

Louvain School of Management

Establishing a ranking of potential markets for the exports of a SME

A case study of the firm “Wash Wash Cousin SRL”

Author: Louise Wagenaar

Supervisor: Christophe Lejeune

Academic year: 2021-2022

Dissertation for the Master 120 of Sciences de gestion (GEST2MS/GE)

Master subject and focus: Strategy and Organisation (STOR),

International Business

Abstract:

With globalization, firms are expanding their business abroad and want to find opportunities for development. This is the case for multinationals, but also SMEs willing to take risks. The Belgian cosmetic manufacturer “Wash Wash Cousin” wanted to establish a ranking of 5 countries where they thought of exporting their business: Switzerland, Norway, Italy, Jordan, and the United Arab Emirates. Therefore, the research question is the following: **“What are the top 5 most pertinent countries for the internationalization of “Wash Wash Cousin SRL”?”**. Based on the inter-country market selection of Sowoboda and al. (2007) and on the 6 dimensions (market potential, legal, politics, infrastructure, economics, and culture) of Wood and Roberston (2000), the goal was to compare the 5 countries based on quantitative indicators and with normalized data. With this systematic approach, the final ranking came out as follows: Switzerland, Norway, the United Arab Emirates, Italy and finally Jordan.

UNIVERSITÉ CATHOLIQUE DE LOUVAIN
Louvain School of Management

Place des Doyens, 1 bte L2.01.01, 1348 Louvain-la-Neuve
Boulevard Emile Devreux 6, 6000 Charleroi, Belgique
Chaussée de Binche 151, 7000 Mons, Belgique
www.uclouvain.be/lsm

Foreword

I would like to acknowledge my supervisor, Mr. Christophe Lejeune, but also Mr. Christian Carlier, export manager of the firm Wash Wash Cousin, who both took time out to answer my questions and helped me in the redaction of my master's thesis. I would also like to thank Mr. Roccazzella, econometry assistant; Mr. Lambrecht, mathematics teacher and Mr Blome, supply chain teacher, for their help and advice concerning my methodology and quantitative method. Finally, I would like to thank my family for their support and advice, especially my father Pierre Wagenaar.

Table of contents

Introduction.....	1
1. Literature review	2
1.1 Globalization	2
1.2 The internationalization of SMEs.....	4
1.3 Selection of markets	8
1.3.2 Process's features	9
1.4 Market selection criteria	11
1.4.1 Factors related to the market.....	11
1.4.2 Factors related to the firm.....	15
1.4.3 Distances	16
2. Methodology	18
3. Presentation of the company “Wash Wash Cousin”	23
4. Inter-Country Market Selection	26
4.1 Preliminary selection	26
4.2 Knockout criteria.....	27
4.2.6 Summary of the knockout criteria.....	32
4.3 Country scoring: description of each dimension.....	33
4.3.1 Switzerland.....	33
4.3.2 Norway.....	37
4.3.3 Italy	40
4.3.4 United Arab Emirates	44
4.3.5 Jordan	48
4.4 Country scoring: data tables	52
4.4.1 Market potential	52
4.4.2 Legal.....	53
4.4.3 Politics.....	54
4.4.4 Infrastructure	55
4.4.5 Economics	56
4.4.6 Culture.....	57
5. Results.....	58
5.1 Graphs.....	58
5.2 Ranking	60
6. Conclusion	61

6.1 Discussion	61
6.2 Limitations of the study.....	62
6.3 Conclusion and managerial implications	64
7. Bibliography (literature review)	66
8. Appendices.....	70
8.1 Sources of the tables and the empirical part	70
8.2 Tables and results using the linear projection method	77
8.3 Tables and results using the comparison index base 100 method	84
8.4 Wood and Robertson's table.....	91
8.5 Transcript of the interviews with Christian Carlier (strategic business development manager for Wash Wash Cousin).....	92

Introduction

With globalization, firms are expanding their business abroad and want to find opportunities for development. This is the case for multinationals, but also for SMEs willing to take risks. However, sometimes, it appears difficult to make a choice in the process of market selection, especially for the young or small firms. Where do I want to expand my business? Will there be enough demand in that market? Is the legal procedure easy to go through, is the market easy to enter? Is the infrastructure in the foreign country appropriate for the import of my good/service? What are the obstacles I will face in that market?

I've always been interested in international matters, especially when it comes to small businesses trying to develop themselves. It is essential for them to step out of the home country, as it is a way of growing. Therefore, I decided to help a Belgian SME through its market selection process. After some discussions about their vision and needs, the cosmetic manufacturer "Wash Wash Cousin" asked me to establish a ranking of 5 countries where they thought of exporting their business: Switzerland, Norway, Italy, Jordan, and the United Arab Emirates. Therefore, the research question is the following: ***"What are the top 5 most pertinent countries for the internationalization of "Wash Wash Cousin SRL"?"***.

Based on the inter-country market selection of Sowoboda and al. (2007) and on the 6 dimensions (market potential, legal, politics, infrastructure, economics, and culture) of Wood and Roberston (2000), the goal was to compare the 5 countries based on quantitative indicators and with normalized data. With this systematic approach, the final ranking came out as follows: Switzerland, Norway, the United Arab Emirates, Italy and finally Jordan.

Through this work, I faced several difficulties, mainly concerning the methodology to adopt. It was hard finding a way to compare the countries that had to be completely objective and systematic. I also had trouble collecting data that were up to date and relevant. However, I managed to overcome those issues and I hopefully brought a contribution to "Wash Wash Cousin SRL".

1. Literature review

1.1 Globalization

1.1.1 What is globalization?

Before going further, we should start by understanding why firms are trying to sell abroad, and what is the phenomena of globalization.

Globalization is characterized by human traffic and by the connection of different parts of the globe. The flows of tangible and intangible goods are intensified (Ghorra-Gobin, 2017). According to the Larousse dictionary, globalization in the economic sense is defined as "the ability of multinational companies to develop strategies on a global scale, leading to the creation of a unified world market" (Larousse definition). For Giraud (2016), a firm can be considered as "global" if its activities are not linked exclusively to a particular territory, or if this company is joined to other firms in other territories.

1.1.2 Causes

Globalization is the consequence of the technological and communication revolution, but also of the accumulation of knowledge. This knowledge is a valuable resource for innovation, which leads to globalization (Dalmasso, 2019). It is also the result of financial growth in recent years (Bellocq & Zlotowski, 2013). As reported by Zhang (2019), globalization has gone through three waves over time. The first and second were the consequences of the industrial revolution and the rise of Western European countries, while the third is the result of World War II. We are currently situated in the third wave, and we can already predict a fourth wave in the future (Zhang, 2019).

According to Madhok (2021), there are several possible causes: the economic, political, technological, and governmental causes. The first one is the willingness of companies to look for cheap raw materials and workforce, often present in other continents. At the political level, it was all about rivalry between the most powerful countries in the 70s and 80s, such as Russia, the US and Japan. As for the technological cause, globalization is largely due to the improvement of production chains thanks to research and development. Finally, the factor of governance has to do with the "powers of the West", and the implicit rules that go with it.

1.1.4 The benefits of globalization

With globalization, new production chains have emerged. We can perceive the benefits of globalization by considering the possible negative effects of deglobalization. Deglobalization would lead to a degradation of the economy and many jobs could disappear (Stiglitz, 2017).

In the context of the Covid 19 health crisis, international knowledge collaboration clearly helped researchers to develop a vaccine. In addition, the ability to communicate via social networks anywhere in the world (Zoom, Teams, etc.) has undoubtedly preserved some jobs and made professional communication easier. This has allowed the world to showcase the progress of technology. For example, the COVAX initiative, bringing together institutions from around the world (health organizations, government, scientists, private sector, manufacturers, etc.), has significantly played a role in the progress (Madhok, 2021).

The internationalization of industrial firms can promote a legitimate brand identity, it can ensure the acquisition of knowledge and expertise, diversify the workforce, create economies of scale, and build norms that facilitate the entry of capital from around the world (Kindleberger, 1969; Hymer, 1976). Those strategic choices may be favourable to them in terms of labour costs, production costs, etc. (Dunning, 1977).

1.1.7 The different types of globalization

As reported by Ghorra-Gobin (2017), we can talk about flows of material goods (product, commodity, capital, person) but also flows of immaterial goods (services, knowledge, expertise, communication). For Tassin (2012), a distinction must be made between the global exchange of goods and services (in other words, an economic concept) and the transfer of power and strategy (a political concept).

Indeed, there is a globalization of ideas, of intellectual capital and knowledge that will persist despite the deglobalization that is likely to occur in the coming decades (Madhok, 2021). According to Zhang (2019), another type of globalization is global governance, meaning the global development of countries. The globalization we are talking about the most today is the neo-liberal globalization. For Brand et al (2020), it is the socio-ecological transformation that the economic system has been through to become capitalist. These transformations include the abundant use of resources, the increase of unsustainable production, the focus on economic growth and the competition in markets.

1.2 The internationalization of SMEs

1.2.1 A closer look at SMEs

SMEs drive the global economy of today. The prosperity of the economy depends to a large extent on them, not only for their innovation capacity or their tax revenue collection, but also for their employment opportunities. In fact, in developed countries, 55% of the GDP comes from SMEs revenues, and the employment rate brought by SMEs contribute to 65% of the total employment rate (Benedict and al., 2021). According to SPF Economie (2020), in Belgium, 95% of all companies were VSBs in 2020 (very small businesses).

With the new industrial revolution, their ability to synchronize flows in real time and the possibility of creating customized and unitary products facilitate their production processes. This new revolution, also called the industry 4.0, allows SMEs to rethink their production chain and develop new business models (Moeuf and al, 2020).

1.2.1.1 Risks linked to SMEs

In the context of industry 4.0, characterized by the industrial revolution of the 21st century, Moeuf and al. (2020), identify the main risks of the development of SMEs. Those risks include, among others, a strategy focused on the short term and a lack of expertise. In his article about disparities and risks for entrepreneurs in the management of SMEs, Petráková (2021) identifies the presence of risks in the financial, personal, legal and operational domain.

When innovating openly, the main barriers that companies face have an internal nature, meaning that those firms will not be likely to open to any other society that can be different or that doesn't have the same culture (Dubouloz and al., 2021). However, their risk management could be considered as a tool. In their article, Dubouloz and al. (2021) express that SMEs are more linked to open innovation than the multinationals are. The reason is, with their flexibility, decision skills and risk management, their ability to react to market change will lead them to open innovation.

Another factor that can be crucial for SMEs is finance. The access to credits, payment of taxes at the border and finance management are the main issues. The lack of market demand compared to multinationals also causes an obstacle, as well as the hostile government regulations, securing finance and the competition with other firms (Benedict and al., 2021).

SMEs face several difficulties when developing smart manufacturing because they don't always dispose of the resources. Indeed, they struggle to improve their production chain, while a bigger society intends to save time, money and increase the quality of its products or services by adopting smart manufacturing (Mittal and al., 2019).

Before and during the sanitary crisis, the biggest risks came from the finances, from the market and from the personal field. Managers used to perceive strategic performances and sales as crucial for the company's success. With the arrival of Covid-19, other factors were seen as more important, such as human resources performance, financial performance, and risk management (Dvorksy and al., 2021).

1.2.1.2 Factors of success

According to Moeuf and al. (2020), certain criteria are crucial for the success and the development of the SME. First, the company should benefit from the support of an external expert. Managers have a huge responsibility and influence on the company, but the most important is the training. According to Petráková (2021), interpersonal relationships could be improved for SMEs, by the top management. Top management could also be trained in the field of national policies. It is also important to improve the strategy by creating documents describing the overall business environment of the company.

When it comes to the state, if the government offers encouraging tax rates or tax discharges, this will benefit SMEs in a significant way. The responsibility also comes from the SMEs side, and it is suggested to prioritizing financial education and management, for better credit availability (Petráková, 2021). In other words, is it important to keep a constant contact with the state (home and foreign), and not be afraid to go outside with the purpose of building a strong relationship with the foreign country stakeholders.

Then, a solid entrepreneurship dynamism is always a key to success because entrepreneurs usually develop a useful sense of initiative (Zhu and al. 2020). According to Prasantham (2011), multicultural knowledge is required. This will help companies to get to know their markets and to become "insiders" in those potential markets. This will therefore make them more competitive.

1.2.3 The decision of exporting for SMEs

In many cases, exporting internationally begins very lightly for small and family businesses, as they are embedded in the local environment and culture (Basly, 2020). To make sure that exports can take place, it is necessary to create free trade zones. The creation of these zones indirectly puts multinational firms outside the game. Firms can also replace their exports to certain countries by subsidiaries in those same countries to exercise the same tasks (Neary, 2002). It is, in fact, more profitable for multinationals to invest abroad instead of exporting from their country, as the market is seen as wider (Minda and Nguyen, 2012).

The export of SMEs allows firms to benefit alone from the risks generated, while these risks are shared with the creditors (Zahra, 2003). Then, managerial involvement plays a great role in the international orientation of SMEs and their exports (Basly, 2020). Minda and Nguyen (2012) highlight that what is important to consider during the export process of those firms is labour cost, exchange cost, technology transfer cost, and market size. There are also other factors such as the pursuit of foreign competitors' objectives.

In addition, exporting makes countries' growth sustainable (Altunç and Aydin, 2015). Indeed, the export activities of domestic SMEs help gaining growth and development inside a country (Jarreau and Poncet, 2012). For Basu and Das (2012), when the skill- and technology-rich aspect of exports increases, GDP per capita increases in the same way. In a study on economic growth in Russia, it was shown that products with comparative advantages in a particular region influence the economic development in this region (Kadochnikov and Fedyunina, 2013).

According to Nakos et al (1998), there is a positive correlation between export intensity and foreign language skills, but this is more applicable for non-English speaking countries. To support the exports of SMEs, the British authorities have for example launched a campaign to promote language learning (Irrmann, 2006).

In his article on communicative capacity and internationalization, Irrmann (2006) highlights, according to Luostarinen's model (1980), four forms of international operations that firms can take. First, marketing operations without direct investment (NIMO) such as exporting; marketing operations with direct investment (DIMO) such as sales and service subsidiaries but also distribution and marketing units; production operations without direct investment

(NIPO) such as licenses, contracts, and production franchises; and finally, production operations with direct investment (DIPO) which are typically production subsidiaries.

As for the internationalization of SMEs, the pattern that is often followed is NIMO, DIMO, NIPO and finally DIPO. Marketing operations start the process, first the operations with little investment, then those with more. Next, production operations take place in the same way, starting with the operations requiring the least investment. The internationalization process is long, but one of the last steps is the negotiation of production contracts. During this stage, not only negotiation skills, but also judgment and analysis skills are needed (Irrmann, 2006).

To sum up, firms and SMEs often want to expand internationally for diverse reasons: to create new competitive advantages, to capture new international opportunities, to cross trade barriers, to go out of the saturated home market area, to obtain lower costs of production, to decrease the strategic risk and the volatility of the income, to create new economies of scale and finally to increase net income (Koch, 2001).

1.2.4 Challenges linked to the internationalization of SMEs

SMEs face even more constraints when exporting abroad than when selling in the home country. According to Rosario and al. (2021), internal factors are more important than external factors, which means that companies should first reinforce their internal structure before looking outside. Decisions must be made based on a good knowledge of the company's capability.

Then, SMEs feel a pressure to export abroad due to their competitors' desire to expand in other markets. Moreover, they will be more likely to go out of their own market if they feel like they are present enough in their local market. It is also true to say that SMEs dispose of fewer financial resources than bigger enterprises, and this can be a considerable constraint since going abroad is expensive (Rosario and al., 2021).

Internationalization is considered risky, as there is a chance of losing control. On the other hand, it develops growth and value creation. This internationalization can be done by making investments with the purpose of reducing the risks (Basly, 2020). Indeed, according to Zahra (2003), the decision to internationalize is risky as it decreases the quality of human resources and challenges the culture and values of the company.

SMEs have limited control over resources, but it will be easier to implement long-term investments (Basly, 2020). We also must note that foreign implementation can allow the company to reduce its transaction costs (Rugman, 1981; Caves, 1982; Casson, 1983).

For some authors, the international nature of companies cannot match with SMEs (Segaro et al., 2014). Doherty (2009) identifies some potential issues that firms could face in the short and long term, which are competition and the international presence of retailers.

1.3 Selection of markets

According to Papadopoulos (2001), International Market Selection (IMS) consists of the preliminary study and first stage when analysing exporting possibilities. Within a limited number of markets, IMS will define the relative attractiveness of each of those markets. Then, the second stage is about analysing more deeply the most attractive market, according to certain parameters. IMS is considered as the first step during the export process, but also the most important step (Root, 1994).

1.3.1 Market selection models

Market selection is generally made before the marketing strategies and the entry procedures (Cateora and Graham, 2006). However, for Anderson and Gatignon (1986), the entry method should be chosen before the market. According to Swoboda and al. (2007), a preliminary market analysis and screening must be done based on the customer features, to establish the segmentation. However, firms could also go further by not only taking customer's criteria into account, but also the country aspects and barriers. For Koch (2001), market selection and entry selection should be considered as a unique procedure, because the entry selection highly depends on the market selection.

For Koch (2001), the decision of exporting is separated in two distinct parts: first the selection of the market and second the selection of the entry strategy. Like Koch (2001), he also mentioned that the country selection is likely to influence the way firms will enter the market. If the targeted market is risky, the firm will probably turn to an entry method with fewer risks, for example licensing. Some firms can end up choosing more than one entry strategy. Those strategies are for the most organic growth (own subsidiaries), acquisition/joint venture, franchising and finally licensing (Alexander, 1990; Gielens and Dekimpe, 2001).

1.3.2 Process's features

1.3.2.1 Strategic market selection vs opportunistic market selection

Doherty (2009) differentiates two approaches of market selection for companies having as retail franchising system: the strategic market selection (when the company is looking for a new market and then find a key partner in this market) and the opportunistic market selection (the partner is found, and then the company enters this market).

In the case of a strategic market selection, the study identifies two factors of attractiveness: the retail structure (market environment, prices, and estimated sales) and regulations. The most important factors to consider during a strategic market selection are ranked like this: finance, business management, local knowledge and a good relationship and understanding with the partners in the host country. When it comes to opportunistic market selection, companies focus much more on financial capabilities, formalities, with the need of a business plan, a contract, and the site location (Doherty, 2009).

1.3.2.2 Offensive vs defensive strategy

With a defensive strategy, firms would tend to penetrate markets that have less entry barriers and where it seems easier to introduce a new business. Consequently, firms that have an offensive strategy will focus on markets with a strong potential, even if this would imply higher trade barriers. They look for opportunities prior to market accessibility (Papadopoulos and al., 2001).

1.3.2.3 Top-down vs Bottom-up strategy

In a top-down (restricted) selection, the selection process is shaped as a funnel; the firm starts with a few conceivable markets that are being reduced as it moves along the process. At the end, only a few markets are selected, which represent the most attractive ones.

On the other hand, the bottom-up selection (or expansive selection) consists of selecting suitable countries and then looking for other markets with the same specificity and similarities (Swoboda and al., 2007).

1.3.2.4 Market oriented vs firm oriented

During their market selection process, firms should define whether they are market oriented (the objective is the demand and the market environment) or firm oriented (the objective is their own development), especially for the source of information and resources they will be using (Swoboda and al., 2007).

1.3.2.5 Standardisation vs differentiation

Firms should also decide whether they want to differentiate from others, or if they prefer to standardise their product/service. Indeed, if the firm is willing to differentiate, it is likely to look for the most attractive market, while it will go for a more similar market than the home market if the objective is to standardise. It mainly depends on the product and the strategy of the firm (Swoboda and al., 2007).

1.3.2.6 Emerging vs developed markets

The authors classify the destination countries in two categories: emerging markets and developed markets. The emerging markets have the advantages that there is less entry requirement, but also less competition. The business extension can be done by networking and there is support by the institutions. However, we can face in emerging countries a market that is not mature yet. The cultural differences might be crucial, and the policies might sometimes not be truly transparent (Zhu and al., 2020).

Concerning the developed markets, we must notice that income and purchasing power will be higher, and the market will be way more mature. In this case, the institutions will protect the property rights in a better way, and the business expansion will be done through the supply chain. Nonetheless, developed markets are hard to penetrate, since the competitiveness is often well present. The institutions might be useless because they have little influence on policies and regulations. Finally, we might also find in developed markets a difficulty in understanding other cultures with a different management style and leadership (Zhu and al., 2020).

Retail companies now see developing markets as more attractive for their business. However, they always tend to choose markets with a bigger GDP, and with qualitative structures (Alexander and al., 2007).

1.4 Market selection criteria

1.4.1 Factors related to the market

According to Zhu and al. (2020), the main factors that will attract a SME to go to a specific place will be related to the market. Countries with the following characteristics will be attractive: less competition, lower costs, market opportunities, easier regulations, advanced technology, and free materials. On the other hand, what could shut down the exporting desire of a company are the host government policies and the changing business environment.

For Doherty (2009), in the case of a strategic market selection, the factors identified also have a market related nature: the retail structure (market environment, prices, and estimated sales) and the regulations in the host country.

1.4.1.1 The importance of market potential

Wood and Robertson (2000) established a ranking of the most important factors to consider when selecting a country. In the European markets, companies will first look at the market potential (demand, capability to buy the imported product, cost related to adapting the product to a new market, external and internal competition), then the legal informations (tariff and non-tariff barriers, laws, intellectual properties, travel requirements), and the politics (internal policies, diplomatic relations, and political stability). What comes next is the market development (economic indicators concerning the development and performance, the production capability and the consumption), the market infrastructure (distribution, communication and geographic characteristics), and finally the culture of the country (differences between host and home cultures).

This ranking concerns the European market, but is also true for Canada, Japan, Australia and New Zealand. However, if managers decide to target Latin America, Russia, Eastern Europe, China, other Asian countries, the Middle East or Africa, the ranking would be almost the same, at the difference that market infrastructure is seen as more important than market development (Wood and Robertson, 2000).

Concerning the type of industry, the study has shown that for industrial goods companies, managers prioritise first market potential, then legal information, politics, market development, infrastructure, and finally culture. If the firm sells consumer goods, the ranking starts with market potential, legal information, but then infrastructure, culture, politics, and

finally market development. The two last types of industries are wholesaling and services which both focus first on market potential, then legal, politics, infrastructure, market development and culture (Wood and Robertson, 2000).

When it comes to the type of export transaction, companies exporting by their own sales, by own domestic/international sales and by overseas based agents follow this ranking: market potential, legal, politics, market development, infrastructure, and culture. For companies using the help of an export management company, the infrastructure is seen as more important than the market development (Wood and Robertson, 2000).

In a study conducted by Vargas-Carcamo (1986), a good indicator of market potential is the commitment and interest of prospective foreign distributors.

1.4.1.2 Demand

Demand potential will measure how much a targeted country will be receptive to an imported product. Demand potential is one of the two key constructs that Papadopoulos and al. (2201) identified in their trade-off model study. This criterion of demand potential is composed by the apparent consumption (domestic production, adding the imports and subtracting the exports), the import penetration (a percentage of the apparent consumption), the origin advantage (the share of the exporting country in the total imports of the targeted country) and the market similarities (because the demand will be higher in similar markets). Moreover, demand potential has a powerful predictive effect on the short term and medium term.

In their study, it has been shown that in firm's actual IMS decisions, opportunities will dominate the entry barriers. In other words, firms will tend to choose a market based on the demand potential and the opportunities, rather than looking at the difficulties to enter that market (Papadopoulos, 2001).

1.4.1.3 Market size

In a study of Terpstra and Yu (1988), it has been demonstrated that firms sometimes prefer to choose a market with a larger size, rather than a market that is geographically closer. Therefore, market size plays a big role in the decision of market selection. Other studies indicate that market size would moderate and weaken the effect that cultural distance can have on the internationalization of firms. In other words, the bigger the market size, the most

likely it would be for a company to neglect the cultural distance factor (Rothaermel et al., 2006).

Likewise, the constraining effect of distance can be ignored, to a certain extent, with the size, attractiveness, and the potential of the target market (Malhorta and al., 2008). Alexander and al. (2007) also identify the competitive environment of a large market as a key factor of expansion if their home market is relatively large or if there is a saturation in the home country.

The true market size is determined by the apparent consumption (Root, 1994). Indeed, it represents the total available market, with consideration to the domestic production, the imports, and the exports of a specific product (Papapopoulos, 2001).

1.4.1.4 Competition

Competition must be meticulously analysed, based on national and international similar firms already established on the market. According to Swoboda and al. (2007), this factor accounts for 30% of the final country score. Competition also depends on the number of suppliers, importers and distributors, the logistic infrastructure but also the marketing channels (Swoboda and al., 2007). Therefore, competition is closely related to the market infrastructure as identified by Wood and Robertson (2000).

Zhu and al. (2020) also identify the main factors that will attract a SME to go on a specific market. Among other factors, countries with less competition will be more attractive.

1.4.1.5 Market development

Macroeconomics

Burt (1993) finds out that market development is in fact one of the most important factors for retail companies, when Wood and Robertson (2000) rank this criterion as the fourth most important. Alexander and al. (2007) bring their contribution by saying that retail firms target markets with a large economy (measured by GDP).

For Swoboda and al. (2007), macroeconomics constitute the biggest part of a market selection process. With the importance of GDP per capita, inflation, natural resources, population,

consumer spending, poverty, etc., macroeconomics account for 40% of the calculus of a country's score.

Politics

Political factors are characterised by ethnic conflicts, foreign affairs, and power distribution. Swoboda and al. (2007) estimate this area to account for 20% of the country's score calculation.

1.4.1.6 Administrative barriers

According to Swoboda and al. (2007), the administration factor is composed of corporate and personal taxes, import restrictions, convertibility of the currency, land ownership, etc., representing 10% of the country's score calculation.

The exchange rate, tariff and nontariff barriers are considered as the main trade barriers a firm can face. Because of its volatility, the more the percent change in the local exchange rate from the previous year, the more the currency exchange can represent a risk. While the tariff barriers might have a significant impact on the price and strategy, the nontariff barriers refer to all other costs that importing a new product can generate. Often, nontariff restrictions are more crucial than tariff barriers (Alexandrides & Moschis, 1977).

1.4.1.7 Relationship with key partners

According to Zhu and al. (2020), one of the most essential points to consider when exporting is the relationship with the key actors in the host country. Indeed, it is a question of networking with partners and obtaining influential resources. Prasantham (2011) further says that the targeted country needs to be a place where the company has a relatively good knowledge.

1.4.1.8 Risk attractiveness of the market

The factor of risk has its importance and is decisive for the exportation decision. It has been shown that eastern Europe and Asia were perceived as more attractive in terms of risk portfolios (Kearney, 2004).

1.4.2 Factors related to the firm

1.4.2.1 Resources

According to Swoboda and al. (2007), the financial resources might represent a barrier of entry, since it can cost a lot in the marketing investment. Randoy and Dibrell (2002) identify the importance of know-how resources, such as knowledge, international business experience or human resources.

Doherty (2009) determines, in strategic market selection, firm-related factors such as finance, business management, local knowledge and a good relationship and understanding with the partners in the host country. When it comes to opportunistic market selection, companies focus much more on financial capabilities, formalities, and the need of a solid business plan.

1.4.2.2 Strategy and motives

In the study of Swoboda and al. (2007), corporate principles and goals were identified, such as sales growth and expansion strategy (internationality), but Tatoglu and al. (2003) also point out the motives of expansion.

Those motives can be either the use of opportunities, the systematic opening to new markets, the use of a country's resources, the creation of synergies between countries, and the closing of strategic market gaps. Those goals might however change with the situation of the firm over time. For example, goals will not be the same if the exporting firm enters a new market, or if it infiltrates a one that already exists (Swoboda and al., 2007).

1.4.2.3 Non-systematic criteria

Non-systematic criteria is a term regrouping personal value, beliefs and experience. Those criteria in some cases might be efficient to determine the market (Alexander and al., 2007), but, according to Papadopoulos and Thomas (2002), appear irrational and even absurd. For Doherty and Alexander (2004) however, criteria based on relationship and other "irrational criteria" can undoubtedly be crucial for the decision making.

1.4.2.4 International experience

As part of the non-systematic criteria, international experience has been identified as essential when we talk about internationalization (Palmer and Quinn, 2005). Indeed, when a firm

disposes of international experience, the negative effects of geographical and cultural distance can be overridden. This factor has the same effect as market attractiveness, moderating the distance barriers. The amount of international experience the firm has depends on the saturation in the home market and the international position of direct concurrents (Swoboda and al., 2007).

1.4.3 Distances

According to Malhorta and al. (2008), in emerging markets, economics and administrative distance facilitate the development of firms abroad, while geographical and cultural distance make it harder. This means that companies will tend to choose a market that has a similar culture, and that is geographically closer.

The fact that economic and administrative distance have a good impact on the firm's development comes from the reason that with a diversity of structures and ways of working, the firm enlarges its pool of possibilities. However, the effect of all these distance factors can be dissolved by market potential (Malhorta and al., 2008).

1.4.3.1 Geographical distance

Geographical distance is, according to Burt (1993), a determinant factor, along with cultural distance. This factor is, in addition to other administrative factors, considered as one of the most important trade barriers in an International Market Selection model (Papadopoulos, 2001). Indeed, geographical distance is characterised by transport costs, which might have a significant impact on the export price.

1.4.3.2 Cultural distance

Following Alexander and al. (2007) literature, the cultural distance has more weight than the geographical distance. Of course, markets that are close geographically are more attractive than markets that are far in distance, but it is because cultural distance is clearly linked to geographical distance. The fact that geographical and cultural distance influence the country selection is part of the behaviourist and early theories.

This theory is also supported by Vida (2000), who believe the most attractive market is the one situated close geographically and culturally to the home market. For example, for a

retailer in Canada, USA will be the most attractive market because it is close culturally and geographically. Their second choice will be Europe, being culturally close but far in distance.

Authors have a divergent opinion about the role of culture in the market selection process. As seen previously, Wood and Robertson (2000) insisted on the fact that culture was perceived by firms as the least important factor in market selection.

However, according to Alexander and al. (2007), culture and language are a fundamental factor in the decision of exporting. It is not only an important factor, but the size of the effect is undeniable. Indeed, firms will tend to expand in a market that is psychically close because it implies fewer psychological and cultural barriers (Vahlne and Wiedersheim-Paul, 1973). Moreover, the performance will be greater if the firm is not challenged by culture differences. Burt (1993) also identifies culture proximity as one of the key factors in a firm's expansion.

Language is a component of the culture and, according to Alexander and al. (2007), the most important component of culture in the direction of expansion for retail firms. Indeed, language influences culture, which influences psychic distance, which itself influences the direction of expansion.

According to Davidson (1983), exporting in a country with many similarities reduces the overall uncertainty and risks, and therefore raises the demand. A similar market will also create economies of scales and develop strategy standardisation. Moreover, high socio-cultural distance implies heavy information costs (Root, 1983).

1.4.3.3 Psychical distance

Psychic distance is defined as the sum of cultural distance and some non-systematic criteria such as trust or experience (Hallen and Wiedersheim-Paul, 1984; Swift, 1999). The psychic distance paradox, as explained by Evans and al. (2002), supposes that retail firms will do greater activities when dealing with markets that are relatively different from them. Indeed, being aware of the differences will imply a better response to those differences, but to a certain limit. The paradox stands in the fact that psychical distance increases with geographical distance, which is supposed to make a firm's performance harder to improve.

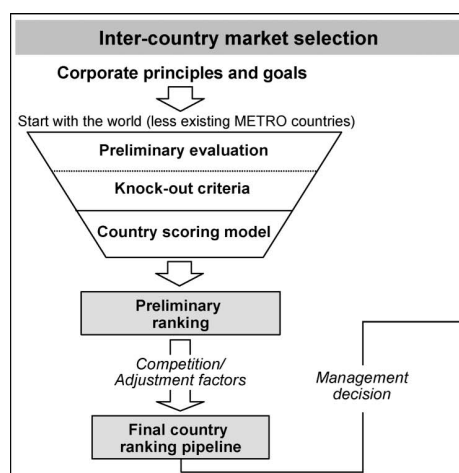
2. Methodology

This project master thesis will be based on the need of a company to develop its business in another market. I identified this need for Wash Wash Cousin, an SME specialised in ecological cosmetics, and they asked me to establish a ranking of the most relevant countries where to export, based on some market research. After a **presentation of the company**, I will continue with the **inter-country market selection's model of Sowoboda and al. (2007)**, and I will be using the **6 dimensions of Wood and Robertson (2000)** to help me with the scoring part. Here below is an explanation with more details.

Inter-Country Market Selection: stages

My methodology will be based on a modified version of the conceptual model of Sowoboda and al. (2007), the inter-country market selection. Indeed, his model is composed of two parts: the inter-country market selection (see the Graph I below), and the country-specific selection. We will here focus on the first one only, because the second part requires some kind of physical presence on the specific market. Moreover, the second part depends on a decision that the managers must make; the decision whether to make a more detailed analysis of a specific country.

The objective of Sowoboda and al. (2007)'s model is to establish a ranking pipeline of the different countries. In this study, *we will only focus on the preliminary ranking*, not the pipeline, because that's what the company asked me to do. They wanted me to establish the preliminary ranking only, because the pipeline depends on the entrance strategy of the firm.



Graph I : Swoboda, B., Schwarz, S., & Hälsig, F. (2007). Towards a conceptual model of country market selection: Selection processes of retailers and C&C wholesalers

The market selection starts with all countries, except for the ones where the firm is already present.

2.1 Preliminary selection

A preliminary selection (or regional segmentation) is conducted. In my case, I identified a selection of 5 countries with the firm, based on opportunities they perceived in those markets. The preliminary selection will be composed of a description of the opportunities perceived in each market, and whether there is any potential in any of those.

2.2 Knockout criteria

The knockout criteria part constitutes a stage where I will review 3 decisive aspects: the legal area (is the procedure accessible for foreign firms, is there legal uncertainty?), the tax regime (is the taxation favourable?) and finally the convertibility of the currency. This stage is necessary because if one of the 3 aspects is a barrier for a specific country, then this country is wiped out of the selection process.

2.3 Country scoring

Next, I will proceed with the country scoring, with the purpose to give an order of preference for the selection of countries. To do so, a market analysis will be conducted for each of the remaining countries from the previous stage.

2.3.1 *Description of each dimension*

Since the important criteria that I identified in my literature review are very similar to the 6 dimensions presented in Wood and Robertson's article (2000), my analyses will be based on them. Those dimensions are *market potential*, *legal*, *politics*, *infrastructure*, *economics*, and *culture*. I will first write a description of each dimension for each of the countries, and then compute the data in tables.

2.3.2 *Tables: the standardisation of data*

There will be 6 tables, one for each dimension. The tables will be presented in the form of a list of indicators, which I will determine based on the study of Wood and Robertson, but also based on my literature review. It will involve only indicators that can be quantified. The

calculation will be based on a comparative scoring (because at the end, the score will be used to rank the countries according to the 4 others).

Because there are many different indicators with different units, the data collected are normalized by computing z for every value, which equals the data minus the mean for all five countries, divided by the standard variation for all five countries.

$$X \text{ (original data)} \rightarrow z \text{ (standardized data)} = \frac{x \text{ (original data)} - \mu \text{ (mean for the indicator)}}{\sigma \text{ (standard deviation for the indicator)}}$$

This method was used by Transparency International NGO, to measure the Corruption Perceptions Index in 2021. The goal is to convert all data, here to a scale of around -1,5 to 1,5, and centred around 0. The results have a mean of 0 and a standard deviation of 1. This method has the advantage of being systematic and objective. For the data that are scaled the opposite way (when a lower value implies a better performance, such as the unemployment rate for example), the data are multiplied by -1 (Transparency International, 2021).

At the end of each table, a total score by country is calculated, simply by computing the mean of all indicators. This gives us a score by country and by dimension.

2.3.2.1 Other methods that can be used to compare the countries

To compare the countries, I faced 3 different methods that I tested. Each of them had its pros and cons and at the end, I decided on the best and most suitable one, which is the one described above (the tables created with the 2 other methods are in the appendices). However, no method is perfect and here is a summary of their pros and cons:

The standardisation of data (chosen method) Standardising the data from around -1,5 to around 1,5, and centred around 0 $x \rightarrow z = \frac{x - \mu}{\sigma}$ Suggested by Mr. Roccazzella, assistant in econometry	
Strengths	Weaknesses
Takes into account the possible gaps between 2 values	Doesn't take the weight of each indicator into account
The negative values and the values that are scaled the opposite way (lower value implying a better performance) can be computed	Close values could be spread (because of the dispersion around the mean)
The calculation takes the mean into account	The standard deviations are based only on 5 data (the 5 countries)

Because the mean will equal 0, the data can be easily manipulated/weighted in calculations	
--	--

The linear projection (tables in appendix)¹ Computing for each data a score from 0 to 100, 0=the worst performing country and 100=the best performing country for a specific indicator $x \rightarrow z = \frac{x - \text{minimum value of the indicator}}{\text{maximum value of the indicator} - \text{minimum value of the indicator}} * 100$	
Strengths	Weaknesses
Takes into account the possible gaps between 2 values	Doesn't take the weight of each indicator into account
The negative values and the values that are scaled the opposite way (lower value implying a better performance) can be computed	Close values could be even more spread (because of the obligation to have the minimum equal to 0)

The comparison index base 100 (tables in appendix)² Computing for each data a score under 100 with a “rule of three”, 100 being the best performing country $x \rightarrow z = x * \frac{100}{\text{maximum value of the indicator}}$ Suggested by Mr. Lambrecht, teacher in mathematics and quantitative methods	
Strengths	Weaknesses
Takes into account the possible gaps between 2 values	Doesn't take the weight of each indicator into account
Close values won't be spread (because there is a maximum of 100 but no minimum)	The negative values and the values that are scaled the opposite way (lower value implying a better performance) cannot be computed

2.3.3 Weight of the dimensions

The work of Wood and Robertson (2000) proves that when selecting a market, firms put more importance on certain dimensions than on others. My literature review has confirmed it.

To assign a weight for each dimension, I will use the table below, representing the average importance of the information related to each dimension, for a company wishing to export.

¹ Appendix n° 8.2

² Appendix n° 8.3

Those numbers result from the study of Wood and Robertson³, from which I have calculated the means (see the table below).

For example: on average, companies give a score of 2.361 (1 being very important, 5 being less important) for the importance of information related to market potential. We can see that market potential is perceived as the most important dimension, and culture is the least important.

It is a good indicator of the importance of each dimension, given that the survey was conducted among 275 American companies willing to export globally.

Importance relative to the 6 environmental dimensions. Source: Wood & Robertson (2000)

Dimensions	Importance of information (1 = very important, 5 = less important)
Market potential	2,361
Legal	2,869
Politics	3,047
Infrastructure	3,454
Economics	3,501
Culture	3,767

2.3.4 Final calculation

The final calculation for each country will be the sum of the mean of each dimension, considering the weight as a multiplicator. For example, for Switzerland:

Final score Switzerland =

$$\begin{aligned}
 & \text{mean Market potential Switzerland} / 2,361 \\
 & + \text{mean Legal Switzerland} / 2,869 \\
 & + \text{mean Politics Switzerland} / 3,047 \\
 & + \text{mean Infrastructure Switzerland} / 3,454 \\
 & + \text{mean Economics Switzerland} / 3,501 \\
 & + \text{mean Culture Switzerland} / 3,767
 \end{aligned}$$

Finally, a **ranking** will be made, which will represent the final ranking for my study. Based on their final country score, the countries will be classified, in descending order. Unlike Swoboda and al. (2007) in their model, I will not continue with the competition and adjustment factors, because these are dedicated to the establishment of a pipeline, which is not the purpose of this study.

³ Appendix n° 8.4

3. Presentation of the company “Wash Wash Cousin”

The interviews are transcribed in the appendices⁴.

3.1 Description of the society

Wash Wash Cousin is a manufacturer of natural and organic cosmetics, aimed at obtaining a zero-waste environment. The firm differentiates from others by creating handcrafted quality products that are enjoyable, soft, and healthy for the body. Above that, with natural, organic, and waste-free products, their mission is to change people’s personal care habits, to swift toward a zero-waste bathroom. Indeed, in addition to the fact that the product is solid and requires no wrap, all components are ecological, and the packaging is compostable. The product range is evolving and can adapt to the customers. The raw materials come from abroad, but the employees and service providers are locals.

The society was born 3 years ago and is composed of 13 employees in total. It is a family business, since 8 of them are from the same family. Indeed, each of the children takes care of a business unit: marketing, sales, production improvement, research, or development.

The contact person I was keeping in touch with is Christian Carlier, business developer and strategic manager for the firm. He is also a consultant, and responsible for the export opportunities and development of Wash Wash Cousin. He is, among all above, in charge of finding local business partners.

3.2 Product range

The company has for the moment 34 cosmetic products, including solid soap, solid shampoo, solid toothpaste, solid shaving foam, and many more. They will soon launch a new professional brand exclusively for pharmacies in Belgium: “FarmaCool”.

Therefore, they will have two brands: Wash Wash Cousin and FarmaCool, starting with only 5 products for FarmaCool. They will be the only firm in Europe to have both an original brand and a professional brand only dedicated to pharmacies.

⁴ Appendices n° 8.5.1 and 8.5.2

3.3 Targeted customers

They target anyone willing to change its personal care habits and have an ecological mindset. Most of their customers are women from 25 to 50 years old that are looking for quality and natural products.

3.4 Distribution network

Their distribution network is done through supermarkets, organic stores, online sales, and pharmacies. However, with the recent trends, some changes will be made. According to Mr Cartier, people are less attracted now to organic stores and the organic market is collapsing in Belgium and France. This is due to the fact that organic brands are being bought out by the major brands. For this reason, they decided to target even more the Fast-Moving Consumer Goods sector, in the other word, the supermarkets and the mass distribution. They contacted several stores such as Cora, Carrefour, etc.

Another change they faced was the sanitary crisis. With the lockdown and people staying at home, e-commerce was bumping. Thus, the company wants to focus on more B2C marketplaces, but also B2B (they will enter the platform “Faire” for the B2B sales). Therefore, they work in B2B with pharmacies, supermarkets, and online sales, but also in B2C through the online sale.

3.5 Competitors

Their main competitors are “Comme Avant”, “Pachamamaï”, “Lamazuna” and “Balade en Provence” in France, but they don’t have a direct competitor in Belgium.

3.6 Strengths and weaknesses

The strength of the firm is that they offer a unique innovative product (no direct competitors in Belgium), with quality ingredients and with the purpose of changing people’s minds. They have a strategic vision, are flexible and due to the small size of the society, can anticipate unexpected events.

Their weakness is the youth of the society (only 3 years) and the fact that they started before the sanitary crisis. Moreover, the Belgian market is small and mature, especially in Wallonia. Hopefully, several organisations are present to help them export, such as the AWEX (Agence Wallonne aux EXportations et aux investissements).

3.7 International presence

The country is already active in Belgium, France, and Luxembourg, where they have sales points. They are trying to expand to other countries by sending samples and making small sales. For example, the firm sent about a hundred products to a Belgian contact person located in New York with the objective of promoting the product to Belgian and French immigrants living in the USA. Even if Wash Wash Cousin makes handcrafted products, it has the capacity to manufacture and send in big quantities to foreign countries.

3.8 Export strategies

As for their export strategy, the approach varies depending on the country. For Belgium, France, and Luxembourg, they have sales points. They are in contact with other countries with no sales points yet. In Germany, they have an export manager and are looking for an importer if they can find one that takes reasonable margins. In Spain, they have two distributors, one for the zero waste products and one for the deodorants only.

4. Inter-Country Market Selection

4.1 Preliminary selection (sources in appendices 8.5.1 and 8.5.2)

I asked the firm to choose 5 markets that seemed attractive to them, and where they could see an opportunity for developing their business. After some discussions about their relevance but also about the feasibility of the study, this is what came up.

Switzerland

Switzerland has the particularity to be a country culturally and geographically close to Belgium. The country is switching toward a new mentality, with a raising awareness of the climate changes. Moreover, the country is known to be well developed as for its infrastructures.

Norway

The Scandinavian countries have a growing interest for organic products (not just “green washing”), as they are enthusiastic about innovation and creativity. The mentality is such that they want to improve their way of living. Norway is a country with high standards, people can afford to buy products a little more expensive if it is for their well-being.

Italy

Italians like things that are beautiful and qualitative. As part of the European Union, they are reachable and open-minded, and the mentality of the market is still very different from Belgium and represents a good potential target. Moreover, Mr Cartier thinks that it should be easy finding importers that ask for margins that are not too high.

United Arab Emirates

The consumers might have a great interest in qualitative products. They put a lot of importance on appearance, and they like beauty, colours, and fragrances. Residents usually have great tastes. They are welcoming and they have enough money to afford cosmetic products. The Middle East market is, according to Mr Carlier, a market with great potential. However, the firm might have to adapt a bit their products according to the preferences in terms of scents, fragrances, etc. Moreover, Wash Wash Cousin products are halal, which fits the consumer's needs.

Jordan

Jordanian residents have an interest in cosmetics that are good for the body. Just like for the United Arab Emirates, the appearance is socially meaningful and they like beautiful, colourful, and perfumed things. The country appears to be easy to enter, although with a certain legal procedure. Moreover, the export manager has a contact person there, who has one of the largest fortunes in the world.

4.2 Knockout criteria (sources in appendix 8.1)

The knockout criteria constitute a stage where I will review 3 decisive aspects: the legal area (is the procedure accessible for foreign firms, is there legal uncertainty?), the tax regime (is the taxation favourable?), and finally the convertibility of the currency. This stage is necessary because if one of the 3 aspects is a barrier for a specific country, then this country is wiped out of the selection process. For example, if a country's legislation prohibits the firm from importing chemicals and cosmetics, then there is no point in keeping the country in the selection process.

4.2.1 Switzerland

Legal area

The country uses the Harmonized System (HS), for the custom classification. The Harmonized System, developed by the World Custom Organization, is a nomenclature system regrouping products in groups of commodities, and the objective is to give them custom tariffs (World Customs Organization, 2020).

Among others, these documents must be involved in the import procedure of the product: authorizations/certificates, official confirmations, delivery notes, cargo Manifests, weight certificates, and assessment instructions. The custom declaration form must be done with the electronic system: "e-dec". (Export Entreprises, 2022).

Concerning the import of samples, they must meet certain criteria and be used in the foreign country only for a limited time. The exporter must provide the Customs declaration for temporary admission ZAVV and the ATA Carnet (Export Entreprises, 2022). For the packaging regulations, the languages used can be French, Dutch, or Italian. All indications

about measures and weight must follow the regulations of the Federal Office of Measurement. Cosmetics might be subject to additional labels or to safety and environmental regulations (Export Entreprises, 2022a).

Switzerland has a trade freedom index of 86,6/100 (The Heritage Foundation, 2022e), and a customs index of 3,75/5 (The World Bank, 2018).

Tax regime

In Switzerland, for the custom tariff, the trade-weighted average applied rate was 2% in 2018. The limit for which the exporter must pay the taxes is 300 CHF (Export Entreprises, 2022). The general VAT rate in 2022 is 7.7% (PwC, 2022), and the country as a fiscal health index of 96,3/100 (The Heritage Foundation, 2022e).

Convertibility of the currency

1 CHF = 0.96834 EUR (European Commission, 2022). The Swiss Franc is a freely convertible currency, which means that the currency is easy to exchange for another currency, without government restrictions (Barclays, 2022).

4.2.2 Norway

Legal area

The country uses the Harmonized System (HS), for the custom classification (Export Entreprises, 2022b). Norway must follow the European Union trade policy rules, as part of the European Economic Area (Export Entreprises, 2022b).

A commercial invoice, a bill of lading and the official ruling must be involved in the import procedure. The exporter must indeed receive from the Norwegian Customs and Excise Authority, an official ruling on customs. Even if not part of the EU, the custom declaration form must be done with the EU electronic declaration system: the Single Administrative Document (SAD) (Export Entreprises, 2022b).

Concerning the import of samples, they must meet certain criteria and be declared at the custom office. The ATA Carnet is required, and the samples are tax and duty free if they don't have a commercial value (not used for sales) (Export Entreprises, 2022b). As for the

packaging regulations, Norway follows the European Union rules. The labels must be written in an understandable language: Norwegian or English for example (Export Entreprises, 2022c). An ecological label can be granted according to certain criteria. The cost varies between 300 and 1300euros (Export Entreprises, 2022c).

Norway has a trade freedom index of 85,4/100 (The Heritage Foundation, 2022e), and a customs index of 3,62/5 (The World Bank, 2018).

Tax regime

The tariffs for industrial goods are between 3% and 6% and the limit for which the exporter must pay the taxes and duties is 350 NOK, but as the exporter's country (Belgium) is part of the European Economic Area, the imports are free of duty. However, the imports are subject to the general V.AT., at 25% (Export Entreprises, 2022b). The country has a fiscal health index of 96,6/100 (The Heritage Foundation, 2022e).

Convertibility of the currency

1 NOK = 0.09876 EUR (European Commission, 2022).

The Norwegian Kroner is a freely convertible currency, which means that the currency is easy to exchange for another currency, without government restrictions (Barclays, 2022).

4.2.3 Italy

Legal Area

The country uses the Harmonized System (HS), for the custom classification. Italy must follow the European Union trade policy rules, as a member of the European Economic Area (Export Entreprises, 2022d).

As part of the European Union, the exporter entering Italy must go through the "Import Control System" (ICS) and complete an Entry Summary Declaration (ENS). The custom declaration form must be done with the EU electronic declaration system: the Single Administrative Document (SAD) (Export Entreprises, 2022d).

Concerning the import of samples, they must meet certain criteria and be declared at the custom office. The ATA Carnet is required, and the samples are tax and duty free if they don't

have a commercial value (not used for sales) or if they are used for demonstration (Export Entreprises, 2022d). As for the packaging regulation, indication must be written either in English or in Italian, and local labelling rules might be needed (Export Entreprises, 2022e). An ecological label can be granted following certain criteria. The cost varies between 300 and 1300 euros (Export Entreprises, 2022e).

Italy has a trade freedom index of 79,2/100 (The Heritage Foundation, 2022e), and a customs index of 3,44/5 (The World Bank, 2018).

Tax regime

The average tariff is 4.2%. The limit for which the exporter must pay the taxes and duties is 150 EUR. The general VAT rate in 2022 is 22% (PwC, 2022) and the country has a fiscal health index of 49/100 (The Heritage Foundation, 2022e).

Convertibility of the currency

Italy uses the Euro, which doesn't require any currency convertibility with Belgium. Moreover, the Euro is a freely convertible currency, which means that the currency is easy to exchange for another currency, without government restrictions (Barclays, 2022).

4.2.4 United Arab Emirates

Legal Area

The country uses the Harmonized System (HS), for the custom classification (Export Entreprises, 2022f). Among other documents, a certificate of origin approved by the Chamber of Commerce in the country of origin and an import permit from the competent agencies must be involved in the import procedure. The custom declaration form must be done with the electronic system: "dubaitrade.ae" (Export Entreprises, 2022f).

Concerning the import of samples, they must be declared at the custom office. The ATA Carnet is required (but for 6 months maximum), and the samples must be intended for fairs and exhibition (demonstrations) (Export Entreprises, 2022f). Concerning the labelling and packaging regulations, labels must be clear and translated in Arabic. If the product is Halal, this should be mentioned on the label. If the product uses dying colour, the company should look if those components are allowed in the municipalities (Export Entreprises, 2022g).

The UAE has a trade freedom index of 78,2/100 (The Heritage Foundation, 2022e), and a customs index of 3,66/5 (The World Bank, 2018).

Tax regime

The average tariff is 5%. As not part of the Gulf Cooperation Council (GCC), Belgium must pay taxes and duties. The limit for which the exporter must pay the taxes and duties is 1000 AED (Export Entreprises, 2022f). The general VAT rate in 2022 is 5% (PwC, 2022) and the country has a fiscal health index of 92,8/100 (The Heritage Foundation, 2022e).

Convertibility of the currency

1 AED = 0.25421 EUR (European Commission, 2022).

Moreover, the UAE Dirham is a freely convertible currency, which means that the currency is easy to exchange for another currency, without government restrictions (Barclays, 2022).

4.2.5 Jordan

Legal Area

The country uses the Harmonized System (HS), for the custom classification (Export Entreprises, 2022h).

The exporter must bring, among other documents, an exchange permit at the custom (electronic system), an air waybill for products imported by plane or a transporter's certificate for products imported by land, and a declaration of Arab transit for goods having transited Arab countries that are not neighbours' countries of Jordan. The custom declaration form must be done with the electronic declaration system: the Single Administrative Document (SAD), through the Asycuda system (Export Entreprises, 2022h).

Concerning the labelling regulations, labels should be written in Arabic. If the product is Halal, this should be mentioned on the label. If the product uses dying colour, the company should look if those components are allowed in the municipalities (Awex, 2022).

Jordan has a trade freedom index of 71,8/100 (The Heritage Foundation, 2022e), and a customs index of 2,51/5 (The World Bank, 2018).

Tax regime

There are five levels of tariffs rate for the most common products: 0%, 5%, 10%, 20% or 30%. The limit for which the exporter must pay the taxes and duties is 2000 JD (Export Entreprises, 2022h). The general VAT rate in 2022 is 16% (PwC, 2022) and the country has a fiscal health index of 15,9/100 (The Heritage Foundation, 2022e).

Convertibility of the currency

1 JD = 1.31032 EUR (European Commission, 2022). Unfortunately, the Jordanian Dinar is not a freely convertible currency, which means that the currency will be more difficult to exchange for another currency, and with government restrictions. However, the government doesn't forbid the exchange of the currency, and the Jordanian Dinar is not a non-convertible currency (Barclays, 2022)

4.2.6 Summary of the knockout criteria

We can see that, based on those 3 aspects, some countries have more ease of access than others. Overall, all 5 countries are reachable in terms of trade. The only challenging part is the fact that Jordan doesn't have a freely convertible currency, but this doesn't make the market unreachable. Thus, we will continue this study with the 5 of them.

4.3 Country scoring: description of each dimension (sources in appendix 8.1)

Before comparing the 5 countries with quantitative indicators, we will first describe each of them based on the 6 environmental dimensions. For each country, there will be at the end a summary of its strengths and weaknesses. This part is based on the sources in appendix.⁵

4.3.1 Switzerland

Market potential

As for every sector, the pandemic has highly impacted the market. The use of online websites has jumped, due to the government restriction to go out in supermarkets, cosmetic stores, etc. As a result of the pandemic, sales in stores decreased but people had more time at home to take care of themselves (home skin care routine for example). With the rising awareness of hygiene and health, the performance of bath and shower product sales improved (Euromonitor International, 2021a).

Because of the rising consciousness of skin product side effects, consumers are more likely to buy organic and natural products than chemical cosmetic products (Mordor Intelligence, 2021). Customers desire effective and high-quality products. (Whitehouse, 2018). They also want to know the components and formulations used in those goods. This is related to the rise of innovation and technological development (Research and Markets, 2020).

Indeed, the growth of the market for organic and natural products is correlated to the increase of technologies and innovation when manufacturing cosmetics (Mordor Intelligence, 2021). The Indie (Independent, innovative, and purposeful brands) products in Switzerland are growing, even if people find it safer to purchase standard existing brands (Whitehouse, 2018). Switzerland is “ahead of the game” with premium ingredients present in cosmetic products, thanks to a big investment in research and development (Cosmetics Business, 2012).

We must note that the Swiss cosmetic market is a competitive market, deeply dominated by foreign companies and dominant players (Mordor Intelligence, 2021). However, even if this market is dominated by big companies, local brands have a certain share in the market (Research and Markets, 2020). The competition is strong and local companies are abundant (there are 70 in Switzerland) and performant (Salmi, 2022).

⁵ Appendix n° 8.1

Concerning the ecologic mentality, zero-waste shops are expanding, as the demand for organic and non-plastic products increases (Hunt, 2019). However, even if zero-waste stores are highly present in Switzerland in 2022, online marketplaces selling zero-packaging products have not yet shown (Giuffredi, 2022). There is an overall trend of minimalist lifestyle, which makes residents want to buy ethical products (Euromonitor International, 2021). Consumers want to adopt a lifestyle that doesn't have an impact on the environment, even if it costs them to pay more. As a result, Indie brands are becoming trendy for the young population (Salmi, 2022).

Legal

The country uses the Harmonized System for the custom classification. The custom declaration form has to be done with the electronic system : "e-dec". (Export Entreprises, 2022). All indications about measures and weight must follow the rules of the Federal Office of Measurement. Cosmetics might be subject to additional labels or to safety and environmental regulations (Export Entreprises, 2022a).

In Switzerland, for the custom tariff, the trade-weighted average applied rate was 2% in 2018. The limit for which the exporter must pay the taxes is 300 CHF (Export Entreprises, 2022). The general VAT rate in 2022 is 7.7% (PwC, 2022). The country has a fiscal health index of 96,3/100 (The Heritage Foundation, 2022e).

The Swiss Franc is a freely convertible currency, which means that the currency is easy to exchange for another currency, without government restrictions (Barclays, 2022). Switzerland has a trade freedom index of 86,6/100 (The Heritage Foundation, 2022e), and a customs index of 3,75/5 (The World Bank, 2018).

Politics

There is a direct democracy because of decentralisation in this multilingual country. The parliament is composed of 4 parties and the decision belongs to the Swiss Confederation (composed of the 26 cantons), but citizens also have a role to play in the decision making. Policies and laws enforce the civil right and liberties, which also increased immigration and undoubtedly, some social discriminations (Freedom House, 2021)

The several cantons make a great dispersion of the government's power. The executive power is exercised by the Federal Council. Switzerland has the specificity to be an independent and neutral country, compared to its neighbours. The country has a high openness for international trade (The Heritage Foundation, 2021).

The country has a low corruption level (Transparency International, 2021a), a great civil liberties index (Freedom House, 2022), and a good government effectiveness percentile rank (The World Bank, 2020a).

Infrastructure

The infrastructure is quite developed compared to other countries. It covers 2% of the total land of the country. For a small country such as Switzerland, we talk of an intense infrastructure system. The 3 airports of Zurich, Geneva and Bâle are the main link to European and world trade (Confédération Suisse, 2021).

Because the country doesn't have direct access to the sea, waterways are only present within the country, on the rivers and canals. Switzerland owns the 62nd place in the worldwide ranking of roadways distance per capita, due to its dense population (Données Mondiales, 2020). The country has a large urban area out of the total land of the country (19%). Moreover, with no island, the transit of goods is facilitated (WorldData, 2022a).

Switzerland is an expensive country in terms of communication and transport costs, with an index of 140.61 and 160.56 respectively (The World Bank, 2017).

Economics

Switzerland is a country with a high GDP per capita and a skilled labour force. The main activities that make the country wealthy are financial services, metals, chemicals, pharmaceuticals, electronics, and precision manufacturing (The Heritage Foundation, 2022). The economy also has the particularity to be composed by small firms and forms an industrial diversity. The service industry takes a large place in the economy with banking, insurance, shipping, and tourism (Britannica, 2022).

The war in Ukraine is expected to decrease the demand but also the exports and investments. However, consumptions will be supported by the growing saving rates and the quality of the labour market (OECD, 2022). We must consider that the country has kept inflation under control and has great standards of living and income per capita (Britannica, 2022).

Switzerland disposes of few raw materials and must import them from other countries. By doing so, they turned into a free-market orientation. The country is highly dependent on foreign trade, meaning they import raw material from outside and convert them into high-quality products. This creates a great transport system and trade openness with other countries (Britannica, 2022).

Cultures

With four official languages, Switzerland is a fusion of different cultures. Most Swiss people are Christian but religious freedom is an important value to them. It is crucial in Switzerland to be neutral and tolerant for every face of the society. The country promotes gender equality, but women still earn less than men (Sergon, 2022).

Concerning business, their norms tend to be conservative and formal, and the strict hierarchy sometimes remains. People are polite and reserved, with a distinction between professional and personal life. They also like to be “straight to the point” when negotiating (Sergon, 2022). The country performs well in English (EF, 2021), and has many cultural similarities with Belgium (Hofstede Insights, 2021).

Summary for Switzerland

+	-
- High market potential due to quality cosmetics trends and ecological awareness - Low corruption level, high civil liberties, and great government effectiveness, which encourages private enterprises - Good quality of the overall infrastructure - High economic standards and trade	- The country is not part of the European Union, which might complicate the entrance - The communication and transport costs are quite high

openness - Many cultural similarities with Belgium and good English level - Geographically very close to Belgium	
--	--

4.3.2 Norway

Market potential

Because people had more time at home to take care of themselves, total sales of beauty and personal care products held up and rose even more than during the pre-pandemic times. Sun care and hair care sales however declined a bit during the lockdown (Euromonitor International, 2022). Consumers would highly use e-commerce to purchase cosmetic products, during and after the pandemic (Euromonitor International, 2022).

In Norway, the mass sales of skin care products have switched toward a growth of premium products sale (Mordor Intelligence, 2022). Covid has also emphasised this new tendency to buy premium products, because people were trying to limit their use of traditional products (Euromonitor International, 2022a). Overall, the tendency for natural and organic cosmetics remains booming in the north. Indeed, consumers' concerns for the chemical components in cosmetics are developing the sales. They consider organic products as safer for human health but also for the environment (Research and Markets, 2020a).

The market is mature but is expected to grow a bit during the next few years. However, some categories of products are expected to overcome the others due to innovation, such as the colour cosmetics and skin care cosmetics (Whitehouse, 2017). Norwegians are sensible to seasonal changes, which makes marketing vary during the whole year (Mordor Intelligence, 2022).

As for the ecological concern, from 2018 to 2019, the amount of household waste decreased by 3% in Norway. The overall interest in the impact of pollution and waste has grown. In 2020, there were many more manufacturers having zero-waste objectives (Handmade in Norway, 2020). Norway has always tended to co-regulate, but lawmakers pressure the government for more self-regulation concerning product waste. The initiative of taking

measurements against waste is often taken by the industries, which is a good first step for food waste governance (Szulecka, 2021).

Legal

The country uses the Harmonized System for the custom classification (Export Entreprises, 2022b). Norway must follow the European Union trade policy rules, as a part of the European Economic Area (Export Entreprises, 2022b). The custom declaration form must be done with the EU electronic declaration system: the Single Administrative Document (SAD) (Export Entreprises, 2022b).

Concerning the import of samples, they must be declared at the custom office. The ATA Carnet is required, and the samples are tax and duty free if they don't have a commercial value (not used for sales) (Export Entreprises, 2022b). As for the packaging regulations, Norway follows the European Union rules. An ecological label can be granted following certain criteria. The cost varies between 300 and 1300euros (Export Entreprises, 2022c).

The tariffs for industrial goods are between 3% and 6% and the limit for which the exporter must pay the taxes and duties is 350 NOK, but as Belgium is part of the European Economic Area, the imports are free of duty. However, the imports are subject to the general V.AT., at 25% (Export Entreprises, 2022b). The country has a fiscal health index of 96,6/100 (The Heritage Foundation, 2022e). The Norwegian Kroner is a freely convertible currency, which means that the currency is easy to exchange for another currency, without government restrictions (Barclays, 2022). Norway has a trade freedom index of 85,4/100 (The Heritage Foundation, 2022e), and a customs index of 3,62/5 (The World Bank, 2018).

Politics

Norway has the chance to be one of the most prosperous democracies in the world. The power pivots from parties to parties, and the elections are fair. The state puts a lot of importance on civil liberties and the media is independent from the government. However, the country still has a problem of discrimination against minorities (Freedom House, 2021a).

Each county of Norway is divided into urban and rural municipalities. All the county's residents pay for taxes on roads, schools, etc. They pay direct taxes to the federal body but

also to the municipal government. Norway is a constitutional monarchy, which means that the government is chosen by the monarch, with the country's legislature approbation (Britannica, 2022a).

Moreover, Norway has a low corruption level (Transparency International, 2021a), a great state legitimacy and a great human right index (Fund For Peace, 2022).

Infrastructure

There is an average good quality of the transport line in Norway. The country has the 30th place in the worldwide ranking of distance of roadways per capita, due to its dense population. The road traffic is considered safe (Données Mondiales, 2020a).

For the communication and transport costs, Norway is quite expensive, which will disadvantage the transfer of goods and information with this country (The World Bank, 2017). The country has a relatively small urban area, only 5% of the land is considered as urbanised. Its number of different islands is quite high, with a total of 239 057 islands, which doesn't facilitate the transit of goods in the country (WorldData, 2022b). However, the quality of the overall infrastructure is quite high (The World Bank, 2019a; The Global Economy, 2019b; The Global Economy, 2019c; The Global Economy, 2019d)

Economics

Norway is a prosperous country and keeps its economy moving. The high GDP of the country is partly due to its production of oil and gas, which account for 20% of the economy. There are other sectors in expansion such as fish, forest, minerals, or hydropower. The unemployment rate is relatively low, but one of the challenges the country faces is the aging population (The Heritage Foundation, 2022a). The rate of reinvestment is high, and we notice a big growth in the service and commercial occupation (Britannica, 2022b).

During the pandemic, the country has succeeded in keeping good results for many indicators of the economy. The GDP per capita is maintained as one of the highest in Europe. Now, to keep the employment rate high, labour participation must increase. Moreover, to stay competitive, the country needs a higher productivity growth. Another big challenge is climate

change. The decrease of greenhouse gas emissions will be possible if the economic activity stays prosperous and flexible (OECD, 2022a).

Culture

By not entering the European Union, the country has shown its interest in being independent and separated from the rest. The country doesn't believe in hierarchical business structures, which comes from their egalitarian values (World Business Culture, 2020). The business culture is informal and egalitarian. They are open to negotiation and information providing (Nortrade, 2016).

Residents are considered as progressive and always open to new ideas. As for the negotiation, they go for a goal-oriented and structured approach. They like punctuality and put a lot of importance on the respect of the work-to-life balance (Editorial staff European Business, 2019). Finally, Norway has a high English score level (EF, 2021).

Summary for Norway

+	-
- Tendency for natural, organic, and quality products - Prosperous democracy and great state legitimacy - Good road and railway network per capita - Good economic recovery after the pandemic and high GPD per capita - The country has a very good English level, which might facilitate the communication	- Norway is not part of the European Union (but part of the European Economic Area) and high tax regime - High communication and transport cost, low urban area, and many islands - Culturally and economically independent from the rest of Europe

4.3.3 Italy

Market potential

The cosmetic sector is expected to fully recover from the crisis. In 2021, part of the recovery was mainly done thanks to the help of external markets (Gallon, 2022). The essential natural and organic product awareness played a role in this recovery from the crisis (Margiotta,

2021). In Italy, most cosmetic products are sold in pharmacies, which opens the curiosity of residents for those products (Research and Markets, 2021). While the beauty products sales were going down with the pandemic, personal care products showed resilience, especially for the soaps and body wash goods (Mordor Intelligence, 2021a).

The market growth is partly related to consumers' interest for targeted solutions, but also to the increase of premiumization trends. Adding that to the fact that Italians have a certain interest in luxury products, this explains the high forecast in revenues for the next couple of years (Mordor Intelligence, 2021a).

Italy has the 28th position in the general classification of zero waste. However, the data is not that good because on average, 36kg of food per capita and per year are wasted. Moreover, 90% of residents confess throwing products that are still usable. The government tried to reduce waste by bringing bureaucratic simplification, bonuses, and tax reliefs in 2018 (Technogym, 2019).

Legal

The country uses the Harmonized System, for the custom classification. Italy follows the European Union trade policy rules, as a part of the European Economic Area (Export Entreprises, 2022d). Moreover, as part of the European Union, the exporter entering Italy must go through the "Import Control System" (ICS) and complete an Entry Summary Declaration (ENS). The custom declaration form must be done with the EU electronic declaration system: the Single Administrative Document (SAD) (Export Entreprises, 2022d).

Concerning the import of samples, the ATA Carnet is required, and the samples are tax and duty free if they don't have a commercial value (not used for sales) or if they are used for demonstration (Export Entreprises, 2022d). The indications must be written either in English or in Italian, and local labelling rules could be needed (Export Entreprises, 2022e). An ecological label can be granted, the cost varies between 300 and 1300euros (Export Entreprises, 2022e).

The average tariff rate is 4.2%. The limit for which the exporter must pay the taxes and duties is 150 EUR. The general VAT rate in 2022 is 22% (PwC, 2022). Italy uses the Euro, which

doesn't require any currency convertibility with Belgium. Moreover, the Euro is a freely convertible currency. (Barclays, 2022).

Italy has a trade freedom index of 79,2/100 (The Heritage Foundation, 2022e), and a customs index of 3,44/5 (The World Bank, 2018). However, the country has a low fiscal health index (49/100) (The Heritage Foundation, 2022e), and the cost of starting a business is quite high (The World Bank, 2019).

Politics

The country is divided into distinct regions that remain unequal in terms of rights. The rights of migrants also pose a problem, as well as the corruption and criminality level which obstructs economic growth and the improvement of the rule of law. The elections for the parliament are considered competitive (Freedom House, 2021b).

One of the biggest challenges is the management of the migration crisis, controlled by strict regulations of the most popular party of the country. The country is separated between the north and the south, having 2 distinct economies and politics, more prosperous in the north (The Foundation Heritage, 2022b).

The country faces a high corruption level (The World Bank, 2020a), and a low financial freedom index (The Heritage Foundation, 2022e).

Infrastructure

Independently from the size of the country, Italy has a big urban area, with 24% of urbanized land compared to the total area of the country. The country owns a high number of airports and commercial harbours, due to its large size and the broad altitude disparities within the country. The highest point in Italy is elevated at 4748 m (WorldData, 2022c).

Concerning the frequency of natural disasters, Italy is in a weak situation, with a total of around 14 000 deaths between 1900 and 2010 (Ritchie & Roser, 2021). The country has an average Logistic Performance Index, with 3,73/5 (The World Bank, 2018).

Economics

As said before, the economy is separated in the north and in the south. In the north, the economy and industries are more developed, and big private companies have the power. In the south, the economy is more based on agriculture and there is an important unemployment rate (The Foundation Heritage, 2022b). Moreover, the economy in the north is very close to the western European country, and the south isn't (Britannica, 2022c).

There is a stable economic recovery from the pandemic. This is partly thanks to the help of fiscal support from firms and households. Reforms and investment will be put in place to raise growth and employment, as well as taxes rise and public spending increase (OECD, 2022b). Because of the rise of inflation, Italy decided to adopt fiscal policies more conservatives (Britannica, 2022c).

The strength of the Italian's economy is the engineering and metallurgical industries (Britannica, 2022c). Tourism represents a big part of the GDP (13%) (The Foundation Heritage, 2022b). The country is also a leader for olive oil, rice, tomatoes, and wine (Britannica, 2022c). The weakest points of the Italian economy are the energy sources and raw materials. Indeed, a big part of the requirement is imported from outside the country. We must note that Italy is a big player in the worldwide imports, owning 2,34% of total world imports (The Global Economy, 2020a).

Culture

In Italy, hierarchy is important, and the status is based on the individual age and position. Italians are very expressive when communicating, but they know what they are doing and usually follow their plans. They also like to be flexible when doing business, and are relationship oriented (Cultural Atlas, 2022).

Because there are many family businesses in Italy, the decisions are made with a small part of the company. It is important to spend time networking and put forward the business relationships (this also comes from the family-oriented nature). They also are goal oriented, and they like to be successful when negotiating (Cultural Atlas, 2022). Surprisingly, the country has many cultural similarities with Belgium, looking at the Hofstede model (Hofstede Insights, 2021).

Summary for Italy

+	-
- Interest in luxury beauty and natural products. The personal care sector showed resilience after the pandemic. The country is big in size and demographics - Italy is part of the EU and uses the Euro, which would facilitate the legal procedures - Big urban area, high number of airports and harbours - Good economic recovery after the crisis, big player in the worldwide imports - Culturally quite similar to Belgium (Hofstede model)	- The country faces a challenge in product waste, the awareness is still low - Big companies dominate the cosmetic market - High tax regime, low fiscal freedom index, high cost of starting a business - High corruption level and the country is politically et economically separated between north and south

4.3.4 United Arab Emirates

Market potential

In the Arabic region, the United Arab Emirates is one of the 3 biggest cosmetic markets, with Iran and Saudi Arabia (CosmeticOBS, 2018), but also one of the most expensive countries in terms of cosmetics (BlueWeave Consulting, 2021). The region of Dubai dominates the cosmetic market, with more demand by women, who are gaining power and are more present in the workplace (BlueWeave Consulting, 2021).

There is an overall interest for the appearance and its importance, especially for the younger generation. Residents are attracted to colourful and perfumed products. It is indeed important in this country to take care of your appearance and your personal hygiene (CosmeticOBS, 2018). There has been a shift toward sustainable products for many companies (Mordor Intelligence, 2021b). Consumer preferences are also switching to organic and vegan cosmetic products (BlueWeave Consulting, 2021).

Mass products are expected to grow in the future, as the country will target more mid-budget residents and tourists (Euromonitor International, 2022b). However, due to the rising personal

income, luxury products are also expected to increase faster than any other category of cosmetic product (P&S Intelligence (2021). Quality product stores will see their sales performance increase over the next few years (Euromonitor International, 2022b).

For the upcoming years, e-commerce sales are expected to grow. The country represents the fastest growing e-commerce market in the region of the Middle East and north-Africa (MENA). Social media helps the online commerce to expand (Research and Markets, 2020b). Even if the pandemic has decreased the overall sales, the online marketplaces replaced the sale of on-store cosmetic products (Mordor Intelligence, 2021b).

Concerning the ecological footprint, in 2022, an average resident generates about 3kg of waste every day, which is almost double compared to an average European resident. This comes from the fact that there are few composting and recycling infrastructure in the country (Sukkar, 2022). However, the government tries to reduce household waste. In the city of Dubai for example, the cost of depositing non-recyclable waste in the landfill in 2022 has increased. From now until 2030, more measures will be put in place to reach sustainability and zero waste (Sukkar, 2022a).

Legal

The country uses the Harmonized System for the custom classification (Export Entreprises, 2022f). The custom declaration form must be done with the electronic system: “dubaitrade.ae” (Export Entreprises, 2022f).

Concerning the import of samples, they must be declared at the custom office. As for the labelling regulations, labels must be clear and translated in Arabic. If the product uses dying colour, the company should look if those components are allowed in the municipalities (Export Entreprises, 2022g).

The average tariff is 5%. As not part of the Gulf Cooperation Council (GCC), Belgium must pay taxes and duties. The limit for which the exporter must pay the taxes and duties is 1000 AED (Export Entreprises, 2022f). The general VAT rate in 2022 is 5% (PwC, 2022). The country has a fiscal health index of 92,8/100 (The Heritage Foundation, 2022e).

Moreover, the UAE Dirham is a freely convertible currency, which means that the currency is easy to exchange for another currency, without government restrictions (Barclays, 2022). The UAE has a trade freedom index of 78,2/100 (The Heritage Foundation, 2022e), and a customs index of 3,66/5 (The World Bank, 2018). The country also has a great international shipment index, and a great timeliness index (The World Bank, 2018).

Politics

The country is composed of 7 emirates. The federal group has a big part of the power and not many elections take place. The executive, legislative, and judicial powers belong to the 7 hereditary leaders (one for each emirate). Thus, the political parties have no decision's power. There are many restrictions on civil liberties, both for citizens and noncitizens (Freedom House, 2021c).

The president and vice president are elected by the Federal Supreme Council, with no period limit. An agreement was signed with Israel for open trade and peace (The Heritage Foundation, 2022c). We must note a low state legitimacy index (Fund For Peace, 2022), a poor investment freedom (The Heritage Foundation, 2022e), as well as few civil liberties and political rights (Freedom House, 2022).

Infrastructure

Infrastructure in the UAE is considered as relatively good and in a good quality, compared to other Middle East countries. However, road traffic is not that safe, with an average of 1449 deaths a year (2012-2019) (Données Mondiales, 2020b).

In terms of communication costs, the UAE had a quite low communication price index (91.35), in 2017, which facilitates the transfer of information (internet, phone, etc.) (The World Bank, 2017). As for the transport costs, we also note a relatively good index (75.78) in 2017 (The World Bank, 2017). Unfortunately, since the UAE is 5152,35 km away from Belgium, this causes a challenge for all transports and communication matters (2h time difference) (Distance To, 2022).

Economics

The economy remains open, and the per capita income is great. Oil and gas represent 30% of the GDP. There is an annual trade surplus (The Heritage Foundation, 2022c). The purchasing power is also high, which makes the country part of the richest countries in the Middle East, especially for their low taxes (WorldData, 2022).

A large part of the wealthiness of the country is thanks to the oil produced in Abu Dhabi. The area of Dubai focuses on finance and business and makes the country economically diverse. Agriculture and fishing also account for a big part of the UAE economy (Britannica, 2022d). There are rich natural resources in the country, such as natural gases and oil reserves. The government started a diversification program so that the economy would be more based on skills and technology. Tourism has highly helped diversification to take place and to rebalance the economy (Embassy of the United Arab Emirates, 2020).

Culture

The country puts a lot of importance on respect. The United Arab Emirates has a strict hierarchical society, and the culture is more conservative, they communicate in a formal way. The business culture is separated in 2 in the country, with a relaxed west and a stricter east. We should note that women are now more and more involved in Business (Bhaumik, 2022).

All business meetings are relationship oriented. It is important to take time to have a great conversation and socialise, in other words, networking. It is also important to notice that business schedules can vary (Bhaumik, 2022).

Summary for the United Arab Emirates

+	-
- As appearance is a social key, there is a high interest for beauty, organic and luxury products. The UAE is in the top 3 cosmetic markets in the Arabic region - Favourable tax regime, high international shipment index and high timeliness index - High quality of infrastructure (roads,	- In terms of ecological awareness, there is a high level of product waste per capita - For the politics, there is a low state legitimacy, poor investment freedom, few civil liberties, and political rights index - The country is geographically far from Belgium, which higher the

railways, airports), low cost of communication and transport - High economical standards, great purchasing powers and trade openness	costs of transport - Cultural distance with Belgium due to Middle East mentality, conservative mindset
---	---

4.3.5 Jordan

Market potential

In Amman, the capital, there is a high demand for beauty and personal products. Products considered as daily essentials dominate the other categories of products. Women with a medium to high income appreciate beauty and want to keep an attractive physique. Therefore, complex regimes and solution-focused products are often used (Euromonitor International, 2022c). In 2020, most of the cosmetic firms were SMEs, with 10 to 49 employees on average. Only 29% of firms are owned by Jordanian, the rest are owned by foreigners (International Labour Organization, 2020).

The chemical and cosmetic sector in Jordan is one of the leading sectors, representing 20% of the national exports in 2018 (International Labour Organization, 2020). Even if the population remains conservative, young residents show a growing interest for new trends and innovative products (Euromonitor International, 2022d). Jordanian residents give a lot of importance to quality in cosmetic products. Education about those products and dermatology knowledge is required (Seetan and al., 2022).

There has been a solid waste increase in Jordan until 2021. Unfortunately, the financial status of the municipalities is not strong enough to deal with it and infrastructures are not good enough. Indeed, 6 to 10% of this waste is recycled and the rest of it goes to the landfill or to open dumpsites (Dixon, 2021).

Moreover, the flow of refugees from the neighbouring countries and the growing population doesn't help. The recycling sector in Jordan remains informal and the use of the landfill is illegal (Dwarkasing, 2019). Several organizations try to reduce this waste, but solid waste pollution is still a big challenge (Dixon, 2021).

Legal

The country uses the Harmonized System for the custom classification (Export Entreprises, 2022h). The custom declaration form must be done with the electronic declaration system: the Single Administrative Document (SAD), with the Asycuda system (Export Entreprises, 2022h). Concerning the labelling regulations, the labels should be written in Arabic. If the product uses dying colour, the company should look if those components are allowed in the municipalities (Awex, 2022).

Unfortunately, the Jordanian Dinar is not a freely convertible currency, which means that the currency will be more difficult to exchange for another currency, and with government restrictions. However, the country doesn't forbid the exchange of the currency, and the Jordanian Dinar is not a non-convertible currency (Barclays, 2022)

Jordan has a trade freedom index of 71,8/100 (The Heritage Foundation, 2022e), and a customs index of 2,51/5 (The World Bank, 2018). The general VAT rate in 2022 is 16% (PwC, 2022). The country has a fiscal health index of 15,9/100 (The Heritage Foundation, 2022e), which is relatively low, but also a high cost of starting a business (The World Bank, 2019).

Politic

The country has been politically unstable because of the conflict with Iraq and Syria. When Jordan stopped importing and exporting with those 2 countries, Jordanian firms had to export to other places like Saudi Arabia at higher costs (International Labour Organization, 2020). The country lost a part of its freedom due to new restrictions and a poor parliamentary election during the pandemic. (Freedom House, 2021d).

The king has much authority in Jordan, both for politics and governance, and even overtakes the chamber's power. All opposition is taken away by the electoral system (Freedom House, 2021d). The constitutional monarchy became part of the World Trade Organization and established a free-trade agreement with the USA (The Heritage Foundation, 2022d).

The government controls the civil society and the media, but also the judicial system (Freedom House, 2021d). They only implemented new reforms in 1999. These reforms were

about the entry in the World Trade Organization but also the privatization of state-owned enterprises (Britannica, 2022e).

Infrastructure

In the last few years, Jordan has been investing in transportation infrastructures. The country has a good railway system for the transportation of raw materials in the country and 8000m² of roads (Euromonitor International, 2022c). In 2020, 82% of industrial cosmetic firms were located in Amman, the capital (International Labour Organization, 2020).

Infrastructure in Jordan is relatively good but doesn't reach the level of the European countries. The road traffic is considered moderate (Données Mondiales, 2020c). We must note that the quality of rail track infrastructure is not that good, with a score of 2.6/7 (The Global Economy, 2019). Jordan has the specificity to have a very small urban area, compared to the total land of the country, with only 4% of urban area (WorldData, 2022d). The country has not had many natural disasters, so it holds a good position (Ritchie & Roser, 2021).

Economic

The economy in Jordan is diversified; finance and trade are the main components of the GDP, and communication, transportation, construction, and public utilities account for another big part of the GDP (Britannica, 2022e). There is a high income disparity in the country, but it was even bigger during the sanitary crisis. The proportion of the population with the lowest income is huge compared to the upper one (Euromonitor International, 2022c).

The economy and local trade have been impacted by the conflict in Iraq and Syria, and the narrow resources of Jordan were partly spent for the 1.3 million Iraqi and Syrian refugees (The Heritage Foundation, 2022d). The economy has been touched by debt, unemployment and inflation since the mid 1990's.

With the lack of capital, the small size of the country and the flows of refugees, the country had no choice but asking for foreign financial help (Britannica, 2022e). Indeed, the economy is highly supported by international aid and foreign loans. Economic reforms have been put in place, starting by establishing a realistic budget for the government (The Heritage Foundation, 2022d).

Culture

Just like for the UAE, relationships are very important when doing business. Deadlines and time management can be perceived as less important than building a strong relationship. The meetings could finish later than expected but arriving late still might sound disrespectful. Finally, we must note that Jordanians are not very expressive in the sense that they don't always show their emotion (Expat Arrivals, 2022a). Finally, the Jordanian English level is quite low (EF, 2021), and there is a high group grievance index as well as a high fractionalized elite index (Fund For Peace, 2022).

Summary for Jordan

+	-
- The personal care sector is growing, as people give importance to beauty and appearance. With the pandemic, hygiene awareness increased.	- There is little awareness for ecological matters, and solid waste is increasing because of the lack of recycling infrastructure - In terms of legal procedures, the Jordanian Dinar is not a freely convertible currency, there is a low trade freedom and a low fiscal freedom - Politic instability, high level of corruption and the government leaves few spaces for the private sector - Infrastructure in Jordan is relatively good but doesn't reach the level of the European countries - The economic has been highly impacted by the wars, the flows of refugees and the sanitary crisis - There are many cultural disparities with Belgium, a high cultural fragmentation of the state and a low English level

The next step is to analyse those 5 countries based on quantitative indicators, for the 6 environmental dimensions.

4.4 Country scoring: data tables (sources in appendix 8.1)

4.4.1 Market potential

	Indicator	Switzerland	Norway	Italy	United Arab Emirates	Jordan	Comment	Mean	St Dev
Beauty and personal care market	Expected annual growth rate of cosmetic products (2022-2026), in %	3,38	2,14	1,5	-1,39	3,43		1,812	1,97068
	Source	Statista, 2022	Statista, 2022a	Statista, 2022b	Statista, 2022c	Statista, 2022d			
	Standardized value	0,8	0,2	-0,2	-1,6	0,8			
	Expected average revenue per capita (2025), in USD	343,23	271,57	211,42	107,15	73,55		201,384	112,215
	Source	Statista, 2022	Statista, 2022a	Statista, 2022a	Statista, 2022c	Statista, 2022d			
Beauty and personal care market (digital)	Expected annual growth rate of cosmetic products (2022-2025), in %	1,26405765	0,62546107	0,0894356	-0,83976431	-1,13919			
	Source	13,73	8,77	15,08	9,62	14,83		12,406	2,99004
	Standardized value	0,44280367	-1,2160379	0,89430288	-0,93176059	0,81069191			
	Expected user penetration (2025), in %	24,4	25,5	22	23,6	12		21,5	5,46168
	Source	Statista, 2022e	Statista, 2022f	Statista, 2022g	Statista, 2022h	Statista, 2022i			
OTC and pharmaceutical market	Expected annual grow (2022-2025), in %	0,5309717	0,73237475	0,09154684	0,38449675	-1,73939			
	Source	980	982,3	492	366,7	201,7		604,54	358,882
	Standardized value	0,44280367	-1,2160379	0,89430288	-0,93176059	0,81069191			
	Expected average revenue per capita (2025), in USD	1,04619259	1,05260138	-0,3135847	-0,66272425	-1,122485			
	Source	4,81	2,32	1,59	4,62	3,62		3,392	1,4113
Organic products market	Interest in innovative products : Innovations index (0-100) (2021)	1,00474681	-0,7595829	-1,2768362	0,87011924	0,16155308			
	Source	116,22	42,82	45,5	38,27	12,89		51,14	38,6172
	Standardized value	1,6852615	-0,2154483	-0,1460491	-0,3332716	-0,9904925			
	Environmental Performance Index (2022)	65,9	59,3	57,7	52,4	43,6	The Global Innovation Index is based on 7 pillars : Institutions, Human capital and research, Infrastructure, Market sophistication, Business sophistication, Knowledge and technology and Creativity (WIPO, 2021)	46,58	13,4193
	Source	WIPO, 2021	WIPO, 2021	WIPO, 2021	WIPO, 2021	WIPO, 2021			
Market reach	Population growth (2021-2022), in %	1,40991201	0,28466511	-0,0655773	-0,26678039	-1,3622194			
	Source	1,21332983	0,42202777	0,23019696	-0,40524257	-1,460312			
	Standardized value	1,21332983	0,42202777	0,23019696	-0,40524257	-1,460312			
	Environmental Performance Index change over the last 10 years (2022), in %	8,2	5,8	6	15,9	7,8		8,74	4,14101
	Source	Yale University, 2022	Yale University, 2022	Yale University, 2022	Yale University, 2022	Yale University, 2022			
Market reach	Percent urban population (2022), in %	-0,1304028	-0,709971	-0,6616736	1,72904495	-0,2269975			
	Source	1,16	1,27	0,07	1,89	3,05		1,488	1,09171
	Standardized value	-0,3004474	-0,1996876	-1,2988856	0,36823131	1,43078934			
	Estimated rate of urbanization (2020 to 2025), in %	74,1	83,7	71,7	87,5	91,8		81,76	8,62253
	Source	CIA, 2022	CIA, 2022	CIA, 2022	CIA, 2022	CIA, 2022			
Market reach	Internet users (start of 2022), in percent of population	-0,8883705	0,224992	-1,1667111	0,66569799	1,16439161			
	Source	0,79	1,32	0,27	1,5	0,98		0,972	0,48111
	Standardized value	-0,3782893	0,72332236	-1,4591158	1,09745461	0,0166281			
	Social medias users (start of 2022), in percent of population	98	99	84,3	99	66,8		89,42	14,0983
	Source	Kemp, 2022	Kemp, 2022a	Kemp, 2022b	Kemp, 2022c	Kemp, 2022d			
Market reach	Household consumption (most recent datas), as percent of GDP	0,60858411	0,67951466	-0,3631644	0,67951466	-1,604449	Social media users may not represent unique individuals (Kemp, 2022c)	83,38	15,4085
	Source	86,2	86,5	71,6	106	66,6			
	Standardized value	0,18301582	0,20248559	-0,7645129	1,4680205	-1,089009			
	Consumer confidence survey index (most recent datas)	50,98	43,84	57,84	39,26	87,55		55,894	19,0527
	Source	The Global Economy, 2020	The Global Economy, 2020	The Global Economy, 2020	The Global Economy, 2019a	The Global Economy, 2020			
Market reach	Consumer confidence survey index (most recent datas)	-0,2579158	-0,6326654	0,10213761	-0,87305091	1,6614945			
	Source	-27,39	114	-23,8	137	38,1	The consumer survey contains standardized questions about the financial situation of households, general economic situation, inflation, unemployment, saving, major purchases (The Global Economy, 2022)	47,582	76,1791
	Standardized value	-0,9841543	0,87186629	-0,9370285	1,17378632	-0,1244698			
MEAN		0,426	0,132	-0,424	0,147	-0,282			

4.4.2 Legal

Indicator	Switzerland	Norway	Italy	United Arab Emirates	Jordan	Comment	Mean	St Dev
Trade freedom index (0-100) (2022)	86,6	85,4	79,2	78,2	71,8	The Trade freedom index is based on two indicators: the trade-weighted average tariff rate and non-tariff barriers (quantity, price, regulatory, customs and investment restrictions, direct government intervention). (https://www.theglobaleconomy.com/rankings/herit_trade_freedom/)	80,24	5,9906594
<i>Source</i>	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e			
<i>Standardized value</i>	1,06165275	0,8613409	-0,1736036	-0,3405301	-1,40885993			
Business freedom index (0-100) (2022)	84,3	91,4	73,8	73,2	59,6	The Business freedom index is based on 10 indicators: Starting a business-procedures (time and cost); Obtaining a license—(number of procedures,time and cost); Closing a business (time, cost and recovery rate). (https://www.theglobaleconomy.com/rankings/herit_business_freedom/)	76,46	12,1102436
<i>Source</i>	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e			
<i>Standardized value</i>	0,64738582	1,2336663	-0,2196488	-0,2691936	-1,39220982			
Customs index (2012-2018)	3,75	3,62	3,44	3,66	2,51	Efficiency of the clearance process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs (https://lpi.worldbank.org/international/aggregated-ranking)	3,396	0,50796653
<i>Source</i>	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018			
<i>Standardized value</i>	0,6968963	0,4409739	0,0866199	0,51971928	-1,74420939			
International shipment index (2012-2018)	3,57	3,48	3,55	3,76	2,74	Ease of arranging competitively priced shipments, competitive transportation of import and export goods (including agency fees, port fees, tolls, storage fees, etc.) (https://lpi.worldbank.org/international/aggregated-ranking)	3,42	0,39401777
<i>Source</i>	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018			
<i>Standardized value</i>	0,38069349	0,1522774	0,3299344	0,86290525	-1,72581051			
Logistics competence index (2012-2018)	3,92	3,75	3,68	3,83	2,67	Competence and quality of logistics services (e.g., transport operators, customs brokers) (https://lpi.worldbank.org/international/aggregated-ranking)	3,57	0,51102837
<i>Source</i>	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018			
<i>Standardized value</i>	0,68489348	0,3522309	0,2152522	0,50877801	-1,76115465			
Timeliness index (2012-2018)	4,2	3,96	4,09	4,23	3,24	The schedule of shipments when they arrive at their destination in comparison to the stipulated time limit: export and import shipments complete customs clearance processes and arrive on time. (https://lpi.worldbank.org/international/aggregated-ranking)	3,944	0,40759048
<i>Source</i>	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018			
<i>Standardized value</i>	0,6280814	0,0392551	0,3582027	0,70168469	-1,72722385			
Property rights index (0-100) (2022)	95,2	99,6	81,7	63,5	53,7	The property rights index measures the degree to which a country's laws protect private property rights and the degree to which its government enforces those laws. Higher index values denote more certain legal protection of property (https://www.theglobaleconomy.com/rankings/herit_property_rights/)	78,74	19,8374141
<i>Source</i>	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e			
<i>Standardized value</i>	0,82974524	1,0515483	0,149213	-0,7682453	-1,26226129			
Fiscal health index (0-100) (2022)	96,3	96,6	49	92,8	15,9	This index measures the tax burden imposed by government. It is composed of three factors: the top marginal tax rate on individual income, the top marginal tax rate on corporate income, and the total tax burden as a percentage of GDP. (https://www.theglobaleconomy.com/rankings/herit_fiscal_freedom/)	70,12	36,3552885
<i>Source</i>	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e			
<i>Standardized value</i>	0,72011531	0,7283672	-0,5809334	0,62384321	-1,49139237			
Number of patent applications per capita (2020)	0,016093	0,0162963	0,0166298	0,000398	0,0003529	Patent applications are worldwide patent applications filed through the Patent Cooperation Treaty procedure or with a national patent office for exclusive rights for an invention (https://www.theglobaleconomy.com/rankings/Patent_applications_by_residents/)	0,009954	0,00874609
<i>Source</i>	The World Bank, 2020	The World Bank, 2020	The World Bank, 2020	The World Bank, 2020	The World Bank, 2020			
<i>Standardized value</i>	0,70191332	0,725158	0,7632893	-1,092602	-1,09775859			
Cost of starting a business (2019), % of GNI per capita	2,3	0,8	13,8	17,2	23,3	This indicator includes all official fees and fees for legal or professional services (the company law, the commercial code, and specific regulations and fee schedules) (https://www.theglobaleconomy.com/rankings/Cost_of_starting_business/)	11,48	9,69726766
<i>Value scaled the opposite way</i>	-2,3	-0,8	-13,8	-17,2	-23,3		-11,48	9,69726766
<i>Source</i>	The World Bank, 2019	The World Bank, 2019	The World Bank, 2019	The World Bank, 2019	The World Bank, 2019			
<i>Standardized value</i>	0,94665841	1,1013412	-0,2392426	-0,5898569	-1,21890005			
General VAT rate (2022), in %	7,7	25	22	5	16		15,14	8,70620468
<i>Value scaled the opposite way</i>	-7,7	-25	-22	-5	-16		-15,14	8,70620468
<i>Source</i>	PwC, 2022	PwC, 2022	PwC, 2022	PwC, 2022	PwC, 2022			
<i>Standardized value</i>	0,85456295	-1,1325256	-0,7879438	1,16468661	-0,09878013			
MEAN	0,741	0,505	-0,009	0,120	-1,357			

4.4.3 Politics

Indicator	Switzerland	Norway	Italy	United Arab Emirates	Jordan	Comment	Mean	St Dev
State legitimacy index, 0 (high) - 10 (low) (2021)	0,3	0,3	2,3	6,4	6,4	The State legitimacy indicator considers the representativeness and openness of government and its relationship with its citizenry. The higher the value of the index, the lower the country's legitimacy. (https://www.theglobaleconomy.com/rankings/state_legitimacy_index/)	3,14	3,08593584
Value scaled the opposite way	-0,3	-0,3	-2,3	-6,4	-6,4		-3,14	3,08593584
Source	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022			
Standardized value	0,92030429	0,92030429	0,27220268	-1,0564056	-1,0564056			
Fragile state index, 0 (low) - 120 (high) (2021)	18,9	15,6	43,4	39,1	76,6	The Fragile States Index measures the vulnerability in pre-conflict, active conflict and post-conflict situations. The higher the indicator's value, the more "fragile" the country is. (https://www.theglobaleconomy.com/rankings/fragile_state_index/)	38,72	24,4146882
Value scaled the opposite way	-18,9	-15,6	-43,4	-39,1	-76,6		-38,72	24,4146882
Source	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022			
Standardized value	0,81180639	0,94697093	-0,1916879	-0,0155644	-1,551525			
Human rights index, 0 (high) - 10 (low) (2021)	0,5	0,3	0,8	7,1	6,9	The Human rights and rule of law indicator analysis if human rights are protected and freedoms are respected. The higher the indicator's value, the less protected are the human rights in the country. (https://www.theglobaleconomy.com/rankings/human_rights_rule_of_law_index/)	3,12	3,5471115
Value scaled the opposite way	-0,5	-0,3	-0,8	-7,1	-6,9		-3,12	3,5471115
Source	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022			
Standardized value	0,73862916	0,79501307	0,6540533	-1,1220397	-1,0656558			
Public services index, 0 (high) - 10 (low) (2021)	1,9	1,3	3,6	2,4	5,1	The Public services indicator refers to the presence of basic state functions that serve the people (health, education, sanitation, transport, etc.). The higher the value of the indicator, the worse the public services. (https://www.theglobaleconomy.com/rankings/public_services_index/)	2,86	1,51095996
Value scaled the opposite way	-1,9	-1,3	-3,6	-2,4	-5,1		-2,86	1,51095996
Source	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022			
Standardized value	0,63535767	1,03245621	-0,4897549	0,30444222	-1,4825012			
Economic freedom, overall index (0-100) (2022)	84,2	76,9	65,4	70,2	60,1	The Overall index of economic freedom is divided into four broad categories: Rule of Law; Limited Government; Regulatory Efficiency and Open Markets. The scale is from 0 to 100 (100 represents the maximum freedom). (https://www.theglobaleconomy.com/rankings/economic_freedom/)	71,36	9,47644448
Source	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e			
Standardized value	1,35493856	0,58460745	-0,6289279	-0,1224088	-1,1882094			
Financial freedom index (0-100) (2022)	90	60	50	60	60	The Financial freedom index evaluates the extent of government regulation in financial sectors. Higher index values denote banking efficiency and independence from government control. (https://www.theglobaleconomy.com/rankings/herit_financial_freedom/)	64	15,1657509
Source	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e			
Standardized value	1,71438923	-0,2637522	-0,9231327	-0,2637522	-0,2637522			
Investment freedom index (0-100) (2022)	85	75	80	50	70	The Investment freedom index evaluates a variety of investment restrictions. The higher the index, the less the restrictions in a country's investment regime (https://www.theglobaleconomy.com/rankings/herit_investment_freedom/)	72	13,5092561
Source	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e			
Standardized value	0,96230317	0,22206996	0,59218657	-1,6285131	-0,1480466			
Corruption Perceptions Index (100 = no corruption) (2021)	84	85	56	69	49	The Corruption Perceptions Index is an indicator of perceptions of public sector corruption, i.e. administrative and political corruption. (https://www.theglobaleconomy.com/rankings/transparency_corruption/)	68,6	16,1956784
Source	Transparency International, 2021a	Transparency International, 2021a	Transparency International, 2021a	Transparency International, 2021a	Transparency International, 2021a			
Standardized value	0,95087094	1,01261581	-0,7779853	0,02469795	-1,2101994			
Control of corruption : Percentile Rank (2020)	97,1	97,6	69,2	83,2	59,6	Control of Corruption analysis the extent to which public power is exercised for private gain, for different forms of corruption, as well as "capture" of the state by elites and private interests. (https://databank.worldbank.org/source/worldwide-governance-indicators#)	81,34	16,8540203
Source	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a			
Standardized value	0,93508847	0,96475498	-0,7203029	0,11035943	-1,2899			
Government effectiveness : Percentile Rank (2020)	99,5	98,6	67,3	88	57,2	Government Effectiveness analysis the quality of public services, its independence from political pressures, the quality of policy implementation, and the credibility of the state's commitment to such policies. (https://databank.worldbank.org/source/worldwide-governance-indicators#)	82,12	19,0319994
Source	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a			
Standardized value	0,91319885	0,86591007	-0,7786886	0,30895335	-1,3093737			
Political Stability and Absence of Violence: Percentile Rank (2020)	93,4	94,3	59,9	66	35,8	Political Stability and Absence of Violence/Terrorism measures perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism. (https://databank.worldbank.org/source/worldwide-governance-indicators#)	69,88	24,6253325
Source	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a			
Standardized value	0,95511401	0,99166174	-0,4052737	-0,1575613	-1,3839407			
Regulatory Quality: Percentile Rank (2020)	93,8	95,7	68,3	82,7	60,1	Regulatory Quality captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. (https://databank.worldbank.org/source/worldwide-governance-indicators#)	80,12	15,6288835
Source	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a			
Standardized value	0,87530245	0,99687223	-0,756292	0,16507897	-1,2809616			
Rule of Law: Percentile Rank (2020)	97,6	99,5	60,6	79,3	59,1	Rule of Law analysis the extent to which agents have confidence in the rules of society, the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime. (https://databank.worldbank.org/source/worldwide-governance-indicators#)	79,22	19,36897
Source	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a			
Standardized value	0,94894049	1,04703554	-0,9613314	0,00413032	-1,0387749			
Voice and Accountability: Percentile Rank (2020)	98,6	100	82,1	16,4	27,5	Voice and Accountability analysis the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. (https://databank.worldbank.org/source/worldwide-governance-indicators#)	64,92	40,0454367
Source	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a	The World Bank, 2020a			
Standardized value	0,84104464	0,87600493	0,42901268	-1,2116237	-0,9344386			
Political rights index, 7 (weak) - 1 (strong) (2022)	1	1	1	7	6	The Political Rights ratings from the Freedom House evaluate three categories: electoral process, political pluralism and participation, and the functioning of government. (https://www.theglobaleconomy.com/rankings/political_rights/)	3,2	3,03315018
Value scaled the opposite way	-1	-1	-1	-7	-6		-3,2	3,03315018
Source	Freedom House, 2022	Freedom House, 2022	Freedom House, 2022	Freedom House, 2022	Freedom House, 2022			
Standardized value	0,72531852	0,72531852	0,72531852	-1,2528229	-0,9231327			
Civil liberties index, 7 (weak) - 1 (strong) (2022)	1	1	1	6	5	The Civil Liberties index from the Freedom House evaluate the following: freedom of expression and belief, associational and organizational rights, rule of law, and personal autonomy and individual rights. (https://www.theglobaleconomy.com/rankings/civil_liberties/)	2,8	2,48997992
Value scaled the opposite way	-1	-1	-1	-6	-5		-2,8	2,48997992
Source	Freedom House, 2022	Freedom House, 2022	Freedom House, 2022	Freedom House, 2022	Freedom House, 2022			
Standardized value	0,7228974	0,7228974	0,7228974	-1,2851509	-0,8835413			
MEAN	0,938	0,778	-0,202	-0,450	-1,063			

4.4.4 Infrastructure

Indicator	Switzerland	Norway	Italy	United Arab Emirates	Jordan	Comment	Mean	St Dev
Logistic Performance Index (2012-2018)	3,91	3,74	3,73	3,89	2,78	The logistics performance (LPI) is the weighted average of the country scores on six key dimensions related to logistic. (https://lpi.worldbank.org/international/aggregated-ranking)	3,61	0,47132791
Source	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018			
Standardized value	0,636499543	0,275816468	0,254599817	0,59406624	-1,76098207			
Infrastructure index (2012-2018)	4,07	3,84	3,82	3,98	2,7	Quality of trade and transport related infrastructure (e.g., ports, railroads, roads, information technology, warehouses) (https://lpi.worldbank.org/international/aggregated-ranking)	3,682	0,55849799
Source	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018	The World Bank, 2018			
Standardized value	0,6947205	0,282901647	0,247091312	0,533573992	-1,75828745			
Communication price index (2017)	140,61	139,76	124,31	91,35	138,98	The index measures the prices of communication services including mobile phone plans and internet connections. The data are updated every seven years. (https://www.theglobaleconomy.com/rankings/communications_prices_wb/)	127,002	21,0340716
Value scaled the opposite way	-140,61	-139,76	-124,31	-91,35	-138,98		-127,002	21,0340716
Source	The World Bank, 2017	The World Bank, 2017	The World Bank, 2017	The World Bank, 2017	The World Bank, 2017			
Standardized value	-0,64695035	-0,60653972	0,127982829	1,694964275	-0,56945703			
Transport price index (2017)	160,56	194,38	135	75,78	81,46	The transport price index is a broad measure of the cost of road, rail, and air transport. The data are updated every seven years. (https://www.theglobaleconomy.com/rankings/transport_prices_wb/)	129,51	50,9957704
Value scaled the opposite way	-160,56	-194,38	-135,37	-75,78	-81,46		-129,51	50,9957704
Source	The World Bank, 2017	The World Bank, 2017	The World Bank, 2017	The World Bank, 2017	The World Bank, 2017			
Standardized value	-0,60887403	-1,27206628	-0,11491149	1,053616791	0,942235005			
Distance from Brussels to the capital of the country (2022), in km	489,38	1084,5	1175,03	5152,35	3382,45	Distance "as the crow flies"	2256,742	1957,01206
Value scaled the opposite way	-489,38	-1084,5	-1175,03	-5152,35	-3382,45		-2256,742	1957,01206
Source	Distance To, 2022a	Distance To, 2022b	Distance To, 2022c	Distance To, 2022	Distance To, 2022d			
Standardized value	0,903092034	0,598995798	0,552736502	-1,47960662	-0,57521771			
Urban area (2022), % of urban areas/total country use	19	5	24	10	4		12,4	8,79204186
Source	WorldData, 2022a	WorldData, 2022b	WorldData, 2022c	WorldData, 2022e	WorldData, 2022c			
Standardized value	0,750678865	-0,84167024	1,319374975	-0,27297413	-0,95540946			
Road network (2020), in road meter/capita	8,29	17,64	8,2	0,41	0,71		7,05	7,05856572
Source	Données Mondiales, 2020	Données Mondiales, 2020a	Données Mondiales, 2020d	Données Mondiales, 2020b	Données Mondiales, 2020c			
Standardized value	0,175673083	1,500304796	0,162922617	-0,94070102	-0,89819947			
Railway network (2020), in railway meter/capita	0,37	0,78	0,28	0,03	0,05		0,302	0,30458168
Source	Données Mondiales, 2020	Données Mondiales, 2020a	Données Mondiales, 2020d	Données Mondiales, 2020b	Données Mondiales, 2020c			
Standardized value	0,223257026	1,569365562	-0,07223021	-0,8930281	-0,82736427			
Quality of roads (2019)	6,3	4,5	4,4	6	4,2	1(low) - 7(high)	5,08	0,9884331
Source	The World Bank, 2019a	The World Bank, 2019a	The World Bank, 2019a	The World Bank, 2019a	The World Bank, 2019a			
Standardized value	1,234276751	-0,58678731	-0,68795753	0,930766075	-0,89029798			
Quality of railroad infrastructure (most recent datas)	6,4	4,5	4,1	4,6	2,6	1(low) - 7(high)	4,44	1,35757136
Source	The Global Economy, 2019	The Global Economy, 2019	The Global Economy, 2019	The Global Economy, 2018	The Global Economy, 2019			
Standardized value	1,443754676	0,044196572	-0,25044724	0,117857525	-1,35536153			
Quality of port infrastructure (2019)	4,5	5,1	4,7	5,5	4,4	1(low) - 7(high)	4,84	0,45607017
Source	The Global Economy, 2019b	The Global Economy, 2019b	The Global Economy, 2019b	The Global Economy, 2019b	The Global Economy, 2019b			
Standardized value	-0,74549932	0,570087713	-0,30697031	1,447145732	-0,96476382			
Quality of air transport infrastructure (2019)	6,1	5,6	4,9	6	5,2	1(low) - 7(high)	5,56	0,51283526
Source	The Global Economy, 2019c	The Global Economy, 2019c	The Global Economy, 2019c	The Global Economy, 2019c	The Global Economy, 2019c			
Standardized value	1,052969728	0,077997758	-1,286963	0,857975334	-0,70197982			
MEAN	0,426	0,134	-0,005	0,304	-0,860			

4.4.5 Economics

	Indicator	Switzerland	Norway	Italy	United Arab Emirates	Jordan	Comment	Mean	St Dev
GDP and economic growth	GDP per capita (most recent data), in current USD	93 457	89 202	35 551	36 284	4 405		51779,8	38357,7746
	<i>Source</i>	The World Bank, 2021	The World Bank, 2021	The World Bank, 2021	The World Bank, 2020b	The World Bank, 2021			
	<i>Standardized value</i>	1,08653853	0,97560926	-0,42309024	-0,4039807	-1,23507686			
	Economic decline index, 0 (low) - 10 (high), (2021)	1,9	1,7	5,1	1,9	6,5	The higher the value of the indicator, the greater the economic decline in the country. (https://www.the globaleconomy.com/rankines/economic_decline_index/)	3,42	2,2297982
	<i>Value scaled the oposite way</i>	-1,9	-1,7	-5,1	-1,9	-6,5		-3,42	2,2297982
	<i>Source</i>	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022			
	<i>Standardized value</i>	0,68167604	0,77137025	-0,75343141	0,68167604	-1,38129092			
	Economic growth forecast (2025), in %	1,2	1,59	1,15	3,9	3,3		2,228	1,28166688
International trade	<i>Source</i>	International Monetary Fund, 2022	International Monetary Fund, 2022	International Monetary Fund, 2022	International Monetary Fund, 2022	International Monetary Fund, 2022			
	<i>Standardized value</i>	-0,8020805	-0,4977893	-0,84109219	1,30455114	0,83641078			
	Part of world imports (2020), in %	1,94	0,58	2,34	0,05	0,09		1	1,07077075
	<i>Source</i>	The Global Economy, 2020a	The Global Economy, 2020a	The Global Economy, 2020a	The Global Economy, 2020a	The Global Economy, 2020a			
	<i>Standardized value</i>	0,87787232	-0,3922408	1,25143501	-0,8872114	-0,84985512			
	Terms of trade (2020) base year = 2000, in %	92,6	80	105,8	153,96	75,98	If a country has a positive terms of trade, as for the same amount of exports, it can purchase more imports. (https://data.oecd.org/trade/terms-of-trade.htm)	101,668	31,4767012
	<i>Source</i>	OECD, 2020	OECD, 2020	OECD, 2020	The Global Economy, 2020b	The Global Economy, 2020b			
	<i>Standardized value</i>	-0,2880861	-0,6883822	0,1312717	1,66129226	-0,81609568			
Monetary matter	Trade openness (2019), in %	119,22	71,14	59,95	167,69	85,69	Exports + imports as percent of GDP (https://www.the globaleconomy.com/rankines/trade_openness/)	100,738	43,5611624
	<i>Source</i>	The Global Economy, 2019d	The Global Economy, 2019d	The Global Economy, 2019d	The Global Economy, 2019d	The Global Economy, 2019d			
	<i>Standardized value</i>	0,42427702	-0,6794585	-0,93633865	1,53696541	-0,34544533			
	Monetary freedom index (0-100) (2022)	84,9	76,9	86,2	80,8	84,2	This index is based on the inflation rate and price controls. Higher index values denote price stability without microeconomic intervention. (https://www.the globaleconomy.com/rankines/herit_monetary_freedom/)	82,6	3,75965424
	<i>Source</i>	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e			
	<i>Standardized value</i>	0,61175838	-1,5160969	0,95753486	-0,4787674	0,42557105			
	Consumer Price Index changes in 3 months (2022), in %	1,55	2,02	1,83	1,32	2,2	The CPI tracks the price of the consumption basket of an average urban household. (https://www.the globaleconomy.com/rankines/cpi/)	1,784	0,35387851
	<i>Value scaled the oposite way</i>	-1,55	-2,02	-1,83	-1,32	-2,2		-1,784	0,35387851
Human matter	<i>Source</i>	The Global Economy, 2022a	The Global Economy, 2022a	The Global Economy, 2022a	The Global Economy, 2022a	The Global Economy, 2022a			
	<i>Standardized value</i>	0,66124388	-0,6668955	-0,12998811	1,31118445	-1,17554468			
	Labor freedom index (0-100) (2022)	60	68,8	70,4	64,9	57,2	This index is based on the entrave to hiring additional workers, rigidity of hours, difficulty of firing employees, legally mandated notice period, and more. (https://www.the globaleconomy.com/rankines/herit_labor_freedom/)	64,26	5,62832124
	<i>Source</i>	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e	The Heritage Foundation, 2022e			
	<i>Standardized value</i>	-0,7568864	0,80663484	1,09091143	0,11371064	-1,25437048			
	Unemployment rate (most recent data), in %	5,1	4,4	9,5	4,3	19,2		8,5	6,35413251
	<i>Value scaled the oposite way</i>	-5,1	-4,4	-9,5	-4,3	-19,2		-8,5	6,35413251
	<i>Source</i>	The World Bank, 2021a	The World Bank, 2021a	The World Bank, 2021a	The World Bank, 2020c	The World Bank, 2020c			
Human matter	<i>Standardized value</i>	0,53508484	0,64524937	-0,1573779	0,66098716	-1,68394348			
	Human Development Index (HDI) (2019)	0,955	0,957	0,892	0,89	0,729		0,8846	0,09286173
	<i>Source</i>	United Nations, 2019	United Nations, 2019	United Nations, 2019	United Nations, 2019	United Nations, 2019			
	<i>Standardized value</i>	0,75811643	0,77965383	0,07968838	0,05815098	-1,67560962			
	MEAN	0,345	-0,042	0,025	0,505	-0,832			

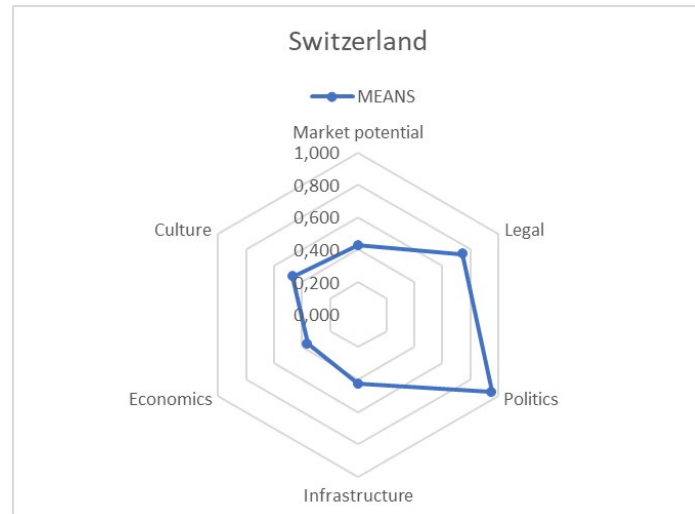
4.4.6 Culture

	Indicator	Switzerland	Norway	Italy	United Arab Emirates	Jordan	Comment	Mean	St Dev
Hofstede model	Power distance absolute variation with Belgium=65 (2021)	31	34	15	9	5	SW=(65-34) ; NW=(65-31) ; IT=(65-50) ; UA=(74-65) ; JO=(70-65)	18,8	13,0460722
	Value scaled the opposite way	-31	-34	-15	-9	-5		-18,8	13,0460722
	Source	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021			
	Standardized value	-0,9351474	-1,165102	0,2912754	0,75118395	1,0577896			
	Individualism absolute variation with Belgium=75 (2021)	7	6	1	39	45	SW=(75-68) ; NW=(75-59) ; IT=(76-75) ; UA=(75-36) ; JO=(75-30)	19,6	20,6833266
	Value scaled the opposite way	-7	-6	-1	-39	-45		-19,6	20,6833266
	Source	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021			
	Standardized value	0,60918634	0,6575345	0,8992751	-0,9379536	-1,228042			
	Masculinity absolute variation with Belgium=54 (2021)	16	46	16	2	9	SW=(70-54) ; NW=(54-8) ; IT=(70-54) ; UA=(54-52) ; JO=(54-45)	17,8	16,7988095
	Value scaled the opposite way	-16	-46	-16	-2	-9		-17,8	16,7988095
	Source	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021			
	Standardized value	0,10715045	-1,67869	0,1071505	0,94054284	0,5238466			
	Uncertainty avoidance absolute variation with Belgium=94 (2021)	36	44	19	28	29	SW=(94-58) ; NW=(94-50) ; IT=(94-75) ; UA=(94-66) ; JO=(94-65)	31,2	9,36482781
	Value scaled the opposite way	-36	-44	-19	-28	-29		-31,2	9,36482781
	Source	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021			
	Standardized value	-0,5125561	-1,366816	1,3027469	0,34170409	0,2349216			
	Long term orientation absolute variation with Belgium=82 (2021)	8	47	21	60	66	SW=(82-74) ; NW=(82-35) ; IT=(82-61) ; UA=(82-22) ; JO=(82-16)	40,4	25,0459578
	Value scaled the opposite way	-8	-47	-21	-60	-66		-40,4	25,0459578
	Source	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021			
	Standardized value	1,29362192	-0,263516	0,7745761	-0,7825614	-1,022121			
	Indulgence absolute variation with Belgium=57 (2021)	9	2	27	35	14	SW=(66-57) ; NW=(57-55) ; IT=(57-30) ; UA=(57-22) ; JO=(57-43)	17,4	13,4275836
	Value scaled the opposite way	-9	-2	-27	-35	-14		-17,4	13,4275836
	Source	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021	Hofstede Insights, 2021			
	Standardized value	0,62557794	1,1468929	-0,714946	-1,3107347	0,2532101			
	English score according to the EF English Proficiency Index (2021)	575	632	535	480	440	The EF English Proficiency Index (2021) is the world's largest ranking of countries/regions by adult English skills (https://www.ef.com/wwen/efpi/)	532,4	75,870284
	Source	EF, 2021	EF, 2021	EF, 2021	EF, 2021	EF, 2021			
	Standardized value	0,56148465	1,3127669	0,034269	-0,6906525	-1,217868			
	Factionalized elites index, 0 (low) - 10 (high) (2021)	1	1,1	4,9	3,6	6,9	This index considers the fragmentation of state institutions along ethnic, class, clan, racial, religious lines, and more. The higher the value, the more fragmented the institutions. (https://www.theglobealeconomy.com/rankings/fractionalized_elites_index/)	3,5	2,52685575
	Value scaled the opposite way	-1	-1,1	-4,9	-3,6	-6,9		-3,5	2,52685575
	Source	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022			
	Standardized value	0,98937187	0,949797	-0,554048	-0,0395749	-1,345546			
	Group grievance index, 0 (low) - 10 (high) (2021)	2,4	3,4	4	2,5	8,3	This indicator focuses on social or political divisions in the society, and their inclusion in the political process. The higher the value, the higher the division of the societal groups. (https://www.theglobealeconomy.com/rankings/group_grievance_index/)	4,12	2,42837394
	Value scaled the opposite way	-2,4	-3,4	-4	-2,5	-8,3		-4,12	2,42837394
	Source	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022	Fund For Peace, 2022			
	Standardized value	0,70829289	0,2964947	0,0494158	0,66711307	-1,721316			
	Globalization index (0-100) (2019)	90,45	85,4	82,92	75,78	73,49	The overall index of globalization covers the economic, social, and political dimensions of globalization. Higher values denote greater globalization. (https://www.theglobealeconomy.com/rankings/kof_overall_glob/)	81,608	6,96686945
	Source	ETH Zurich, 2019	ETH Zurich, 2019	ETH Zurich, 2019	ETH Zurich, 2019	ETH Zurich, 2019			
	Standardized value	1,26914966	0,5442904	0,1883199	-0,8365307	-1,165229			
	MEAN	0,472	0,043	0,238	-0,190	-0,563			

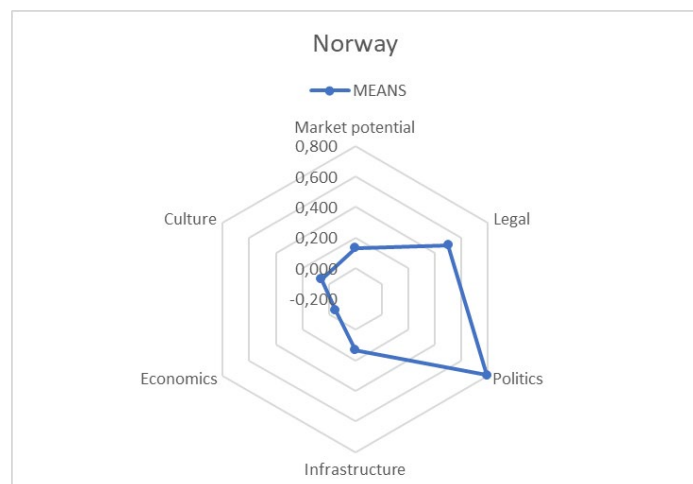
5. Results

5.1 Graphs

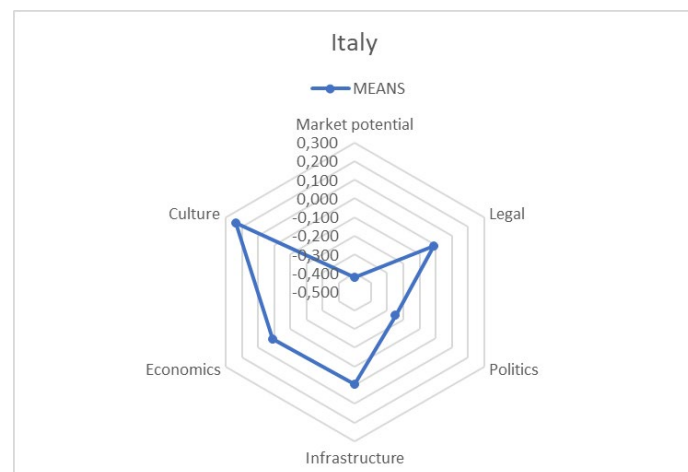
Switzerland	MEANS
Market potential	0,426
Legal	0,741
Politics	0,938
Infrastructure	0,426
Economics	0,345
Culture	0,472



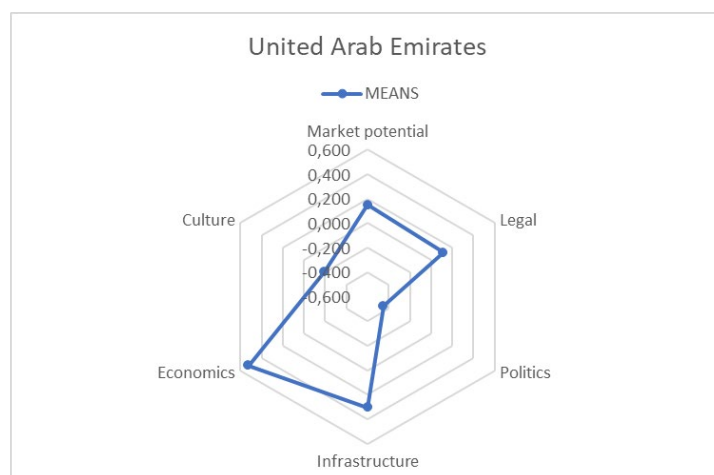
Norway	MEANS
Market potential	0,132
Legal	0,505
Politics	0,778
Infrastructure	0,134
Economics	-0,042
Culture	0,043



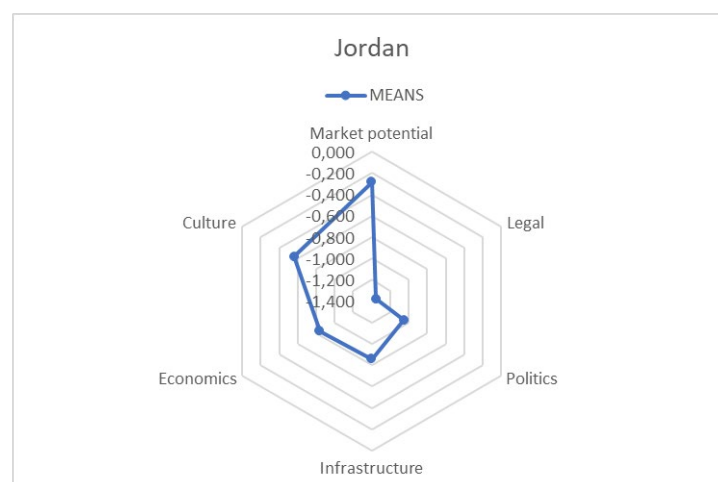
Italy	MEANS
Market potential	-0,424
Legal	-0,009
Politics	-0,202
Infrastructure	-0,005
Economics	0,025
Culture	0,238



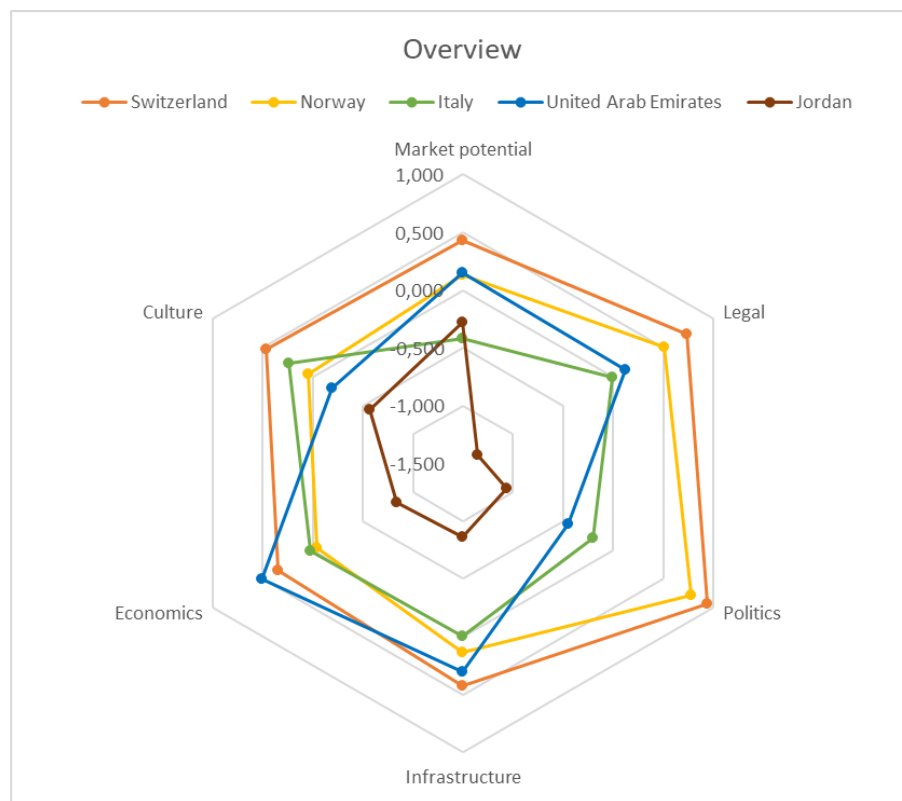
United Arab	MEANS
Market potential	0,147
Legal	0,120
Politics	-0,450
Infrastructure	0,304
Economics	0,505
Culture	-0,190



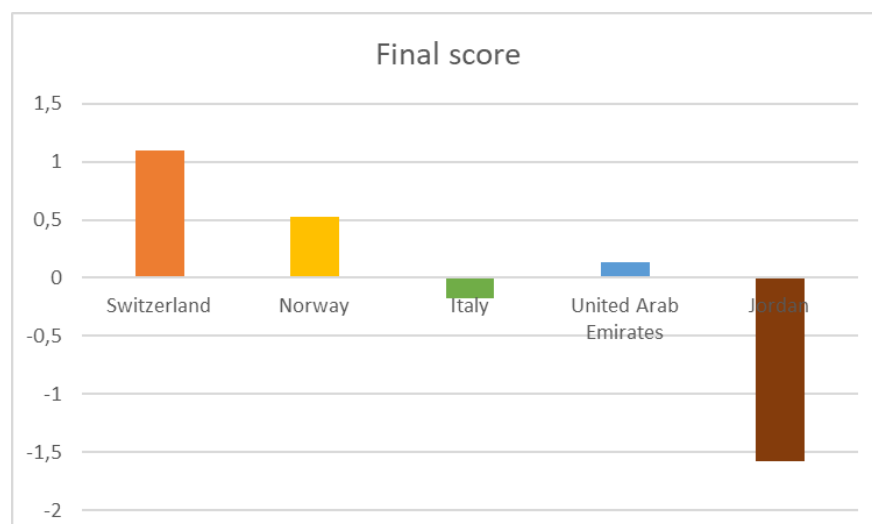
Jordan	MEANS
Market potential	-0,282
Legal	-1,357
Politics	-1,063
Infrastructure	-0,860
Economics	-0,832
Culture	-0,563



5.2 Ranking



MEAN	Switzerland	Norway	Italy	United Arab Emirates	Jordan	Importance of each dimensions (1 = very important, 5 = less important)
Market potential	0,426	0,132	-0,424	0,147	-0,282	2,361
Legal	0,741	0,505	-0,009	0,120	-1,357	2,869
Politics	0,938	0,778	-0,202	-0,450	-1,063	3,047
Infrastructure	0,426	0,134	-0,005	0,304	-0,860	3,454
Economics	0,345	-0,042	0,025	0,505	-0,832	3,501
Culture	0,472	0,043	0,238	-0,190	-0,563	3,767
	Switzerland	Norway	Italy	United Arab	Jordan	
Final score	1,09359781	0,52569017	-0,1802204	0,13835099	-1,5774186	



6. Conclusion

6.1 Discussion

The final ranking shows that Switzerland is the most suitable market to export in, for Wash Wash Cousin, with a final score of 1,093. Switzerland overlapped the other countries in terms of market potential (due to the growing awareness of a zero-waste environment and the importance of putting quality and natural products on one's body), of legal procedures (even if not part of the European Union, the country is easy to enter without too many formalities), of politics (for that dimension, Switzerland has one of the world's best performance), of infrastructure, and finally of cultural similarities with Belgium (because the country is geographically and culturally close to Belgium). The country has high economic standards, but for that dimension, the United Arab Emirates has the first position. This can be explained by the fact that for the economic dimension, the indicators were more about international trade openness.

Norway ended up second, with an outstanding performance in terms of politics. Indeed, the country is globally known for its prosperous democracy. The country has high living standards, which explains its high score in infrastructures and legal procedures. In terms of market potential, Norwegians are attracted to innovative products and their mentality is such that they are willing to adopt habits and lifestyles if it can contribute to a global environmental improvement.

The third most performant country is the United Arab Emirates, with a final score of 0,138. We notice that in terms of dimensions, the country has 4 strengths (market potential, legal, infrastructure and economics), and 2 weaknesses (politics and culture). We perceive a flourishing interest for ecological products, especially if it is for beauty and personal care. The country appears to be quite easy to enter in terms of legal procedures, and the wealth of the nation explains its great performance in economics and infrastructure. However, because of its Middle East mentality, the politics and culture remain distant from the ones in Belgium

Concerning Italy, the country resulted in being 4th in the ranking. Even if Italy was the only European Union member out of the 5 countries in the selection, this market doesn't have the most convenient legal procedure, as we could think. We also notice a moderate political

performance, due to the high level of corruption within the country. Even if Italy was the largest in terms of size, the indicators were chosen with the purpose of neglecting the size of the country and the demographics (the goal was to provide representative results). Therefore, Italy appears to have a quite disappointing market potential, even if the demand can be stimulated. However, we notice that the country has many similarities with the Belgian culture, using the Hofstede model and other indicators.

Finally, Jordan hit the 5th place with a total score of -1,577. We perceive a growing interest in ecological matters, and Jordanian are keen on cosmetics because appearance is a social key. However, the market remains difficult to reach due to its complex legal procedure, political instability (the government leaves little space for private enterprises), poor quality infrastructures, economical fragility, and cultural distance with Belgium. We perceive some potential, but the country is still developing.

If we have a look at the tables in the appendices⁶ that use the other methods (the linear projection and the comparison index base 100), we see that the results are very similar, and the ranking is the same. This confirms the fact that the ranking is reliable, and that the method is robust. Hence, it was worth trying the 3 methods.

6.2 Limitations of the study

Even if the results show a clear ranking of the markets, some limitations should be considered.

First, as said previously in the methodology part, the standardization method has its weaknesses. It doesn't take the weight of each indicator into account. If one of the indicators is more important than another, this won't appear in the calculation. Hence, the standardization gives the same weight to every indicator, and this might bias the results. Then, because all the values will be dispersed around the mean (the mean=0) with a standard deviation of 1, some values that are very close to each other might end up being spread apart after the standardisation. For example, if Jordan performs well for a specific indicator but still less compared to the 4 other countries, it will end up with a poor standardized value. Finally,

⁶ Appendices n° 8.2 and 8.3

the standard deviations are based only on 5 data (the 5 countries), which is not much, to have a relevant standard deviation. However, according to Mr Roccazzella (assistant in econometry), 5 data is just enough to compute the means and standard deviations.

However, these limitations can be overcome by the fact that the purpose of my study was to give a final *comparative order*. We should keep in mind that what matters is only the ranking of one country compared to the 4 others, without considering all the other countries in the world. Moreover, for a study for which the goal is to compare markets based on different indicators (rates, index...) that don't have the same units (% , USD, etc.), this method was the most feasible and appropriate. It is an objective, rigorous and systematic method. No method is perfect, and my study remains an exploratory work.

Then, we should keep in mind that not all the data were up to date, some of them were not from the year 2022, nor even 2021. This means that they could have been different considering the war in Ukraine or some of the consequences of the pandemic, for example. Moreover, because of the lack of information for some countries, especially the United Arab Emirates and Jordan, I had to compare data from different years (compare 2022 and 2021 data for example). We must be aware of that because it can bias the results. I have to say that some of the data was difficult to find, sometimes confidential, intended for professionals only, or required the purchase of costly market research reports. Nonetheless, I took the most representative data that I could find, to provide Wash Wash Cousin with a result as realistic as possible.

Finally, my work was definitely inspired by the study of two main authors: Swoboda and al. (2007) and Wood and Roberston (2000). Wood and Roberston's study was conducted among American companies willing to export globally. The results of their study, and therefore my results, could have been different if Belgian firms had answered the questions concerning the relative importance of each dimension. The model of Swoboda and al. also has its weaknesses because it proposes a model of market selection, but this model could be different according to the firm's short- and long-term strategy.

I chose those two studies because they were able to give me a robust basis for the methodology steps, but also for the dimensions and their weight. I didn't find other studies that were that much precise, and many authors were referencing them. According to Doherty

(2009), other articles found market selection criteria that are very similar to the ones of Wood and Robertson (2000). Other authors use Wood and Robertson study, such as Brouthers and al. (2009) or Leonidou and Theodosiou (2004). I thought of using the criteria of Papadopoulos and al. (2002, in their Figure 1), but it had fewer details than the 6 dimensions of Wood and Robertson (2000). Concerning the model of Swoboda and al. (2007), Mohr (2018) referred to it as a formalised and standardised market selection process, which is what I needed. According to Dimitratos and al. (2010), Swoboda and al. (2007)'s model is used for the international market segmentation.

6.3 Conclusion and managerial implications

Overall, the results are not too surprising, and confirm the fact that a SME should start exporting with neighbouring countries, before going further in other continents. Indeed, as mentioned in my literature review by Alexander and al. (2007), Vida (2000) or even Burt (1993), exports will always be easier in a country that is culturally and geographically close to ours. This study also confirms what Davidson (1983) explained: exporting in a country with many similarities reduces the overall uncertainty and risks, and therefore raises the demand.

This is especially the case for Wash Wash Cousin, which is yet only present in 3 countries: Belgium, France, and Luxembourg. However, we perceive an exception with the United Arab Emirates which is geographically and culturally different from Belgium, but still has an interesting potential.

I personally think that this analysis provides Wash Wash Cousin with a theoretical basis in their country selection process, but they should keep in mind that at the end of the day, they know better than anyone else what is best for them. This study is an exploratory work and has its weaknesses and limitations.

I also think that because this approach is only theoretical, it is worth trying and go to the field to see with one's own eyes what could work and what could not. Maybe a market could have more potential than it appears, it is worth a try. In other words, "Fake it until you make it".

My recommendations would be to start with one of the 3 first countries as a first instance, and then maybe in a few years, going on with the 2 others from the top 3. The next steps of this study would be to continue the process of the inter-country market selection of Sowoboda and al. (2007), by establishing a pipeline over the next few years.

This study showed that internationalization is a process that requires preparation and efforts and should be considered from different angles (for ex. the 6 environmental dimensions). It is not because a country has a great market potential that it will be the perfect market. Firms should also consider the other parameters and not neglect the role of an export manager.

Through this study, my goal was to help the firm “Wash Wash Cousin” to make a decision during their market selection process for a partner country, and to answer the question: ***“What are the top 5 most pertinent countries for the internationalization of “Wash Wash Cousin SRL”?”***. I hope I gave them a clear vision of the different markets, from different angles, and that they will find an opportunity for development through one of them. I also hope that this quantitative method could be used as a future decision tool for them if they ever wish to export again later. At least, this could give them a clearer vision of their prospects.

7. Bibliography (literature review)

- Alexander, N. (1990) Retailers and international markets: motives for expansion, *International Marketing Review*, 7(4), pp. 75–85.
- Alexander, N., Rhodes, M., & Myers, H. (2007). International market selection : measuring actions instead of intentions. *Journal of Services Marketing*, 21(6), 424-434. <https://doi.org/10.1108/08876040710818912>
- Alexandrides, C. G., & Moschis, G. P. (1977). Export marketing management. *New York: Praeger*
- Altunç, M. F., & Aydin, C. (2015). The relationship between export structure and economic performance: an empirical analysis for selected G-20 countries. *Uluslararası İktisadi ve İdari İncelemeler Dergisi*, 0(14). <https://doi.org/10.18092/ijemas.78928>
- Anderson, E. and Gatignon, H. (1986) Modes of foreign entry: a transaction cost analysis and propositions, *Journal of International Business Studies*, 17(3), pp. 1–26.
- Basly, S. (2020). L'implication de la famille-propriétaire et l'exportation dans la PME : l'orientation internationale du dirigeant a-t-elle une influence ? *Revue Management & Innovation*, 2, 11-30. <https://doi.org/>
- Beck, U. (2008). Climate Change and Globalisation are Reinforcing Global Inequalities: High Time for a New Social Democratic Era. *Globalizations*, 5(1), 78-80. <https://doi.org/10.1080/14747730701610413>
- Belloq, F. X., & Zlotowski, Y. (2013). Les pays émergents dans la globalisation financière : rupture ou continuité ? <https://doi.org/10.3917/afd.bello.2013.01.0001>
- Benedict, A., Gitonga, J. K., Agyeman, A. S., & Kyei, B. T. (2021). Financial determinants of SMEs performance. Evidence from Kenya leather industry. *Small Business International Review*, 5(2), e389. <https://doi.org/10.26784/sbir.v5i2.389>
- Brand, U., Görg, C., & Wissen, M. (2019). Overcoming neoliberal globalization: social-ecological transformation from a Polanyian perspective and beyond. *Globalizations*, 17(1), 161-176. <https://doi.org/10.1080/14747731.2019.1644708>
- Burt, S. (1993), “Temporal trends in the internationalisation of British retailing”, *International Review of Retail, Distribution and Consumer Research*, Vol. 3 No. 4, pp. 391-410.
- Cateora, P. and Graham, J. (2006) *International Marketing*, 13th Edn (New York: McGraw-Hill/Irwin).
- Casson, M. (1983). The growth of international business, Londres, George Allen & Unwin.
- Caves, R. E. (1982). Multinational enterprise and economic analysis, Cambridge, *Cambridge University Press*.
- Dalmasso, C. (2019). L'internationalisation des activités d'ingénierie. La transmission des connaissances, dimension impensée de la stratégie. *Entreprises et histoire*, 94(1), 89. <https://doi.org/10.3917/eh.094.0089>
- Davidson, W. H. (1983). Market similarity and market selection: Implications for international marketing strategy. *Journal of Business Research*, 11, 439–456
- Doherty, A. M. and Alexander, N. (2004), “Relationship development in international retail franchising: case study evidence from the UK fashion sector”, *European Journal of Marketing*, Vol. 38 Nos 9/10, pp. 1215-35.
- Doherty, A. M. (2009). Market and partner selection processes in international retail franchising. *Journal of Business Research*, 62(5), 528-534. <https://doi.org/10.1016/j.jbusres.2008.06.011>

- Dubouloz, S., Bocquet, R., Equey Balzli, C., Gardet, E., & Gandia, R. (2021). SMEs' Open Innovation : Applying a Barrier Approach. *California Management Review*, 64(1), 113-137. <https://doi.org/10.1177/00081256211052679>
- Dunning, J. H. (1977). Trade, location of economic activity and the MNE: a search of an eclectic approach, dans OHLIN B. et al. (eds), *The international allocation of economic activity*, Londres, Macmillan.
- Dvorský, J., Čepel, M., Kotásková, A., & Bugánová, K. (2021). Differences in business risk effects on the future of smes due to the covid-19 pandemic. *International Journal of Entrepreneurial Knowledge*, 9(2), 14-31. <https://doi.org/10.37335/ijek.v9i2.144>
- Evans, J., Treadgold, A. and Mavondo, F. (2000), "Explaining export performance through psychic distance", *International Marketing Review*, Vol. 17 No. 2, pp. 164-8.
- Galvez-Behar, G., & Lefebvre, P. (2019). Les entreprises et les temps de la globalisation. *Entreprises et histoire*, 94(1), 5. <https://doi.org/10.3917/eh.094.0005>
- Ghorra-Gobin, C. (2017). Notion en débat : mondialisation et globalisation — *Géoconfluences*. 2002 *Géoconfluences* ENS de Lyon. <http://geoconfluences.ens-lyon.fr/informations-scientifiques/a-la-une/notion-a-la-une/mondialisation-globalisation>
- Gielens, K. and Dekimpe, M. G. (2001) Do international entry decisions of retail chains matter in the long run?, *International Journal of Research in Marketing*, 18(3), pp. 235–259.
- Giraud, P. N. (2006). Comment la globalisation façonne le monde. *Politique étrangère, Hiver* (4), 927. <https://doi.org/10.3917/pe.064.0927>
- Hallén, L. and Wiedersheim-Paul, F. (1984), "The evolution of psychic distance in international business relationships", in Hagg, I. and Wiedersheim-Paul, F. (Eds), *Between Market and Hierarchy*, Department of Business Administration, University of Uppsala, Uppsala, pp. 15-27.
- Hernandez, V., & Pedersen T. (2017). Global value chain configuration: A review and research agenda. *Business Research Quarterly*, 20, 137–150.
- Hymers, S. H. (1976), *The international operations of national firms: a study of foreign direct investment*, Cambridge (Mass.), MIT Press.
- Irrmann, O. (2006). Parlez-vous international ? *Gestion*, 31(1), 108. <https://doi.org/10.3917/riges.311.0108>
- Kearney, A. T. (2004) The 2004 Global Retail Development Index: Emerging Market Priorities for Global Retailers (Chicago, IL: A. T. Kearney, Inc.).
- Kindlberger, C. P. (1969). *American business abroad, six lectures on direct investment*, Yale University Press, New Haven.
- Koch, A. J. (2001) Selecting overseas markets and entry modes: two decision processes or one?, *Marketing Intelligence & Planning*, 19(1), pp. 65–75.
- Larousse, (2020). Définitions : globalisation - Dictionnaire de français Larousse. *Larousse*. <https://www.larousse.fr/dictionnaires/francais/globalisation/37156>
- Luostarinen (1980), Luostarinen et Welch (1990).
- Madhok, A. (2021). Globalization, de-globalization, and re-globalization: Some historical context and the impact of the COVID pandemic. *BRQ Business Research Quarterly*, 24(3), 199-203. <https://doi.org/10.1177/23409444211008904>
- Malhotra, S., Sivakumar, K., & Zhu, P. (2009). Distance factors and target market selection : the moderating effect of market potential. *International Marketing Review*, 26(6), 651-673. <https://doi.org/10.1108/02651330911001332>

- Minda, A., & Nguyen, H. T. T. (2012). Les déterminants de l'investissement direct étranger d'exportation-plateforme. *Revue économique*, 63(1), 69.
<https://doi.org/10.3917/reco.631.0069>
- Mittal, S., Khan, M. A., Purohit, J. K., Menon, K., Romero, D., & Wuest, T. (2019). A smart manufacturing adoption framework for SMEs. *International Journal of Production Research*, 58(5), 1555-1573. <https://doi.org/10.1080/00207543.2019.1661540>
- Moeuf, A., Lamouri, S., Pellerin, R., Tamayo-Giraldo, S., Tobon-Valencia, E., & Eburdy, R. (2019). Identification of critical success factors, risks and opportunities of Industry 4.0 in SMEs. *International Journal of Production Research*, 58(5), 1384-1400.
<https://doi.org/10.1080/00207543.2019.1636323>
- Nakos, G., Brouthers, K.D., Brouthers, L.E., «The impact of firm and managerial characteristics on small and medium-sized Greek firms' export», *Journal of Global Marketing*, 11 (4), 1998, p. 23-47.
- Nearly, J. P. (2002). Foreign direct investment and the single market, *Manchester School*, 70, p. 291-314.
- Palmer, M. and Quinn, B. (2005) An exploratory framework for analysing international retail learning,
- Papadopoulos, N., Chen, H. and Thomas, D.R. (2002), "Toward a tradeoff model for international market selection", *International Business Review*, Vol. 11 No. 2, pp. 165-92.
- International Review of Retail, Distribution and Consumer Research, 15(1), pp. 27–52.
- Prasantham S (2011) Social capital and Indian micromultinationals. *British Journal of Management* 22(1): 4–20.
- Petráková, Z., Okřeglická, K., Maňák, R., & Fialová, V. (2021). Generation disparities on the perception of smes business risks. *International Journal of Entrepreneurial Knowledge*, 9(2), 32-48. <https://doi.org/10.37335/ijek.v9i2.145>
- Randoy, T. and Dibrell, C. C. (2002) How and why Norwegian MNCs commit resources abroad: beyond choice of entry mode, *Management International Review*, 42(2), pp. 119–140.
- Root, Franklin J. (1983), *Foreign Market Entry Strategies*, New York: AMACON.
- Root, F. R. (1994). *Entry strategies for international markets*. Lexington, MA: *Lexington Books*.
- Rothaermel, F., Kotha, S. and Steensma, K. (2006), "International market entry by US internet firms: an empirical analysis of country risk, national culture, and market size", *Journal of Management*, Vol. 32 No. 1, pp. 56-82.
- Rugman, A. M. (1981). *Inside the multinationals: the economics of internal markets*, Londres, Croom Helm.
- Statistiques relatives aux PME en Belgique | *SPF Economie*. (2020). SPF Economie.
<https://economie.fgov.be/fr/themes/entreprises/pme-et-independants-en/statistiques-relatives-aux-pme>
- Segaro, E. L., Larimo, J. et Jones, M. V. (2014). Internationalisation of family small and medium sized enterprises: The role of stewardship orientation, family commitment culture and top management team. *International Business Review*. 23(2), 381-395.
- Stiglitz, J. E. (2017). The overselling of globalization. *Business Economics*, 52(3), 129-137.
<https://doi.org/10.1057/s11369-017-0047-z>
- Swift, J. (1999), "Cultural closeness as a facet of cultural affinity", *International Marketing Review*, Vol. 16 No. 3, pp. 182-201.

- Swoboda, B., Schwarz, S., & Hälsig, F. (2007). Towards a conceptual model of country market selection : Selection processes of retailers and C&C wholesalers. *The International Review of Retail, Distribution and Consumer Research*, 17(3), 253-282. <https://doi.org/10.1080/09593960701368820>
- Tassin, T. (2012). La mondialisation contre la globalisation : un point de vue cosmopolitique. *Sociologie et sociétés*, 44(1), 143-166. <https://doi.org/10.7202/1012146ar>
- Tatoglu, E., Demirbag, M. and Kaplan, G. (2003) Motives for retailer internationalization to Central and Eastern Europe, *Emerging Markets Finance and Trade*, 39(4), pp. 40–57.
- Terpstra, V. and Yu, C. (1988), “Determinants of foreign investment of US advertising agencies”, *Journal of International Business Studies*, Vol. 19 No. 1, pp. 33-46.
- Vahlne, J.E. and Wiedersheim-Paul, F. (1973), “Psychic distance – an inhibiting factor in international trade”, working paper, *University of Uppsala*, Uppsala.
- Vargas-Carcamo, A.H. (1986), “Export market selection process by small and medium-sized midwest export manufacturers of industrial goods”, unpublished Doctoral dissertation, *Ohio State University*.
- Vida, I. (2000) An empirical inquiry into international expansion of US retailers, *International Marketing Review*, 17(4/5), pp. 454–475.
- Wood, V.R. and Robertson, K.R. (2000), "Evaluating international markets: The importance of information by industry, by country of destination, and by type of export transaction", *International Marketing Review*, Vol. 17 No. 1, pp. 34-55. <https://doi.org/10.1108/02651330010314704>
- Zahra S.A. (2003). “International Expansion of US Manufacturing Family Businesses: The Effect of Ownership and Involvement”. *Journal of Business Venturing*. 18(4), 495-512.
- Zhang, H. (2019). BRI Ushering in a New Type of Globalization and Global Governance. *China Today* 68, (7).
- Zhu, Y., Warner, M., & Sardana, D. (2020). Internationalization and destination selection of emerging market SMEs : Issues and challenges in a conceptual framework. *Journal of General Management*, 45(4), 206-216. <https://doi.org/10.1177/0306307020903530>