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# EXPORTING BAMBOO PRODUCTS FROM VIET NAM TO FINLAND

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<p>Abstract:</p> <p>The objectives of this thesis were to create a suitable export plan for the company Spring Bamboo and its potential on the Finnish market. In order to assess this potential, a market analysis and an online survey were conducted.</p> <p>The data was collected by case study method. While data about the company was provided by the employees of the company, information about Finnish market was gathered through a PESTLE analysis and a survey for Finnish customers.</p> <p>Several conclusions were reached after the analysis of all collected data. A detailed export plan was created according to the requirement of the commissioner. Moreover, the market analysis gave the company a broader overview about the current situation of Finnish market, which was helpful in making marketing decisions.</p>		
Keywords: Export plan, PESTLE analysis, bamboo		

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## 1 INTRODUCTION

### 1.1 The research problems

Established in 2007, Spring Bamboo Production and Export - Import Company Limited has been focusing on manufacturing and selling bamboo furniture, bamboo housewares and bamboo floor. Although the company has been operating for a short time, it has succeeded in convincing its customers by the great product quality. So far, the products of Spring Bamboo Company have been used by both domestic customers from Hanoi, Ho Chi Minh City and other big cities, as well by international customers from Asia, America and Europe. Especially in European market, Spring Bamboo Company has succeeded in establishing and maintaining the relationship with its partners locating in Spain, France, Turkey and Sweden. With a steady foundation, Spring Bamboo found it a good chance to extend its market and look for more partners in other European countries. Finland was chosen to be the next targeted market for the three following reasons.

First of all, Finland has always maintained its high rank on the Ease of doing business index chart. This index refers to the accessibility to a market for a company (World Bank Group 2015). When compared with other 188 countries, Finland was ranked 12<sup>th</sup> in 2014 and predicted to reach the 9<sup>th</sup> place in 2015 (World Bank Group 2015). After considering the easiness of doing business in Finland, Spring Bamboo Company decided to expand its market to Finland.

The second reason is the new business opportunities created by the collaboration between Finnish and Vietnamese government. In order to celebrate the 40<sup>th</sup> anniversary of diplomatic relations in 2013, Finland and Vietnam has worked together on many fields such as education, information communication technology and trading (Finnpartnership 2012). Regarding the economic relations between two nations, Finnpartnership, in co-operation with Vietnam Chamber of Commerce and Industry and Embassy of Finland in Vietnam, has held a great number of seminars to exchange knowledge and contacts (Finnpartnership 2012). These are the chances for companies from

Vietnam and from Finland to get to know about the two markets and to find their potential partners for the future. Some examples for this are GreenBiz 2011 Conference in 2011 and Doing business in Finland and the Nordic countries in 2012 (Finnpartnership 2012).

Last but not least, the Vietnamese government has been trying to facilitate the development of bamboo industry. So far, Vietnamese companies that manufacture bamboo products have been struggling to increase the sales of their goods. By 2014, 80 percent of those factories do not have enough capital to afford advanced technology or to improve the quality of product design (VGPNNews 2014). Moreover, the companies have not yet researched about the taste of foreign customers, which causes the slow development of exporting bamboo products (VGPNNews 2014). In the light of those problems, the Vietnamese government established some new policies to promote the supply of bamboo for companies as well as to support the installation of the factories. Starting from 16th June 2014, companies that manufacture and export bamboo products are entitled to imported manufacturing machines tax free (Business and Law 2014). Vocational training will be fully funded if the training is held in the territory of Vietnam. Moreover, with an aim to avoid the shortages of supply in bamboo, the planting of bamboo forest was also concerned. Every individuals or organisations, which planning to grow bamboo forest, will get the first purchase of seedlings for free. They will also get land tax exemptions. In conclusion, Spring Bamboo Company has a favourable condition for further business development.

## 1.2 The objectives and purpose of the research

Since Spring Bamboo Company has not entered Finnish market before, the company has neither knowledge of the market nor an export plan for Finland only. Therefore, the thesis is expected to meet two goals. Firstly, an export plan should be designed specifically for trading the bamboo furniture of Spring Bamboo Company from Vietnam to Finland. The plan should ensure both economic and ecological benefits for the company. Secondly, it would be more detailed if an analysis of the macro environment in Finland will be

conducted so that the company will have an overview about doing business in Finland. Thanks to the analysis, the company would be able to prepare better for their entry to Finnish market.

### 1.3 The questions of the research

The main research question is how products from Spring Bamboo Company can be exported from Vietnam to Finland using environment-friendly transportation methods. This question will be split into 4 sub-questions that are:

- What terms of payment will be applied?
- What mode of transportation will be used to ship goods?
- What Incoterms will be applied?
- What kind of documents need to be prepared?

These questions will be answered in part 6 – Export plan for Spring Bamboo Company. Besides, the market analysis should also give answers to the two questions underneath:

- What is the current macro environment in Finland?
- Is there a demand for bamboo products in Finland now?

The answer to these two questions will be given in part 5 – Finnish market analysis.

## 2 LITERATURE REVIEW

### 2.1 Definition of Export plan

An export plan or an international business plan is a detailed plan covering the essential information about a company, a company's development targets when it goes global and strategies used to reach these targets. In other words, Seyoum (2006) defines:

*A business plan involves a process in which an entity puts together a given set of resources (people, capital, materials) to achieve defined goals and objectives over a specific period of time in the global environment, a company will encounter new and different issues with additional risks.*

The goals vary from seeking for new partners such as new customers or manufacturing partners to searching for new resources of materials, finance or labour (Brown et al. 2003).

A concise export plan would help the company in the process of achieving new goals. First of all, it will provide the employees with a clear vision of the company, helping them understand the strategy and the final goals that the company want to reach. Moreover, a persuasive plan would be helpful in attracting big investors, for example the banks, financial institutions, and potential customers on the targeted market. Exporting procedures and operational policies would become easier to understand and follow if a clear guideline is provided in the plan (Brown et al. 2003, 1). Above all, the export plan should be adjustable in order to better adapt to changes in the targeted market. The same principle is applied for the implementation stage. This would minimize the risks that the company might encounter. The examples for those risks are transport-related risk or credit risk. Ramberg (2008) also stated: "A professional approach to exporting and importing provides the surest way for companies to manage the risks inherent in international transactions."

All experts agree that reassessment of an export plan should be done at least once a year. While Seyoum (2006) argued that an export plan should be reviewed in every fiscal quarter, Lages et al. (2005) confirmed that it should be analysed annually. Moreover, Lages et al. (2005) also suggest that a scorecard should be formed according to the plan so that the employee can evaluate if all activities are aligned with the defined goals.

Table 1 illustrates all key elements that should be mentioned in an export plan. For small- or medium-sized companies, one export plan for the whole



company is sufficient while for large companies, each export department will make its own export plan (Daniels et al. 2009).

Table 1. Key elements in an export business plan (Daniels 2009)

<b>EXPORT BUSINESS PLAN</b>	
<p><b>I. Executive Summary</b></p> <ul style="list-style-type: none"> <li>A. Key elements of the plan</li> <li>B. Description of business and target markets</li> <li>C. Brief description of management team</li> <li>D. Summary of financial projections</li> </ul> <p><b>II. Business history</b></p> <ul style="list-style-type: none"> <li>A. History of company</li> <li>B. Product - services offered and their unique advantages</li> <li>C. Domestic market experience</li> <li>D. Foreign market experience</li> <li>E. Production facilities</li> <li>F. Personnel - international experience and expertise</li> <li>G. Industry structure, competition</li> </ul> <p><b>III. Market research</b></p> <ul style="list-style-type: none"> <li>A. Target countries               <ul style="list-style-type: none"> <li>1. Primary</li> <li>2. Secondary</li> <li>3. Tertiary</li> </ul> </li> <li>B. Market conditions in target countries               <ul style="list-style-type: none"> <li>1. Existing demand</li> <li>2. Competition</li> <li>3. Strengths and weaknesses of the economy - barriers to entry.etc</li> </ul> </li> </ul> <p><b>IV. Marketing strategies</b></p> <ul style="list-style-type: none"> <li>A. Distribution strategy               <ul style="list-style-type: none"> <li>1. Indirect exporting</li> <li>2. Direct exporting</li> <li>3. Documentation</li> <li>4. Direct investment, strategy alliance</li> </ul> </li> <li>B. Pricing strategy</li> <li>C. Promotion strategy</li> <li>D. Product strategy</li> </ul>	<p><b>V. Legal decisions</b></p> <ul style="list-style-type: none"> <li>A. Agent/distributor agreements</li> <li>B. Patent, trademark, copyright protection</li> <li>C. Export/import regulations</li> <li>D. ISO 9000</li> <li>E. Dispute resolution</li> </ul> <p><b>VI. Manufacturing and operations</b></p> <ul style="list-style-type: none"> <li>A. Location of product facilities for exports</li> <li>B. Capacity for existing facilities</li> <li>C. Plans for expansion</li> <li>D. Product modification necessary to adapt to local environment</li> </ul> <p><b>VII. Personnel strategy</b></p> <ul style="list-style-type: none"> <li>A. Personnel needed to manage exports</li> <li>B. Experience and expertise for existing personnel</li> <li>C. Training needs of existing personnel</li> <li>D. Hiring needs in the short term and long term</li> </ul> <p><b>VIII. Financial decisions</b></p> <ul style="list-style-type: none"> <li>A. Pro forma financial statements and projected cash flows assuming export activity</li> <li>B. Identification of key assumptions</li> <li>C. Current sources of funding - private and bank funding</li> <li>D. Financial needs and future sources of funding</li> <li>E. Tax consequences of export activity</li> <li>F. Potential risk and sources of po</li> </ul>

<b>IX. Implementation schedule</b>
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## 2.2 Terms of payment

In international trade, choosing an appropriate payment method is of vital importance. Jiménez (2012) found that there are two main risks in cross-border payments: the possibility of non-payment that the exporter might encounter and the unsatisfying quality of the goods shipped. In order to make a right decision about payment methods, both the exporter and the importer should consider many factors that might directly affect their choices such as the latest credit reports of the trading partner, political and economic situation in their partner's country, and the level of trustworthiness of the partner (Seyoum 2009). This is a very crucial step as it will help both companies to reduce the risks that usually happen in international trade. In Seyoum's studies (2009), the risks of each payment method for the exporter is shown in Figure 1.

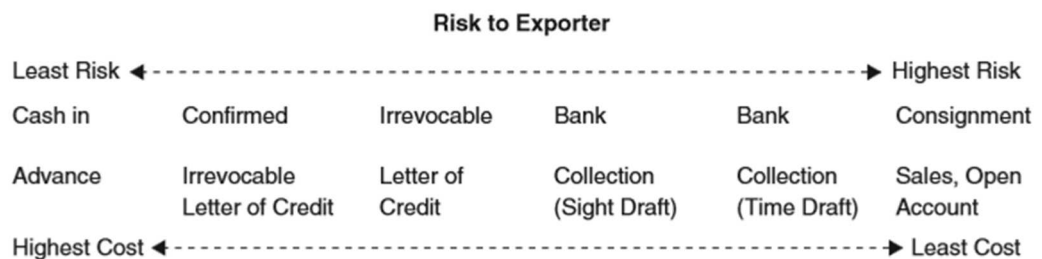


Figure 1. The level of risk in international payment (Seyoum, 2009).

Jeménez (2012) also finds out the relationship between the trustworthiness of the trading partner and the cost of the payment method, which is the less two business partners trust in each other, the more costly and complicated the payment method will be. The following content will outline all common methods that are used for making payment in international trade.

### 2.2.1 Cash in advance

When both sides agree to pay by cash in advance, the importer is obliged to pay full or partial payment before the goods are shipped according to the signed contract. Cash in advance payment is often applied when the credibility of the importer is uncertain, when the political and economic situation of the importer's country is precarious or when the importer orders only some samples (Seyoum 2009). In order to complete a cash in advance payment, a red clause letter of credit is requested to be sent to the seller. The red clause credit acts as a guarantee of advance payments made by the buyer's bank to the seller through the seller's bank without the presentation of the documents (Hinkelman 2003). The credit mentions the amount of the transaction as well as the conditions of the transaction (Hinkelman 2003). If the full amount of payment is paid, the exporter will have a privilege of having no delay in payment nor debt. Likewise, because the exporter gets the payment beforehand, it can use the money to get materials, pay for employees and arrange shipments, in order to complete the order on time as agreed (Hinkelman 2003). For the importer, this method should be applied only when the exporter is trustworthy and there are not so many alternative exporters. In conclusion, both parties should research carefully about the partner if they consider to apply this method of payment (Ramberg 2008).

### 2.2.2 Letter of Credit

Letter of credit or documentary credit is a payment method in which a bank or a financial institution, on behalf of the buyer, will legally take responsibility to make the payment to the seller. The bank that is assigned by the buyer is called the issuing bank. The issuing bank or financial institution can pay directly to the seller or through another middleman, which most of the time is the confirming bank (Figure 2).

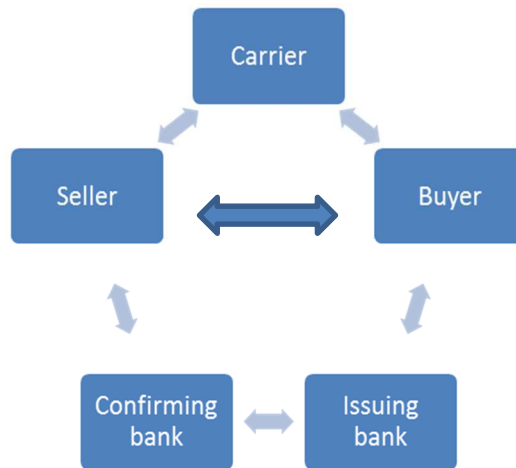


Figure 2. Letter of Credit payment process (Seyoum 2009),

The letter of credit can be either revocable or irrevocable, depending on the trustworthiness of the importer's financial capability and country stability in terms of politics and economics (Seyoum 2009). Applying revocable letter of credit allows the importer to change the regulation of the contract or cancel the payment without noticing the exporter ahead, while an irrevocable letter of credit can only be changed after all business partners are informed about it.. In addition, in case the importer wants to adjust the irrevocable letter of credit, that company should carry it out before the date of expiration (Seyoum 2009).

According to Figure 1, this method is ranked as the second safest method because not only the exporter might be noticed in advance if the importer would like to delay the payment, but the importer can also check the quality of the goods shipped before making payment. Moreover, the seller can assuredly get the payment after all required documents are filled in correctly and shown to the bank. On the other hand, there are many disadvantages in using letter of credit. In "Global risks – Trade finance 2011", it is stated that "because of its complex documentary nature, the documentary credit can be relatively expensive in terms of banking fees". Unless the importer can prove its positive financial capability, the bank usually asks the importer for a deposit before issuing a letter of credit. Furthermore, since using this payment method implies that both sides will need to work with a large number of documents, accuracy should be guaranteed so that late payment and nonpayment can be dodged.

### 2.2.3 Documentary collection

Documentary collection or documentary draft requires the importer to have a remitting bank and the exporter to have its collecting bank, which will help forwarding the documents and releasing the payment. The basic steps of a documentary collection payment are explained in the following Figure 3: Documentary collection process.

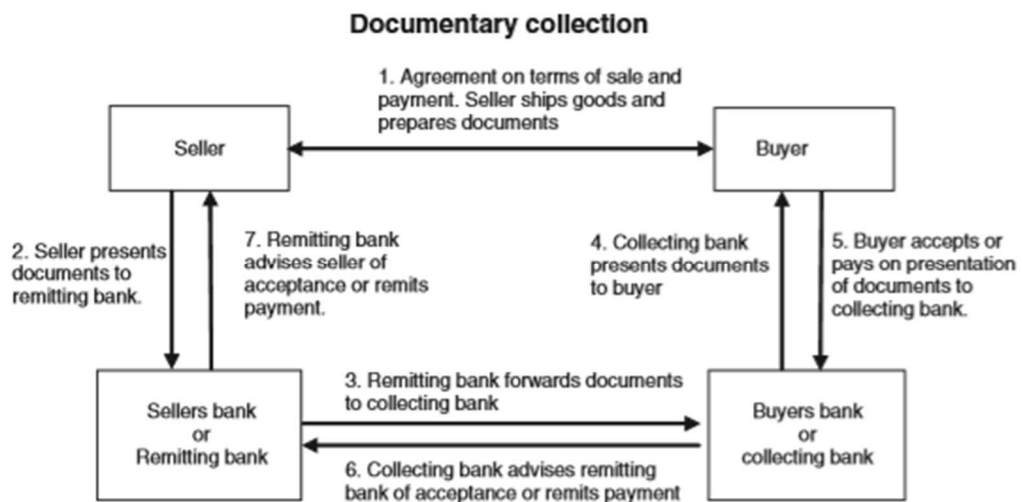


Figure 3. Documentary collection process (Seyoum. 2009)

The transaction for this method can be documents against payment or documents against acceptance. The table below will point out the main differences between these two methods.

Table 2. Comparison Documents against Payment and Documents against Acceptance (Ramberg, 2008 and Seyoum, 2009)

	Documents against Payment	Documents against Acceptance
Procedure	The importer pays for the draft in order to be granted custody of the goods shipped	The importer accepts the draft so that the goods will be their property. Payment has to be done afterwards.
Possession of the goods shipped	The goods shipped belong to the importer after the company pays for the draft to the collecting bank.	The goods shipped belong to the importer after the company accepts the draft.
Draft type	Sight draft: A sight draft requires the importer to pay immediately when they receive the bill of exchange.	<ul style="list-style-type: none"> <li>- Time draft: A document indicates the time period within which the payment shall be made.</li> <li>- Day draft: A document implies the due date of the payment.</li> </ul>
Payer	The collecting bank is obliged to make the payment	<p>If the draft is sent to and accepted by the bank, it is bank acceptance. The bank shall make the payment.</p> <p>If the draft is sent to and accepted by the importer, it is called trade acceptance. The company then shall make the payment.</p>
Possibility of risk	<ul style="list-style-type: none"> <li>- The risk of nonpayment may occur during the delivery time or, in some cases, after they inspect the goods.</li> <li>- In cases when the importer is not allowed to inspect the goods shipped before paying the draft, the importer might be dissatisfied by the bad quality of the goods.</li> </ul>	<ul style="list-style-type: none"> <li>- The delay of payment might happen if the acceptance of the time draft keeps being postponed.</li> </ul>

Security level	Higher	Lower
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Both the exporter and the importer can benefit from documentary collection payment method. From the exporter's point of view, this method would give the company the advantage of taking control over goods delivery until the importer accepts the goods and agree to make payment (Ramberg, 2008). Additionally, in some cases, the importer will also have the authority to examine the condition of goods shipped before accepting and paying the draft. Notwithstanding, as can be seen in Figure 2, this payment method is relatively complicated since the exporter, the importer, and the banks involved will work with plenty of documents. Therefore, accuracy in documentation need paying attention to and the speed of delivery documents should be quick so that postponement in any steps can be avoided. Moreover, changes in politics or in national importing laws might cause unforeseen problems in custom clearance for both partners.

#### 2.2.4 Consignment sale

Applying consignment sale payment method means that the exporter will receive the payment after the shipped goods are sold by the importer to the third party (Seyoum 2009). In case the importer cannot find any customer, the exporter can still ship the goods back since it still belongs to the exporter. Consignment sale is evaluated to be riskier than other payment methods. Since there is no rush in distributing the goods and make the payment, the importer is not so motivated to try to market the goods. This leads to another problem, which is a high chance that the exporter has to wait for a long time to get the payment back. The worst and least expected case is that there is no customer in the market. Consequently, the exporter has to pay to get the goods back and receives no payment from the importer (Seyoum 2009). Therefore, companies are advised to choose that method only for market testing or for a contingency plan in case the demand of the market goes up.

Moreover, it is better for the exporter to choose credible and famous importers.

#### 2.2.5 Open account

Seyoum (2009, 241) defines open account as “*contractual relationship between an exporter and importer in which a trade credit is extended by the former to the latter whereby payment is to be made to the exporter within an agreed period of time.*” The payment is usually made within from 30 days to 120 days after the day the shipping invoice is sent. Open account, in comparison with all other methods, is the most risky payment method for exporter, which therefore adjures the exporter to thoroughly learn about its trading partner’s financial capability, trustworthiness and the importing country’s stability (Ramberg 2008). This has become increasingly easier thanks to the development of Internet. With the proviso that the importer has gained positive international prestige, adopting open account payment method would be considerably beneficial to cost reduction. Besides, importer can sell the goods before the exporter sends shipping invoice and use that amount of money to pay for the bill (Ramberg 2008). Exporters are advised to have credit insurance so the company is protected from commercial or political risks (Branch, 2006).

#### 2.3 International transportation method

In international trading, shipment planning is acknowledged as one of the most essential steps for three reasons. Firstly, a well-prepared delivery plan would determine the punctuality of delivery. In case the exporter use transshipment or multimodal transport, the time for transferring goods from one mode of transport to another should be estimated precisely in order that delay in shipment can be evaded. Secondly, the safety of goods is comparatively fundamental to be considered. Goods, especially fragile goods, are easily damaged during shipment due to technical and natural reasons. Preventing



those troubles would benefit the exporters in a way that they will not only save their reputation but also not have to pay for the damage of the goods. Last but not least, if the exporter manages to design a good delivery plan, the cost of delivery can be calculated to match the affordability of the company.

In the following sections, I will discuss all modes of transportation that are available worldwide.

### 2.3.1 Sea transportation

Sea transportation means the delivery of goods from one port to another by ship and deck vessel. The shipper can be either the exporter or a third party who is responsible for goods shipment on behalf of the exporter. The receiver can be either the actual customer or another company that works for the actual customer. Three types of shipping will be explained hereafter.

**Liner shipping:** This means the ships are run according to a fixed schedule. The cargo is designed in a modern way so it can carry a massive amount of containers since usually, orders from many companies are put together in a shipment. Moreover, with an aim to fasten turnaround, it is equipped with advanced cargo handling (Ramagopal 2006). The tariff for liner shipping is quite stable, which makes it easier for exporter to calculate the shipping cost. This method is recommended for small exporting firms.

**Tramp shipping:** In tramp shipping, the vessel is used to deliver homogeneous goods, for instance, rice, sugar, and timber, which are bulky. The exporter can choose either a voyage charter or a leased charter. Although this method of shipment is quite time consuming since it would takes months for the vessel to reach the destination, there are many advantages that should be considered. First of all, because there is no fixed route, the exporter can customise the route of the shipment. Moreover, the tariff of tram shipping is also changed based on the market price, the exporter can leverage the downturn of the price to save shipping cost. Tramp shipping is also preferred thanks to its affordability and flexibility.

**Conference lines:** This method will involve a collaboration of two or more shipping companies. The route is customised and the ship run regularly based on a fixed schedule. Using conference lines make it more flexible for the exporters as there is no limitation on the destination of the goods.

### 2.3.2 Air Transportation

Nowadays, when international business is no longer a strange concept, shipment by airway has been developing quite fast. Air transportation is suitable for perishable goods such as flower or raw food and for luxury goods, for example, diamonds or jewelry. In order to meet the demand of the market, new airplanes are designed to conveniently transfer large cargo. It is, however, not advisable to deliver strangely shaped goods with airway (Ramagopal 2006). Delay in shipment is also a problem for the exporter and the importer since the flight might be postponed due to bad weather condition. On the contrary, when comparing it with other transportation mode, this method gains many advantages of some aspects. Despite the fact that the freight cost is higher than that of shipping, other costs such as warehousing, inventory and insurance are much lower than that of shipping. Likewise, the goods can safely reach the destination in a short time and the exporter does not have to make a plan a long time ahead.

### 2.3.3 Road Transportation

Road transportation can be considered as the ultimate way to transfer goods from an airport or a seaport to a warehouse. In Jiménez's (2012) study, it is stated that "the total number of vehicles engaged in road haulage worldwide, more than 80 million, dwarfs the number for any other transport method". This transportation mode has been favored by many exporters owing to many advantages. Firstly, an excellent, reliable door-to-door service is promised when using road transportation, especially when the destinations and delivery time schedule can be customized by the customers (Branch 2006) Secondly,

the transfer of goods is simple and does not require advanced and expensive equipment (Jiménez 2012) Thirdly, the customer can be benefited greatly from the competitive price, uncomplicated document and risk reduction of road transportation. In comparison with air freight, the freight of delivering goods by truck is much lower. Moreover, the packing cost is not as expensive as that of sea transportation. (Branch 2006) Regarding risk management, since the driver and the drive assistance will be responsible for the vehicle, the safety of goods and the punctuality of delivery can be ascertained (Branch 2006). Since the capacity of truck, bus or trailer is relatively small, this method is suitable for small and middle-size companies.

#### 2.3.4 Rail Transportation

Transportation of goods using train is a good choice when the exporter would like to deliver goods in bulky cargos with an affordable price to a number of importers at the same time. Similar to road transportation, the number of destination can be customized based on the demand of the exporter; the price per unit of weight is moderate; specialized equipment is not mandatory for loading the goods (Jiménez 2012). However, this method has only been internationalized in Europe, but not in other continents due to the different development of infrastructure. In 1994, the European tunnel was established, connecting Folkestone railway station, United Kingdom and Frethun railway station (Branch 2006) It is said that "It continues to have a profound impact on the pattern and development of freight distribution between the UK and Europe". This establishment also promotes the concern towards economical and eco-friendly transportation mode.

#### 2.3.5 Multimodal transportation

Multimodal transportation - one of the most common shipment method in international trade - means transporting goods from one place to another by using a combination of vehicles under one bill of lading (Seyoum 2006). The

exporter will simply empower a shipping company by signing in a contract with them and let the company design the route that meets the exporter's requirements (Ramagopal 2006). There are plenty advantages of applying multimodal transportation namely:

- Time consumption: the delivery time will be shortened thanks to the efficient usage of transportation modes.
- Risk reduction: Because all shipping partners cooperate with each other, risk of loss and of goods damage is minimised (Ramberg 2008).
- Documentation simplification: The exporter has to work with only the shipping company, not with all parties involved, which make it less complicated for the exporter.
- Reasonable cost: Since the aim of cooperation between numerous shipping companies is to offer an outstanding service with an affordable transportation cost, the offered price will be quite competitive.

### 2.3.6 Containerization

Containerization - a concept found by Malcom McLean in 1956 (Ramagopal 2006) - means using containers at the same size to store goods regardless of the chosen transportation modes. Before the introduction of containerization concept, goods are first loaded into trucks at the exporter's place before they are moved to the seaport. At the port, goods are unloaded and loaded again into containers. As a consequence, this process caused a great loss of time, loss of money and overcrowding at the seaport (Ramagopal 2006). The new concept, therefore, is believed to be a milestone in shipping industry (Ramagopal 2006). The main change lies in the transfer of goods from the dry port to the seaport. Goods are put into containers at the Inland Containers Depot and then moved to seaport by trains or trucks. Afterward, those containers will be transferred directly onto ships or vessels. This method has brought a wide range of benefits to all business partners involved in the process, particularly:

- Less time is spent on loading and unloading the goods since the shippers only need to transfer the containers from trucks to ships or vessels.

- The containers not only have the same size and shape but also can be used on ships, vessels, trucks and trains.
- Seaports will not be congested since the ships can move after one to two days of waiting (Ramagopal 2006).
- Exporters do not need to present at the seaport for shipment of goods. Custom clearance and required documents should be issued at the Inland Containers Depot (Ramagopal 2006).
- By using containers, goods shipped will be fully protected if transshipment of goods occurs (Ramagopal 2006).

When containerisation is applied in the movement of goods, exporters and shippers should remember that containerisation can only work best if the Inland Containers Depot service is available.

## 2.4 Incoterms

Incoterms, which stands for International Commercial Terms, was defined by Jiménez (2012) as “standard international “trade terms”, which enable exporters to quote prices that clearly allocate the costs and risks of international transport between seller and buyer.” Using Incoterms in contract will help pinpointing transportation cost, place of delivery, risks that might happen during shipment, and insurance and custom clearance responsibilities (Jiménez 2012). Incoterms was first introduced by the International Chamber of Commerce in 1953 and has been revised and edited every ten years. The latest version of Incoterms now is Incoterms 2010 (Figure 4).

# INCOTERMS® 2010

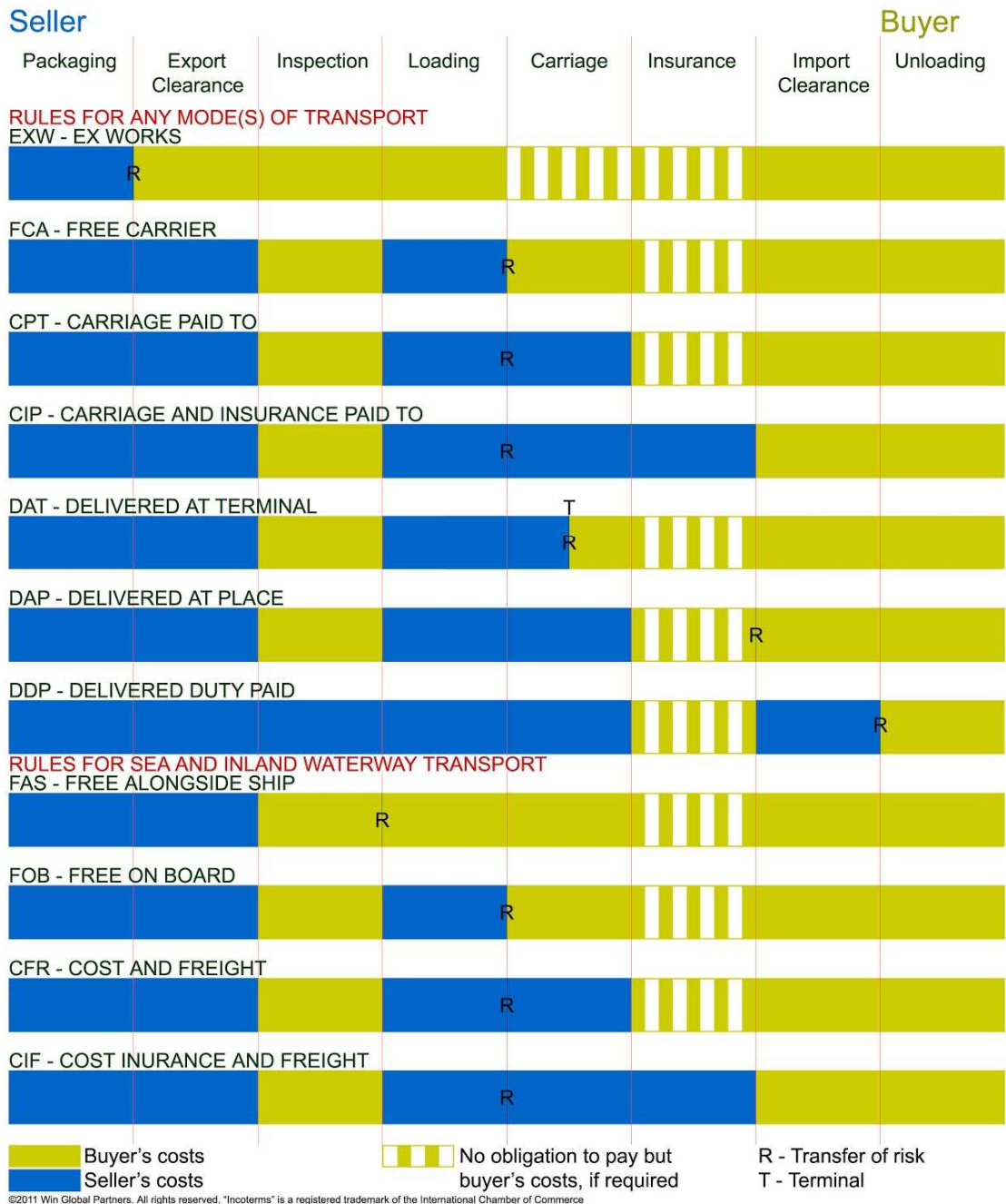


Figure 4. Incoterms 2010

As can be seen in Figure 4, there are in total 11 Incoterms, in which only four are applicable for sea transportation. The Incoterms are divided into four groups according to the same features that they share namely group E, D, C and F. The table below will give more information about these groups.

Table 3. Groups of Incoterms 2010 (Seyoum 2009).

Group	Incoterms	Features
<b>E</b>	EXW	The seller just need to make sure that the goods are available at its warehouse, store or offices. The buyer will arrange the delivery and pay for all the relevant costs.
<b>D</b>	DAT	The seller is responsible to carry the goods to either a seller's terminal or a final destination. The seller will also pay for delivery, insurance and in some cases, import duty. The risks pass to the buyer when the goods are unloaded.
	DAP	
	DDP	
<b>C</b>	CRF	The seller would cover both delivery and insurance cost for the goods. The responsibility will be transfered at a point of delivery, which was agreed mutually by both the exporter and the importer.
	CIF	
	CPT	
	CIP	
<b>F</b>	FCA	The seller would be responsible for delivering the goods to the carrier's place. Carriage of the goods from the carrier's place to the final destination will be arranged by the buyer.
	FAS	
	FOB	

There are two things that companies should remember when applying Incoterms. First of all, a suitable Incoterms will be selected according to the mutual agreement of all partners. This selection would depend on the transportation method and the responsibility level of each side (De Blot, Harmsen, Hofstra, Jansen, Mehring & Veldman 2010).. For example, if EXW is the applied Incoterms, the buyer is obliged to pay for all the costs to get the goods shipped from the seller's place. However, if FCA is chosen, the costs will be divided for both sides. Second, companies have to ensure that all performances of the company should be in compliance with the requirements of the Incoterms (De Blot et al. 2010).

## 2.5 Documentation

### 2.5.1 Sales documents:

**Purchase order:** This is the official order that will be sent by the buyer to the seller, indicating the chosen goods and the ordered amount of goods.

**Proforma invoice:** This document is sent by the exporter to the importer after the latter sends the purchase order to the former. A proforma invoice includes information about the location of the two business partners, the price of ordered goods, terms of payment, terms of delivery and so on (Ramagopal 2006). The terms can still be altered if any changes occur between the time the quotation is made until the shipment is arranged (Seyoum 2009).

**ICC model international contract of sale:** This document and the proforma invoice is interchangeable. When using this model, ICC model general conditions of sale will be attached so the importer will understand about the rules applied.

**Commercial invoice:** This bill is issued by the exporter, including information about the exporter and the importer, information about goods shipped, terms of sale, information about the vessel and terms of payment. It is believed that the commercial invoice is crucial and needs to be accurate because all other document will be formed on the basis of the commercial invoice.

### 2.5.2 Shipment documents:

**Certificate of origin:** This certificate is usually issued by the Chamber of Commerce, indicating the country where the goods are produced. When the goods reach the border of the exporter's country, custom staff would know which tariffs should be applied after receiving the certificate of origin (Ramagopal 2006).

**Certificate of inspection:** The condition of the goods shipped will be checked and confirmed in the certificate of inspection. The inspection is done by another party, which is usually the Export Inspection Agency. This step is only



required when the buyer asks for it or when the country of the buyer requests pre-shipment inspection for imported goods (Ramagopal 2006 & Seyoum 2009).

**Packing list and Packing note:** A packing list provides overall information about the total amount of packs while a packing note clarifies the information of each pack.

**Export license:** This essential document permits the exporter to sell and ship the goods overseas.

**Consular invoice:** In some cases, the importer requires the exporter to obtain the consular invoice from the ambassador of the importer's country. This paper would confirm all information in the invoice regarding the quantity and condition of goods (Ramagopal 2006). With the consular invoice, the possibility of delay in shipment would be greatly reduced as the goods will not be inspected again at the custom of the importer's country (Ramagopal 2006).

**Shipping bill:** The document refers to information about goods, about the exporter and the importer and about the vessel. If the exporter does not submit this document to the custom before shipment, goods cannot be shipped (Ramagopal 2006).

**Bill of lading:** The bill of lading will be issued by the shipping company, indicating that the condition and the quantity of the goods shipped, when it is received by the importer, still remain unchanged. This bill can be either non-negotiable or negotiable, depending on the chosen Incoterms. Bill of lading is also considered as the document of title to the goods. (Jiménez 2012)

**Airway bill or Air consignment note:** When air transportation is the selected delivery method, the airway bill acts as the bill of lading.

### 2.5.3 Payment-related documents

**Letter of credit:** When letter of credit is the selected payment method, a letter of credit will be given to the exporter, guaranteeing that the payment will be made by the issuing bank in a certain period of time (Ramagopal 2006).

**Bill of exchange:** This negotiable instrument is prepared and sent by the exporter to the importer, asking the importer to make payment as scheduled. It can be a sight draft or a time draft, which is found on the mutual agreement of all business partners. When a bill of exchange is sent along with the bill of lading, the responsibility for the goods is transferred to the importer only when the bill of exchange is accepted or paid (Jiménez 2012).

### 2.5.4 Insurance documents

**Cargo insurance:** The cargo insurance contract is between two parties: an insurance company and an insured party. The insurance company only have to take the responsibility when the shipped goods are damaged or lost due to its carelessness. It is suggested that the export company should always have its shipped goods insured, no matter if it is mentioned in the agreement with the importer (Ramagopal 2006).

**Insurance certificate:** This document should be enclosed if an insurance is purchased by the exporter. The certificate would confirm the main information of the insurance such as the type of the insurance, terms of the insurance contract and the value of the insurance (Seyoum 2009).

## 2.6 Market research – PESTLE analysis

PESTLE analysis model has become popular since the 20<sup>th</sup> century. It originated from PEST analysis, which was founded by Francis J. Aguilar in 1967 (BHPM 2011). The analysis focuses on studying the macro environment of a market, which contains factors that would directly affect the micro environment. PESTLE is the abbreviation of six elements: Political factors,

Economic factors, Social factors, Technology factors, Environmental factors and Legal factors. The following paragraphs would provide a short explanation of each factor and how it can affect the company's activities.

- Political factors: Entering a new country often requires companies to tailor their plan to the requirement of the government. The political scenario has a great impact on how all decisions in a company will be made and what the is extent of responsibility of the company (BHPM 2011).
- Economic factors: In business, the most important target of expanding markets is to increase profits of a company. Therefore, it is an essential step to collect and analysis economic index and to consult the economic analysis of experts about the targeted country (BHPM 2011).
- Social factors: A key that leads to the success in business is the practicality in doing business. This means that all decisions of the company should harmonize with the standards of the society. In order to know the current situation of the chosen market, companies are suggested to research about the structure of the society, lifestyles and consumer's trends. This analysis might as well help to foresee the demand of the market (BHPM 2011).
- Technological factors: The development of technology and the accessibility of people to advanced technology have a lot of effects on business. If a company is able to seize the opportunities and make use of technology developments, the efficiency in doing business will be noticeably increased.
- Legal factors: The law is the foundation of all activities of any companies. Learning about regulations would help a company both to know its entitlements, limitations and to avoid unexpected risks.
- Environmental factors: The attention of people towards environmental problems has a great effect in business. The level of attention would influence many factors such as marketing activities, ingredient selection and all decisions concerning the sustainability of a company.

There are some key index and type of information that should be included in a PESTEL analysis. Part of them will be given in the figure below:

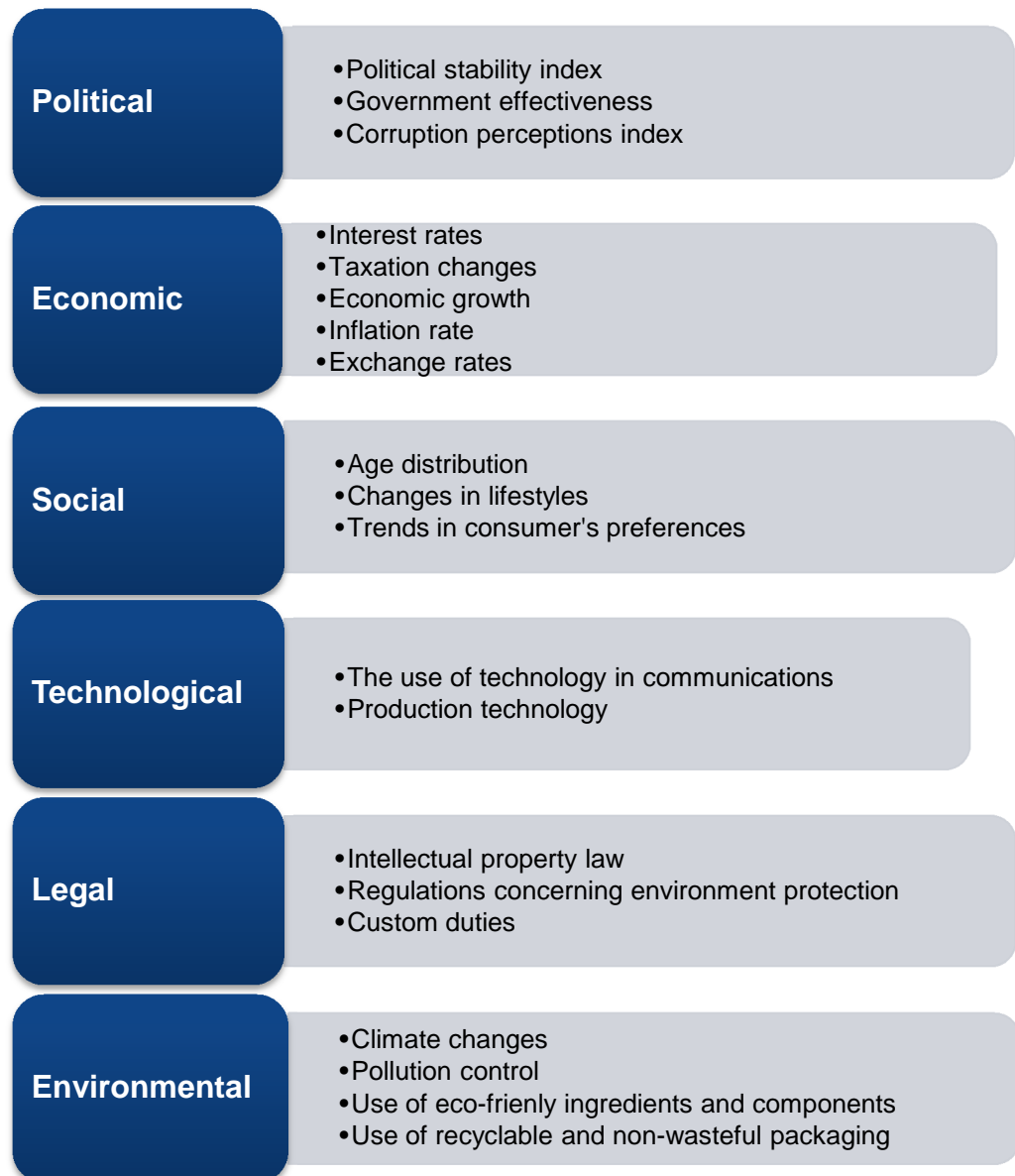


Figure 5. Key elements of PESTLE Analysis

A company can have many benefits from implementing this analysis. Firstly, in case the company aims to enter a new country, the analysis will provide information about the current situation of that country, which would help the managers make more objective decisions (Mind Tools n.d.). Secondly, the company can be a step ahead of its rivals by predicting the changes of the market and new trends in consumption behavior (Mind Tools n.d.). Last but not least, the success possibility of a plan or a project can be measured before it is executed, which would minimize the risks for the company (Mind Tools n.d.).

### 3 COMPANY OVERVIEW

#### 3.1 Company introduction

Spring Bamboo Company was established in 2007 and headquartered in Hanoi, Vietnam. Despite being established in tough economic time, within 8 years of operation, the company has created its position on the market. There has been a noticeable growth in both human resource and in business development. So far, the total number of employee has reached 200, of which only 5 per cent are indirect labor. Regarding the product, the company offer a wide range of products and services namely:

- Manufacturing and trading of products made from bamboo, rattan and wood
- Manufacturing and trading of handicraft
- Interior design and exterior design
- Construction of residential, industrial, transportation, irrigation, urban infrastructure and industrial parks

Products from Spring Bamboo have been consumed not only in Vietnam but also in many other countries in the world. The company has exported its products to Italy, Sweden, Spain, Turkey, France and so on.

With the vision of approaching and applying advanced technology in creating and manufacturing eco-friendly products, Spring Bamboo Company has satisfied both domestic and overseas customers. Moreover, products made from bamboo have become one of the company's strengths.

The mission of the company is described as following: "Spring Bamboo Export Import and Production Company Limited is trying its best to assert itself and to find a foothold on the market. We always hope that products that are made in Vietnam, having Vietnamese characteristics and carrying Vietnamese brands will be promoted worldwide. In the future, promisingly, Spring Bamboo Company will accomplish large-scale orders with high efficiency, and will complete its tasks outstandingly".

In order to achieve those missions, the company is operated based on the slogan: “The benefits of customers are our interest. The products will be provided at its best quality and fairly promptly in order to meet customer’s demands, regardless of any kind of difficulties. Contracts will be professionally performed.”

### 3.2 Bamboo products features

In recent years, although the amount of logging has decreased enormously from one million cubic metres in 2000 to 200.000 cubic metres in 2012, the forest area and quality in Vietnam are notably damaged. Because of that, in 2014, the government allowed only two provinces to continue logging. That fact has caused a great effect on nationwide manufacturers in producing products made from wood, including Spring Bamboo Company. The company, as a consequence, decided to focus on developing products made from bamboo. The offered products range from bamboo flooring, bamboo home furniture to baseball bat.

Using bamboo as the main material brings many advantages to the company. First of all, material resource is ensured to be sustainable. Whilst timber needs about 40 years to be matured, it takes only three to five years for growing bamboo. Afterwards, the bamboo is ready to be harvested and used in manufacturing. Secondly, by buying bamboo from farmers in the area, the company helps creating a stable income source and a better life for the farmers. From the customer’s point of view, customer will be satisfied with the quality, sustainability and aesthetics of the products. Moreover, eco-friendliness is guaranteed since all parts of the bamboo is fully exploited and no preservatives are used in cultivating.

## 4 METHODOLOGY

### 4.1 Data collection

There are two main research methods used in collecting data, namely qualitative and quantitative. While qualitative research is about studying descriptive information and makes a meaningful product out of it, quantitative research focuses on analysing raw data, which is written in form of numeric data, graphs and charts (Saunders & Lewis 2009). The main difference between these two methods lies on the flexibility of the findings (Dey 1993). It is argued that “the more ambiguous and elastic our concepts, the less possible it is to quantify our data in a meaningful way” (Dey 1993). With the idea to create an export plan for Spring Bamboo, quantitative method of research was chosen for this thesis because of the two following reasons. Firstly, it is due to the nature of the research. Although the purpose is to create an export plan that will benefit the commissioner greatly, the implementation possibility of the research is determined by the demand of Finnish customers for bamboo products. Secondly, since all financial reports of the commissioner are confidential, the researcher cannot access to numeric data if quantitative method is chosen. As a result, qualitative research method is the only method that meets the requirement of the commissioner in information security and suitable for the aim of the research.

The type of qualitative research method was determined to be case study. In definition, this method is often used when the research is aimed to study an existing phenomenon or to examine an unexplored idea (Saunders & Lewis 2009). The researcher can choose to study single case or multiple cases (Yin 2003). Whilst the former allows the researcher to focus on one unique case, the latter provides a more in-depth view at the situation. Accordingly, studying single case is chosen to be the most suitable method for this research.

As emphasized at the beginning of the thesis, this research is to, firstly, find out the most advisable exporting method for bamboo products from Vietnam to Finland and to, secondly, analyse the demand in Finnish market. With a view to figuring out the final findings, it is necessary to gather information

about Spring Bamboo company and to conduct a market analysis for Finnish market. Since Spring Bamboo company have not exported its product to Finland before, exploring about the current demand in Finnish market would be beneficial to the company in many ways. The possibility of implementation will be accurately evaluated. Moreover, the company might as well develop their products' quality so that it will meet the expectation of Finnish customers in particular and Nordic customers in general. As Morris and Wood (1991) argued, case study method would provide the researcher "a rich understanding of the context of the research and the processes being enacted."

Most of the data is collected from the employees of Spring Bamboo company and from Finnish potential customer. Theoretically, data collection can be done in various ways such as interviews, observation, desk research and questionnaire. A combination of different methods can also be used in this stage. Choosing an appropriate data collection method and identifying the right group to study are of vital importance since all of those information will be collated for the best result. Primary data analysis was the selected method for studying about the company. Due to the difference in time zones, in working culture and geographic distance, information exchange takes a lot of time. Consequently, primary data was selected and the only possible method is email exchange. When it is possible, primary data will be complemented with secondary data.

For the market analysis in Finland, a market analysis based on PESTLE model and a survey were conducted. Internet was used as the main and only resource to collect information about Finnish macro environment. According to the suggestion by my supervisor, Mr. Jagat Kunwar Bahadur, Webropol was the chosen website for creating the survey. Afterwards, the survey was distributed online in some groups on Facebook. This method would guarantee that the majority of people living in Finland can take part in the survey and give their opinions. There were in total 14 questions in the survey, of which three are about the background of the participants, and the rest are about their experience with the bamboo products and their opinions about the products. The aim of the survey is to study about the demand for bamboo products in



Finland as well as the requirements of the customers for the products. Hopefully, the survey will also give some suggestions for the marketing activities of Spring Bamboo company when entering Finland.

## 4.2 Data analysis

The chosen method for data analysis for this thesis is inductive approach. According to Saunder and Lewis (2009), inductive approach refers to reevaluation of the initial goal through collecting and analysing relevant information. In this research, the original purpose was to create an export plan to help Spring Bamboo company extend its market. In order to achieve that goal, an export plan was customized based on the requirement of the company. Moreover, an analysis of Finnish macro environment and Finnish customer demand was also performed. After all information is collected and analysed, the applicability of the export plan will be accessed again. Upon consideration, inductive approach was chosen to be the most suitable analysing method for this particular study.

## 5 FINNISH MACRO- ENVIRONMENT

This chapter is dedicated to PESTEL analysis of Finnish market. As stated above, PESTEL stands for Political, Economic, Social, Technological, Environment and Legal. This analysis would give a detailed report on the macro environment of Finnish market, which is greatly helpful in concluding whether Spring Bamboo company should enter this market or not.

### 5.1 Political factors

Finland is one of the Nordic countries in Europe, bordered by Sweden, Norway and Russian (Figure 6). The three seas surrounding are the Baltic Sea, the Gulf of Bothnia and the Gulf of Finland. Helsinki is the capital of Finland. (The World Factbook 2015)



Figure 6. Finland on the map (Mapsof.net)

Regarding political situation, Republic of Finland has a multi-party system with eight parties. Depending on the position, an election will be held every six years or every four years. The President, whose term is six years, will be selected by the majority of the citizens. The Prime Minister, who is responsible for a four year term, will be chosen by the Parliament and the President. (The World Factbook 2015) Moreover, Finland has also become a State Member of European Union since 1995.

For quite a long time, the reputation of Finnish political scenario has been known to be stable, transparent and corruption free. This fact has been proved by the annual statistics of the prestigious organizations in the world. In this research, all the statistics from 2009 to 2014 are collected so that the progress and the comparison can be clearly seen. The three index that will be discussed underneath are Political Stability and Absence of Violence/Terrorism Index, Corruption Perception Index and Government Effectiveness.

First of all, Political Stability is defined as the recognition of people about the instability of national politics. Moreover, it also helps reflect the chance of having violence or terrorism due to political reasons (Worldwide Governance Indicators 2015). The higher the index is, the more stable the politics is and the less chances of terrorism are. Since 2009, Finland has been successful in keeping this index always at the highest rate, which shows a steady political situation of the country (Figure 7).

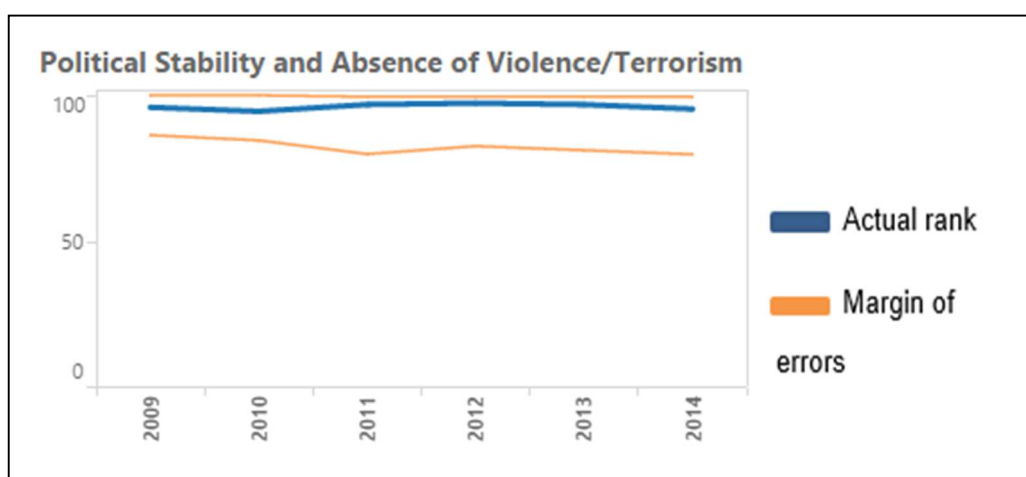


Figure 7. Political Stability and Absence of Violence/ Terrorism (Trading Economics 2015)

The next discussion is about Government Effectiveness. This index refers to both the quality of services that the citizens are entitled to get and the responsibility of the government in implementation and compliance with all established policies (Worldwide Governance Indicators 2015). The index has been always maintained at the highest level during the last 6 years (Figure 8). From this fact, we can infer that Finnish government has succeeded in proving its ability and credibility in managing the country. This advantage is considered important for every country for several reasons. It means that the Finnish government has made right decision of investment in different sections such as technology development, social welfare and infrastructure enhancement. Moreover, it also indicates that the people living in Finland tend to get higher living standards than people from other countries. This will be shown in quality of education, health care system and other services.

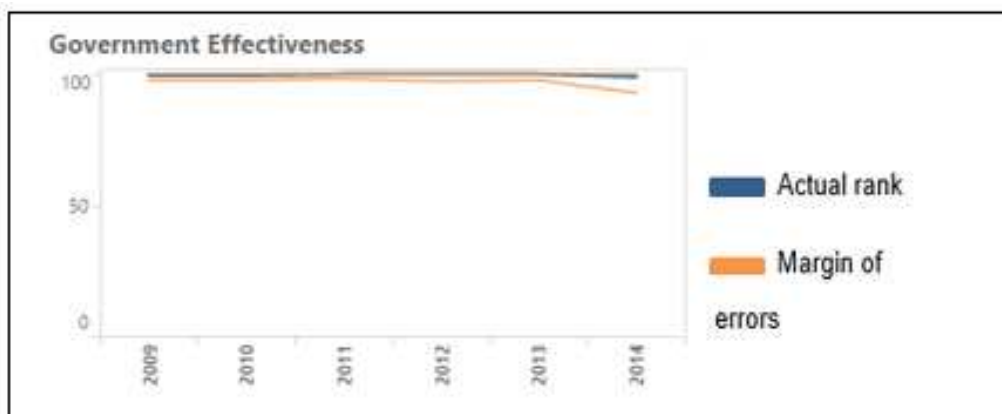
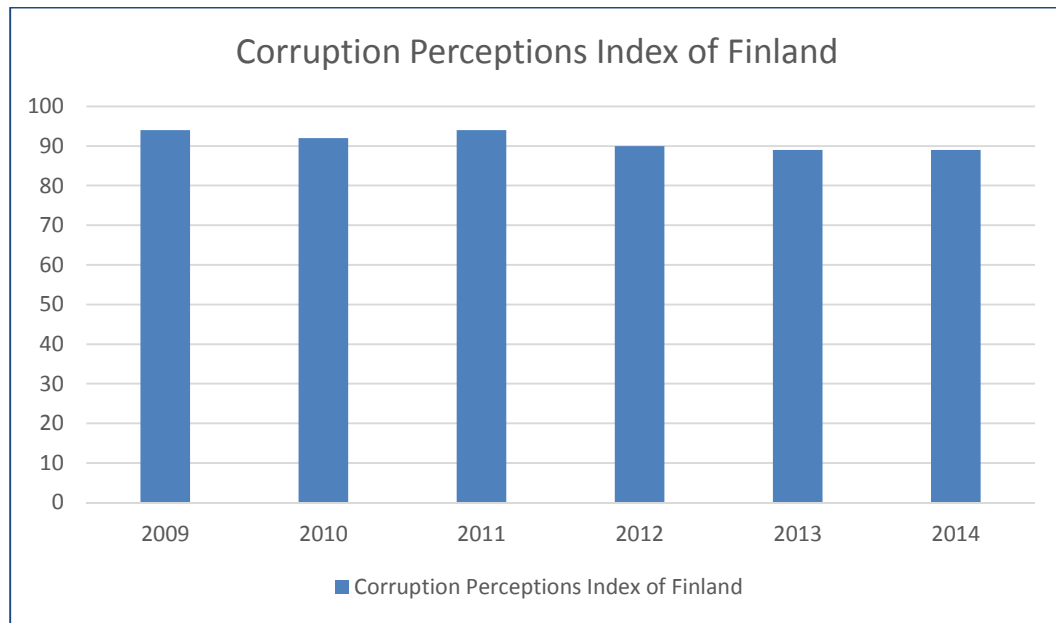


Figure 8. Government Effectiveness (Trading Economics 2015)

Another important aspect of the market that should be studied about it the level of corruption. In order to know about it, it is advised to look at Corruption Perceptions Index. This indicator refers to the current status of corruption in a country (Transparency International 2015). Similar to the above index, high scores would mean that the dishonesty and fraudulence are highly avoided in working. The instructions given to people by all companies and organisation are clear and strictly followed. Besides, bribery is less common in those countries with high score than in those with low score. According to the reports from 2009 to 2014 of Transparency International, Finland has remained its high scores and always been at the top 10 of the chart when compared with 174 countries (Table 4). This is a positive signal for companies which are planning to enter Finnish market. Doing business with Finnish partners is expected to be transparent thanks to the clear instruction. Moreover, a fair competition with other companies will be ensured since the bribery is prohibited.

Table 4. Corruption Perception Index of Finland from 2009 to 2014



## 5.2 Economic factors

Recently, the economy of Finland has declined sharply. This has caused a lot of difficulties for the country. The three main problems that Finland has to tackle lately are high government debt, decreasing employment rate and decreasing domestic demand. From 2012 until 2014, Finnish economy witnessed a gradual increase in GDP, reaching USD 270.67 billion in 2014. The GDP annual growth rate, however, has been fluctuated and reached -0.5 in 2014. The reason behind it was because of the dullness in exporting, which started after the economic crisis in 2008. Last year, the FDI index, after falling to EUR 64,362 million in 2013, increased noticeably to EUR 77,342 million in 2014. This investment, theoretically, would help the host country in improving its economy status, creating more working places and enhancing the technology. On the other hand, it also puts the host country under the pressure of having to pay the debt in a long term. By October 2015, the government debt of Finland was reported to be around EUR 96,000 million (Trading Economics 2015).



Figure 9. Gross Domestic Product (in USD Billion) (Trading Economics 2015)

The economic recession has also greatly affected the employment rate. This rate has varied a lot. At June 2014, it reached a peak at nearly 72%, following by a sharp decline to about 67% by January 2015 (Figure 10). In order to improve this rate, Finnish government tried to create more jobs for its citizen, especially for young people (OECD). This policy was implemented and became effective, helping to raise the employment rate to 71% in 6 months. However, the rate tends to go down again, which inquires the government to put more effort.



Figure 9. Finland Employment Rate

Another problem that Finland has to face now is deflation. Although at the fourth quarter of 2014, the inflation rate was above 0, it has been declining gradually in 2015 and remaining below 0 (Figure 11). This is due to the downturn in domestic demand, which consequently alter the import value of Finland. Compared to October 2014, when the import value was EUR 5,190

million, the value has slowly dropped to EUR 4,450.7 million at July 2015 (Trading Economics 2015).



Figure 10. Inflation rate in Finland (Trading Economics)

### 5.3 Social factors

The estimated population of Finland in 2015 is 5,476,992, of which 93.4% belongs to Finn ethnic group and the rest belongs to Swede, Russian, Estonian, Roma and Sami (The World Factbook 2015). The people who are from the age of 45 to 69 take a majority in the society, following by people from the age of 20 to 44. It can be concluded that Finland has an aging population. Heikkilä (2012) studied that since 2010, the number of elderly in Finnish society has increased, while the young people has experienced the opposite. The graphic below would illustrate the age structure of Finnish population.

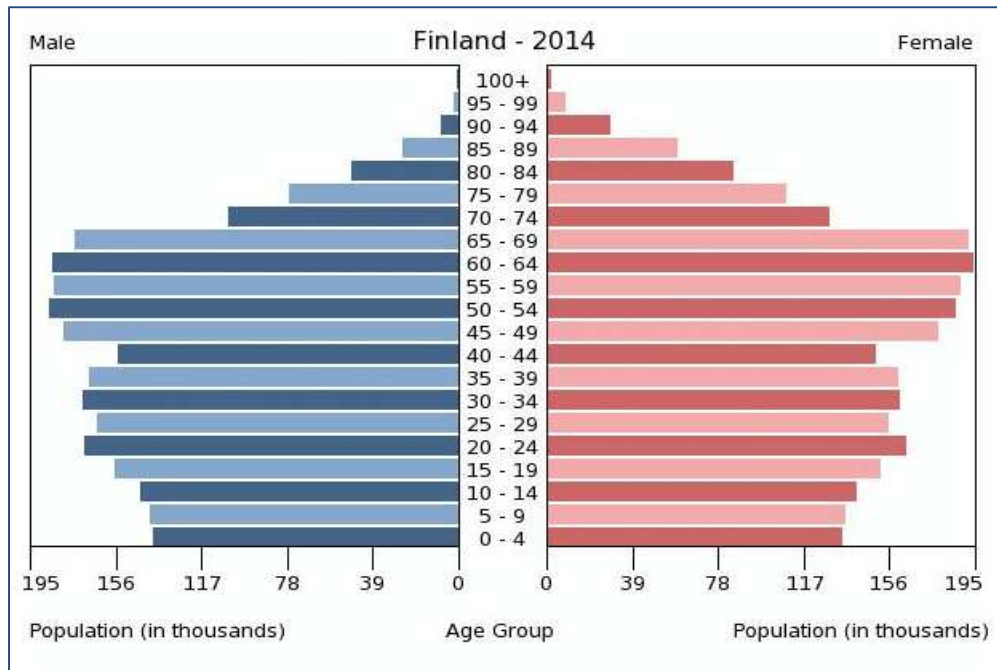


Figure 11. Age distribution in Finland in 2014 (Indexmundi 2015)

Online shopping has become popular among Finnish people. In a survey which was carried out in 2014 by Taloustutkimus, it is stated that “A third of Finnish online shoppers spend 80 per cent of e-commerce euros” (Lehmusvirta 2014). The goods and services that are available online are banking services, electronic devices, sport equipment, clothes, furniture and travelling services. The study also found out that online shopping is more popular for people from 35 to 24 and under 24 than for other people.

#### 5.4 Technological factors

Internet is an essential part in daily life of Finnish people. 80% of the people ranging from 16 to 89 are reported to use Internet daily with a dense frequency (Statistics Finland). In 2015, the use of internet devices has increased considerably compared with that in 2014. Whilst the percentage of people using smartphones went up from 63% to 69%, the percentage of households having tablets increased from 32% to 42%. This is one of the factors that boosted the development of e-commerce. Internet and the use of online application have been applied in many activities in Finland. Except for shopping, people started to have a habit of making payment online. Besides,



this year, voting aid applications that are customized for the Parliamentary elections were introduced. Those applications were used by 45% of the voters.

In business, cloud services have been used in many companies. 55% of the total enterprises in Finland has adapted to cloud technology (Statistics Finland). Unsurprisingly, the services are mainly used for communication by exchanging emails (37%) and for storing data (30%). The other purposes of applying cloud services are accounting applications, office software, maintenance of company's databases, customer relationship management, and calculation of efficiency to run applications (Statistics Finland). This feature can be recognised as one of the advantages of doing business in Finland, since companies and customers have a chance to approach advanced technology, which would help them in accelerating work speed and work efficiency.

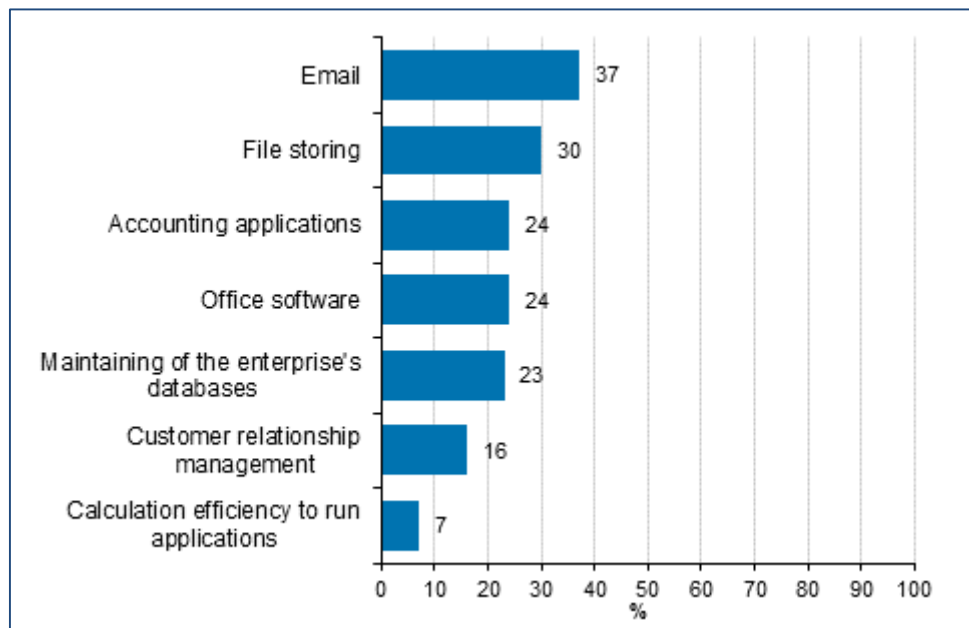


Figure 12. The use of Internet of Finnish people (Statistics Finland 2015)

## 5.5 Legal factors

Because Finland is a Member State of European Union, The European Union Law affects directly or indirectly the law of Finland. It can be seen that the

Finnish law is considerably similar to Swedish law, which is an advantage to Spring Bamboo Company since the company has been exporting its products to Sweden. In light of the familiarity of the company with European Union Law, only some important features in Finnish law will be discussed underneath.

Initially, when making contracts with Finnish partners, the company should study the Contract Law. The contract will be governed by some specific laws such as the Sale of Goods Act 355/1987 and Act on Commercial Representatives and Salesmen 417/1992. In international trades, the contractual relationship will be controlled by three statutes i.e EU regulations, the United Nations Convention and the Nordic tradition (Legal framework for Doing Business in Finland 2012). Another big issue in international trade is interpretation. According to Finnish law, if there is a misunderstanding between business partners, the court will study both the written contract and the cause for misinterpretation (Legal framework for Doing Business in Finland 2012).

Second, avoiding problems with intellectual property is crucial in Finland. All of the registered designs in Finland are protected by the Registered Designs Act 221/1971. Therefore, before exporting the products to Finland, the exporter and the importer should check first if there are any look-alike products on the market (Legal framework for Doing Business in Finland 2012).

Third, the law of international transportation is of vital importance in international trading. Regarding sea transportation, the carriage of goods is governed by the Finnish Maritime Code and the Finnish Standard Shipping Term version 2008. If the shipped goods move from one to another Nordic country, the Maritime Code must be applied. On the other hand, the Finnish Standard Shipping Term will only be executed if it is mentioned in the contract of carriage (Legal framework for Doing Business in Finland 2012).

## 5.6 Environmental factors

Finland has become well-known for its fresh climates, large areas of forest and numerous rivers and lakes. According to Sustainable Social Index,

Finland has maintained its 9<sup>th</sup> rank since 2012 when compared with 151 countries. This index has been affected by the economic crisis which happened in 2008 (Syke 2014). On one hand, the exploitation of natural resources and energy has been slowed down and the emission of carbon dioxide has been minimised, which supported the country in meeting Kyoto Protocol treaty (Syke 2014). Moreover, eco-efficiency was achieved since the gross national product increases while the consumption of natural resources and energy decreased (Syke 2014). However, on the other hand, the crisis also limited the amount of money that is investigated in environmental protection programmes.

## 6 SURVEY RESULT

### 6.1 Consumer's background

From the survey, the main customer group and their place of livings can be shown. It can be concluded that bamboo products are familiar with the young and the middle-aged people. There were in total 64 people taking part in the survey. 34 participants are from 25 to 54 years old, 27 participants are at the age of 24 or below and only 2 participants are at the age of 55 or above (Figure 13). Moreover, the female customers pay more attention to bamboo products than the male do (Figure 13).

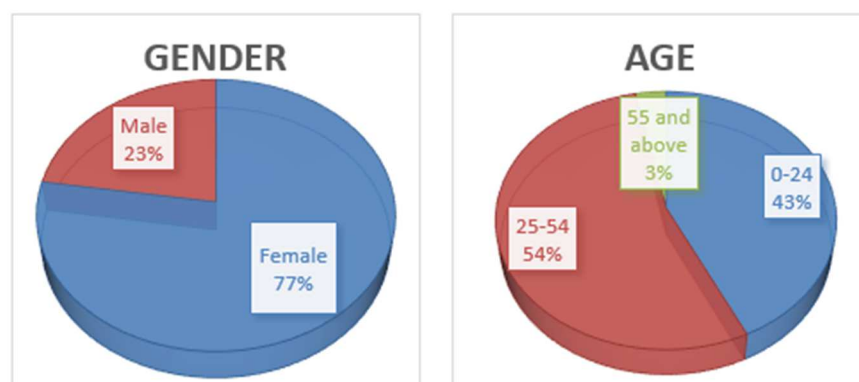


Figure 13. Gender and age of participants

Concerning the location of respondents, nearly half of them are from Lahti. The rest come from other cities such as Helsinki, Tampere and Kouvola (Figure 14). It can be concluded that most of them are from big cities that are easy to access with public transportation.

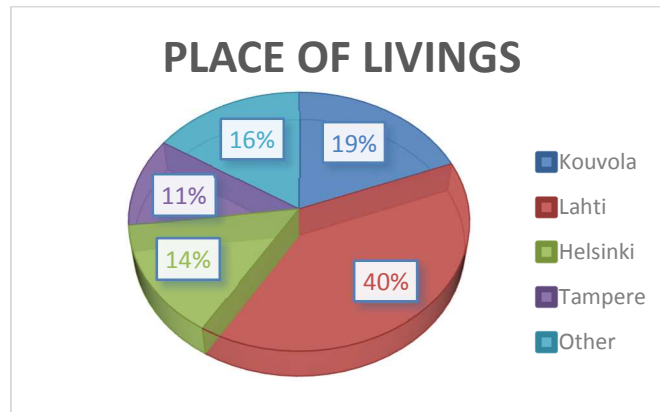


Figure 14. Place of livings of participants

## 6.2 Customer's opinions about bamboo products

Bamboo products are seemingly familiar with most of the Finnish customers. Although the main reason why some people do not use bamboo products is because of its unavailability, the percentage of people who have used them still outweighs the percentage of the people who have not. The evidence is that 54 out of 64 respondents confirmed that they have experienced bamboo products. The most popular bamboo products are kitchenware such as spatula, cutting board, chopsticks, tray and furniture such as bookshelf, table, chair and blindfold. These products are mainly sold at big chains namely JYSK, IKEA, Tiimari, Prisma, Anttila and in some big supermarkets. Moreover, because the Finnish consumers have a habit of purchasing goods online, many of them bought bamboo products on some websites.

Overall, the review of customers about bamboo products is considerably positive. Among 52 respondents, only six people were not satisfied with the products, 10 people think that the products are acceptable and 36 people gave positive feedbacks.

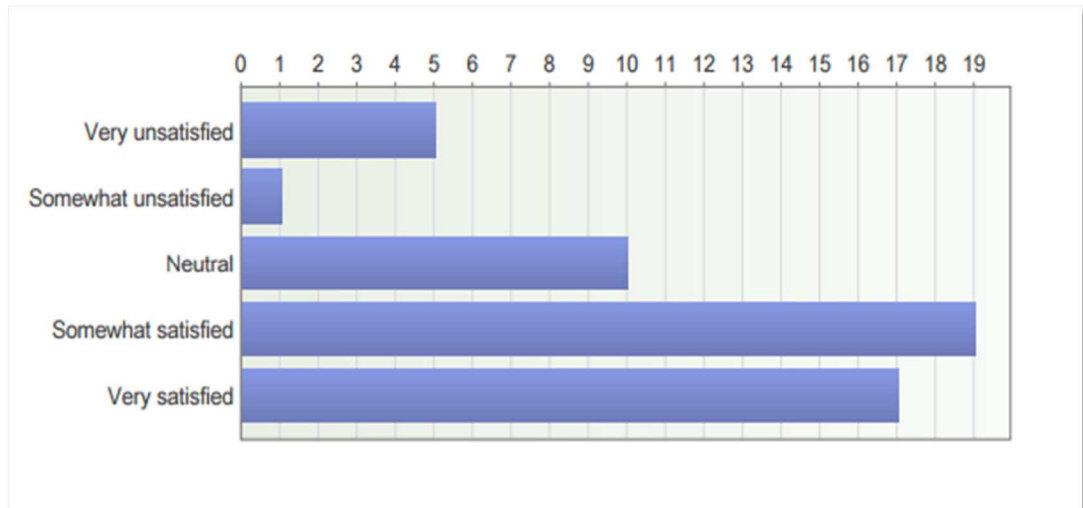


Figure 15. Customer's satisfaction with bamboo products

To be more specific, the participants were asked about the reason why they chose bamboo products. They were asked to score four criteria which are design, colour, quality and price of the products. The finding from the final result is bamboo products satisfy customers in Finland in many ways. Firstly, the customers are impressed by the product's aesthetics. The combination of unique colour and modern design make bamboo products outstanding. Secondly, the quality of the products is persuasive to the customers. Last but not least, the price is relatively affordable. Although a minority of respondents complained about the expensive price of bamboo products, there is still a large amount of potential customers on the market. Another promising signal of Finnish market is that most of the participants think that they will continue using products made from bamboo and recommend them to other people.

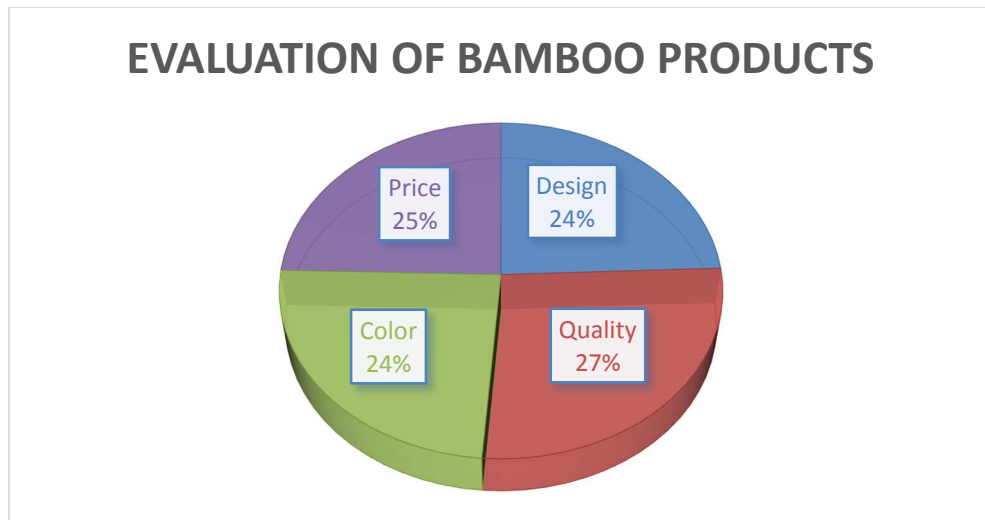


Figure 16. Evaluation of bamboo products.

## 7 EXPORT PLAN FOR SPRING BAMBOO COMPANY

### 7.1 Transportation method

So far, Spring Bamboo Company has adopted multimodal transportation method including road transportation and sea transportation. After the goods are produced according to the requirement of the customers, those goods will be containerised and moved to Hai Phong port by trucks, which is located at Hai Phong. From there, the goods will be loaded on to ships and delivered to the destination. The delivery of goods is usually done by three following logistics partners of the company: HP Logistics, DAMCO International B.V and APC Logistics.

After studying about all other methods, this combination was confirmed to be the most suitable transportation method for this research. Regarding moving goods from the factory of the company to Hai Phong port, using truck is a better choice than using rail. Time consumption on transportation is the first reason. With the choice of truck, the logistics company will send a truck to the factory, containerise all goods and move all the containers from the factory directly to the port. Unlike truck, using train is more complicated. After goods are containerised and moved to Hanoi train station, they are unloaded and loaded on to the train. When the train reached Hai Phong train station, the

goods are again unloaded and loaded on to a truck to go to Hai Phong port. It can be seen that using rail transportation needs more time and effort than using truck. Moreover, delay in delivery can also be avoided since in Vietnam, trains are normally not on time due to late passengers or accidents on the way.

Besides problems related to time, eco-friendliness should also be considered. Having done business with many foreign partners, Spring Bamboo company understands the importance of sustainability and environmental friendliness of its products and its services. There is no study about the amount of carbon dioxide emitted in the air annually by rail transportation. According to experience of the researcher, the trains that are used in Vietnam are quite old and not often upgraded, which can indicate that rail transportation might not meet the criteria in environmental friendliness. In conclusion, truck would be the most preferable choice in this case.

To move the goods from Hai Phong port to Finland, sea transportation is the best option. If bamboo products are ordered in a large amount, it will be quite bulky. Furthermore, since the company has exported its products to Sweden by sea transportation, the orders from Sweden and Finland can be merged into one delivery, which would help the company to save delivery cost.

A comparison among three logistics partner was made in order to choose the most suitable one for this plan. As stated above, the three partners are HP Logistics, DAMCO and APC Logistics. No information about the first partner was found since the company does not have any website. Although a website of APC Logistics company was found, there was no confirmation from the commissioner about that information. The only choice that is evaluated to be the best choice is working with DAMCO. DAMCO is one of the world's leading logistics company and headquartered in The Hague, the Netherlands. Its local offices are located worldwide, including Hanoi, Hai Phong, Helsinki and Kotka. Collaborating with DAMCO would bring a large number of advantages to the company. Firstly, since DAMCO has its own offices and warehouses in many countries, the company can help Spring Bamboo company in designing a

logistics plan that is optimal and inexpensive. Moreover, by using myDamco dashboard, important documents can be saved and downloaded from there.

The company can also send those documents directly to DAMCO via an application, which would fasten the working speed and help the company to save cost on printing and mailing. DAMCO will also be in charge of custom clearance if there is any requirement from the customers. Another pro of working with DAMCO is that sustainability in logistics activity is guaranteed. Having acknowledged the importance of carbon footprint reduction, DAMCO has been improving its technology and services which support the customers in controlling their impacts on environment. The company not only strictly controls the resources being used in its offices and warehouses but also help the customers to manage their own carbon footprint. By using DAMCO's Supply Chain Carbon Dashboard, the customer can keep track on the amount of carbon footprint of the whole shipping process. In case the customer aims to reduce its carbon footprint, the programme Supply Chain Carbon Check of DAMCO will provide the customer with the overview of the current situation and suggestions for improvement. Upon thorough consideration, DAMCO outweighs the other two logistics partners and proves itself the ability to satisfy its customers.

## 7.2 Incoterms

The chosen Incoterms for this case is CIF. CIF stands for Cost, Insurance and Freight. This would mean that the seller will have to arrange the shipment of the goods and the risks pass to the buyer when the goods go through the ship's rail. The table below would give a clearer explanation of the responsibilities of each side.



Table 5. Tasks of Spring Bamboo Company and its partners

<b>Task</b>	<b>Spring Bamboo company</b>	<b>Finnish Buyer</b>
Documents preparation	<ul style="list-style-type: none"> <li>- Shipment documents</li> <li>- Sale document</li> <li>- Export license</li> <li>- Customs formalities for exporting the goods</li> <li>- Insurance on minimum cover</li> </ul>	<ul style="list-style-type: none"> <li>- Import license</li> <li>- Customs formalities for importing the goods</li> </ul>
Expense	<ul style="list-style-type: none"> <li>- Payment for the carriage of goods from the seller's place to the port of destination, including transit fee and unloading charges if it is stated in the carriage contract.</li> <li>- Insurance</li> <li>- Customs duty and taxes for exporting the goods</li> <li>- Pre-shipment inspection</li> </ul>	<ul style="list-style-type: none"> <li>- Customs duty and taxes for importing goods</li> <li>- Transit fee for the goods and unloading charges unless it is the seller's responsibility</li> <li>- Cost for obtaining the documents</li> </ul>
Risks	The seller bears all the risks and loss when the goods are shipped from the seller's place to the named port of destination.	The buyer bears all the risks and loss when the goods go through the ship's rail.

The main reason for choosing CIF term is that it gives Spring Bamboo Company a chance to prove its credit-worthiness. Because the term allows the seller to arrange the shipment of the goods, Spring Bamboo Company would be proactive in arranging shipment. This is an advantage since the company can choose its long-term partner, in which the company can totally trust. The risk of loss or damages during shipment is, therefore, greatly reduced. Moreover, the Finnish partner will not have to spend time searching for a suitable logistics company in Vietnam. Since this would be the first time Spring Bamboo Company works with a Finnish partner, showing its accountability is one of the criteria that determine a long-term business relationship.

### 7.3 Payment method

When two companies start their corporation in business for the first time, one of the most important things is to choose an appropriate payment method. The selected method should not only minimise the risks that both partners might encounter but also be affordable. Above all, both the importer and the exporter had better to be familiar with that method so that mistakes in documents preparation can be avoided.

In this particular export plan, there are two suitable payment methods, which are document collection and letter of credit. Each of these methods has its own drawbacks and strong points. An analysis of the two methods will be provided hereafter.

If document collection is selected, the draft type should be a time draft. This method has a great number of benefits to both the exporter and the Finnish partner. From the exporter's point of view, the goods will belong to Spring Bamboo Company until the importer accepts all documents. In case the documents are denied, the exporter can still store the goods at DAMCO's warehouse and look for another importer. For the importer, the payment due is rather flexible. In case the importer wants to prolong the due date of the payment, the acceptance of the draft can be delayed until the importer is ready to accept the documents. Afterwards, the payment will be made as in agreement. However, using this method also means that two companies and involved banks in two countries have to prepare a bulk of documents. Accuracy of every document is very important. Additionally, it would make documentation more complicated and difficult for Spring Bamboo Company because the company has not used this payment method before.

Letter of credit is also a possible choice for both companies. In this particular case, irrevocable letter of credit is highly recommended due to the fact that Spring Bamboo Company has little knowledge of the creditworthiness of its trading partners. Unlike revocable letter of credit, in an irrevocable letter of credit, changes and cancellation can only be made after a notice is sent to the exporter by the importer before the expiration date. Therefore, Spring Bamboo company will have a higher chance to receive the payment in time. From the

Finnish partner's side, the company can also examine the goods after arrival. This is a crucial step in international trading, especially at the first time two companies work together. Although it costs more than the documentary collection method does, the risk is greatly reduced for both companies. Besides, because Spring Bamboo has been familiar with this payment method, unwanted mistakes in document preparation will be avoided.

Upon consideration, irrevocable letter of credit is considered more suitable than document collection, time draft. Although this method is more expensive, it is more familiar with the exporter. This would minimize the potential risks and delay in payment since the employees of Spring Bamboo Company know which documents should be prepared at what time. For the first time exporting to a new market, Spring Bamboo Company surely wants to perform it best to prove its accountability to the partners.

#### 7.4 Documentation

As discussed above, there are three main types of documents namely sales document, shipment document and payment-related document. Besides, insurance is also of vital importance, especially when this will be the first time Spring Bamboo company works with a Finnish partner. Here is the list of necessary documents and how to get them:

- Regarding the sale documents, a proforma invoice, a sale contract and a commercial invoice will be issued by Spring Bamboo Company after a purchase order is sent by the buyer.
- The certificate of origin should be in form B for exporting products that have no preferential tax. The company can apply for this certificate at Vietnam Chamber of Commerce and Industry.
- Other documents for shipments such as a packing list, a packing note, an export license, a shipping bill and a bill of lading are essential to have. The bill of lading will be issued by the shipping company, which is DAMCO International B.V in this case, and the rest will be issued by Spring Bamboo

Company. In case the importer wants to be more careful for the first time, a certification of inspection and a consular invoice might be included.

- To ensure that the payment will be made as in agreement, Spring Bamboo Company should work with its bank in Vietnam, which is Techcombank, to issue a letter of credit and a bill of exchange.
- It is recommended for the exporting company to buy cargo insurance from DAMCO. The figure below would give an overview about all benefits that the company is entitled to get.

Damco Specific Insurance Coverage	All Risks acc. to ICC (A)	All Risks in Damco Policy
All Risks of physical loss or damage from any external cause	YES	YES
Goods are covered warehouse to warehouse	YES	YES
Coverage of costs to remove brands and trademarks	NO	YES
Costs to replace a full pair when only one item is lost or damaged	NO	YES
Control of damaged interest	NO	YES
Cover for concealed damage up to 90 days after receipt of cargo	NO	YES
Debris removal	NO	YES
Expediting costs	NO	YES
Physical damage following temperature	NO	YES
Risks following strikes, riots and civil commotions	NO	YES
War risks	NO	YES

Figure 17. Benefits of DAMCO cargo insurance for exporting companies

## 8 CONCLUSION

### 8.1 Research Results

The original purpose of this study is to find the answers to the three questions regarding the export plan and the current situation of Finnish market. After combining the theoretical framework and collected data, the answers to those three questions were clear. Each answer will be presented below.

### 1. Design an export plan for Spring Bamboo Company

Based on the theoretical study and information about exporting activities of Spring Bamboo Company, an export plan was specially designed for products of the company. The plan is ensured to meet the requirements of both the company and Finnish partners in terms of an appropriate transportation mode, a safe payment method and a clear division of tasks in documents preparation. It is believed that the plan is both realistic and highly efficient. This is proved through two perspectives. On one hand, from the exporter's side, although the company has never done business with Finnish partners, the plan is still easy to follow. This would help to minimize the risk of having unwanted mistakes during the export process. On the other hand, from the Finnish partner's point of view, the plan is lawful, eco-friendly and flexible.

### 2. Study the Finnish macro-environment

The macro environment in Finland was studied based on PESTLE model. The upsides of Finland are to have a stable and transparent political scenario and strict legal system. Moreover, advanced technology is applied not just in enterprises but also in public services, which makes the market more accessible. Besides, clean environment has always been an advantage of Finland, which requires Spring Bamboo Company to minimize its influence on the environment. However, the company also need to consider the downside of the market before investing in the Finnish market. The economic crisis has greatly affected the importing and exporting activities. Besides, the aging population and unstable employment rate would reduce the expenditure of Finnish individuals.

### 3. Study the demand for bamboo products in Finland

There is certainly a market for bamboo products in Finland. According to the survey, the potential customer group's age range from around 24 to 54. Comparing with other aging groups of Finnish population, this is estimated to be the second crowd group, promising a future for bamboo products in Finland. Customers who used bamboo products mostly have positive

experience. They are also willing to use the products more often and introduce the products to other people.

Overall, the thesis is able to provide answers to all three questions. However, there still exist some limitations that can be improved in later studies. Firstly, there is no correlation between the information of consumer's background and the consumer's opinions about the product. Because the researcher can only see the final results but not each answer, the correlation cannot be found. Second, if the survey could have been done in Finnish, the elderly would have joined the survey, which might alter the final result. Thirdly, the addition of a competition analysis is necessary since it would bring a broader overview of the Finnish market.

## 8.2 Validity and Reliability

In qualitative research, validity is shown in the similarities between the results of the study and the reality (Saunders & Lewis 2009). With an aim to reach high validity, the research should meet four criteria. First, the participants know and understand the products or the services being studied in the research. Second, the result is objective and not affected by any set targets. Third, no cases relating to the researched products or services happen when the study is in progress. Fourth, the result is clearly presented (Saunders & Lewis 2009).

After evaluating this research based on these four criteria, it can be concluded that the research reaches satisfying validity. Since the purpose of this study is to create an export plan especially for Sping Bamboo Company, all given information about trading activities of the company has been fully exploited. Regarding the result of the survey, it is positive that the participants have experienced or at least known about bamboo products, which ensures that the result reflects the reality. Moreover, when analysing the survey, all opinions of Finnish customers are taken into account. Besides, thanks to the disclosure of all collected information, a continuation or a re-evaluation of this research can be performed.

Different from validity, the reliability of a research is defined as the consistency of the result. In other words, the result should be the same even if other research methods are applied (Saunders & Lewis 2009). This is, unfortunately, a disadvantage of this study. Because the survey was conducted online and in English, there is a limitation to the group of people who can participate in the survey. Therefore, in future study, it is recommended to do the survey in Finnish. On the other hand, it is positive that the answers of the respondents are honest. They were able to freely speak their minds, which make the result more trustworthy.

### 8.3 Recommendations to the commissioning company

Here are a few suggestions for the development of the future studies and for the Spring Bamboo Company's business activities. Firstly, regarding the continuation of the study, the researcher should create a survey in Finnish in order to get more opinions of customers. Additionally, if there are an equal number of participants from each province, the survey can pinpoint the locations where people are more interested in bamboo products than people from other places. The researcher should also be able to see each separate answer so that a correlation between individuals and product preference can be found. Besides, information about competitors in Finland should be considered when the company wants to make marketing decisions.

In order to adapt to the new market, Spring Bamboo Company should make some changes in website marketing. Currently, the website of the company has an eye-catching design. However, the viewer cannot find any information about the price or about the company there. Since enterprises and individuals in Finland prefer online purchasing, it would be better if Spring Bamboo Company can update its website with more essential information. Moreover, the company should also emphasize its efforts in providing eco-friendly products and services by creating a press about it and releasing it on the website.

It can be concluded that there is certainly a market for bamboo products in Finland. However, this might be not the right time for Spring Bamboo Company to enter this market. The unstable economic situation, the decrease in people's expenditure and the decrease in import value are the three main elements that will badly affect the business activities of Spring Bamboo Company. If the situation gets better, should the company expand its market. Moreover, since the company already have some partners in Europe, it can take advantage of those connections to find new credible partners in Finland. In case the company merge orders from Nordic country in one carriage, Finnish Maritime Code should be considered to be applied.



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## SURVEY FOR THE USE OF BAMBOO PRODUCTS IN FINLAND

**Use of bamboo products****1. Gender**

- Male  
 Female

**2. Age**

- Under or equal to 24  From 25 to 54  55 or above

**3. Place of domicile**

- Helsinki  
 Tampere  
 Kuopio  
 Espoo  
 Jyväskylä  
 Other

**4. If you have chosen other (place you live), please specify:****5. Have you ever used bamboo products before? \***

- Yes  
 No

**6. If yes, what kind of product is it? (E.g. tray, bedside cabinet, cutting board, shelf etc.)**

**7. If not, what was the reason behind you not choosing bamboo products?**

- The design does not match my taste
- The quality is bad
- It is expensive

**8. OR, please mention below if it was due to other specific reasons:**

**9. How satisfied were you with the products?**

- Very unsatisfied
- Somewhat unsatisfied
- Neutral
- Somewhat satisfied
- Very satisfied

**10. Please explain below the reason if you were somewhat unsatisfied or very unsatisfied.**

**11. Please rate the following criteria about the products that you have used from 1 to 5, 1 being the worst and 5 being the best.**

	1	2	3	4	5
Design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Color	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**12. Where did you buy the bamboo products? (Store or brand or both)**

---

**13. Will you recommend other people to use bamboo products?**

- Yes
- No

**14. Will you continue using bamboo products**

- Yes
- No

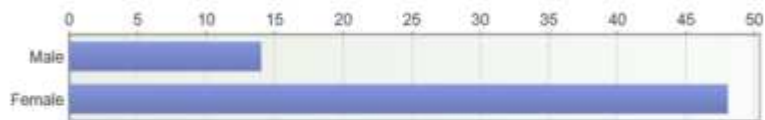
\_\_\_\_\_

## SURVEY RESULTS

### Use of bamboo products

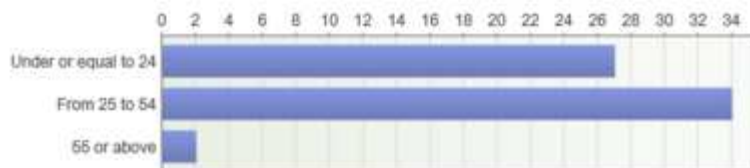
#### 1. Gender

Number of respondents: 62



#### 2. Age

Number of respondents: 63



#### 3. Place of domicile

Number of respondents: 63







## Appendix 2/3

- Vaasa
- Lahti
- Lahti
- Laukaa
- Lahti
- Lahti
- Lahti
- Lahti
- Lahti
- Lahti
- Lahti
- Lahti
- Lahti
- Lahti
- Why not?
- Lahti
- Lahti
- Lahti

### 5. Have you ever used bamboo products before?

Number of respondents: 64



### 6. If yes, what kind of product is it? (E.g. tray, bedside cabinet, cutting board, shelf etc.)

Number of respondents: 51

- Book case

## Appendix 2/4

- Book case
- Knitting needles, crocheting hooks, kitchen stuff
- Tray
- Socks that were made out of bamboo (Pilkkoset is the name of the brand)
- chairs, Flip-flops, decorations
- Socks, tray
- Tray, chair.
- Steamer, chopsticks, cutting board.
- Kitchen stuffs
- Window blinds
- bookshelf, desk, cutting board
- Under clothes
- Dishcloths
- toothpick
- Bamboo wool for knitting, socks and trays
- Cutting board, knitting sticks, yarn (partly bamboo)
- Spatulas
- Socks
- Toothbrush, a small cabinet and I think some clothes.
- Chopsticks
- Cutting board
- cutting board. hair brush
- Cleaning rags, cutting boards, knives with bamboo handles.
- Bamboo curtains to outdoor using, Bamboo socks
- Dishcloth, label is Kierti. It's made of bamboo. Does it count?
- Cutting board, knitting sticks?? :)
- It was a pair of knitting sticks. And some socks.
- blinds, carpet
- For housing, chair, table, and a shade during sunny day
- There is bamboo fiber knit in my sons underwear, fabric is very soft and feels luxury. Also sock's that have same fiber.
- In last apartment I had a small shelves to keep flowers growing on the wall.
- food

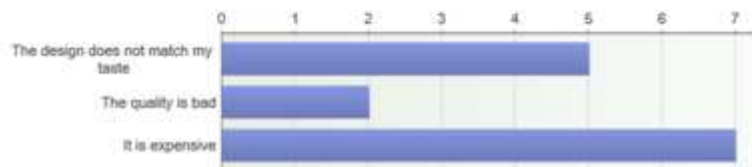
- 
- Hair comb, hairbrush, socks
  - Cutting board and other kitchenware, socks
  - Crochet hooks and bamboo yarn

## Appendix 2/5

- Crochet hooks and bamboo yarn
- Bamboo yarn for crocheting dish cloths and knitting baby clothes
- Clothing
- Hairbrush, make up brushes etc.
- Cutting board
- Tray, socks
- Clothing out of bamboo fibre
- Tray, pen
- plates and cups
- bamboo-socks
- Lot of different things in Thailand, but not in Finland.
- clothes, socks, underwear, t-shirt
- bowl
- Cutting board
- Cutting board
- chopsticks, and maybe something was made of bamboo but I wasn't aware of.
- Socks, underwears
- Sushi sticks, beachmadrass, shirtx
- Fishing pole, in finland we fish alot. Even in middle winter when lakes are frozen, we fish.

7. If not, what was the reason behind you not choosing bamboo products?

Number of respondents: 14





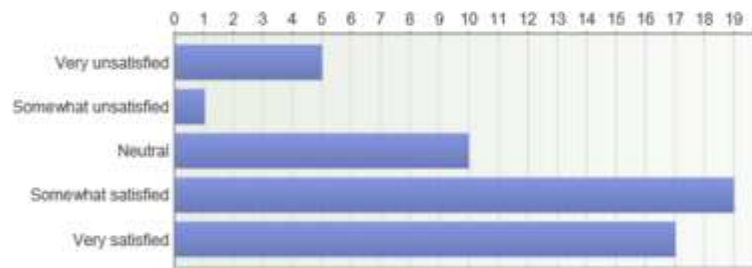
8. OR, please mention below if it was due to other specific reasons:

Number of respondents: 11

- I have never noticed them
- I don't need it
- I have no experience about bamboo products. Maybe those are not so popular in Finland? I just think they are expensive, I am not sure.
- It was suitable for decor style I had then, but now I have less flowers.
- Not much products available
- I feel like there is not lot of them available and sale in Lahti.
- I don't know where to buy bamboo products.
- There's too much deforestation going on in the world. Large bamboo forests are being logged for animal agriculture. Deforestation is the no. 1 reason why the panda and thousands of other animals are going to extinct soon. For example 91% of the amazon rainforest that is being logged is because humans want to eat meat.
- Don't want to.
- There isn't many products made of bamboo on sale here.
- There is not so many good or known bamboo products to use, or to know.

9. How satisfied were you with the products?

Number of respondents: 52



10. Please explain below the reason if you were somewhat unsatisfied or very unsatisfied.

Number of respondents: 4

- Very pleasing material to the skin. Doesn't make feet sweat or smell. Very soft. The only negative aspect is that the life cycle of bamboo socks is not very long.
- Kitchenware was ok, I didn't find anything unique about them. Socks are really nice to use
- no more deforestation
- they strong



11. Please rate the following criteria about the products that you have used from 1 to 5, 1 being the worst and 5 being the best.

Number of respondents: 51

	1	2	3	4	5	Total	Average
Design	4	2	11	24	8	49	3.61
Quality	2	1	11	19	18	51	3.98
Color	3	4	16	15	12	50	3.58
Price	2	3	19	13	13	50	3.64
Total	11	10	57	71	51	200	3.7

12. Where did you buy the bamboo products? (Store or brand or both)

Number of respondents: 47

- Jysk Shop
- Internet knitting store
- Weekend market
- Piikkoset Oy, from catalogue and web site
- different stores
- Anttila, Stockmann
- Store.
- Department stores, Asian stores.
- In the Itakeskus shopping mall
- I didn't buy them myself, so I don't know about the price and from where they were bought
- stores
- shop
- Clash ohlson (cutting board)
- I got them as a gift
- Prisma
- A health store
- Vietnam
- It was gift
- The Body Shop
- I can't recall. The rags I won in a lottery.
- Local markets and internet shops (cant remember name!)
- From Puoti, design shop in Lahti, Rautatiekatu
- Intrnet
- department store
- store
- I never buy any bamboo products. I only used it.
- I don't remember, maybe furniture shop os some small items vendor like Tiimari
- chinese store
- I don't remember



- Ordered from internet
- Store
- Both
- Tokmanni
- sukka puoti
- From different small shops.
- Pikkoseet webstore
- Ikea
- Don't remember.
- Lidl
- store
- Prisma
- Difficult to compare clothes and sticks :) clothes are expensive

### 13. Will you recommend other people to use bamboo products?

Number of respondents: 53



### 14. Will you continue using bamboo products

Number of respondents: 53

