:** denotes the governmental policies and actions that may affect the firm's penetration or development in the market. These political factors involve the country's foreign trade regulations, taxation, stability of the environment, etc. (Cadle, Paul & Turner 2010, 3.)
- **Economic:** concerns the country's economic conditions, growth rate, advantages and disadvantages. Examples of the factors needed to examine are currency exchange rate, level of inflation, unemployment rate and so on. (Gabay 2010.)
- **Socio-cultural:** relates to people's interests, religion / beliefs, their expectations, average income, educational levels, living expends, etc. as they are potential customers in the future. Hence, by understanding customers' wishes and behaviors, company can adjust to attract them to its products / services. (Bowhill 2008, 332.)
- **Technological:** deals with the technology development and innovations that a country owns. This area studies the technological developments in both whole country generally and industry in which the firm partakes specifically. Besides, such factors as technology transfer, innovation / obsolesce rate are also imperative for considerations. (Stationery Office 2010, 88.)
- **Environmental:** defines all the concerns about the ecological environment and the environmental issues of the country where the company runs. Besides, it is also important to notice the company's green policies as all its activities may affect the brand. For example, green policies could be green packaging, how company reuse or recycle. (McCabe 2010, 63-66.)
- **Legal:** is more about the legislations and regulations within which the firm has to manage. In this part, in-depth study will be made to review both chosen country and area's legal elements to ensure legal compliance during company's operation. I.e. employment law, property law, international legislations, patents, etc. (Guide n.d.)

In PESTEL analysis, it is essential that the key factors that have substantial influences on the company and industry are recognized, especially those that connect with others (Cheverton 2005, 72.). It is also important to remember that PESTEL is useful to analyze and understand the risks and opportunities by giving utilizers a whole broad view of the surrounding environments. Hence, in PESTEL analysis, users should concentrate on finding the external factors rather than the solutions to avoid them (Limited n.d., 54).

However, though commonly used, the factors in the external analysis generally and PESTEL analysis specifically alter rapidly, which makes it onerous to forecast the changes that have impact on the organization (Worthington, Britton & Rees 2005, 497). Besides, collecting data from various domains is intrinsic while conducting PESTEL as this study must be conducted based on facts only, not assumptions (Association & Resources 2015, 697-698).

2.3.2 Porter's Five Forces Analysis

In the journey of internationalization, not only does it require a firm to understand the whole market generally but it also beseeches the firm to comprehend the industry in which it operates specifically. Therefore, after PESTEL analysis is carried out, Porter's five forces is the next model to be followed. (Graham 2005, 359.)

Porter's five forces is a framework developed by Michael E. Porter, which enables managers to evaluate the industry structure as well as detect the factors which create the attractiveness and generate profits for the company (McGuigan, Moyer & Harris 2010, 342). Built upon industrial organization economics, this model sets a base for companies to design business-level strategy by providing them with firm grasp of industry's external forces (Ahlstrom & Bruton 2010, 131). There are five forces focalized in Porter's Five Forces, which are described in the graph below with detailed explanations.

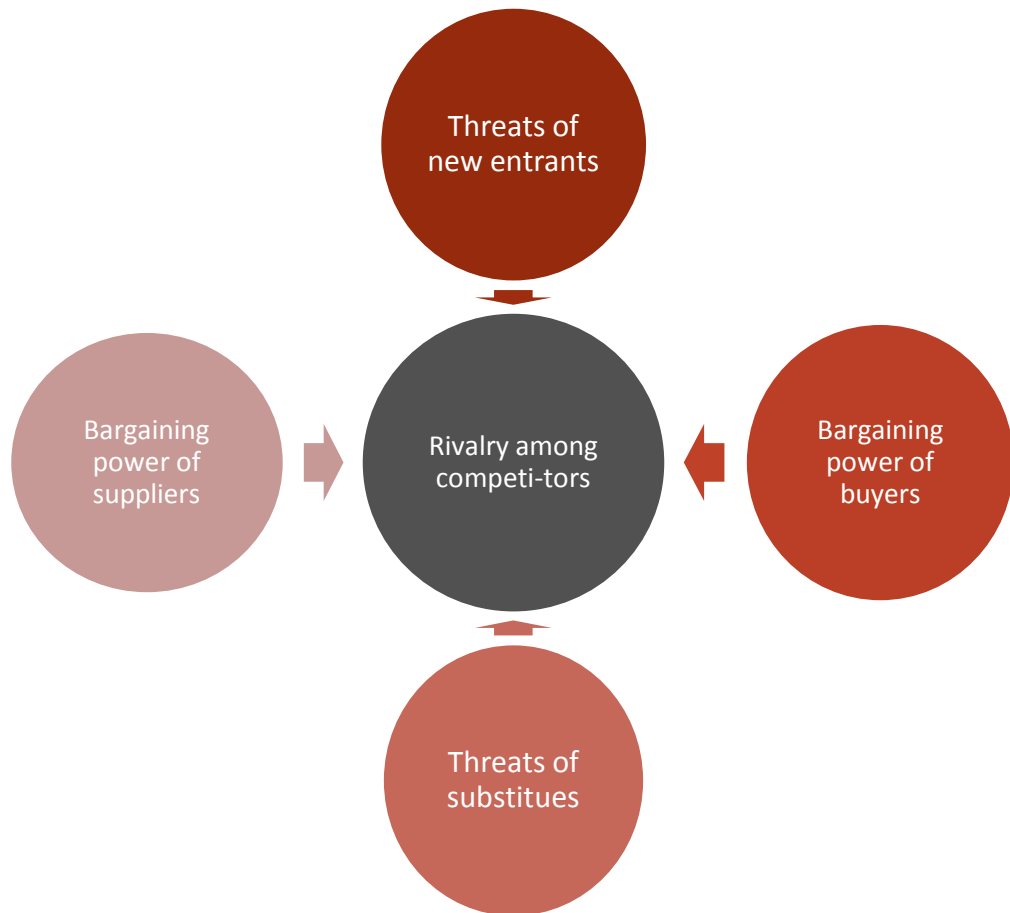


FIGURE 10. Porter's Five Forces model (retrieved from Porter, 2013)

Threats of new entrants: denotes to the companies which are not partaking in the industry in the present but capable of doing so if they would like to. This force appears as a threatening remark to a company's lucrativeness as the more players there are in the market, the more difficult it is for a firm to remain its market share. (Hill & Jones 2009, 43-44.) Besides, this force can also be adjudged as the evaluation of barriers to entry – how difficult it is to participate in the market such as economies of scale, brand loyalty, capital requirements, customer switching costs, etc. In this case, the more costly it is to enter the industry, the less new entrants there seems to be and the lower the competitive degree is. (Timothy 2008, 51.)

Threats of substitutes: concerns the fact that there are other goods or services which are in different industries but bring similar benefits to consumers and satisfy their needs more than the company does (Johnson, Scholes & Whittington 2009, 62). Sometimes, it happens that a firm pays most attention to the competitors within its industry only without noticing the risks coming from its potential substitutes. Indeed, if the substitutes have higher satisfaction level than the existing products/services do, the customers will be appealed and may turn to purchase the substitutes,

which leads to the loss of market share. (Peng 2013, 42-43.) Furthermore, the existence of the substitute would hinder the increase in price of products/services as consumers will probably switch to purchase the cheaper ones (Frynas & Mellahi 2015, 92-93).

Bargaining power of suppliers: indicates the ability to raise the price or lessen the products' quality of suppliers which provide a firm with direct inputs needed for manufacturing. The input varies widely from equipment, raw materials to manpower, finance, which costs and quality have remarkable role in company's profitability. (Fresh Perspectives: Marketing 2006, 34.) There are three common cases in which the suppliers have overall control. First, it is the size and focus of the industrial companies relevant to suppliers, which means the total volume of inputs that the companies purchase from suppliers, determine suppliers' importance. In case there are only a few suppliers in the whole industry, the suppliers would gain very strong position in setting the price and conditions because the industrial companies do not have other choices. (Peng 2013, 41.) Second, the features of input also play indispensable role in defining the suppliers' power. If the inputs provided by suppliers have special characteristics and are inextricable in product manufacturing, the industrial companies are forced to accept suppliers' conditions or else they will have to change some features of their products. (Needle 2010, 268.) Last but not least, the final determinant is the degree of switching cost. If the cost of changing to another suppliers is exorbitant, it is undoubtedly that the industrial companies depend a lot on the suppliers and hence, the suppliers' power is dominating in this case. (Johnson, Scholes & Whittington 2009, 62.)

Bargaining power of buyers: refers to the capability of buyers to negotiate for lower price or higher quality of products / services (Ungson & Wong 2014, 66). In this force, the industrial companies act as the suppliers when its end customers act as buyers. While the companies would like to set the product's price exceeding its cost for more profits, the customers by contrast try to buy the product in lower price but higher quality. (Ireland, Hoskisson & Hitt 2005, 65.) The power of buyers increments in the following three cases. First of all, it is the customers' sensitivity to products' prices that they would recognize the low switching cost between undifferentiated products. As said above, the buyers' goal is to buy the product with better quality and cheaper price and thence, if the two products have merely same quality, buyers will definitely purchase the one with lower cost. Hence, the industrial company has to face the risk that its customers may shift to its competitor's products if there is low switching cost. (Palepu, Healy & Bernard 2007, 47.) Second of all, the buyers will gain stronger negotiation position if there are only a few of them and they

also make massive purchases. In this situation, the customers assume the vast majority of sales so if they bargain for lower price, the company seemingly has no other choices but to accept their bargain. (Hill & Jones 2009, 51.) Third of all, it is the buyer competition threat which means that the buyers may intensify their power by partaking in the focal industry. This happens when an agreement regarding price can not be reached between industrial companies and buyers and hence, the buyers decide to do the companies' jobs themselves, which is also called backward integration. (Johnson, Scholes & Whittington 2009, 33.)

Rivalry among competitors: specifies the competitors' course of actions in order to gain more market shares or competitive positions in the market (Daft 2008, 252). Indeed, this force can be used to evaluate the competing activities of the competitors by analyzing their products/services' qualities, their customer services, offered prices, or even their technologies and marketing campaigns (Sahaf 2008). However, an industry with intense rivalry also means that a company has to struggle to gain market shares and profits (Rao, C., Rao, B. & Sivaramakrishna 2009, 150.) Generally, there are many elements to measure the degree of rivalry within the industry. One of the most important elements to be addressed is the extent of product differentiation and switching cost. If the products of a firm and its competitors share similar features and are undifferentiated while there is low switching cost, the competitors may decline its products' prices to inveigle more customers into purchasing their products. On the contrary, if a firm's products are unique and hard to emulate, it can build a brand loyalty among its customers and hence, become more profitable. (Ireland, Hoskisson & Hitt 2008, 54.) Another factor defining the rivalry of an industry to add is the number and level of the competitors. If there are so many players within the industry and they are all somehow equally-sized, the rivalry will become much fiercer as any activities from one company may lead to exceeding actions from others, resulting in noteworthy changes in the industry. (Daft, Kendrick & Vershinina 2010.) Besides, other elements that are worthy of attention include the rate of industry growth, the degree of exit barriers, the degree of strategic stakes, intermittent over capacity, etc. (Ireland, Hoskisson & Hitt 2005, 54-56; Sahaf 2008).

However, with the rise of information technology, the concept of "internet of things" has resulted in the connectivity which lets the information overflow in the product, to the external environment, between the manufacturers and users as well as to other systems. Furthermore, it also allows users to have access to many functions of the product online – which is known as the cloud system. (Porter & Heppelmann 2014, 68.) That's why in an interview by Harvard Business Review, Porter identified

that information technology had been one of the most important drivers of change in transformation in competition that it automates most of the tasks which were done manually before and integrates those activities in value chain across functions (Porter 2014). Hence, it is important that the influence of smart connected product on the industry competition and profitability is analyzed carefully based on the five mentioned competitive forces.

2.3.3 Market segmentation

The notion of market segmentation was described to entail “viewing a heterogeneous market as a number of smaller homogeneous markets, in response to differing preferences, attributable to the desire of customers for more precise satisfactions of their varying wants” (Hastings, Angus & Bryant 2011, 126). To make this concept intelligible, this concept mentions the process of disaggregating the whole population into smaller groups of customers based on numerous specific characteristics such as customers’ behaviors, their needs or habits (Cheverton 2005, 146). In each segment, the customers must share identical features such as their interested types of product, their reasons for making purchase decision or their ways of using products; which are not existed in the customers of other segments (Kumar 2009, 124).

Subsequently, there comes the question why market segmentation should be used in market research for internationalization and marketing plan. Due to the fact that the development of information technology has led to constant changes in the market, there has arisen many opportunities and risks in the whole environment (Wedel & Kamakura 2012, 4). Furthermore, each individual possesses a distinctive group of values, credence, supplies and limitations which may influence their choice, desires and actions (Hastings, Angus & Bryant 2011, 125). And yet, it is obviously unfeasible to produce a product / service that engrosses everybody. Hence, by dividing the whole market into sub-group, the marketers will be able to apprehend the in-depth aspiration of customers in each segment so as to provide tailor-made products / services to their needs (Dibb & Simkin 2013, 2). Besides, an overwhelming majority of organizations, especially the SMEs, does not have capabilities to allocate the resources and create different products that meet the needs of all different customer segments. Meanwhile, a market segmentation will allow the managers to choose the market segments that are most appropriate with company’s resources and characteristics to serve as well as discover new attractive segments by dispensing the basis for selection of target markets to them. (Hollensen & Opresnik 2015, 171.) Another point to add is that a firm will be capable of staying closely to its customers as well as gaining their

loyalty thanks to understanding their yearning clearly through the market segmentation (Belohlavek 2011, 119).

The effectiveness and profitability of the market segmentation are evaluated by six criteria:

- **Identifiability:** The degree to which it is able to recognize the customers in each group by measuring the fundamental elements.
- **Substantiality:** Does the chosen segments make up a prime portion in the market and are they large enough to maintain the company's profitability?
- **Accessibility:** The extent to which the marketers can enter the aimed segments and approach the customers there.
- **Stability:** How static are the targeted segments for the firm to implement its marketing strategies?
- **Responsiveness:** What is the responsive rate of the targeted segments to the company's marketing strategies? How uniquely have they responded to the company?
- **Actionability:** Are the customers in aimed segments and the strategies designed to meet their needs undeviating to the organization's mission, vision and strategies? (Wedel & Kamakura 2012, 4-5.)

Below is the picture illustrating the elements to measure when conducting a market segmentation and which elements works best for different purposes.

Dimension	Definition	Strategic			Tactical		
		Product Development	Investment Decisions	Market Analysis	Positioning and Messaging	Program Design	Individual Personalization
Attitudes and Needs	What people think	×		×	×	×	
Motivation	What motivates decision			×	×	×	
Value	Monetary value to organization		×	×			
Life Stage	Stage in life (demographic)	×					
Behavior	What people do					×	×
Life Cycle	Stage of relationship with organization	×				×	×

FIGURE 11. Segmenting elements and for which purposes it work best (Adapted from Dempster & Lee 2015, 67).

As the purpose of this thesis is to create an internationalization plan for Witrapi to enter Israeli market, the content will concentrate on analyzing the market, positioning and finding out which groups of customers should be targeted. Hence, in the part of segmenting Israeli market, the analysis will focus on four main dimensions including: organizational size, business type, technological level and performance.

2.4 Market entry strategy

In the phase of internationalization, it is crystal clear that the company will have more competitors as not only those firms based on Israel wish to gain more market shares but those from other countries would also like to enter the Israeli market when observing its potential (Tielmann 2010, 0). Thence, after defining which market to enter, a company must come up with the thorough entry strategies and international marketing plan which are correlated with its vision, mission and activities because any decisions once made may have long-term influences on their businesses (Doole & Lowe 2008, 231).

The procedure of designing market entry strategy asserts many researches and reasonable steps concerning the chosen market, its fundamental dynamic characteristics, competitiveness as well as its customers' behaviors, desires and their consuming habits (Ochtel 2009, 75). There are two main types of market entry strategy: active and reactive. The active market entry strategy refers to the internationalization decision is made by the company itself, which is divided into three small types: market-research based, experience-based and option-based market entry strategy. Meanwhile, the reactive market entry strategy means that the company is forced to globalize due to the decisions of external stakeholders or the fact that most of its customers are moving abroad. (Neubert 2013, 27-28.) The following picture will depict the mentioned types of market entry strategy more precisely:



FIGURE 12. Types of market entry strategy (Adapted from Neubert 2013, 28)

Market-research based active market entry strategy: is conducted with a systematic and step-by-step approach which contains a multi-stage structure, selection and analysis based on critical elements. Hence, this type of market entry strategy is suitable for all kinds of organizations and its results are defined by how efficient the market researches are carried out.

Experienced-based active market entry strategy: as how it is called, relies on the company's past experiences with the market and the fact that its targeted market shares many similarity in cultural, structural and

geographical aspects with its based or already-operated country. Hence, the company could transfer its business models to the targeted country with just little adjustments.

Option-based active market entry strategy: is used to make decision on how to react with distinctive market opportunities that the company is facing. Hence, this type of market entry strategy is not appropriate for internationalization plan but to support the previous-mentioned strategies to measure the market's attractiveness. (Neubert 2013, 27-32.)

As the initiated intention of going global stems from the Case Company's CEO and Co-founder – Siitonen as well as its management members and it is true that none of the company's employees has experiences on Israeli market, the market research-based active market entry strategy will be used in this research.

2.4.1 Choices of entry mode

Additional to the decisions of whether to internationalize, which market should be targeted, a company must also determine the entry mode by which it will enter the foreign market as this process not only involves an innumerable amount of funds but it also has effects on how to run the business across borders (Sharan 2008, 22). Moreover, the choice of entry modes is considered as a crucial point because it will reflect the degree to which a company would like to involve in the targeted market, its policies and objectives, resource allocation, etc (Albaum, GS., Albaum, G. & Duerr 2008, 276). Therefore, it is important that the entry mode is selected carefully based on different aspects to ensure the company's success after its penetration to the targeted market.

The decision regarding which entry mode to be used by a company could be made derived from experience or analysis or even both. No matter which methods are based on, it is essential that the end result is beneficial for the company's products and apposite for its abilities. (Albaum, GS., Albaum, G. & Duerr 2008, 282; Reinert 2011, 282.) Generally, there are three major determinants of the choice of entry mode that are to say the company-specific resource advantages, the country-specific or location advantages and internal coordination advantages (Ireland, Hoskisson & Hitt 2008, 159-160).

Company-specific resource advantages: alludes to the company's competitive edges and its weaknesses compared to the other enterprises in the targeted market. This determinant also concerns the company's size, its capabilities, incentive structure, development strategies,

experiences in both international and aimed country and so on in order to examine the company's managing abilities as well as financial statements (Ghosh 2011). For example, if a company is small in size and have limited capacity, it may have to place reliance on its networking relationships with other companies in the aimed market and choose the mode requiring less control and initial investment such as exporting which will be explained in detail later (Keillor & Kannan 2011, 44-47).

Country-specific resource advantages: mentions the external factors of the aimed market including its policy, economy, cultures, opportunity and threats, etc (Wührer & Bilgin 2014, 134-135). For instance, if the targeted country has a relatively high growth rate and there are many companies offering similar products / services to the company's, the choice of acquisitions or greenfield investment would be unadvisable (Windsperger & Hendrikse 2004, 258). Another good example is that many countries, especially the developing ones, are not stable in its business rules for foreign firms regarding property rights, price ranges, investment regulations, etc, which may leads to company's loss due to their constant changes in law (Marinova 2014, 266).

Internal coordination advantages: are the elements that arouse the company's desire to manufacture and deliver its own goods / services rather than contracting with other firms to do those tasks (Ireland, Hoskisson & Hitt 2008, 160). Once a company chooses to outsourcing, it may have to bear many different transaction costs, which could be regarded as a financial burden if the costs are too high (Ireland, Hoskisson & Hitt 2011, 180).

According to Hollensen (2008, 201), there are three primary types of entry modes namely export modes, contractual modes and investment modes. The meanings and functions of these three main modes of entry are construed as below:

2.4.1.1 Export Entry Modes

Being known as a market-based form of transaction, export modes are usually utilized by many companies when initially penetrating a new foreign market as this type of entry mode endures low risk level though there is limited control (Keillor & Kannan 2011, 41). To make it more clearly, in this entry mode, a firm will sell its products / services in other countries than its home market where it manufactures all the goods. Hence, when using the export modes, not only does the company could reap benefits from the almost risk-free level when approaching the customers in targeted market but it could also press the available but

unused production capacities into service. (Paliwoda & Thomas 2013, 128-129.) In addition, export modes are mostly preferred by SMEs as these modes allow them to address themselves to customers in more markets than the other modes without which they wouldn't be able to do due to the lack of resources (Klug 2007, 36).

There are two ways to export goods to other countries: directly and indirectly.

Direct export entry mode: denotes the fact that a firm effectuates all export-related activities by itself including both sales of products manufactured in its based-market and investment in subsidiaries or acquisitions in the targeted market (Glowik 2009, 74). However, seemingly this method could only apply to those companies which have good financial statuses as not all firms could be rich enough to acquire subsidiaries / acquisitions (Johansson & Pallmar 2014). Besides, albeit with being costly, direct export mode would bring to managers the direct access to the market as well as the obtainment of worthy information that may surpass the initial costs (Terpstra, Foley & Sarathy 2012, 8-5).

Indirect export entry mode: indicates the act of exporting the products / services to the third party acting as the domestic exporter or foreign importer to deliver the goods to the end customers in the targeted country. The third party could be agents, distributors or strategic alliances. (Peng 2009, 288-289.) Hence, this entry mode is advisable for the firms which do not have any international experiences because they are not involved in the activities occurred in the foreign country and hence do not have to face the challenges there (Paliwoda & Thomas 2013, 129-130). In comparison with direct export entry mode, the indirect mode is less pricey as the company is not engaged directly in the handling export process and it allows the company to centralize on the production part only. Nevertheless, if choosing this entry mode, an organization will have less control in the distribution process as well as lose the opportunity to learn more about the targeted market. (Cullen & Parboteeah 2013, 237-239.)

2.4.1.2 Contractual Entry Modes

Contractual Entry Modes refer to the fact that a company tackles a non-equity agreement with a local enterprise in long term, which does not entail any shares of ownership but the process of transferring intangible assets such as the firm's trademark, brand, technological know-how, etc. in exchange with remittance and royal rights (Ennew & Waite 2013). Distinct from export entry modes, the contractual entry modes allow the firm to have more control powers albeit with being more expensive. Furthermore,

as mentioned before, the assets transferred in the contractual entry modes are intangible while those in export entry modes are tangible. (Reinert 2011, 144.)

Overallly, there are three distinguishable types of contractual entry modes including: licensing, franchising and joint venture. The definitions of these types are explained as below:

Licensing: indicates the low-commitment and low-control entry modes where a company undertakes a contractual agreement with local enterprise specifying the technology knowledges that the company transfers to the firm as well as the types of payment. Hence, this mode is usually chosen by the organizations which comparative advantages are technological know-how. (Delios 2012) Besides, though still evaluated as a low-control mode of entry, licensing still requires noticeably higher level of control and involved resources than the export mode because all the terms must be discussed in the contract elaborately (Noorderhaven, Sorge & Koe 2015, 365). Nevertheless, no kinds of methods is perfect and so is licensing that it may hinder the company's process of penetrating to other markets by other entry modes due to the condition in the licensing agreements. Moreover, it is the fact that the degree of control in licensing is still not high enough to allow the company to manipulate the use of its trademarks, brand names and technology by licensees. (Toni 2012, 191.)

Franchising: is similar to licensing in the phase that both of these entry modes imply the transfer of intellectual property rights. However, in franchising, the company's asset transferred is moderated to its brand name / trademark only instead of covering such wide range as in licensing agreement. (McDonald, Burton & Dowling 2002, 233.) Besides, while the licensee only gets a part of the licensor's business model, the franchisee could receive the whole business package as well as assistance in long term from franchisors and operate as an independent branch of the company (Alon 2006, 123). Hence, franchising could be seen as the act of imitating a specific business as the franchising contract may state carefully how the operational management is and so on. And so, the level of control in franchising is higher than that of licensing because the franchisor can select the franchisees who are proper to take the company's image. (Singh 2010, 255-256.) Concerning the benefits, both licensing and franchising enable a firm to expand to new markets more quickly with low risks and low initial investment costs as they are abided by licensees / franchisees (Neelankavil & Rai 2014, 162-163). Nonetheless, in general perspectives, the franchisors will still suffer from the deficiency of overall franchisees' operations as well as profits due to restricted legal regulations on franchising agreement (Cavusgil, Ghauri & Agarwal 2002, 94-95).

Joint venture: implies the equity-based cooperation between a company and a local enterprise in its targeted country partly to gain access to the local enterprises' distribution channels, R&D management, technologies and core competences and partly because of the governmental foreign investment law in several countries (Búrca, Fletcher & Brown 2004, 238-239). The joint venture entry mode is defined to suit to those companies which have large projects but are not financially stable or would like to penetrate the not-very-open markets as this partnership means that the parties involved will have doubled financial powers and entry into both markets (Larimo, Nummela & Mainela 2015, 104). However, staying in this entry mode is inability to reach the economy of scale in the location where they have little influences as well as the risk of co-owner that both parties must always reach a consensus of business strategies, implementation before making any decisions (Hill & Jones 2011, 166).

2.4.1.3 Investment Entry Mode

Divergent from the former entry modes, investment modes are unbecoming conduct for companies which internationalize to just gain more profits and do not concern much about having overall control of the whole operations. On the contrary, investment entry modes are apt for those who would like to hold the entire management of its business in the targeted country and have strong financial conditions as it presupposes the company's proprietorship of the production department abroad. (Sharan 2008, 22-23; Kozami 2002, 198.) However, by directly investing to a foreign country, a company could have such advantages as gaining access to cheaper sources of raw materials or human labors as well as building a close relationship the local government, consumers, suppliers, distributors and so on (Hollensen & Opresni 2015, 271).

According to Hollensen (2007, 356), there are two investment alternatives to identify comprising of acquisition and Greenfield.

Acquisition investment: connotes that a company chooses a local enterprise in the targeted market and amalgamate itself with that foreign enterprise or even purchase and acquire its ownership and control so as to penetrate quickly to the foreign market (Mukund 2012). However, the decision to attain fully or partial acquisitions mainly depends on the characteristics of the host country's environments as well as the domestic company's mission, vision, activities and goals (Wood & Demirbag 2012, 321-322). For instance, in some developing countries like India and Vietnam, there are investment law concerning the limitation of full acquisition in several sectors (Estrin & Meyer 2004, 32). Another point to add is that in order to retrieve the acquired enterprise's expertise, it is

essential that the domestic company utilizes its incentive structure and managing systems to cultivate the know-how efficiently (Bora 2002, 10-11). Hence, albeit with benefiting from the access of local resources, it may happen that the acquisition may come along with the incompetence which could not arbitrate in the company's regular practices (Noorderhaven, Sorge & Koe 2015, 367).

Greenfield investment: is a form of Foreign Direct Investment (FDI) that a parent company builds up the entirely new plant and operational facilities and even offer long-term vacancies so as to start a new business venture in a foreign country (Epperlein 2005, 21). In Greenfield investment, a domestic company must invest greatly in finances and human resources as well as quite a long period of time for preparation before the business could start instead of having brisk accumulation of resources as in acquisition investment (Laacks 2010, 32). Therefore, there are many companies opting for acquisitions rather than Greenfield investment so that they could gain the competitiveness by entering quickly to a market, taking the initial actions and gaining entry to some particular resources (Dunning & Lundan 2008, 286). Moreover, with these characteristics, the Greenfield investment is usually favored by the R&D intensive firms while the acquisition investment is mostly chosen by those which manufacture products in other places instead of in their based countries (Aswathappa 2010, 402). Besides, another factor influencing on the choice between Greenfield and acquisition investment is namely the growth rate of the host country as well as other industry level-factors such as local responsiveness, technological development, etc. (Chaudhuri & Mukhopadhyay 2014, 5).

2.4.2 Distribution strategies

Being known to consist of a wide range of activities to manage, control, handle and protect the raw materials as well as the in-progress and finished products from the manufacture point to customers, distribution is also reckoned as one of the most important functions attributing to the proficiency of materials and goods' movements inwards and outwards the production line (Kapoor & Kansal 2003, 2-3). Furthermore, according to Blythe and Zimmerman (2005, 208), having an effective distribution plan could generate competitive advantages contributing to a firm's success in the foreign market. Hence, it is necessary that one company explicate its process of manufacturing, distributing and selling its products / services to the customers so as to plan distribution strategies accordingly (Fiore 2005, 136).

2.4.2.1 Channels of distribution

One of the very initial but extremely vital steps in making a distribution plan is to determine which channels of distribution should be used. The channels of distribution, also called marketing channel is the progression in which the products / services are administered from the manufacturer to the end users by either middleman or marketing intermediary. (Dent 2011, 11.) The channels of distribution differ widely based on the product type if it is consumer or industrial goods. As the case company is a B2B company, this chapter will only mention distribution channels of industrial goods.

The following figure illustrates the structures of distribution channels for business goods.

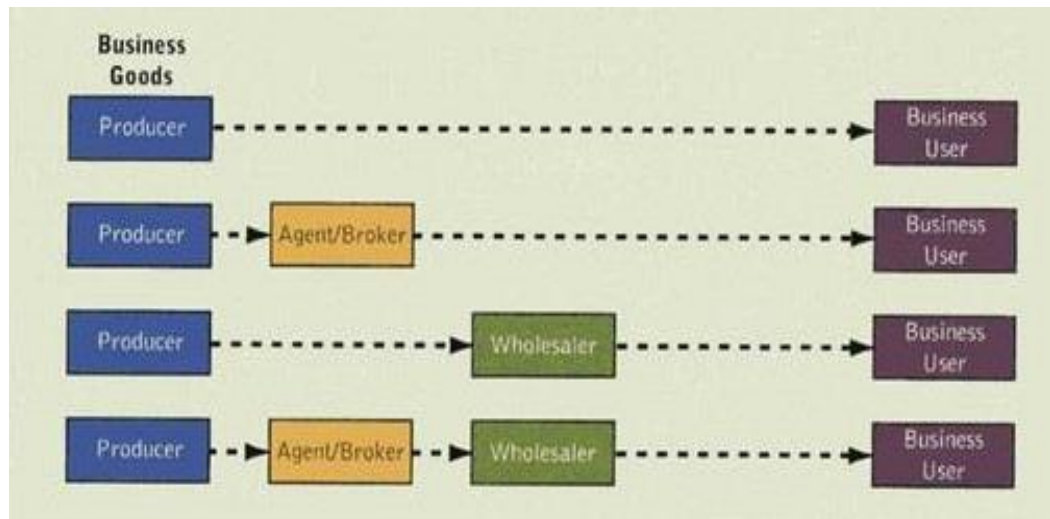


FIGURE 13. Structures of channels of distribution (adapted from Wright 2004, 254)

The very first and seemingly most simple channel of distribution is the direct channel – zero level channel. The structure of direct distribution channel requires the manufacturer to carry out and manage all necessary duties to generate sales before delivering the products to the business customers without going through any intermediaries. (Doole & Lowe 2008, 349 – 352.) Normally, the supplying company can make it ways of distributing the products directly to its customers by using its own sales force, via trade exhibition, email marketing, social media and other means of communication (Wright 2004, 258). Hence, direct channel of distribution is usually utilized when the transaction's value is large or the levels of technical and commercial communication are immense and the purchasing process is protracted (Havaladar 2005, 155-156).

The second option of distribution channel is the indirect channel – one-level channel in which there will be an industrial distributor sharing the duties with the supplier before delivering products to the industrial customers (Lancaster & Massingham 2010, 193). Therefore, this type of channel is advisable for the companies which have low transactions' value, limited resources, scattering industrial customers or that there are too many items including in one purchase (Havaladar 2010, 215-216).

Third, it is another two-link channel of distribution that works for the industrial company. In this distribution channel, an agent will be nominated by the supplier to assist in allocating goods and dispense the after-sale services indispensable of the products. (Cant, Strydom & Jooste 2009, 409.) The flow of this two-link channel can be described shortly as: Manufacturer -> Agent -> User. Hence, the two-link channel is applicable for the small-scale industrial suppliers who are incapable of expanding their distribution networks or having their own sales forces. (Vashisht 2005, 196.)

The final type of channel of distribution designed for industrial products is the three-link channel in which the distribution process involves two intermediaries - a wholesaler and retailer before bringing the products to the ultimate users (Fresh Perspectives: Business Management 2005, 269). This distribution channel is viable for the producers who feel inconvenient to sell goods to industrial distributors. Furthermore, it is also advantageous that the wholesalers could buy a huge quantity of products and sell them to retailers with higher prices for profits while the retailers whose finances are not strong could buy products in small quantity without worrying about transportation and storage. (Strydom 2005, 126.)

2.4.2.2 Market coverage strategy

After considering which channels of distribution to be employed, the decision towards market coverage strategy is a matter of grave concern. Denoting the level of distribution intensity aimed by the supplier, market coverage strategy will decide how many intermediaries through which the products are allocated by the supplier in the foreign market. (Kitchen & Proctor 2001, 150.) This means that in planning market coverage strategy for internationalization, the manufacturer needs to decide whether to distribute its products to the entire market or just one or some segments of it (Verma 2012, 347).

There are three strategies to cover the market that a manufacturer can opt for: intensive, selective and extensive distribution (Boone & Kurtz 2015, 453).

First, the intensive distribution strategy refers that a company places its products to as many distributors and channels as possible in a segment or a trade area in order to produce sales (Boone & Kurtz 2015, 453).

Therefore, the intensive coverage demands strong collaboration between of many wholesalers and retailers to attain the greatest coverage and it is viable if the company's products belong to the low-price convenience goods with wide appeal across a large group of consumers (Rolnicki 1998, 92-93).

Second, unlike intensive distribution, in selective distribution strategy, only a few distributors are used to handle the company's product lines. The products involved in this market coverage strategy are usually durable or shopping goods which are more expensive than normal convenience goods and that the customers are mostly willing to spend time visiting different outlets for comparison to get the best deals. (Lamb, Hair & McDaniel 2011, 404; Havaladar & Cavale 2006, 14.20.) Therefore, the selective distribution strategy is usually deployed in clothing, cosmetic and electronic categories as it enables suppliers to control the product's prices, how it is displayed and by which techniques it could be sold, which correlates with the company's brand and image (Ferrell & Hartline 2007, 263). Moreover, this type of market coverage strategy is also doomed to help cut costs in marketing and strengthen the business relationship within the trade market (Boone & Kurtz 2009, 448).

Finally, among all types of market coverage strategy, exclusive distribution strategy is the most limited one that the manufacturer allocate or give the rights to sell its products to only one or a very small number of distributors in a specific market area or to a specialized group of customer (Hesselink 2006, 260). The objective of this distribution strategy is to enhance the supplier's control power towards sales, marketing, price, pre-sale and after-sale service in the whole channel (Ross 2012, 181). Thence, the exclusive coverage strategy is feasible to distribute the expensive specialty products which are normally produced in limited edition / number. And so, in exclusive distribution, the intermediaries are selected elaborately and all the personnel must be well-trained so as not to influence the image and prestige of the product and the manufacturing company. (Pride & Ferrell 2010, 401; Boone & Kurtz 2014, 462.)

The choice of which market coverage strategy to be employed is highly important when a firm first penetrates the foreign market. And yet, this decision may experience changes as the firm advances in the market or even that the market alters itself and hence, the company must choose another distribution strategy to adapt the ever-changing market and correspond to its development strategy. (Cherunilam 2010, 523-524.)

The ending of distribution strategies part also closes the second chapter of the literature review. After revisiting all the imperative theories, it is time to conduct the empirical part which will be covered in the upcoming chapters.

3 EMPIRICAL IMPLEMENTATION

After reviewing all the theories necessary to conduct the internal and external analyses as well as making the internationalization plan for the Case Company, this chapter will go quickly through the execution process of all the empirical researches for the thesis. By that, the Case Company could somehow envisage which data will be provided in the latter chapters as well as why, how and when the data is collected.

This chapter comprises two main parts. The first part aims to visualize the timeline and methods of the data collection procedure in general while the second part will give an outline of each data collecting phase particularly. Nonetheless, the analysis of the gathered data will not be all interpreted in this chapter but separately in latter sections when it comes to the suitable situation.

3.1 Data acquisition process

The collection of information is of high importance to conduct any kinds of studies that according to Pawar: “No research can be undertaken without data”. Generally acknowledged, the procedure of data acquisition could be embarked once the research objectives and questions are identified (Kothari 2014, 95). However, there are many activities involved in the data collection process and the time and the methods to obtain information are highly dependent on the quantity and content of data needed for research (Silva 2012, xvii). The following table will visualize the timeline of the data acquisition process of this thesis.

TABLE 1. Empirical research timeline

Activities		Timeline					
		Week 39	Week 40	Week 41	Week 42	Week 43	Week 44
	Desk research	→	→	→	→	→	→
Internal Interview	Preparation for interview	→	→	→	→	→	
	Interview meeting	→	→	→		→	→
Email Interview	Designing questions. Sending questionnaire to interviewees			→	→		
	Gathering interview results				→	→	
Skype Interview	Designing questions & booking time for interviews				→	→	
	Conducting interviews				→	→	
	Summarize & analyze interview recordings				→	→	
Surveys	Designing and sending surveys		→	→			
	Aggregating and analyzing survey answers			→	→		

To start with, the entire process of gathering and interpreting data is conducted in six weeks and consists of three main methods involved in the data collection process which are desk research, interviews and survey.

Among all activities, the conduct of desk research is carrying out throughout the procedure from week 39 to week 44 because of the need to collect information from different aspects / views for the objectivity of the thesis.

Meanwhile, the interviews are performed in three formats including internal interview, email interview and skype interview. The internal interview is organized for the purpose of gaining consultation with the managing members from the Case Company in order to acquire their perspectives towards the firm's capabilities and goals for future developments. The email interview is utilized to approach a huge number of potential customers in the Israeli parking industry thanks to its convenience in budget, time and resource-saving. In the meantime, the skype interview denotes to segment the whole Israeli parking industry so as to figure out the most potential industrial purchasers who matches the Case Company's requirements. Each type of interviews is arranged in different schedules according to the progress of the thesis and the internal interview takes up the most time among all three types.

Finally, the survey indicates to obtain the evaluation of the performance and importance of the Case Company's key criteria from their main business customers' decision-makers.

3.2 Overview of collected data

After outlining the practicable schedule for the procurement of data, this sub-chapter will expound the purposes of each mentioned information acquisition methods and how they are carried out elaborately. Moreover, all the knowledge that is gathered for this thesis is also described briefly in this part.

3.2.1 Desk research

Desk research denotes the act of collecting secondary resources which are gathered previously for numerous purposes by other researchers (Shukla 2008, 37). In desk study, the researchers could utilize the information which are both internal and external to the company. The internal data refers to the information retrieved from within the firm's operation which could be either confidential or published such as the financial report, operational database or previous studies conducted by the company. (Stone & Desmond 2007, 127.) The external data, in the meantime, indicates the information published in the public sources like articles/books, documents from internet, video/film, etc. (Baaij 2013, 220).

In this thesis, concerning the internal information, a variety of the Case Company's performing statistics and unpublished documents are studied and assimilated so as to learn and understand about the Case Company more comprehensively as well as conduct the internal analyses such as BCG matrix to evaluate the firm's performance.

Regarding the external information, the desk study methodology is deployed in order to learn about the Israeli business environment generally and it intelligent transportation and parking industry particularly with regard to its political, economic, social, technological, environmental and legal aspects so as to acknowledge the Case Company in details about its targeted country. Mainly, these data are acquired from reliable sources published by both governmental organizations and NGOs in the internet such as reports, statistics and analyses of the Israeli Ministries, legislation or books. In addition, this method is also used to seek information of the potential opportunities and threats in the parking industry that the Case Company may face during internationalization not only in Israel but also worldwide. Finally, the list of all parking enterprises in Israel for benchmarking as well as the description of logistic companies

appropriate with the Case Company's criteria are also procured via desk researches.

Nevertheless, due to the fact that there are numerous sources of information published online, it may happen that the found data is not trustworthy and may affect the quality of the thesis. Therefore, it is indispensable to carry out the data mining process in desk study to screen through large amounts of data and select the most qualified and pertinent information to use in the thesis. This procedure involves four main steps. Firstly, the most reliable sources among all the searched information are identified and approached. After that, the contents of those sources are reviewed and analyzed so as to consider its level of suitability for the thesis objectives. Once the most qualified information is defined, they are studied carefully and eventually, assimilated into the thesis.

3.2.2 Interview

In market research, interview is the information acquisition method in which the researchers – interviewers will ask the interviewees several questions to collect the data from them (Friesen 2010). Albeit with not being utilized in appraisal as usually as surveys / questionnaires, interview is still considered as a practical method that it could uncover the stories or information that are not published in public domain (Phillips & Stawarski 2008, 23). There are two primary types of interview: structured and unstructured. The structured interview refers to the fact that the interviewers ask and instruct the interviewees to answer based on the questionnaires prepared beforehand while the unstructured interview involves some general questions from which the interviewers are allowed and try to probe additional information from the interviewees. (Majumdar 2007, 107-108.) Moreover, the interview could be conducted in different forms such as face-to-face interview, phone interview, email interview, group focus etc. (Johnson & Christensen 2010, 198).

In this thesis, all the conducted interviews are divided into three main groups based on their characteristics: internal, email and skype interviews. More details about the interviews that are carried out to support this thesis are described as following.

Internal interviews

As mentioned briefly above, the internal interview denotes the interviews that are conducted with the aim to collect the internal information as well as perspectives of the Case Company's employees, especially the managers, towards the firm's current situation and goals for future

development. There are totally 11 internal interviews conducted for this thesis. The first seven interviews are face-to-face interviews with the Case Company's employees to study about the firm's operational structure and its product portfolio. These interviews are structured with a set of short questions (Appendix 1 and 2) and carried out mainly in week 39 and 40 (September 2015). Meanwhile, the latter four interviews are group-focus interviews which involve the Case Company's management members to discuss and seek for their consultation about the analyses conducted in the thesis as well as their considerations towards the company's capabilities and desires when expanding to the Israel. The group-focus interviews are conducted mainly in week 43 and 44 and are more open and unstructured compared to the individual interviews that all the participants are allowed to discuss to figure out the best solutions / answers.

Email interview

Thanks to the development of information technology, the communication between people and people has been much easier despite the distance between them. Therefore, the email interview is widely exploited nowadays in the data acquisition process thanks to having many advantages such as cost and time-saving, quick responses, ability to extend the number of participants and so on. (Possamai-Inesedy & Gwyther 2013, 69; Sappleton 2013, 304-305.)

In this thesis, the email interview is utilized to screen through all the companies currently operating in the Israeli intelligent transportation and parking industry for market segmentation process. The entire procedure of email interview is organized in week 41 and 42 including the questionnaire preparation time. At first, the requests for interview are sent to nearly 400 enterprises to ask for their acceptance for data collection. Subsequently, the questionnaire (Appendix 3) is sent to the 322 companies who have accepted to partake in the email interview. Finally, all the answers are aggregated to continue the next process – external interview.

Skype interview

Similar to the email interview, the skype interview is usually deployed thanks to its cost and time effectiveness. In this thesis, the external interview refers to the process of gathering the external data of the industry. This is the succeeding process after the implementation of email interview. To make it clearly, after collecting the answers from the 322 companies in the email interview, the enterprises which fit most of the Case Company's requirements are sorted out and then interviewed directly via skype. The conduct of skype interview acts as another layer of

the screening process to study more about the potential industrial purchasers in Israel and assess their level of qualification compared to the Case Company's criteria.

The skype interviews are prepared and carried out within week 42 and 43 right after the outcomes from the email interviews are found. The skype interviews are organized unstructuredly with the manager of nine Israeli companies found in the email interviews based on the core questions to see the potential of partnership between them and the Case Company.

3.2.3 Survey

Being known as one of the most popular data collection methods, survey is a specific type of questionnaires utilized to obtain the attitudes, beliefs or assessment of the respondents towards an object / topic (Phillips & Stawarski 2008, 1). Normally, the survey is sent to the respondents and the respondents will return the survey once they have completed filling it (Bethlehem 2009, 153). There are many ways to design the questions in the survey such as open-ended questions, checklists, multiple choices or scale ranking (Friesen 2010).

In this thesis, the survey is deployed to acquire the evaluation from the management members of the Case Company's industrial customers towards its parking products. The survey is described in Appendix 4 and sent to the managers / decision makers of the Case Company's industrial customers by mail and analyzed during week 40 and 41. The in-depth analysis of the survey will be explained more elaborately later in the key driver analysis.

This sub-chapter also concludes Chapter 3 and provides a broad view of how the empirical analyses of this thesis are carried out. Subsequently, the next chapter will proceed with the analyses of the Case Company to review its strengths and weaknesses as well as evaluate its performance so far.

4 CASE COMPANY ANALYSIS

Before designing an internationalization and market entry plan for a company, it is of the utmost importance for a company to comprehend its business operation and intentions of future development elaborately. The purpose of this chapter is to present detailed information relating to the Case Company as well as give analyses on the company's operational activities by utilizing the analytic tools, which creates a solid bedrock for developing the internationalization plan for the Case Company to the Israeli market.

In this chapter, a majority of unpublished and internal sources is exploited in order to provide the most detailed information about the Case Company for this thesis. Besides, during the time this thesis was carried on, the author was working as an intern in the Case Company. Hence, this part also includes the author's point of view as both an internal member and outside observer.

4.1 Overview about Case Company

Before any analyses towards the case company's performance is made, it is of high importance to have all-embracing understanding of the company, its targets, products, manufacturing procedure and so on. Therefrom, it is able to evaluate if the company's development strategies are effective or not, whether it should make any adjustments or progress with its current tasks. It is also the major purpose of this sub-chapter to provide such broad view of case company concerning common information, product portfolio and how the firm manages its business.

4.1.1 General introduction

Having the very first idea about building a parking system in 2012 developed by Mr. Tuukka Korhonen – the current Innovation Director, Witrafi was then established in 2013 by Mr. Sampsa Siitonen – current Chief Executive Officer and other co-founders as there were potentials for further growth seen from the project and making it official is of essence to progress the project into the next level. (Witrafi 2014.) Thanks to having board members who are seasoned entrepreneurs and industrial experts as well as skilled team members with previous professional experiences in a wide range from entrepreneurship, information technology to design, engineering and so on, Witrafi has been expanding vigorously with many achievements since its establishment. In the year of 2014, the company was presented in the top 10 finalists in the "Verizon Powerful Answer

Award". (Company 2015.) Most recently in the middle of 2015, the company was nominated as one of the 100 hottest start-ups in Finland in the rank of 51 (Top100 2015).

At the moment, Witrafi is operating as a Research and Development (R&D) heavy technology start-up concentrating on providing the Intelligent Parking and Transportation Systems and Services. Besides parking product, the company is advancing itself in offering other services based internet of things such as lighting system, cloud platform, 3D-designing, etc. However, as being a newly-established start-up, Witrafi's resources are always in limited condition that the company mainly lives off the seed investment money from traffic companies and government funds. (Witrafi 2014.) For example, as mentioned above, Witrafi was just granted an amount of 300 thousand euros in August 2015 by Tekes, Helsingin Kaupungin Innovaatorahasto and other investors, which allows the company to invest more in R&D and improve its products' performances (Witrafi, Funded once again 2015).

Below is a table gathering the fundamental information of Witrafi concerning its businesses, vision, mission and value.

TABLE 2. Witrafi's general information

Witrafi Company	
Official Name	Witrafi LTD
Company Form	Private limited company
Establishment	July, 2015
Business Type	R&D, Manufacturing, B2B
Business Branches	Parking and Transportation, Internet of Things, Cloud Platform, 3D-Design, etc.
Number of employees	11 employees – 10 full-time workers and one intern
Slogan	"We know where to Park"
Mission	"As one of the growing parking start-ups, our mission is to create a parking service that is cost-effective, time-saving, environmental-friendly and tailor-made for all customers"

Vision	<p>“In Witrafi, we work hard every day with the vision to create the world’s leading parking products which are preferred by public enterprises, selected by all companies, recommended by most car-owners and proud by our employees.”</p>
Core Values	<p>“Each of our days presents a new chance for us to live our passion, achieve our mission and reach our vision. Each of our days, we follow what our core values guide us in all business practices to take a closer step in accomplishing our goals.</p> <ul style="list-style-type: none"> • WORLDWIDE: We value and encourage the diversity in cultures and customs, which makes our team international, creative and competitive. • INTEGRITY: We are committed to work with honesty and consistency. We do what is right and remain disciplined even when challenges arise. • TRANSPARENCY: We ensure a high level of transparency in daily operations that we interact with customers openly, provide all the necessary information and seek feedbacks from all direction to improve our services. • RESPECT: Owning an international team, we appreciate and honor every individual’s rights, talents and treat them with courtesy and fairness. • ACCOUNTABILITY: We take responsibility for all our actions and decisions, keep our promises and meet our commitments. • FOCUS: On our daily basis, we are striving to maintain a long-lasting relationship with our clients, partners and investors by putting their preferences ahead of our own and make them delighted with our products. • INNOVATION: Being innovative is at the heart of our business that we acknowledge the weaknesses in our industry and make

	<p>efforts to improve our products to fulfill those lacks. To our belief, all problems have solutions and we will work our best to find the answers.</p>
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4.1.2 Product portfolio

Intelligent parking and transportation systems / services

Witrafi's parking product is designed as a comprehensive coverage based on the Internet of Things system which is effective in long distances, power-saving and proficient at positioning. Furthermore, it is also produced to be usable in all parking situations from above to under the grounds, from indoor parking garage to outside in the street. Therefore, when using Witrafi's parking system, users are able to check which parking places or slots are available as well as purchase parking tickets via the system. Besides, the company's parking system is also friendly for admin users and it allows the admin to track parking information such as traffic flows, the starting and ending of user's parking time, the validity of user's parking permits, etc. (Home - About Us 2015.)

As being a B2B company, normally Witrafi would manufacture the parking systems that correspond to the partners or business customers' needs and criteria. Nevertheless, there are four principal features of the parking product that the company is proud of, including Pay For Parking, Parking Occupancy Information, Driving Behavior Analytics and Parking Management.

Pay For Parking: This feature will allow the drivers to buy the parking permits or tickets without needing to get out of their cars and go to the meter but the system will automatically define the payments based on the location the drivers would like to park.

Parking Occupancy Information: This characteristic of Witrafi's parking product will collect the information about parking places from different sources with the purpose of providing an easy-to-read map for users to check the availability of all parking places which are located near their current location or destination. Furthermore, it could also be advanced to inspect the traffic jams and weather conditions in the route to final destination. Hence, with this feature, no longer do drivers have to wander around to find parking places, which helps them save time and fuel significantly.

Driving Behavior Analytics: This feature is designed for admin users to manage and control changes or events occurring in their operating parking places such as tracking traffic occasions or drivers' behaviors like on which days and at which time the parking place would be over-occupied, image recognition analyses and giving predictions based on gathered insights.

Parking Management: With this feature, the admin users will be provided with the real-time information about the parking places such as its level of occupancy, parking violation recognition or pinpointing the parking blockage. (Home - Features 2015; Arafath 2014, 4.)

Below are examples of how Witrafi's parking product and its connecting app designed for an industrial customer look like (see Figure 14 and 15):



FIGURE 14. Witrafi's parking product designed for Q-Park (adapted from Employee Instruction 2015)

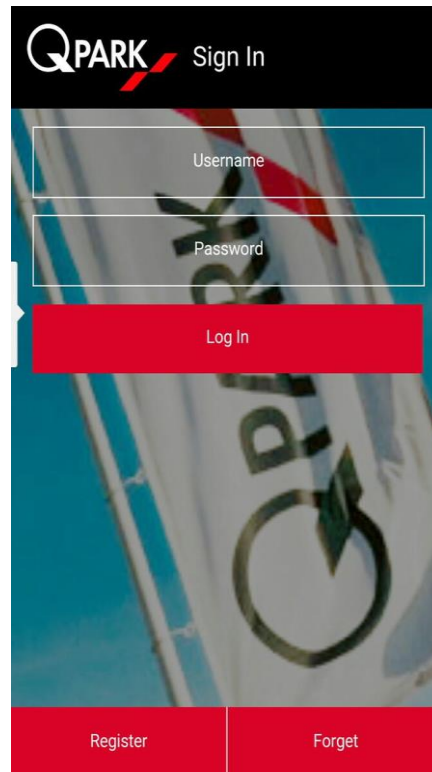


FIGURE 15. Witrafi's parking app designed for Q-Park (adapted from User Instruction 2015)

Lightning System

Besides parking products, Witrafi also provides an advanced solution for real-time lighting control and monitoring that will allow users to operate their assets via wireless network. The design of lighting system contains high efficiency appliances and automation, which automatically makes alteration based on the external environmental conditions. As a consequence, to the residents, the smart lighting system will help them reduce the daily energy consumption and give them the flexibility in adjusting the brightness level they feel most comfortable with. Meanwhile to the business consumers such as vendors, the intelligent lighting system enables them to save not only energy but also maintenance cost as they could control and manage many different lights at one time thanks to its integration technology. (Holstrom 2015.)

3D – Prototype

This is a side service from Witrafi which provides other enterprises the 3D design and printing of a project. For example, if a company has an idea for a project / product but they do not have expertise in design, Witrafi's 3D Prototype service would help them design the external appearance of the

products based on their criteria and manufacture the products with agreed design. (Wahl 2015.)

Cloud and Network

Cloud system: Given the cool name Witrafi Ultron Cloud (WUC), this is a back-end/cloud system that support the company's back office by collecting users' inputs for processing. This system will give the users the ability to collect, process, accumulate and share the information in the data center of a third party. Hence, by using the cloud system, companies are able to make adjustments in data and resources much more quickly and run their businesses in real-time to meet the needs of ever-changing market. Furthermore, the cloud system is also viable for large corporations as many users can gain access and make changes to the resources at the same time.

Network: Witrafi Network (WiN) is the LoRa network built by Witrafi. This network is built with access point called WiNSpot. Besides, there is also WiNNode which is used to communicate with WUC, WiNSpots and WiN. WiNNode is designed to specialize in parking and lightning usage with WiNNode Park and WiNNode Light. However, it also fits perfectly for other low-data rate applications such as various sensor networks and emergency communications and is able to give exact information of positioning for all devices in the network. (Doan 2015.)

4.1.3 Case Company's operational management

Development strategies

Having been founded more than two years ago, Witrafi is still in the early stage heading to be fully mature. The company has been putting the best effort to enhance awareness and strengthen its brand within the business world both online and offline. As a B2B company, it is even more crucial for Witrafi to have its brand recognized by other companies and industrial customers.

As suggested by Brooks et al (2013, 10), "as you set up platform that encourages collaboration and teamwork, you are setting a stage for your customers to create a tribe around your product", which reinforces the bond between a company and its customers as well as create a competitive advantage in the operating market. Acknowledging that fact, Witrafi has optimized all of its resources to uplift the cooperation and teamwork, even in choosing working location. Instead of renting an isolated office to locate, the company chose to situate in One Nation Hub

– a co-working place for start-ups. Within the hub, Witrafi is able to meet and connect with other start-ups that the leaders of each company gather every month to share working experiences and help each other to grow and strategize. Furthermore, there are also regular events that create conditions for all employees of all companies to meet up with each other. For example, on every Friday, all members will have lunch together in the lounge room and participate in small games for networking. (Fodor 2015.)

With the passion of growing further to the international market from the very first day of establishment, besides locating in a co-working space, Witrafi also actively takes part in all the networking events or fair relating to start-ups, entrepreneurship, technology and so on not only in Finland but also worldwide so as to gain more international business connections. In addition, as Witrafi's employees are originated from five different countries, the company has always encouraged its employees to keep track of parking industries in their own countries, which allows the companies to have an overview of different markets thanks to having local people's insight. Another point to add is that Witrafi's employees are graduates from different universities in different cities in Finland and most of them has maintained sustainable connection with their universities, which somehow shortens the gap between the company and the organizations connected to those universities. By connecting with schools and their organizations, Witrafi has gained more business opportunities as public sector plays an indispensable role in its expanding process. (Siitonen 2015.)

Organizational structure

At the moment, Witrafi has ten full-time employees and one intern (Home - Our Team 2015). The staff structure of the company is described in the figure below.

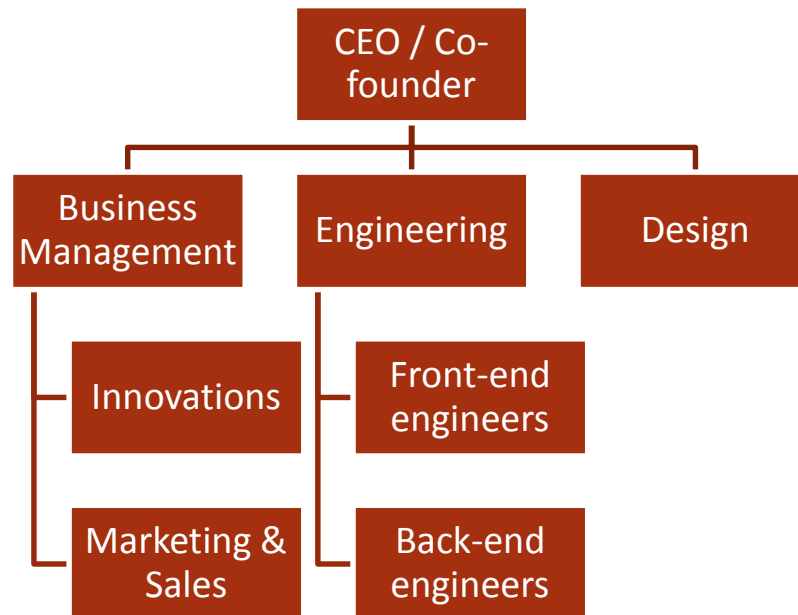


FIGURE 16. Witrafi's company structure

To the SMEs, usually there is no ideal structure for organizing staff that it is normally relatively flat and intricate to clarify the responsibilities of each employee (Hage 2004, 54). Witrafi also suffers from the same situation that it is modestly difficult to say who is in charge of what. Furthermore, the finite number of staffs also restrains the company to assign the employee's roles distinctly. That's why the company's organizational structure is separated into three main departments: business, engineering and design with the majority of staffs congregates in the engineering team. Besides, the company operates in a way that in every project, there will be meeting in which all members gather and share opinions on how the project should be carried on. After that, the final decisions is made by the CEO. (Siitonen 2015.)

Concerning the educational level of Witrafi's staffs, all the employees are or will be graduates soon in at least bachelor degree while all the management members have had experiences in their major for many years. The charts below illustrate briefly the educational and experience level of the company.

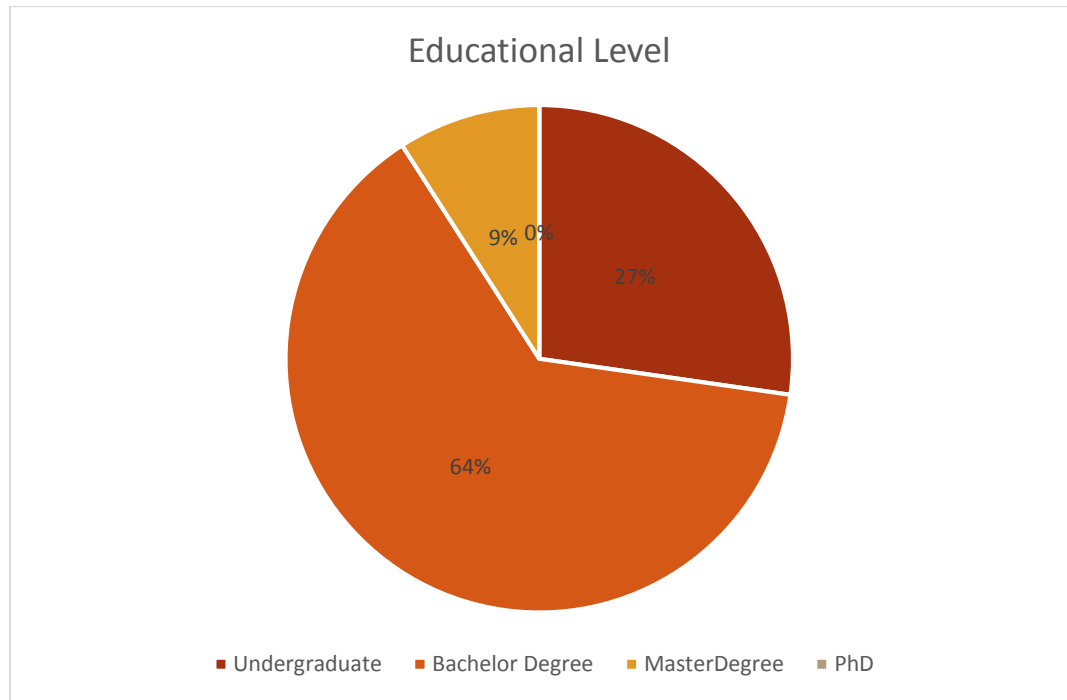


FIGURE 17. Educational level of Witrafi's employees

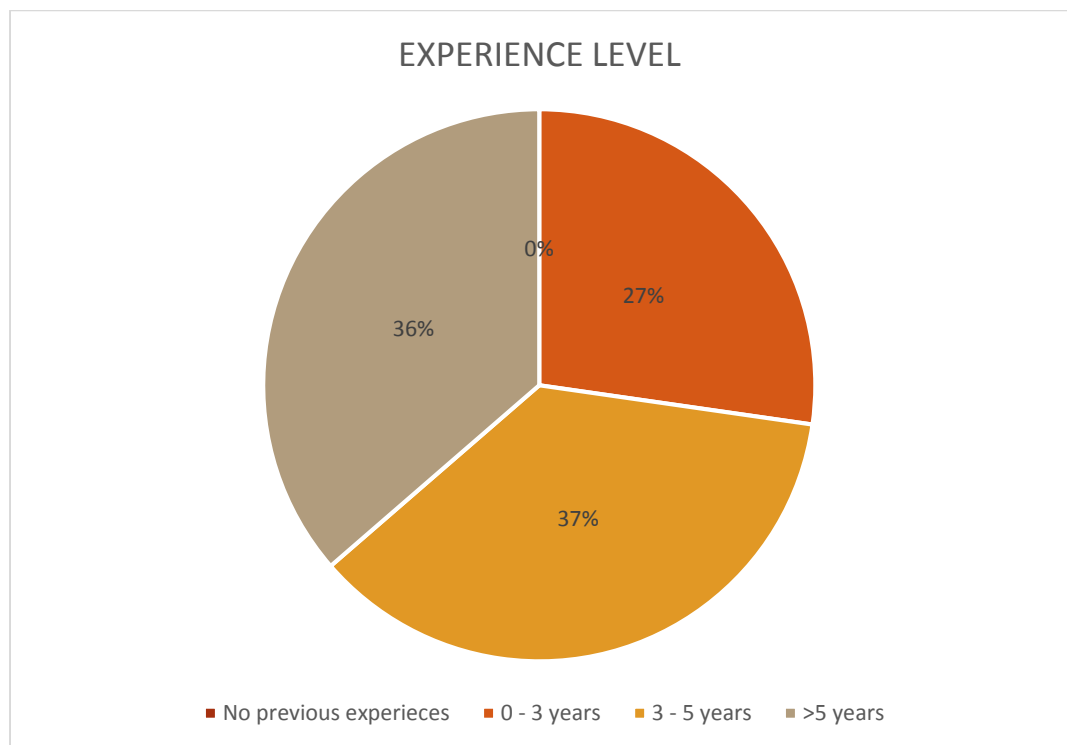


FIGURE 18. Experience level of Witrafi's employees

Business management

Among all departments, the business team has only four people including the CEO and most of the tasks relevant to Marketing and Sales are handled by him. The CEO plays as the main contact person in the

company to approach and gain the projects back to Witrafi. He is also in charge of deciding the company's image in public, financing, budgeting as well as defining how much a project costs. Though the small duties like making promotional materials, writing daily marketing contents, conducting market researches, etc. are helped by the other two employees and the intern, all the works are examined carefully by the CEO before publishing. (Siitonen 2015; Seppala 2015.)

Information technology / Engineering

As mentioned above, the engineering team has the most members with seven people. The team is divided into two sub-team: front end and backend engineering. Once there is a request for project, the CEO will consult the Head of Engineering to see whether the company could handle the project, which requires a lot of discussions between the two companies. However, according to Mr. Charles Wasswa – Head of Engineering, it always requires more people involved in this decision making process as sometimes in the phase of negotiation, the partners are Finnish with poor English skills while Wasswa is a foreigner without Finnish language. Thence, in these cases, normally the other Finnish team members have to stay ahead and take the leading role. However, when the project is accepted, Wasswa will get back to be the leader and assign the tasks and deadlines to other members. (Wasswa 2015.)

4.2 Case Company Analysis

After comprehending how the firm functions, this part recommences with the analyses of Witrafi's operations so as to have a good insight of the company's strengths and weaknesses. This part could be seen as a self-evaluation which allows Witrafi to not only review its performances but also identify the key indicators of its success in the international market.

The studies on Witrafi's performances are conducted based on the three analytic tools: BCG Matrix, SWOT analysis and key driver analysis. The analyses' results ensue from database observation, managers' evaluation and surveys.

4.2.1 BCG Matrix

As stated in the literature review, this model is utilized to re-examine the product portfolio. The primary purpose of conducting this model is to consider which product should be concentrated on and invested in, which one has potential or should be discontinued.

The process of evaluating each of Witrafi's products contains five main steps:

Selecting the analyzing product: Even though this market research is aimed at investigating the potential of Witrafi's parking product, it is the suggestion of Case Company's CEO to scrutinize all their products in the portfolio in case there are possibilities for other products to grow in Israel together with parking system. Thence, it is decided that the entire product portfolio will be fairly appraised.

Bounding the analyzing market: Though the analyses are carried out to support the Case Company's internationalization process to the Israeli market, in this BCG matrix, the evaluated market for all products is demarcated to Finnish market because Finland is Witrafi's based country and seemingly the only market in which the firm has run so far.

Finding the relative market share of each products: The reason for calculating the relative market share is to define a firm's success and its position in the operating market. A firm's relative market share could be calculated by dividing its market share (revenues) to its largest competitor's market share (revenues). The result is then applied in the x-axis with the value gradually decreasing from one to zero from left to right.

Defining the market growth rate: After finding out the products' market shares, the annual growth rate of the industry in which the company operates needs to be found. The industrial growth rate is then measured in the y-axis of the matrix with the value from zero to 30 percentage increasing from low to high.

Locating the product's position in the matrix: When all the essential calculations have been made, all the numbers will be applied to the matrix showing the location of products.

4.2.1.1 Intelligent parking and transportation system

In Finland, it is recorded that Q-Park Finland Oy is the largest company in the parking industry with revenue of 23,466 thousand euros (Largest Companies 2015). Hence, by the confidential data given by the Case Company, it could be calculated that the relative market share of Witrafi's parking product is approximately 0.64%. Meanwhile, it is estimated that the CAGR of parking industry in 2015 is about 24.3%, which is relatively high (MarketsandMarkets 2015, 33-36).

4.2.1.2 Other Products (Lighting system, 3D – Prototype, Cloud and Network)

According to the Case Company's financial statement, apart from parking system, it is noticeable that all the other products have not made any substantial changes to the company's revenue. Therefore, as discussed with the Case Company, all these products will be defined to have low market share. And so, their positions in the BCG matrix clearly depend on their industrial market growth.

Similar to the situation of intelligent parking system industry, all the three industries of smart lighting system, 3D – Prototype Printing, Cloud and Network are anticipated to experience noticeable growth in the period of 2015-2020. The smart lighting market is expected to rise remarkably at the CAGR of 22.07% from 2015 – 2020 (MarketsandMarkets 2015, 32-34). Meanwhile, it is also forecast that the CAGRs of 3D – Prototype Printing and Cloud and Network will both escalate to 18.2% and 15.5% between 2015 and 2020 respectively (Lucintel 2015, 33; MarketsandMarkets 2015, 29-32).

4.2.1.3 BCG Matrix performance

All the figures necessary to conduct the BCG matrix are gathered briefly as following (see table 3). However, according to the Case Company's preference, only the calculations of parking system are revealed while the calculations of other products are only judged as High or Low.

TABLE 3. Calculations for BCG matrix

Product Type	Product's Revenue (thousand euros)	Largest Competitors	Largest Competitor's Revenue (thousand euros)	Relative Market Share (%)	Market Growth (%)
Intelligent Parking System	██████	Q-Park	23 466	0.64	24.3
Smart Lighting System	██████	Lival Ab Oy	105 505	LOW	22.07

3D – Prototype Printing	██████	Outokumpu Oyj	6 844 000	LOW	18.2
Cloud and Network	██████	CGI Suomi Oy	405 415	LOW	15.5

After all the five steps are carried out, the analytic results of Witrafi's products are applied in the matrix illustrated in the next figure. The explanation of the matrix outcome is also elucidated subsequently.

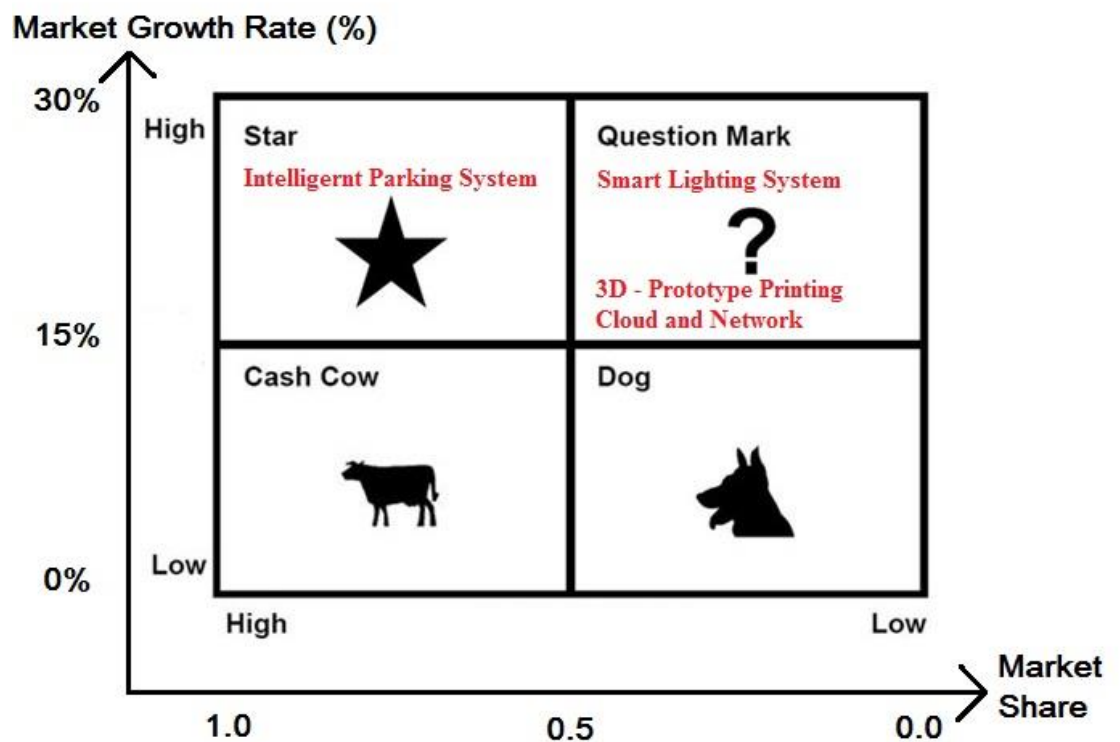


FIGURE 19. Witrafi's BCG matrix

According to the BCG matrix, it could be seen that the parking system of Witrafi belongs to the Star group which has high market share and rather low market growth rate. Meanwhile, the other three products are placed in the Question Mark group which currently has low market share but belongs to the high growth industry.

Generally, it is recommended that the company should focus its investment on developing the Star products and make a climb in its production and sales before its industry's growth deteriorates which is inevitable (Chandra 2009, 2.15-2.16). Nevertheless, as commented by the

Case Company's CEO, their parking system seems to have come to maturity phase already and there is no need to invest a lot of money for product improvement but just small adjustments are necessary to tailor the customers' specific needs (Siitonen 2015). Therefore, it is suggested that the Case Company should focus its investment to explore new markets for further development or contribute to the growth of other products which are in Question Mark group. In this case, the Case Company is highly advocated to devote all its resources to prepare for the internationalization process to the Israeli market.

4.2.2 SWOT analysis

After acknowledging the position of Case Company's products in the operating market, this research moves forward by taking a broad view of the company's internal capabilities and analyzing how these abilities interconnect with the external environment's conditions. Thence, a SWOT analysis is implemented to figure out the strengths, weaknesses of Witrafi as well as detect the potential business opportunities and threats ensuing from the external environment that the firm may face.

In this section, the elements relating to the four factors of SWOT analysis will be identified by examining the Case Company's database and keeping track of the industry's information. However, it should be kept in mind that the factors of opportunities and threats defined in this part do not spring from the parking industry of any specific countries but the global parking industry generally. The elements of opportunities and threats in the Israeli parking industry will be discussed in more details in the succeeding chapter.

Table 4 precisely provides the vital elements of Witrafi in the model of SWOT analysis.

TABLE 4. Witrafi's SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ➤ Consistent and rapid growth ➤ Innovation ➤ High flexibility ➤ Price competitiveness ➤ Qualified and committed employees ➤ Strong business connections 	<ul style="list-style-type: none"> ➤ Low brand reputation ➤ Insufficient marketing management ➤ Limited international experiences ➤ Shortage in human resources ➤ Unstable financial resources

Opportunities	Threats
<ul style="list-style-type: none"> ➤ Substantial increase in demand and industry growth ➤ Rise in market share ➤ Support from the government ➤ Business customer's loyalty 	<ul style="list-style-type: none"> ➤ Changes in governmental regulations ➤ Customer's opposition to change

4.2.2.1 Strengths

Consistent and rapid growth – Innovation:

Having been in the industry for only two years, although Witrafi did not have any significant financial changes in its first year of operation, the second year has shown appreciable development in the firm's business. The company's revenue has increased considerably and its growth rate is prognosticated to be at least double in the upcoming year thanks to having gained many long-term agreements. This continuous and fast growth has contributed enormously on the company's attractiveness, which allows the company to obtain more contracts and investment. Besides, the undeviating growth rate could also be seen as the stable cash flows, which enables the company to invest more in R&D for product innovation.

High flexibility – Price competitiveness:

Being a start-up and a B2B company, the Case Company always places customers' needs as the first priority. Thence, their parking products have been developed to be advanced already and are flexible for adjustment to tailor the customers' criteria. Besides, thanks to the fast and steady growth in revenue as mentioned above, Witrafi is able to maintain its products' quality while keeping the price competitive compared to other companies.

Qualified and committed employees:

For a long time, the engagement of employees has been proved to have great impact on company performances (Walker 2012, 230). Recognizing that, Witrafi has organized many activities to help its employees improve their skills and bond them together. As a consequence, the employees' qualification and commitment are what the company has always been proud of and are one of the company's ultimate strengths.

Strong business connections

Thanks to attending a lot of business events actively as well as joining the co-working hub, the case company has gained built strong relationships with many enterprises, which enhances the firm's awareness and brings to it more business opportunities

4.2.2.2 Weaknesses

Low brand reputation – Insufficient marketing management

As being a fresh establishment, the case company still has not been well-known in the industry albeit with the managers' efforts to enhance the company's awareness. This is also partly due to the firm's deficient marketing management that there is no strategic marketing plan on how to improve the firm's image, especially on social media channels. Moreover, it is the fact that together with the general management activities, the CEO also takes care of the marketing tasks. As a result, it is seemingly that all the marketing details could not be followed carefully.

Limited international experiences

So far Witrafi has been running and co-operating with partners within Finland only. The company has visited many enterprises in the same industry in other countries to build connections and learn their experiences, but still its experience in expanding across the borders is still not enough.

Shortage in human resources – Unstable financial resources

At the moment, Witrafi has only ten long-term employees with seven of them in charge of engineering and technological development. Besides, although the company's revenue has climbed noticeably, its financial resources are also dependent on the funds from governments and other investors. Thence, the company may be unable to acquire the large business deals due to the lack of human and financial resources.

4.2.2.3 Opportunities

Substantial increase in demand and industry growth – Rise in market share

Corresponding with the rapid increase in population, the parking industry is always in lacking situation leading to the remarkable rise in its demand. This is equal to the chance for further growth of the case company as there is always existing needs. Furthermore, with the consistent growth in

its revenue, the company is hoping to increase its market share and striving to be one of the leaders in the parking industry.

Support from governments

Being called as paradise for start-ups, Finland has given noteworthy supports to the development of start-ups, especially those in relation to technology development that there is an organization namely TEKES founded to support the start-ups with the funding of up to one million euros for each company (Mark 2015; Best n.d.). Therefore, it is promising that the case company could get more funds from TEKES so as to invest in its procedure of R&D.

Business customers' loyalty

Prioritizing customers' needs and focusing strongly on their satisfaction, Witrafi is attempting to build long-lasting relationships with their industrial customers as well as establishing partnership with other enterprises. Therefore, the company is expecting to have its own army of loyal customers in the near future.

4.2.2.4 Threats

Changes in governmental regulations

As the case company is still small in size, any changes in law relating to business generally and parking industry specifically may have a great influence on the firm's growth and development. These issues may involve the increase in taxes, tariffs or employment regulations.

Customers' opposition to changes

One of the most significant challenges that not only the case company but also the other parking firms may endure is how to educate drivers to be familiar with the intelligent parking technology. Even though Witrafi is a B2B company and does not need to wonder about each individual users, it is still a risk that the customers bounce back from the new parking system, which leads to the decline in demand. That's why the company must always improve its parking products to be as user-friendly as possible because even their industrial customers would like to purchase the products that are right up to their end users' alley.

4.2.3 Key driver analysis

In the business world, it is undeniable that the customers' satisfaction represents as one of the most essential elements defining a company's success and future growth (Hill, Roche & Allen 2007, 18). Thus, after assessing the Case Company's point of view and examining its performances, this part recommences with the customers' standpoints towards the case company via the Key Driver Analysis which concerns how the industrial customers perceive about the company's products and if they are satisfied with those products so far. From that, Witrafi could recognize which characteristics of its products that attract the customers and make them loyal with company as well as which characteristics that it performs competently or not.

The Key Driver Analysis is carried out with four main steps as follow:

Identifying the attributes – At first, a meeting with the Case Company's managers is organized in order to consult their cognizance of which pivotal features of their intelligent parking systems that differentiate themselves with their main competitors. The Appendix 2a described clearly how the key features are obtained by group-focus interview.

Detecting the importance and satisfaction levels of each attribute – After listing out a set of the product's crucial elements, the company's industrial customers are approached so as to find out their opinions and appraisals of the each element's performance and significance by conducting surveys. The content of survey is shown in Appendix 4.

Measuring the data – Subsequently, all the information collected will be inserted and calculated by statistical method so as to calculate the average values of each feature's importance and satisfaction level.

Analyzing the data – Finally, all the calculations are displayed in the Key Driver Analysis and then interpreted with suggestion for further actions.

4.2.3.1 Implementation

Following the steps described above, with the counsel from Witrafi's management members, there are six attributes identified as the key elements of the company's parking products including: product's price, product's design, product's key features, app's user-friendliness, speed and accuracy, after-sale service (Siitonen, Holstrom & Wasswa 2015).

Afterwards, a survey is drafted and sent to the company's customers so as to collect their opinions. There are seven questions in survey which could be seen in Appendix 4 and the aim of this survey is to figure out:

- The order of the six mentioned attributes based on level of importance in the customer's decision-making process with six is the most and one is the least level of importance.
- The performance score of each attribute ranking from one to ten with one is the lowest and ten is the highest level of satisfaction.

In this step, it is noteworthy that as Witrafi is a B2B company, the customers approached are not the normal users or drivers but the managers in the industrial companies that have co-operated with the case company because they are the main decision-makers of whether to purchase Witrafi's intelligent parking system or not.

4.2.3.2 Analysis results

The final calculations of all attributes are accumulated in the next table

TABLE 5. Results of survey for key drivers' importance and satisfaction

Attributes	Average level of satisfaction	Average level of importance
Price	7.33	3.00
Design	5.60	1.93
Features	8.40	5.80
User-friendliness	6.93	3.00
Speed & Accuracy	7.13	4.07
After-sale services	8.00	3.20

With the collection of data in the table above, it is able to display the key driver analysis as in the following chart. In the chart, the vertical axis represents the average level of satisfaction while the horizontal axis refers to average level of importance of each variant. The meaning of the chart will be interpreted succeedingly.

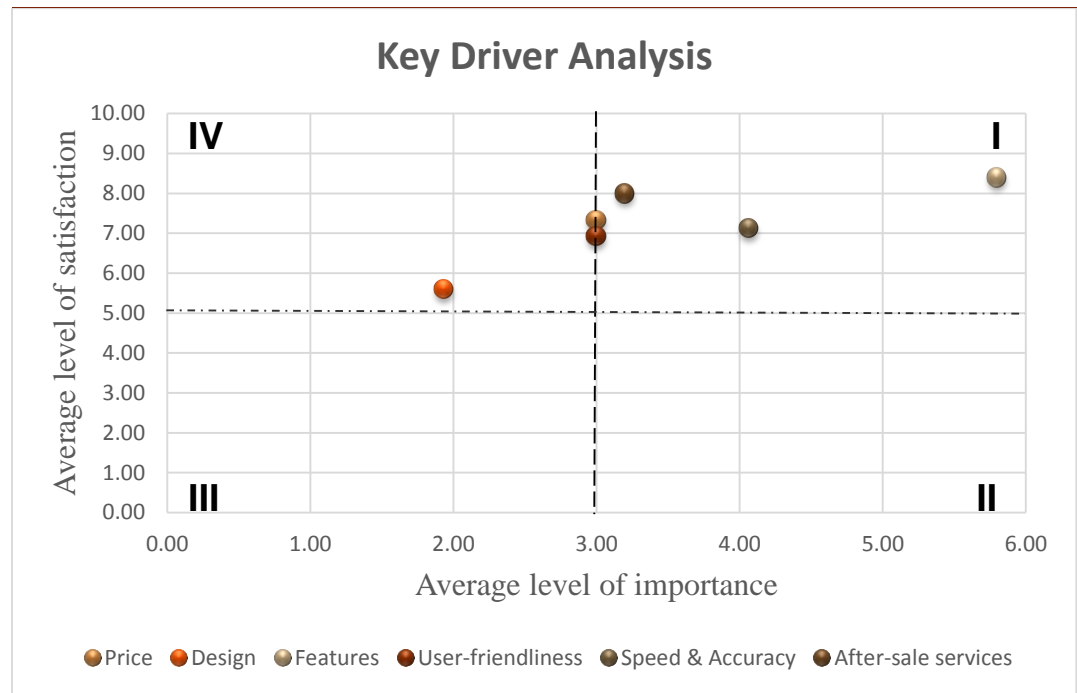


FIGURE 20. Key Driver Analysis of Witrafi's intelligent parking system

As illustrated in figure 20, the analysis was divided into four quadrants with features, speed and accuracy, after-sale service belonging to quadrant I and design belonging to quadrant IV. Meanwhile, the attributes of price and user-friendliness fluctuate between quadrant I and IV.

The quadrant I denotes to the area having the highest level of importance in the decision-making process of customers. It also refers to the fact that the attributes belonging to this area have the highest performance and meet most of the customers' desires. This means that the Case Company has executed the features, speed and accuracy of its intelligent parking system pretty adeptly as well as offered replete customer services after sales, which is very meritorious because these criteria are also hold in high regards by a majority of the firm's industrial customers.

In the meantime, the quadrant IV indicates the elements that are well performed by the company but do not have much effects on the customer's decision whether to buy the products or not. According to the chart, though the design, price and user-friendliness of products are not greatly considered in the purchasing decision, still it is commendable that they all have above average levels of satisfaction with the score of 5.60, 7.33 and 6.93 respectively.

To make it briefly, it could be discerned from the graph that the case company's intelligent parking system has been performing satisfactorily that its customers are very content of most of its features. Therefore, it is agreed that the company should focus its resources to the

internationalization process or in R&D to invent more unique features for its parking products as the features are what the customers concern most in the purchasing process. In addition, even though the product's design are not very important, it would be better if the Case Company could somehow improve its product's appearance for higher customers' satisfaction level.

4.3 Chapter 4 summary

With the purpose of answering the sub-question "What are the company's core competences and weaknesses compared to competitors?", Chapter 4 includes two main parts concerning the overview about the Case Company, its products and the study to evaluate its performance and position in the technology industry generally and parking industry specifically.

With regard to the company's general situation, Witrafi is evaluated to have run its businesses in relatively good tracks that the firm is developing to be bigger and more steady unceasingly day by day, which could be seen through the company's financial statement. Additionally, the company's intelligent parking systems are also highly regarded by its industrial customers thanks to its desired performance, which is a very good sign showing that the company could expand more in the future with this product.

Besides, in spite of still having many weaknesses such as limited brand awareness and the lack of human and financial resources, these are deemed to be the common issues that any start-ups may face in their early stage of operation. Thence, with this speed of development, the Case Company is believed to have ability to resolve these problems in a short time.

5 ISRAELI MARKET INSIGHT

After having a broad view of the case company's operation as well as conducting its performance appraisal, this chapter is progressive to investigate the state of aimed country – Israel as well as carry out in-depth study of the country's parking industry. The motivation to conduct these researches is to help the case company draw to a close whether or not to expand to the Israeli market and if so, which strategies the firm should take to ensure its success.

First and foremost, this chapter begins with a general review of the Israeli business environment in different aspects utilizing the published information so that the case company could become aware of how it will be like to run business in this Middle-East country. Subsequently, more comprehensive and thorough information relating to Israeli parking industry will be provided based on both published sources and inquiries from the industrial leaders including companies' likely competitors and potential customers.

5.1 An overview of the Israeli business environment and its parking industry

In any business environments, there are always existing external factors that are either opportunities or threats and probably have impact on a firm's strategic performance (Lewis et. al 2006, 95). Thence, it is advisable that a company should be concious of these environmental elements and their changes on all occasions (Analoui & Karami 2003, 72).

In this part, the Israeli business environment will be examined based on PESTEL model which is a strategic analysis of macro-environment (Gorgender 2011, 15). The table below summarize the PESTEL analysis of the Israeli business environment.

TABLE 6. PESTEL analysis of Israel

Political factors	<ul style="list-style-type: none"> • Parliamentary democracy consisting of three branches: legislative, executive and judicial. • Fragmented political structure • Unstable status due to conflicts with neighbors • Having Free Trade Area (FTA) agreement, Double Tax Avoidance Agreement (DTAA) and R&D agreement with Finland • Israeli parking system and regulations are complicated and criticized by most of its people.
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Economic factors	<ul style="list-style-type: none"> • Quite stable compared to other Middle East countries • OECD high-income country • Low GDP real growth rate but it is predicted to expand strongly in the future • Decreasing unemployment rate • 48th and 56th world's largest importer and exporter • 33rd freest economy • There are 326 vehicles per 1000 people and this number is rising 3% every year. • Among the countries having the worst traffic jam in the world, leading to economical loss of over \$5 billion every year. • Lack of parking places – 15% less than demand. • More than \$100 million is collected from parking fines annually.
Socio-cultural factors	<ul style="list-style-type: none"> • Heterogeneous population • Culture is made up of 70 different communities. • Various ethnic groups with Jewish accounting for 80% of the whole population • Jewish is the main religion. • The business practices vary widely based on religion.
Technological factors	<ul style="list-style-type: none"> • OECD's leading country in R&D spending • Booming high-tech industry with the fastest growth rate of 8% annually • Investment raised for High-tech and Life Sciences Industry increases sharply • Software/IT and Communications account for the largest amount of investment in the whole industry • The market for intelligent systems is anticipated to expand dramatically.
Environmental factors	<ul style="list-style-type: none"> • Having many serious environmental problems due to rapid growth rate of population and economic development. • Water and air pollution are the most severe issues, mainly ensuing from traffic congestion. • Tel Aviv, Jerusalem and Haifa have the worst air pollution issues in Israel. • There is 800 deaths due to air pollution annually. • The country is attempting to improve the situation by enforcing its environmental laws strictly.

	<ul style="list-style-type: none"> • Mission: reduction of 30% of greenhouse emissions in 2030
Legal factors	<ul style="list-style-type: none"> • World's 40th easiest country to do business with and 53rd easiest country to start a business. • World's 12th easiest country in trading across borders. • Standard corporate income tax rate is 26.5% and depends on the nature of enterprise. • Strict marking and label requirements for the goods imported into Israel.

5.1.1 Political factor

Locating on the eastern shore of the Mediterranean Sea in the Middle East, Israel is a densely-populated country governed by a parliamentary democracy made up of legislative, executive and judicial branches with the president as the Head of the State and 120 members in legislative authority (known as the Knesset) (Israel's Political System 2015). The political structure of this country operates on the basis of the principle of power separation. This means that the government which is responsible for administrating the internal and foreign affairs is prone to be affected by the confidence of the legislative branch – the Knesset which promulgates law and has the right to elect or remove the President. Meanwhile, the independence of judicial branch which consists of both secular and religious courts is dependent on law. (THE STATE: Political Structure 2013.) This fragmentation of the Israeli political system stems from the fact that the country has such a great deal of cultural and political varieties in its society spanning from non-religious to the religious ones like ultra-Orthodox Jews, Jews of Middle Eastern and European descent as well as the division between the Jewish majority and Arab Palestinian minority (A.L.G. 2015).

Besides the political system's broken state, its unstable status is also a matter of grave concern. In spite of the promise from Benjamin Netanyahu – Israeli Prime Minister for “a new, better, more stable government, a broad-based government that can govern” its citizens, the country's political situation seems to still have no improvements. (Horovitz 2015.) It is a fact that over the past decade, Israel has experienced four elections even though it is said by law that the country would have general elections every four years. This is considered as a great threat to its national security because the frequent changes in government have, in one way or another, subverted the Israeli government's governing power. (Kornberg 2015.) In addition, the conflicts between Israel and its neighboring

countries, especially Palestine, also contribute enormously to the country's political instability and influence its economy atrociously (Sanchez 2015). There is a recent study concerning whether Israel could financially prosper with the stable politics coming from the end of war. Unsurprisingly, the research's result shows that both Israel and Palestine would gain billions of dollars from peace. (Study: Israeli Economy Would Highly Benefit from Peace 2015.) However, the vision of the Israel with political stability is still pretty obscure though it is extremely necessary for the country's economic reform (Aviv 2014).

Nevertheless, to say it fairly, in spite of the risks ensuing from the political instability, yet there are advantages for expanding to Israel, especially for Finnish companies because there are many bilateral trade agreements between two countries. The very first one to mention is the FTA agreement between European Union (EU) and Israel signed in 1995, which has encouraged trade flows as well as strongly tighten the ties between two areas. (Jovanovic 2006.) Moreover, Finland and Israel are also involved in the convention of Avoidance Double Tax which helps foster the exchange of goods, services, technology, investment, etc. significantly thanks to the elimination of double taxation (International Agreements, n.d.; Nov 2010). Last but not least, as recent as in 2001, a 10 million euro industrial R&D agreement was signed by the Office of the Chief Scientist (OCS) in the Israeli Ministry of Economy and TEKES with the purpose of supporting the joint R&D projects between the companies of both countries in all technological field. Therefore, it is obviously a good news that the technological companies in both Finland and Israel could take huge advantages of these bilateral trade agreements between two countries. (Hadass 2004; Finland-Israel Technology Program (FIT) n.d..)

Concerning the Israeli parking industry and the parking rules, there are different places where drivers can park their cars such as next to the sidewalks or inside parking lots. The sidewalk is marked with different colors indicating which spaces is allowed or not allowed to park as well as based on zone systems denoting whether drivers have to pay for parking or not.. (Parking regulations n.d.) If the drivers park illegally, they will receive parking fines and have to pay the fees within 90 days (Parking in Israel: Rules & Regulations 2015). However, the parking systems and regulations of Israel are so complicated that a majority of 82% of the Israeli drivers has condemned its difficulties and due to which they are imposed parking fines many times (Shamah 2015).

5.1.2 Economic factor

Being known as one of the most resilient and technologically-advanced economies all over the world, Israel has made quite an impression in its economic performance over the past ten years. Despite having a great diversity in its cultures and religions as well as unstable state of political system, the Israeli economy has still flourished and persisted as an OECD high-income country thanks to making huge investment in R&D sectors and having a number of reforms in its structure, which creates a solid bedrock for economic growth. (Israel 2020: A Strategic Vision for Economic Development 2015.) The country also remained unhurt and admirably overcame the global financial crisis in 2009 with its economy strongly integrated with the international economy, according to the IMF's economists (JNS.org 2015).

The statistics concerning the Israeli economy recorded in 2014 are summarized in the next table and further exposition will also be included succeedingly.

TABLE 7. Summary of the Israeli economic statistics (adapted from World DataBank 2015).

GDP	\$304.2 billion (2014)
GDP Growth Rate (annually)	3%
GDP Real Growth Rate	0.07%
GDP per Capita	\$24540.58
Inflation Rate (annually)	1%
Imports of goods and services	31% of GDP
Exports of goods and services	32% of GDP
Unemployment Rate	5.3%
Investment Budget	19.519% of GDP
Taxes	<ul style="list-style-type: none"> • Corporate tax rate: 26.5% • Sales tax rate: 18%
Government Debt to GDP	67.5%

Notwithstanding the criticism of the severe decline of the Israeli GDP growth rate from 6.2% in the last quarter of 2014 to only 0.3% in the second quarter of 2015, the country's growth rate is projected to reach 3.5% in 2015 - 2016, which is by far much higher than the previous estimated rate of 2.8% (Yahav & Zomer 2015; Israel - Economic forecast summary (June 2015) 2015). Meanwhile, the country's unemployment rate has decreased to be historically low at only 5.3% compared to that of 2013 with 6.2%, which refers to the fact that the government will be gaining more taxes and able to cut the budget deficit to only 2.5% of GDP in 2015 (Bior 2015; Bassok 2015). Another point to add is that the Israeli inflation rate also hit the bottom of 1.0%, which enables its central bank to decline the interest rate and keep it in balance (ECONOMY: Challenges and Achievements 2015). The rates of the Israeli GDP real growth and unemployment situation are illustrated as below.

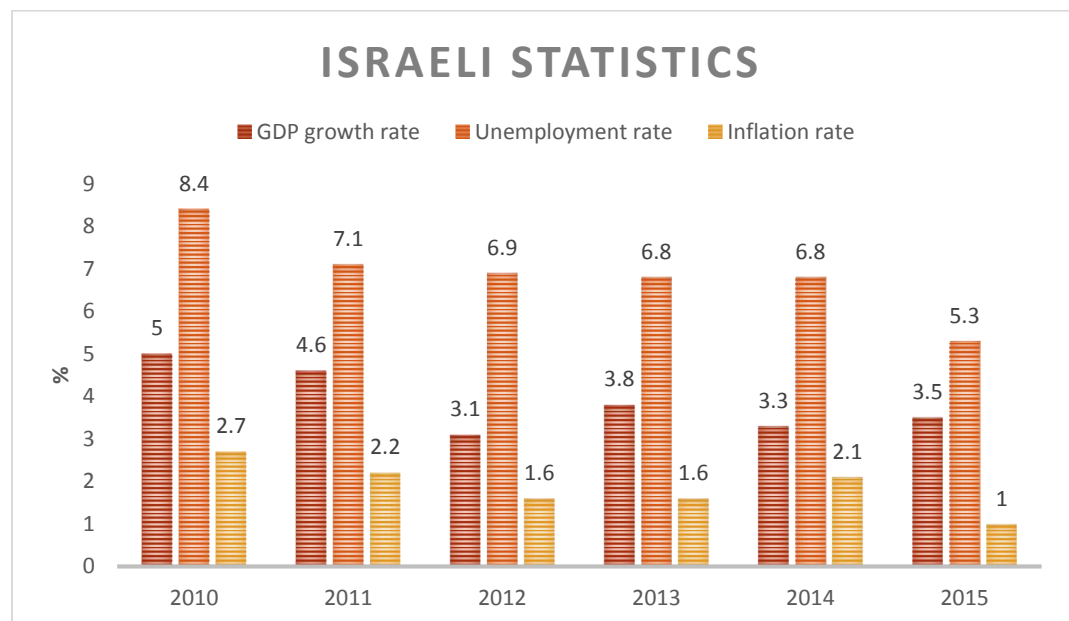


FIGURE 21. Changes in the Israeli rates of GDP growth, Unemployment and Inflation

Concerning the country's international trade, Israel is recognized as the only country in the world to have FTA with both EU and the United States of America (U.S.A), which fosters its imports and exports dramatically (Israel - International trade n.d.). Currently, the country is ranked as the 48th largest importer and 56th largest exporter all over the world with the trade of \$66.1 billion and \$54.3 billion respectively (Israel 2015).

Nevertheless, as there is a gap in the level of development and production structure between the country and its neighbors in the Middle East, Israel is now mainly trading with the U.S.A and Europe (Israel - International trade n.d.). The country's main trading partners in imports and exports are listed in the table below.

TABLE 8. The list of the Israeli main trading partners in 2013 (adapted from Israel: Trade Statistics 2013; Israel Economy Profile 2014 2014).

Main export partners		Main import partners	
The United States	27.8% (\$17.57B)	The United States	12.9% (\$9.4B)
Hong Kong	7.7% (\$4.89B)	China	7.3% (\$5.32B)
The United Kingdom	5.7% (\$3.59B)	Germany	6.3% (\$4.62B)
Belgium	4.6% (\$2.92B)	Switzerland	5.5% (\$4.05B)
China	4.3% (\$2.76B)	Belgium	4.8% (\$3.54B)

Last but not least, besides the expansion in international trading, Israel is also improved in its economic freedom that the country is ranked as the 33rd freest economy in 2015 with the score of 70.5. There are six areas improved in the Israeli economic freedom including management of government spending., trade freedom, labor freedom and fiscal freedom. (2015 Index of Economic Freedom 2015.) This improvement is very meaningful to the Israeli economy as the upturn in economic freedom also equals to the more chances to abolish the poverty, promote economic prosperity, gain more trading opportunities as well as develop the societal and democratic progresses (Miller & Kim 2015).

Considering the transportation sector, currently the number of vehicles per 1000 capita in Israel is 326, which is relatively low compared to that of Western European countries and the U.S. with 600 and 800 respectively. And yet, the number of vehicles on roads of this country has gradually increased at the rate of 3% annually since the last decade. In addition, it was noticeable that Israeli use of private cars also climbed by 15% from 1995-2008. (Bar-Eli 2010.) This has posed huge threats on the country's transportation and parking management system that the traffic congestion situation in Israel is among the worst congestions all over world, which leads to the country's economical loss of NIS 20 billion (approximately \$5.21 billion) every year (Tsipori & Barkat 2014). Another point to add is that due to the increase in number of vehicles, Israeli is suffering from the dramatic lack of parking places that the number of public parking lots is 15% lower than the existing demands while the prices for private parking spaces are pretty expensive (Krieger 2007). In the mean time, as mentioned above, the deficiency of the Israeli transportation and parking

management system has caused the drivers to be fined a lot and consequently, Israel collected NIS 400 million (\$104.23 million) annually from parking fines while in 2013, it is calculated that NIS 210 million is reaped from Tel Aviv city only (Ben-Gedalyahu 2014).

5.1.3 Socio-cultural factor

Albeit with its small size, Israel is known as a densely-populated old-new country that owns a vast social and cultural diversity as well as a large and heterogeneous population. Currently, Israeli culture is preserving the unique characteristics of about 70 different communities as it is made up of approximately four thousand years of Jewish heritage, more than a century of Zionism and then over 50 years of contemporary nations. (Culture 2010.) Perhaps the most effective line of reasoning on such miscellaneous culture of this Middle-East country is that it had accepted more than one million new immigrants from Ethiopia as well as the former Soviet Union (Checkoway 2003). As a result, with the population of nearly 9 million people, the Israelis are divided into three main groups: Jews (accounting for approximately 75% of the population), Arabs (around 20%) and the rest consists of Druze and Baha'is (Vital Statistics: Latest Population Statistics for Israel 2015). The diversity of Israeli society in cultures and religions is summed up briefly as below.

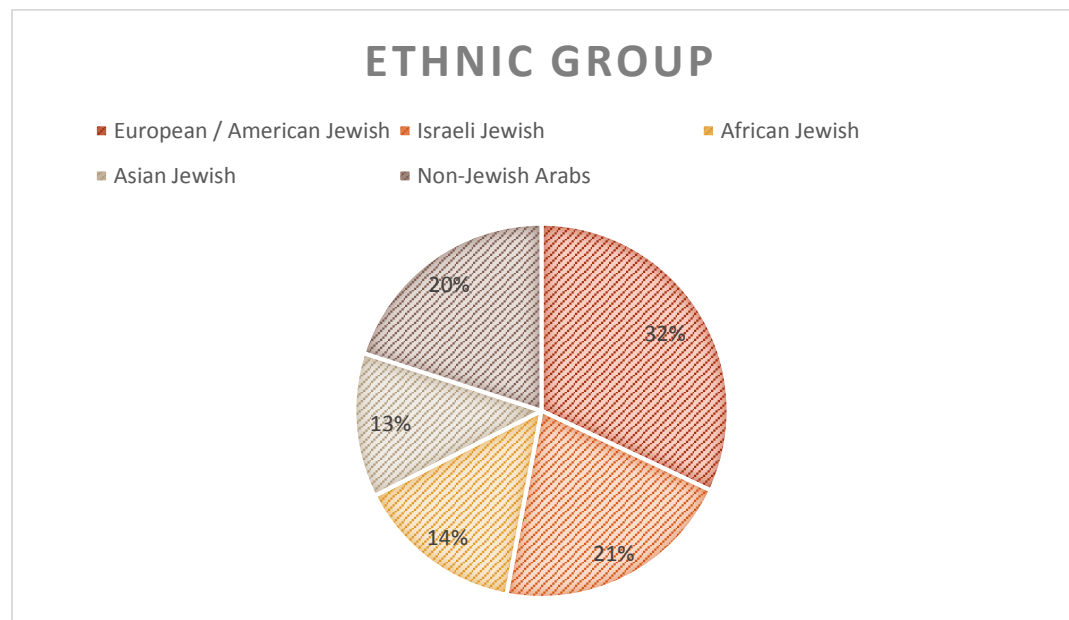


FIGURE 22. The diversity of Israeli ethnicity (adapted from Modern Socio-Political n.d.)

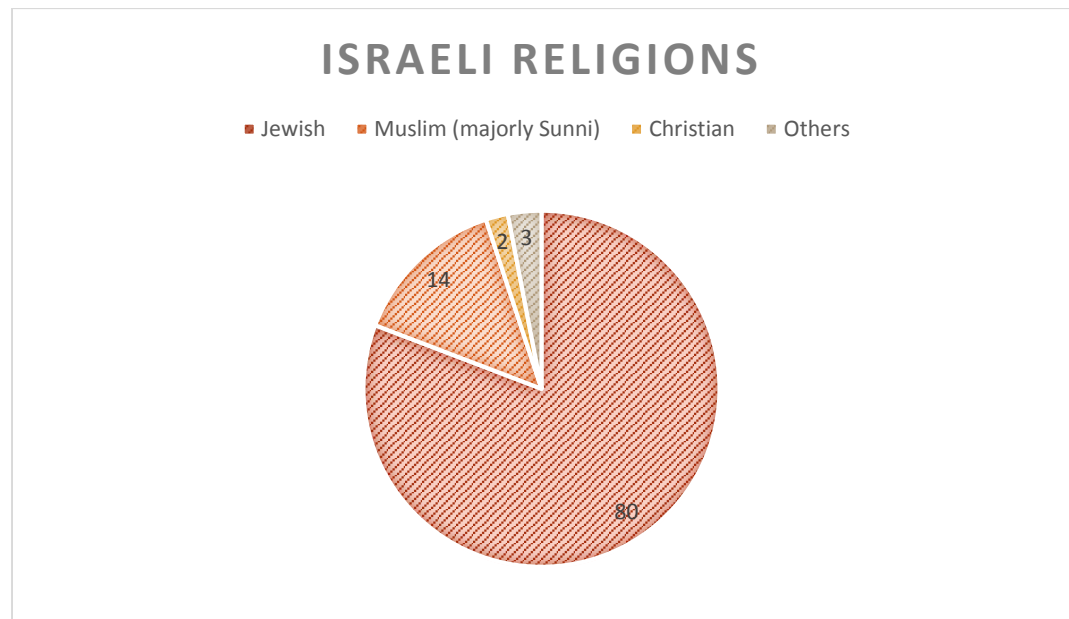


FIGURE 23. The components of Israeli religions (adapted from Modern Socio-Political n.d.)

At the moment, Israel is still progressing with the protection of the diverse lifestyles of different ethnic and religious groups (Israel Diversity 2015). Although the Jewish accounts for the majority of 80% of the Israeli population, there are many sub-groups within it, which denotes that there are still differences among these sub-divisions in terms of consuming habits, taboos, activities, etc. Meanwhile, as mentioned before, the country's policies depend strongly on the culture which, by that means, may weaken the effect of economic resources thanks to the fact that cultural policies could somehow help reduce the restriction on consumptions, especially those relating cultural activities. (Katz-Gerro, Raz & Yaish 2008.) Nevertheless, the diversity in cultures may cause difficulties to international companies who would like penetrate the Israeli market in business negotiation and daily-course management as the Do's and Don'ts rules as well as taboos mostly ensue from religions and thence, a variety of religions means that there are different ways to deal with the local partners that an international organization must know (Lund et. al 2004, 16-18).

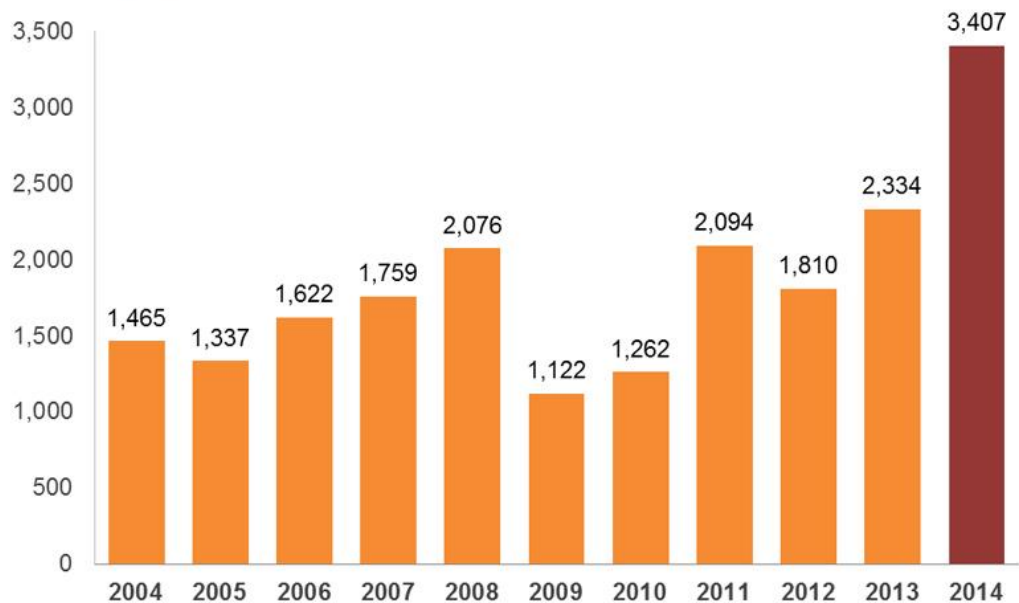
5.1.4 Technological factor

Nowadays, Israel is developing as an industrialized country. Due to the lack of natural resources, the intensive and complex R&D and high-tech play as the core of the majority of both Israeli traditional and contemporary manufacturing. (ECONOMY: Sectors of the Israeli Economy 2015.) By far, the high-tech industry is recorded to be one of the Israel's most vigorous areas with the fastest growth rate of approximately 8% annually.

Furthermore, it is noteworthy that high-tech and life science industries take up more than half of the country's exports and its spending on R&D, which accounts for 4.3% of its GDP and almost double the OECD average. This lets the country to be the leader of R&D intensity in OECD-area, followed by Finland, Sweden and Japan. (Lu & Chan 2014; Zetelny 2014, 6-16.)

Not only has the growth in hi-tech industry attracted many multinational corporations coming to the country, it has also created wonderful circumstances for the technological companies, especially the start-ups, to become mature thanks to benefiting from investment by crowdfunding, venture capital or acquisitions from those global organizations (Staff 2015; Buchwald 2008). Until now, the capital raised for the Israeli high-tech industry is still rising substantially. In 2014, it made a steep jump by 46% to peak at \$3.407 billion. (Yuen 2015.) The capital raised by the Israeli high tech companies from 2004 to 2014 and the segmentation of where the investment in the Israeli high-tech industry flows in 2012 are illustrated in the upcoming charts.

Capital raised by Israeli high-tech companies (US\$ million)



Source: IVC Research Centre

FIGURE 24. The investment raised for the Israeli high-tech industry from 2004 to 2014 (adapted from IVC Research Center)

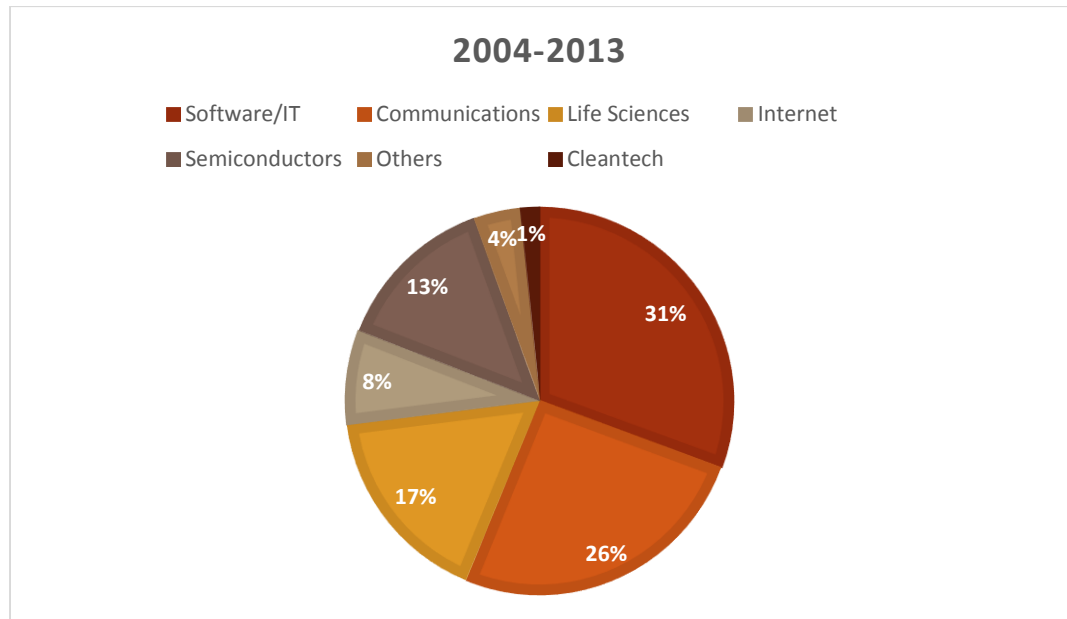


FIGURE 25. The flow of Israeli investment in high-tech industry (adapted from Israeli ICT Industry Review 2015, 8)

As shown in the pie chart, in the period of 2004-2013, the largest amount of Israeli investment in high-tech industry was destined for the Software / IT sector with 30.6% of total funds, which was followed by Communications with 26%. Meanwhile, the sectors of Life Sciences and Semiconductors shared the third and fourth place with 16.8% and 13.6% respectively. Therefore, it could be seen that there is a big future for the software companies, both local and international, to receive funding and expand thanks to the development of the Israeli high-tech and life sciences industry.

The final point to mention is that, among all sectors, the Israeli intelligent systems' market has shown high potential that it is projected to increase significantly from 1.4 billion units and \$755 billion in revenue to more than 2.2 billion units and \$1 trillion in revenue by 2019. Within this sector, the driver management and fuel management systems in transportation segment are expected to be the highlights in the high-tech industry in the near future. (Israeli ICT Industry Review 2015, 50.) As a consequence, this is an extremely good news to the IoT companies, especially those manufacturing smart transportation systems, because the growth in market also means that there are more chances for increase in sales.

5.1.5 Environmental factor

For the recent decades, the news relating to political stability, economic growth, technological development, conflicts with Palestine, etc. have always stayed in the center of concern that it have been pretty

overwhelming to consider any other issues. And hence, similar to most of the developing countries all over the world, Israel has been facing the serious environmental matters. (Environmental Issues in Israel 2010.)

Currently, Israeli environment is standing in the edge of deterioration due to the threats posed by the fast pace of agricultural expansion, industrialization and growth and population. Currently, over half of the country's population and industrial manufacturing factories gather in the coastal areas, which leads to severe problems in the environment over there. One of the most perilous problems to mention is, namely, the pollution of groundwater because of the wastes chemical fertilizers, pesticides, seawater intrusion, and domestic and industrial wastewater. (Ben-Shaul 2015.) Furthermore, the country is also suffering from poison contamination, dessertification, metallurgical plants, etc (Israel Environment - current issues).

Besides water pollution, air pollution is also a matter of grave concern in Israel. Within the country, Jerusalem, Tel Aviv and Haifa are the cities that are most air-polluted due to industrial and automotive emission (Israel's Environmental Challenges n.d.). In 2013, it was recorded that there were 800 people die in Israel every year due to air pollution and half a million of Israeli people surviving without the fundamental sewage system (Tal 2013). By that, it was also calculated that in 2010, Israel lost \$7445 million in economic cost of death from air pollution caused by road transport (OECD 2014, 58). Meanwhile, a vast 80% of air pollution in Israeli cities is found out to stem from traffic, which means that there is a significant need of intelligent transportation and parking management system to tackle this problem (Information Center 2011).

Acknowledging the severity of its environmental conditions, Israeli government has put a lot of efforts to improve the whole situation. According to the Israel Ministry of Environment Protection, the country's environmental law is made based on a comprehensive progress with yearly targets and compelled through administrative, criminal and civil measures. (Merdler & Lev 2015.) The country has also proudly presented advanced environmental policies in order to develop sustainably such as filling Israeli home with solar water heaters, recycling wastewater and so on (Israeli statement on Sustainable Development 2013). However, the progress to environmental sustainability of Israel is still a long journey and the country is still striving everyday to meet the standards of other OECD nations. One of its missions to accomplish is to reduce its greenhouse gas emissions by 30% in 2030. (Udasin 2015.)

5.1.6 Legal factor

Concerning the ease of doing business and starting a business, in 2015, Israel has average rankings at 40th and 53rd over 189 countries all over the world (Ease of doing business in Israel 2015). To do business in Israel, a foreign enterprise has to complete registration with the Registrar of Companies and then provide a Memorandum and Articles of Association, list of the company's directors and other necessary documents, which could be written in either Hebrew – Israeli national language or English (Doing Business in Israel 2015, 12). Or else, a foreign company could obtain an Israeli subsidiary company, a branch office or a representative office so as to participate in the Israeli market (Guide to Starting a Business in Israel 2009). Below is a table of comparison between the three choices of registration.

TABLE 9. The difference of registration options (adapted from S. Horowitz & Co. 2011)

	Subsidiary company	Branch Office	Representative Office
Legal Type	A distinct legal entity	An extension of parent company	A temporary administrative settlement
Entity Name	Same or different from the parent company's name	Same as the parent company's name	Same as the parent company's name with the heading as "Representative Office"
Length of Registration Period	Around 7 days	Around 7 days	No need of registration
Validity	Until closed or bankruptcy	Until closed	
Allowed Activities	Same or different from the parent company's activities.	Same as the parent company's activities.	Only the conduct of market research or further studies.
Liabilities	Limited to the subsidiary	Extended to the parent company	Extended to the parent company

Regarding the taxes on corporations, in 2015, Israel increases the profit tax rate, which makes it more expensive for companies to pay taxes.

Currently, the standard income tax rate in Israel is 26.5%. (Country Tax Guide - Israel 2015.) Nevertheless, the tax is charged based on the situation of the company. The taxes of corporations based in Israel are charged on their worldwide income while the others are charged on their income in Israel only. (Doing business in Israel: Israel trade and export guide 2015.)

Besides, concerning the ease of trading across borders, the country makes a steep jump to the rank of 12th that the country has made adjustments in the ways of calculating port fees as well as assembly of document, which allows the goods to be traded in shorter time (Business Reforms in Israel 2015). However, still Israel has relatively strict regulations and standards for packaging and labeling of the goods imported into its country. The label of a product exported to Israel must include the following information: country of origin, manufacturer's name and contact address, the Israeli importer's name and contact address, ingredients/contents and the volume/weight. (Doing business in Israel: Israel trade and export guide 2015.)

5.2 Analysis of the Israeli parking industry

After having a broad evaluation of the Israeli business environment, one is able to presume and understand, to some extents, how it will be like to operate a business in Israel. Even so, that extensive conception is not enough for the company to penetrate the market successfully. Thus, it is necessary to carry on a specific analysis of the industry in which a firm performs so that it could consider the competition it may face more elaborately.

In this part, another analytic model – Porter's Five Forces is utilized so as to investigate the Israeli parking industry attractiveness as well as its competitive dynamics and intensity. By assuming that the industrial structure and company's strategic activities hinge on the intensity of five forces: bargaining power of suppliers, bargaining power of buyers, threats of substitute, current and potential competition, the Porter's Five Forces is adjudged as a useful framework to clarify the competitive level of the industry and have a deep insight of the chosen sector. (Faarup 2010, 113-114; Worthington, Britton & Rees 2005, 214-215.)

The Porter's Five Forces of the Israeli parking industry is illustrated briefly in the table below.

TABLE 10. Porter's Five Forces analysis of the Israeli parking industry

Competitive Forces	Level of Competitiveness	Industrial Description	
Bargaining power of suppliers	LOW	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Cost relative to purchased volume 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> There is huge number of suppliers. <input checked="" type="checkbox"/> Undifferentiated products <input checked="" type="checkbox"/> Low switching costs and high ability to change <input checked="" type="checkbox"/> Low threat of forward integration
Bargaining power of buyers	HIGH	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> There are not many large industrial customers. <input checked="" type="checkbox"/> Each purchase is made in vast quantity. <input checked="" type="checkbox"/> Information of buyers and price is difficult to access. <input checked="" type="checkbox"/> Buyers have high expectation because of the substantial development of technology. <input checked="" type="checkbox"/> Price sensitivity <input checked="" type="checkbox"/> Buyers have strong influence on social media channels. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Medium threat of backward integration <input checked="" type="checkbox"/> Unavailability of substitute products. <input checked="" type="checkbox"/> Medium switching costs.
Rivalry among existing competitors	MEDIUM – HIGH	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> The number of competitors is huge. <input checked="" type="checkbox"/> Technology in Israel develops significantly. 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> High growth rate in the industry. <input checked="" type="checkbox"/> A majority of competitors is start-ups or SMEs.

		<input checked="" type="checkbox"/> Fierce price competition. <input checked="" type="checkbox"/> High level of product differentiation <input checked="" type="checkbox"/> Broad diversity of rivals	<input checked="" type="checkbox"/> Low costs of leaving industry
Threat of new entrants	MEDIUM	<input checked="" type="checkbox"/> Low initial investment costs. <input checked="" type="checkbox"/> Low barrier to entry <input checked="" type="checkbox"/> Easy access to distribution channel <input checked="" type="checkbox"/> Governmental encouragement and fundings	<input checked="" type="checkbox"/> Requirements of specialist knowledge <input checked="" type="checkbox"/> Need of economies of scale to gain profitability
Threat of substitutes	LOW		<input checked="" type="checkbox"/> There is no substitute existing currently

Bargaining power of suppliers – LOW:

As being a B2B technological company, almost all activities in the manufacturing process of Case Company's intelligent parking system are performed by the company itself. Furthermore, the core characteristic of Witrafi's smart parking product is its features which are developed by cloud computing, front-end and back-end system. Hence, during the whole manufacturing procedure, the Case Company only needs to outsource microprocessors, the 3D-model and device's label from other companies.

Mainly, the prices of these product's pieces are based on the volume of purchase, which means the more in quantity a firm buys, the cheaper the total purchase prices will be. Thence, this could be a great disadvantage for start-ups like the Case Company because it may be unable to make large purchase due to the unstability or lack of financial resources. However, the dependence of costs on purchased volume does not pose significant threat to the Case Company as there are a lot of suppliers within the industry while these substances produced by different suppliers are not differentiated. Therefore, the Case Company is able to change supplier if the substance's price could not be negotiated and the switching cost is pretty low. Moreover, the threat of forward integration is not strong though there is not much investment needed but it requires strong

knowledge of technology, engineering and code languages as well as proper understanding of the industry to do so.

From the mentioned reasons, it is concluded that the bargaining power of suppliers in the Israeli parking industry is low.

Bargaining power of buyers - HIGH

The potential purchasers of the Case Company are the companies providing parking facilities and parking service or those who provide parking garages and would like to manage it more intelligently.

Firstly, as mentioned above, there are not many huge parking location and service providers in Israel but every purchasing decisions they make is vast in volume, which may substantially account for a generality of a firm's revenue. In this case, the buyers have high power in negotiation as the competitiveness is strong and they can make pressures towards the supplier for lower prices (Faarup 2010, 110). However, thankfully the buyer's cost of changing supplier, depending on their parking facilities' size, is usually around medium to high level, which makes the buyer consider carefully before deciding to switch supplier and sometimes budge the negotiation. Another point to add is that the large buyers usually have great influence on social media channels which power users to praise or criticised a service / product and share it within their networks or publicly. As a result, suppliers must place the feedbacks from industrial buyers as the center of concern and interact with them regularly because a compliment / criticism from them may bring / take away a lot of business opportunities.

Secondly, to a foreign company's perspective, the differences in language and currency cause difficulties in accessing information relating to buyers and current industrial price of products, which is a great cons as they may lose many potential business deals. Moreover, as Israel has rapid growth rates in technological industry generally and in parking industry specifically, the number of technological start-ups also rises significantly, which leads to the high expectation of product's features and price sensitivity from buyers. This means the suppliers must update the latest technology frequently as well as offer the competitive price so as to gain more market share and attract the buyers.

Finally, regarding the threat of backward integration, it is identified to be at medium level as the backward integration may occur when buyers have demand concessions. Nevertheless, to do this, not only does it require the buyers to be financially strong but it also requires them to have good expertise in technology field.

Overall, the bargaining power of buyers in the Israeli parking industry is defined to be pretty high, which is a great threat to the Case Company.

Rivalry among existing competitors – MEDIUM HIGH

To start with, currently there are nearly 400 software companies that provides intelligent transportation and parking management systems in Israel (Software Companies 2015). This number of competitors is such a great deal to both the new and current players in market, not mentioning that with the fervent encouragement and funding from its government and foreign investors, there are more and more technological start-ups being established, which reinforces the competitive dynamics in the Israeli technology industry generally and parking industry specifically. The more competitors there are, the more aggressive the competition in price and quality becomes. This is a major disadvantage to the foreign enterprises like the Case Company as the across-border distribution cost would add up significantly to the total expense and so, they have to bear lower profits in order to maintain competitive prices compared to the local competitors. In addition, there is differentiation in product's features that for the same transportation and parking problem, different companies may offer different solutions in different price range, which requires a firm to develop its product's characteristics continuously to compete with others by offering the better parking solutions.

Nevertheless, it is essential to point out that even though there are numerous competitors within the industry, most of them are start-ups and SMEs and they may all suffer from the common issues such as lack of human resources, unstable financial status or weak managerial operations. Hence, this fact has somehow contributed to the decline in rivalry within the industry. Furthermore, with the noticeable growth rate of Israeli technology industry generally and parking industry specifically, the demand for transportation and parking systems also increases significantly giving the chance to generate higher sales for the industrial participants. Last but not least, the cost for leaving the industry is rather low, which creates good condition for a firm to abandon its products if the business is not profitable.

With all the listed pros and cons, the rivalry within the Israeli intelligent transportation and parking system industry from the existing competitors is identified to be somewhere between medium and high level.

Threat of new entrants - MEDIUM

To participate in the industry, the most important asset a firm needs is not money but the expertise in technology and its languages. Unlike the other

industries that the new entrants have to invest a lot in building factories, purchasing manufacturing machines, etc., the technology industry requires a firm to invest substantially in its human resources, attract talents to their team and gives them regular training to improve their skills. As a result, in terms of finances, the initial investment cost is low while there are numerous funding and foreign investment programs supporting the development of tech start-ups, which are pretty appealing and fascinated by most entrepreneurs.

Another point to add is that because the Israeli government is strongly advocating for its technology industry, the regulations regarding enterprise establishment in the technology sector is not too harsh that it ranks 53rd regarding the ease in starting a business all over the world (Company Registration 2015). Additionally, the country also enforces the tax law to encourage the foreign investment and collaboration between local firms and foreign enterprises, which intrigues more overseas companies to expand to the Israeli market (Kriheli 2015, 18-28).

To summarize, with the support from Israeli government, the barriers to entry in Israel do not seem to exist, which enlarges the threat of new entrants in this market considerably.

Threat of substitutes – LOW

Albeit with the constant inventions of many intelligent systems / devices, at the moment, there is no products / services recognized to be the potential substitute of currently-existing smart transportation and parking management systems. Even though the advent of substitute will be likely to occur in the near future, it does not pose notable threats to the current and potential industrial players in the present.

Consequently, the Israeli parking industry has relatively no or low threat of substitutes.

5.3 Market segmentation

In any markets, there are broad ranges of customers who have divergent preferences and abhorrence while the resources of a firm is limited, which means it is impossible for a firm to develop a strategy and product / service that approach and satisfy all the needs of different customers. And if the customers are not approached properly or unsatisfied with the products / services, they will not persist with the company and purchase the products / services anymore. (Fill, C. & Fill, K. 2005, 51.) In the meanwhile, unlike B2C, the loss of only one customer in B2B industry can result in dramatic loss in a company's revenue. By segmenting the market,

a company is able to categorize all existing industrial buyers into homogeneous groups which share identical strategic needs. (Wright 2004, 201.) From that, the supplying company is able to figure out which segments that are best fits and should be targeted when entering to the new market / industry. Furthermore, market segmentation allows the suppliers to develop more responsive, satisfactory products / services by comprehending the chosen segments' requirements elaborately. (Hutt & Speh 2012, 97.) Last but not least, the suppliers are also capable of designing the suitable development strategies, choosing the appropriate entry modes, distribution channels as well as drawing the effective marketing campaigns that are concentrated on the selected customer group (Weinstein 2013, 20).

Acknowledging the benefits of market segmentation, the main purpose of this section is to single out the target buyer segment in the Israeli transportation and parking industry by classifying all the existing industrial customers in this country. The process of segmentation is carried out following these three steps: defining the key criteria, benchmarking and analyzing the targeted customers.

First of all, a set of criteria which play vital roles in screening, finding the potential industrial buyers and targeting needs to be defined. These criteria are filtered and determined based on the Case Company's preferences and strategic needs. Appendix 2b illustrates the process of counselling the Case Company. After consulting the Case Company's board members, the key criteria for selection are specified as following:

- **Business type:** Within the transportation and parking management industry, there are numerous types of products / services that assist the control of transportation and parking. Nevertheless, the intelligent parking devices of the Case Company are tailored majorly for the companies who provide parking spaces and facilities for individuals and companies including online payment and management services. Therefore, the potential customers of the Case Company could be owners of parking places, valet parking services or even companies providing online parking app.
- **Technology level:** As the Case Company provides the intelligent parking management systems to the operators of parking garages and facilities, the target industrial customers must be those who need to outsource the technological tasks from other companies. Nonetheless, if they have proficiency in technology, they may be able to program the systems by themselves instead of having to obtain from outside. Meanwhile, if their technological skills are substandard, even when they outsource the management system, they may not be capable of exploiting all features of

products. Therefore, the best targets of Case Company are suggested to have medium technological and the need of outsourcing in the tasks relating to technology.

- **Organizational size:** The size of a company will strongly influence its perspective towards the suppliers as well as its decision-making process. The bigger a company is, the more people the decision-making process involves and the more complicated it will be. Therefore, it may be intricate for suppliers who are SMEs and start-ups to meet all the requirements concerning product's quality, risk guarantee and so on from the very large organizations. However, the small-scale purchasers may not be financially stable, which creates more risk during business. (Brassington & Pettitt 2007, 114.) Therefore, from the Case Company's point of view, medium size purchasing company would be best fit to its ability or small projects from large companies are appropriate as well.
- **International experience:** As the Case Company merely has limited experiences in making business in Israel as well as trading across borders, it is preferable if their very first customers have previous international experience or more precisely, previous experiences in purchasing from a foreign company. Obviously, in the long-term, the Case Company will have to find the best ways to distribute the products across borders in one way or another. However, in the first phase of market entry, it would be grateful if the Case Company could receive assistance from their buyers in the trading process. (Siitonen, Holstrom & Wasswa 2015.)

After determining the key criteria to finding out the target segment of customers, all the criteria are gathered for benchmarking all the existing and potential industrial buyers in the Israeli intelligent transportation and parking management industry. The table 11 lists out all the benchmarking criteria.

TABLE 11. Criteria for benchmarking

Aspects	Criteria
Business type	<ul style="list-style-type: none"> • Providers of parking garages and facilities for both private and public sectors • Providers of valet parking services • Providers of mobile parking app
Outsourcing Technology level	<ul style="list-style-type: none"> • At least medium level (more than 40%)
Organizational size	<ul style="list-style-type: none"> • Medium size • More than five year of establishment • Having around 50 employees

	<ul style="list-style-type: none"> • Having growth in revenue annually
International experiences	<ul style="list-style-type: none"> • Medium – High

The benchmarks are applied on 322 out of 399 companies who are currently taking part in the Israeli transportation and parking management industry via desk research and email interview. To be qualified and listed in the segment of targeted customers, the purchasers must meet at least 80% of the mentioned requirements.

According to the benchmarking results, there are nine companies that fit all the requirements that are set by companies. Because the criteria for segmenting are defined very strictly, it is understandable that there are not many companies found to belong to the targeted segment. However, as in the B2B industry, one customer contributes a noticeable amount in the supplier's sales, this is not considered as a problem in the internationalization process of the Case Company to the Israeli market.

Among all the nine industrial buyers in the targeted group, there are two firms that match all the criteria almost excellently, namely Milgam Cellular Group (MCG) and Parx. Therefore, these companies should be the main targets and the Case Company is suggested to directly contact with them for gaining partnership or bidding in their projects.

Subsequently, overviews of the two referred companies are written below in order to give the Case Company a broad understanding of their targets.

Milgam Cellular Group (MCG)

Founded in 2007, Milgam is a medium-sized company with 16 employees. With the vision to grow as the one of the world's leaders in providing Mobile Payment Parking Solution (MPPS), the company is supplying an absolute turnkey system of MPPS which is benefiting for both the parking lots operators and drivers (Milgam Cellular Parking (MCP) 2014). Thanks to having intelligent features that helps remove the inconvenience when parking for the drivers as well as the control and analytic services which enable the municipalities to decrease the operational costs, the MPPS from MCG is experiencing desirable performance. The company is currently serving more than 1.2 million cars in Israel and having nearly three million in its monthly transactions. (Israeli Company Catalog - 2nd Edition n.d.)

In 2007, MCG launched Pango+ - a mobile parking platform which allows users to find the parking place near their location or destination as well as

make payment via the app (Rubinstein 2015). Impressingly, an outstanding 89% of all Israeli parking payment was reported to be made through this app after only five years of its establishment and this number has been rising over years (Wilner 2013). With the huge success of the app, the company has also experienced remarkable growth rate of 25% in its revenue in five year period (Pango+ Case Study 2015). The chart below illustrates the increase in revenue of MCG from 2009 to 2014.

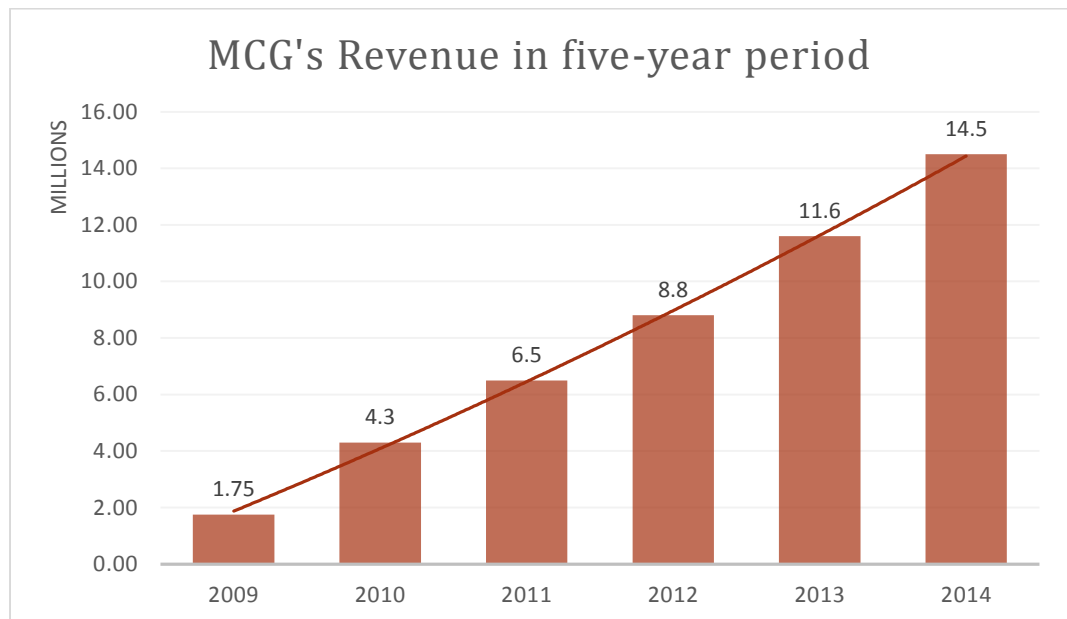


FIGURE 26. MCG's Revenue from 2009 to 2014 (adapted from Pango+ Case Study 2015)

With the aim to grow further, MCG is looking for partnerships with other companies all over the world in order to expand internationally (Get To Know Us 2015). Therefore, it is very desirable to have business agreement with MCG as the Case Company could have the chance to access to the potential industrial buyers in MCG's business networks. Moreover, MCG would also like to penetrate Finnish market, it is potential that the Case Company could gain partnership with this huge company.

Parx

Similar to Milgam Cellular Group, Parx is the provider of the comprehensive parking payment and management systems for the municipalities and drivers in many countries globally. The firm's parking system – EasyPark is designed to help the parking operators to save costs and increase revenues in parking by offering them the simple yet effective control in payment and parking fraud analysis. (About PARX 2015.) Even though it does not make a huge success in the Israeli market like MCG, there have been more than 750 thousands EasyPark systems sold in this

country and it is potential that this mobile app will expand further in the near future (PARX Launches 'EasyPark Private' 2012).

Currently, the firm's EasyPark has been utilized in five different continents and more than 160 cities worldwide. Its mobile app is being used by over 1.25 million drivers resulted in more than 200 million in annual transactions. Most important of all, Parx is also seeking for more partners to expand its business globally. (Become A Partner 2015.)

5.4 Chapter 5 summary

After examining the Case Company's strengths and weaknesses, Chapter 5 continues with the study of the Israeli market with three main sections: overview of the Israeli business environment, analysis of the Israeli parking industry and market segmentation.

To begin, an outlook of the Israeli business environment is given by utilizing the PESTEL analytic model so as to investigate the Israeli market regarding its political, economic, social, technological, environmental and legal aspects. According to the analysis' results, in spite of having many disadvantages such as political instability, broad diversity in cultures and religious, deteriorated environment and so on, it is undeniable that Israel has absolute strengths thanks to the booming in its technology industry, which attracts a lot of foreign investments for this department. Moreover, it could be seen that the country also invests a lot to expand its technology industry via R&D as well as enforces the law to encourage investment and expansion from foreign companies.

Subsequently, a more detailed research of the Israeli intelligent transportation and parking management industry is carried out so as to understand the competitive dynamics in this industry more elaborately. In this part, the Porter's Five Forces is deployed to evaluate the level of competitiveness concerning threat of new entrants, threat of substitute, bargaining power of buyers, bargaining power of supplier and rivalry among existing competitors. After conducting desk research in the B2B company perspective, it could be seen that the bargaining power of buyers and rivalry among existing competitors are the matters of grave concern. However, to calculate the overall competitive level of the Israeli parking industry, it is among medium level of competitiveness, which means that the Case Company still has chance to participate and grow in this country.

Finally, this chapter moves on with market segmentation to figure out the targeted group of customers for the Case Company. As there are different types of parking firms within the industry while the resources of Case

Company is limited, it is indispensable to segment the market so that the case company could focus its resource allocation. In this section, a list of key criteria are detected with the help of the Case Company's decision makers regarding which requirements their potential buyers should have. After that, the set of requirements are applied to all the existing companies in the Israeli parking industry for benchmarking. As the results, there are nine companies who meets at least 80% of the requirements are discovered to be the targeted customers. Among all of them, Milgam Cellular Group and Parx are the two companies who match almost all the benchmarking criteria. Therefore, it is advised that the Case Company should mainly concentrate on the BCG and Parx while keeping in touch with all the firms in the target segment.

Consequently, the chapter four has given the answers for four sub-questions of this research, namely:

- What are the factors affecting the expansion process of the Case Company to Israel?
- What are the characteristics of the Israeli market generally and it's parking industry specifically?
- How competitive is the Israeli market? Who are the major players in parking industry and what are their development strategies?
- What is Israelis' trend in parking and transportation? Who could be the Case Company's target customers?

6 INTERNATIONALIZATION PLAN

After conducting several analyses regarding the Case Company's competences and weaknesses as well as the Israeli transportation and parking industry, the Case Company is able to self-evaluate its capabilities and have in-depth apprehension of the Israeli competitiveness and factors which affect its expanding process. Succeedingly, this chapter continues with designing an internationalization plan which provides the Case Company the best approach to penetrate and grow in the Israeli parking industry successfully.

Chapter 6 contains two main sections. At first, the decision of which market entry modes to be deployed is made based on the preceding researches in order to ensure that the entry mode is appropriate with the Case Company's ability. Then, the second section continues with drawing the distribution strategies to detect the potential channels of distribution for the Case Company in the Israeli market.

6.1 Choice of entry modes

As mentioned above, there are three basic types of entry modes including export modes, contractual modes and investment entry modes with the levels of commitment and control required from the company increasing gradually. The Figure 27 demonstrates the continuum of control and commitment level of all the market entry modes.

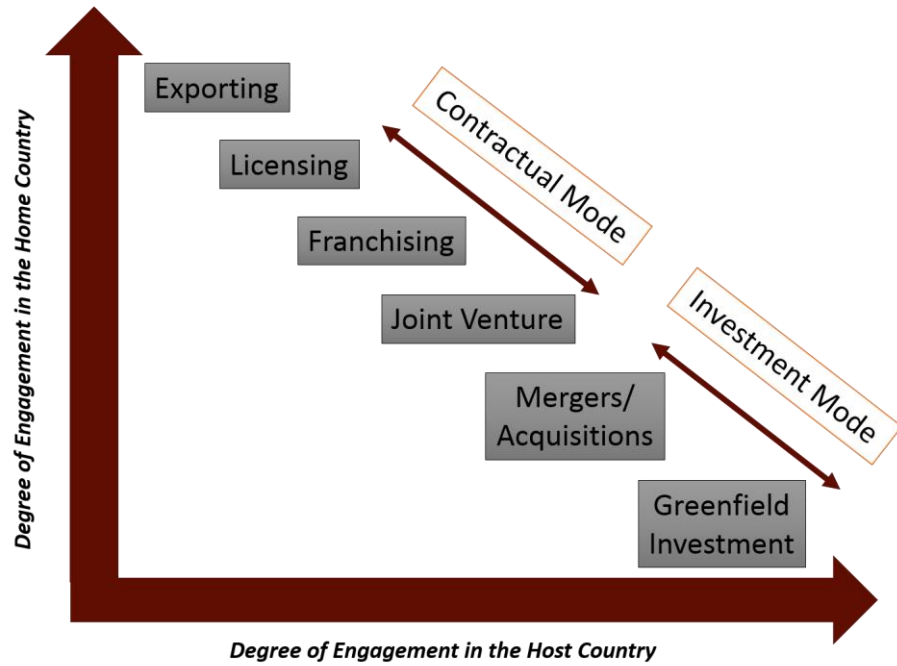


FIGURE 27. The control and commitment level of the market entry modes (adapted from Christiansen 2014, 496)

However, to decide which entry mode should be chosen, it is dependent on numerous factors which are divided into three main groups: company-specific resources advantages, country-specific resources advantages and internal co-ordination advantages.

In order to figure out which market entry mode is most suitable for the Case Company, a comparison between Witrafi’s core competences / capabilities and the requirements from the three market entry modes is conducted. From that, the most appropriate market entry mode is identified through observing the correlation between the mode’s requirements and the Case Company’s abilities. The table below illustrates the comparison briefly.

TABLE 12. Comparison of the Case Company capabilities / desires in internationalization with the requirements from different entry modes (Neelankavil & Rai 2014, 169; Klug 2007, 44; Oortwijn 2012, 148; Siitonen, Holstrom &Wasswa 2015.)

Influencing Factors on the choice of entry modes	Case Company’s Capabilities/ Desires	Requirements from the entry modes		
		Export Entry Modes	Contractual Entry Modes	Investment Entry Modes

Company-specific resources advantages	Company Size	(-)	(-) / (0)	(+)	(+)
	Availability of resources (for investment)	(-)/(0)	(-)	(0)	(+)
	Globalization strategies	(0)	(0)	(+)	(+)
	International experience	(-)	(0)/(+)	(+)	(+)
Country-specific resources advantages	Market penetration	(+)	(-)	(0)/(+)	(+)
	Regulatory constraints	(-)	(0)	(-)/(0)	(+)
	Access to customer feedbacks	(+)	(-)	(-)/(0)	(+)
	Cost, tariffs and fees	(-)	(0)	(-)/(0)	(-)
	Economies of Scale	(0)	(+)	(-)/(0)	(0)
	Duration until market readiness	(-)	(-)	(-)/(0)	(+)
Internal coordination advantages	Transaction costs	(0)	(+)	(0)	(-)
	Controls of operation	(0)	(-)	(-)/(0)	(+)
	Manufacturing in home-based country	(+)	(+)	(-)	(-)
	Unwanted knowledge transfer	(-)	(-)	(0)/(+)	(-)

Degree of Internationalization	(-)	(-)	(-)/(0)	(+)
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As for explaining the table above, there are three main activities to concentrate. Firstly, the three main factors influencing on the choice of entry modes are separated into sub-criteria so that the evaluation could be made in detailed. By that, the factor of company-specific resources advantages includes the company size, availability of resources (for investment), globalization strategies and international experience while the factor of country-specific resources advantages are divided into market penetration, regulatory constraints, access to customer's feedbacks, costs and tariffs, economies of scale and duration until market readiness. The internal coordination advantages element is also separated into four sub-criteria including transaction costs, controls of operation, manufacturing in home-based country and unwanted knowledge transfer.

The second point to pay attention is the evaluation of the Case Company's abilities or desires in internationalization process towards the sub-criteria defined in the previous step. There are three units used to examine the Case Company. The (-) unit refers to the fact that the Case Company has limited capabilities or little desires in that field. The (0) and (+) units denote that Witrafi's abilities / aspiration are at medium and high levels respectively. Therefore, according to the table, the Case Company has high expectations in only three sub-criteria regarding the access to customer's feedbacks, market penetration and manufacturing in home-based country while its abilities and desires towards all the other fields are in the low/medium level.

Third, the comparison continues with the appraisal of all three market entry modes with regard to its level of requirement for the sub-criteria. Concerning the rating, the (+) indicates that the entry mode requires high level of engagement from the Case Company; the (0) unit denotes the need of medium level of commitment from a firm while the (-) symbol signifies the requirement for only finite engagement level when choosing a specific entry mode.

Eventually, all the scores that are evaluated for the Case Company's capabilities and desires as well as the requirements of three types of entry modes for the new entrants are aggregated. The aggregated value is equal to the degree of internationalization that the Case Company yearns for and may obtain in each entry modes. As shown in the table, it could be seen that the Case Company aspires for the low level of commitment and internationalization when expanding to the Israeli parking industry. In the

meantime, the exporting entry modes provide the new entrants with the low extent of internationalization. The degree of internationalization climbs gradually from the exporting modes (low) to contractual entry modes (medium) and investment modes (high).

In consequence of the above comparison, it is obvious that the export entry modes are the most pertinent for the Case Company because the evaluations of the sub-criteria from both the firm's longing and the export mode's requirements give nearly similar results.

Nonetheless, there are two types of exporting entry mode including indirect and direct export. Within the direct exporting entry mode, the entrant could select either a domestic-based sales representative, a distribution agent or a foreign branch / subsidiary. Therefore, a more detailed comparison between different modes of exporting is conducted in order that the Case Company could review itself with both exporting modes and then choose the best option to ensure its entry success in Israel.

TABLE 13. Comparison of direct and indirect export entry modes (adapted Morschett, Schramm-Klein & Zentes 2015, 349)

		Advantages	Disadvantages
Indirect export entry mode		<ul style="list-style-type: none"> • Requiring limited initial financial and resource investment • Requiring limited level of engagement • Limited risks in political factors • Little need of previous international experiences • Little marketing costs • Is considered as the least complex market entry mode and a good way to test its product attractiveness 	<ul style="list-style-type: none"> • No control over the marketing mix of products • Higher costs of products due to the addition of domestic company • Limited/no access to the targeted market and customers over there • The entrant may gain less profits and have less chances to learn more international experiences
Direct export	Domestic-based representative	<ul style="list-style-type: none"> • More control of sales activities • Low initial investment • Intermediate risk level 	<ul style="list-style-type: none"> • Expensive travelling cost • Less access to the target market

		<ul style="list-style-type: none"> • Less profitability compared to other exporting modes
Agents / Distributors	<ul style="list-style-type: none"> • Having shorter distribution chain compared to indirect export. • Better approach to targeted market, its know-how and customers • More control of its marketing mix • Less marketing costs 	<ul style="list-style-type: none"> • Less control in pricing strategies and distribution • Required investment in agents / distributors
Foreign sales branches / subsidiaries	<ul style="list-style-type: none"> • Full control of operational activities • Direct accession to the target market and its customers • Physical presence in the target market 	<ul style="list-style-type: none"> • Required investment in branches / subsidiaries • High risk level • Inflexibility • Having to deal with taxes and tariffs

In the screening phase of selection of entry modes, it is indispensable to revise and compare the Case Company's desires and both the pros and cons of direct and indirect exporting entry modes. As shown in TABLE 13, despite having the intermediate globalization strategies, the Case Company possesses only limited to medium level of resource availability for investment and slight international experiences. Meanwhile, the firm aspires to penetrate the Israeli market as deeply as possible while being able to avoid the issues regarding regulatory restraints, tariffs, high transactional costs and the loath transfer of knowledge, especially its technological know-how. In addition, the Case Company would like to manufacture the intelligent parking system in its based country – Finland and longs for the high level of access to customer's feedbacks as well as intermediate control of operations.

With regard to the entry modes, the indirect exporting, albeit with having many benefits, gives the new entrants with no controls over their marketing mix and little access to customers in target market as well as less profitability and opportunity to gain more international experiences. Meanwhile, obtaining the agents / distributors or foreign branches / subsidiaries, though providing the entrants with more controls and better

access to customers, requires more initial investments in the agents / subsidiaries and the need to deal with taxes and regulations from the entrants. As a result, acquiring a sales representative in the target country is the selection that is best-fit to the Case Company.

The domestic-based sales representative will represent the Case Company to contact and sell the Case Company's parking products / services to the potential industrial customers. The representative will work on the commission basis under the contract of specific time (with the chance of renewal) and bear no risks or responsibilities for the payment of products / services. When there is enquiries from industrial buyers, the Case Company will take turn and be responsible for the rest tasks in doing business.

6.2 Distribution strategies

As planning the internationalization process includes two main steps: making the choice of entry mode and drawing the distribution plan. Hence, after selecting the best way to enter the Israeli intelligent transportation and parking industry, this section continues with planning the distribution strategies for the Case Company in order to give it the best option of how to distribute its products / services in the foreign market.

This section involves three main parts. The first part suggests the channel of distribution which is suitable for the above choice of entry mode for the Case Company and the second part recommences with the market coverage strategy for it in the Israeli market. Finally, the last part will recommend the potential distributing partners or intermediaries (based on the decided distribution channel) for the Case Company.

6.2.1 Channel of distribution

To restate in easy terms, in B2B industry, channel of distribution denotes the means for a manufacturing company to distribute its products / services or make it available for the industrial customers. There are two primary channels of distribution: direct and indirect while the structures of channel vary broadly based on the firm's abilities and criteria as well as the target market. (Brassington & Pettitt 2006, 565.) The following table will describe shortly the pros and cons of both channels.

TABLE 14. Pros and cons of direct and indirect distribution channels
(adapted from Ross 2015, 408-423)

	Advantages	Disadvantages
Direct channel of distribution	<ul style="list-style-type: none"> • Cost-saving and time-saving thanks to the elimination of intermediary expenses • Closer interaction with customers and provide them with post and after-sale services. • Increase in control for manufacturer over its distribution channels • Suitable for products with high technical content • Having more transaction options • Ability to make online sales and utilize social media channels • Higher profitability 	<ul style="list-style-type: none"> • Increase in the number of staffs • Increase in fulfillment and distributing costs • Increase in internal workload • Limited coverage due to the loss of distribution channels offered by intermediaries
Indirect channel of distribution	<ul style="list-style-type: none"> • Ability to access the market quickly with optimized costs • Better coverage of the market • Decline in costs of distribution • Enhancing customers' convenience • Sales boosting thanks to the help from intermediaries 	<ul style="list-style-type: none"> • Less profitability • Lack of control in brand image, distribution and communication • Additional level of product margin • Expensive commissions • Lack of customer interaction • Limited product focus

After listing out the advantages and disadvantages of both channels of distribution, it is able to have a comprehensive view of the distribution channel's structures. However, to make the choice of which channel of distribution to utilize, there are many factors that the manufacturers need to concentrate including market considerations, product considerations, middlemen considerations and company considerations. Therefore, these elements are discussed with the Case Company and succeedingly

reviewed with the nature of both direct and indirect channels of distribution, which is illustrated in the table below.

TABLE 15. Factors determining the decision of distribution channels (adapted from Singh & Gupta 2015, 288-290; Siitonen, Holstrom & Wasswa 2015.)

Factors influencing the choice of distribution channels		The Case Company's considerations	Direct channel of distribution	Indirect channel of distribution
Market considerations	Centralization of the market	Limited and scattered buyers	✓	✗
	Quantum of orders	Orders received in small quantity but high value	✓	✗
	Utility of products	Industrial products	✓	∞
Product consideration	Nature of products	High-tech sector	✓	∞
	Cost per Unit	Medium price level	✓	✓
	Variety of products	Low level of variety	✓	∞
Middlemen consideration	Services needed from other companies	Delivering activities	∞	✓
	Costs involved in distributions	Desired to be in low to medium level	✓	∞
Company	Company's size and reputation	Small-sized and low to medium level of reputation	✗	✓

	The need of experienced managers	Medium to high need	∞	✓
	Financial stability / availability	Medium level	∞	✓

To interpret table 15, it consists of three primary parts. At first, the elements which have impact on the decision of which channels of distribution to deploy concerning the market, products, intermediaries and company aspects are listed. Then, all the represented factors are reviewed with facts analyzed previously and discussed with the Case Company for their opinions. Finally, the last step is to evaluate the level of suitability between both channels of distribution with the Case Company's considerations. The symbol "✓" indicates that the use of channel is highly preferred concerning the elements while "∞" and "✗" denote that it is acceptable or not advisable to deploy that distribution channel.

As shown in the table, the direct channel of distribution is exceedingly judicious with seven out of eleven factors considered by the Case Company. Meanwhile, the indirect channel of distribution is sensible with only five factors. As a consequence, the Case Company is advised to choose the direct channel of distribution.

Nevertheless, as stated in Table 14, with direct distribution channel, the Case Company will have to suffer from the increases in internal workload and fulfillment costs. Besides, it is also in need of helps in delivering activities and experienced expert in the Israeli market while trying to minimize costs. Therefore, to mitigate the disadvantages in direct channel and fulfill the Case Company's requirements, it is suggested to still directly sell and distribute its products to the business customers while having sales representatives to present the firm in the Israeli market and private contracts with logistic company to handle delivery process of products only. The next picture will describe the proposed channel of distribution for the Case Company more precisely.

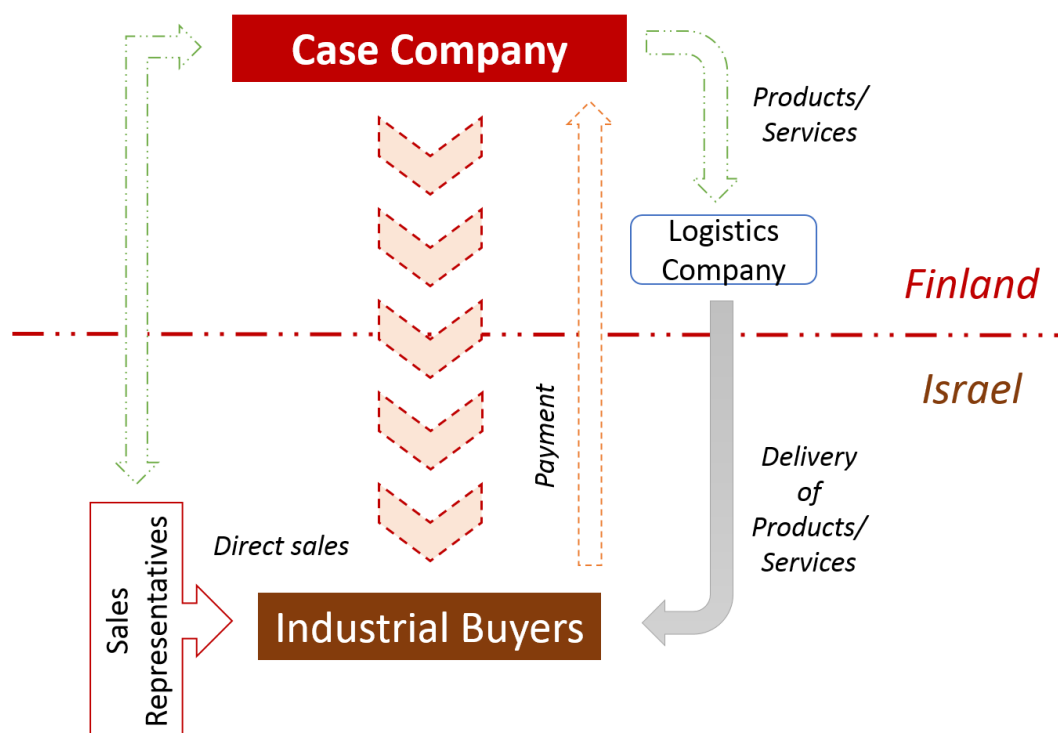


FIGURE 28. Suggested direct distribution channel for the Case Company

Thence, the Case Company will still have full control of the brand image, payment and production process as well as interaction with customers. However, with this solution, the Case Company will have to bear the distribution costs. That's why a number of the potential logistic companies who offer reasonable delivery price will be proposed for the Case Company to consider.

6.2.2 Market coverage strategy

Market coverage in distribution strategy refers to the level of intensity in distribution desired by the manufacturing company (Cherunilam 2010, 520-523). Basically, there are three alternate market coverage strategies: intensive, selective and exclusive coverage which are suitable for different distribution structure (Lambinc & Schuiling 2012, 90-93).

There are five factors that should be concerned when selecting the market coverage strategy to adopt in the Israeli market. The five factors are listed in the following table with the appraisals of suitability level of the three types of market coverage.

TABLE 16. Assessment of market coverage strategy (adapted from Tyagi & Kumar 2004, 24-25)

Factors influencing the choice of market coverage strategy	Case Company's considerations	Intensive coverage	Selective coverage	Exclusive coverage
Availability of company resources	Low to medium	x	✓	✓
Product homogeneity	Diverse	x	∞	✓
Product nature	High-tech sector	x	∞	✓
Product stage in life cycle	Nearly mature	x	x	✓
Market homogeneity	Limited and scattered buyers	x	✓	✓

Firstly, the five elements having impact on the market coverage strategy are identified as the availability of company resources, product homogeneity, nature of product, product life cycle and market homogeneity, which are then considered in the Case Company's situation. Subsequently, the appraisal of all three strategies are conducted based on the defined factors to detect the rate of appropriateness between them. The units for evaluation are "✓", "∞" and "x" representing for the highly recommendable, admissible and unbecoming strategy for considerations respectively.

According to the assessment, it could be observed that the exclusive market coverage strategy is the most suitable choice for the Case Company as it targets the narrow but valuable number of customers, which are relevant to the natures of aimed market and products of the Case Company.

6.2.3 Suggestion for logistics company

After drawing the distribution strategies regarding the choices of distribution channel and market coverage, this is a subsidiary part to support the Case Company in its distribution plan. As affirmed above, the Case Company is proposed to directly sell and distribute its parking products to the industrial buyers as well as contract with sales representatives and logistic company for assistance in the internationalization process. The logistic companies are responsible for handling and delivering the goods from the Case Company to its partners only and so, the Case Company can still maintain its control over brand image, sales and contact with customers. Therefore, the purpose of this part is to suggest for the Case Company with the potential logistic partners.

By conducting desk researches, there are many logistic companies that offer desirable delivery solutions for industrial companies like the Case Company. However, the two most suitable among them which offer services for B2B industry are EMS (Israel Postal Company) and ZIM. The brief description of these enterprises are compiled as below.

EMS - Israel Postal Company

The Israel Postal Company is the mainly Israeli government-owned enterprise established in 2006 to manage the postal services in Israel with its headquarter based in Jerusalem. Currently, the company is having about 5000 employees and 700 post offices locating all over the country. The average annual revenue of the firm is estimated to be NIS 1.75 billion (~ \$450 million). The Israel Postal company is working primarily in the industries of postal services, courier and banking and offering a variety of products / services spanning from letter post, parcel service, delivery, freight, forwarding, EMS to third-party logistics and deposit accounts. (Israel Postal Company 2015.)



FIGURE 29. The Israel Postal's automated pick-up in Tel Aviv (adapted from Israel Postal Company 2015)

Among all services, EMS is the guaranteed expedited international postal Express Mail Service provided by the Israel Postal Company and 200 postal administration all over the world with the very competitive price. This service is appropriate for shipping documents and merchandise weighing up to 20 kilograms and assures that the deliveries between the major destinations all over the world are handled within three business working days. (EMS – Express Mail Service 2015.) By using EMS from Israel Postal Company, the customers is able to track and trace the shipping procedure of their items online during delivery (What is EMS 2015).

In addition, the EMS from the Israel Postal Company also offers numerous services for the industrial companies which assist them in sending packages from business to business throughout the country and worldwide (Business Services 2015). Besides the commercial business distribution, the Israel Postal Company also provides (conditional) warranty for the damaged or lost packages as well as the customs brokerage service (Commercial distribution from business to business 2015). The customs brokerage services from EMS of Israel Postal allow the customers to send / receive goods delivered from foreign countries to their door without dealing with the authorization of legality of import with no additional costs (Customs brokerage services for importers 2015).

Last but not least, when using the EMS from Israel Postal Company, the business customers could also gain advantages from receiving discounts for large volume delivery, monthly centralized billing, in-premises collection

of items, delivery announcement as well as online documentation handling (EMS – Express Mail Service 2015).

ZIM

Founded in 1945, ZIM Integrated Shipping Ltd is an international corporation providing comprehensive shipping solutions with high accountability and flexibility. With 70-year experience in logistics, ZIM has succeeded in acquiring long-term partnership with its customers by offering them customers a wide range of services comprising multi modal, cargo handling, tariff management, schedule information as well as several subsidiary services. (Overview 2015.) Moreover, thanks to quickly adapt to commercial and technological developments as well as expanding to emerging market, the company has grown to be the 1st and 10th largest cargo shipping company in Israel and worldwide respectively (Zim Integrated Shipping Services 2015.)

More information about ZIM's ownership and management is gathered in the table below.

TABLE 17. Facts and figures of ZIM (adapted from Facts & Figures 2015)

Annual Revenue in 2014	<ul style="list-style-type: none"> • \$3.4 billion
Number of Employees	<ul style="list-style-type: none"> • Approximately 4200 people
TEU's Carried in 2014	<ul style="list-style-type: none"> • 2360 billion
Total TEU Capacity (owned and chartered vessels)	<ul style="list-style-type: none"> • 344 460 TEU's
Number of owned containers	<ul style="list-style-type: none"> • More than 547 thousand TEUs of numerous varieties
Number of vessels	<ul style="list-style-type: none"> • Approximately 80
Ports of Call	<ul style="list-style-type: none"> • 180 worldwide with 10 among them are strategically located hubs

Concerning ZIM's cargo services, the company provides the frequently updated timeline of their shipping voyages by trade, line, vessel and port four months in advance of departure so that their customers, especially the industrial companies, could plan their delivery beforehand (Shipping Schedules 2015). Besides, the customers can also benefit from its e-

services to track and trace their cargo's location or the ZIMonitor to control their cargo during delivery such as temperature / humidity control as well as utilize the Special Cargo service of ZIM to receive shipping solutions tailored to their needs. (ZIMonitor Exclusive Service 2015; E-Services 2015.)

Finally, regarding ZIM's location, with an operating network of more than 120 countries, ZIM has its head office based in Haifa, Israel as well as obtains over 170 shipping agents and subsidiary companies in most of its operating countries (Local Offices: Shipping Agents & Subsidiary Companies 2015). In Finland, ZIM has authorized Stella Group – a Finnish privately-owned cooperation to be its agent based in Helsinki (Finland: Cargo Shipping Services 2015).

6.3 Chapter 6 summary

With the main purpose of giving the answer for the second primary research question concerning “How can the Case Company enter the Israeli market successfully?” Chapter 6 proceeds with the several evaluations and analyses to find out the results for the two last sub-questions. Therefore, Chapter 6 is designed to have two main parts.

The objective of the first part is to determine “What is the most suitable entry mode for the Case Company to enter the Israeli market?”. In this part, a list of factors influencing the choice of market entry mode is drafted and then used to consider the Case Company's abilities and desires as well as evaluate the level of qualification of each entry modes. As a result, it is found out that exporting is the market entry mode that is most suitable to the Case Company's criteria. After that, the pros and cons of all types of exporting mode are identified to consider between direct and indirect export strategy. According to the comparison, it is concluded that the Case Company should select direct export entry mode and hire commission-based sales representatives to contact with the potential industrial customers in Israel.

Subsequently, the second part continues with drawing the distribution strategies for the Case Company with the regard to the discerning of distribution channel and market coverage strategy. All things considered, it is detected by evaluation and observations that the Case Company should directly distribute its products to business buyers without the help of any intermediaries but receiving the assistance from logistic company in the delivery phase via private contract. Therefore, albeit with having to bear the delivery costs, the Case Company could receive payment directly from its customer, keep full interaction with them and overall control of its

operations and brand image. Regarding the market coverage strategy, the Case Company is proposed to choose the exclusive coverage to save costs and target promptly to the customers as there are few numbers of them and they are scattering all over the country.

Finally, a subsidiary part is added to suggest the most potential logistic firms for the Case Company to consider when delivering its products to the industrial purchasers. The main criteria for choosing these enterprises is whether they have services for B2B industry or not, which is very necessary for Case Company.

7 CONCLUSIONS

In this chapter, all the findings and results from the analyses and studies conducted for the thesis are summarized. Therefore, the brief and clear answers for the thesis questions could be obtained. Moreover, this chapter also gives proposal for future studies because there are still some minor aspects that have not been solved satisfactorily enough in this thesis as well as proves the reliability and validity of this thesis.

7.1 Answers for research questions

The primary purpose of this thesis is to assist the case company – Witrafi to internationalize to the Middle East by providing insights into one of the markets in this region – Israel, as well as the essential information relating to the internationalization process into the Israeli parking industry. To obtain the thesis objective, there are two main questions and seven sub-questions defined for the research to be based on.

➤ **What are the company's core competences and weaknesses compared to competitors?**

With regard to the strengths, as being a start-up, the Case Company has benefited from being flexible in business agreements that it could modify the product's features tailored to customers' needs as well as offer a competitive price with latest innovation compared to the industrial competitors. Furthermore, the firm also has the advantages of owning broad business connections, dedicated staffs as well as rapid growth rate.

On the other hand, the Case Company also has many weaknesses such as limited brand awareness and international experience as well as the lack of both human and financial resources due to being a fresh establishment. Besides, the company also has unsatisfactory marketing management because of restraints of the marketing budget.

Is Israel a potential market for the Case Company to expand?

Yes. Thanks to its rapid development in technology and economy, Israel has attracted many foreign corporations to penetrate its country, including the Case Company. Israeli government has enforced many regulations which encourage the foreign enterprises to invest in its country. In addition, there is existing demand of intelligent transportation and parking systems like the Case Company's products in Israel.

➤ **What are the factors affecting the expansion process of the Case Company to Israel?**

The internationalization process of the Case Company to the Israeli market is affected by both internal and external elements. The internal factors are the mentioned competences and weaknesses of the Case Company while the external factors ensue from the market itself. The most noticeable external factors influencing the Case Company's expanding process are defined as the political, technological and legal elements of Israel.

➤ **What are the characteristics of Israeli market generally and it's parking industry specifically?**

In general, Israel is a developing country with constant and rapid growth rate and well-known for its high-tech industry. Albeit with having unstable political status due to conflicts with its Arab neighbors and fragmented political structure as well as a huge diversity in cultures and religions, Israel is considered as an appealing market to the international / foreign corporations generally and Finnish enterprises specifically thanks to having FTA, DTAA and R&D with numerous countries all over the world. In addition, not only does the country actively invest in the development of technological industry and the companies operating in this field but it also enforces many regulations which strongly encourage the foreign enterprises to invest in its high-tech industry in exchange of benefits such as reduction in taxes.

More specifically, the transportation and parking industry in Israel has suffered from many problems that it is harshly criticized by most of Israeli people due to its complicity in systems and regulations. In the meantime, the number of vehicles per thousand people and the number of vehicles on road are increasing gradually while there is not enough parking spaces to provide its people. These issues have led to the fact that Israel is one of the countries that have worst traffic congestion in the world. Therefore, the country is longing for having an intelligent transportation and parking system to improve and manage its traffic more sufficiently.

➤ **How competitive is the Israeli market?**

By and large, the Israeli intelligent transportation and parking system industry has medium level of competitiveness. Because there is huge number of suppliers within the industry while there are low switching costs and undifferentiation in products as well as there is no substitutes existing currently, the bargaining power of suppliers and threat of substitutes are low. Moreover, there is medium threat of new entrants because of the limited need of initial investments and low barrier to entry as well as the significant supports from government.

Meanwhile, the industry has relatively high competitive levels of bargaining power of buyers and rivalry among competitors. This is due to the fact that the rivals are of high number and in broad diversity while there is not many large industrial purchasers in the Israel market. In addition, in B2B industry, each purchase is made in vast quantity while the technology in Israel is developing substantially which results in the higher expectation towards the product's features of the industrial buyers.

➤ **Who could be the Case Company's target customers?**

There are four elements determining the market segmentation process to define the target industrial customers in the Israeli market for the Case Company. First, the suitable industrial customers must be the companies which provide parking garages and facilities for drivers in both public and private sectors or offer the mobile parking app and valet parking services. Second, the industrial buyers must have medium level of technological expertise and the need to outsource the entire or delicate parts of the parking products. The most potential target customers are the firms which already obtain the whole or partly of its parking devices from other companies. Third, the target industrial customers must have medium organizational size with at least five year of establishment and around 50 full-time employees. Most importantly, they must experience continuous annual growth rate in the recent years of operation. Eventually, the potential purchasers should have medium to high level of international experiences, especially those having previous experiences in making business or having partnerships with European or Finnish companies.

How can the Case Company enter the Israeli market successfully?

By conducting various evaluations and comparisons, it is suggested that the Case Company should deploy the direct export entry strategy, direct channel of distribution and exclusive market coverage strategy to penetrate the Israeli market. Detailed explanations why these strategies should be employed are clarified as below.

➤ **What is the most suitable entry mode for the Case Company to enter the Israeli market?**

By conducting the comparison of the Case Company's capabilities and desires with the characteristics of all entry modes based on the three main factors including company-specific resources advantages, country-specific resources advantages and internal coordination advantages, it is able to evaluate that the direct export entry mode is the most appropriate choice that fits best with the Case Company's abilities and aspiration.

Nonetheless, there are various methods to export directly to a foreign market. Among all methods, the Case Company is suggested to hire sales representatives to represent them and contact with the targeted industrial customers in Israel defined above. The sales representative will be responsible for detecting the opportunity for partnership or generating sales, reaching the potential customers and presenting the Case Company's products / services with them. Once there is sales inquiry, the Case Company will take turn and be in charge of dealing with the customers.

➤ **Which distribution strategies should be considered?**

Concerning the channel of distribution, the Case Company is proposed to distribute the parking products directly to its industrial customers without going through any intermediaries. From that, the Case Company could have more control over its distribution channel as well as be able to gain more profits and fully interact with its customers. Nevertheless, due to the lack of human and financial resources, the Case Company may not be capable of handling all the distribution tasks by itself. Therefore, the firm is suggested to privately contract with the logistic companies that the logistic companies will be in charge of delivering its products to the customers only and receive payment from the firm. The customers will thence give payment directly to the Case Company.

Besides, with regard to market coverage strategy, based on the natures of products and markets, the exclusive coverage is identified to be most appropriate for the Case Company because it aims to the small but valuable number of customers, which doesn't require a lot of resources invested in market coverage.

7.2 Suggestion for further researches

As mentioned in the above sub-chapter, there are two questions that have not been answered properly in the thesis. Besides, there is a number of issues which is not covered by this thesis despite its importance. As a consequence, if any further researches is made on this topic, they are suggested to study these topics elaborately, namely:

- Who are the major players in parking industry and what are their development strategies?
- What is Israelis' consuming trend in parking and transportation?
- What is the basic price level for the Case Company's parking products? How should the Case Company set its price based on the quantity in orders from the industrial customers?

- What does the legal procedure involve if the Case Company sets up its own properties in Israel?

It is advisable that the research of the mentioned topics should be carried out as soon as possible so as to ensure that the Case Company could penetrate the Israeli market successfully.

7.3 Reliability and validity

In this thesis, there are three primary data acquisition methods which are desk research, interview and sending survey. First, in the phase of desk study, the sources of information used in this thesis are investigated strictly through all four steps of the data mining process. To the public domain sources, the thesis acquires the data which is published by the governmental organizations or the popular NGOs only while the unpublished statistics are obtained from mainly from the financial reports of the companies. Second, regarding the interview, although there are various types of interview conducted in thesis, all of them are carried out carefully and all the interviewees are either the CEO or managing members of both the Case Company and parking companies in the Israel. Third, concerning the surveys, the respondents are also the managing members of the Case Company's industrial customers. As a consequence, it could be ensured that all the results and findings in this thesis are consistent and it is strongly believed that in case there is any other researches conducted on the same topic and objectives, the same results will be yielded. Therefore, it is convinced that this thesis has high level of reliability.

In the meantime, the thesis is designed based on a solid theoretical structure so as to reach its objectives and resolve all the defined questions. It should be noticed that all the theories broached in the part of literature review spring from the books, scholarly journals / article, reports or documents from trusted public domains, most of which were published from ten years back. Additionally, the unpublished sources utilized in this thesis are majorly confidential and trusted sources provided by the Case Company or interviewees. As a result, this thesis is also believed to be highly valid.

8 SUMMARY

Thanks to the rapid growth of its economy generally and technological development particularly, Israel has attracted the attention of many foreign enterprises to expand and participate in its economy. Moreover, due to the perplexity in its transportation and parking structure, Israel is seeking an intelligent transportation and parking system to improve and manage its traffic conditions. Meanwhile, the Case Company is seeking for opportunities to expand its business to other regions like the Middle East. Therefore, acknowledging the internationalization desire of the Case Company as well as the existing demands in Israel, this thesis is written to assist the Case Company in its expansion process to the Middle East by providing an in-depth study and designing an internationalization plan to penetrate one of the potential markets in this region – Israel.

As the nature of this thesis is both a market study and an internationalization plan, the deductive approach and mixed research methods – qualitative and quantitative are deployed to reach the thesis objectives. Furthermore, the thesis also utilizes both primary and secondary data. The primary data is obtained mainly from data observation, interview and surveys while the secondary data is acquired from books, journal articles, reports or documents from public domain based on desk research.

The thesis is divided into two main parts: theoretical and empirical parts.

The theoretical part is covered in Chapter 2 which reviews all the literatures that are used to support the thesis goal. In this part, it is clarified that Hollensen's five stage model will be deployed as the core theoretical framework by which the thesis is implemented. Thence, according to the model, the literature review consists of three sections concerning the theories for internal analysis, external analysis and market entry strategy. In the internal analysis, the theories which are necessary to conduct the BCG matrix, SWOT analysis and key driver analysis are described while in the external analysis section, the concepts of PESTEL analysis, Porter's Five Forces and market segmentation are concentrated on. Finally, this part discusses the theories pertinent to choices of entry mode, distribution strategies and the factors determining the decisions towards these fields.

Subsequently, the empirical part is carried out spanning from Chapter 3 to Chapter 6. At first, an overview of how the empirical part is conducted and the data acquisition process is described to give a broad picture of the information provided in the following sections. Succeedingly, the Case Company is introduced concerning its background, product portfolio and operational management and then analyzed to self-evaluate its

capabilities, product position in the market, strengths and weaknesses by the BCG matrix and SWOT analysis as well as access to its industrial customers' appraisal of its parking products via the key driver analysis. After understanding the Case Company thoroughly, the empirical part continues with Chapter 5 in which the in-depth study of Israel's general business environment and more specifically, its intelligent transportation and parking industry is provided through the PESTEL and Porter's Five Forces analysis. Additionally, in this section, a market segmentation is conducted by email and skype interview to identify the most potential industrial purchasers in Israel who match the Case Company's requirements most. Eventually, Chapter 6 proposes the most appropriate entry mode, distribution channel and market coverage strategy for the Case Company by making numerous comparisons and evaluations to ensure the firm's success when entering the Israeli market.

In conclusion, all the findings and analysis results of the thesis are summarized. Although the thesis objectives are achieved and the answers for most of the thesis questions are figured out. There are still two questions which are not resolved satisfactorily enough and hence, they are suggested to be studied if further research on the same topic is carried out. Last but not least, this thesis is also proven to have a high level of reliability and validity.

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APPENDICES

APPENDIX 1. Internal face-to-face interviews

Name of Interviewee	Sampsa Siitonen
Interviewee's position	CEO & Co-founder of Witrafi
Questionnaires	<ol style="list-style-type: none">1. Could you tell me in detail about Witrafi's start-up story?2. What is the company's development strategy, vision, mission and goals?3. How do you as a CEO think about internationalization?4. What does the company's operational management involve?5. Does the company have a clear structure between managers and employees? How is Witrafi's working style?6. What is the best-selling product of the company?7. What makes Witrafi's parking products competitive and outstanding compared to the competitor's? What are its weaknesses?8. Does the parking product need more investment to improve or is it mature already?9. Then, about the company in general, which strengths and weaknesses do you think Witrafi has?

Name of Interviewee	Krister Holstrom
Interviewee's position	Head of Information Technology of Witrafi
Questionnaires	<ol style="list-style-type: none">1. Could you please tell briefly about your role and responsibilities in Witrafi?2. How do you feel about working in Witrafi / the company's structure?3. As Witrafi is expanding its product portfolio, which part of the portfolio are you in charge of?

	4. Could you please tell more about that project / portfolio? How does it function? What are its strengths and weaknesses compared to competitors?
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Name of Interviewee	Charles Wasswa
Interviewee's position	Head of Engineering of Witrafi
Questionnaires	<ol style="list-style-type: none"> 1. Could you please tell briefly about your role and responsibilities in Witrafi? 2. How do you feel about working in Witrafi / the company's structure? 3. As Witrafi is expanding its product portfolio, which part of the portfolio are you in charge of? 4. Could you please tell more about that project / portfolio? How does it function? What are its strengths and weaknesses compared to competitors?

Name of Interviewee	Thomas Wahl
Interviewee's position	Industrial Designer of Witrafi
Questionnaires	<ol style="list-style-type: none"> 1. Could you please tell briefly about your role and responsibilities in Witrafi? 2. How do you feel about working in Witrafi / the company's structure? 3. As Witrafi is expanding its product portfolio, which part of the portfolio are you in charge of? 4. Could you please tell more about that project / portfolio? How does it function? What are its strengths and weaknesses compared to competitors?

Name of Interviewee	Mikael Seppala
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Interviewee's position	Business Developer of Witrafi
Questionnaires	<ol style="list-style-type: none"> 1. Could you please tell briefly about your role and responsibilities in Witrafi? 2. How do you feel about working in Witrafi / the company's structure? 3. What is the company's strategic management? 4. What is Witrafi's five-year development plan? 5. What is the company's desires when going global?

Name of Interviewee	Hieu Minh Doan
Interviewee's position	Web developer of Witrafi
Questionnaires	<ol style="list-style-type: none"> 1. Could you please tell briefly about your role and responsibilities in Witrafi? 2. How do you feel about working in Witrafi / the company's structure? 3. As Witrafi is expanding its product portfolio, which part of the portfolio are you in charge of? 4. Could you please tell more about that project / portfolio? How does it function? What are its strengths and weaknesses compared to competitors?

Name of Interviewee	Maria Fodor
Interviewee's position	Office Manager of One Nation Hub
Questionnaires	<ol style="list-style-type: none"> 1. How does One Nation Hub operate? How do all the companies manage together within the hub? 2. What are the benefits that a member like Witrafi can gain from participating in the hub?

APPENDIX 2. Internal focus group interviews

a) Key driver analysis

Names of participants	<ul style="list-style-type: none"> • Sampsa Siitonen – CEO & Co-founder • Charles Wasswa – Head of Engineering • Krister Holstrom – Head of IT
Purposes of the interview	Acquiring the Case Company's perspectives towards its parking products' features
Interviewing process	<ul style="list-style-type: none"> • At first, each participant was given a piece of paper and asked to list out all features of its parking products that must be considered in the purchasing process. • Then, each participants were requested to eliminate half of the less important features among all. • The participants were then asked to show their choices to the others and explain reasons of their selection. • After the discussion, all the participants are asked to make final choice of which features are the most crucial in the purchasing decision making procedure.

b) Market segmentation

Names of participants	<ul style="list-style-type: none"> • Sampsa Siitonen – CEO & Co-founder • Charles Wasswa – Head of Engineering • Krister Holstrom – Head of IT
Purposes of the interview	Defining the key criteria for benchmarking in segmenting the market
Interviewing process	<ul style="list-style-type: none"> • At first, all the participants are asked to discuss openly about the characteristics of a partner / buyer they may consider before selling their products. • After that, the participants are asked to filter the most important criteria among all. • Finally, the participants should discuss more elaborately about the requirements for purchasers / partners in each criteria based on

	the company's strategic management and development plan.
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c) Choice of entry modes

Names of participants	<ul style="list-style-type: none"> • Sampsa Siitonen – CEO & Co-founder • Charles Wasswa – Head of Engineering • Krister Holstrom – Head of IT
Purposes of the interview	Assessing the level of company's capabilities / desires in internationalization
Interviewing process	<ul style="list-style-type: none"> • At first, a list of the factors that have impact on the company's choice of entry mode to Israeli market is given to each participant. • Each participant are asked to evaluate the company's abilities in the mentioned factors as well as their level of desires in the internationalization process illustrated by three units. (+) means strong capabilities or high level of desires. (0) means normal capabilities or medium level of desires. (-) means the insufficient abilities or unnecessary desires. • After finishing, all the participants are asked to show their self-appraisals with each other and then discuss about their decisions. • Eventually, all the participants are asked to make agreement and give final evaluation.

d) Distribution strategies

Names of participants	<ul style="list-style-type: none"> • Sampsa Siitonen – CEO & Co-founder • Charles Wasswa – Head of Engineering • Krister Holstrom – Head of IT
Purposes of the interview	Detecting the suitable distribution strategies for the company in Israeli market
Interviewing process	<ul style="list-style-type: none"> • At first, a list of the factors that have impact on the company's choices of distribution channel and market coverage strategy in Israeli market is given to each participant.

Design						
Features						
User-friendly app						
Speed & Accuracy						
After-sale services						

Q2. From 1 to 10, how do you score your satisfaction towards the prices of Witrafi's parking products? (1 is the lowest, 10 is the highest)

Q3. From 1 to 10, how do you score your satisfaction towards the designs of Witrafi's parking products? (1 is the lowest, 10 is the highest)

Q4. From 1 to 10, how do you score your satisfaction towards the features of Witrafi's parking products? (1 is the lowest, 10 is the highest)

Q5. From 1 to 10, how user-friendly is Witrafi's parking app? (1 is the lowest, 10 is the highest)

Q6. From 1 to 10, how do you score your satisfaction towards the speed and accuracy of Witrafi's parking products? (1 is the lowest, 10 is the highest)

Q7. From 1 to 10, how do you score your satisfaction towards Witrafi's after-sale services? (1 is the lowest, 10 is the highest)

APPENDIX 5. The results of benchmarking

Company	Business Type	Level of technology outsourcing	Organizational Size	International experiences	Qualifying Rate
Milgram Cellular Parking (MCP)	<ul style="list-style-type: none"> • Parking lots operators • Online parking app 	High	<ul style="list-style-type: none"> • Medium large • Founded in 2007 • 11 – 50 employees 	High	High
Success Parking	<ul style="list-style-type: none"> • Parking lots operators 	Medium	<ul style="list-style-type: none"> • Largest parking company in Israel • Founded in 2001 • Revenue \$200 million. • Approximately 300 employees 	Low	Medium
Valet Service	<ul style="list-style-type: none"> • Valet parking 	Medium	<ul style="list-style-type: none"> • Small • Founded in 2012 • 11-50 employees 	Medium	Medium
Anagog	<ul style="list-style-type: none"> • Online parking app 	High	<ul style="list-style-type: none"> • Small • Founded in 2014 • 11-50 employees 	Low	Medium
sPARK	<ul style="list-style-type: none"> • Online parking app 	Medium	<ul style="list-style-type: none"> • Small – Medium • Founded in 2012 • 11-50 employees 	Low	Low
ParkMe	<ul style="list-style-type: none"> • Parking operators 	Low	<ul style="list-style-type: none"> • Medium • Founded in 2009 	High	Medium

	<ul style="list-style-type: none"> • Online parking app 		<ul style="list-style-type: none"> • 11-50 employees 		
Parx	<ul style="list-style-type: none"> • Parking management system • Parking payment 	High	<ul style="list-style-type: none"> • Medium • Founded in 2008 • 11-50 employees 	High	High
CityPark	<ul style="list-style-type: none"> • Online parking app • Parking analytic system 	Low	<ul style="list-style-type: none"> • Small • Founded in 2011 • Currently having 43000 users 	Low	Low
Ariel Properties Group	<ul style="list-style-type: none"> • Parking lots owner 	Medium	<ul style="list-style-type: none"> • Large • Founded in 1991 	Medium	Medium