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SCHOOL OF ECONOMICS AND BUSINESS

MASTER'S THESIS

**A FEASIBILITY ANALYSIS OF THE ENTRY OF PRESKOK INTO
THE SCANDINAVIAN MARKET**

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AUTHORSHIP STATEMENT

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TABLE OF CONTENTS

INTRODUCTION	1
1 INTERNATIONALIZATION.....	3
1.1 Key motives for internationalization of SMEs	4
1.2 Opportunities and barriers/risks	5
1.3 Overview of internationalization theories.....	6
1.3.1 The Uppsala stage model.....	6
1.3.2 Born Global	8
1.3.3 Network approach	9
2 MARKET ANALYSIS	11
2.1 International market selection	11
2.1.1 Systematic IMS approach of SMEs.....	11
2.1.2 Unsystematic IMS approach of SMEs	12
2.2 Macro-environmental analysis.....	13
2.3 Micro-environmental analysis.....	15
2.4 Competition analysis.....	16
2.5 Risk assessment	17
2.5.1 Socio-political risk.....	18
2.5.2 Economic and financial risk	18
2.5.3 Environmental and cultural risk	19
2.6 Market attractiveness matrix.....	19
3 INTERNAL ANALYSIS OF THE COMPANY PRESKOK LTD.	21
3.1 Methodology	21
3.2 The objectives and execution of the interviews	21
3.3 Key interview findings	21
3.4 Company introduction.....	23
3.5 European market presence.....	24
3.6 Reasons for expansion and entry mode.....	26
4 EXTERNAL ANALYSIS OF THE SCANDINAVIAN MARKET.....	27
4.1 Basic overview of the Swedish and Norwegian car market.....	28
4.2 Country screening and selection	32
4.3 Country specific analysis: Norway	32
4.3.1 Macro-environmental analysis	32
4.3.1.1 Political.....	32

4.3.1.2 <i>Economic</i>	34
4.3.1.3 <i>Socio-cultural</i>	34
4.3.1.4 <i>Technological</i>	35
4.3.1.5 <i>Environmental</i>	36
4.3.1.6 <i>Legal</i>	37
4.3.2 Industry analysis	37
4.3.2.1 <i>Rivalry among existing competitors</i>	37
4.3.2.2 <i>Threat of new entrants</i>	37
4.3.2.3 <i>Bargaining power of suppliers</i>	38
4.3.2.4 <i>Bargaining power of buyers</i>	38
4.3.2.5 <i>Threat of substitute products</i>	39
4.3.3 Competition analysis.....	39
4.3.3.1 <i>Harald A Møller AS</i>	41
4.3.3.2 <i>BCA Autoauktion AS</i>	42
4.3.3.3 <i>ALD Automotive AS</i>	42
4.3.3.4 <i>Norcar AS</i>	43
4.3.4 Risk assessment	43
4.3.4.1 <i>Socio-political risk</i>	43
4.3.4.2 <i>Economic and financial risk</i>	44
4.3.4.3 <i>Environmental and cultural risk</i>	45
4.4 Country specific analysis: Sweden	45
4.4.1 Macro-environmental analysis.....	45
4.4.1.1 <i>Political</i>	45
4.4.1.2 <i>Economic</i>	47
4.4.1.3 <i>Socio-cultural</i>	48
4.4.1.4 <i>Technological</i>	49
4.4.1.5 <i>Environmental</i>	50
4.4.1.6 <i>Legal</i>	50
4.4.2 Industry analysis	50
4.4.2.1 <i>Rivalry among existing competitors</i>	50
4.4.2.2 <i>Threat of new entrants</i>	51
4.4.2.3 <i>Bargaining power of suppliers</i>	51
4.4.2.4 <i>Bargaining power of buyers</i>	51

4.4.2.5 Threat of substitute products	52
4.4.3 Competition analysis	52
4.4.3.1 Bilia AB.....	54
4.4.3.2 BCA Vehicle Remarketing AB.....	54
4.4.3.3 ALD Automotive AB.....	54
4.4.3.4 Cars2click AB	54
4.4.4 Risk assessment.....	55
4.4.4.1 Socio-political risk.....	55
4.4.4.2 Economic and financial risk	56
4.4.4.3 Environmental and cultural risk.....	56
5 MARKET ATTRACTIVENESS MATRIX	57
6 RECOMMENDATIONS FOR THE COMPANY, RESEARCH LIMITATIONS AND FUTURE RESEARCH DIRECTIONS.....	59
CONCLUSION	61
REFERENCE LIST.....	62
APPENDICES	

LIST OF FIGURES

Figure 1: Process of Internationalization – Uppsala model.....	7
Figure 2: The GE/McKinsey market attractiveness portfolio matrix	20
Figure 3: Preskok - total acquisition by country in percentage (2021).....	24
Figure 4: Preskok - total sales by country in percentage (average of 2018-2021)	25
Figure 5: Preskok - total sales by country in percentage (Q1+Q2 2022)	25
Figure 6: Annual new car sales in Norway by fuel type.....	29
Figure 7: Annual new car sales in Norway - fossil fuels vs electric.....	29
Figure 8: Newly registered electric (BEV, PHEV) passenger cars in Norway in 2021	30
Figure 9: Annual new car sales in Sweden by fuel type.....	30
Figure 10: Annual new car sales in Sweden - fossil fuels vs electric.....	31
Figure 11: Newly registered electric (BEV, PHEV) passenger cars in Sweden in 2021	32
Figure 12: Passenger car registrations by leading brands in Norway in 2021.....	40
Figure 13: Leading car import firms in Norway by revenue (in mm NOK)	41
Figure 14: Passenger car registrations by leading brands in Sweden in 2020.....	53
Figure 15: Leading car import firms in Sweden by revenue (in mm SEK).....	53
Figure 16: Market attractiveness matrix for Norway and Sweden	59

LIST OF TABLES

Table 1: Key interview findings.....	22
Table 2: Annual passenger car sales in the Scandinavian market.....	28
Table 3: Market attractiveness factors for Norway and Sweden	58
Table 4: Competitive strength factors for Norway and Sweden	58

TABLE OF APPENDICES

Appendix 1: Slovenian Summary of the Thesis.....	1
Appendix 2: Interview with Hans Houmark, external B2B consultant for Denmark	2
Appendix 3: Interview with Željko Radilović, the owner and CEO of Preskok.....	4
Appendix 4: Interview with Berenice Schwarz, editorial team	6
Appendix 5: Preskok's annual sales data report.....	8
Appendix 6: Domestic and foreign market comparison.....	9
Appendix 7: Norwegian government incentives and policies for BEVs	11
Appendix 8: Swedish bonus-malus vehicle taxation calculation	12
Appendix 9: Key findings from macro- and micro-analyses for both countries.....	13

LIST OF APPENDIX TABLES

Appendix Table 1: Preskok - annual sales percentage per buyer country (2018-2022) ...	8
Appendix Table 2: Annual sales in Slovenia for passenger & light commercial vehicles	9
Appendix Table 3: Annual sales in EU-28 for passenger & light commercial vehicles.	10
Appendix Table 4: Norwegian BEV incentives and legislation	11
Appendix Table 5: Swedish bonus-malus vehicle tax calculation	12
Appendix Table 6: Key macro and micro research results of both markets	13

LIST OF ABBREVIATIONS

SME - Small and medium-sized enterprises

IMS - International market selection

EV - Electric vehicle

BEV - Battery electric vehicle

PHEV - Plug-in hybrid electric vehicle

HEV - Hybrid electric vehicles

ICEV - Internal combustion engine vehicle

ZEV - Zero emissions vehicle

NOK - Norwegian Krone

SEK - Swedish Krona

INTRODUCTION

Internationalization has become critical for success in the modern business sphere. Nowadays it is not a question of choice but rather a necessity to gain competitive advantage on the domestic and foreign markets. It is an extensive and risky commitment that provides reachability of potentially profitable markets, which not only present the possibility of higher yields but also access to previously unattainable resources, innovation, ideas, and technologies (Belu & Caragin, 2008). It requires the development of a strategic plan involving foreign environmental assessment, market selection and ultimately, market entry strategy. With globalization interconnectedness has brought about dependency especially in the nowadays rapidly changing world thus risk management is of vital importance upon entering new markets (Fragouli & Nikolaidou, 2019). As intuitive market selection is a common practice amongst managers from small and medium-sized enterprises (hereinafter SMEs), mostly because of lack of human and financial resources, it is often proved to be unsuitable and imprecise. Using the rule of thumb often results in market entry failure due to inadequacy of the entry strategy and flawed target market analysis. Therefore, it is crucial to apply strategic market-screening models to successfully select the optimal market through identifying pertaining risks and opportunities (Hollensen, 2011).

Slovenia has a relatively small economy forcing companies to seek their growth opportunities internationally to expand the scope of their business and achieve economies of scale. Slovenian firms who decide to enlarge their internationalization efforts often opt for markets that bear similarities to their domestic one. This makes the whole process simpler and safer. They often target countries and markets of close geographical and cultural proximity such as the Balkan countries and the immediate bordering countries (Ruzzier & Mlakar, 2011). Majority of Slovenian SMEs undergo the abovementioned safer strategic option so there is not a huge array of examples on how to adapt and successfully penetrate physically distant markets. This research thus analyses and provides an insight into the internationalization effort of a Slovenian SME to a geographically distant market.

Preskok is one of the largest independent business-to-business (hereinafter B2B) car remarketers and suppliers in the Adriatic region. They purchase and sell predominantly old but also new passenger and light commercial vehicles of different brands. Their buyers are predominantly business-to-consumer (hereinafter B2C) car dealers and traders. Everything, from sales support, purchasing, documentation acquisition, to logistics and final delivery is included in their spectrum of service. The headquarters are in Ljubljana, but the scope of their operations is predominantly on the European market.

This thesis has been conducted to test the feasibility of entry of a Slovenian company (Preskok Ltd.) into the Scandinavian market (particularly Norway and Sweden) through appropriate internal and external internationalization analysis. Europe has overtaken

China in terms of the biggest EV market and Scandinavia has become the world leader in the niche electrical and hybrid vehicle market (McKibbin, 2021). Norway is leading in Scandinavia and the world, having 21% of the total domestic car fleet already alternatively fuelled (hybrid or electric) (European Commission, 2022a). According to Norwegian Road Federation (2022) sales of electric vehicles were exceptionally high in 2021, where 65% of all new car sales were electric vehicles and 28% represented hybrid electric vehicles. Sweden has been slower in the electrification of the fleet due to various reasons and accounted 6.8% of its total fleet to be hybrid and electrical. However, sales of alternatively fuelled vehicles have seen exponential growth and electrical vehicles in 2021 amounted to almost 19% of all new sales while hybrids amounted to 36% (European Commission, 2022b). One of the fundamental reasons for Preskok's initiative to expand to Scandinavia is the lucrateness of the electrical and hybrid vehicle market Preskok is trying to conquer. The potential for business expansion and growth is enormous, especially given the market trends, governmental regulations, as well as the depletion of natural resources that has been paving the way towards growing environmentalism. Due to the concentration of electric car popularity in Scandinavia, entrance into the market indicates being both rational and irresistible.

The purpose of this master's thesis is to help Preskok identify, comprehend, and tackle the challenges and opportunities arising from this strategic internationalization effort. The focal point represents a comprehensive analysis of the Swedish and Norwegian car market to identify the differences and similarities pertaining the automotive industry, its laws, regulations, etc. The main research question sparks the debate whether the internationalization effort is feasible for the selected countries and which country presents the most lucrative outcome. The final objective is to provide the company with specific information on identified opportunities and threats in both markets and provide specific guidance for the internationalization strategy based on the feasibility analysis performed. Additionally, this thesis aims to contribute to the understanding of the potential of the electrical vehicle market and the driving forces behind the electrification of the automobile fleets, which include government regulations, environmentalism efforts, cultural values, and norms, etc.

The thesis is composed of theoretical and empirical segments. Theoretical framework focuses on the in-depth evaluation of the professional literature, books, articles, scientific journals, discussions, etc., of foreign and domestic authors in the international business sphere. Theories of internationalization and the international market selection process are the focal point of the theoretical research. The empirical part is executed in a form of a case study of the selected company and chosen markets. It is a qualitative analysis based on a comprehensive description of the individual case and its analyses with the objective to answer the research question that is being investigated. Method of the analysis used for research are in-depth interviews with the CEO of the company, Željko Radilović and other employees of the firm as well as financial and other qualitative data to enhance the qualitative research. Empirical research concentrates on

in-depth macro environmental assessment of both countries' general business environment following with an industry level evaluation. Detailed research on the existing competition and its rivalry dynamic is included and underlying risks are identified for each country. Lastly, findings are structurally presented along with recommendations for the company to present the most feasible option and the rationale behind the findings.

1 INTERNATIONALIZATION

Globalization has reduced trade barriers, intertwined economies, and stimulated internationalization efforts. Enterprises have recognized that competing globally has become essential for achieving success. Globalization has produced significant changes to the worldwide economy. Trade and investment have significantly increased not only on the domestic markets but globally. As foreign investments grew so did the trend of economic deregulation causing creation of trade agreements between countries and formation of economic areas. Technological developments have brought about connectivity across all spheres, enabling faster and easier access to foreign markets. Thus, global economy has become more interconnected than ever making internationalization an indispensable tool for enhancing competitiveness and growth (Nandi & Mohanty, 2010). It is important to note that the diversity of cultural characteristics, history, traditions, etc., cause globalization to have a different effect on each country therefore producing not only opportunities but also challenges and threats. Globalization is stimulating internationalization and consequently internationalization is stimulating cross-border trade (Knight, 2015).

The definition of the term internationalization has been evolving and changing over the years. It is not a new phenomenon as international trade has been occurring for centuries and hence it is impossible to present a single definition of the term. The definition of the term is approached differently by various spectators and authors, causing much discourse (López Morales, 2020). Welch and Luostarinen (1988; p. 36) were among the first authors to interpret the term as a “process of increasing involvement in international operations”. Most definitions are based upon the same predisposition of the term internationalization. Being influenced by many factors such as globalization, technology advancements, etc., the term has evolved over the years as the global market has become inevitably interconnected and even though a firm does not intentionally internationalize, it still has a presence in the global spectrum due to foreign competition on the domestic market. Taking everything into consideration it is possible to broadly outline the term as the firm's involvement in activities stretching across and beyond domestic borders. The predisposition for this can be associated with international trade activities such as import and export, which are deemed as the easiest and oldest processes of internationalization. It may be further on linked by FDIs making the firm transnational through the creation/acquisition of assets. It may also incorporate the

capital structure, which further on enhances the global competitiveness of the firm. And ultimately it could be supported by the organizational culture enhancing skills for further opportunity development (Mello, Silva & Machado-Santos, 2012).

1.1 Key motives for internationalization of SMEs

Small and medium-sized enterprises represent a crucial function in majority of economies and are vital for the worldwide economic development. They account for approximately 90% of businesses worldwide, making them a high priority for majority of governments especially in emerging and developing countries (World Bank, 2021). Accounting for majority of the worldwide trade, they are detrimental for economic growth. Even though not all SMEs participate on the global sphere, they can sense the consequences of globalization and internationalization on their domestic markets through foreign competition (Kubíčková, Votoupalová & Toullová, 2014).

There are numerous motivators pushing SMEs towards internationalization such as spreading the risk, accessing new pools of customers and resources, extending market share, etc. Authors offer various classifications and theories for reasons underlying internationalization and entering new markets. According to Ref and Shapira (2016), by going international companies search for markets that suit their resources and operations the most (market orientation approach) or markets that provide resources currently unavailable to the firm (asset orientation approach). Whilst Mwiti, Ofafa & Jagongo (2013) argue that motives can be divided between internal and external. The first being produced domestically within the company, whilst the latter stemming from the firm's domestic or foreign environment. The author further argues if the motive is internal, the process of internationalization can be deemed as rational and objectively driven, whilst the opposite holds for externally stimulated motives. Hollensen (2008) differentiates between "reactive and proactive" motives. The first occurring as a response to threats in their domestic and foreign markets and the latter stemming from the company's own interest in market expansion and diversification. Amongst reactive motives we can count pressure due to high rivalry, small and saturated home market, closeness of potential foreign customers, etc. Proactive motives on the other hand include firm's own growth objectives, managerial ambitions, achieving economies of scale, etc.

A study by Kubíčková, Votoupalová & Toullová (2014) investigated the motivating factors that drive SMEs towards internationalization. The findings revealed that the key motivators are the foreign demand for their products and services, the insufficiency of domestic demand, the opportunity of enlarging customer portfolio, the potential sales growth, and the high rivalry amongst domestic competitors. By incorporating micro, small and medium-sized enterprises in the analysis, they were able to obtain findings across different firm sizes. Most of micro and small enterprises chose reactive motives as their internationalization drivers, whilst medium-sized enterprises selected proactive motives. This exhibits the caution and reluctance micro and small enterprises operate

with; instead of seeking opportunities on their own initiative they rather react to threats and opportunities arising from their external environment. On the contrary, medium-sized enterprises exhibit the confidence and determination to seek opportunities proactively. Consequently, the bigger the firm, the bigger the incentive to internationalize because of proactive motives.

1.2 Opportunities and barriers/risks

The goal of any enterprise is to gain profit and market diversification is the perfect tool to spread the risk and achieve higher yields. Firms that engage in international trade have proven to increase their productivity, competitiveness, innovation whilst expanding access to new ideas and technologies. Internationalization enables SMEs to achieve economies of scale, something previously unavailable on the domestic market. While enlarging their access to foreign markets, SMEs are exposed to pools of new customers and competitors. Catering to target consumer behaviours and preferences whilst maintaining competitive advantage facilitates innovation and knowledge growth. Advances in technologies have reduced barriers and costs related with distance thus enabling easier market penetration (OECD, 2008). The trend of international entrepreneurship has numerous desirable social outcomes, it stimulates the economic growth whilst lowering unemployment. Furthermore, it elevates the entrepreneurial climate in the domestic market and encourages further internationalization of already existing firms and start-ups. And ultimately, it also triggers technological modernization along with innovation (Nandi & Mohanty, 2010).

Internationalization however also bears challenges firms need to confront and conquer. These usually encompass “lack of information, knowledge and experience in international markets, the high costs of establishing and maintaining foreign distribution and marketing networks and the difficulties involved in managing complex relationships at a distance.” (OECD, 2008, pg. 14). Unlike big corporations, SMEs face many hurdles on their path to global market diversification such as financial, managerial, and operational lack of resources. The financial constraint is among the most prominent, as resources limit the options for the appropriate market entry method thus reducing rapid return on investment. Managers of SMEs usually have limited knowledge about the foreign markets hence their decision making often relies on the rule of thumb and interpersonal business connections. Unlike large enterprises, which rely on strategic planning and extensive market research, SMEs are constrained by limited financial resources along with lack of motivation and reluctance of managers to enter unknown territories (Kubičková, Votoupalová & Toullová, 2014). Hollensen (2008) takes on a different approach and divides barriers at the initiation and the process stage. The initial factors are mainly internal to the company’s environment and entail lack of financial resources, inadequate knowledge, scarcity of foreign connections, lack of managerial commitment, etc. When the firms already make the decision and the effort to expand to foreign market, they face barriers during the internationalization

process, which can be divided between general market risks, political risks, and commercial risks. General market risks encompass the competitiveness level on the domestic and foreign market, foreign market peculiarities, cultural and linguistic discrepancies, etc. Commercial risks deal with financial exposure risks such as fluctuations in exchange rates, bankruptcies, failure to pay due diligence, etc. And lastly, political risks comprise of both the domestic and the foreign country's government stability and status through barriers, government restrictions, export/import policies, tariffs and taxes, bureaucracy, etc. Majority of firms encounter the above-mentioned barriers at some point in the initiation or/and process stage.

Challenges are not only limited discrepancies between home and host markets; anything and everything happening in the world can indirectly or directly influence the business operations. Financial and economic crises can create contagion effect causing worldwide trade difficulties. Wars, natural disasters, diseases, etc., cause certain repercussions in the business environment, which has been especially apparent through the emergence of the COVID-19 pandemic by effecting every single country on the planet in the humanitarian as well as in the economic way (Raddant & Kenett, 2021).

1.3 Overview of internationalization theories

Throughout the years numerous internationalization theories emerged with most of them focusing on the underlying marketing efforts and theories (Hollensen, 2008). As conducting business globally is a complex undertaking, so is the process of internationalization. Therefore, developing a uniform theory is nearly impossible. Each approach considers different aspects of the process, differentiating between the drivers, actors, factors, speed, level of knowledge and more (Vissak, 2004).

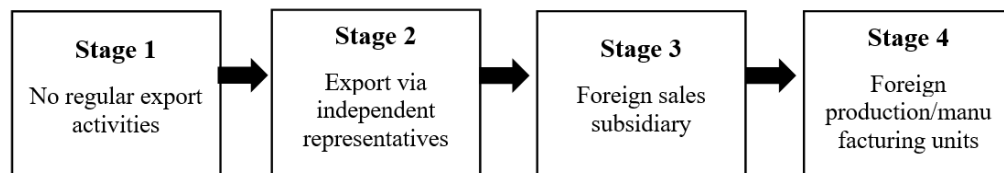
The most famous Uppsala theory focuses on knowledge as the key factor for prosperity, alongside with a model of staged foreign market penetration (Belu & Caragin, 2008). The theory behind Born Globals takes a different approach by diminishing the importance of acquiring massive market knowledge and rather focusing on the opportunities derived from the entrepreneur's pre-existing international knowledge and the firm's innovativeness driving for a rapid internationalization process (Wadson, 2020). The Network Approach emphasizes the importance of social capital which encompasses the personal resources such as social relationships and impersonal resources such as business relationships (Farooqi & Miog, 2012).

1.3.1 The Uppsala stage model

The Uppsala model that was created during the 1970s focuses on the dynamics of the internationalization process. It depicts the company's gradual and incremental expansion to the foreign market. This theory is based on the following major concepts: sequentiality, the physical distance between the markets, market knowledge and market commitment. Conducting the internationalization process in stages reduces exposure to

risks, whilst deepening the knowledge about the target market, securing investments, and establishing control (Belu & Caragin, 2008). Development stages are in a form of a sequence, made in small and incremental steps with rising commitment. Both general and market-specific knowledge are compulsory for international operations. The first can be obtained without difficulty through secondary data, the latter is however gained through personal experience. Meaning the bigger the knowledge, the stronger the commitment to the foreign market and the lower the risk (Hollensen, 2008). As countries of close geographical proximity bear similar cultural, economic, and political conditions, they are more accessible and easier to expand to. The bigger the psychic distance between markets/countries, the bigger the risks associated with internationalization to that market (Belu & Caragin, 2008). However, this factor is not always constant, as some countries could be geographically close but far apart when it comes to psychic distance. This for example holds for North & South Korea or USA & Cuba (Johanson & Wiedersheim-Paul, 1975).

Figure 1: Process of Internationalization – Uppsala model



Source: Johanson & Wiedersheim-Paul (1975).

According to Johanson & Wiedersheim-Paul (1975), the internationalization process is divided into four stages as seen in Figure 1. Each successive stage entails a bigger spectrum of foreign market commitment/international involvement. The first stage represents lack of involvement on the foreign market; meaning zero knowledge and commitment. The second stage initiates the internationalization process through which certain market knowledge is obtained and the initial commitment is made. The third phase facilitates a controlled information flow from the market to the firm whilst directly experiencing resource influencing factors. The last phase involves the highest resource commitment with the highest market knowledge required and obtained. This includes the formation of subsidiaries and foreign production/manufacturing units.

There are however three exceptions in which the firm will not internationalize according to the model. First, if the firm possesses extensive resources, the commitments will bear lesser consequences, therefore a firm like this can pursue bigger steps. Secondly, if the conditions on the market are stable and homogenous, the required market-related knowledge can be obtained through secondary sources rather than first-hand experience. Third, upon possessing similar experience from the already achieved markets, the firm can generalize the experience and underlying knowledge to other markets (Hollensen, 2008).

The main question remains whether the model is still valid nowadays as much criticism has been surrounding it throughout the years. The most outdated element of the model is the market knowledge, which is depicted to be drawn from first-hand experience. In the modern world a firm could simply just observe their competitors and mimic their strategies. Nowadays information is easily accessible and secondary data on internationalization of other firms is publicly available. Furthermore, an abundance of information does not guarantee a successful market entry (Welch, Nummela & Liesch, 2016). Much criticism has also been revolving around psychic distance. Globalization has brought about economic and cross-cultural interconnectedness, which has led to homogenization of the world. Therefore, many firms leap over stages by entering markets that are psychically distant at an early stage and thus making the process much quicker and gradually different (Nordström, 1991).

1.3.2 Born Global

The internationalization process is no longer restricted due to psychic distance and the lack of significant market information as described in the Uppsala model. The business world is more internationalized than ever, causing the shift from incremental modes of internationalization to the emergence of global firms, which facilitate the process rather quickly after their “birth” (Nordström, 1991). The incremental Uppsala organic growth model and the instantaneous born-global models are completely contrary, representing both ends of the spectrum. Upon dealing with internationalized market conditions, the firms are naturally bound to internationalize within a rapid timeframe, creating new global phenomenon challenging the traditional theories (Hollensen, 2008).

Homogenization of the world, technological innovation, spread of knowledge, etc., have given the opportunity for the emergence of the “born-global firms”. Sometimes referred as international new ventures or simply as global start-ups, they have developed as a response to globalization, which decreased the transaction costs associated with foreign market expansion. They are distinguishable by their origins, which are set out to be multinational from the very beginning unlike the traditional form that emerges and focuses on the domestic market before expanding across the border. The international entrepreneurial orientation begins shortly after its formation, usually within the first 3 years, without any previous long-term efforts. From introduction onwards, the perception of the market is global and not limited to a specific country (Cavusgil & Knight, 2004). Born globals differ from other exporters by their capability to conquer the initial hurdles upon entering the foreign markets without prior substantial domestic market presence (Ferguson, Henrekson & Johannesson, 2019). They are weakening physical and cultural distances between markets whilst facilitating mobility of human capital (Paul & Rosado-Serrano, 2019).

According to the findings by Cavusgil & Knight (2004), the innovativeness of the born globals stimulates the firms to develop specific types of knowledge that drive the

development of internationalization efforts early on. Findings indicated that although globalization and technological advancements do push for internationalization, they are insufficient to be accountable as the underlying reasons for the widespread outburst of born globals. Paul & Rosado-Serrano (2019) however attribute the characteristics of the entrepreneur/CEO as the biggest influencing factor leading to accelerated internationalization. SMEs managed by entrepreneurs with a global vision who heavily rely on technology to be competitive in the borderless global marketplace have one common characteristic needed for success: knowledge (Hollensen, 2008). Along with knowledge, flexibility, and agility are critical for prosperity (Cavusgil & Knight, 2004). According to Wadeson (2020) risk of rapid internationalization for born globals is low due to low transactional costs, homogenous preferences of foreign customers and the entrepreneur's pre-existing international knowledge, experiences, and connections.

Originating from small countries where the domestic market was insufficient in size for their required needs and wants, their influence has spread worldwide. Nowadays they are emerging all over the world, no matter the domestic economy size and conditions. The technological advancements have virtually removed the barriers to trade, making the global economy borderless whilst stimulating the rise of born globals (Cavusgil & Knight, 2004). About one-fifth of newly established enterprises in Europe are speculated to be born globals. They represent a promising modern trend in which any enterprise no matter the size, experience or knowledge can participate in the international trade. As technology further advances and competition further escalates, the ability of young firms to survive will depend on their ability to pursue international entrepreneurship (Cavusgil & Knight, 2015).

1.3.3 Network approach

The network approach model is based on the relations between the actors involved. In a regular market model, there are no specific and measurable relationships between the actors, the interdependency can only be observed through the market price mechanism. However, through the network approach theory, the actors are intertwined through a complex system of relations in different areas such as technical, social, legal, economic, personal, etc. The network approach dismisses the firm as the elementary unit of analysis and puts emphasis on the relations between firms and groups of firms (Hollensen, 2008). The social and cognitive ties established between the actors are used to explain the internationalization drivers. As networks cannot be seen with the naked eye, they are invisible and not understandable by outsiders (Johanson & Vahlne, 1992). Relationships emerge, shift and break, making the structure of the network dynamic. This makes business networks flexible and agile to changing conditions in the unstable business fields, especially in those where the technological advances are very fast. Therefore, networks form in fields where cooperation between actors brings about substantially bigger prosperity for all parties involved and where market conditions are dynamic and uncertain. The underlying theory emphasises that the firm is dependent on

resources possessed by other firms in their network and to access these resources, the firm must establish a certain network position (Hollensen, 2008). Even though the nature of these is networks usually borderless, the internationalization theory behind the network approach argues that the firm is initially engaged in a network, which is generally domestic. Then onwards, the relations of a firm within the domestic network can be used as opportunities to extend to various networks in different countries. To achieve this, according to Johanson & Mattsson (2015), there are three ways:

- Through international extension; forming relations with companies in new markets.
- By penetration; relying on currently established networks and then developing the relationships further within the framework.
- Through international integration; connecting existing networks in different countries.

By joining a foreign business network and focusing on cooperation instead of competition, the company can substantially accelerate the internationalization process. It could also skip several stages or directly enter the market with its own foreign production unit. The network approach provides an insight into the modernized process of internationalization, which does not necessarily follow the traditional theories nor the rational internationalization behaviours. Networks provide firms with numerous benefits such as abundance of secondary information, experimental knowledge, access to resources and most importantly, social and business relationships within the network, which further on deepen the firm's social capital (Vissak, 2004). According to Farooqi & Miog (2012) there are three essential benefits in pursuing the social network model. The first one is the perception and recognition of foreign market opportunities derived from secondary observation. Second is the advice and experimental learning acquired through interactions within the social network. And last is the trust and solidarity between the actors in a network.

However, if the firms excessively rely on social networks to achieve expansion goals, the relationship dynamics with competitors is often neglected, as well as the firm's characteristics and the preferences of the decision-maker, which are not always implicitly correlated with the desire for internationalization. The theory does not provide information on how to create and engage in these relationships, also it offers vague predictions often including too many variables (Vissak, 2004). Additionally, negative relationships are not considered despite having the power to severely impact and hinder the business operations (Labianca & Brass, 2006). Overall, the criticism mainly focuses on the reliability of the network ties which may lead to missed opportunities outside of the network frame. In case the network fails or stagnates, the firm might lose its competitive advantage. However, it must be noted that the undesirable outcomes do not stem from the nature of social networks but from the way they are managed (Farooqi & Miog, 2012).

2 MARKET ANALYSIS

2.1 International market selection

The international market selection (hereinafter IMS) is one of the most important decisions in the internationalization strategy. Identifying the correct market for entry is essential and it can either make or break the internationalization effort. Not making the right decision can ultimately affect, not only the foreign expansion efforts and its export enthusiasm but also the domestic operations and their underlying costs (Hollensen, 2008). Through IMS, companies can determine attractiveness of specific markets and deeply assess the market most appealing for their expansion objectives. Researchers have found that having a wide array of potential countries assessed accelerates the export growth compared to those who are fixed on a few target markets with zero alternatives (Papadopoulos, Chen, & Thomas, 2002).

At its core, IMS integrates the search of comparative information on markets, countries, industries, consumers, rival products, etc., with the market selection process to provide a theoretical background for the selection process to be as sequential and efficient as possible. As the availability of comparative information varies at different levels of the analysis, the complexity of knowledge required makes the IMS innately challenging in practice. However, scarcity of appropriate information is by far not the only complex hurdle, as expanding to other countries involves catering to distinctive cultures; understanding and adapting to each one of them is imperative. With the rise of globalization came the limitless opportunities in numerous viable and accessible markets, which can be overwhelming in terms of conceptualization and application (Papadopoulos & Martín Martín, 2011).

2.1.1 Systematic IMS approach of SMEs

The IMS process differs based on the size of the enterprise, its motivation, behaviour, and underlying methodology. According to Brouthers & Nakos (2005) companies that adopt a systematic methodological approach in selecting foreign markets exhibit better performance than those using the unsystematic selection methodology. Systematic approach applies objective criteria to screen and select optimal export markets. The more systematic the approach, the better the export performance. According to Papadopoulos, Chen, & Thomas (2002) the necessity for a systematic approach arises from the increasing complexity of the market situation along with the increasing priority of global strategic positioning. However, many companies still decide for an easier way out without much systematic analysis mostly through export growth to culturally and geographically familiar markets. The underlying reasons for the absence of orderly approach include lack of managerial knowledge and expertise, complications in obtaining important information and ultimately the absence of a model that would be industry-specific yet generalizable, simple to implement and use, and strategic enough

to incorporate all the possible opportunities and threats (Papadopoulos, Chen, & Thomas, 2002). Francioni (2014) notes that as there is no unified version, various researchers have designed different models that deal with IMS in a systematic way. These models include many distinctive and imperative factors and the thorough examination of those. They are distinctive from one another in the number and the sequence of the steps in the process (Musso & Francioni, 2012).

More recently, through many empirical studies performed, researchers have found that market selection is often pushed by factors external to the company. Such factors are based on unsolicited orders, meaning that the customers/other agents play a vital part, pressuring and urging the seller to enter their market and cater to their needs. Such external pressures completely distort the previously mentioned approaches. As the push comes from the market itself, it transforms the entire process shifting it from a market/country perspective to a relationship approach. As the interaction initiatives commence on the consumer end, the risk is substantially decreased. The relationship approach is increasing as globalization pushes for unification; however, it is still significantly less adopted than the traditional framework due to most enterprises not having enough influence to initiate the push/pull movement (Andersen & Buvik, 2002).

Regardless of all the above-mentioned complications, a systematically approached IMS is indispensable. The costs of undertaking the unsuitable markets and opportunity costs related to not entering the suitable ones are far greater than the sunk costs related to a systematic IMS (Papadopoulos & Martín Martín, 2011).

2.1.2 Unsystematic IMS approach of SMEs

Many companies opt for a safer and quicker way of expanding internationally and this often holds for enterprises of smaller size. Being constrained in human and financial resources, they often do not have much choice but to rely on low psychic, cultural and geographical distance of the target markets. These rules of thumb often embody cultural closeness and greater availability of relevant market information and its acquisition (Hollensen, 2008). Upon opting for this choice, the company selects the foreign market using a relatively unsystematic approach, thus the company is reactive instead of proactive. As the systematic approach includes a formalized decision process encompassing numerous statistical approaches to meticulously examine the attractiveness of specific markets, the unsystematic approach is rather vague in the analysis and formality. Opportunism plays a vital role in the unsystematic approach; companies expand to markets and countries that are most accessible in terms of physical distance, information availability, cultural closeness, etc. Hence, entering more distant markets as the time goes by and the knowledge and experience increases (Andersen & Buvik, 2002).

According to Johanson & Vahlne (1977), IMS of SMEs is subject to three main factors:

- Low “psychic” distance: the company is more likely to choose a market that contains less risk and has all the necessary information already accessible. “Psychic” distance is measured in disparities between the home and the foreign language used, cultural characteristics, common business practices, etc.
- Low cultural distance: the company often decides to enter the market which bears cultural resemblance. This represents the discrepancy between the domestic and host country’s norms and values.
- Low geographical distance: the markets that are geographically closer are easier to expand to in terms of time, cost and distance required.

For SMEs it is common to focus solely on a few selected foreign markets, as that enables them to achieve specialization, quality information acquisition and the establishment of an effective distribution network (Brouthers, Nakos, Hadjimarcou, & Brouthers, 2009). According to several researchers it has been believed that companies implement the rules of thumb, such as psychic distance, in the early stages of internationalization due to the greater ease of obtaining information. As the internationalization scales up, the company moves to more distant markets and undertakes a more systematic approach to tackle riskier and greater investments (Andersen & Buvik, 2002). In real life the IMS process of SMEs is not always a rational and sequential procedure of previously well analysed factors and risks. It usually results in being reactive to the market’s pushes and pulls, unsystematic in nature and based on previous international experience of managers (Hollensen, 2008).

2.2 Macro-environmental analysis

A vital component of analysis upon opting for the systematic approach to international market selection is the macro environmental analysis of the target market. Literature distinguishes between the direct and indirect environment based on the level and proximity of the impact on the enterprise. The direct environment consists of the firm’s micro-environment, whilst the indirect one comprises of the forces influencing the firm that are beyond its scope of operations. It is often referred to as the general or macro-environment and is much more complex as it involves various forces such as political, economic, etc., that ultimately have a direct impact on the operations of the firm (Drabik, 2022). Thoroughly examining the general and specific market characteristics brings about higher degree of measurability and thus actionability (Hollensen, 2008).

Macro factors comprise of general and comparative information on the political, economic, etc., situation of a specific country/region/market. Acting as the fundamental first step in the internationalization effort, secondary data usually reflects all the crucial information needed to do the initial country screening and eliminate unsuitable markets and countries from the pool of options (Papadopoulos & Martín Martín, 2011). To analyse the vital dimensions and uncover key threats and opportunities pertaining

specific environments, the PESTEL framework is most commonly used. The acronym stands for political, economic, social, technological, environmental, and legal segments of the analysis. As the external environment is beyond the influence of firms, the best approach is to gather information to correctly apply suitable strategies to tackle the opportunities and threats presenting themselves in the broader environment (Carpenter, Bauer & Erdogan, 2015).

In the political sphere, it is important to firstly analyse the stability of the political situation in the target country. Everything that has a direct impact on the operations must be considered, among being factors like taxation policies, FDI regulations and laws, trade agreements, etc. In the economic sense growth, forecasted interest rates, levels of inflation, exchange rates are critical to consider. Social factors are often neglected in comparison to other dimensions of research but do however present crucial information on the characteristics of the target consumers. The lifestyle trends, demographics, income and education levels, consumerism patterns, etc., provide a direct insight to roughly assess the suitability of the end consumers to products and services offered. In terms of technological advancements, it's important to have a grasp on the potential competitive advantages or disadvantages it may bring. The level of technological development is especially vital for some industries, thus its availability may be highly desirable or needed. Local environmental issues and laws can severely disrupt the operation of industries that bear heavy regulation and inspection. Lastly, the legal segment focuses on the research of relevant consumer laws, regulations on competition, intellectual property, etc. (Carpenter, Bauer & Erdogan, 2015). All segments have a direct influence on each industry, thus each firm operating in it, however the extent of the influence varies across sectors. The objective is to examine elements most likely to exert great influence on the business.

As the external environment is dynamic and volatile it presents difficulties in assessing and accessing the correct information for the macro analysis. The setbacks of using comparative information for the initial selection and deeper understanding of target markets begins with the sequentially of it, which can eliminate potential markets earlier on due to general perception or subjective matters. Along with the risk of exclusion comes the problem of information scarcity and possible misinformation at certain levels of analysis. Generalisability also poses a threat to accuracy of research as segmentation is difficult to establish and measure early in the process (Papadopoulos & Martín Martín, 2011). Especially nowadays with single events having major impacts on the economy and political stability worldwide, it is extremely important to correctly and meticulously assess and reassess different factors that could have a potential influence on the firm's international operations. An example could be seen through the Ukrainian war when its initial phase caused the macro risks to produce a contagion effect on economies and countries, thus affecting segments of macro dimensions across Europe. Inflation rose to staggering levels, political instability and fear of widespread war became the centre of attention, disruptions in supply chains contributed to major losses

in some industries, etc. Such events must be considered for the risk to be strategically reduced accordingly (Ferrara, Mogliani, & Sahuc, 2022).

2.3 Micro-environmental analysis

Upon analysing the organization's micro-environment, we look at the industry the firm is operating in and all the immediate stakeholders and competitors that have an influence on how the company runs. The understanding of the micro-environment is particularly important to understand the relationship dynamics on the market, the competitiveness, profitability, costs, and the overall success of a business (Carpenter, Bauer & Erdogan, 2015). One of the most widely used tools to assess the attractiveness of an industry is Porter's Five Forces model. The model can be used to determine who has the upper hand in a given business setting, which is helpful in determining the strength of a firm's existing competitive position as well as the strength of a position the company may seek to occupy. According to Sotiriadis (2018), the model stresses five factors for overall success of the firm:

- 1- New entrants - the barriers upon entry into the industry and the pertaining threat of new firms entering.
- 2- Buyer's bargaining power - the ease with which buyers can decrease prices.
- 3- Supplier's bargaining power - the ease with which suppliers can increase prices.
- 4- Substitute threat - the possibility of consumers leaving for other industry's alternatives due to rising prices or inconsistent quality.
- 5- Rivalry among competitors - the competitive landscape such as the quantity and strength of rivals in the market.

The firm can gain the insights needed to evaluate the attractiveness of an industry in terms of its capability to generate adequate or superior returns on its capital invested. The potential gain for the companies is often lesser, the stronger the competition forces are. Low entry barriers, substantial bargaining power of suppliers and customers, competitive risks from product alternatives, and fierce competition among competitors are all characteristics of an unfavourable market. It is highly challenging for firms to establish strategic competitiveness and produce above-average profits given these industry constraints. An appealing industry has high entry barriers, weak bargaining power of suppliers and customers, little competitive pressures from alternative choices, and comparatively low levels of competition (Carpenter, Bauer & Erdogan, 2015).

In the past, businesses focused on enterprises with which they had direct competition while researching the competitive environment. Nowadays, firms must do a broader search to find existing and potential rivals by identifying potential clients and the rivals that supply them. Market microstructure is thus defined as the relationship between firms competing for the same clientele and how this clientele values the product/service and the business itself (Zaheer & Zaheer, 2001).

Grundy (2006) argues that integrating Porter's model with PEST framework offers substantial opportunity for both conceptual expansion and real-world application of both models and provide managers with adequate decision-making information. However, as a rather static model of observation it is important to include modern day practices into the robustly abstract model. As industry barriers diminish and intertwine, so does the line between suppliers and competitors. Hence, the usefulness of the model presents itself in terms of adapting the research beyond immediate company operations, looking at the industry to determine competitive advantages and disadvantages comparative to the rivals on the market.

2.4 Competition analysis

The strengths and weaknesses of present and future rivals are evaluated through competition analysis. To recognize possibilities and risks, this analysis gives both an offensive and a defensive strategic perspective. With the help of this analysis, firms can determine what makes their products or services special and consequently what qualities should be promoted to lure in the target market. According to Sotiriadis (2018), the customer analysis is done in the following steps:

- 1- Identifying the market's present and future competitors - recognition of competitors either through the customer's or rival's point of view.
- 2- Evaluating the market share of rivals - calculation of the rival's presence on the market to avoid underestimation and assess the intensity of rivalry.
- 3- Conducting SWOT for each of the rivals – ranking of the rivals on the power ladder, whilst closely examining their strengths, weaknesses, opportunities, and threats to gain a better insight into own competitive advantage.
- 4- Formulating rival portfolio - development of a comprehensive rival portfolio; including all the relevant competitors and their products/services.
- 5- Strategic planning – strategic formulation of the next steps no matter if competition is intense, moderate, or low, appropriate strategies must be implemented.
- 6- Strategic execution - employment of appropriate tactics.
- 7- Follow-up and monitoring – evaluation of the efficiency and effectiveness of the adopted strategy on a quantitative and qualitative level as well as getting feedback from the customers and the market. Whichever techniques we employ, ultimately, our rivals will respond. As a result, competitive analysis requires ongoing revision, monitoring, and updating.

The fiercer the competition, the harder it is for businesses to achieve profitability. In highly saturated industries intense rivalry is frequently present. Often misconception that actions of firms as individuals would go unnoticed is proven to be wrong as competitors are generally aware of the market changes and often try to react with their own modifications. On the contrary, industries with a small number of powerful, comparable firms also tend to experience intense competition. These corporations can

take forceful steps and respond quickly due to their substantial resources (Carpenter, Bauer & Erdogan, 2015).

Few businesses can afford to keep tabs on every tactical move made by their rivals; however, all businesses must regularly assess potential threats from them. Historically it has been demonstrated that the most dangerous rivals frequently emerge out of the blue without any prior notice under unexpected circumstances. Hence, closely examining the competition landscape prevents higher losses due to unexpected events from current competitors or from the entry of new ones. Future scenario analysis is also proven to be a helpful tool to assess rival's potential future moves as well as emergence of new competitors (Fahey, 2003).

2.5 Risk assessment

Every business deal carries some degree of uncertainty. Crossing foreign borders for business purposes carries additional risks, non-existent in the domestic market. These risks, known as country risks, often involve uncertainties brought on by various national peculiarities in economic systems, policies, formal and informal organizations, cultures, etc. The goal of risk analysis is to determine whether these risks have the capacity to decrease the projected return on an international venture (Meldrum, 2000). Political risks often include broad political affairs such as wars, disruptions in domestic management systems, terrorism, discrepancies in policies and regulations, etc. Economic risks range from inflation rates, investment rates, terms of trade, currency fluctuations and more. But not to be neglected are also the cultural risks as adapting to the country's norms and traditions is imperative (Harrison, 2008).

A business must ascertain to possess appropriate skills needed to seize the given opportunities upon emerging in foreign markets. This goes beyond risk assessment and management. It begins in the initial phase of evaluating external factors and the competitive advantage to decide whether it should opt for penetration of the market with already developed products, develop them anew for the existing market, form a market specific to the product requirements, or opt for market diversification with formulation of new products. Businesses must recognize the consumer trends within every market and develop strategies to fulfil their wants and needs. Risk management and market entry strategy development ought to go hand in hand. Businesses must develop a cohesive external strategy to take advantage of opportunities but must not forget about the threats because the riskier the entry, the more attention should be devoted to risk management (Fragouli & Nikolaidou, 2019).

After the risk evaluation, proper risk management is ought to be established. Most firms focus on risks prior to market entry and tend to underestimate and diminish them later onwards. Threats continue to loom over businesses no matter the stage of maturity, whether they be laws and regulations or natural disasters. Thus, reevaluating and readjusting risk management strategies is an endless cycle (Fragouli & Nikolaidou,

2019). According to a study by Ernst & Young (2007) firms entering developed markets prioritize political, operational, and supply chain risks, whereas those entering emerging economies prioritize market and competitive risks, exchange rate risks as well as labour laws and risks pertaining the foreign tax regulation. The study found the following techniques to be recommended upon internationalization: a better awareness of the marketplace, incorporation of local knowledge and collaboration, comprehension of local legislation and culture, adaptation to changes in environmental circumstances, and long-term orientation.

2.5.1 Socio-political risk

Political risk stems from unanticipated political events or the host government's own alteration to its management system. It inevitably has a considerable influence on foreign investors as market instability brought on by external events and local regulations can result in unforeseeable investment outcomes (Butler & Joaquin, 1998). Nevertheless, socio-political aspects can have both negative and positive effects, the first one often bearing negative connotations such as wars, civil unrest and the latter one presenting progress in terms democratic evolution, further stabilization and more (Bouchet, Clark & Gros Lambert, 2003).

There are various methods and techniques for political risk assessment with the best way for initial country screening being analytical comparison with other countries based on a set of predetermined and established parameters such as the Euromoney Country Risk or the International Country Risk Guide (Bouchet, Clark & Gros Lambert, 2003). However, to stay relevant to the analysis the appreciation and specification of political risks at the local level must be established, meaning analysis of specific political measures such as laws and regulations that have a direct impact on the operations.

2.5.2 Economic and financial risk

Economic risk deals with all fundamental changes in the economic structure of a country that could have a considerable effect on the predicted venture returns of foreign investors. It emerges due to unfavourable changes in key economic policies or dramatic shifts of country's comparative advantage. Political and economic risks often overlap in measurement methods due to both involving policies as key observation units. Prices, inflation rates, foreign exchange rates are all considered under macroeconomic risks (Meldrum, 2000). However, there are also risks at micro levels, targeted at specific sectors, industries and/or firms. Those could include heavy taxation, trade restrictions and much more (Bouchet, Clark & Gros Lambert, 2003). One of the most pressing issues falling under economic and financial category is the risk of relative currency fluctuations and its exchange rate changes. The risk stems from its unexpected and random nature and represents the likelihood that the domestic purchasing power of local

or foreign currency on a specific date will be different from its initially expected value (Adler & Dumas, 1984).

The best way to estimate the economic and financial risk is through benchmarking it in terms of economic growth, terms of trade, size of account deficit, inflation rates, size of external debt, etc. (Bouchet, Clark & Gros Lambert, 2003). There are numerous ways to assess the economic threats, however the currency fluctuations are hard to predict as fluctuations represent real time market movements and are thus random in nature (Adler & Dumas, 1984).

2.5.3 Environmental and cultural risk

Environmental risk is concerned with the environmental aspect of threats coming from external sources. These typically include natural disasters, pollution, resource scarcity, global warming, etc. These do not only present industrial risk in terms of lost revenue due to unpredictable events, but they also bear ecological and human health consequences. They are often neglected in the risk assessment research as the probability of occurrence cannot be properly measured due to its arbitrary nature. One can never know when a flood will arise, or drought on the other hand, however prevention mechanisms put into place prior can minimize the possible hazardous outcome for the firm (Muralikrishna & Manickam, 2017).

Cultural risk embodies the societal everlasting change and its main characteristics that are altered throughout the process. Cultural distance and institutional differences are crucial to consider and imperative to achieve. One size does not fit all, thus not adapting can lead to difficulty in integration to the local community as well as product disapproval and its possible rejection (Quer, Claver & Rienda, 2011). Research performed by Fragouli & Nikolaidou (2019) found that behind political environment categorized as the number one risk producer for international enterprises, cultural risk falls on the second place. Foreign markets' customers bear diverse behaviours, levels of income, and lifestyles, which indeed challenges their purchasing preferences and decisions. No matter how prosperous a business is, it cannot utilize the same methods and tactics across all markets.

2.6 Market attractiveness matrix

More often than not, strategic decisions regarding resource investment are decided by subjectively emotional decisions of the managers who allocate resources according to their own perception of profitability (Fairbanks & Buchko, 2018). Techniques of competitive analysis can be especially helpful in the current global economic environment as businesses are being compelled to rationalize investments and increase organizational agility. The GE/McKinsey Matrix is a useful tool that provides a clear and coherent way to comparatively analyse the company's operations. The matrix proves to be a practical method for increasing resource organization and distribution,

operational efficiency, understanding of competitive scenarios, and, consequently, competitive advantages. Jointly formed in the 1970s by a collaboration between GE Motors and McKinsey, it has become one of the most widely used portfolios models (Amatulli, Caputo, & Guido, 2011). The predecessor, the BCG (Boston Consulting Group) matrix, was the first approach to portfolio analysis developed with the purpose of assisting strategic managers in determining the cash flow needs of the strategic business units. Through its rather simplistic methodology it does not incorporate enough standardized variables and factors to be generalizable and objective. The BCG matrix assumes that the growth rate of the market and its relative share are the main predictors of profitability. Its limitations have paved the way to the formation of more advanced portfolio models such as the GE/McKinsey Matrix and others (Udo-Imeh, Edet & Anani, 2012).

Figure 2 represents the 3x3 cell grid that compares business unit competitive strength to industry attractiveness. Business units can be products, entire product lines, services, or even brands, as opposed to BCG, which is only confined to goods. Also, unlike the BCG model, it uses composite metrics to classify business units (Udo-Imeh, Edet & Anani, 2012). To assess the market attractiveness, vital external factors are evaluated. Those include the size and growth of the market, PESTEL factors and Porter’s Five Forces factors. The chosen determining factors must be relevant and suitable to the industry. Each of these factors is given a weight, with a larger emphasis given to the factors that are more crucial. The business then assigns a grade to each industry in its portfolio based on a variety of factors. Each weighting is then multiplied by the associated rating and then added altogether. The final score represents the market’s overall attractiveness. On the other hand, to assess the competitive strength of business units, internal factors are considered. These include the firm’s market share and growth, its brand equity, profit margins, product price and quality, etc. These parameters are then altered in the same manner as the industry attractiveness criteria to determine the competitiveness. Ultimately, mapping the selected units on the grid assists in comprehending the company's overall positioning and determines the further strategic decision-making (Hollensen, 2008).

Figure 2: The GE/McKinsey market attractiveness portfolio matrix

Market attractiveness	Grow/invest	Grow/invest	Hold/protect
	Grow/invest	Hold/protect	Harvest/divest
	Hold/protect	Harvest/divest	Harvest/divest
Competitive strength			

Source: Fairbanks & Buchko (2018).

3 INTERNAL ANALYSIS OF THE COMPANY PRESKOK LTD.

3.1 Methodology

Research on the company was performed in a form of detailed semi-structured interviews as the primary data collection for the analysis, which are summarized in appendices. Interviews were conducted with different employees based on their area of expertise and knowledge on the topic of investigation. To ensure that the empirical part of the research is of good quality and that the in-depth interviews provide a good basis to further investigate the research question at hand, it is essential to prepare well rounded questions and requirements for the primary data collection. Through literature review, questions selected are relevant to the research topic and support the course of analysis. Questions are formed in a broad way, so that the interviewees have the opportunity to provide as much information as possible. Through interviews, I will try to answer two research questions that follow each other logically and sequentially. Based on the literature review, interviews, macro- and micro- analyses, risk assessment and ultimately through the joint formation of the market attractiveness matrix with the company, I will assess the feasibility of entry of Preskok into both markets and then further on elucidate and present the reasons behind my suggestion of the first market entry choice.

3.2 The objectives and execution of the interviews

The objective of the interviews is to gain a deeper understanding of Preskok's operations, their market entry strategies, electrification scope, market reach, risk management and more. The first interview was conducted with Hans Houmark, external B2B consultant for the Danish market, on Preskok's recent market penetration into Denmark, the Scandinavian electrification trend, and its market attractiveness. The second interview was performed with Željko Radilović, the owner and CEO, on international risk management strategy and contingency plans upon international venturing. Lastly, the final interview with Berenice Schwarz from the editorial team revolved around the firm's operating model, its current electric and hybrid vehicle offering and its market reach. The summary of interviews can be found in appendices. Due to the interview length and scope, the transcripts in the appendices provide a condensed form of the focal points discussed during the interviews. Additional financial sales data was collected through company cooperation and is presented in Appendix 5. In an agreement with the company, the sales data is presented in percentage and by country of origin of the final buyer due to the confidentiality of the trade information.

3.3 Key interview findings

The key interview findings can be found in Table 1, where they are summarized and compared. All interviewees pointed out electrification as the main future orientation and

opportunity along with focusing on the rest of the Nordic market. Already having a significant market presence in Denmark, especially through electric vehicle offering, provides Preskok with a significant head start. Advantages and potential opportunities reveal themselves in forms of an already considerable electrical vehicle offering, market presence, risk management strategies and tools, and network connections.

Table 1: Key interview findings

Topic of discussion	Interviewee	Key findings
Current EV offering and markets	<i>Berenice Schwarz, editorial team</i>	<ul style="list-style-type: none"> Germany, Austria, Netherlands, Switzerland, Denmark Renault's Zoe & Twingo Z.E., Nissan's Leaf, Volkswagen's ID.4, Tesla's model Y, etc.
Unique selling points (USP)		<ul style="list-style-type: none"> IT backed online sales system through which everything is automatized and seamless An established EV player
Future orientation and opportunities		<ul style="list-style-type: none"> Further diversification; to break free of dependency on France as the biggest market Nordic countries as the most viable investment
Key factors entering Nordics	<i>Hans Houmark, external B2B consultant for Nordics</i>	<ul style="list-style-type: none"> Physical presence (Denmark) and personal contact Understanding the culture Vehicle offering adaptation (BEV vs. PHEV)
Current market trends in the Nordics		<ul style="list-style-type: none"> Norway: market reaching maturity Sweden: growth phase, high trend of consolidation
Unique selling points (USP)		<ul style="list-style-type: none"> Established market presence in Denmark Knowledge of the customer preferences
Future orientation and opportunities		<ul style="list-style-type: none"> Norway to capitalize on the biggest EV market Sweden to capitalize on hybrids and the growing EV market (Chinese electric cars)
Risk management strategy	<i>Željko Radilović, the owner and CEO</i>	<ul style="list-style-type: none"> IT backed market scanning and cashflow projecting tools Regular scan of every new client through external institutions Diversification of activities Operating on net zero loans Building network connections
Unique selling points (USP)		<ul style="list-style-type: none"> Never risking too much Building network connections Following the trends and regulations (electrification, the CAFE regulation...)
Future orientation and opportunities		<ul style="list-style-type: none"> Mitigation of risk Electrification trend and entering EV profitable markets with a focus on Nordics

Source: own work.

3.4 Company introduction

Preskok is one of the largest independent B2B car remarketers and suppliers in the Adriatic region. Having been on the market for over 18 years, they specialize in purchasing and selling predominantly old but also new passenger cars as well as light commercial vehicles of different brands. Their buyers are predominantly B2C professional car dealers and traders. Everything, from sales support, purchasing, documentation acquisition, to logistics and final delivery is included in their spectrum of service. They operate on the basis of import/export, buying and selling cars internationally. Amongst their biggest suppliers are countries like Germany, Slovenia, Hungary, The Netherlands, and Denmark, while their exports predominantly go to nations like France, Germany, Estonia, and Belgium. They can deliver in accordance with the demands of the consumer as they are present in nearly every EU country as well as some non-EU countries. Professional car traders and dealers can purchase the wanted vehicle through their own sales and auction portal system, called B2B Carmarket, that is based on the unique data system they had created themselves. The system makes the sales process easy, fast, and efficient, with all the documentation ready and available online. The vehicles are then transported through an external logistics partner to the buyer's destination who receives the required documentation through express post, making the contact with the buyer firm completely virtual, automated, and efficient in time and cost.

Their offer is comprised of passenger vehicles, which represent around 80% of the total sales and other light commercial vehicles. The focus is mainly on lower and middle class, affordable car brands and models including Renault, Nissan, Peugeot, and Dacia. High end luxury cars are also sold but in lower quantities. Those include brand such as BMW, Mercedes, Jaguar, Jeep, and others. Among the light commercial vehicles, Ford and Renault represent the highest share of sales.

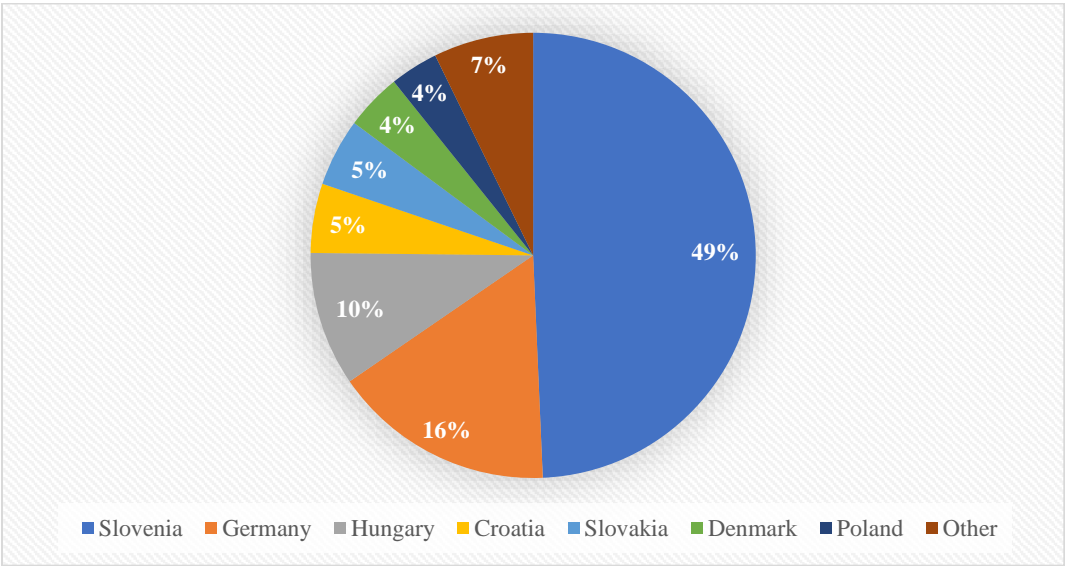
Recently they have diversified their portfolio and started selling an expanding array of alternatively fuelled vehicles with a focus on electric vehicles (hereinafter EVs), which are especially gaining prominence due to ever stricter emissions regulations and currently due to the recent gas price fluctuation and overall inflation. As discussed in the interview with Berenice Schwarz, the world has begun shifting towards sustainable sources of energy acquisition and consumption and thus electric vehicles will gradually become predominant in the automobile industry. Preskok closely follows the trends and has already made significant efforts towards electrification of their vehicle offering. EVs are especially popular in the Scandinavian market, which presents itself as a real opportunity for the firm's expansion opportunities. Currently, Preskok's biggest EV markets are Germany, Austria, Netherlands, Switzerland, and Denmark.

3.5 European market presence

Preskok’s European market presence is determined through the investigation of both import and export aspect of the operations. To properly assess the market share per country and to be as up to date as possible, the annual sales data for the period of 2018-2022 will be analysed.

From Figure 3, we can discern that currently Preskok predominantly sources their vehicles domestically, amounting up to 49% of all acquisition in 2021. The reasoning stems from the current market conditions, where procurement of goods, especially passenger cars, has been incredibly difficult due to the consequences of the pandemic and its disruptions in the supply chains as well as material shortage. Prior to this disturbance, Germany, Hungary, the Netherlands, and Croatia took the spotlight. Amongst third countries we can observe Serbia, Monte Negro, Romania, and others. Reduced in the percentage nowadays, however, increased in diversification measures, the import scheme guards Preskok from potential sudden supply chain interruptions and other negative external events. In terms of supply aspect, the firm can easily switch between suppliers without any substantial switching costs. Thus, the current procurement scenario depicted in Figure 3 is not static but dynamic, changing and developing with the market

Figure 3: Preskok - total acquisition by country in percentage (2021)

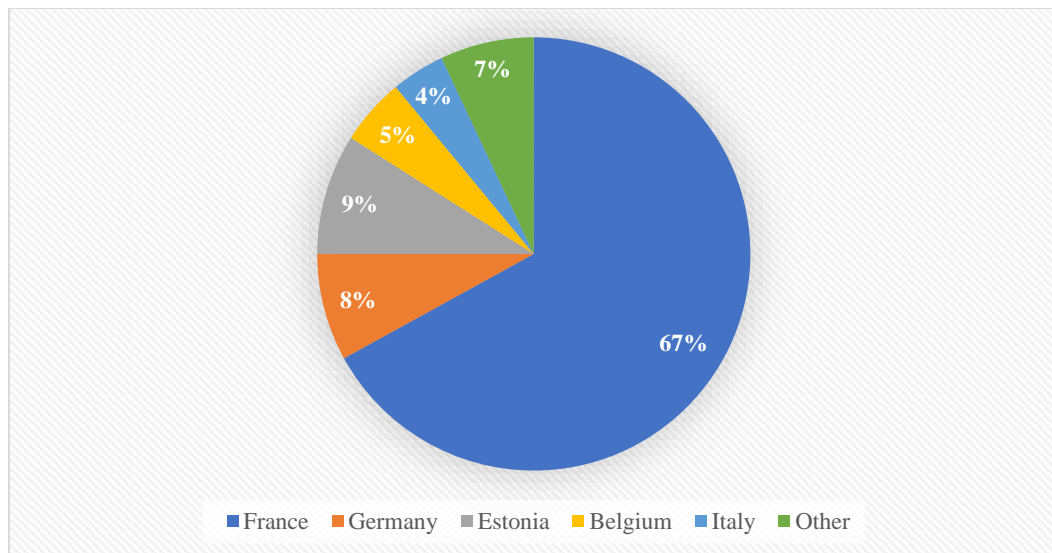


Source: own work.

Same holds for the sales outcome presented in Figure 4. The sales dynamics change depending on the favourable conditions of the market within a specific period. However, the dynamicity of the latter is on a higher level than of the procurement as the final customer is added to the process and can exert influence in terms of preference, price sensibility, cultural values, etc. Numbers vary over the years; however, on average throughout the years 2018-2021, the majority of vehicles were sold to France, Germany,

Estonia, Belgium, and Italy, respectively. France, as a buyer country, has dominated in the past with the share of sales dropping from an almost absolute value to the current 67% of all sales on average. In the interview with Berenice Schwarz, one of the strategic goals for the firm was revealed to be diversification of the income streams, to not be reliant on a specific country and its underlying circumstances. Sourcing other profitable markets to enter would spread and minimize the operational risk.

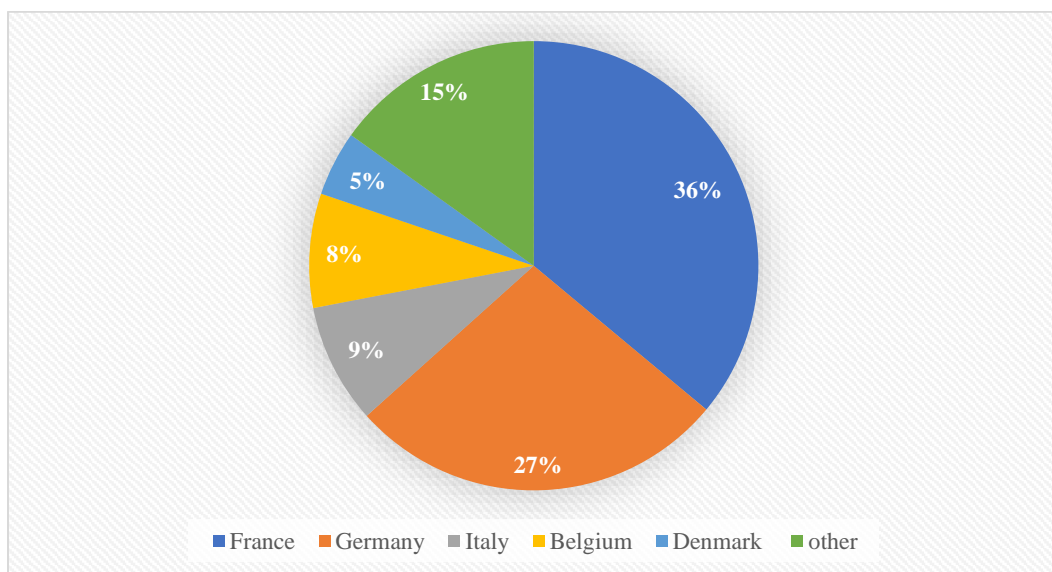
Figure 4: Preskok - total sales by country in percentage (average of 2018-2021)



Source: own work.

In more recent data from the first two quarters of 2022, we can observe significant changes in the buyer portfolio found in Figure 5. Germany has prevailed, France has seen a substantial drop and Denmark has been growing exponentially.

Figure 5: Preskok - total sales by country in percentage (Q1+Q2 2022)



Source: own work.

Due limited size of the domestic market, the firm moved its focus abroad very early on. Throughout the years, the sales percentage in Slovenia has significantly decreased, often amounting between 0-5% of all annual sales, and currently amounts to approximately 4% of all annual sales in 2021 (data can be found in Appendix 5).

Conclusion can be drawn that the market share of Preskok depends on the prevalent market conditions at the time of observation. The automobile market is very fast paced in terms of technological advancements, government regulations and laws and other urban trends. The current figures will undoubtedly change in the upcoming years due to electrification and environmentalism trends.

3.6 Reasons for expansion and entry mode

Preskok is a firm that can be categorized as a “born global”. Since its beginnings in late 2003, the company has been oriented towards the broader European market, instead of confining itself on the domestic Slovenian territory. As Hollensen (2008) noted, born globals are SMEs managed by entrepreneurs with a global vision who heavily rely on technology to be competitive in the borderless global marketplace. Preskok perfectly fits the description. The company was started by an entrepreneur, Željko Radilović, who had an international vision from the very beginning. Originating from a small country, Slovenia, the domestic car market was limited in size and could not satisfy their need for growth thus they opted for import/export business type as it best fits their needs and preferences. More information regarding the size divergence of the Slovenian and European car market can be found in Appendix 6. They purchase old and new cars domestically and in other countries, process the sales transaction, and sell it to buyers across an array of European countries. This type of operation model fits their industry the best. Cars, especially nowadays due to shortages, are hard to acquire at a reasonable price especially considering the mileage and the condition of the vehicle. Having an array of supplier countries makes it much easier for the acquisition process as well as proving to be a good diversification strategy in times of shortage, accompanied by other issues. The same holds for the export aspect, which is also well diversified among different EU countries.

Through the conducted interviews with Hans Houmark and Berenice Schwarz (found in Appendix 2 and Appendix 4 respectively) it was clear that the fundamental reasoning behind the expansion effort to Scandinavia is the profitability of the electrical vehicle market Preskok is trying to seize. The popularity of EVs in Europe is largely concentrated in the Nordic region, thus the market entry seems reasonable and irresistible. The opportunity of growth is immense, especially considering the current market trends, government regulations and circumstances around natural resource depletion and growing trend of environmentalism.

The second underlying motive stems from the further need for diversification and risk management of the buyer portfolio. As mentioned before in the interview with Berenice

Schwarz, France still represents their biggest buyer country with by far the biggest market share. Further diversification is needed to reduce the dependency and uncertainty arising from risky external situations. Current buyer characteristics, especially in France and Germany, encompass focus on fossil-fuelled vehicles thus the diversification into the electrical vehicle market would bring about greater stability when the electrification becomes prevalent worldwide.

The current circumstances on the market are largely a result of the Ukrainian war and the everlasting consequences of the COVID-19 crisis, that have created substantial complications for the automobile industry. Supply chain disruptions brought on by the pandemic, geopolitical instability, shortage of semiconductors, etc., have had a profound influence on the turnover and availability of vehicles. Scarcity of new cars, higher competition, and lower prices are pushing for a drastic change. Trends in autonomous, connected, electrified, and smart shared transportation will continue to prevail (Hensley, Maurer, & Padhi, 2021). As Željko Radilović further on confirmed and elucidated through the interview (found in Appendix 3); different disruption trends in car trading industry combined with the post-pandemic recuperation, current increasing fuel prices and other external threats are pushing the company in search for lucrative markets.

Lastly, being present in almost all of EU countries including Denmark, which is part of the Scandinavian territory, gives Preskok a great head start in capturing the rest of Nordic market. As Hans Houmark stated in the interview, entering Scandinavia is a complex matter. Factors vital for success are understanding and adapting to the culture as well as forming good relationships within the network. Being an already well-established player in Denmark presents itself as a great leverage in further expansion efforts to Norway and Sweden.

4 EXTERNAL ANALYSIS OF THE SCANDINAVIAN MARKET

The term Scandinavia represents a region in the Northern Europe composed of Denmark, Norway, and Sweden. By GDP per capita, they are amongst the richest countries in the world. Additionally, these nations consistently rank first in comparative assessments of global competitiveness. Massive public sectors, comprehensive and substantial social welfare programs, heavy taxation regulations and rates, and a significant amount of state involvement are the common characteristics of the prosperous “Nordic model” economy (Fellman, 2019).

To grasp the scope of the automobile market in the region, the statistics on the annual passenger car sales is presented in Table 2. The year of 2020 saw a decline in automobile sales globally due to the pandemic, however, the Nordic market had a significantly smaller decline compared to other nations worldwide. This was mainly due to lesser extent of pandemic restrictions and the avoidance of lockdowns, especially in

Sweden. From Table 2, we can observe Norway experienced the smallest drop in sales during the pandemic and had become Europe's best-performing car sales market in 2020. The drop only accounted for a 0.7% change compared to the previous year. Denmark, on the other hand, has taken a bigger hit from the pandemic crisis and has not yet been able to recover its sales to the pre-pandemic statistics (International Council on Clean Transportation Europe, 2021).

Table 2: Annual passenger car sales in the Scandinavian market

Year	Norway	Sweden	Denmark
2017	158,646	379,393	222,150
2018	147,923	353,724	219,114
2019	142,380	356,062	226,679
2020	141,405	291,821	199,883
2021	176,276	301,008	185,389

Adapted from International Council on Clean Transportation Europe (2021).

Apart from the apparent COVID-19 crisis, we can observe a stable growth on both, Swedish and Norwegian, markets. Scandinavian nations are known to be exceptionally ecologically conscious and big supporters of the green car market movement, which has been rapidly growing and dominating the sales market due to shifting consumer preferences and government plans to replace fossil-fuelled vehicles with more sustainable electric alternatives (Chowdhury, Salam, & Tay, 2016). With Europe overtaking China in terms of the biggest EV market, Norway is taking the worldwide lead with having the largest percentage of the domestic automobile fleet already electrified. Sweden’s electrification effort is still not up to par with their neighbours, although its sales in EVs have recently seen an exponential rise (McKibbin, 2021).

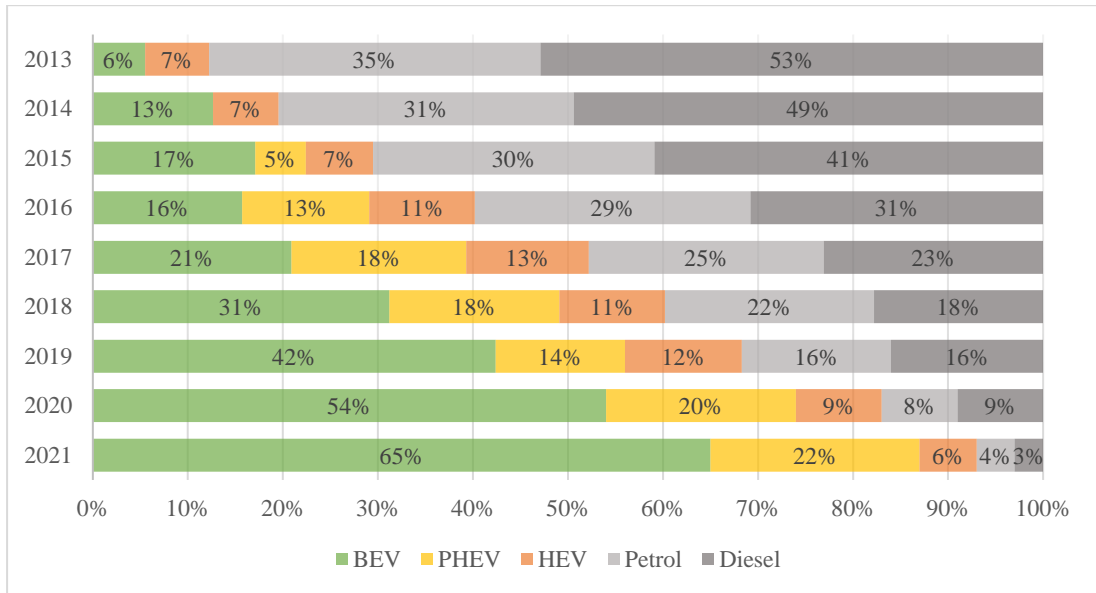
4.1 Basic overview of the Swedish and Norwegian car market

Norway’s recovery after the pandemic crisis has been exceptional, with last year’s surplus of 24% compared to the sales volume in 2019. The automobile market is booming, especially the EV niche market, which has become predominant due to the national policy by which all new commercial vehicles sold from 2025 onwards must be categorized as zero-emission. This prohibits the sale of combustion vehicles and only allows for electric, and hydrogen powered new vehicles to be sold in Norway in three years’ time (Norwegian Electric Vehicle Association, 2022).

Sales of electric vehicle were exceptionally high in 2021, where 65% of all new car sales were battery electric vehicles (hereinafter BEVs), 22% of were plug-in hybrid electric vehicles (hereinafter PHEVs), and 6% were hybrid electric vehicles (hereinafter HEVs). We can observe from Figure 6, the biggest surge can be detected in the BEV

market, with the growth increase from the previous year amounting to 11% (Norwegian Road Federation, 2022). This is largely due to various incentives promoted by the Norwegian government, including a total exemption of value-added tax (hereinafter VAT) and purchase tax upon acquisition of an old or new BEV. Consequently, BEVs are now cheaper to buy and operate compared to petrol and diesel models. The exponential growth share of BEVs and PHEVs accounted for 15.1% and 6.02% of the total Norwegian automobile fleet in 2021 (European Commission, 2022a).

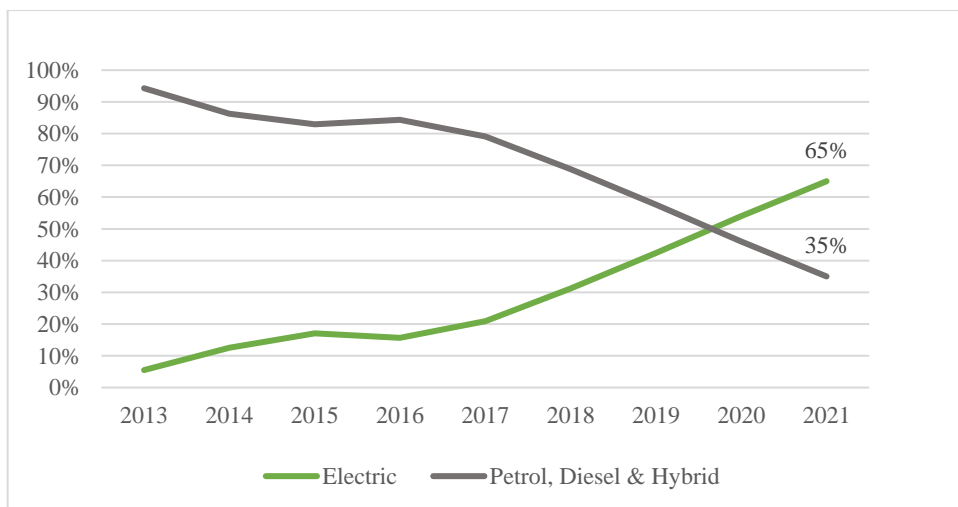
Figure 6: Annual new car sales in Norway by fuel type



Adapted from Norwegian Road Federation (2022).

We can observe in Figure 7, that at the end of 2021, 65% of the total amount of new car sales were electric vehicles. Hybrids and fossil-fuelled vehicles have been in a sharp decline over the last 6 years, only amounting to 35% of all sales in 2021.

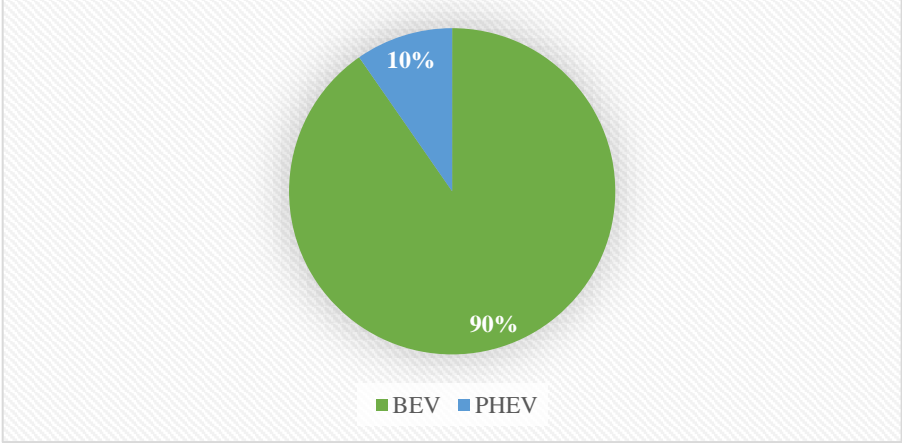
Figure 7: Annual new car sales in Norway - fossil fuels vs electric



Adapted from Norwegian Road Federation (2022).

The incentives and tax breaks have significantly contributed to the widespread popularity of BEVs, which absolutely dominated the new registration statistics in 2021, as can be seen in Figure 8. Fully electrical vehicles took a remarkable 90% share of all alternatively fuelled vehicle registrations. BEVs represented 64.5% and PHEVs 21.7% of all vehicle registrations at the end of the year (European Commission, 2022a).

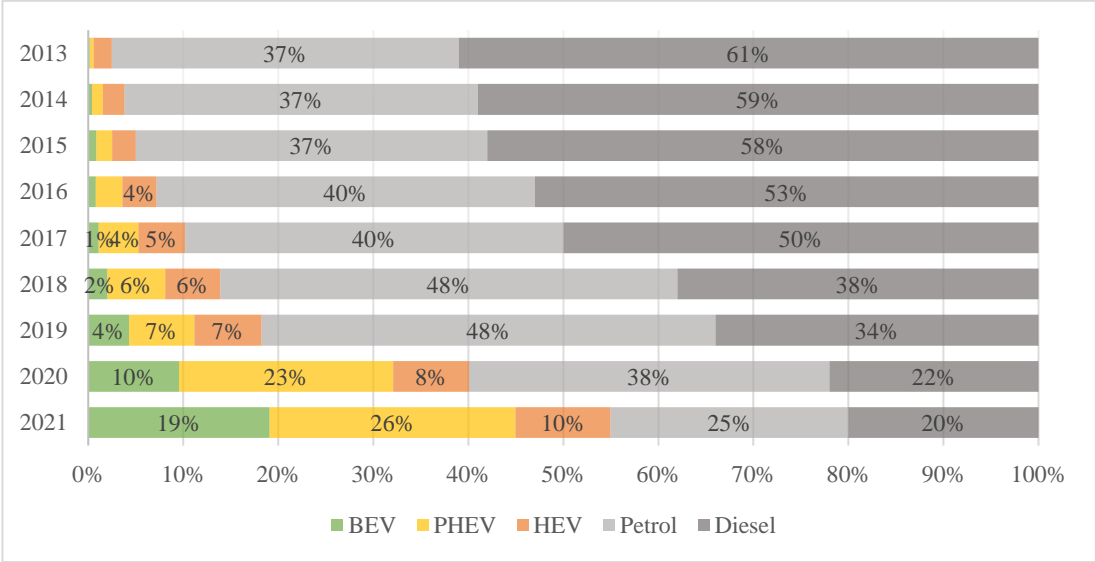
Figure 8: Newly registered electric (BEV, PHEV) passenger cars in Norway in 2021



Adapted from European Commission (2022a).

Sweden, on the other hand, suffered a substantial loss due to the pandemic crisis, a drop of 18% was recorded in 2020. Since then, the market has not yet been able to restore to its pre-pandemic sales volume. The sales structure according to fuel category, as seen in Figure 9, is divergent compared to the neighbouring Norway.

Figure 9: Annual new car sales in Sweden by fuel type



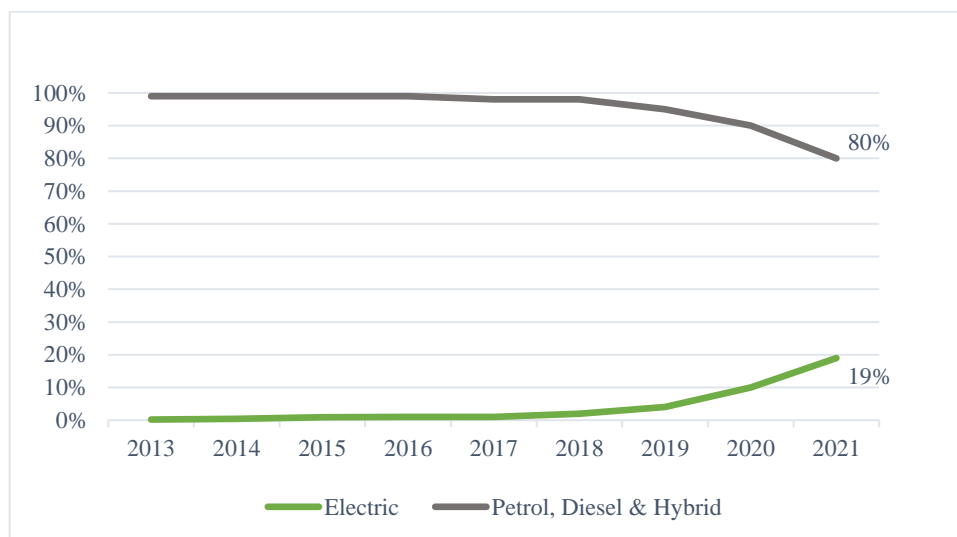
Adapted from European Commission (2022b); International Council on Clean Transportation Europe (2021).

Sweden also exhibits a rising share of BEV sales, which reached a share of 19% of all new car sales in 2021, followed by PHEVs amounting to 26% and HEVs amounting to 10%.

10% of all new vehicle sales. Nevertheless, the sales volume of fossil-fuelled vehicles is still significant, accounting for 45 % of the market sales. At the end of 2021, BEVs represented only 2.27% and PHEVs 4.13% of the total Swedish automobile fleet (European Commission, 2022b).

From Figure 10 we can discern that by the end of 2021 only 19% of new cars sales were EVs, while fossil-fuelled vehicles were still prevalent. The slow-paced electrification progress of Sweden is largely attributable to different approach the government has undertaken in their climate policy framework. The benchmarks to be achieved in terms of domestic transportation emissions reduction must be accountable for a decrease by at least 70% (compared to the levels of 2010) by the end of 2030 and brought down to 0% by 2045 (Government Offices of Sweden, 2021a). The definite policy on achieving this objective has been written into law and implemented in practice in 2019, when the government announced the prohibition of sales of new fossil-fuelled vehicles after 2030 (Government Offices of Sweden, 2019).

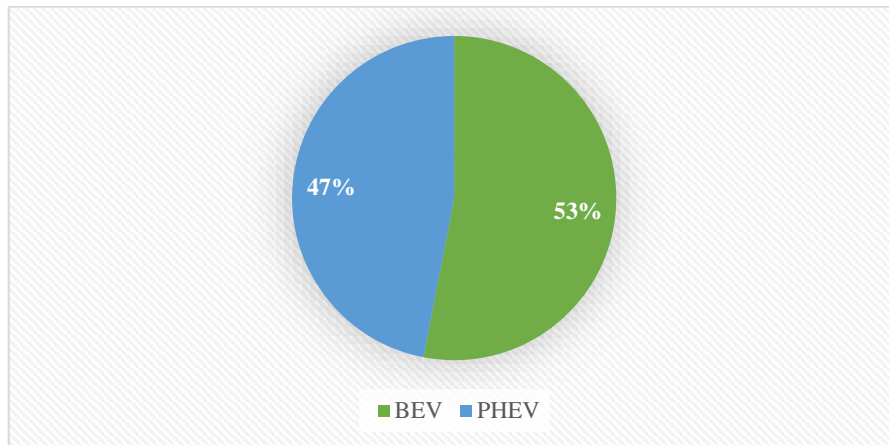
Figure 10: Annual new car sales in Sweden - fossil fuels vs electric



Adapted from European Commission (2022b); International Council on Clean Transportation Europe (2021).

As opposed to Norway, where BEVs dominate the market, in Sweden they have only begun their exponential growth and popularity. Figure 11 represents the new registrations of BEVs and PHEVs in the year of 2021. We can observe that both vehicle types hold almost the same proportion of new registration volume and are of comparable popularity. Furthermore, BEVs represented 19.09% and PHEVs 25.86% of all (old and new) vehicle registrations at the end of the year (European Commission, 2022b). The balance between BEVs and PHEVs can be attributed to the Swedish bonus malus taxation system and other incentives elucidated later in the analysis part.

Figure 11: Newly registered electric (BEV, PHEV) passenger cars in Sweden in 2021



Adapted from European Commission (2022b).

We can conclude that Swedish and Norwegian car markets are divergent in size, growth rate and type of vehicles sold according to their energy/fuel consumption category. While Norway is quickly achieving electrification dominance of its automobile fleet, the Swedish consumer preferences and government incentives are steering towards electrification at a much slower pace. Upon entering Norway, Preskok will be able to seize the full potential of the flourishing EV market, whilst Swedish market would leverage more time to capitalize on fossil-fuelled and hybrid vehicles until 2030.

4.2 Country screening and selection

The reasons behind expansion to Sweden and Norway have already been established and justified in previous sections. As Scandinavia consists of Denmark as well, the decision behind excluding Denmark from the analysis has not been elucidated yet. Through the conducted financial analysis as well as interviews, evidence shows that Preskok already entered the market and has been growing its presence there steadily since 2019. At the end of last year, the firm secured 5% of its annual sales in the Danish market (data can be found in Appendix 5). Hence, the market penetration analysis is not necessary nor desired for Denmark.

4.3 Country specific analysis: Norway

4.3.1 Macro-environmental analysis

4.3.1.1 Political

Norway is a politically stable and prosperous country. According to the report by the Economist Intelligence Unit (2022), Norway was awarded the title of the most democratic country in the world. The ranking was based on a score from one to ten, by which the nation achieved a score of 9.75. An absolute score was achieved in aspects of electoral process and pluralism, political participation, and political culture, while the

function of government and civil liberties followed shortly after. Thus, Norway can be classified as a “full democracy” and has held this title for years. Along with political stability, lower corruption levels are basic prerequisites for successful future business operations. The country also scores very highly on the corruption perception index (CPI), which measures the perception of corruption in the public sector across countries worldwide. The scale goes up to a value of 100, which means no levels of perceived corruption. Norway is on the fourth place, sharing it with Sweden, achieving a total of 85 points (Transparency International, 2022). This is especially vital in assessing the levels of government integrity, private bribery, its legal protection, etc., which are crucial factors to consider upon entering a new market.

Norway is incorporated into the European single market even though it is not a member of the EU. The nation is a part of the European Economic Area (hereinafter EEA) and the European Free Trade Association (hereinafter EFTA). The same fundamental EU principles apply to the internal market; it assures non-discrimination and fair competition standards throughout the EEA region, as well as the four freedoms of the EU single market. Thus, Norwegian businesses can enjoy an equal footing with other member states’ businesses in terms of trade conditions, competition, etc. Trade in items/services within the EEA is not allowed to be subject to quantitative or customs tariffs inside the economic area, meaning there is no customs union, however the customs procedure and regulations of origin are in line with EU standards. Consequently, the export-import within the EEA works in the same manner and brings about similar benefits as direct EU membership in terms of commerce (Norwegian Ministry of Foreign Affairs, 2022).

Every country’s import system is different and entails distinctive rules and taxes. In Norway, all vehicles must be pre-approved by the Norwegian Public Roads Administration to be enabled entry and registration. Upon approval, technical data is registered to calculate the amount of duty and tax to be paid, which includes the VAT, one-off registration tax and the scrap deposit tax. All vehicles imported into Norway are subjected to a 25% VAT, which must be paid upon border crossing. The one-off registration tax is compounded of the vehicle's tax group based on CO₂ and other greenhouse emissions, cylinder volume, curb weight, and engine power. Greenhouse or carbon tax rate is dependent on type of gas emitted from gasoline and diesel cars and usually amounts to 1,095.38 NOK per kilogram. Ultimately, vehicle scrap deposit tax is added to the final calculation, which holds a value of 2,400 NOK for all types of passenger cars, vans, and motorhomes (Norwegian Tax Administration, 2022).

As Norway bases their vehicle tax based on fuel type, the tax calculation above holds for internal combustion vehicles (hereinafter ICEVs) such as petrol and diesel engines. Since the incorporation of zero-emissions plan by 2025, there have been many incentives implemented for BEVs such as full exemption from registration tax since 1990 and from 2001 onwards the removal of VAT and purchase tax on all old and new

electric vehicles purchased. Thus, upon buying and importing a fully electric vehicle the only tax paid is the scrap deposit tax. Additionally, Norway introduced the E-Number plates for BEVs giving local authorities and municipalities the option to enforce incentives such as free parking, the use of bus lanes as well as lower fees for regional toll roads and lesser charging costs. All incentives can be found in Appendix 7 categorized by year and the policy implications. Although hybrid vehicles enjoy lesser incentives than fully electrical vehicles, they do enjoy some registration tax cuts and other emissions stimuluses (European Commission, 2022a).

4.3.1.2 Economic

Norway is known to be one of the wealthiest and most prosperous countries in the world. Its strong oil and gas industry have paved the way towards economic prosperity and political stability. Norway has one of the highest GDP levels which held the value of 482 billion USD in 2021 at a 3.9% annual growth rate (World Bank, 2022b). The projected future growth rate is 2.3%. The GDP per capita is also amongst the highest in the world at 79,163 USD. The long-term interest rate indicator rests at 2.9% per annum, while the short-term interest rate rests slightly lower at 2.6% annum. This comes due to the most recent inflation figures which were substantially higher than expected and well beyond the objective of 2% set by the Central Bank. Being an oil and gas producer, the country faces relatively low energy concerns due to the ongoing war in Ukraine and weakened relations with Russia. The government has a budget surplus and has only seen deficit in times of the coronavirus pandemic. Since then, it has regained its pre-pandemic levels of budgetary surplus (OECD, 2022a).

Norway's national currency is the Norwegian Krone (hereinafter NOK). The exchange rate has been depreciating over the last five years and that is largely attributable to risk premium, which encapsulates numerous variables such as oil prices, the export valuation of oil and gas, a relative reduction in FDI and more. As the oil and gas reserves start to deplete (approximated after 2025), exchange rate between the krone and the euro is predicted to drop by around 0.23 % over time as a result of a 1 % decline in the oil export. In the short term, the exchange rate is heavily influenced by interest rates, liquidity, as well as economic instability due to geopolitical situations (Benedictow & Hammersland, 2022).

4.3.1.3 Socio-cultural

Being one of the largest countries in Europe by surface area, the Norway's population number is a depiction of its rugged terrain and extreme climate. With a population of just 5.455 million inhabitants, it's one of the most sparsely populated countries in the world (Statistics Norway, 2022a). Remarkably, 83 percent of population inhabits the urban areas, with one out of nine citizens living in the capital city of Oslo alone (World Bank, 2022a).

Norwegians are highly educated, resourceful and conscious buyers. Upon making purchase decisions, rationale and utility play a deciding role. As vehicle purchase represents a substantial investment, the relationship between consumer preferences and product characteristics needs to be established. With the car market having specifically constrained and monopolistic traits along with government regulations, the consumers in Norway are compelled to undertake purchase decisions which are not only in their own interest but represent the national concerns and aspirations (Wangsness, Proost, & Rødseth, 2020). To get a better grasp on specific consumer vehicle buying patterns, a study by Fevang et al. (2021) focused on car type preferences and found significant socioeconomic differences between the ownership of electric versus internal combustion vehicles. Buyers opting for a purchase of a BEV tend to reside in cities and their direct proximities, whilst ICEV drivers are often from rural areas with reduced access to charging points. Furthermore, those purchasing BEVs exhibit a significantly higher income level than those opting for fossil-fuelled cars. Younger generations tend to lean more towards environmentalism and sustainability; thus, this translates to the BEV age group ownership structure being between the ages of 25 and 44. Furthermore, higher education levels also proved to be a deciding factor in opting for alternatively fuelled vehicles. Another deciding determinant established was the government regulations and BEV ownership incentives. Significant tax breaks and exemptions and other perks have been the direct driver of the increase in electric car sales. BEVs are a preferred option amongst families with children, those with higher volume of commute and those using tolled roads on a regular basis. Commute distance is a deciding factor for the quantity of household vehicles possessed. And finally, the relationship between multiple vehicle ownership and higher income is positive.

4.3.1.4 Technological

Although Norway's top exports include fossil fuels such as crude petroleum and oil, the domestic policies are focused on sustainability and green technologies. Being a predominantly electrically driven country, the EV infrastructure development has seen an exponential growth after the implementation of zero-emissions policy. Different municipalities offer funds and subsidies for further establishment and improvement of the fast charging and hydrogen refuelling facilities. Furthermore, the government has installed fast-charging stations every 50 km on all major routes as part of the country's EV grid and reduced the price for its users (European Commission, 2022a).

An emerging urban trend that has been on the rise in bigger cities amongst younger and well-educated consumers is car sharing. Interest in technical and social innovations that can be used to lessen or replace the use of private vehicles running on fossil fuels has been the emerging. In other countries this new trend has surpassed alternative sources of transportation, such as public transportation, however in Norway it is not yet a widely practiced social phenomena although its growth has been rapid (Julsrud & Farstad, 2020). It is a convenient and cost-efficient way towards a greater mobility and freedom.

Despite the number of users being hard to estimate, it is counted in hundreds of thousands and will be seeing rapid future growth.

4.3.1.5 Environmental

Norway, along with other Nordic countries, is the leader in technological development based on green technologies and sustainability. According to environmental, social and governance investing as well as other sustainability indicators, Norway is one of the most sustainable countries in the world (Schieler, 2020). The population is very environmentally oriented with their deep-rooted philosophy of a simple life intensely connected to the outdoor nature called *Friluftsliv*. The philosophy stems from the Scandinavian peninsula and has been the driving force behind the region becoming one of the greenest and most sustainable parts of the world. Environmentalism is an important constituent of the Norwegian national identity (Gelter, 1999).

Having signed the Paris Agreement, the country pledged to abide by the reduction objectives of greenhouse gas emissions by 50% for 2030 and a complete halt to fossil fuel consumption by the end of 2050 (Rydningen, Høyne & Kolltveit, 2017). As discussed before, all new commercial vehicles sold from 2025 onwards will have to be classified as zero-emission vehicles (hereinafter ZEVs) with the exception of old ICEVs sold, which will however be subjected to heavy regulation and taxation. As the heavy vehicle category does not have enough capacity to adjust to the time frame accordingly, the benchmarks are 75% of all new long-distance buses and 50% of all new trucks to be zero-emissions. The Norwegian government highly promotes the use of public transportation as well as walking and cycling (Wangness, Proost, & Rødseth, 2020).

On top of the national initiatives for lowering the greenhouse emissions there has been a rise in local and municipal aspirations and incentives. Oslo, the capital city, has made substantial urban developmental changes to promote environmentalism and sustainability and has consequently been rewarded the title of the European Green Capital in the year of 2019. Majority of the city's public transport infrastructure runs on renewable energy sources on zero-emissions trains, trams, metro, and buses. Having heavily invested in building and further improving the pedestrian, cycling and public transport infrastructure, the city strives towards becoming completely sustainable and car-free in the near future (European Commission, 2019). Furthermore, the Car-free Livability Programme that was initiated in 2017 has been making the city greener and livelier by reducing the number of vehicles permitted to drive. As mentioned before, Norwegians are a very environmentally conscious nation and thus majorly support such initiatives which are becoming more predominant and frequent not only in Oslo but also in other urban cities. Moreover, people have shifted away from the idea of owning a car to utilizing the public transport, biking, and some to car-sharing services (Minja, 2021).

4.3.1.6 Legal

Norway's car market is heavily regulated through government taxation and other technical requirements. As discussed in other sections of the analysis, the car market is constrained in terms of tax laws, especially regarding import of vehicles, and environmental laws. Tax law is lenient for the BEVs and heavily focused on taxing ICEVs, which are further on constrained by environmental laws. The latter are revolving around the Paris Agreement and the national policies undertaken to achieve the goals and objections pledged by adhering to the agreement.

4.3.2 Industry analysis

4.3.2.1 Rivalry among existing competitors

The B2B car market is a highly competitive retail market usually functioning through the auction bidding of vehicles or purchase of supply with a pre-determined price. Such car retailers differentiate themselves in offering a spectrum of services, from the purchase, document formulation, logistics, to the delivery of the goods. Our target Norwegian buyers, which are mostly B2C dealerships, have an array of possible suppliers. The variety of choice represents all B2B car retailers in Europe. As the whole process of purchase and delivery is mostly online and automated without any personal presence required, the option of purchase is not constrained by the Norwegian border. That is also due to participation in EEA and EFTA, which enable Norway to participate in the single European market. We can conclude that rivalry among existing competitors is high. Thus, the possibility that Preskok will be facing much competition from other domestic business such as Harald A Møller AS, ALD Carmarket AS, BCA Autoauktion AS, Norcar AS and other foreign companies like eCarsTrade, Manheim-Express is estimated to be high. The competition will be driven by price comparison and licensing/agency agreements. A detailed and comprehensive competition analysis follows in the next chapter.

4.3.2.2 Threat of new entrants

Enjoying the same competition rules and general economic environment as other EU member states makes the Norwegian market, in theory, attractive for possible entrants. As Preskok operates in a B2B remarketing and wholesale industry focusing on used vehicles, which are sold to other dealerships/traders who then further on sell it to the final customer, the export is considered as a sale to Norway and does not entail any additional responsibilities on behalf of the foreign seller. The only obligation the foreign enterprise is accountable for is the payment of VAT upon import and customs clearance of goods (Norwegian Customs, 2022). Additionally, the electrification of vehicle fleets has gained quite the popularity in developed countries, thus car manufacturers and sellers are compelled to enter this thriving niche market due to its exponential growth,

lucrative earnings, and a growing trend of environmentalism. Nonetheless, the licensing and agency agreements between importers and manufacturers, that govern the import of new automobiles, raise entry barriers. Due to increased pricing transparency, the move towards direct distribution under import agency contracts may increase competition and reduce margins in the dealership market not only for new but also for used vehicles. Ultimately, the threat of new entrants is low to moderate due to exclusivity rights and tough price competition, especially in the used car market where the margins are low.

4.3.2.3 Bargaining power of suppliers

The abundance of prospective suppliers in the car sales sector consequently reduces their bargaining power. Procurement of vehicles for Preskok is well diversified and relies on various supplier companies across all Europe. However, as the car manufacturing industry is dependent on different variable inputs such as labour, materials, resources, etc., the consequence in fluctuation of various distribution chain disruptions and other situations can be felt throughout the value chain. This has been especially noticeable during the coronavirus crisis which sparked production plant closures, supply channel disruptions and scarcity of materials such as semiconductors. The effect was contagious throughout the whole supply chain: from dealerships which suffered from the scarcity of vehicles available to be sold to end users and customers who further on felt the crisis in a form of higher prices and fewer alternative options. It is important to note that these occurrences are anomalies caused by unexpected events that are unpredictable in nature. Suppliers in the automobile industry have historically had very little negotiating power due to their quantity and substitutability. Thus, the bargaining power of suppliers for Preskok and the car market in Norway in general and under normal market circumstances is low to moderate.

4.3.2.4 Bargaining power of buyers

As Preskok is a B2B dealership, its buyers are mostly B2C companies who then further on resell the vehicles to the end user, usually private individuals. The latter have the ability to influence the whole supply chain, and their impact is bigger than those of the direct buyers which represent businesses in Preskok's case. If the end buyers are not satisfied with the given dealership price or offering, they can easily and with no cost switch to another seller and undertake the purchase there. Vehicle buyers are price-conscious decision makers due to the high-cost nature of purchasing a vehicle. Before any decision is made, an array of information is gathered to pick the best cost-efficient and preferable option. With a broad variety of automobile brands available today, high in quantity, and no switching expenses between brands, buyers have a lot of negotiating leverage. This does not only influence Preskok's buyers but ultimately the whole supply chain. On the other hand, the dealerships also hold a significant power as the switching cost between different suppliers, such as Preskok, is low as well. The oversaturation of official sellers, car dealerships and other vehicle retailers as well as the nature of the

automobile industry gives high bargaining power to the end-buyers and other participants moving up in the value chain.

4.3.2.5 Threat of substitute products

There is a low threat of substitute products within the industry as Preskok sells an array of internal combustion vehicles, different sorts of hybrids and electric vehicles. Its offering can be modified according to the specific demand characteristics. Thus, as a dealership of different brands, the competitor's offering cannot be classified as a substitute product due to its identical nature. Competitors sell the exact same cars with same characteristics and that cannot be classified as an alternative. Direct threat of substitute products outside the industry represents public transportation and car sharing. The first produces a higher risk than the latter. As a predominantly urban population, public transport infrastructure is well-established and heavily invested in. According to Statistics Norway (2022b) a total of 142 million passengers utilized public transport in the first quarter of 2022, however, levels have not yet recuperated to the pre-pandemic magnitude. The total number of passenger journeys has decreased across all means of transportation over the last few years, which can be attributed to various benefits and incentives of purchasing BEVs. Carsharing also has not gained quite the volume of use, especially proportionate to the population, to be considered a direct threat to car ownership. Consequently, we can conclude that the threat of substitution is low.

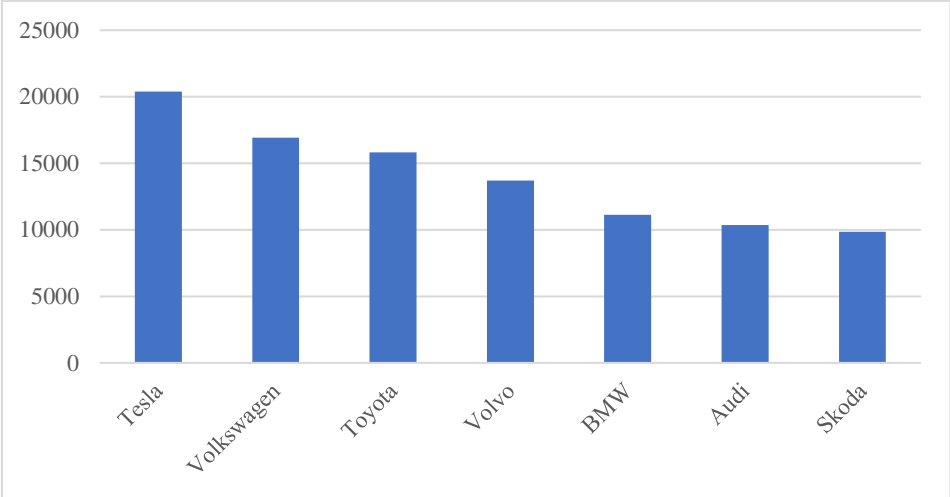
4.3.3 Competition analysis

There are few large importers in the Nordic passenger vehicle sector. While the used car market is fragmented, the new car market is highly consolidated. The three biggest used vehicle vendors in Norway only account for 9% of the used car market, compared to the top three new car sellers who account for 35% of the new car market sales (Fjeldstad & Kristiansen, 2022). Competition comes both from Norway, where the new car wholesale and used car remarketing business are well established, as well as from other foreign countries. The focus of the analysis will be on wholesalers and car remarketers registered and operating in Norway excluding official brand dealerships but including those with licensing agreements, a diverse portfolio of brands offered and a balanced offering between old and new vehicles. The decision stems from the undeniable nature of exclusivity rights from official brand dealerships, their integration in the value chain, and their predominant B2C nature. Preskok is an independent B2B car remarketer and wholesaler, thus the analysis will focus on businesses with similar characteristics with a focus on the used vehicle market.

Firstly, to be able to identify the biggest competitors, the brand popularity must be evaluated to recognize customer preferences. Figure 12 represents passenger car registrations by leading brands in Norway at the end of 2021. Tesla was the most purchased vehicle brand in 2021, followed by Volkswagen. Tesla handles all their new

sales through their own direct sales distribution system and does not allow external dealerships to conduct the sales process on their behalf. Furthermore, Toyota, Volvo, BMW, etc., also predominantly use their own import and distribution channels for new vehicles through which they hold exclusivity rights. Volkswagen, on the other hand, is mainly imported through a third-party dealership with a licensing agreement (Fjeldstad & Kristiansen, 2022). The abovementioned sales channel characteristics hold for the new vehicle market which is heavily constrained through various measures such as exclusivity rights, official distribution and more. On the other hand, the used car remarketing sales channel is very independent in nature as it is not constrained throughout the supply chain as exclusivity rights on second hand vehicles cannot be practiced.

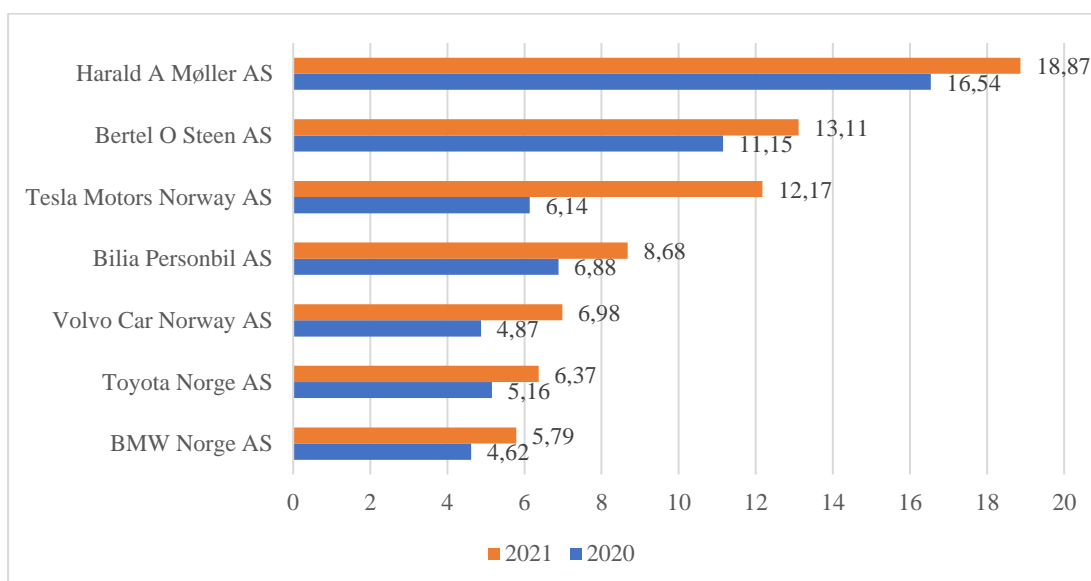
Figure 12: Passenger car registrations by leading brands in Norway in 2021



Adapted from Statista Research Department (2022d).

From Figure 13 we can observe the biggest new vehicle importer companies in Norway. Majority of the list represent official dealerships or importer-retailers (B2C) and thus do not match our competitor criteria. Companies who do share the same business model as Preskok are Harald A Møller AS and Bilia Personbil AS. The latter is a small-scale Norwegian subsidiary of the Swedish company Bilia AB and hence it is incorporated in the Swedish competitor analysis. Harald A Møller AS has dominated the market for the last 11 years with a significant market share. Amongst all firms listed Møller is the only large-scale direct competitor for Preskok due to its various sales channels (wholesale and retail), its semi-independent nature and the balanced offering of new and used vehicles (Fjeldstad & Kristiansen, 2022).

Figure 13: Leading car import firms in Norway by revenue (in mm NOK)



Adapted from Proff (2022b); Statista Research Department (2022a).

4.3.3.1 Harald A Møller AS

Møller Mobility Group is the biggest new and used vehicle importer in Norway. One in four of Norway's vehicle imports can be attributed to HAM - Harald A Møller AS which is a subbranch of the Møller Mobility Group in Norway. Due to holding a licensing agreement with Volkswagen Group they hold exclusivity rights both in import and distribution of the brand in Norway as well as Sweden and the Baltic states of Estonia, Lithuania, and Latvia. They sell brands exclusive to the Volkswagen group which include Audi, Volkswagen, Škoda, Seat and Cupra. They are a web of B2B and B2C dealerships with a total of 71 physical dealerships across all countries operated through Møller Bil. Nevertheless, approximately 40% of their imported cars are further on sold to external, privately owned dealerships, which gives it a semi-independent connotation comparing to other brand dealerships such as Tesla, which can only be sold through official channels. Operating predominantly in the Nordic region, the company imports electrical vehicles on a larger scale. In 2021, almost 80% of their new passenger vehicles sales were EVs (Fjeldstad & Kristiansen, 2022).

Volkswagen holds the title of second most purchased car brand after Tesla in Norway. With its electric vehicles and rechargeable hybrids, they are a major player and that is the reasoning behind Møller's extensive reach and market share which amounted to 26.7% in 2020. Their success can also be attributed to their internal logistics branch, Møller Logistikk, which executes logistics services for HAM and the Norwegian dealers. HAM has since its incorporation imported almost 1.5 million cars to Norway (Møller Mobility Group, 2022). As can be observed from Figure 12, HAM has succeeded in being the leading company in the import vehicle market in Norway over

the last two years. They recorded a record revenue of 18.87 million Norwegian Kroner in 2021 (Proff, 2022b).

4.3.3.2 BCA Autoauktion AS

Selling more than one million vehicles annually, BCA is one of Europe's largest vehicle remarketing companies. BCA wholesales and distributes new and used passenger and other vehicles through auction sales and direct inventory sales. Bidding and direct purchasing are available both online and at physical auctions. Originally from the UK, they have 51 branches throughout 22 European countries, among them being Norway. They specialize in supplying European car dealers and trades with a large variety of premium old and new vehicles. They also offer a variety of additional post-sale services, such as delivery, export handling, claims processing, and client management. BCA conducts concentrated auctions for EVs every Tuesday and Friday and has a well-diversified electrical offering (BCA, 2022).

BCA Norway has been operating since April 2019 and has according to the BBD Parentco Limited (2022) report generated good volumes through remarketing of electric vehicles. Roughly 56% of all vehicles sold to Norway were electric. As specific numbers for the Norwegian market are not publicly available, general statistics will be considered. Latest accessible statistics from 2020 suggests that £78.8m was generated in revenue from international vehicle remarketing across Europe (excluding UK).

4.3.3.3 ALD Automotive AS

ALD Automotive is a French corporation present in 55 countries worldwide, including North and South America and Asia. They are Europe's largest vehicle leasing and fleet management provider. Through their ALD Carmarket brand they specialize in remarketing of used cars and light commercial vehicles through their online sales platform aimed at professional cars traders, dealers, and resellers across 22 European countries. As a world leader in the remarketing industry with the widest geographic coverage they are also present in the Norwegian market through a subsidiary located in Oslo. Through their online sales platform buyers can purchase vehicles through auctions, tenders, and fixed prices (ALD Automotive, 2022a). They have a substantial electrification strategy through which by 2025, 30% of new car deliveries will be EVs (BEVs, PHEVs) and by 2030, 50% of all new deliveries will be BEVs. The strategy aims to address the environmental pollution as well as adapting to government's electrification initiatives (ALD Automotive, 2022b).

Their used car remarketing sales result, across all operating countries, amounted to 437.7 million EUR in 2021, and in 2022 for Q1 and Q2 combined, it has already surpassed the previous year's number with the value of 432.4 million at the beginning of Q3 (ALD Automotive, 2022c). However, their presence on the Norwegian market is not as strong as anticipated. The Norwegian subsidiary's operating income in 2021

reached the value of NOK 595,430. (Proff, 2022a). It's important to note that the numbers for Norway do not only entail the remarketing sales, but also the vehicle leasing and fleet management profits. Specific data solely focusing on the Norwegian B2B car remarketing is not publicly available.

4.3.3.4 Norcar AS

Norcar AS is a Norwegian start-up established in 2018. They are a B2B car dealership supplying the Norwegian and Danish market with old and new cars, specializing in the BEV and PHEV market. Their suppliers and partners are authorized brand dealers, importers, and large brokers. They organize the whole sales process and the delivery through an external transporter company. Although a small and a fairly new player, they have seized the market quickly (Norcar AS, 2022). They have generated a revenue of 1.16 million NOK in 2021, a 78% increase since 2020 (Proff, 2022c).

Conclusion can be made that competition comes in the form of direct rivalry from big official brand importers such as Harald A Møller AS, domestic subsidiaries of international remarketing companies such as BCA Autoauktion AS and ALD Automotive AS, and lastly, from small but impactful start-ups such as Norcar AS. Competitors differentiate themselves between their operating industry (wholesale, retail, remarketing), the brands and the car types they offer based on mileage and fuel type. Thus, the biggest competitors for Preskok on the Norwegian market will be HAM, followed by BCA, ALD and Norcar respectively. However, as previously emphasized, other EU remarketers, traders and dealers should not be dismissed and underestimated. There are also other small-scale Norwegian vehicle remarketing companies to be considered and further evaluated: MyCar AS, Automegler1 Bergen AS, Carpoint Norge AS, CARNEXT.COM NO AS, etc.

4.3.4 Risk assessment

4.3.4.1 Socio-political risk

Norway has been ranked as one of the least risky countries for investment according to the Euromoney Country Risk which analyses the economic, structural, and political risk of a venture in a foreign nation. With a total score of 83.18 (out of 100 – classified as risk free) it has taken the 5th place. Rankings are the highest in political, economic, and structural risk respectively (Euromoney, 2020b; Euromoney, 2020a). Furthermore, in its Doing Business report, World Bank (2020) ranked Norway as the ninth-easiest country in the world to conduct business with. Ultimately, bearing all the above-mentioned titles as well as being ranked as the most democratic country in the world; political risks such as wars, civil unrests, democratic downturns are highly unlikely.

Due to the membership in EEA and EFTA trade barriers are minimal and the import sales process of vehicles is uncomplicated and relatively inexpensive. Laws and

taxation are lenient, especially for the BEV market. However, that could soon come to an end. As Norway is rapidly achieving its electrification objectives, the underpinning incentives and regulations might change shortly. As a matter of fact, the EFTA Surveillance Authority (ESA) has authorized the VAT exemption for ZEVs in the Norwegian market only until the end of 2022 (European Commission, 2022a). If not extended, the cost of ownership will drastically increase for BEV buyers. However, as there are no alternative options to electrification due to the government policies, the impact will not be profound in the qualitative but rather in the quantitative measurement through demand contraction due to higher purchase and maintenance cost of vehicle ownership. Nonetheless, as such events have unpredictable outcomes, we cannot accurately foresee the consequences of government taxation modification, if it even occurs in the first place. Thus, we can conclude that the political risk is low and does not pose notable threat for Preskok's entry into Norwegian car market.

4.3.4.2 Economic and financial risk

High levels of prosperity and thriving entrepreneurship characterize the Norwegian economy. The nation has a strong record of being open to international trade and investment, as well as having transparent and effective rules. Norway has had greater success than many other nations in reducing the intensity and effects of the coronavirus pandemic on the national economy. Numerous economic and social indices have shown that the nation has maintained positive outcomes and recuperated quickly. Unemployment rates are dropping substantially, GDP has recuperated with a growth of 3.5% predicted for 2022 and a projected steady long-term growing rate of 1.7% for 2023 and onwards, export is growing especially in the oil and gas industry due to current high demand of the European market, etc. Core inflation rate risk remains pronounced due to the ongoing geopolitical climate in Europe; however, it has been fluctuating within tolerable ranges. Despite not having any direct trading relations with Russia or Ukraine, Norway is still affected by the situation due to its impact on world commodity and energy prices. The Norwegian central bank is constricting the monetary policy with a projected value of 2.5% by the end of 2023, which is anticipated to be largely neutral, meaning it neither bolsters the economy nor burdens it down. Through these measures core inflation should be kept under reasonable levels preventing further substantial fluctuations (OECD, 2022b). A strategically important risk to Preskok will come in the form of currency risk. As Norwegian Krone has been depreciating over the last five years, fluctuations in exchange rates might be a point of moderate to high concern especially in times of worldwide geopolitical and/or economic unrest. With exposure management strategies, the company may reduce currency risk to some extent, but it cannot be entirely avoided. Although the current economic and financial indicators suggest prosperity and little instability, uncertainty about future developments in the Norwegian and broader European economy remains higher than normal due to the ongoing Ukrainian war, possible new corona or other virus outbreaks,

persistent inflation, etc. Consequently, we can mark the economic, financial and currency risk as moderate to high.

4.3.4.3 Environmental and cultural risk

Extreme weather, floods, heavy winds, landslides, and avalanches are common environmental occurrences in Norway. The frequency of natural disasters has and will be increasing due to climate change. Although there are Civil Protection Acts in place, they cannot predict nor prevent natural disasters (Norwegian Directorate for Civil Protection, 2022). Preskok organises the transportation of the vehicles to the buyer and takes on the responsibility to deliver the goods in the condition that was agreed upon. Logistics is outsourced to various transportation companies who then deliver the goods by car carrier trailers to the specified location. Numerous situations can occur during the transport on the road and natural disasters only escalate the transit risk. However, such hazards are impossible to predict and can occur anywhere and anytime, regardless of precautionary measures. Hence, environmental risk can be ranked as moderate.

Despite Norway being a physically distant market, its cultural and psychic distance is negligible. The latter comes in the form of all the necessary information already accessible, common business practices, similar level of industrial development, etc., which consequently reduce the venture risk. While the cultural distance is slightly more prominent in the language and history aspect, the norms and values bear similarities with those of broader European population and Slovenia itself. Norwegian lifestyle focuses on the active outdoorsy way of life with an emphasis on human connection with the nature. Norwegian consumers are more environmentally centred purchase makers due to their norms and values but also government stimulation in forms of regulations and benefits. They represent the perfect target consumers that Preskok wishes to acquire through focusing on the electrical market. The cultural risk can thus be ranked as low.

4.4 Country specific analysis: Sweden

4.4.1 Macro-environmental analysis

4.4.1.1 Political

Alike Norway, Sweden is also a very politically robust and developed country. On the Democracy Index 2021 Sweden was ranked as the fourth most democratic country in the world with an awarded title of a “full democracy” (Economist Intelligence Unit, 2022). In terms of corruption perception index, Sweden is tied with Norway in the fourth place with a total score of 85 points out of 100 (Transparency International, 2022). Sweden has been an EU member country since 1995, indulging in the benefits of the four freedoms of the European single market for decades (European Union, 2022).

As an EU member state, the import of goods is more simplistic, involving less import bureaucracy and expenses compared to the Norwegian import system. Upon importing a car from another EU member state notifying the Swedish Customs is not required, however importing from a non-EU state involves obligatory notifying of the customs as well as presenting the proof of the transaction and paying customs duty and VAT. Therefore, upon importing from the EU to Sweden the only obligation is the payment of the VAT on new cars, which is 25% of the total value of the car on the purchase invoice/document. Old/used cars are exempt from paying VAT (Swedish Customs, 2022). For the payment of VAT, Swedish Tax Agency needs to be notified. Vehicles are considered new if the mileage is under 6,000 km upon purchase or if the vehicle had been driven for less than half a year. Only one of these requirements must be satisfied to classify the vehicle as new. Along with VAT, the verification of origin must be provided along with its fee of 1,100 SEK. All vehicles bound to be registered need to pass through this verification with an exemption of new vehicles imported through registered importers or those manufactured in Sweden. The purpose behind the verification is confirming the origin of the vehicle, its characteristics and the originality and authenticity of the documentation submitted (Swedish Transport Agency, 2022a).

In Sweden there hasn't been a one-time purchase or registration tax since 1996. A yearly circulation (ownership) tax is enforced and dependant on vehicle's weight and greenhouse emissions (Østli, Fridstrøm, Kristensen, & Lindberg, 2021). "Super green" vehicles are exempt from the tax for the first few years, which can accumulate up to 1,760 SEK of annual tax relief (European Commission, 2022b). Furthermore, the country follows the so-called bonus-malus (feebate) vehicle taxation system meaning 'bad' behaviour will be punished and 'good' behaviour will be rewarded. The purpose is to encourage the purchase of zero and low emissions cars (bonus) while discouraging the use of internal combustion vehicles that emit larger quantities of CO₂ (malus) by charging them a higher annual ownership tax for the first three years. This tax supplements the more widespread fuel tax and aims to lessen the impact of the transportation sector on the environment and its reliance on oil. Malus applies to petrol and diesel private vehicles of class I and II, as well as light buses and lorries. The final tax is based on fuel type and compounded using "basic charge", "carbon dioxide charge", "additional environmental charge" and "additional fuel charge" (Swedish Transport Agency, 2022b). More information on the calculation of the bonus-malus vehicle tax can be found in Appendix 8.

There are also various subsidies in force to promote the purchase and use of alternatively fuelled and environmentally friendly vehicles. One among them is the Klimatbonus or the Climate Bonus which incentivizes private and corporate vehicles based on the quantity of CO₂ emitted and the year in which the vehicle was licensed for use for the first time. For BEVs with zero emissions the bonus amounts up to 70,000 SEK, while the PHEVs with emissions up to 70g/km obtain a pay-out of 45,000 SEK under the rule that the Klimatbonus must not be more than 25% of the cost of the

vehicle and the total purchase value of the vehicle must not exceed 700,000 SEK. Other incentives include free parking and charging in certain specified areas and cities (European Commission, 2022b).

Sweden has the lowest vehicle tax rates in Scandinavia, followed by Norway where tax rates are high for the EU standards but only for ICEVs whereas BEVs and PHEVs enjoy exemptions and reduced rates, respectively. Sweden has taken a different approach to eco trends compared to its neighbouring countries and has emphasized and subsidized not only electrically fuelled vehicles but also the vehicles running on biofuels as well as hybrids. While Sweden focuses on the subsidization of BEVs to promote their use, Norway on the contrary relies on the lenient taxation system towards electric vehicles. Consequently, the tax rates are moderate but not as BEV oriented as Norway (Østli, Fridstrøm, Kristensen, & Lindberg, 2021).

4.4.1.2 Economic

Sweden's GDP growth was estimated at 4.8%, holding the value of 627 billion USD by the end of 2021 (World Bank, 2022c). The projected future growth rate is 1%. The GDP per capita at 60,102 USD is also amongst the highest in EU, however lower than Norway. The long-term interest rate indicator rests at 1.6% per annum while the short-term interest rate slightly lower at 1.1% annum. Unlike Norway, the recent inflation figures were within the 2% objective set by the Central Bank. The government has a budget surplus and has only seen deficit in times of the coronavirus outbreak. Since then, the country has slowly but surely regained its budget balance, however, it is still not up to par with the pre-pandemic levels (OECD, 2022c).

Swedish economy relies heavily on manufacturing and industrial engineering export. Car manufacturing is one of the biggest industries and top exports valued at 11.1 billion USD along with motor vehicles, refined petroleum and more (OEC, 2022). The automotive industry accounts for 10% of the GDP and employs over a million people. It is heavily dependent on export as majority of its produced vehicles are sold abroad. The biggest passenger car manufacturers are Volvo Cars and Saab Automobile, whilst the largest truck manufacturers are AB Volvo and Scania AB. Additionally, there are smaller manufacturers like the luxury brand Koenigsegg which produces one of the fastest and most powerful hybrids in the world (Damilola, 2022).

Despite being a part of the EU, Sweden has not yet adopted nor committed to Euro and is using its national currency Swedish Krona (hereinafter SEK). The currency has been depreciating strongly against Euro since 2013 and is known to move on the contrary to Euro, meaning when Euro is strong, Swedish Krona is not and vice versa. According to Bacchetta & Chikhani (2020) the devaluation trend cannot be explained through standard models however it might be attributable to a decrease in interest rates followed by quantitative easing and Sweden's central bank (Riksbank) coping mechanisms. As the Riksbank keeps the long- and short-term interest rates low, below European

average, the depreciation trend continues. Appreciation is only seen upon higher interest rates set by the Riksbank. According to Pesole & Smith (2022), the recent devaluation has been heavily influenced by economic and geopolitical instability, Europe's energy crisis and Riksbank's pressure with reserve build-up.

4.4.1.3 Socio-cultural

Sweden is the third largest EU state in surface area, however, inhabits only 10.4 million people (European Union, 2022). One third of its population lives in urban areas which accounts for 88% of the entire nation. The share of urban population is the fastest growing in Europe and has been a result of tougher living conditions in sparsely populated areas due to harsh climate and greater distances (Statistics Sweden, 2021).

The Swedish vehicle fleet was historically known to be amongst the heaviest in Europe with preferences towards large ICEVs releasing high levels of emissions. Only recently the shift has been made towards alternatively fuelled vehicles, reflecting higher environmental awareness and compliance with the Paris agreement. With advancements in BEV driving range, the interest has been growing in Sweden (Engström, Algers & Hugosson, 2018). A study by Haustein, Jensen & Cherchi (2021) analysed the BEV adoption in Sweden and Denmark through the customer preference study. Results for the Swedish market indicated that the typical BEV drivers are middle-aged men of high income and education living in households that own more than one car. A surprising statistic shows that 93.1% of BEV drivers are men, while women only account for a 6.9% share. Although income plays a determining factor in the purchase decision, education level proves to be an indifferent variable in Sweden. As the driving distance still proves to be a challenge, most BEV owner households have an additional vehicle which are predominantly ICEVs. Swedes are also very inclined towards the purchase of alternatively fuelled vehicles due to public incentives, tax breaks and political support. Another study by Engström, Algers & Hugosson (2018) found that vehicle safety is a determinant of high importance in the further utilization and purchase stimulation of PHEVs and BEVs. Authors argue that due to the greater upfront expenditures for alternative vehicle types and the unpredictability of resale price and running expenses for individual consumers, the corporate car market is the primary factor driving changes in vehicle fleets. Swedes' reluctance towards BEVs stems from the rapid advancements in battery technology, which poses a danger to the individual purchaser since it might reduce the BEV's second hand market value if a comparable new vehicle bears a significantly greater range. Another reluctance stems from the range capacity of BEVs even though the technology and charging infrastructure are advancing rapidly. Nonetheless, the five-year tax exemption for electric cars along with the subsidy have had a positive impact on customer's purchase decisions.

4.4.1.4 Technological

Sweden has the highest share of renewable energy in the EU, amounting up to 38%. In the EU, sources of renewable energy include wind, solar, hydro, tidal, geothermal, biofuels, and recyclable waste components (European Union, 2022). As a hub for environmental research, the country is heavily relying on science to achieve sustainability through electrification of the transport sector, which will include all modes of transport. The national plan for 2029 includes the construction of the nation's first electric road which will enable EVs to charge whilst driving. The purpose of the road is to promote the use of electric vehicles especially heavy road transport carried out by electric trucks. Infrastructure for charging along main roadways, especially in rural regions, is co-financed by the state in addition to assistance in constructing charging stations for individual citizens and housing associations. Additionally, the Swedish government offers financial assistance for R&D across all transportation modalities, including assistance in the development of fossil-free/electric aviation by 2045 (Government Offices of Sweden, 2021b).

In Forbes Advisor's analysis of world's most EV accommodating countries, Sweden ranked on the 8th place with an estimated 4 charging points per capita. Norway was ranked higher, on the 5th spot, but only accounted for 2 charging spots per capita (Hooson, 2022). As a part of the Klimatkivet, the governmental support for public and private charging infrastructure was established. To support the installation costs an incentive of up to 15,000 SEK can be allocated for a setup of the private home charger (European Commission, 2022b). The advanced yet still evolving charging infrastructure has paved the way towards electrification of Swedish fleet. However, the scale of the sales growth has been outnumbering the charging points and thus infrastructural expansion and implementation of charging stations is not proceeding quickly enough.

Alike Norway, the shared vehicle mobility framework has been gaining traction lately. With an estimated market revenue of 5.66 billion USD at the end of 2022 and a predicted growth of 7.9 million customers by 2026, the market is twice the size compared to Norway (Statista Research Department, 2022b). A study by Reyes, Cansino, Román-Collado, & Mundaca (2020) found that vehicle sharing is anticipated to have a strong influence on environmentally friendly transportation in Sweden. In cities, especially in Stockholm, Gothenburg and others, car sharing is rapidly developing. Through research, the authors found the motivating factors to be predominantly of financial nature associated with the capital costs, maintenance expenses, parking, and charging/gasoline costs as well as increased taxation and reducing subsidies for private car ownership. The Swedish car manufacturing industry has also seized the opportunity and entered the market, offering environmentally friendly vehicles for leasing and car sharing. The competition has been growing with an increasing number of new entrants in B2C model as well as in the developing P2P (peer-to-peer) car sharing niche which has been especially attractive for car owners,

allowing them to make some extra money on the side by renting their vehicle out. The Swedish government has supported the initiative and has financed the promotion of its use through public awareness campaigns, parking infrastructure, etc.

4.4.1.5 Environmental

Sweden is the second most sustainable country in the world, behind Norway (Schieler, 2020). Just like their Norwegian neighbours, environmentalism and love for nature is deeply ingrained through national values and norms. Sweden was the first nation in the world to form and implement an environmental protection agency back in 1967. The long-term goal of the country is to lessen pollution and carbon emissions through stringent regulation. The Swedish government has established challenging targets for sustainability such as using only renewable energy and eliminating greenhouse emissions by 2045 (Swedish Institute, 2022). To combat the climate change, Sweden has also signed the Paris Agreement. Enforced since beginning of 2018, The Climate Policy Framework adopted by the Swedish parliament (Riksdag) pledges to achieve zero net greenhouse emissions by 2045 and a 70% reduction compared with 2010 levels by the year of 2030 (Government Offices of Sweden, 2021a).

As the fastest urbanizing country in Europe, Sweden had to tackle overcrowding challenges in the transport sector that bring about transport congestions and environmental wastage. In the capital city of Stockholm, almost a million people use public transport daily. The whole subway network is powered by green energy and all buses have been operating on 100% renewable energy since 2017 - a goal that was originally set for 2025 (Swedish Institute, 2022).

4.4.1.6 Legal

The government of Sweden has set the objective of energy efficient transport modes through various measures explained in the sections above. Existing fuel type taxes and emissions taxes cause the ICEVs to be both high in purchase price as well as maintenance. Through the bonus-malus tax system, the zero- and low-emissions vehicles are promoted through subsidization and lower tax levels. The tax benefits for ecologically advanced technologies along with environmental policy measures have started to take effect causing the recent shift from previously preferred ICEVs to a higher share of PHEVs and BEVs on the road (Government Offices of Sweden, 2021b).

4.4.2 Industry analysis

4.4.2.1 Rivalry among existing competitors

Alike Norway, the rivalry setting in Sweden is of similar nature, however, twice the size due to a larger population and its demand. There are numerous domestic traders and dealers, official importers and distributors, external foreign wholesalers, and

remarketers. Due to EU membership, the ease of doing business in Sweden is greater than in Norway, making the market more saturated with foreign enterprises. Thus, Preskok will be facing much competition from other domestic business such as Bilia AB, Click2Cars, as well as companies also present in the Norwegian market like BCA Vehicle Remarketing AB, ALD Automotive AB, etc. Price comparison and licensing/agency contracts are the key drivers of competitiveness.

4.4.2.2 Threat of new entrants

The Swedish vehicle wholesale market is more concentrated than Norwegian, where there are only a few big players in the new vehicle market and an array of them in the used vehicle market. In Sweden, however, the competition is greater between similarly scoped companies both in the new and used car market. Firms are predominantly dealerships with licensing agreements unlike Norway with its higher share of official distribution channels. Due to these licensing and agency agreements, the import of vehicles is governed and driven by them, thus raising entry barriers. This along with higher price transparency, which pushes the margins lower, makes the entry less lucrative than observable at first glance. Ultimately, the threat of new entrants is low to moderate due to intense rivalry driven by price transparency that ultimately lowers the margins, especially for the used car market.

4.4.2.3 Bargaining power of suppliers

As discussed in the Norwegian industry analysis, through externalising and diversifying the supplier portfolio, Preskok has well mitigated the risks of supply chain interruptions, scarcity of goods, etc. However, as the supply chain in the automobile manufacturing and distribution is vast with many participants and variables, the risk of something going wrong is always present and cannot be mitigated in any other form. Nonetheless, suppliers in the auto industry have historically had very little negotiating power due to their quantity and substitutability. Thus, the bargaining power of suppliers for Preskok is low to moderate.

4.4.2.4 Bargaining power of buyers

Due to the higher competition level, the end buyers have more leverage in selecting the optimal purchase decision across many different sources from official dealerships to online based remarketers, etc. Consequently, through preferences, price-sensitivity and other requirements buyers can influence the whole supply chain. Their switching cost between different dealerships and retailers is zero, thus they can easily switch to another seller and undertake the purchase there. With a broad variety of automobile brands available today, high in quantity, and no switching expenses between brands, buyers have a lot of negotiating leverage. End-users and other parties moving up the value

chain have significant negotiating power due to the abundance of official sellers, dealerships, and other vehicle retailers. Thus, the bargaining power of buyers is high.

4.4.2.5 Threat of substitute products

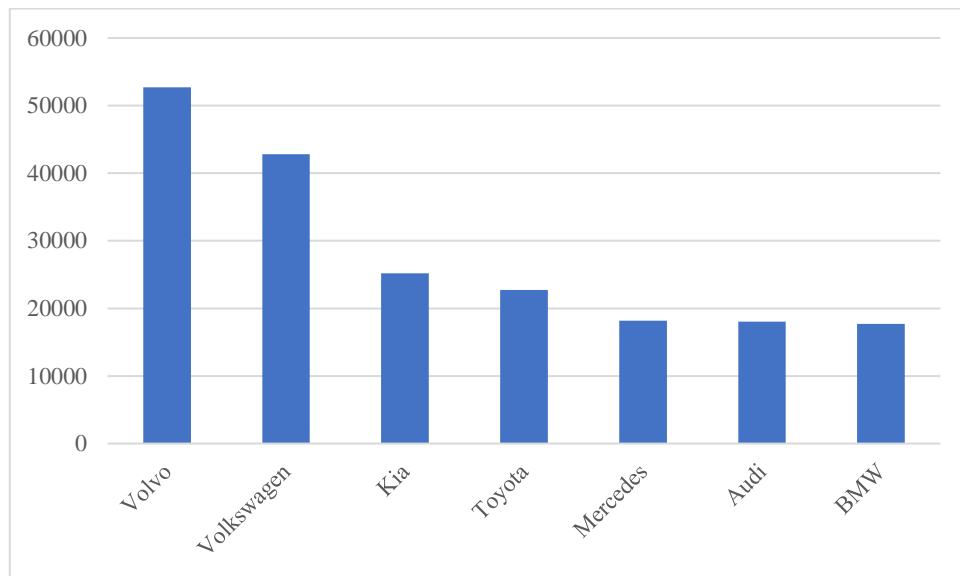
The threat of substitute products within the industry is non-existent. Since Preskok sells a variety of internal combustion automobiles, different types of hybrid vehicles, and electric vehicles, there are no direct substitutes to the offering. Outside of the industry, the threat stems in the form of public transport, vehicle leasing/renting and car sharing. The latter has gained quite the traction in Sweden and is estimated to grow rapidly, attracting millions of users in the future through emerging P2P car sharing platforms, which not only offer car sharing services for the buyer but also additional revenue stream for the owners of the shared vehicle. Such trends are especially popular amongst younger generations in urban environments. Another indirect substitute is the public transport. As Sweden's urbanization rate rises and the congestion of cities worsens, the public transport offers the most economical and quick way to get around. However, the transport infrastructure is not yet developed enough to sustain bigger masses and is still on the pathway to further electrification for which time is needed. Thus, the current threat of substitution is low.

4.4.3 Competition analysis

As previously mentioned, Nordic automotive market has few major importers. The used car market has a higher number of smaller players, whilst the new car market has a lower number of bigger players (Fjeldstad & Kristiansen, 2022). However, the Swedish market is divergent in its size and the number of similarly sized competitors. Rivalry is thus higher and on a bigger scale than in Norway. Alike the previous Norwegian analysis, the focus will revolve around wholesalers and car remarketers registered and operating in Sweden excluding official brand dealerships but including those with licensing agreements, a diverse portfolio of brands offered and a balanced offering between old and new vehicles. Predominantly used car wholesalers and remarketers, as well as some new vehicle importers, fit Preskok's competitor characteristics the most, thus they will represent the focal point of the following analysis.

The popularity by brand is depicted in Figure 14. The domestically produced Volvo had the highest market share at the end of 2020, followed by Volkswagen and Kia. Leading brands are divergent than those on the Norwegian market due to the higher share of hybrids and the gradually diminishing but still substantial demand for fossil-fuelled vehicles.

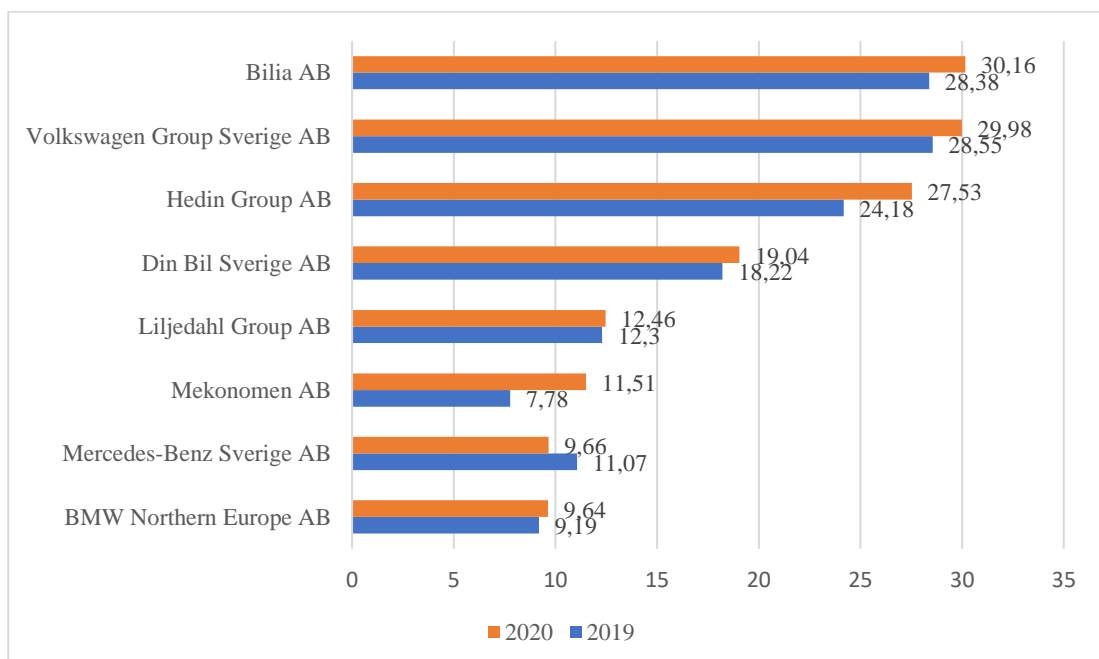
Figure 14: Passenger car registrations by leading brands in Sweden in 2020



Adapted from Statista Research Department (2022e).

From Figure 15 we can observe the biggest car importers in Sweden. Majority of the list is either official dealerships or importer-retailers and thus do not match our competitor criteria. The only match is Bilia AB, the biggest firm in revenue turnover and an official importer, wholesaler, and retailer of several car brands. Further analysis follows below.

Figure 15: Leading car import firms in Sweden by revenue (in mm SEK)



Adapted from Statista Research Department (2022c).

4.4.3.1 Bilia AB

Bilia is one of the biggest car dealers in Europe with its presence in Sweden, Norway, Luxembourg, Belgium, and Germany. They provide goods and services for all aspects of vehicle ownership, including the import and sales of new and used vehicles to private and corporate customers, their maintenance, recycling, remodelling, and the selling of spare automotive parts. As an official importer of 12 passenger car brands (Volvo, BMW, Toyota, Porsche, Nissan, Mercedes-Benz, Dacia, Lexus, Renault, Mini, Smart & Alpine), they also distribute the vehicles to their own B2C outlets. In 2021 they reported their highest revenue yet due to service business and the sale of used cars via online auctions and live showroom auctions through the subsidiary Bilia Outlet (operating in Sweden as well as Norway). In 2021, they sold more used cars (52 thousand used cars in total, 33 thousand in Sweden alone) than new cars (48 thousand new cars in total, 29 thousand in Sweden alone). The revenue generated through the sale of new and used cars amounted to 28.33 million SEK in 2021 (15.42 million SEK in Sweden and 9.69 million in Norway). Through their extensive brand offering, they provide the Nordic market with an array of electric vehicle options (Bilia AB, 2022). As seen in the Figure 15, Bilia AB is the biggest competitor Preskok will face on the market due to their new vehicles import as well as used vehicles brokerage, and their wide array of brands offering electric and hybrid vehicles.

4.4.3.2 BCA Vehicle Remarketing AB

BCA Vehicle Remarketing AB is BCA Group's Swedish subsidiary. The operations in Sweden are of identical nature to those in Norway through their BCA Autoauktion AS subsidiary. As the company introduction and its offerings have already been presented in the Norwegian competition analysis part, they shall not be repeated. Their operating income in 2021 stood at 140,977 SEK and has been dropping sharply since 2019 (Nordic Market Data AB, 2022).

4.4.3.3 ALD Automotive AB

ALD Automotive AB is ALD Automotive's Swedish subsidiary. The operations in Sweden are of identical nature to those in Norway through their ALD Automotive AS. As the company introduction and its offerings have already been presented in the Norwegian competition analysis part, they shall not be repeated. The operating income in 2020 stood at 1.286 million SEK and has been growing steadily over the last few years (Proff AB, 2022b). Compared to the Norwegian subsidiary, the scope of the business is twice as big and profitable.

4.4.3.4 Cars2click AB

Cars2click is a Swedish B2B vehicle trading firm operating purely online. They specialize in applying IT and AI solutions to help partner dealers sell and purchase their

cars. They are present in over 21 European countries and offer a spectrum of services, from market data acquired through AI, to dealer support, ultimate purchase and selling of the vehicles and finally to logistics. Their offering is predominantly centred around fossil-fuelled vehicles, whilst electric and hybrid vehicles only account for 14% sales (Cars2Click, 2022). Thus far, Cars2Click is the only company identified as a pure and direct competitor based on identical sales and operations characteristics as Preskok. The company has been growing rapidly from its incorporation in 2019 and has gained significant operating income amounting up to 771,655 SEK in 2021 (Proff AB, 2022a). Data about the scope of their domestic-only operations through import and wholesale are not publicly available.

Conclusion can be made that competition comes in the form of direct rivalry from big official brand importers such as Bilia AB, international remarketing companies such as BCA Vehicle Remarketing AB, and ALD Automotive AB, and lastly, from small but impactful start-ups such as Cars2Click AB. Thus, the biggest competitor for Preskok will be Bilia AB, followed by ALD, Cars2Click and BCA respectively. However, as previously emphasized, other EU remarketers, traders and dealers should not be dismissed and underestimated. There are also other small-scale Swedish vehicle remarketing companies to be considered and further evaluated: AMS Remarketing Service AB, KVD CARS AB, Bilmax Sverige AB, etc.

4.4.4 Risk assessment

4.4.4.1 Socio-political risk

Sweden ranks two places lower on The Euromoney Country Risk ranking compared to Norway. With a total score of 80.01 (100 classified as risk free) it takes the 7th place (Euromoney, 2020c). Furthermore, in its Doing Business report, World Bank (2020) ranked Sweden as the tenth-easiest country in the world to conduct business with. Alike Norway, Sweden is one of the most democratic countries in the world, thus wars, social unrests, and democratic worsening are highly improbable political threats.

Various government policies might have an impact on specific businesses and industries through imposition of taxes, and other regulations, especially those relating to environmental preservation to which Sweden gives ultimate priority. Laws and taxation are in favour of low- and zero-emissions vehicles. Nonetheless, the Swedish government has changed the regulations and taxation pertaining the automobile industry many times throughout the history. The incentives and subsidies are imposed on certain objectives until those are reached. Naturally, once the desired levels of sustainability in the automotive sector are achieved, the risk of subsidy and lenient taxation abolishment for BEVs and PHEVs is high. However, the reduced benefits and higher taxation will not be able to produce a profound impact on the BEV market share due to the underpinning environmental regulation, which will by default coerce buyers to undertake environmentally centred purchase decisions. The measures could, however,

have an impact on the high cost of ownership and the rising trend of vehicle sharing and renting. As Sweden is still on its long path towards electrification and will not achieve levels such as Norway for quite some while, the risk of such measures and their implications cannot be predicted nor quantified. Hence, we conclude political risk to be low and insignificant for Preskok's current entry into the market.

4.4.4.2 Economic and financial risk

Sweden has had a prosperous and stable economy growth for decades. Despite sharp contraction of the economy in 2020 due to the pandemic, the government measures and policies have successfully mitigated the impact and unfavourable consequences of the lockdowns. GDP recuperated quickly and reached a higher peak compared to pre-pandemic levels, unemployment rate is steadily decreasing, etc. Nonetheless the growth is anticipated to decrease to 1% next year, from this year's 2.2%, due to high inflation and increasing interest rates. Exports and corporate investment will be negatively impacted by growing international uncertainty. Rigid labour market, low gross debt as a percentage of GDP, high savings rates, and government assistance all supports household spending, but if the high inflation and interest rates persist, it is likely to decrease. As the trade ties with Ukraine and Russia are not substantial, the consequence of the war can only be felt through higher prices of energy and commodities. Inflation rate, which reached an all-time high level of 6.4% in April, has been and will continue being damaging to the private consumption (OECD, 2022d). Swedish Krona has the same depreciation trend as the Norwegian krone and thus represents a strategically important risk to Preskok. The current economic and financial indicators for Sweden suggest lower prosperity and higher instability due to current geopolitical tensions and their consequences on inflation rate. Uncertainty about future economic situation in Sweden remains higher than of their neighbours due to higher dependency of externally sourced energy supply and its low domestic resources. Consequently, we can mark the economic, financial and currency risk as moderate to high.

4.4.4.3 Environmental and cultural risk

Due to the same extreme climate, natural disasters are like those in Norway. Extreme weather, sea level rise, floods, landslides, and avalanches are common environmental occurrences in Sweden. Alike Norway, the same holds for Preskok's risk in Sweden, as such hazards are impossible to predict and can occur anywhere and anytime, regardless of precautionary measures. Thus, environmental risk can be ranked as moderate.

Once being a joint kingdom, Norway and Sweden share deep-rooted ties intertwined in history, cultural values, and norms and more. Compared to Slovenia, both countries have a different language but a similar lifestyle as well as cultural norms and values. Alike Norwegians, Swedes are very outdoorsy with a deep-rooted love for the nature and its perseverance. Based on customer characteristics they are very similar and can be

regarded in a similar manner. Preskok will thus not encounter any significant cultural risks or barriers in the electric market due to the widespread popularity and its acceptance as the new social norm. Although Sweden is a physically distant market, its cultural and psychic distance are negligible. The cultural risk can thus be ranked as low.

5 MARKET ATTRACTIVENESS MATRIX

Through the market analysis, I have obtained sufficient data to construct the market attractiveness matrix. I have identified the industry attractiveness and competitive strength factors most important to Preskok. Weights for each factor have been assigned in cooperation with the interviewees to be as objective and firm oriented as possible. Through the information obtained in the analyses, each factor in each market was assessed separately. For the market attractiveness estimation, the factors were determined based on the information gained from the interviews in each market and knowledge obtained from the macro and micro analyses as well as the risk assessment analysis. For the competitive strength estimation, the factors were determined using data from Preskok's company analysis and analyses of competitors in each market. The weight of each factor and its score, which was jointly estimated and calculated with Preskok's employees, together determined the value and their sum decided the score of each market used to situate it on the matrix.

Table 3 shows the market attractiveness factors, their calculation and final scores for both markets. The more appealing market proved to be Norway with 8.1 points compared to Sweden with 6.55 points. The Norwegian EV market size is substantially bigger than Swedish due to the governmental regulations regarding emissions, lenient taxation, and beneficial customer preferences as a result of the maturity of the market. Swedish government is not as strict in applying objectives for reaching net zero emissions just yet, also the taxation is not as favourable towards EVs as it is in Norway, furthermore, customers still prefer domestically produced fossil-fuelled cars from Volvo to which they have a deep cultural connection with. Exchange rate has proven to be an issue for both countries, Swedish central bank however has slightly better policy measures to stabilize fluctuations. Rivalry is less intense in Norway and much more severe in Sweden with a greater number of smaller firms competing and a strong recent trend of consolidation by larger corporations. Taxation system for EVs in Norway has been very lenient so far but will only be in effect until the end of 2022, further actions and rates are not known and pose a substantial uncertainty. On the other hand, Sweden has a stricter EV taxation compared to Norway, but still relaxed compared to domestic ICEV tax levels. The EV market in Norway is the world's most developed and fastest growing electrical market, hence the higher market attractiveness is undeniable and undisputable.

Table 3: Market attractiveness factors for Norway and Sweden

Factor	Weight	Norway		Sweden	
		Rating	Weighted score	Rating	Weighted score
EV market size	0,15	9	1,35	5	0,75
EV market growth rate	0,3	10	3	7	2,1
EV market profitability	0,2	7	1,4	8	1,6
Exchange rate fluctuation	0,1	6	0,6	6	0,6
Competition intensity	0,15	7	1,05	6	0,9
Taxation policy	0,1	7	0,7	6	0,6
Total	1	-	8,1	-	6,55

Source: own work.

Table 4 shows Preskok's competitive strength factors with calculation and final score. Norway achieved 7.5 points and Sweden 7.05 points. As Preskok exports to almost all EU states, their European market share as well as presence in Denmark will certainly provide them with a head start upon entering both markets as connections play a key role in Scandinavia. The quality of service is highly valued and thus the firm will not face any obstacles due to its very high standard of quality maintenance. Reputation and good customer service will be essential in Norway due to maturity of the market and high customer expectations. In Sweden, the reputation and customer service will be slightly less vital due to EV market being in the emerging stages which consequently depicts current customer inexperience. Logistics will pose a greater advantage in Norway due to its remoteness, import bureaucracy and logistics complications as a non-EU member state. In Sweden, logistics is a service every business offers and hence it will not act as the primary leverage. Competitor analysis shows that in Norway rivals rely less on IT and AI as a support to their online sales, its usage is higher in Sweden. And finally, in Norway the competition led to price transparency which drove down the margins due to maturity of the market. Preskok will achieve marginally higher yields in Sweden due to novelty of the product and less fragmented market.

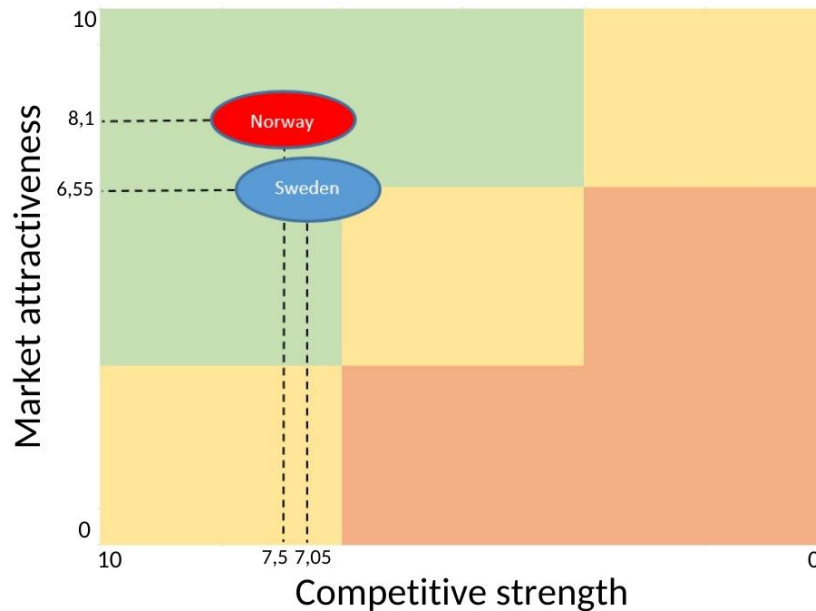
Table 4: Competitive strength factors for Norway and Sweden

Factor	Weight	Norway		Sweden	
		Rating	Weighted score	Rating	Weighted score
Market share	0,2	8	1,6	8	1,6
Quality of service	0,15	10	1,5	10	1,5
Logistics	0,15	9	1,35	7	1,05
Technology	0,05	8	0,4	6	0,3
Product pricing	0,25	5	1,25	6	1,5
Reputation	0,1	7	0,7	5	0,5
Customer service	0,1	7	0,7	6	0,6
Total	1	-	7,5	-	7,05

Source: own work.

Through the construction of the GE/McKinsey matrix depicted in Figure 16, the outcome proved Norway to be more attractive country/market for the electric vehicle market. Sweden is however not far behind and proves to be a great investment and predicts rapid further growth.

Figure 16: Market attractiveness matrix for Norway and Sweden



Source: own work.

6 RECOMMENDATIONS FOR THE COMPANY, RESEARCH LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The final verdict after the conducted market analyses and market attractiveness matrix is that Norway is currently more attractive than Sweden for Preskok's entry. The result also aligns with the interview performed with Hans Houmark, external B2B consultant for the Danish market, who argued that the long-established Norwegian EV market is at an unprecedented level compared to other countries. The market is gradually reaching maturity, which comes without a possibility of a decline due to the strict fossil-fuel abolishment and other environmental regulations. In addition to the favourable economic and political situation in the country and the high growth of the market, the competitive situation also increases the attractiveness due to the moderate number of immediate direct rivals that could directly compete with Preskok in the remarketing and wholesale business with an emphasis on low mileage BEV vehicles. Therefore, due to the developed nature of the market, encouraging incentivization and regulation along with taxation, and the evolving market for used electric vehicles, Preskok has a good head start to capitalize on this opportunity.

Sweden's greatest comparative disadvantage stems from the size of the EV market and its comparatively lower paced growth rate. Although, in comparison with EU member state's average electrification proportion and growth, Sweden is by far one of the industry's forerunners. The delay behind Norway can be explained through the less stringent environmental governance which restricts the sale of fossil-fuelled vehicles from 2030 onwards, five years later than the Norwegian regulation. The Swedish taxation system is not as heavily centred around EV promotion through tax exemption and reduction but rather through subsidization, which makes the ownership of EVs heavily reliant on the governmental budget until exhausted and cannot be redeemed before a higher amount of money is allocated for the purpose. Such budgetary dry up has had a profound effect in the past when buyers were queuing up to receive the subsidization which had no specified date of delivery. Ultimately, it can compel buyers to seek alternative options due to uncertainty and time pressure. Furthermore, the driving distance capacity remains an issue for EV buyers due to the lack of charging stations in remote areas but also in urban cities where the infrastructural expansion and implementation of EV charging stations cannot keep up with the growing electrification trend. And lastly, the low carbon dioxide emitting vehicles such as PHEVs and HEVs are promoted and incentivized as well. The highest bonuses naturally go to BEVs; however, other hybrids also receive a high enough monetary incentives which promote and stimulate their purchase and use.

All the arguments presented so far confirm that Norway is the right primary choice for entry. Undoubtedly, for Preskok's expansion on the EV market, both countries present themselves as tremendous opportunities. Key findings from macro- and micro-analyses for both countries can be found in the table of Appendix 9, where comparison is made between countries on key factors ranked by importance. The markets are divergent in terms of consumer preferences, popularity of specific brands and models, taxation and regulation, the scope and more. Whereas Swedes prefer domestically produced Volvo, Norwegian's first choice is set on the EV pioneer Tesla. Sweden promotes not only the sales of electric vehicles but also hybrids through its bonus scheme and tax reduction, whilst Norway stimulates electrification through tax exemptions and is not as keen on promoting hybrids due to the prohibition of sales of new fossil-fuelled vehicles along with hybrids in two years' time. The market share of PHEV & HEV car sales are comparable in both markets, yet more extensive as a percentage of the total fleet in Sweden. Markets are also divergent in size due to Sweden having twice the population size of Norway. Consequently, even though Swedish EV sales are growing at a slower pace, the scope of electrification is roughly up to par with the Norwegian. Both market entries are recommended to occur as soon as possible due to the possible taxation and incentivization changes in both countries. For Norway it is vital to enter the market before its close maturity and for Sweden due to the ongoing consolidation trends.

In the interview with Željko Radilović, the CEO and owner of the company, risk management strategies were discussed in detail. The strategies for risk minimization

and aversion have been formed and extensively advanced throughout the years of exporting and entering new markets. Through IT backed market scanning and cashflow projecting tools as well as other strategies, which involve diversification of activities, operating on net zero loans, reinvesting profits back into the business and emphasis on building network connections, Preskok has built a very extensive risk management plan. Their approach is to never risk too much and to always conduct a thorough analysis before undertaking any investments or forming any partnerships. Consequently, as the risk management strategies are already well formulated and implemented, they significantly decrease the risk upon entering new markets. Due to the presence in Denmark and established connections, Preskok will not face considerable pre-existing uncertainties that cannot be detectable in time and overcome in an appropriate manner. Thus, based on the previously conducted risk analysis for both countries and the above-mentioned Preskok's risk management strategies, we can evaluate the overall risk of entering both Sweden and Norway to be insignificant and something Preskok can manage and mitigate successfully.

The greatest limitation of the research is the lack of publicly available data and recent financial reports of the rival companies. Hence, the competitor analysis is assessed through subjective terms such as old financial statements, customer reviews, website information, auction vehicle offerings, etc. Another limitation in the competition analysis proved to be inability of accurate competitor detection due to firms having more than one diversified sales channel (B2B, B2C) thus making it hard to assess their potential threat and its scope.

Further research suggestions are a deeper analysis on the competition in both countries, especially in the remarketing B2B channel where the information is hard to acquire without additionally invested financial means. Additionally, other EU competitors operating in the Nordics were not taken into consideration due to the inability of detection. Such information is nearly impossible to access freely due to data secrecy and can only be obtained through purchasing detailed financial reports from credible financial institutions. As the taxation and incentive systems are bound to change and develop jointly with the market, they need to be continuously monitored to respond and adjust to changes appropriately.

CONCLUSION

In my master thesis, I applied the information gained through interviews and knowledge obtained from literature review to analyse the feasibility and profitability of foreign market expansion into Norway and Sweden for the firm Preskok Ltd. Using various frameworks, such as PESTEL and Porter's Five Forces Model as well as competitor analysis, yielded comprehensive and objective results which were further on verified and quantified through the market attractiveness matrix. The outcome confirmed not only the feasibility for Preskok to enter the Scandinavian electric vehicle market but its

lucrative and magnitude. Given that the company already exports to Denmark, the other two Scandinavian countries proved to be a feasible and promising choice for future expansion. Although different in size and growth rate, both countries' markets are attractive in terms of scope of opportunity and future development.

The primary choice of entry is Norway due to the EV market size, growth rate and maturity. The latter will cause a large-scale renewal of the cars, which places emphasis on the expeditiousness of the market entry to be able to leverage the opportunity and gain a head start promptly. Sweden is currently going through a consolidation market reformation, which also proves to be a great opportunity for Preskok to establish good network connections and relationships. In my opinion, and in line with the overall analysis of the Nordic market, the company has a high chance of success in both markets. Through forming good relations with local firms as well as keeping a good eye on the competition, I foresee a definite success for them in Scandinavia.

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APPENDICES

Appendix 1: Slovenian Summary of the Thesis

Internacionalizacija je postala ključnega pomena za uspešnost v sodobnem poslovnem svetu. Gre za obsežno in tvegano naložbo, ki zagotavlja dosegljivost potencialno dobičkonosnih trgov ter zahteva razvoj strateškega načrta vstopa, ki vključuje analizo makro in mikro dejavnikov okolja, analizo konkurence ter morebitnih tveganj za optimalno izbiro trga. Namen magistrskega dela je preučiti možnost vstopa slovenskega podjetja Preskok d.o.o. na Skandinavski trg električnih vozil z ustrezno analizo notranje in zunanje internacionalizacije.

Priljubljenost električnih vozil v Evropi je v veliki meri koncentrirana v Nordijski regiji, ki je nedavno postala vodilna na svetovnem trgu električnih in hibridnih vozil. Norveška je zaradi svoje ekstenzivne elektrifikacije avtomobilske flote dosegla naziv električnega pionirja z največjim deležem nakupov električnih vozil na svetu. Švedska nekoliko zaostaja v hitrosti rasti elektrifikacije vozil za svojo sosedo, ampak še vedno predstavlja izredno dobičkonosno naložbo zaradi večje priljubljenosti hibridnih vozil.

Magistrska naloga temelji na celoviti analizi Švedskega in Norveškega avtomobilskega trga z namenom opredelitve razlik in podobnosti, ki se nanašajo na industrijo, njene zakonodaje, predpise itd. Končni cilj je podjetju zagotoviti konkretne informacije o opredeljenih prednostih, slabostih, priložnostih in grožnjah na obeh trgih ter posredovati specifične smernice za formulacijo strategije vstopa na trg. Intervju kot metoda primarne analize ter uporaba različnih modelov sekundarne analize, kot so PESTEL in Porterjev model petih sil ter analiza konkurentov so zagotovili celovite in objektivne rezultate, ki so bili v nadaljevanju verificirani s pomočjo matrike tržne privlačnosti. Rezultati so potrdili ne le možnost vstopa podjetja Preskok na Skandinavski trg električnih vozil, temveč tudi njegovo dobičkonosnost in obsežnost. Glede na to, da podjetje že izvažata na Dansko, sta se ostali dve Skandinavski državi izkazali za izvedljivo in obetavno izbiro za prihodnjo širitev. Čeprav se trga obeh držav razlikujeta po velikosti in stopnji rasti, sta privlačna z vidika obsega priložnosti in prihodnjega razvoja. Primarna izbira za vstop je Norveška zaradi obsežnosti, stopnje rasti in zrelosti trga električnih vozil. Slednje bo povzročilo obsežno prenavo avtomobilov, kar izpostavlja nujnost pospešenega vstopa na trg. Švedska trenutno doživlja konsolidacijo trga, kar se prav tako kaže kot odlična priložnost za Preskok, da vzpostavi dobre poslovne vezi in poznanstva. Po mojem mnenju in v skladu s splošno analizo Nordijskega trga ima podjetje veliko možnosti za uspeh na obeh trgih. Z vzpostavljanjem dobrih odnosov z lokalnimi podjetji in s spremljanjem konkurence predvidevam, da bo podjetje v Skandinaviji nedvomno doseglo uspeh.

Appendix 2: Interview with Hans Houmark, external B2B consultant for Denmark

The focus of the interview is Preskok's market penetration into Denmark and the Scandinavian electrification trend and its market attractiveness.

Preskok has steadily been growing its Danish market presence. What are the underlying reasons for its success in penetrating the market?

To succeed in Denmark foremost you need to understand the culture. Many companies trying to enter Denmark assume they can copy paste from other markets. That's a mistake. Danish culture is Denmark. Meaning the culture is proximity, protecting Danish products, and personal contacts. In short, if you are not in Denmark, you have a mountain to climb. Being in Denmark you "only" have a hill to climb. To climb the hill you must be persistent, know who you are speaking with and what are those specifics driving that company.

So, our initial success is being here. Meeting people and being honest as well as direct. Keeping promises and keeping up relations. We strive not to waste our partners time by sending offers without before having done homework and knowing if the offer fits the market to some extent in price, type of car, brand to the suitable customer, etc.

What are some of the key factors to take into consideration upon entering the Scandinavian car sales market?

Entering Scandinavia is a complex matter. Each of the countries have their own rules, specifics and thereof demands, for example, Norway is pure EV market, if you offer a petrol car you waste their time. This is bound in political interference putting no tax on EV, and with taxation basically banning any other cars. In Denmark cars are a luxury. The EV market is growing due to favourable taxation and a cultural growing awareness and green preference amongst the population. Other cars experience import taxes of more than 100%.

Due to these elements the cars dominating in the different markets are different, in Norway EV SUVs, in Sweden Volvo inspired due to their safety and in DK smaller cars due to the luxury image. Many households have 2 cars, where 1 is a small car, the other medium range priced car...

What are the reasons behind the effort to enter the Norwegian and Swedish market?

In Norway the entry is a little on hold. The taxation system will change from early 2023, however no one exactly know how. Meaning if you cannot offer EVs with delivery in 2022 the order will rarely take place. However, it's important now to build awareness and be ready to offer support when the changes will be clear.

In Sweden there is a consolidation going on in the market. Big firms acquiring small ones to gain a bigger market share. The big ones fighting to be official importers. In 2022 alone, Renault, Mercedes, BMW and PSE group changed their official importers.

So, the important thing in Sweden is to create relationships with medium sized dealerships. Those with difficulties in sourcing from the big ones, they will need alternative sources, which is where we can succeed. However, to be able for us to source from Sweden we will need good relations with the big players as well. Furthermore, in Sweden there is a closed culture, close to a distrust to those from abroad. To over-bridge you need some closeness, visiting them. Having a presence Denmark is acceptable for the Swedes and gives us an advantage.

What are the primary differences in the electrification trend across the Scandinavian market?

In Norway the EV market has been built for years. Looking for a car in Norway equals searching to buy an EV. The market is even close to a maturity, which currently cannot be compared to any other EV market.

In Sweden the market is still mixed. EV is growing; however, the Swedish prefer Volvo and the related companies, no matter the fuel type. Volvo is so deep anchored in the Swedish culture that not until Volvo is 100% EV the market will still be mixed.

In Denmark sustainable thinking is being pushed on so many levels through wind energy, solar panels, energy saving, etc., including EV thinking for cars. The taxation system is changed in favour of EV, both for the dealers but also for private individuals. Companies are being motivated to upgrade car parks... so in Denmark it's moving from a political to a culturally natural move. However, it is still in early stages but with an immense growth.

Which electric vehicle market do you think is most lucrative, Sweden or Norway, and why?

Both... In Norway the market is mature and within the next years a big renewal of the cars will start. Meaning if we will be able to deliver, we have great chances at good prices. In return used EVs for markets where the electrification is in early stages would be possible to source.

In Sweden the EV market is years behind Norway. However, due to the Volvo's Chinese connections, the market will be open to accept Chinese produced EVs. Meaning if we will be able to establish connections with Chinese produced EVs we can offer an alternative the Swedish car buyers will accept. And as China produces more EVs than they need, we have a strong potential.

Appendix 3: Interview with Željko Radilović, the owner and CEO of Preskok

The focus of the interview is the company's international risk management strategy and strategic and contingency plans upon international venturing.

What is the current risk management strategy at Preskok?

Our strategy is to set credible info channels with the alert systems that warn us in advance on potential dangers in the markets and dangers which can happen with our stakeholders. We have a moderate growth strategy, based on our own capital. That means HR, finance, our knowledge, our networks. So, we are not doing business with financially unstable stakeholders, without first making safety systems in place. We never legally transmit the ownership of our vehicles before we do not have very solid guarantees or before we do not have the full selling value of money on our account. We always check the health and credibility for the goods we buy before we pay. We rely also on our own IT market scan tools to make right decisions. And we have 0 bank loans, although we have the pre-set financing lines in case, we would need it for special big deals or special opportunities.

Could you please describe your process in more detail? Also, how do you go about acquiring new information regarding potential suppliers/buyers?

We have our own developed IT tool for monitoring cashflow projections to minimize the outstanding or unplanned cashflow. So, we regularly scan the health of every new client, with whom we are working with ordering detailed financial reports from financial institutions which sell those data. All clients and suppliers must meet our standards. Additionally, we verify the company via internet research and direct initial interview, where we try to get a complete picture of their business. We also gather the information from the market about the subjects with whom we are working, that means from other subjects, their suppliers, their buyers, their other stakeholders...

How do you define which risks are important for your company?

Because we are a trading company, we trade with the goods – vehicles. Thus, we store them and transport them. So, our most important risk is the risk of goods damage through internal means such as mishandling and external such as transport accidents. Then of course, the company default risks. That means the stakeholders with whom we are working. So that's how we gather the information, as described before. Market risks, that means the price fluctuations, regulatory changes in certain countries which affect the sales and of course the other parameters, which affect the markets like COVID-19 and the Ukrainian war at the moment. And the business secret leakages. That's the fourth parameter, which is also very important for us. So, we our IT tools, which prevent uncontrolled data flows, which might harm our business.

What is currently the biggest threat to your company?

Now, the biggest risk is the accumulation of all different disruption trends in car trading industry combined with the post-pandemic recuperation and current fuel prices increasing due to the Ukrainian war. Then the regulatory tax changes, connected with electrification and other regulatory trends. And then of course, connected with the current situation with electrification and the CAFE regulation and the COVID-19 situation, is the production cutdowns or crashdowns for the fossil-fuelled vehicle production. And of course, the threatening recession, along with our partner's defaults.

Do you consider worst-case scenarios and how do you tackle them?

We are very cautious, so our risk management strategy is that we are never risking too much. So that's why we are also, we have 0 loans. Even if something goes down, something major happens on the markets, we can survive for a much longer period than any other competitor. We invest almost everything in the company. So, with the diversification of our activities we are trying to play on our strengths. Our strengths are our company culture, our team and resources. We are very strong in IT, finance as well as network connections. We follow these strategies since the beginning.

Appendix 4: Interview with Berenice Schwarz, editorial team

The focus of the interview is Preskok's operating model and its current electric and hybrid vehicle offering and market reach.

What is Preskok's operating model? How does the acquisition/sales process look like?

Preskok is specialized in purchasing and further on re-selling passenger cars and light commercial vehicles. We sell new and old cars with a focus on used vehicles with lesser mileage. We buy the vehicles from other traders, dealers and then sell it further to other businesses. We arrange everything on the behalf of the buyer regarding documents and logistics. So, when buying vehicles from us, you don't have to worry about the delivery or obtaining documents, we handle everything.

What does your buyer base look like?

Our buyers are mostly professional car traders and dealers. We are a B2B trader, thus we either sell it onwards to other businesses alike or to B2C companies, which further sell it to the final customer. We sell cars from stock and through auctions. We are completely online, so we have no physical location of selling. Through the heavily backed IT system we created, everything is online and automatized. The sales process is therefore very easy for our buyers as they have the overview of the stock and vehicles available as well as a complete overview of the selling process, its documents and logistics processes.

What are some of the most and least explored markets?

Our strongest market is definitely France where we have established ourselves very well throughout the years. We have formed multiple partnerships there and have gained a good reputation. Although, we are trying to break free from the dependency and diversify more. We think it's very important to do so especially in times of crisis such as the COVID-19 pandemic and nowadays political crises. We are sourcing other markets to enter, that are profitable and would spread and minimize our operational risk. Lately, the electrification trend has been especially strong due to efforts to decrease pollution. Nordic countries along with Germany and Netherlands have begun to implement policies to restrict diesel and petrol cars. The ambitions to become fossil-fuel free are quite high in Europe so we must adapt and seize the opportunity quickly to establish ourselves as a valuable player.

Do you already have experience selling electric vehicles?

Yes, we do. We have slowly but surely started expanding our offer so we can satisfy the growing consumer trends along with government restrictions on diesel and petrol cars which represent the majority of our selling. Our brands such as Volkswagen, Renault, Nissan, Mazda, Fiat, Kia, etc., produce an array of electric vehicles. Naturally, we started incorporating them and selling them over the years. Our most sold electric

vehicles are Renault's Zoe & Twingo Z.E., Nissan's Leaf, Volkswagen's ID.4, Tesla's model Y, Hyundai's Kona, and more.

What are your current biggest electric vehicles markets?

All northern countries such as Germany, Austria, Netherlands, Switzerland, Denmark, etc. These countries are pioneers in the electric vehicle market. The consumer preferences have shifted quite drastically in the last few years. However, these were also driven by changes in policies and mostly taxation which aim to stimulate the sales of electric vehicles. In the future more and more countries will undertake such measures to bring down pollution.

What about hybrids?

We also sell hybrids, different kinds of it such as pure hybrids, plug-in hybrids. Hybrids are still quite popular among our buyers; however, they have lost people's interest due to tax levels in many countries. Among hybrids the most popular is Fiat's 500, Kia's Sportage, and Renault's plug-in hybrids such as Megane, Captur and Clio, etc.

What are some of Preskok's next steps in the electric vehicle market?

We want to further on expand our market presence through focusing on markets that are most profitable and sell the biggest amount of EVs. The focus will be on Sweden and Norway, as they represent the most viable and profitable investment. Norway is a worldwide leader in EV market therefore if we can seize the opportunity, we have a good chance of achieving high results. The same goes for Sweden, which is a bit slower in electrification but not far behind Norway. And as we have already started selling in Denmark for quite some while, we have gathered knowledge which we think will be beneficial for the further Nordic expansion. So, those represent target markets for the future EV selling.

Appendix 5: Preskok's annual sales data report

Appendix Table 1: Preskok - annual sales percentage per buyer country (2018-2022)

Buyer Country	Sales percentage 2018	Sales percentage 2019	Sales percentage 2020	Sales percentage 2021	Sales percentage 2022*
France	70%	65%	74%	60%	36%
Germany	6%	10%	4%	11%	27%
Italy	3%	2%	5%	6%	9%
Belgium	4%	4%	4%	8%	8%
Denmark	0.1%	0.1%	0.0%	1%	5%
Netherlands	2%	1%	1%	2%	4%
Slovenia	0.4%	1%	0.5%	0.3%	4%
Switzerland	2%	3%	1%	1%	3%
Estonia	11%	12%	7%	4%	1%
Spain	0.2%	0.2%	1%	1%	1%
Portugal	0.1%	1%	0.3%	0.5%	1%
Austria	0.3%	0.1%	0.0%	0.3%	1%
Croatia	0.0%	0.1%	0.0%	5%	0.2%
Luxembourg	0.0%	0.3%	0.3%	1%	0.0%
Slovakia	1%	1%	0.7%	0.1%	0.0%
Hungary	0.0%	0.0%	0.0%	0.1%	0.0%
Lithuania	0.0%	0.1%	0.1%	0.0%	0.0%
Bulgaria	0.3%	0.0%	0.0%	0.0%	0.0%
Poland	0.2%	0.0%	0.0%	0.0%	0.0%
Czech Republic	0.0%	0.0%	0.1%	0.0%	0.0%
Russia	0.0%	0.0%	0.1%	0.0%	0.0%
Sum	100%	100%	100%	100%	100%

Source: own work.

*semi-annual data of 2022 sales (cut-off date: 30.06.2022)

Appendix 6: Domestic and foreign market comparison

To grasp the scope of international market potential and to justify the reasoning behind Preskok's little to no sales presence on the domestic market, a comparison between the Slovenian and the broader EU market will be performed. The rationalization of further expansion is based on and stimulated by the ability of easy entry into other member states as well as the proportionate size of the Slovenian automobile market to that of the whole EU.

In Appendix Table 2 we can observe the yearly sales of cars in Slovenia varying between 55.000 and 85.000 since the early 2000s. After reaching a record in 2008 with about 79.000 sales, the market had a 21% decline the next year. Another significant setback with a 15% decline occurred in 2012 after two more years of stability, followed by seven straight years of growth to achieve a new annual record in 2019 with 86.600 sales (Demandt, 2020). However, sales were strongly affected by the measures to prevent infections with the coronavirus along with disruptions in supply chains, which heavily influenced the sales in 2020 as well 2021 and 2022 (Kmetič, 2022).

Appendix Table 2: Annual sales in Slovenia for passenger & light commercial vehicles

Year	Passenger Cars	Light Commercial Vehicles	Total Sales	Growth
2009	57,967	4,426	<u>62,393</u>	-20.88 %
2010	61,142	4,703	<u>65,845</u>	5.53 %
2011	60,193	5,753	<u>65,946</u>	0.15 %
2012	50,091	5,760	<u>55,851</u>	-15.31 %
2013	51,585	3,028	<u>54,613</u>	-2.22 %
2014	53,959	6,318	<u>60,277</u>	10.37 %
2015	59,664	6,639	<u>66,303</u>	10.00 %
2016	63,674	7,738	<u>71,412</u>	7.71 %
2017	70,892	12,107	<u>82,999</u>	16.23 %
2018	72,835	12,709	<u>85,544</u>	3.07 %
2019	73,211	13,407	<u>86,618</u>	1.26 %
2020	53,694	8,033	<u>61,727</u>	-28.74 %
2021	53,988	9,687	<u>63,675</u>	3.16 %

Adapted from Demandt (2020); Kmetič (2022).

Being a part of the European Union means adhering by the free flow goods, capital, services, and people. The European single market enables member states to participate on one big market that boosts competition and economies of scale, allowing commodities and production elements to be moved to areas where they are most valuable and enhancing the effectiveness of resource allocation (Egan, 2010).

Appendix Table 3: Annual sales in EU-28 for passenger & light commercial vehicles

Year	Passenger Cars	Light Commercial Vehicles	Total Sales	Growth
2009	14,091,605	1,313,122	<u>15,404,727</u>	7.44 %
2010	13,305,479	1,480,685	<u>14,786,164</u>	-4.02 %
2011	13,117,185	1,552,007	<u>14,669,192</u>	-0.79 %
2012	12,008,247	1,368,349	<u>13,376,596</u>	-8.81 %
2013	11,825,400	1,370,998	<u>13,196,398</u>	-1.35 %
2014	12,513,670	1,552,706	<u>14,066,376</u>	6.59 %
2015	13,699,408	1,704,612	<u>15,404,020</u>	9.51 %
2016	14,645,165	1,915,122	<u>16,560,287</u>	7.51 %
2017	15,161,447	1,987,301	<u>17,148,748</u>	3.55 %
2018	15,086,636	2,050,326	<u>17,136,962</u>	-0.07 %
2019	15,467,336	2,002,929	<u>17,470,265</u>	1.94 %
2020*	11,658,884	1,653,233	<u>13,312,117</u>	-23.80 %
2021**	9,700,192	1,561,425	<u>11,261,617</u>	-15.40 %**

Adapted from International Council on Clean Transportation Europe (2021).

**EU-27 + United Kingdom*

***Excluding United Kingdom which generated 1,647,181 in passenger car sales and additional 355,380 in light commercial vehicles sales*

As seen in Appendix Table 3, the EU automotive market is enormously bigger than the size of the Slovenian market. The number of passenger cars and light commercial vehicles sold is naturally and undoubtedly higher when compiling the statistics of all member states. However, the real advantage of diversifying the buyer portfolio lies in the growth and stability aspect of the market. The growth rate of the EU car market is substantially higher and more stable and that is mainly due to its size, diversity, and interconnectedness. External pressures, such as wars, pandemic crises, etc., have a lower impact on firms in case of a well-diversified customer/country portfolio. As automobile industry has been severely impacted from the environmental and other factors, an assortment of buyers from various countries proves to be an advantage when it comes to battling unfavourable circumstances. This summarizes the justification behind the basic tendencies Preskok has had and will have behind further internationalization of its operations.

Appendix 7: Norwegian government incentives and policies for BEVs

Appendix Table 4: Norwegian BEV incentives and legislation

Initiation year	Incentives & legislation
1990	Registration tax exemption
1996	Reduced annual vehicle license fee
1997	Toll roads exemption (from 2019 obligatory but at a lower fee)
Since 1999 onwards	Fiscal incentives on municipal level (free/reduced parking fees, free access to bus lanes)
2001	Purchase tax exemption VAT exemption (in 2015 extended to include leasing)
2009	Free/reduced rates on ferries Financial support for charging stations
2011	Financial support for fast charging stations
2018	Company car tax reduction (40%)
2021	Re-registration fee exemption

Adapted from Wangsness, Proost & Rødseth (2020); European Commission (2022a).

Appendix 8: Swedish bonus-malus vehicle taxation calculation

According to Swedish Transport Agency (2022b), the malus vehicle tax is calculated based on vehicle fuel type and its consequent greenhouse emissions as well as additional charges. The calculation is presented in the following table:

Appendix Table 5: Swedish bonus-malus vehicle tax calculation

Vehicle type	Vehicle tax calculation
ICEV – petrol	Basic charge* + carbon dioxide charge**
ICEV – diesel	Basic charge + carbon dioxide charge + additional environmental charge*** + additional fuel charge****
PHEV, HEV	Basic charge + carbon dioxide charge

Adapted from Swedish Transport Agency (2022b).

*basic charge = SEK 360 annually

**carbon dioxide charge = SEK 107 per gram of carbon dioxide emitted for vehicles in the range of 75g-125g of CO₂ per km; SEK 132 per gram of carbon dioxide emitted for vehicles over 125g per km.

***additional environmental charge = SEK 250 annually; for diesel engines only

****additional fuel charge = vehicle's total CO₂ emission in g/km x 13.52; for diesel engines only

Appendix 9: Key findings from macro- and micro-analyses for both countries

Appendix Table 6: Key macro and micro research results of both markets

	Norway	Sweden
1. Market size and growth rate	<ul style="list-style-type: none"> In 2021: 65 % new car sales were BEV, 22% were PHEV & 6% were HEV Average annual growth rate of new BEV sales: 11% (average of last 4 years) Reaching maturity soon 	<ul style="list-style-type: none"> In 2021: 19 % new car sales were BEV, 26% were PHEV & 10% were HEV Average annual growth rate of new BEV sales: 4.5 % (average of last 4 years) In the exponential growth phase
2. Taxation policy	<ul style="list-style-type: none"> Exemptions: VAT, registration tax & ownership tax Payable: scrap deposit tax (2,400 NOK) 	<ul style="list-style-type: none"> Exemption: VAT (on old/used vehicles only), registration tax & ownership tax (for the first 5 years) Payable: verification of origin tax (1,100 SEK) Klimatbonus: Up to 70,000 SEK for BEVs, and up to 45,000 SEK for PHEVs/HEVs
3. Environmental policy	<ul style="list-style-type: none"> Only new ZEVs allowed to be sold from 2025 onwards (except for old ICEVs; however heavily taxed) Reduction of greenhouse gas emissions by 50% for 2030 and achieving its zero net value by 2050 	<ul style="list-style-type: none"> Only new ZEVs allowed to be sold from 2030 onwards (except for old ICEVs; however heavily taxed) Reduction of greenhouse gas emissions by 70% for 2030 and achieving its zero net value by 2045
4. Rivalry	<ul style="list-style-type: none"> Used car market fragmented & new car market highly consolidated Biggest competitors: Harald A Møller AS, BCA Autoauktion AS, ALD Automotive AS, Norcar AS 	<ul style="list-style-type: none"> Both used and new car market fragmented Prevalent trend of consolidation (mergers and acquisitions) Biggest competitors: Bilia AB, ALD Automotive AB, Cars2click AB, BCA Vehicle Remarketing AB
5. Brand popularity	<ol style="list-style-type: none"> Tesla Volkswagen Toyota Volvo 	<ol style="list-style-type: none"> Volvo Volkswagen Kia Toyota

6. Risks	<ul style="list-style-type: none"> • Currency risk • Taxation and other regulation modification 	<ul style="list-style-type: none"> • Economic risk • Currency risk • Taxation and other regulation modification • Klimatbonus budget dry up or abolishment • Domestic production of vehicles (Volvo Cars and Saab Automobile)
7. Other perks	<ul style="list-style-type: none"> • Installed fast-charging stations every 50km on major routes all over the country • Reduced charging price • Financial support for installation of private charging stations • Fiscal incentives on municipal level (free/reduced parking fees, free access to bus lanes) 	<ul style="list-style-type: none"> • 4 EV charging points per capita • Heavy investment into electrification of public transport & freight transport through the construction of electric roads • Highest share of renewable energy in the EU

Source: own work.