

FINNISH MEDICAL DEVICES MARKET IN NIGERIA

Global Service Finland Ltd.

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ABSTRACT

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This thesis is regarded to Global Service Finland Limited who has decided to enter Nigeria medical devices market by using its consulting services and business connections across the continent to help Finnish Health-Tech companies.

The main purpose of the thesis research is to find out the possibility of exporting Finish medical devices to the Nigeria market and to develop entry plan strategy for the case company in exporting medical devices to the targeted country.

In other to explain the health market in Nigeria, PESTEL analysis was applied to describe the business environment. However qualitative research method was applied to carry out the objectives of the thesis. The author conducted interview by sharing out questionnaire to the sole proprietors (owner) of the hospitals and diagnosing centers who are the major users of the medical devices.

At the end of the research, the author is able to make a recommendation to the case company about the suitable entry mode to adopt.

Key words: entry mode, market entry, medical devices and equipment, Nigeria healthcare market

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1 INTRODUCTION

Nowadays, products and businesses are going across the national boundaries from one country to another and the impacts of globalization in a normal trend contribute immensely to the national economy.

This bachelor's thesis is regarding to Global Service Finland Limited (GSF), a company based in Finland which its offices are in Tampere and Helsinki. The company has been in operation for over 15 years and it has good business connection networks for example in the Middle East and Africa through its consulting services provided. The idea of the thesis topic arose during the author interning at the company. Global service Finland Limited is aiming to spread its opportunities by providing services to Finnish Health Tech companies that wants to enter into Nigeria health technology market through its international consulting services which would help many Finnish health Technology companies to increase their profit margin.

1.1 Research purpose

The purpose of this thesis is to find out possibilities of exporting Finnish medical devices to Nigeria as well as choosing the best market entry mode by comparing the pros and cons of each entry mode. Lastly, finding out how Finnish health technology devices can be marketed in Nigeria. Since almost all companies are sensitive about the origin of the product.

1.2 Research objective

The goal of this thesis is to develop an entry mode strategy for Finnish medical devices to Nigeria market, and determine whether the export of medical devices will be a profitable business in the targeted country.

1.3 Research question

The research questions for this thesis is as follows:

- What is the current situation of medical devices market in Nigeria,
- What is paramount to the customers when choosing a product?

1.4 Research methodology

The research methodology used in this thesis is qualitative research. Qualitative research approach can be described as a social phenomenon that focuses on discovering from people's experience and knowledge or perception about the area of study. Qualitative research can also be classified as a subjective approach. It is usually come in the form of structural text.

Qualitative research can be done in various ways such as:

1.4.1 Interview

Data can be collected through open- ended questions aiming to solve a particular study or finding out problem related to area of study. However, data analysis is a direct encounter with people's opinion, feelings, knowledge, experiences etc. as related to the individual's perception which in most case done with the help of questionnaire.

According to the research goals and objectives, the primary data for the thesis was collected by questionnaire which included open-ended questions. Thus, some health providers and diagnosing Centre were targeted to get the information about what is mostly important to them when choosing medical devices and how do they get to know the latest modern medical devices in the market.

1.4.2 Observation

This is another kind of qualitative data which is quite related to field work. The data is analyzed by an experimental detailed description through the area of study. This research method was not adopted in this paper

1.4.3 Documents

This can be described as ready-made research which has already been analyzed and documented for future researcher or reference. Such include written documents from the organization, article etc. (Patton, 2002. 4).

Basically, the thesis is written for Global Service Finland but it can also be useful as well for health technology companies that want to enter into the targeted country.

2 OVERVIEW OF NIGERIA HEALTHCARE SERVICES

Healthcare services in Nigeria can be obtained from both public and private healthcare providers. In terms of organization however, Nigeria's healthcare system is organized into – Primary, Secondary, and Tertiary healthcare levels.

2.1 Primary healthcare

Responsibility for Primary healthcare is traditionally administered by local government councils functioning through regulations and policies provided by the country's Ministry of Health (FMOH – Federal Ministry of Health). Primary Healthcare in Nigeria covers broad areas of healthcare delivery which include, but are not limited to: Immunization, Prevention and Control of Communicable and Non-Communicable Diseases (Polio, HIV, AIDS, Tuberculosis, Malaria, etc.)

2.2 Secondary healthcare

State governments in Nigeria are responsible for Secondary healthcare, and providers of Secondary healthcare in Nigeria are General and Private Hospitals whose management fall under the purview of State governments and private medical practitioners, but with the regulation and policy direction of both coming from State Ministries of Health. Recent trends in Nigeria have also seen certain State-owned General hospitals and healthcare facilities, now being operated and managed under Public-Private Partnerships. Such partnerships aim to improve the value and cost effectiveness of healthcare delivery for members of the public, while at the same time ensuring cost effective revenues for the State.

2.3 Tertiary healthcare

The Federal government of Nigeria is responsible for Tertiary Healthcare, and this level of healthcare covers the direction of affairs of University Teaching Hospitals, as well as Federal Medical Centers (FMC) spread across the country. However, since the management and ownership of this category of healthcare facilities are owned and operated by the national government, they are mainly considered to be Public healthcare providers or

hospitals. Overall, national healthcare policy formulation and development falls within the responsibilities of the Federal government, through the country's Ministry of Health.

From the above descriptions, one would be right to categorize Public healthcare providers in Nigeria as Healthcare facilities and centers owned and operated by either the Federal Government of Nigeria, individual State governments or local government councils. On the other hand, private healthcare providers could be categorized as facilities owned and operated by private medical practitioners, or companies who have invested into the management of public healthcare facilities or systems. A 2015 report on Nigeria's Medical Devices published by BMI Research (1¹) indicates that there were an estimated 3, 534 hospitals in Nigeria as at 2014. Out of this figure, 950 were in the public sector (Federal, State and local government). What this implies is that the rest of the hospitals captured were in the private sector or Public-private sector.

In general, and as obtainable in most economies around the world, public healthcare facilities are considered places where quality, affordable, but not very timely healthcare services may or can be obtained by citizens. In the Nigerian situation, while majority of poor or low-income citizens may be able to afford medical care provided at Public hospitals and facilities, medical care delivered by such public hospitals to this category of citizens have been known to employ substandard or outdated medical devices or equipment. In some cases, such "medical care" are delivered without the use of medical devices for proper diagnosis of a patient's medical condition. Such situations however, do not generally imply that all public hospitals in Nigeria lack proper or modern medical devices for diagnosis and treatment of patients.

In very few public hospitals and healthcare-centers/facilities where modern healthcare equipment and devices exist, such public facilities are constantly plagued with the challenge of inadequately trained medical personnel who are competent enough to comprehensively operate, interpret and analyze data produced from such medical equipment or devices.

As Nigerians must face and contend with modern day ailments, diseases, and other medical conditions that require high-tech diagnosis, treatment and surgical procedures, thousands, if not millions, have had to turn to medical tourism destinations such as India to receive cost-effective medical care. Certain reports indicate that Nigerians spend well over \$3 billion USD (United State Dollar) annually on medical tourism in India. Political leaders in the country argue that three decades of military rule in Nigeria without doubt inflicted long-term damages on the social, economic and political livelihoods of Nigerians. They argue that the presence of military regimes in the country prevented investors from bringing in capital into the country for the development of key sectors of the Nigerian economy such as the health sector. Not so much has changed however after 18 years of stable democratic rule and high oil prices, although the current government has promised to increase budgetary funding to the health sector by significant amounts and through policies that will attract foreign investments into Nigeria's healthcare sector.

For now, the country grapples with a health sector that has seen thousands of its brightest medical minds emigrate to major English speaking western countries such as the United States, Canada, United Kingdom and Australia. The primary motivation behind their emigration to these countries are for improved remuneration, better training, and for improved access to the use of modern medical equipment for proper medical diagnosis and treatment of patients.

These challenges facing public healthcare delivery in Nigeria can very well be attributed to several decades of health-sector underfunding at federal, state and local government levels. The underfunding of such a critical sector of the country's social welfare system has consistently and significantly led to the dilapidation of healthcare equipment and services in Public healthcare facilities across the country; except of course in certain public healthcare facilities situated in major cities of the country such as the nation's commercial and political capitals.

Such challenges amongst several others facing Public healthcare delivery in Nigeria, have been taken advantage of by private healthcare providers who provide timely and some good level of healthcare related services using quite modern medical equipment, but at costs that millions of Nigerians cannot afford.

In addressing the challenge of high cost of medical care in the country, the Federal government recently instituted and commissioned several healthcare schemes aimed at alleviating the costs of healthcare related services incurred by Nigerians (rich and poor). One of such is the National Health Insurance Scheme (NHIS²). Under this scheme, eligible citizens who are also contributors to the scheme, can receive medical care from either public or private healthcare providers at heavily subsidized rates borne by the government and tax payer. In a country with a population size of over 180 million and population growth rate of 2.5% per annum as per 2016 National Population Commission (NPC) estimates, a meager 10 million citizens currently contribute and benefit from this scheme. What this implies is that the rest of the population will be obliged to individually cover costs incurred from medical care received from either Public or Private healthcare facilities across the country.

Another noteworthy scheme the Federal government of Nigeria has come up with is the National Strategic Health Development Plan (NSHDP). Under this plan the Federal government of Nigeria along with other institutional partners plan to expend over \$26 billion dollars in constructing new hospitals, renovating currently aging ones, and in the procurement and modernization of medical devices and equipment. As a stimulus to this scheme, the Nigerian government in 2010 also announced a zero-import duty on medical devices, medical equipment and pharmaceutical manufacturing machinery. The announcement was welcomed by industry experts and investors, however legislative documentation required to bring the import policy into law is yet to see the light of day. For now, an import duty rate of between 10 to 25 percent applies to medical equipment and devices imported into the country.

3 NIGERIA BUSINESS OPERATION ANALYSIS

The use of PESTEL in this research is to analyze Nigeria business operating environment for the medical device market. However, PESTEL is an acronym factors that have influences and tension on the business macro economy in a particular country and this consists of political, economic, social, technological, ecological, and legal.

Using PESTE, how can Global Solutions Finland Limited make good market entry decisions into the Nigerian medical devices market?

3.1 Political factors

Politically, Nigeria is governed under a democratic system that has been in place for the past 18 years. Prior to the current democratic system of governance, the country was ruled under successive military administrations for over three decades.

From a political standpoint, one of the most important political features the country offers investors is a stable democratic system with separation of powers spread across independent legislative, judicial and executive arms of government.

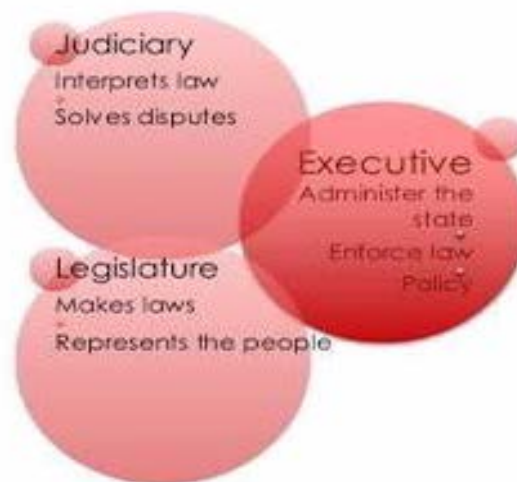


FIGURE 1. Nigeria arms of government (Source: https://peoplespenmedia.files.wordpress.com/2017/03/img_0052.jpg).

For this study, one important and recommended political factor GSF may wish to take advantage of in their market entry decisions, is the existence of a Bilateral Investment Treaty between the governments of Finland and Nigeria³. This investment promotion and protection treaty between the two countries was signed between the 21st and 22nd of June, 2005. The treaty provides for the mutual exchange and promotion of trade and investment relations between both countries, while also guaranteeing the protection of trade and investment rights of parties to the treaty through an Investor-State Dispute Settlement System (ISDS).

The Finnish Embassy situated in Nigeria's political capital Abuja, has in recent times facilitated business promotion meetings and workshops through the Finland Trade Center⁴ situated in Nigeria's commercial and business capital, Lagos.

The aim of this has always been to help promote and showcase Finnish companies, their products and technologies to the Nigerian business market. Finland's current Ambassador to Nigeria – Pirjo Suomela Chowdhury was interviewed in October 2015 by one of Nigeria's leading print-news and publishing outfit – Vanguard (Why we are showcasing Finnish firms – Suomela Chowdhury 22nd October, 2015) see complete interview⁵.

During the interview, the Ambassador pointed out that an important and topical area where serious discussions were ongoing between Finland and Nigeria was in the promotion of healthcare and wellbeing in Nigeria. She pointed to the fact that a few Finnish companies were already working in Nigeria's healthcare sector, and the embassy at the time was organizing a workshop on health and wellbeing which was to take place on the 3rd of November, 2015.

Global Solutions Finland Limited could very well take advantage of current political and bilateral trade conditions between Nigeria and Finland to key into the Nigeria medical device market. The most effective medium of achieving this will depend on other PESTEL factors that will be analyzed in this study.

3.2 Economical factors

Crude oil and natural gas sales account for more than 80% of Nigeria's monetary inflow. However, prior to Nigeria's discovery of Oil, the economy of Nigeria was largely driven by a diverse combination of monetary incomes coming from the agricultural and solid minerals sectors. Although the country has not properly managed its revenues from oil and gas sales, Nigeria's GDP, which makes it one of the biggest economies in Africa has in recent years also translated to wealth and improved incomes for a fair percentage of the total population.

Such improved incomes have also translated into higher purchasing power for goods and services, and higher disposable incomes available in the pockets of citizens. A study⁶ conducted by the U.S Department of Trade on Nigeria's healthcare sector, informed that as much as 1.5 billion USD is spent annually by Nigerians on medical tourism around the world. Of this figure, India accounts for more than half of this amount. The reason for such capital transfer for medical care by Nigerians, is largely because Nigerians want good and precise medical diagnosis, treatment and post-hospital care. If Nigeria's public and private hospitals are well equipped with the right medical equipment and adequately trained personnel to operate such medical equipment, such amount of capital will remain in the country and would be channeled into other useful uses for the overall wellbeing of the Nigerian economy.

A study conducted by BMI Research in behalf of the U.S Department of Trade, also highlighted that the Nigerian Medical devices market exhibited strong growth between 2011 and 2014. This was attributed largely to the government implementation of the National Strategic Health Development Plan (2010 – 2015) which saw increased public spending in the rehabilitation and equipping of Healthcare centers across the country. The report however noted that the fall in oil prices particularly between 2015 and 2016, negatively impacted on the market for imported medical devices into the country.

However since local production of medical equipment in Nigeria remains far-fetched, the market at the moment still depends on imported medical devices, with market demands

holding strong for equipment such as Magnetic Resonance Imaging equipment(MRI), Computed Tomography Scan (CT), Digital X-ray, Ultrasound, etc.

The Nigerian economy is currently being diversified away from oil being its single and most important revenue source to the government. The Agricultural and Solid-minerals sectors are again being revived to support the oil sector. The drop in oil prices coupled with economic measures deployed by the government to manage the country's dwindling reserves caused the country to enter into a recession in 2016. However, recent developments in the other non-oil sectors of the Nigerian economy, coupled with macro-economic policies, are gradually steering the nation out of the current recession. Economic experts have predicted that should the current tempo be sustained across all sectors of the Nigerian economy, the country could become one of the best performing and most promising economies for investors in the coming years.

3.3 Socio-cultural

Nigeria is one of the most ethnically diverse but united countries on the surface of planet earth. Family-ties and socio-cultural values are considered to be the hallmarks of the Nigerian society. Fertility rates in Nigeria are one of the highest in the world, with CIA factbook⁷ indicators pointing to nearly 6 births per Nigerian female adult compared to the United States at 1.87 or Finland at 1.75 births per female adult. The country currently has a population of over 180 million citizens, and is expected to grow at the rate of 2.5% per annum. Data from the World Bank and other population monitoring institutions suggest that Nigeria's population could hit a staggering 350 million citizens by the year 2050, making Nigeria the 3rd most populated country in the world after China and India.

The question to ask at this point is: How well prepared will the country's healthcare system be in the coming years to be able to handle such an expected rise in population? As incomes are expected to rise owing largely to business opportunities the country will be offering, investors with interests in healthcare and wellbeing must be available to key into the untapped resources of the Nigerian population.

3.4 Technological

It is no longer news that Nigerians are ranked as the most connected individuals on the African web space. In terms of telecom penetration, the Nigerian market remains the most lucrative for local and foreign telecom operators operating within the country and in Africa. One reason for this achievement is the fact that Nigerians are open-hearted to technology and embrace new technologies into the Nigerian market.

The number of start-ups in Nigeria's IT sector continues to expand monthly, with information technology interests spreading across Hardware and software vending, but with consistent and highly important after-sales support. Modern technologies for healthcare management and care are greatly lacking in the current set-up of Nigeria's healthcare system, but investors are rest assured that with the right training and technology transfer administered to the current crop of young and technology savvy Nigerian entrepreneurs, investors will be able to maximize their investments.

Investors must however be aware that Nigerians are very price sensitive when it comes to spending. Very few Nigerians believe in the "Spend more to get quality" theory. A greater percentage of Nigerians want to have a great "Bang for their bucks" when it comes to procuring products or services. Intending European or American investors into Nigeria's medical device market must be willing to contend with products with origins from Asia, and particularly China.

3.5 Ecological factors

The rapid growing of climate mindfulness and its impact on the environment has huge influence on the businesses especially on its operational activities. The effect of the climate changes destroy or slow-down business operations either in the new market or the existing market. The state governments make laws or policies to ensure that the environment is projected for business and residence. Some areas in Nigeria might be noisy due to the lack of electricity and many residents and business depends on generator

3.6 Legal factors

The Medical devices market in Nigeria is regulated by a Federal Government Agency – The National Agency for Food and Drug Administration and Control (NAFDAC). The agency is the statutory body charged with duties of setting out guidelines that stipulate the process for registration, importation, quality control, advertisement and administration of medical devices into the country⁸. See also – Guidelines for the Importation of Medical Devices into Nigeria⁹.

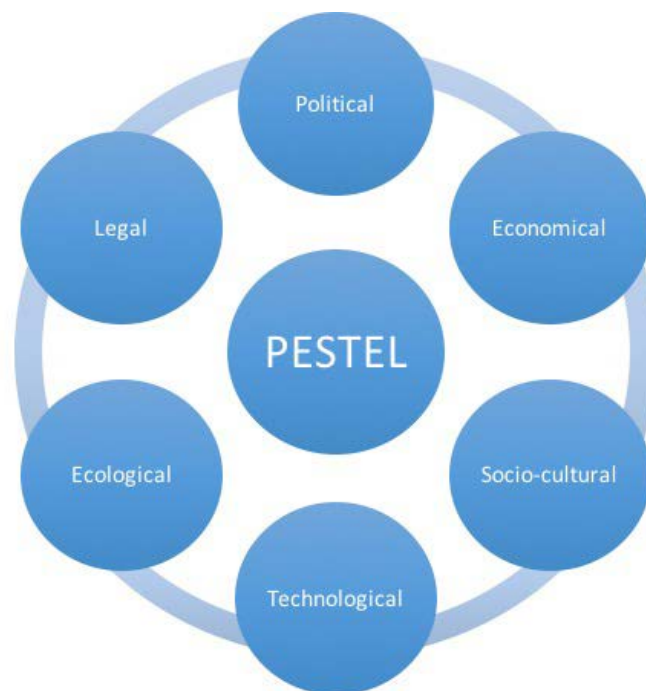


FIGURE 2. PESTEL analysis (*Source: Heinonen, 2017*)

4 ENTRY MODE OPTIONS

Many companies choose either proactive or reactive reason for going into international operations. Such reasons include competitive advantages, cost saving, economic of scale and expansion. A critical mission and objective of the organizational goal, analyze the foreign market opportunities and threat, the firm internal strength and weakness would help the company to decide its plan for international entry strategy (Ilkiz, K. 2015).

For GSF to internationalized Finnish medical brand (Health- Tech) into targeted market after deciding to enter international market will need to figure-out means of transporting the product to the target market. Basically, there are seven entry mode strategies which any firms could adopt to penetrate into international market and these include direct exporting, indirect exporting, cooperate export, licensing, joint ventures, and direct investment, manufacturing, and contract agreement (Kotler P. & Kevin Lane K. 2006, 646).

Monir Tayeb (2000. 158) defined exporting as movement of physical and unphysical products from one national boundaries to another. It is the oldest and the easiest method of getting products and services across countries. Many Small and medium enterprises (SME) often choose exporting as a means to approaching international market.

Cavusgil, S.T. et.al.(2017. 376) stated that about 90 per cent companies engaged in export are SMEs- (Small and Medium Enterprises) due to the flexibility in the business operations such as the exporter can easily either withdraw or enter the prospective market with fair risks and expenses. However, there are other available entry mode options to internationalizing products and services in a foreign market such as joint venturing, licensing, franchising etc. (Tianyu Xu, 2014, 9).

For better understanding of entry mode strategies. The author will divide mode of entry in international business operation into export, intermediate, and hieratical entry mode. The intermediate and hierarchical can be classified as the non-export entry mode strategy and non-export. The definition of Export is being defined earlier in the above paragraph and it is divided into direct, indirect, and cooperative export mode. However, the non-

export entry mode could also be divided into intermediate and Hierarchical mode of entry which will be later defined. .



FIGURE 3. Global market entry strategies (Source: http://images.flat-worldknowledge.com/cadden/cadden-fig15_004.jpg)

4.1 Export as a mode of entry

This mode of entry occurs when a company open business operation in domestic country and sell its services or products to another foreign market either by selling direct or indirectly to the customer. The point here is that the product or services crosses borders. Usually, companies that engaged in this mode of entry are SMEs and have limited knowledge of the international market.

There are three types of export method in export mode and this include direct, indirect, and intermediary export mode. Each of these export methods have their advantages and disadvantages.

4.1.1 Direct export

This is a method of selling directly from manufacture to the international customers with aim of creating long terms relationships. The advantages of this is that the exporter have opportunity to know its customers and he/she can get feedback from the customer about their experience or option about the products. However, there are factors attributed to direct export such as the seller or the manufactural bears all the expenses alone from market research, processing the necessary documents and to the logistic level. Therefore, the risk becomes higher for the manufacturer /producer as it involve high expenditure costs depending on the products or services to be export and mode of transporting. Meanwhile, export of medical devices from manufacture country to Nigeria medical device market is prohibited according to Nigeria legislation policy except it follows through the NAFAC regulations. See (8) NAFDAC- medical devices guidelines.

4.1.2 Indirect export

This is another way of entry mode. The manufacturer uses an independent intermediary company in the targeted market who will be responsible for business activities such as sales and marketing in the home market. The intermediary deal with the customers or market directly without any business obligations from the manufacturer. Hence, it is the responsibility of the intermediary company to carry out foreign marketing activity and selling. (Gerald A. International marketing and export management, 5th edition, 2005 pp 253). One of the difficulties of the indirect export method is that the manufacturer do not have total obligation to operate the business. The intermediary stands as the middle man between the manufacturer company and the customers.

4.1.3 Cooperate export

This occur when two or more SMEs pull assets together to produce product and sell to foreign market with motive of dominating the market. This method is usually adopted by big companies who have huge experience in the international market but have limited resources to meet the demand in the international market due to the high market share.

The company collaborate agreement with another firm to share the risks and resources in creating new products and maximizing profit.

4.2 Intermediate as a mode of export (Non- export)

The intermediary is another method of exporting goods and services. The indigenous company takes the activities of export from the domestic market by using the services of independent firms in the foreign country. The indigenous company have only control on production rather than exporting. In contrast, the intermediary company can be a major competitor to the indigenous firm in the future. However, the intermediary export include contracting house, contract manufacturer, licensing, franchising, joint venturing, and strategic alliance (Xu. T. 2014, 13).

4.2.1 Licencing

This is another simple way to penetrate into international market. The ideal of this is that the licensor leases to the foreign investors the license the right to use the company's operation strategies and intangible properties such as patents, copyrights, brand names, trademarks, and/or trade secret for a fee or royalty. This mode of entry can be catastrophe for the licensor as the licensee can be a competitors for the licensee at the end of the contracts but the benefit of this are associated to direct costs and risk for the licensor.

4.2.2 Joint venturing

This is the commonly used of entry mode by foreign investors as means to project itself against political and economic risks usually when the foreign investors have little or no experience about the target market regulations in particular products and services in the international market. One of the advantages of entering into joint ventures is to minimized logistic costs (Arkhipova, O., and Pustovalova V. 2010, 13). Though, there are some challenges facing joint venture which include disagreement in certain policy decisions- hierarchical control, cultural clashes, (Kotler, P. & Keller. K. L., 2009. 649).

The main issue to consider in joint ventures are government intentions, resources and capabilities, length of the agreements and control of the business have to be clearly stated or known by the parties.

4.2.3 Manufacturing

The strategy of manufacturing in a foreign market as a mode of entry can be force upon the company for instance if government policies discourage importation of goods or service for some reasons, then the company may decides to establish a manufacture
When a firm develop

4.2.4 Contract management

This is a process where the foreign investors or company do not have the managerial or technical skills to display in international market, then a contract management agreement can be signed by the company with another domestic firms or the government in the target country. This method is usually use by large companies and relatively not common. The firm involved have knowledge of competence in international marketing and/or in particular geographical region. (Czinkota R., 2010. 284)

4.2.5 Strategic alliance

This is another form of entry mode. A strategic alliance occurs when two or more independent firm collaborate resources and risks together in other to achieve the organization goals. The formation of the strategic alliance is to create a new idea or product rather than distributing the existing products or services.

4.3 Hierarchical as a mode of entry (Non- export)

This is categorized as the last group of entry modes where the firm have fully control of its foreign entry mode. The total control of the firm simply depends on the branches office competence in terms of value created. . Hollensen, S. (2008. 292) this method can only be achieved in a big companies which is fully owned and operation of discharging responsibilities and duties to the subsidiaries in the supply chain. Hierarchical can be done in two ways: merger or acquisition, and green field.

4.3.1 Merger or acquisition

A merger is a kind of entry mode whereby the local company selects a foreign company and shares all factors of production together with a common interest of creating new product to penetrate into international market. Alternatively, the local company may acquire the foreign company completely and control all its business activities.

4.3.2 Green field

Green field is entry mode usually adopted by the big firm to acquire an existing firm. This process is used to expand business activities in foreign market. It requires purchase of man power and property in the local market. Often times, many companies adopted this method of entry mode because of the accessibility to the market.

5 ENTRY MODE SELECTION

Often times the management of a company confront with problem of entry mode selection that will be in the interest of the organizational goals and objectives. Koch, J.A. (2001, 68) described the three fundamental rules of entry mode selection which companies used at least of the general rules and this include naïve rules, pragmatic rules, and the strategic rules.

5.1 Naïve rule:

This is a method of using the same entry mode method for all the products in international market. The performance of the achievement could be evaluated critically depends on luck of the manager.

5.2 Pragmatic rule.

The manager uses different entry mode for each target market independently, by using this method the cost of R&D will be high because the research would be conducted separately since it involves different market. Meaning that the decision maker uses the workable entry mode for each prospective market

5.3 Strategic rule.

This is another way of selecting entry mode by systematically compare the available choices of the entry modes and critically choice the most valuable among them. This method is usually used by big organization because it is capital intensive and time consuming. Rarely, SMEs uses this approach because of the costs involved.

Although, a good decision on choice of the selection of entry mode depends on the comprehensive of market research results. However, the managers could decide their own strategic method in the best entry mode that collide with the organisational objective and missions.

6 ENTRY MODE FOR GLOBAL SERVICE FINLAND LTD. FROM FINLAND TO NIGERIA

The easiest and simplest strategy to enter into the Nigeria medical devices market is to involve in indirect exporting. The company can signed agreement with the intermediate companies or agent who will be responsible for the marketing, advertising, and logistic. The independent companies would know the best channel of delivery the products to the end users either selling by bulks to wholesalers or directly to the end user customers. In using the indirect export as the mode of entry, the company bear low risk and have no direct link with the potential customers. Choosing a reliable representative/middle man in Nigeria can be cumbersome since many middlemen companies can turn to be a competitor to the company in the long run because they have direct access to the customers. Nonetheless, all other export mode alternative are also workable since each and every modes have its pros and cons they are connected to one and other somehow.

6.1 SWOT analysis

In other to discuss the indirect mode as best mode among other entry modes but it has SWOT analysis which is describe below. The word SWOT (Strength, Weakness, Opportunity, and Threat) is to explain both the internal and external factors to influence the choice of choosing indirect entry mode as the unique alternative. The SWOT analysis is used to describe the possibility of the success in choosing the indirect export. The Strength and opportunity describes the positive factors which is also known as internal factors, while the weakness and the threat are external factors that affect the management decision choice.

<p>Strength:</p> <ul style="list-style-type: none"> - Good knowledge of the business field - Low fixed cost such as labor cost, rents - Regular feedback from the customers - Language is not a barrier in the market - Good relationship with the customers 	<p>Weakness:</p> <ul style="list-style-type: none"> - Lack of brand name in the market
<p>Opportunity:</p> <ul style="list-style-type: none"> - The government encourages foreign investors in the healthcare sectors. - The government to implement zero per cent tax tariff on the importation of medical devices to Nigeria's medical devices market. 	<p>Threat:</p> <ul style="list-style-type: none"> - The intermediary firm can become a competitor in the company - Choosing the right intermediary can be difficult - Feedback can be slow and not authentic

FIGURE 4. SWOT analysis for GSF to choose indirect export as the best entry mode alternative.

Strength

The strength of choosing indirect entry mode is that the intermediary company have a knowledge of how the business is done in the domicile country. The intermediary company is versatile with the market and can easily build business connections with the customers. Therefore, the intermediate firm stands as the middleman between the producer and the customers. Getting feedback is very important from the customer in other to access the customer's opinion about the product in case of any defect. Creating a good relationship with the customer is another reason why to choose a reasonable intermediary. This will help the export company to build market share in the targeted market. Effective communication without any language barrier will be of value to the company as well as

the brand name. Lastly, the independent company in the targeted country will know how to cut down expenses such as administration, logistic, rents, and labor costs. All these expenses will be incurred by the intermediary firm.

Weakness

The only obstacle for the intermediary firm is the awareness of the Finnish health brand in the targeted country. This will be a little challenge as there are many brands already in the market to compete with. The level of the advertisements will create more awareness to the customers and this can be costs intensive to the independent agent/company since most of the business operation will be carried out by the independent agent which is also know a the intermediary firm.

Opportunity

The intervention of the government to implement zero per cent tax tariff on any exportation of medical devices into the Nigeria health market will be valuable to many health-tech manufacture company to exploit the market. And many investors will see the market as a means to engage in the healthcare businesses which the government know it will promote the healthcare standard of the citizen.

Threat

Choosing the right intermediary firm with good intention can be big problem as wrong intermediary can become a fraudster at the long run, likewise they can become a direct competitor to the primary export company in the foreign country by becoming an intermediary firm to another companies that export similar products. Though, the independent firm represents the company's image but have different motive of self-interest indirectly. The export company have no direct link to the customer, so, getting feedback can be slow and may not be authenticated when partnering with the wrong intermediary.

7 QUESTIONNAIRE AND RESULT

According to the findings which was made through the help of questionnaire and face to face interview that was conducted in Nigeria. The question were divided into parts to get accurate information about the business and their experience in the field of their specialties. More so, the questionnaire was given directly to the owner of the company and short discussion commenced while answering the questions. Approximately 30 questionnaire papers were distributed out to support the research question but only 19 respondent were given back.

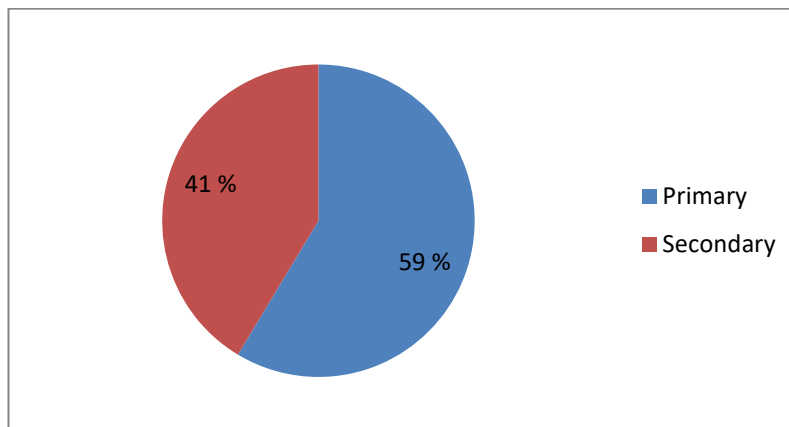


FIGURE 5. Under which facility do your company fit?

According to the result, there were 59 per cent respondent belong to the primary healthcare while about 41 per cent registered as secondary health providers. This question would be good for Global Service Finland to segment the market.

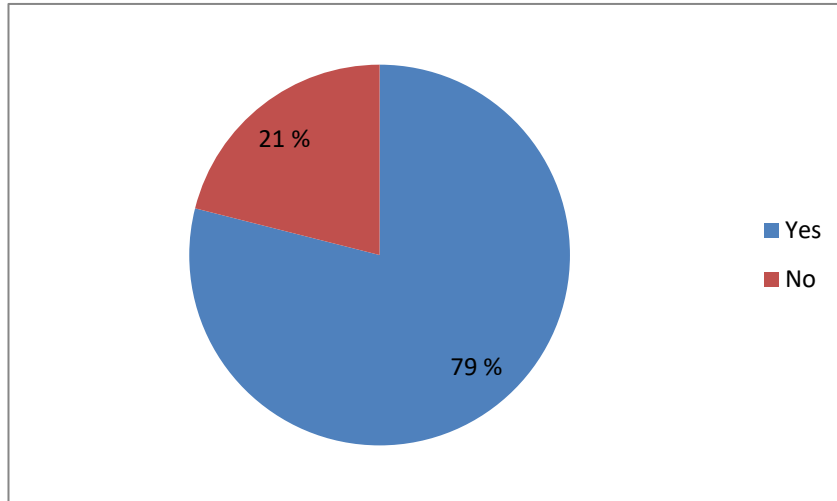


FIGURE 6. Are you satisfied with the current medical equipment/device in your facility?

Both the primary and secondary health providers, 79 per cent respondent confirmed that they are satisfied with current medical device in their facility while 21 per cent were not satisfied. That mean that most respondent feel that their medical equipment are functioning properly.

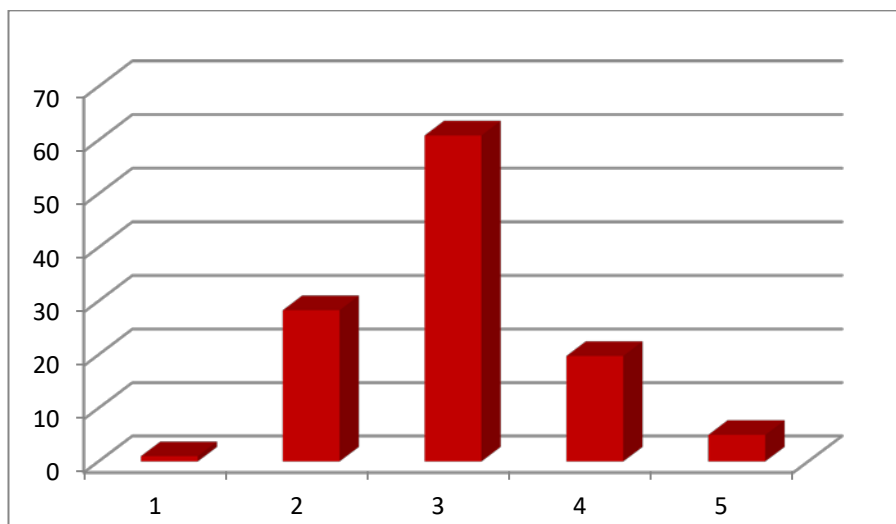


FIGURE 7. How often do you replace your equipment?

The respondent averagely replace their medical device on normal basis. Also, about 26 per cent responded slightly often replace their medical devices. Therefore, the respondent would only replace new equipment when necessary.

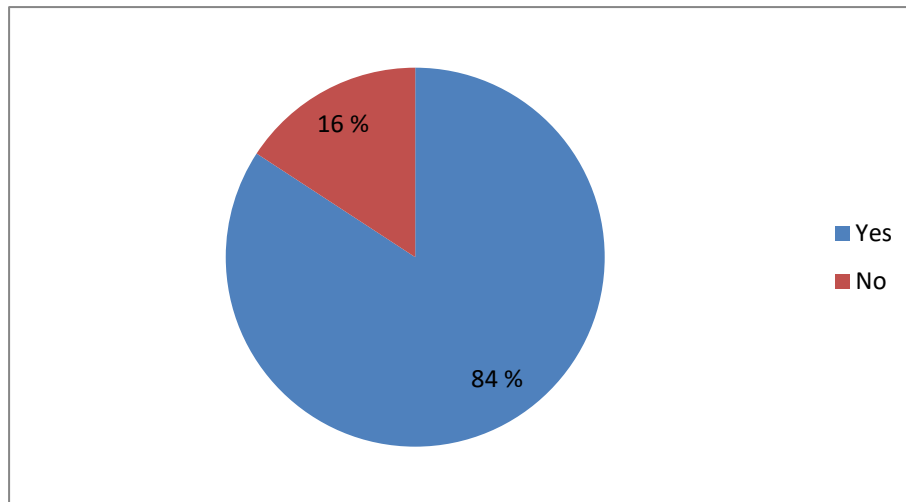


FIGURE 8. Would you like to have more sophisticated medical equipment to improve your services?

About 84 per cent respondent would like to have more sophisticated medical devices to improve their services. Only 16 per cent respondent do not care much to have more equipment due to less number of out/in patient flow.

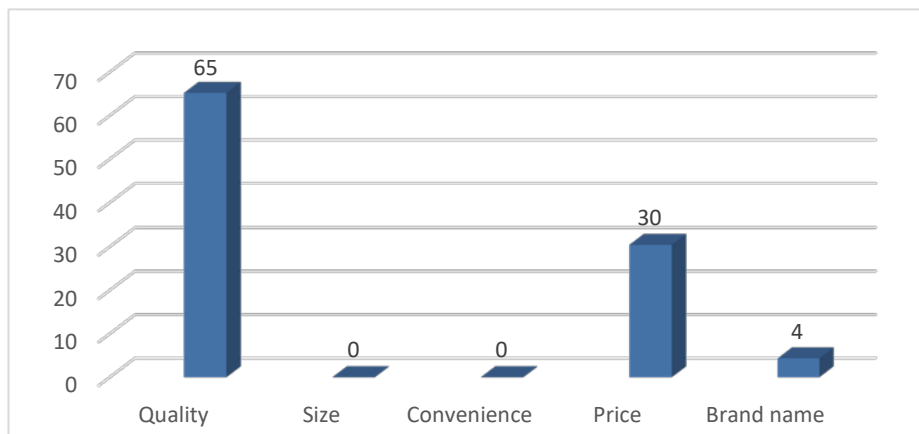


FIGURE 9. What is important to you when choosing medical product?

The most important to respondent when deciding to buy/replace medical devices/ equipment are quality of the device which has the highest figure of about 65 per cent, follow by 30 per cent of respondent are price sensitive while very few respondent are conscious about the brand name. Global Service Finland should take the quality and price so serious when entering Nigeria medical device market.

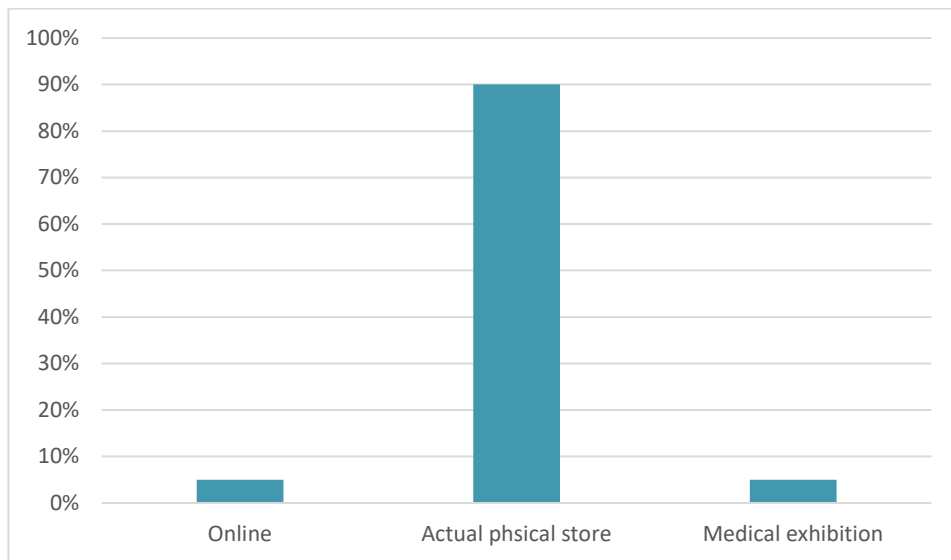


FIGURE 10. Where do you prefer to buy medical device/equipment from?

The respondents are more conscious when buying medical equipment/devices. Most all the respondent would like to visit the actual physical store. There are very few per cent of respondents that prefer to buy from online sales and during medical exhibition. It will be good for GSF to have a sale store where people can visit and ask related questions concerning what they want to buy.

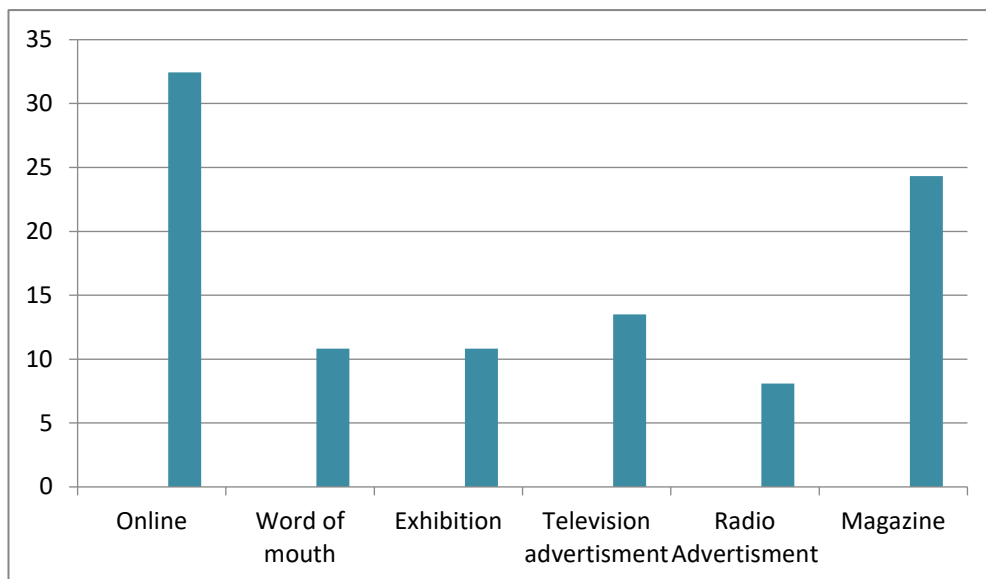


FIGURE 11. How do you get to know the latest medical device/equipment in the market?

Getting to know the latest medical devices /equipment in the market by the respondent. 32 per cent respondent get to know the latest medical device through online advertisement due to the access to the internet, furthermore, about 24 per cent get information on the latest device in the market via magazine and television advertisement. Few respondent however find out about the modern equipment in the radio advertisement, word of mouth and exhibition.

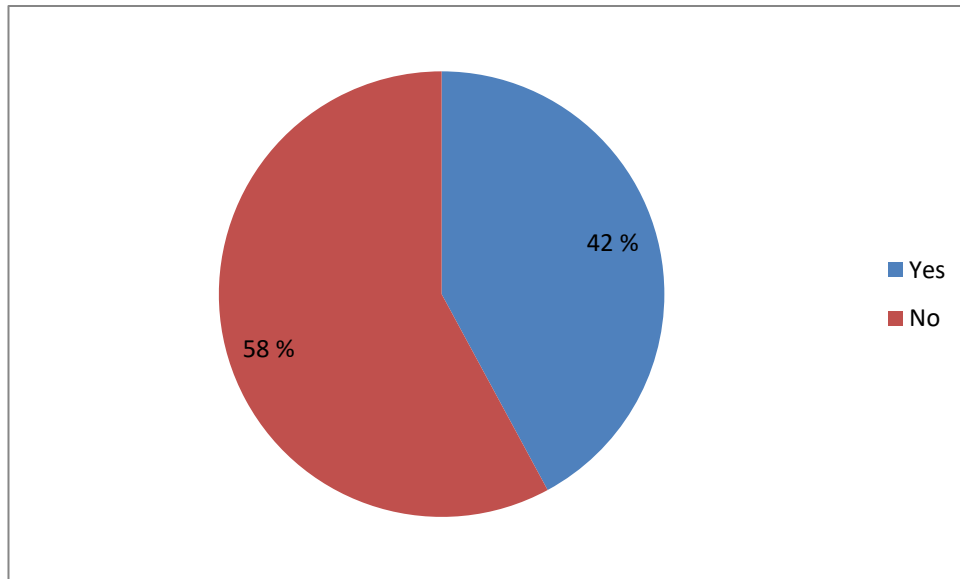


FIGURE 12. Do you prefer to buy Finnish products in the market?

About 58 per cent respondent do not prefer to buy Finnish medical product because obviously they do not know or tested any Finnish medical brand before. The leading brands of medical manufacturer in the market are the US, Germany, and United Kingdom brands. However, the awareness of Finnish health Technology product through magazine, online and media house would really help people to know more about Finnish products worldwide.

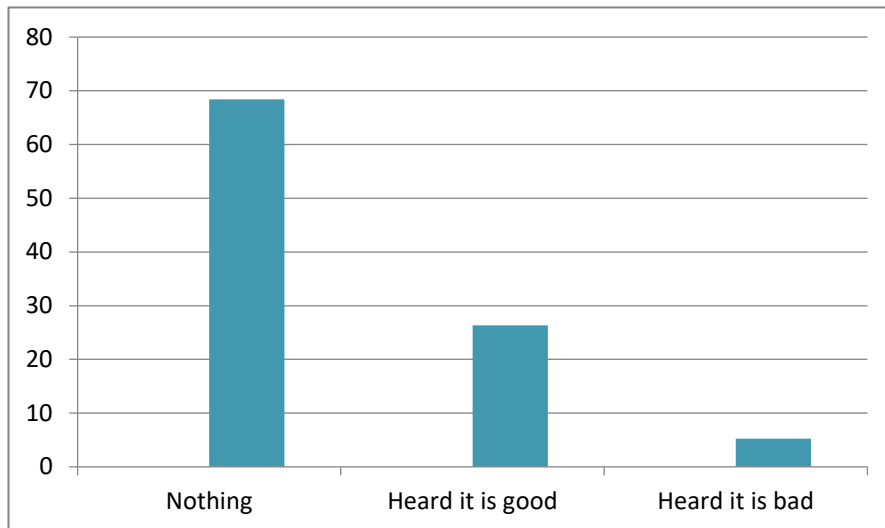


FIGURE 13. What do you know about Finnish brands?

Obviously, about 68 per cent respondent do not know anything about Finnish brands. This is an opportunity for Finnish manufacturer to make sophisticated devices with affordable price to attract the market. Though, about 26 per cent respondent heard Finnish products are good. This might be experience gotten from NOKIA phones. Nevertheless, 5 per cent respondent heard Finnish products are not good enough after sometimes.

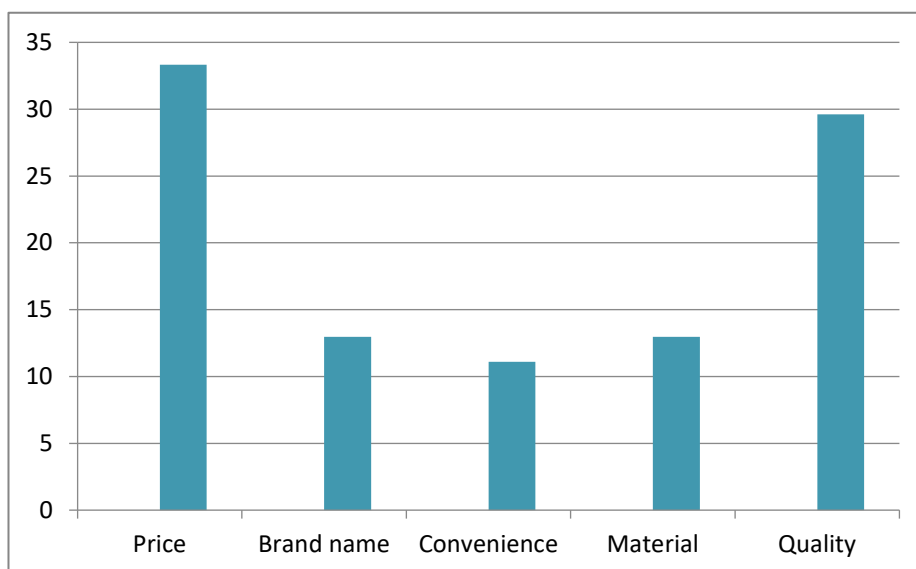


FIGURE 14. What are you really concern about when buy medical equipment?

The respondent are more price sensitive than quality. If the price is low then people tends to purchase the medical product and still consider the quality of the product at the same time. People would buy a medical equipment when the price is right and the quality is good. However, the price and quality are the biggest factors affecting the purchase of medical product.

On the contrary, if the medical device quality are good and the price are high and/or vice versa, then the customers would not willing to buy such equipment in the market. Therefore, there should be balance between the quality and the price

8 CONCLUSION AND RECOMMENDATION

The aim of this final thesis was to find out the possibility of exporting medical devices from Finland to Nigeria medical market and determine if the business would be profitable in the targeted market.

Exporting medical devices to Nigeria needs proper sets of requirements by the regulatory body NAFDAC. The process of the registration might take few months and Global Services Finland need to consider this before exporting any medical devices to the target country.

I will recommend that GSF should use a timeline of entry mode to enter Nigeria market. Firstly, the company can start its export plan by using indirect export in the first year of its operation after meeting with the requirement sets by the NAFDAC requirements. The company can then further engage in direct export between the second and third year of their business operation. After the successful business years, the firm can now go into joint venturing between the fourth and sixth year. At this period, the company would have grown to fully have its sales and production subsidiaries in the targeted market.

The information gathered shows that many people are not familiar with Finnish medical brands but still that does not limit the chances of marketing Finnish health product in the target country. I can tell from the questionnaire that many people do care more for the product quality and the price. Therefore, for Finnish health-Tech companies to gain a market share they need to set the quality of the product high and also need to use price penetration strategy to enter into the market as there are many competitors already in the market.

According to the questionnaire I will recommend Global Service Finland Limited to use online and medical magazine advertisement but this does not limit the fact that other means of advertisement should not be adopted. Using other means of advertisement channels- the buyers of medical devices will be more aware of Finnish brand in the Nigeria market.

Lastly, the health awareness of the citizens, intervention of more health insurance scheme, and zero per cent import duty on medical devices which is yet to be implemented would be advantageous in making the business profitable in the targeted country.

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APPENDICES

Appendix 1. Questionnaire

1. Under which facility do your company fit?

Primary health provider

Secondary health provider

Other: please specify.....

2. Are you satisfied with the current medical equipment/device in your facility?

Yes No

3. How often do you replace your equipment? (choose only one answer)

Scale 1-5 where 1 is very rarely, and 5 is very often

1 2 3 4 5

4. Would you like to have more sophisticated medical equipment to improve your services?

Yes No

5. What is important to you when choosing medical product?

Quality Size Conveni Price Brand name

6. Where do you prefer to buy medical device/equipment from?

On-line Actual physical store medical exhibition

7. How do you get to know the latest medical device/equipment in the market?

On-line advertisement word of mouth exhibition Television

Radio advertisement magazine

8. Do you prefer to buy Finnish products in the market

Yes No

9. What do you know about Finnish brands?

Nothing heard it is good heard it is bad

10. What are you really concern about when buy medical equipment?(you can choose several options)

Price

Brand name

Convince

Material

Quality

Others, please specify.....