



## Export Plan

*“How can MDS enter the Dutch market successfully?”*



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## Executive summary

MDS (short for MDS TECNOLOGIA DA INFORMAÇÃO LTDA) is a software development company based in Salvador Brazil. It offers a variety of products and services and works solely on projects commissioned by other Brazilian companies. They have made several animations, games and applications. In 2015, the demand for MDS's services kept declining and subsidies in the domestic market became too small to continue operation in a successful manner. As a result, MDS has expressed the wish to expand and move to other countries or markets. In particular, the Dutch market was selected to export to. This report focused on exporting games to the Dutch market, as it is very attractive considering the demand for games and other IT services. In order to write an export plan the following central question has been formulated

*"How can MDS enter the Dutch market successfully?"*

The central question was answered through field research and desk research. Furthermore, this report researched consumer behaviour in relation to games within the Dutch market through desk and field research. The recommendations in this report are as follows. MDS should develop games designed for the future Dutch market accompanied by a website or portal through which the games can be sold. To aid the transfer to the Dutch market MDS should seek help from an external advisor or marketing expert who knows the Dutch market and hire a Dutch sales representative to represent MDS in the Netherlands.

## Table of content

Executive summary.....	2
Terms and definitions .....	5
1 Introduction .....	6
2 Methodology .....	7
2.1 Desk research .....	7
2.2 Field research.....	8
2.3 Theoretical framework .....	8
3 Internal Analysis.....	10
3.1 Company history .....	10
3.2 Mission, vision and strategy .....	10
3.3 Organizational structure.....	11
3.4 Current market and target group .....	11
3.5 Products and Services .....	12
3.6 Strengths and Weaknesses .....	12
4 External analysis.....	14
4.1 External factors .....	14
4.1.1 Demographic factors.....	14
4.1.2 Economic factors .....	14
4.1.3 Socio-cultural factors .....	15
4.1.4 Technological factors .....	15
4.1.5. Ecological factors .....	16
4.2 Customer analysis.....	17
4.3 Competitor analysis.....	20
4.4 Distribution analysis .....	23
4.6 Opportunities and threats .....	25
4.6.1 Opportunities.....	25
4.6.2 Threats .....	25

4.7 SWOT-analysis .....	26
4.8 Confrontation matrix .....	28
4.9 Strategies .....	29
4.9.1 Short-term strategies .....	29
4.9.2 Long-term strategies .....	30
4.9.3 Marketing mix .....	31
5 Conclusions and recommendations .....	35
References .....	36
Appendices .....	42

## Terms and definitions

In this report the following terms and definitions were used. All terms and definitions were taken from and defined by the Business Dictionary and Oxford dictionary.

Advergames	Games used to advertise a product, company or service.
CBS	Centraal Bureau voor de Statistiek, the Dutch statistics organization.
IT	Information technology.
Serious game	A game designed for a primary purpose other than entertainment, like education. A game designed for a primary purpose other than entertainment, like education.
God game	Games in which evolves God.
Social game	Social games are played online at a social media platform.
Educational game	Games played for educational purpose.
Ecological game	Games that evolves the ecology.
Puzzle game	A game that challenges people to solve problem or match pieces.
Incubator	Companies that help other enterprises in order to grow business.

## 1 Introduction

MDS is a software development company founded in Salvador Brazil by Silvio Vanderlei. The core business is the development of games but MDS also develops applications and animations for organizations in both the private and public sector (*MDS Tecnologia, 2015*). Presently, MDS only serves the Brazilian market. However, the demand for its services and products in Brazil was declining due to negative economic developments (*Alves, 2015*). As opportunities in the domestic market are declining, MDS has expressed the wish to enter a new market. The Dutch market has been selected because of the high demand for games and growing demand for software in general. In addition, this report researched in what ways MDS can enter the Dutch market successfully. The central question of this report is; “How can MDS enter the Dutch market successfully?”

The following sub-questions will be answered to get a clear view on the company’s needs and demands:

1. What are the mission and vision of MDS?
2. What is MDS’s product range?
3. Who are the current target groups?
4. Which cultural differences exist?
5. Is the Dutch market the right place to sell games?
6. Who are the main competitors in the Dutch market?
7. Which distribution channel suits best?
8. Who are the future target groups in the Dutch market?
9. What are the opportunities and threats?
10. Which entry strategy will be the best choice?
11. What are the best ways for MDS to promote their products?

## 2 Methodology

This chapter describes the methodology or research methods. For this report, both field and desk research have been used. The desk research focused on gathering quantitative information from websites, books and newspapers. The field research consisted of a survey and interviews. This type of research is a qualitative method based on detailed information.

### 2.1 Desk research

Desk research is a collection of existing data done in a quick and effective way that helps to write an export plan (Management Study Guide). In order to write this report several studies were done during the desk research phase. Firstly, data and generic information was collected from various websites, company reports, articles and newspapers. After the information gathering process a selection of sources was made based on their relevance. In addition, the following academic books have been used: Export management: a European perspective – Hans Veldman, Intercultural Communication: A contextual approach - James W. Neuliep and Marketing an Introduction – Garry Armstrong, Philip Kotler. These sources were useful because they contain the models that were used for both the internal and external analysis, such as, Abell, DESTEP, the five forces of Porter, marketing mix, SWOT and the confrontation matrix. Furthermore, the models and theories from these books are relevant as a result of the credibility and the authority of the authors. They provide the facts to attest to what is written in this report. Finally, the following websites provided information for the internal analysis: MDS's website, The Dutch game Garden and Kennisnet.

## 2.2 Field research

The information from the field research is qualitative primary data gathered through interviews and a survey. The goal was to gather more in-depth information.

For the internal analysis, an online survey has been created in order to collect information about Dutch consumer behaviour in relation to games. Unfortunately, only 91 people have filled out the survey, which makes its measurability slightly impractical. Not all of the 91 people who filled out the survey have answered all questions, as they were not required to do so. In addition, both the owner and employees of MDS were interviewed as well as an external marketing professional. The information gathered from the interviews is relevant because it comes from the employees and owner of the company itself. They resulted in a clear overview of, and insight in: the company's history, mission, products, current target groups and organizational structure.

For the external analysis, a marketing expert was interviewed in order to find out what the best ways are to export games to the Dutch market and what the best ways are to increase sales.

## 2.3 Theoretical framework

This chapter describes the theoretical framework and the models that were used in this report. An export plan is a document in which a company describes the process of exporting a product or services to a market other than its own. The theoretical framework consists of the models used in an export plan.

The following models were used in this report.

The Abell-model, used to analyse the working terrain of an organisation. Identifies the targets groups, their needs and ways to meet those needs. This model provides a valuable definition of the market (Intemarketing, 2015). This model was used in both the internal and external analysis as well as to answer sub-question 3.

The five forces of Porter, provides information about how relatively attractive a market is. It does this by analysing the power of the buyers, suppliers, substitution, threat of new entrants and internal competition (Mindtools, 2015). This model was used in the external analysis.



DESTEP, is used to analyse the demographic, economic, social/cultural, technological, ecological and political factors that determine the external environment of a company (Intemarketing, 2015). The model was used in the external analysis and to answer sub-question 1.

SWOT (strengths, weaknesses, opportunities and threats) analysis, gives an insight on the strengths, weaknesses, threats and opportunities of an organisation and how to set up future strategies and goals (*Pijlman, 2015*). The SWOT-analysis was used in the external analysis.

The confrontation matrix, links the strengths and weaknesses with the threats and opportunities. Its information can be used to make new strategies.

The marketing mix, used in order to complete an already existing marketing strategy. This model provides an overview of internal and external influences that helped to answer sub-question 6. The marketing mix consists of the seven P's (place, price, promotion, product, personal and physical evidence) (*Intemarketing, 2015*).

### 3 Internal Analysis

This chapter describes the internal analysis. The goal of this analysis was to get more information about how MDS operates, what they offer and what their target group or groups are.

#### 3.1 Company history

Silvio Vanderlei founded MDS in April 2004. In the beginning, MDS created 2D and 3D animations for companies in Brazil. Over the years, they expanded their offering by including games and applications. Currently, MDS has nine employees with different skillsets and backgrounds. Lately the company has been focusing more and more on the development of games.

#### 3.2 Mission, vision and strategy

MDS's mission is to help both public and private organisations with meeting their technological needs. Their vision is that all actions should be guided by a philosophy. Knowledge is the basis of all relationships with customers, suppliers, partners and employees. The principle of the company's work with the clients is to help them manage the knowledge in every step of the process, whether it is the creation, identification, collection, organization, adaptation or utilization of that knowledge.

In the future MDS would like to focus more on the development of games as she has noticed a change in customer demands. The development and selling of games should account for a large part of the generated revenue. The types of games she would like to develop are adver, social and educational games.

### 3.3 Organizational structure

The company is located in Salvador (Bahia), Brazil. Silvio Vanderlei is the owner and CEO of MDS. Figure 1 shows the organizational structure of the company.

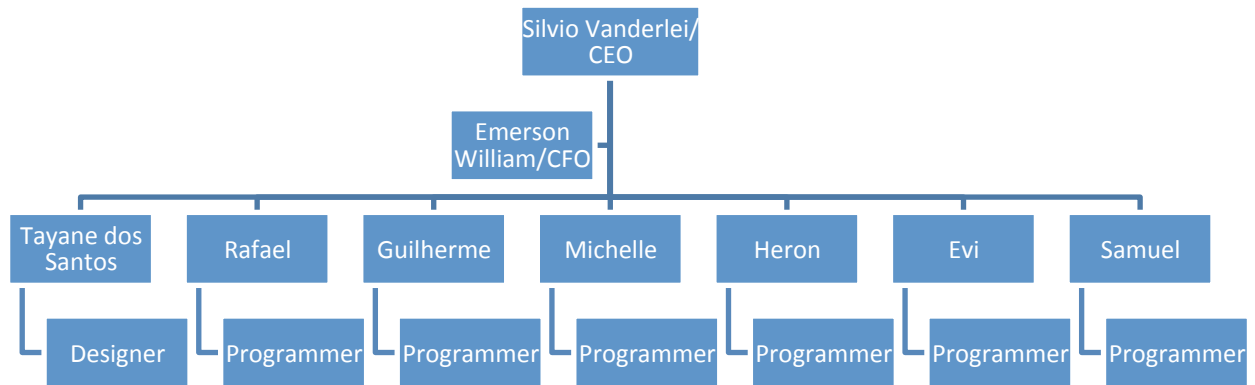


Figure 1

The CEO is in charge of technology management and innovation, while the financial director is responsible for the operational, administrative and financial tasks. The other employees are in charge of design, development and creating animations. The team is multidisciplinary and consists of professionals with experience in various technological fields like system analysis, programmers, designers, texture developers, 3D animators and musicians.

### 3.4 Current market and target group

The current buyers were defined through the Abell model. The Abell-model, used to identify and analyse the working terrain of an organisation. It identifies the targets groups, their needs and ways to meet those needs. This model provides a valuable definition of the market (Intemarketing, 2015)

First, the current buyers are young gamers ages 10 to 17, adult gamers ages 18 to 50 and schools. Second, some demands and needs are essential such as innovative games that are easy to install and come with a manual. Third, there are a few technologies involved such as Internet (the use of social media), the use of smartphones and download programs.

### 3.5 Products and Services

This report focused primarily on games created by MDS (both educational and entertaining). The games are available for different platforms such as, smartphones, PC's and consoles. Examples of the games created by MDS can be found below. See appendix in page 45 for more information.

First, SAGA is an ecological game in which the player utilizes his knowledge to solve multiple ecological problems in different scenarios. SAGA is a game that seeks to promote awareness on the protection of the environment (*MDS Tecnologia, 2015*).

Second, Bubble Fish is a puzzle game. The main character, a fish named Bubble, spits bubbles at coloured gems to prevent them from reaching the bottom of the sea. The player has several special coloured gems that can be used, to prevent the falling of normal gems (*MDS Tecnologia, 2015*).

Third, “Jogo da Inovação”, also known as The Innovation Game, is an educational game that challenges the player to take innovative actions. The purpose of the game is to provide methods so that the player can create an innovative project of his own (*MDS Tecnologia, 2015*).

### 3.6 Strengths and Weaknesses

The strengths are that the company consists of nine team members, which means that the company can have a strong relationship with its customers. Another strength is that a small business is at an advantage because they can remain flexible. Additionally, no distribution centre is needed because the games can be downloaded freely through different channels. Furthermore, this adds to the cost advantage resulting from low Brazilian salaries, low production costs and no cost for distribution and low tax costs. Besides, experienced and multidisciplinary team members add their knowledge in every process within the company. Partners help MDS to promote their services to potential buyers.

Unfortunately, there are also weaknesses. Firstly, the company is not well known in the Brazilian market mainly caused by a lack of marketing communication. Secondly, it appeared that the target groups are difficult to reach or non-excitant in the Brazilian market. Finally, the demand for the services of MDS is declining.

To summarize, the declining demand for MDS products and services in the domestic market forces them to explore other markets to sell their products on. The current target groups can remain the same but MDS needs help reaching these groups. They might be able to do so if they invest in marketing to the new market.

## 4 External analysis

This chapter describes the external analysis. In addition to the “DESTEP” analysis, it contains a competitor, distribution, customer and distribution analysis. The results of the external analysis will result in a future customer profile, their needs and demands. In addition, the potential ways to distribute the games have been explored.

### 4.1 External factors

The DESTEP model analyses the external environment of a company in order to identify the demographic, economic, socio-cultural, technological, ecological and political factors.

#### 4.1.1 Demographic factors

In the Netherlands, there are approximately seventeen million inhabitants of which more than half are women (CBS). The majority of the men (78%) and 67% of the women aged 20 to 49 confirmed that they game regularly (NU, 2010). According to the CBS over 30% of the Dutch consumers spend money on games (CBS, 2014). Only 22.9 % of the population are younger than 20. Additionally, most of the people under 20 have part-time jobs in the Netherlands. This means that this group has the money to spend on games.

#### 4.1.2 Economic factors

The economic factors are very important for MDS in order to identify the buying behaviour of Dutch consumers. The Dutch market is an attractive market for doing business because of its open economy. For instance, the Dutch market is open-minded toward entrants from other markets (Ecovis, 2015). Additionally, schools in the Netherlands receive subsidies that can be spent as they see fit. For example, they are free to invest in forms of eLearning<sup>1</sup>. This is important if MDS plans to promote their games to Dutch schools (Rijksoverheid). Finally, according to CBS, the average income of a Dutch consumer is €33.200, per year. This is important for MDS to know because people should

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<sup>1</sup> A method where someone learn something by electronic.

be able to afford their games. Dutch consumers spend roughly 600 million euro on games per year (Hulsebosch, 2010).

#### 4.1.3 Socio-cultural factors

Research has shown that 92% of the Dutch consumers have access to the Internet. Dutch consumers spend more than 11 hours online every week (Telecompaper, 2013). Additionally, online shopping is becoming increasingly popular in the Netherlands. It is expected that the popularity of online shopping will increase over the coming years (McCallum, 2015). Furthermore, there are two important traditions in the Netherlands known as “Sinterklaas” and Christmas (*Tjin-A-Tsoi, 2014*). In preparation for “Sinterklaas”, the Dutch consumers spend more than €128 million on presents, including games. This is 40 times more than any regular week (*Twinkle magazine, 2013*). Additionally, in preparation for Christmas, Dutch consumers spent an average of €185 on presents, food and paraphernalia in 2014 (*RTL nieuws, 2014*). During these periods parents buy games for their children or just for themselves. As a result, the months of November and December can be seen as the most profitable months of the year for companies in the Netherlands (*Thuiswinkel, 2014*).

According to I-Amsterdam, most Dutch consumers are on time for appointments (*lamsterdam*). This is called monochronic time oriented<sup>2</sup>. This can have an impact on MDS’s way of operating as MDS is polychronic time oriented<sup>3</sup>; this means that it is usual for Brazilians to see time as less tangible because the focus lies on carrying out the tasks at hand, which makes being too late more acceptable (Neuliep, 2011, p. 156).

#### 4.1.4 Technological factors

According to research done by Google, the Netherlands has the highest usage of laptops and tablets in the world (Miltenburg, 2014). This information is important for MDS because they could develop games specifically designed for laptops and tablets. In addition, 71% of the Dutch consumers own a smartphone (Moeskops, 2014). This means that games could also be created specifically for smartphones. Furthermore, the Netherlands ranked first in Internet accessibility throughout Europe. According to the CBS 98% of the Dutch

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<sup>2</sup> Time is seen as tangible by emphasis on scheduling.

<sup>3</sup> Time is seen much less tangible in which stress multiple activities with little emphasis on scheduling.

consumers has access to the Internet. This makes it easier for a consumer to shop online (CBS, 2012). More than one third of the online shopping's happens through a mobile phone or a tablet. In addition, according to Lotte de Bruin, the IT sector plays a crucial role within the Dutch economy. The sector is key for the growth in the economy and international competitiveness (*Director, Dutch IT*). In addition, the Netherlands has an excellent Internet infrastructure and a growing game industry. The private sector and public sector are working together in order to reinforce the digital economy and develop the newest technologies (IT executive, 2014; Desain, 2014). Additionally, according to a study done by Kennisnet, primary schools are getting ready to use computers for teaching children. Most schools already have enough computers to be able to use educational software in an efficient manner. However, there is a lack of high quality educational software and thus most teachers develop their own programs (Desain, 2014). Furthermore, there is an incubator available in the Netherlands for companies that develop games; this incubator is called "the Dutch Game Garden". The Dutch Game Garden helps companies to further develop their business (*Dutch Game Garden, 2015*). Finally, educational games have great value because they provide a different way of learning. Games can improve cognitive and social skills, emotional levels and motivation. Therefore, teachers should use applications and games as a teaching method (Conradi, 2014). Moreover, the technological growth is a big advantage for MDS. They can introduce their product and work together with organisations and schools in order to develop new games and introduce already existing games.

#### 4.1.5. Ecological factors

Environmental technology plays an important role in the development of cleaner production and sustainable material chains in the Netherlands. The intense cooperation between companies, experts and governments has led to various innovative ideas (Bink). Additionally, this is an opportunity for MDS in creating partnerships with other companies, experts and the Dutch government. For instance, SAGA is an ecological game that creates environmental awareness. This game can be used in the educational sector.

To summarize, there are two potential consumer groups. One is a group of consumers' ages 21 to 40 years old. The other group are consumers below the age of 21. Furthermore, online shopping has become increasingly popular in the Netherlands. This



means that the games could be sold online because almost everyone is already buying online. Additionally, technologic innovation can lead to cooperation with potential customers. A possible threat could be time, Brazilians do not care that much when one does not arrive at an agreed time. The Dutch culture is very punctual and does not tolerate being late. This can be seen as a threat when people from those two nationalities will do business.

## 4.2 Customer analysis

This chapter describes the customer analysis, which is based off the results of the online survey. The participants of the survey were reached through Facebook and come from different areas in the Netherlands. Ages of participants varied from 18 to 40 years. This method has been chosen because it is one of the fastest and easiest ways to gather respondents for a survey. At the end the Abell model will be used in order to analyse the future target group, their needs and the techniques to fill those needs.

The online survey was completed a total of 91 times. The respondents were reached through social media and were asked to participate in the online survey hosted by [www.thesistool.com](http://www.thesistool.com). Of the respondents, 82% answered that they play games frequently and on different devices. The other 18% of the participants have stopped filling out the survey because they have answered that they do not play games, and are thus not relevant for this report. For instance, 55% of the participants play games on the computer, 47% on a console and 44% plays on a mobile device. Some respondents play games on multiple devices. This clear division exists because of its diversity of both games as well as devices in the market. MDS should be aware that their games should be playable on different types of devices in order to reach the most people. In addition, most respondents have responded that they game sometimes. However, 26% of the respondents game every day while 19% have answered that they play games a few days per week, and only 13% said that they game often. In addition, the majority of the respondents were students. This data is important because it gives an insight into what types of people, and what ages, are interested in games. As a result, these people could be targeted by MDS to promote their games to. Furthermore, according to the participants the functions that games should have are, entertaining and educational means. It can be concluded that they are not enough games in the Dutch market of these types and this can be seen as an advantage for MDS. Moreover, exactly half of the participants have answered that games should be adapted to their own language. The Dutch participants responded that

games should be adapted to either the Dutch or the English language. This means that MDS should translate their current games to either English or Dutch. Finally, 80% of the respondents are willing to pay for a game. The average price that consumers are willing to pay would be between €5 up to €60. According to the participants the functionality of a game has a big impact on the prices that consumers are willing to pay for a game.

Another part of the survey addressed the promotion of games. Nowadays, the promotion of games happens through the Internet, TV, radio or print. Well-known games, such as Call of Duty or Battlefield, are often sold together with a console so that consumers can start playing the game directly. According to 58% of the respondents, games should not be promoted more or differently than currently is the case. In addition, more than 50% of the participants has answered that the promotional efforts do not influence their behaviour while 46% has answered that promotion does influence their behaviour. Moreover, studies have shown that even people who say they are not influenced by promotion are in fact influenced by it. This means even a higher percentage of people will respond.

The participants were also asked some open questions, the answers to which can be found in appendix in page 45. One of the open questions addressed where the participants bought their games. Games are mostly bought online or in stores, which mean that, MDS should provide consumers the option to buy games online as well as in stores. In addition, according to the answers from the open questions of the survey, the types of games that are currently being played the most are educational games, fighting games (GTA), sports games (FIFA), simulation games, board games, simulation games, puzzle games, music games (Guitar Hero) and strategy games. MDS might consider developing more games of the mentioned types to sell on new market. Finally, another open question addressed why people are willing to pay for a game or not. Customers are in fact willing to pay for games depending on the functions and which devices can be used to play. Furthermore, gamers are willing to pay a price between €5 to €60 for their games.

## Abell model

The Abell-model, used to analyse the working terrain of an organisation. Identifies the targets groups, their needs and ways to meet those needs. This model provides a valuable definition of the market (Intemarketing, 2015).

## Target group

Based on the results of the external analysis thus far, the future target groups should be women and men ages 18 to 40 because it appears they buy a lot of games.

## Customer's needs and demands

According to the results of the online survey, the Dutch participants needs and demands vary. There are a lot of needs and demands such as need and demand for more educational, ecological, entertainment and music-oriented games.

## Technology

Technology is very important. The whole world is surrounded by IT and plays an important role in everyday life. The technologies used for gaming are computers, the Internet, mobile phones, tablets and consoles. In addition, the Netherlands has excellent access to Internet and a high usage of tables, smartphone, consoles and computers.

Finally, it can be concluded that the demand for games in the Netherlands is high. This has a positive impact for MDS. For instance, the company can develop games based on the demands from the survey. Furthermore, it can be established that the participants have shown interest in games from in the categories of entertainment, education and music oriented. The target group can be defined as varied. The ages of the participants are between 18 and 40 and both men and women play equally as often. The Dutch are willing to pay between €5 up to €60 per game depending on its functionality and content.

### 4.3 Competitor analysis

This chapter describes the competitor analysis through the five forces model of Porter. The five forces of Porter, provides information about how relatively attractive a market is. This model was used in the external analysis. It does this by analysing the power of the buyers, suppliers, substitution, threat of new entrants and internal competition (Mindtools, 2015). The competitor analysis shows where the current power in the external environment lies and how the competitors differentiate themselves. Furthermore, it indicates the attractiveness of the new market.

#### Supplier power

The power of the supplier is the influence that suppliers can have on an organization. There are a few that can be seen as such. The companies that provide the tools in which the games are created are the most important suppliers for MDS. The games have to be tested on different devices, such as computers and mobile phones. MDS needs to buy devices to test the games, which can be done in electronic stores that deliver electronic products. Once everything is available the production of the games can be started.

#### Buyer power

The power of the buyer is very important because it determines how much influence the buyer has. If buyers have an impact on a company, we find that the power of buyer is relatively high. For instance, 92% of the future buyers in the Dutch market are online which means that the games should be available through online platforms. Research has shown that Dutch consumers spend a lot of money on games especially in the last two months of the year. This means that consumers, especially in those months, have a high buyer power.

## Competitive rivalry

The competitive rivalry determines if the market is competitive or not. The competitive rivalry in the game sector can be described as high. In the Dutch market there are more than 330 game creators active. All the companies have different types of games, for example music-oriented games that show that creativity and innovation in the game industry is crucial if MDS aims to compete in this market.

## Threat of substitution

The threat of substitution is the threat that the competition produces products that are similar to and can thus replace. The threat of substitution is high because there are many suppliers of the different types of games. For example, the concept of a puzzle game made by MDS can be used to create a different game that might be better received on the market.

## Threat of new entrants

The threat of new entrants shows how easy it is for companies to enter a market. These new entrants use different marketing strategies to penetrate the market. The threat of new entrants is relatively high as companies can enter the Dutch market easily. The Netherlands is a technically advanced country and welcomes newcomers to enter the Dutch market. This could be perceived as a threat to MDS.

## Direct competition

MDS has a lot of direct competitors within the Dutch market. The Dutch game industry consists of more than 330 game companies. Four of these companies were chosen for this chapter due to their popularity (*Alle top tien lijstjes*).

These four companies develop games for the Dutch market and are considered the most popular.

The first company, IJsfontein, is one of the most well known game companies in the Netherlands and has 42 employees. The company was founded in 1997. Its main goal is to develop learning games for children and adults. For example, IJsfontein has created a

serious game <sup>4</sup> for the training of employees in the health sector. Their current clients are, amongst others: the Dutch museum association, Cliniclowns, and ABN AMRO (*Ijsfontein*, 2016). The prices of the games vary and are scaled according to their usage. Some of the games are only playable on smartphones and some games are available for the computer. Ijsfontein's target groups are reached in different ways, mainly through online or mouth-to-mouth marketing, advertisements, and partnerships with clients.

The second company, Ranj, was founded in 1999 and has been developing serious games for individuals and organizations. Ranj has created training games, advergames, and health games that focus on the development of communication skills and learning objectives (*Ranj*). The games are available on smartphones and on PC's. Their marketing is done via social media and advertisements on game websites such as The Dutch Game Garden.

The third company, Abbey Games, was started in 2013. Their most popular games are "Reus" and "Renowned" which are explorer games. Other types of games they make are god games (saving nature) and adventure games. These games can only be played on computers. The company's strategy is to keep focusing on the development of 2D games (*Abbey Games*).

The fourth company is named Vlambeer. Vlambeer was founded in 1987 and started developing action games. However, times have changed and in 2013 Vlambeer launched a game that was, according to Apple Inc., the most popular game of that year. That game is called "Ridiculous Fishing" (*Vlambeer*).

### Indirect competition

Indirect competitors are companies that do not sell the same product (video games) but instead sell products that satisfy the consumer's same basic needs. There are not many indirect competitors. The activities that the indirect competitors provide satisfy the need to play. The indirect competitors provide playful activities ranging from board games to outdoor paintball. Apart from the playful activities, other indirect competition might exist from movies, since they also have the ability to teach and entertain and are an important

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<sup>4</sup> A game designed for a primary purpose other than entertainment, e.g. education. A game designed for a primary purpose other than entertainment, like education.

pastime activity. However, the indirect competitors do not have a strong influence on MDS's.

It can be concluded that the game industry is a difficult sector to be successful in because of the number of competitors. The power of the buyer is high because there are many games to choose from, which makes it increasingly difficult for MDS to sell their games. However, MDS will face problems when entering the Dutch market and current competition is one of the potential threats. There are too many games to choose from and all are available on computer and smartphones. The positive outcome is that MDS's games are already available on these platforms.

#### 4.4 Distribution analysis

The entry possibilities in a new market will be defined within the distribution analysis. There are various types of distribution channels a company can select. Distribution channels can be described as marketing organizations in which the producers associate with the end users (*Veldman H. , 2010, p. 179*). Products need to be distributed via the right places and at the right time in order to ensure that the products get to the customers (Consumer Psychologist). The most important distribution channels have been chosen and are explained below.

Agents are persons or firms who mediate between the seller and the buyer. Agents are one of the most popular distribution channels for international oriented companies operating in a new market. However, when selecting an agent the company first has to check if the agent meets the requirements set by Bakker. In order to properly assess whether or not the agent is the appropriate choice for the company (*Veldman H. , 2010, p. 183*). An agent that meets the requirements, stated by Bakker in 1980, would be very useful for MDS. The advantage is that an agent can improve MDS's sales in the Dutch market by representing the company abroad. The agent should be someone that MDS can trust and is familiar with the game sector.

Joint selling is a sort of international "piggy-backing" where two companies work together. One company is responsible for its export by using the sales organization of the other company. One reason for joint selling is the standardization of products. This also means that product ranges are being reorganized (*Veldman H. , 2010, p. 191*). Joint selling could be an important channel for MDS and can be seen as an advantage due to the fact that

this can create lower product costs, ensure the independency of partners, less financial demands and it allows swift access in a foreign or new market. A possible disadvantage could be when the other company is not willing to cooperate with MDS any longer. The partnership, if damaged, can lead to a breach in the network created by the second company and can even lead to the end of MDS.

Importing through a re-seller or wholesale dealer is when a re-seller or wholesaler purchases products on its own account, tries to sell them, and takes all the risks. In this scenario the products are delivered to one of the wholesale dealers (*Veldman H. , 2010, p. 186*). Currently MDS distributes its own products. There are no warehouses needed to store the games, because MDS's products are distributed through online download programs or platforms. However, a re-seller or wholesaler can buy MDS's games to sell in the Dutch market. The biggest advantage is the saving of costs for both parties involved because the games can be downloaded easily through online platforms such as "Spelletjes.nl". The disadvantage of this channel might be the loyalty of the re-seller or wholesaler. If re-sellers or wholesalers claim that they only sell the purchased products, and this is in fact not the case, this could possibly lead to a loss in revenue.

In all of the channels mentioned above, lie opportunities for MDS. An agent could, for example, be networking with potential stakeholders. This is an opportunity because networking usually leads to new contacts or even potential buyers. Another possibility is the channel of the reseller or wholesaler. Joint selling could lead to partnerships that might open new doors. However, every mentioned channel has its downside, especially when partners break contracts or agreements, which is a risk in all channels.



## 4.6 Opportunities and threats

### 4.6.1 Opportunities

MDS has many opportunities. For example, MDS could receive subsidies in the Netherlands by applying for them. These subsidies might help MDS in the development of new games. In addition, the use of games in education is increasing and becoming more and more important in the educational sector. In fact, using games in the educational sector will save costs. The money saved with eLearning can be used to train and educate the employees to improve their skills.

MDS could hire a sales representative that could represent MDS in the Dutch market. Another important opportunity is to hire a Dutch marketing expert with a lot of knowledge that will help MDS to further develop their marketing strategies. Moreover, MDS has the opportunity to network and build important partnerships. Joining business associations will also increase MDS's network. In addition, MDS could hire a sale representative who can make sure that the games are translated to the correct languages and assist MDS with the discovery of new partners. The Dutch Game Garden could help MDS with the creation of games. They could offer assistance and possibly advise.

### 4.6.2 Threats

One of the threats is that MDS might depend on the Dutch government to grant them subsidy. Moreover, MDS depends on the government's actions to sell their products. The government might demand extra taxes for selling games. Additionally, changes in national or European laws can be a threat when MDS wants to do business in the Dutch market.

Another negative factor is that, when a company enters a new market, it has to be aware of the fact that there are cultural differences. For example, MDS should be aware that in the Dutch market, the main language is Dutch. However, most of the Dutch consumers also speak English as well. In addition, the weak promotional effort and the fact that MDS is only active in Brazil make MDS not well known and this will impact sales. Based on the outcome of the five forces of porter model, there is a high threat of substitution because there are lots of games that can replace the games MDS makes. In addition, there is a

high threat of new entrants. The Netherlands is a technically advanced country and welcomes newcomers to enter the Dutch market. This could be perceived as a threat to MDS.

#### 4.7 SWOT-analysis

The SWOT-analysis is described in this chapter and consists of the company's strengths, weaknesses, opportunities and threats (*Veldman H.* , 2010, p. 85).

##### Strengths

The strengths are that the company consists of nine team members, which means the company can maintain a stronger and closer relationship with the customers. In addition, the small size of MDS means they are flexible which could be an advantage over bigger more bureaucratic companies. No distribution centre is needed because the games can be downloaded through the different channels. This adds to the cost advantage resulting from Brazilian salaries, low production costs and no cost for distribution and low tax costs. Besides, expertise and multidisciplinary team members add their knowledge in every process within the company. Partners help MDS to promote their services to organisations.

##### Weaknesses

Unfortunately, there are also weaknesses. The first one is that the company is not well known in the Brazilian market mainly because of the lack of marketing communication. In addition, it appeared that the target groups are difficult to reach or non-excitant in the Brazilian market and the demand for the services of MDS is declining. To summarize, the weaknesses force MDS to look at other markets to sell her products on. This as a result of a declining demand for her products in the current domestic market. The current target groups can remain the same but MDS needs help reaching these groups. She might be able to do so if she invests more effort in marketing.

## Opportunities

MDS has many opportunities. For example, MDS could receive subsidies in the Netherlands by applying for them. These subsidies might help MDS with the creation of new games. In addition, the use of games in education is increasing and becoming more and more important in the educational sector. In fact, using games in the educational sector will save costs. Another important opportunity is to hire a Dutch marketing expert with a lot of knowledge that will help MDS to further develop their marketing strategies. Furthermore, MDS has the opportunity to network and build important partnerships. Joining business associations will increase MDS's network. Furthermore, MDS could hire a sales representative that could represent MDS in the Netherlands. The sales representative can make sure that the games will be translated and make sure that there is a lot of networking to discover new potential partners. The Dutch Game Garden could help MDS with the creation of games, they could offer assistance and possibly advise for example.

## Threats

One of the threats is that MDS depends on the government to sell their products. The government might demand extra taxes for selling games. Additionally, changes in national laws can be a threat when MDS wants to do business in the competitive Dutch market.

Another negative aspect is, when a company enters a new market, they have to be aware of the fact that there are cultural differences, such as citizens speaking a different language. Furthermore, MDS should be aware that in the Dutch market, the main language is Dutch. However, most of the Dutch do speak English as well and the currency exchange varies on a daily basis, depending on the current exchange rates, the fast technological developments can be seen as a threat due to the fact that replacing technology can be very expensive.

Finally, according to the outcome of the competitor analysis, there is a high level of substitution because there are lots of games that offer similar functions and content as MDS's games. In addition, there is a high threat of new entrants. The Netherlands is a technically advanced country and welcomes newcomers to enter the Dutch market. This could be perceived as a threat to MDS.

## 4.8 Confrontation matrix

This chapter describes the confrontation matrix. A confrontation matrix is used to identify a number of important problems for a company. The strengths are linked with both opportunities and threats (*Veldman H.*, 2010, p. 85). The confrontation matrix model can be found in appendix in page 43.

### Strengths versus opportunities

MDS creates educational games, which makes for a big opportunity when MDS is successful at reaching the schools. Another strength is that no distribution centre is needed which could save MDS money. This means that MDS would have the opportunity to hire sales representative. In addition, the sales representative would be responsible for expanding and maintaining the business network and identify potential partners.

### Weaknesses versus opportunities

If MDS has insufficient funds this can be seen this as a weakness. However, if the Dutch government grants subsidies to MDS, MDS could use that money to create new games or invest in networking, partnerships or marketing communication. Another weakness is that MDS is not well known and as a result less games will be sold. This while the demand for games in education is growing. An opportunity for MDS is to seek help and advice from the Dutch Game Garden. However, The Dutch Game Garden works with a lot of other game companies, which could mean that ideas about games will be shared and can be used by other companies.

### Weaknesses versus threats

The brand and games of MDS are not well known in the Dutch market as a result of a lack of marketing communication. Because there are already plenty of game developers in the Dutch market it seems apparent that MDS has to invest in marketing in order to inform the

consumers about its presence and to conquer the market. In addition, if the Dutch government decides not to grant MDS the needed subsidies this could mean they will not be able to create new games or invests in marketing. This will be a major liability and weakness. Funds are needed for developments in technology.

#### Strengths versus threats

All the already mentioned strengths could also be considered, as a threat is MDS does not respond on time. Firstly, one of the strength might be that MDS creates tailor made games, which do not appeal to a bigger public. Secondly, a small team is strength for MDS. However, a small team might be unable to take on larger and bigger assignments.

## 4.9 Strategies

This section describes the strategies, both short term and long term, which MDS could follow. The short-term strategies should be implemented within the first year, whereas the long-term strategies could be put in effect within five years.

### 4.9.1 Short-term strategies

Sales are a part of the short-term strategy. MDS should introduce a web shop, in both the Dutch and English language. The games should be easily accessible and should be easy to install. Customers can access the website whenever and wherever they want.

The second short-term strategy should be delivering free trials in the first month of business in the Dutch market. Free trials are used for promotional purposes in order to make people aware of the new products or games. The company might set lower prices in the beginning of the business in the new market to make their competitive advantage high. Additionally, providing discounts on products is an appealing choice in order to trigger consumer behaviour.

Creativity is key in the game industry. All games are unique and are made with creativity. This means that MDS might have to broaden their network and attend conferences in the first few months in order to get familiar with the new territory they wish to export their products to.

Another short-term strategy might be the promotion of the company itself as well as its games by targeting the right target group. Promoting the company and its products can have a big impact in the long-term.

MDS should hire a translator to translate their current games. The current games are in Portuguese and if this stays the same, no one in the new market will buy their games. The games should be translated to English or Dutch to ensure that the games will be bought.

There is a huge need to reorganize within MDS. The company needs to look closely at the internal organizational structure and figure out which employees should be responsible for which core tasks.

#### 4.9.2 Long-term strategies

The promotional aspect is one of the long-term strategies. A Dutch sales representative might be needed in order to promote the games in the Dutch market. MDS should also invest in hiring a marketing expert, which can show MDS how to create more revenue. In addition, a new company name has to be created in order to enter as a company in the Dutch chamber of commerce; only then are you legally allowed to do business.

The product is another aspect that could be a long-term strategy. In fact, MDS should develop more type of games within the different genres. All games should be suitable for computers, mobile phones and or gaming consoles. In addition, another important long-term strategy is the partnerships and funding in the Dutch market. They are very important if MDS would like to develop new games. The funds would be used to develop new games, as well as improve the current ones. The money that the company saves can later be used to invest in the improvement of the skills of their employees. MDS has to build strong relationships with partners from different sectors.

MDS could apply for subsidy. The Dutch government has several funding programmes and subsidies available made specifically for new companies and technological

innovation. The subsidies will help the company to develop more games. Additionally, the last strategy is availability. It is suggested that all games, both current ones and those that will be developed, should be available on computers, mobile phones, and consoles. When MDS offers their games on different platforms it could increase the amount of sales.

### 4.9.3 Marketing mix

MDS's marketing mix is described in this chapter. The marketing tools are called: product, promotion, price, place, personnel, process and physical evidence (*Veldman H. , 2010, p. 140*).

#### 4.9.3.1 Product

MDS offers mainly games, three of which are most important to the company. These are: "Jogo da inovação", "SAGA" and "Bubble fish". The games are unique and innovative and can be used for educational purposes. Each game is sold with a two-year guarantee. The product line will be expanded in the future and rated according to European PEGI standards. Furthermore, the current games can be adapted if there is a need for it in the Dutch market. For instance, the games can be translated to Dutch or English. When it comes to translating the games to the local market, adaptation of the games can be done quickly. The current games are played on computers and can only be downloaded on the Internet. According to Kotler and Armstrong, the delivery is an important factor for products. All the information of each game is available on MDS's website. On YouTube, the consumer can easily find instructions on how to play the game. All the games can be downloaded and be installed easily. Additionally, after the customer purchases a product from MDS, he or she gets a guarantee that everything is working properly (Garry Armstrong, p. 76). However, should there be any problem regarding a game the company is available 24/7 via its web based customer service.

#### *4.9.3.2 Promotion*

The promotional tool that is currently being used is web based, namely social media. Through social media, the company tries to gather a lot of followers in order to provide information about the developed games. However, using social media is not enough to create or increase product awareness. The promotion of the games should also be done through campaigns on television, posters in stores where games can be bought, sponsoring on partner websites and in store and out-store demonstrations of existing games. Another promotional technique is giving away free trials. Mouth to mouth marketing happens when people talk about the products that have been introduced by friends or families. Good usage of these techniques should lead to purchases. Advertising can be done through different channels such as newspapers. If a consumer is satisfied he will share his satisfaction with friends, families and other people. This method creates brand awareness with people by making them curious to try and buy a game, the so-called, mouth-to-mouth advertisement method. Increase and build strong relationships with partners, financiers and the public, but also with competitors through public relations. Promotion on websites is a fast way for a company to promote itself. In addition, field marketing is a fun way to conquer potential buyers, through for example, sampling and sponsors for devices, such as mobile phones and consoles. Cold calling is a direct approach through a telephone call by selecting potential companies or costumers.

#### *4.9.3.3 Price*

The games can be sold in the Dutch market starting from 5 to 60 euro. The price of a game should cover the company's costs. When purchasing a game, a customer can pay via iDeal, which is an online payment tool through which the receiving party is paid directly. The prices of MDS's games vary. It only depends on the end goal of a game, for example, games that are made for educational purpose are more expensive. However, some games come with different kinds of discounts. One example of these kinds of discounts is a special 'discount card' that customers receive in their e-mail. Another example is the discount customers receive when ordering more than one game. MDS's price strategy would be to offer discounts on one hand and on the other hand also offer games at lower prices. The price for each game will be between €5 to €60. In the



appendix, on page 38 there is a discount table available showing how much discount a customer can get depending on the total of the games that are brought.

#### *4.9.3.4 Place*

The place where the software is made is Brazil. The games can be sold on a website where people can order their favourite game. This type of direct export is a quick way for customers to buy games and instantly download its software.

#### *4.9.3.5 Personnel*

The personnel of MDS is highly skilled and are always open to enlist in courses which keep them up to date about the newest programs, tools and designs. However, they also need to stay creative in order to make unique games, which also motivate them to further expand their skill set. However, the profile of the ideal employee for MDS is a man or woman between 17 and 35 years old with a bachelor or master degree in the sectors, design, business administration, illustrator, programmer or developer. The preferred candidate should have passion for creating games. Additional training is given once a year. The employees of MDS are offered to attend a master class on a specific subject in order to further increase their skills. Apart from providing knowledge about this specific subject the master classes also motivate the MDS employees to constantly innovate. An internal process within MDS is that every employee, when hired, has to read the company's code of conduct, and then signs a document which states that they will adhere to it whilst working for MDS. Furthermore, when an employee is not only working hard but is also showing the desired results this employee is rewarded with a bonus. The bonuses vary every month and depend on sales, the improvement of skills, motivation and the loyalty to the employee.

#### *4.9.3.6 Process*

Before MDS can deliver a finished product every game goes through a process. Firstly a brainstorm session is held where all ideas come together. When the brainstorming is done a decision is made for the type of game that will be produced along with a general design style.

Secondly, once the design is finished a script is made. In this script the sounds that will be used in the game are put together. When the script is completed and combined with the kind of game and its design the development of the game starts. Once the game is finished the designers and developers give their last check and final touch before MDS delivers the final product to the client.

Lastly there is a product support is available online for every single game that is sold. After a game has been purchased the customer receives an e-mail and a survey in which feedback can be given. All the feedback is carefully read in order to improve the game. MDS combines all feedback in a FAQ (Frequently Asked Questions) which can be found on MDS's website.

#### *4.9.3.7 Physical evidence*

MDS's games are intangible products that are only experienced when played. The physical evidence of its website is clear. Every page of the website contains a certain type of information. Additionally, MDS's YouTube channel features a demo of each game, which explains how the game should be played. They also have a Twitter account on which they announce company updates. In the future, MDS is willing to create a blog containing important information.

## 5 Conclusions and recommendations

This final chapter describes the conclusions and recommendations that MDS can follow in order to successfully export her products to the Dutch market.

A first step for MDS is to choose an entry strategy. The strategies that the company can choose from are joint selling, an agent or a reseller or a wholesaler. According to Veldman, a direct approach would be MDS best strategic option. In addition, the use of ecommerce would provide an extra aspect to compliment the chosen entry strategy (Veldman H. , 2010, *p. 201*). Furthermore, the company should target consumers ages 18 to 40 and also the youth below the age of 17. The survey has shown that people from that age category play a lot of games. MDS should develop different types of games for this group in order to extend their product range and have more games available in the market. Moreover, consumers are willing to pay between 5 and 60 euros for a game but the prices differ per game and platform. More games should be developed in order to compete on the Dutch market. With a variety of games more profit can be made because more games will be offered to the customer. In addition, MDS should hire a marketing expert. The marketing expert can carry out the marketing for the company and its products. The expert will be mainly focusing on the promotional activities using for example, social media. The advantage is that the company can create more brand awareness that should lead to more purchases. Furthermore, MDS should employ a sales representative who can represent the company in the Dutch market. The sales representative can create brand awareness and recognition through presentations and meetings with potential partners and buyers. Finally, a translator is needed to translate the games and MDS's website from Portuguese to Dutch and English which are the appropriate languages for the Dutch market. MDS should sign up with industry related associations such as the Dutch Game Garden, which will help the game company to grow further. This association can help MDS to stay in the Dutch market. If MDS follows the recommendations mentioned here, the Brazilian software company could be very successful when entering in the Dutch market.

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## Appendices

### 9.1 Summary interview 1 – Silvio Vanderlei

The first person that was interviewed was Silvio Vanderlei. He is the owner of MDS Tecnologia. He is the person doing business with other companies and institutions, which is very valuable. Additionally, he is in charge of innovating management. According to Silvio, some things do need to change within the company. One of those changes he considers necessary in the next five years is to move the focus from developing games to developing of mobile applications, which are more appealing for a company.

The company has its weaknesses, and one of these the lack of resources to develop new ideas. On the other hand, one of the strengths of the company is the in-house technological capability. The company's partnerships have added value because it allows the company to build joint projects, as well as adding a broader set of technological skills.

However, the products that MDS mostly sells are the games, which are adapted to the needs and demands of the customers, and these games are mainly sold through online services. Vanderlei claims that the customers are very satisfied with the games they have bought. These games have been promoted via social media, and are distributed through online stores. In spite of the fact that the Brazilian market is not considered as attractive the owner thought, there are still many competitors, which makes it more difficult to sell products. However, the company is full of new ideas that should make MDS more appealing in the new market, the Netherlands.

### 9.2 Summary interview 2- Tayane dos Santos

Tayane's position in the company is considered important. She is the company's designer, which means that her input is very valuable when it comes to the actual designs of a potential game. She hopes to work for MDS for a long time, so that she can acquire more knowledge of design, and to further develop in her passion – design. The change that Tayane considers necessary, is that the company has to enter a new market in order to make more profit.

One of the company's weaknesses, according to Tayane, is that it is not well known in Brazil. However, MDS's main strength is that its team members are all very highly skilled. She sees the added value of the partnerships as the fastest means to create product awareness.

The product that sold the best is SAGA, which was even nominated for an award some years ago. The current target groups are school, both private and public, youth of ages between 10 and 17, but also more experienced games aged 18 to 50. Current customers are very satisfied with the purchased products, also due to the fact that the software has been adapted to their needs and demands.

The products are being promoted through social media, through the partners the company has, and are mainly being distributed (sold) online. The current market is not very attractive. There are too many competitors in the game sector in Brazil, which means that the company has to go abroad to sell their products this year. Within the next five years, Tayane hopes to see the company outside of Brazil, doing business with a lot of customers.

### 9.3 Summary interview 3- Emerson William

Emerson William is the financial director of MDS and thus has a valuable position within the company. He does all of the administration and accountancy. He is also CEO Silvio Vanderlei's right hand. One of the biggest changes that Emerson hopes to make is the increase of profit of the company. The company's income is currently rather low, which is one of the reasons that the company has to expand to the Dutch market. The weaknesses that are present in the company is the lack of promotion for the products. A marketer is needed for this specific issue. However, Emerson considers it a great strength that the products can be downloaded, since this is rather easy for both customer (ease of use) and MDS itself (this saves costs).

The partners help the company to promote its products. The current target groups are gamers, youths, and the educational sector. The customers are still satisfied with their products, which are adapted to their needs and demands in the Brazilian market. Their attractiveness of the Brazilian market is low, and since there are too many competitors, it is rather difficult for MDS to sell its products. Emerson sees the company making a lot of profit within a year of being present in the Dutch market, and hopes to develop as many games as possible in the next 4 years.

### 9.4 Summary interview 4- Tom van Veen

The marketing expert that has been interviewed is the CEO of a hosting company, Tom van Veen. He has been very familiar with the game industry for many years. The best advice he can give to MDS, when it comes to marketing, is that they have to have a marketing expert within their company. The marketing expert will focus on promoting the

products, as well the company, through different promotion channels. He thinks that MDS should invest in creating partnerships as well as join game industry associations. This could help MDS to further grow their business in a new market, which can be difficult in the first couple of months. MDS should also distribute their games online, since almost every Dutch citizen has access to the Internet, which makes the purchase of products very easy.

#### Confrontation matrix

Confrontation Matrix MDS	Threats							Opportunities							
	Depends on government	Change in industrial laws	Competition	Cultural differences	Currency exchange rate	School management	Fast developments in technology	Subsidy	New technology's	More IT in education	Market is ready for technological advances	Cost saving at schools	Opportunity to hire sales representative	Games can easily be translated	Network and partnerships
	Strengths														
	•The company consist of nine team members (small business)														
	•Expertise and multidisciplinary team members														
	•Innovative software														
	•Potential partners (Universities and IT companies)														
	•Cost advantage in Brazil (salaries, production)														




## Discount table MDS

**Discounts**

- 5% extra discount with the first order (e-mail voucher or card)
- 10 % discount when buying one game
- 20 % discount when buying two games
- 30 % discount when buying more than three games
- 50% discount for all games bought in January and in December

## Survey questions and answers




**Do you play games? If no, go to the last question.**

Yes		75 (82.42 %)
No		16 (17.58 %)
n = 91 # 91		

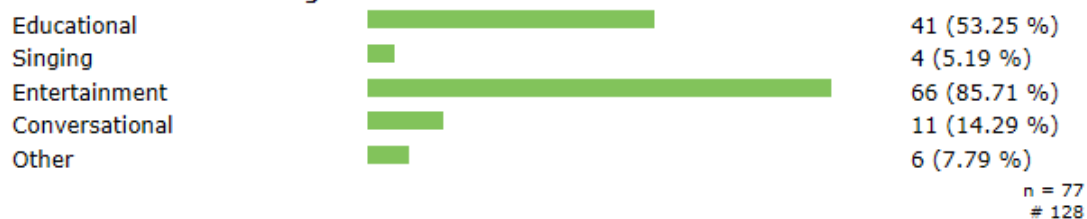
**On which devices do you play games?**

Computer		42 (55.26 %)
Mobile		34 (44.74 %)
Console		36 (47.37 %)
n = 76 # 112		

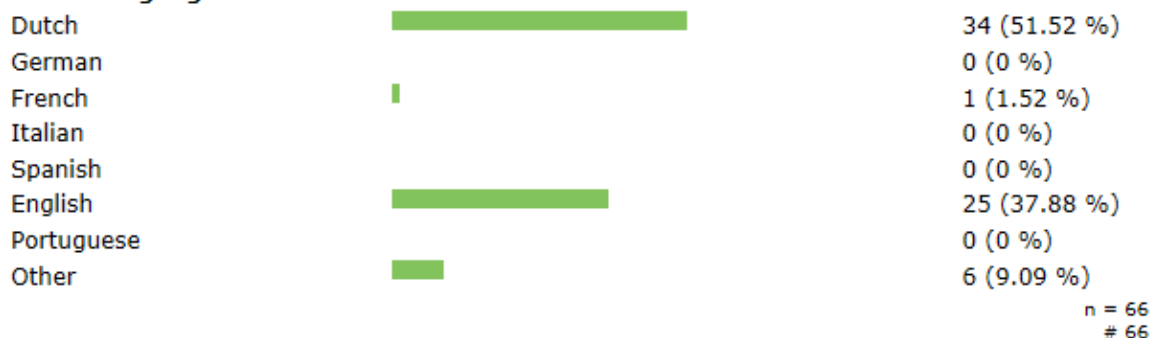
**How often do you game?**

Sometimes		31 (40.79 %)
A few days a week		15 (19.74 %)
Often		10 (13.16 %)
Every day		20 (26.32 %)
n = 76 # 76		

### Which functions should games have?



### Which language?



### How much are you able to pay for a game?

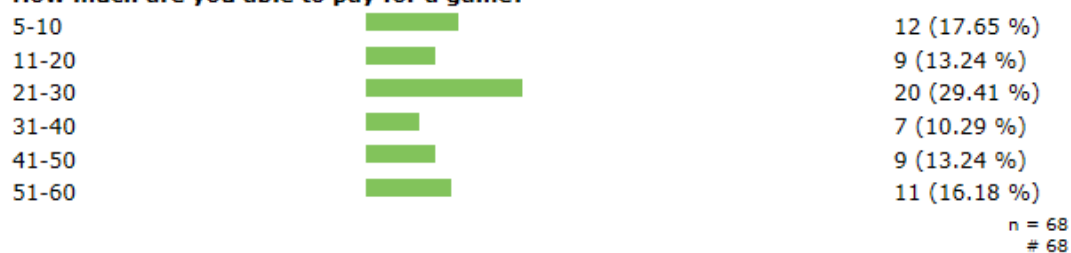




Figure 2 SAGA

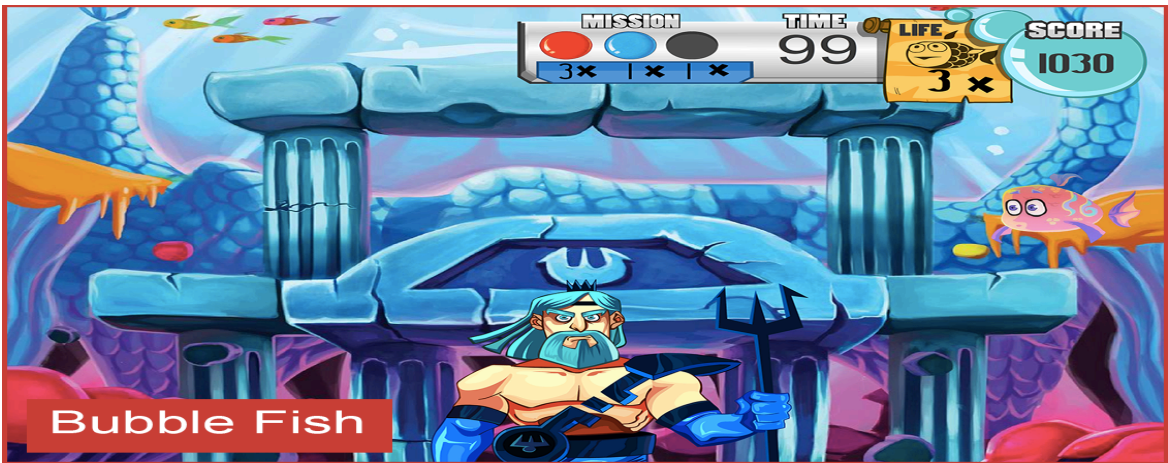


Figure 3 Bubble Fish





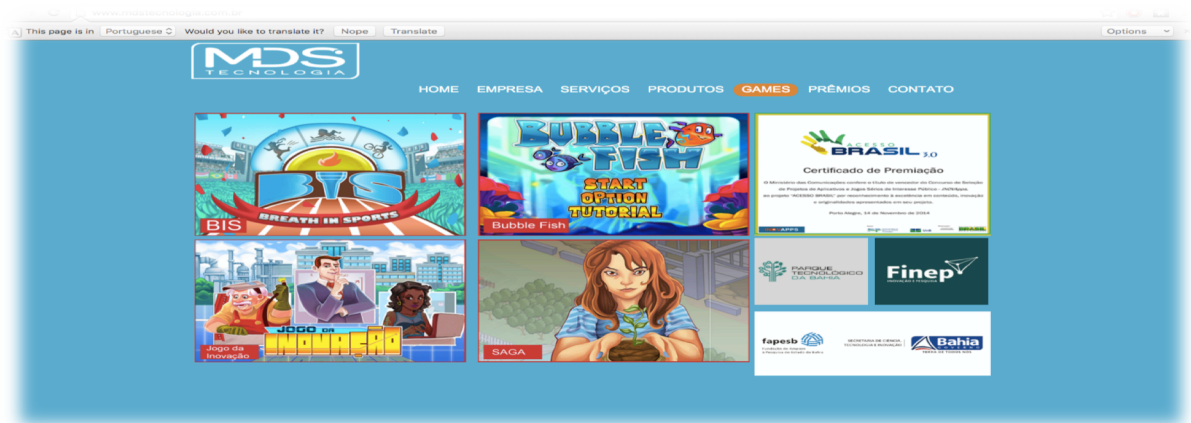


Figure 4 MDS's website



Figure 5 PEGI LABEL