Introduction

The main objective of this chapter is to give insights into how H-BRS as a German University of Applied Sciences supports small and medium-sized enterprises (SMEs) in exploring African markets. The university achieves this objective by engaging its Bachelor and Master level students in applied market research. Students engage in this research as part of their final thesis writing. This chapter lays out a process for successful marketing research projects for German SMEs in nine steps: 1) Kick-off meeting with German SMEs. 2) Collection of market research topics from German SMEs. 3) Advertising scholarships for student market research projects. 4) Selection process for scholarship grants for students. 5) Matching students with German SMEs. 6) Linking German students to African Universities. 7) Conduct market research in Africa. 8) Result submission to universities and SMEs. 9) Take-up of results by German SMEs. Two exemplary case studies illustrate the process of applied market research in the context of the German-African University Partnership Platform project. The first case is about the preliminary exploration and analysis of the bamboo industry in the macro and micro-environment in Ghana and the second case focuses on market entry strategies for German SMEs into the East African market, with a focus on the Kenyan Furniture market.
Doing market research for German SMEs in Africa step-by-step

Figure 5 visualizes the process developed by H-BRS to conduct market research for German SMEs in Ghana and Kenya. This market research is part of the German-African University Partnership Platform project, funded by BMZ and DAAD. Students engaging in international market research received funding through this project. The figure is explained in detail below.

1. Kick-off meeting with German SMEs:
As a first step in conducting applied market research, H-BRS invited representatives of German SMEs from the Bonn region to discuss services related to market entry in Africa that H-BRS can offer. One of these required services is to conduct research on behalf of SMEs that can contribute to better understand African markets. If, for instance, they want to know the potential success chances of a certain business, they want to start at a particular location and need knowledge about competitors and consumers.

2. Collection of market research topics:
Following the discussion with SME representatives on their required areas of interest, research topics are collaboratively selected. For example for the above-mentioned scenario, “Furniture Business in a Particular Market of Kenya.”

3. Advertising scholarships for student market research projects:
After selecting topics according to the real-life need-based requirement of SMEs, the same are advertised among students on notice boards, on the university website and using other means of letting members know about it. Information provided is furthermore the required level of researcher’s qualification, with the offer of a scholarship grant from the project.

4. Selection process for scholarship grants for students:
Student applications are scrutinised and shortlisted. A limited number of selected candidates are called for an interview in which interviewers assess the candidate’s motivation, research background, research focus, academic performance, English speaking and writing skills and working experience. The candidates for the scholarships are selected on the basis of these categories, which are treated equally. The university records the scholarship conditions (amount of the scholarship per month and duration) in a so-called Scholarship Award Letter, which is presented to the scholarship holders.
5. Matching students with German SMEs:
The selected students are connected to the respective SMEs. During meetings, the research topics are elaborated according to the student’s abilities and background. A workable and relevant research question is developed, including methodology. Thus, the students develop a final research proposal.

6. Linking German students to African universities:
Giving this research a practical shape, the selected students, who have their research proposals, are linked with the African partner universities in collaboration with whom the research is conducted.

7. Conduct market research in Africa:
The student researcher organizes their research stays in the respective African country, and carries out a 4-month research period abroad, observing all the ethics and rules of research. Research includes surveys and interviews, site visits and desk study. The data collection needs to be completed within the given time frame. Students should be in contact with the SME during their entire stay in Africa.

8. Result submission to universities and SME
After conducting the research, the students submit their completed theses, including results, findings, discussion and recommendations, to the respective universities and SMEs who evaluate the study.

9. Take-up of results by German SMEs:
Finally, the students present their research results to the respective SMEs in a colloquium. This step serves above all to enable the SME to ask further questions, give feedback, and to enter into a final discussion with the student in order to use the research results for itself and the company in the best possible way for further activities in Africa.

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**Case 1**

Preliminary exploration and analysis of the bamboo industry in the macro- and micro-environment of Ghana

By Lin Bo

Introduction

With the rapid development of the Ghanaian economy and society, the Ghanaian bamboo industry, as an emerging industry, starts to attract the attention of global and Ghanaian corporations, governmental and administrative institutions, non-profit organizations and research institutions, etc. An on-site preliminary research on the Ghanaian bamboo industry and the market is, therefore, significant and necessary.

*Figure 6: Kick-off meeting.*

Project Coordinator of the German-African Partnership Platform and Supervisor of this research programme. Mr Syed Afraz Gillani (second from right); the Founding Directors, Mr Alexander Demisse and Mr Moritz Weigel, of the China-Africa-Advisory (first and second from left); the researcher and author of this dissertation, Mr Bo Lin (first from right).
Statement of problem/issue

In order to achieve the objectives of this research project, a series of core questions are discussed:

1. How is the current situation of bamboo resources in Ghana?
2. What are the influences that bamboo industry brings to Ghana?
3. How is the macro environment for Ghanaian bamboo industry?
4. What are the current main bamboo composite products in Ghana?
5. How is the basic situation of Ghanaian bamboo industrial chain, including suppliers of raw bamboo materials, manufacturers of bamboo composite products and consumers in bamboo products markets?
6. How is the future tendency of Ghanaian bamboo industry?
7. What are recommendations and suggestions to relevant stakeholders?

Methodology

The researcher’s employed methodologies can be divided into primary and secondary research, or qualitative and quantitative regarding form and analyzing logic. The primary research includes interviews and surveys with representative plantations and factories as enterprises in bamboo industry, local citizens as potential consumers and staff interviews of INBAR West Africa, BARADEP of Ghana, Forestry Commission of Ghana, former and Bamboo processers. The secondary research is mainly through the review of literature from international institutions like International Monetary Fund (IMF), World Bank (WB), Trading Economics, Transparency International (TI), Ghana Statistical Service, Internal Revenue Service of Ghana, Ghana Investment Promotion Center, African Forum, etc. In this study, response to interviews in a form of dialogues is analysed through qualitative methodology; results of the survey in a form of data are analysed through quantitative methodology, for instance, by means of SPSS.

Figure 7: Bamboo and rattan sofa, box and artworks.

The artworks are made of rattan and leftover bamboo materials. (Source: photo is taken by Mr Lin Bo) Accra

Conclusion/Findings

The Ghanaian bamboo industry has remarkable social, economic, and ecological significance at local and national levels such as relieving unemployment, improving income and livelihood of rural citizens, relieving severe deforestation, providing environment-friendly industrial raw material, etc. Hence, the Ghanaian bamboo industry has received support from multiple stakeholders and parties.

Therefore, correspondingly, the macro-environment is favorable for the bamboo industry’s development, regarding political, economic, social, technological, environmental and legal aspects. As a late starter, Ghana bamboo furniture and charcoal industry have still large room to improve in technology, scale of production and acceptability of market, while the bamboo bicycle industry is developing as an early starter in the advanced
level of the world. The researcher also gives the suggested strategies for existing enterprises and new entrants in his final report.

Reflections on challenges

For a successful project, the following approach was helpful:

- Analysis of the feasibility of research early in the preparation phase (Predict and assess challenges as many as possible)
- Overall discussion with the corporate partner in Germany (Especially forms of cooperation and limitation of research)
- Strong communication through weekly report to ensure the current research status and direction in Africa
- Winning trust of the relevant organizations for data collection
- Consider the logistical problems: Local transportation in African is a big challenge.

Introduction

Kenya is an emerging market with great potential for German small and medium-sized enterprises (SMEs) in the furniture industry to expand their business or cooperate with local suppliers. In order to conceptualize the choice of market entry strategy for German SMEs venturing into an East African market, it is important to consider and analyze the various approaches that explain why and how businesses internationalize. Moreover, market analyses of the East African and specifically the Kenyan market are of high relevance as those details influence the choice of entry mode.

Statement of problem/issue

This chapter addresses the following key question: What are suitable market entry modes for German furniture SMEs entering the Kenyan furniture market? In order to answer the leading question, the following questions guide the analysis:

1. What factors are influencing market entry strategies for internationalization?
2. What are the characteristics of the Kenyan furniture industry and how is the industry structured?
3. Which aspects influence German SMEs’ decision on the choice of market entry strategy into the Kenyan market?

Methodology

The furniture value chain in Kenya is comprised of six main parts, which are illustrated in figure 9. The researcher collected data from all stakeholders of the furniture market in Nairobi, Kenya. Some aspects of the value chain are
explained in the report, including highlighted regulations that are applicable for stages in the process.

Conclusion/findings

In this section, key stakeholders and enabling institutions for the furniture value chain are highlighted, which were very useful to collect data about in this project.

1. Forestry: Key stakeholders include public and private owners of forest properties in Kenya and neighboring countries.

2. Timber logging and logistics: Key stakeholders include timber merchants and processors, who are involved in moving the timbers from forest to processing factories. While the merchants offer their harvests to smaller processing mills, larger processing mills usually do the harvesting of timbers and transport them to their processing plants themselves.

3. Timber processors are comprised of mills for sawn timber, plywood, medium density fibreboard (MDF), particle board, and hardboard. These mills process harvested logs into final usable timber for the furniture manufacturers.

4. Timber traders sell processed wood to formal and informal furniture firms. Timber traders are a small part of the timber process chain as most timbers are sold directly to the manufacturers. The bigger firms log, process and transport their timber themselves, leaving out traders.

5. Furniture manufacturers are made up of both formal and informal enterprises. Formal firms are usually small and medium-sized enterprises, while informal manufacturers are often local craftsmen, with small setups in their local neighbourhoods or roadside. Both, formal and informal manufacturers sell their products directly to customers.

6. Furniture outlets in Kenya are usually independent furniture chains and retail outlets owned by individuals where they sell their - locally sourced, imported or both - finished furniture items.

Source: Creapo 2014
Currently, the furniture industry is affected by shortages in domestic supply of timber. The information gap between local timber supply and demand negatively influences the long-term sustainability of the wooden furniture industry. Availability of trustworthy and adequate data would enable informed decisions on commercial forestation. Key stakeholders in the wood processing value furniture manufacturers could plan on futuristic basis according to timber options and available sources. Kenyan Forestry Service (KFS) Licenses are required for imported timbers and this contributes to the uncertainties of imports. It is important for the government to control import volumes. However, in a situation where the industry is faced with limited raw materials, this process makes the import of sawn timber very expensive and challenging, and it limits the number of raw materials available to manufacturers.

Inadequate skills, poor production facilities, and insufficient investments are significant challenges faced by the furniture industry in Kenya. Combined, these factors contribute to the low level of productivity experienced within the sector. Both the formal and informal furniture manufacturing sector are characterized by outdated production facilities, very little or no repair and maintenance culture, and modernization investments. The formal furniture sector is yet to embrace serial production and has not developed or capitalized on any network with stakeholders relevant to their production value chain to optimize their productivity.

LESSONS LEARNT

Before research (preparation phase in Germany):

1. Partnering with SMEs rather than large companies has proven to be fruitful, since SMEs oftentimes lack research and development departments and have a vested interest in market research conducted for them.
2. For successful research projects it is vital to agree on the research objectives, forms of cooperation, expectations and regulations and the support available from the corporate partner during the implementation of the study. This includes local contacts, accommodation and personnel to support the research.
3. While selecting the research topic, the researcher should take a full consideration of his/her interest in the research topic, his/her research ability and the difficulty and complexity of the research topic. This prior deliberation would help to choose an appropriate research topic in accordance with the interest and capability of the researcher.
4. Potential challenges to the research need to be explored prior to implementation and be communicated to the corporate partner in order to understand the effects on the research results.
5. It has become clear that residence has an impact on the successful implementation of research, regarding the location and accessibility of potential interviewees. Accommodation needs to be arranged prior to the research stay, it needs to be reliable, economical and needs good internet connection, and stable electricity.

During research projects (implementation phase in Africa):

1. Maintaining active communication plays an imperative role in conducting successful research. This implies the regular contact with the supervisor and the corporate partner. The actual on-site research condition is changeable and hard to predict entirely in advance. Hence, there can be a significant difference between predicted and actual research condition. To win the trust of local organizations, the
researcher can acquire a supporting letter from the German and African universities, which would elaborate the objectives of the research. This letter can help the researcher to access the African organizations easily and to be able to collect the data with less difficulty.

2. In Africa, to keep continuous weekly reports is essential and necessary for the researcher. Through frequent weekly reports, researcher, supervisor, and corporate partner can modify and change the topic into a better research direction, if the need arises.

3. In order to make sure that research results are being implemented, sharing the results with other institutions such as policy-making institutions is important.

The two case studies illustrate the win-win relationship for universities, students, and corporate partners in market research projects. The university gains a real-time research project and provides cost-effective resources for German SMEs to conduct marketing research projects in Africa. Similarly, the students get the opportunity to understand and engage in market research questions of German SMEs. They gain hands-on experience in the globalized economy and gain intercultural work experience. Such projects are, therefore, of great value to increasing the academic-industrial relationship and attaining valuable research findings.