

A Market Entry – Capstone Project Summary

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1 Introduction

While population grows, the traffic handling capabilities of cities remain fixed as the built infrastructure, like the size of roads in city centre have no room to grow.

In addition to a rapid demographic change, cities around the world have started to place sustainability higher up their agendas. As a result, in the recent years more cities have witnessed either the implementation or at least the initiation of such measures as low/zero emission zones in city centres.

Public transport will also play vital role to deal with the massive flux of people in and out of cities. Often, these are expensive developments that require capital heavy investments and take years to be completed. However, without the right incentives, public transport can fail to live up to its potential. Luxemburg and Tallinn have both introduced free public transport for example to encourage its inhabitants to use it.

Car sharing providers have surfaced in many cities, but they are not able to generate profit due to the large operational costs. They need to employ human drivers who rearrange the cars daily so that hotspots have cars available at peak times.

Other than introducing policy changes, a new force that is entering to the market to reshape future cities is technological advancement. We see that electric vehicles tripled their range in the past 10 years, offering a clean alternative to combustion engine powered cars. The higher capital cost of these cars is still a barrier for many, but several governments are offering financial schemes that are making these investments worthwhile.

Autonomous vehicles are going to happen, but their widespread use has to wait for many years to come, as the technology is just not there yet. However, once this happens and car sharing services start using it, it will radically change the way we think about city transport as the operational cost will drop significantly once these cars will be able to drive themselves to hotspots

While it is clear that these technological advancements will change the city landscapes, the when is still a big question. In the medium term, it is certain that the biggest changes are going to stem from policy changes of local and national governments and their commitment of sustainability is often dependent which end of the political spectrum they stand on.

1.1 The Client

The client of this report is invested in a solution that can contribute to reducing the inconvenience of searching for parking spaces in a crowded urban area by installing sensors at locations that have parking capabilities, but were not available to the public before.

This is done through a single app, which makes it convenient for the users and generates revenue to the property developers.

The client has reached a maturity that allows expansion to the foreign markets

1.2 Aims and Objectives

The purpose of this Capstone Project is to advise the client which markets it should launch its next operation. The focus of this report is to explore a certain business branch's expansion, which, if proved successful, further departments and products can follow suit.

The aim of this project is to analyse and evaluate which target city is the best suited for the client to enter to as part of their expansion strategy through analysing primary and secondary data sources. The client has established a local partner network which has international presence and the client believes that the primary go to market strategy should be through these partners. The client believes that contacting these companies can give them competitive advantage.

The objectives of this project are to:

- I. Establish analysis criteria for a quantitative assessment to rank the target cities
- II. Evaluate the results of the quantitative assessment and suggest cities to research further.
- III. Carry out a detailed qualitative for the selected cities.
- IV. Make a recommendation to which market the client should enter

2 Preliminary Assessment of Markets

This is a quantitative analysis, that encompasses the following main sections and sub-sections:

2.1 Demographic

- Cars/1000 Habitants (2020 and 2030)
- Population (2020 and 2030)
- % of urban area within the city (residential, commercial, industrial, 2020 and 2030)
- Safe city index
- Quality of life
- Tertiary Education Rate

2.2 Market

- % of population making online purchases
- % of population using mobile internet on the go
- Ease of doing business
- Purchasing Power
- Ride Hail User Penetration
- Ride Hail Revenue

2.3 Future Partners

- Number of hotel chains
- Number of shopping centres
- Office Space take-up

2.4 EV Industry

- Number of e-charging spots (2019)
- Number of e-charging spot targets (2025, 2030)
- Number of Electric Vehicles

3 In Depth Analysis

Cities that ranked high on the preliminary analysis were analysed in-depth based on the following criteria:

3.1 Existing Partners

- Property developers
- Hotels
- Hardware manufactures

3.2 Growth Potential

- New Partners
- Other cities
- User base growth

3.3 Competitive Landscape

- Market saturation
- Direct competitors
- Parking prices

3.4 Regulatory trends

- Low emissions zones
- Sustainability objectives
- EV financing

4 Conclusion

The findings of this report concluded that two cities were best suited for the client to enter to based on their favourable user base size and digital readiness. They stood out from the other cities because the client had existing partners there and key market players had interest in both of these cities, therefore, if in one city a partnership was established successfully, the client could further expand to the other city. This reduces the barriers to entry to a new market drastically. In addition, the competitive landscape is favourable, no established players are on the market yet, therefore a speedy entry is a key to become successful.

While both cities have pledged to a sustainability regulation there are no concrete steps that would affect their business negatively.

