



VILNIAUS GEDIMINO TECHNIKOS UNIVERSITETAS
VERSLO VADYBOS FAKULTETAS
TARPTAUTINĖS EKONOMIKOS IR VADYBOS KATEDRA

Lina Pačešiūnaitė

**BALDŲ EKSPORTO PLĖTRA REMIANTIS ELEKTRONINĖS
KOMERCIJOS TECHNOLOGIJA**
**FURNITURE EXPORT EXPANSION THROUGH E-COMMERCE
TECHNOLOGY**

Baigiamasis magistro darbas

Verslo vadybos studijų programa, valstybinis kodas 621N10004

Tarptautinio verslo specializacija

Verslo studijų kryptis

Vilnius, 2013

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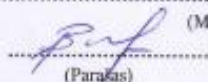
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mams sutarimams įmonės
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Autorius **Lina Pačešiūnaitė**
Vadovė **dr. Aurelija Burinskienė**

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Anotacija

Baigiamajame magistro darbe nagrinėjama baldų eksporto plėtra remiantis elektroninės komercijos technologija. Pirmoje darbo dalyje analizuojama tarptautinei prekybai ir tarptautiniam verslui skirta literatūra, nagrinėjamas eksportas bei jo svarba tarptautiniame versle. Taip pat nurodoma, kokios priežastys įmones skatina pradėti ar plėsti eksportą. Parodoma kaip teisingai pasirinkti rinką eksportui, į kokius kriterijus reikia atkreipti dėmesį bei kokiomis taisyklėmis, žingsniais vadovautis. Darbe aprašomos elektroninės komercijos technologijos (koncentruojamasi į elektroninę parduotuvę) bei jų nauda baldų eksporto plėtimui vykdyti. Siūlomi metodai, kuriuos reikėtų taikyti priimant strateginius eksporto sprendimus.

Empirinių tyrimų dalyje apžvelgiama pasaulinė eksporto situacija, pereinama prie Baltijos šalių eksporto bei sustojama ties Lietuvos situacija.

Trečiojoje dalyje analizuojama biuro baldų internetinė parduotuvė „Flanco“. Naudojantis pirmoje magistro dalyje aprašytais metodais, pasirenkama rinka eksporto veiklai skatinti. Panaudojama aglomeracijos jėga (koncentracija), nustatant, į kurią rinką būtų tikslinga vykdyti eksporto veiklą. Gauti rezultatai parodo, jog įmonei „Flanco“ būtų naudinga vykdyti eksportą į Prancūziją, tad toliau darbe tiriama šios šalies baldų rinkos situacija, naudojamas lūžio taško metodas realiam baldų kiekiui nustatyti, kurį pagaminus ir pardavus įmonė padengtų visas išlaidas bei pradėtų generuoti pelną. Taip pat panaudojama koreliacija analizuojant Prancūzijos įmonių išleistas pinigų sumas priklausomybę gautam įmonės pelnui, tuo parodant, jog rinkos sprendimas buvo atliktas teisingai.

Darbą sudaro septynios dalys: įvadas; eksportas – vienas svarbiausių tarptautinio verslo elementų; empiriniai tyrimai skirti baldų eksporto plėtrai remiantis elektroninės komercijos technologija; baldų eksporto idėjos modeliavimas remiantis elektroninės komercijos technologija; išvados ir siūlymai; literatūros sąrašas; priedai.

Darbo apimtis – 71 p. teksto be priedų, 19 iliustr., 5 lent., 53 bibliografinis šaltinis. Atskirai pridedami darbo priedai.

Prasminiai žodžiai

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Academic supervisor **Dr Aurelija Burinskienė**

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English

Annotation

In Master Thesis the furniture export expansion through e-commerce technology is analyzed. The importance of export in international business is analyzed via scientific literature. Master Thesis also includes the main reasons, which encourage companies to begin or to expand export activity. The different criteria are analyzed, also the main rules and steps, which should be followed in order to have successful export activity. The Thesis describes e-commerce technology (focusing on internet shop) benefits for export expansion management. In order to get real perception about country selection and export costs – the power of agglomeration (concentration), break-even point and correlation methods are described.

In empirical researches the global export overview is analyzed, also Baltic countries export and furniture export activity. Lithuania's export and furniture export situation is described also in second Master Thesis part.

In 3rd part - Lithuanian internet shop "Flanco", which is focusing on office furniture, is shown as example how to select export country using power of agglomeration (concentration). The results show that for "Flanco" would be suitable to do export activity in France, according to this, French furniture market is analyzed. Also, break-even point method is used in order to identify how many furniture units company "Flanco" must produce and sell in order to cover all expenses and to start generate profit. Correlation analysis is done related with company's sum of money spent on furniture dependency to company's profit. Correlation method also is analyzed in order to show, that French market is selected correctly.

The Thesis consists of seven parts: introduction; export - as a key international business element; empirical researches for furniture export expansion through e-commerce technology; modeling furniture expansion idea through e-commerce technology; conclusions and proposals; list of reference; appendix.

The Thesis consists of 71 pages of text without appendixes, 19 illustrations, 5 tables, 53 bibliography source. Appendixes included.

Keywords

Export, furniture export expansion, e-commerce technology, market selection.

Contents

Contents	8
INTRODUCTION.....	12
1. EXPORT ONE OF THE MAIN INTERNATIONAL BUSINESS COMPONENT	14
1.1. Export in scientific literature.....	16
1.1.1. Direct and indirect export.	17
1.1.2. Necessity for export	18
1.2. Reasons for export expansion	19
1.2.1. Proactive and reactive reasons for export activity.	20
1.3. E-commerce technology in the export expansion.	22
1.4. The main cases how to plan export activity successfully.....	25
1.4.1. Main plan components.	25
1.4.2. Potential country selection.	26
1.4.3. Country selection. Five steps method.	27
1.4.4. Extension for country selection.	28
1.5. The power of agglomeration (concentration) in country selection	29
1.6. Break-even point in export management	30
1.6.1. Advantages and disadvantages of BEP (Break-even point).....	32
1.7. Correlation.....	33
2. EMPIRICAL RESEARCHES FOR EXPORT EXPANSION THROUGH E-COMMERCE TECHNOLOGY.....	35
2.1. Furniture market global overview.	35
2.1.1. Global overview of Furniture exporters.	36
2.2. Baltic countries export overview.....	40
2.2.1. Baltic countries furniture export overview.....	43
2.3. Lithuanian export overview. Furniture case.....	45
2.4. E-commerce technology's features as a part of successful export: PLLC "Flanco".	50

3.MODELING FURNITURE EXPORT EXPANSION IDEA THROUGH E-COMMERCE TECHNOLOGY	53
Country selection will be made regarding different selection models, which were described in 1 st Master Thesis part.	54
3.1. The power of agglomeration (concentration) in country selection. Where to export. PLLC "Flanco" case.	54
3.2. Furniture export expansion in France. PLLC "Flanco" case. French market characteristics.	58
3.3. Break-even point analysis. Export to France (export to country chosen by agglomeration method). Company "Flanco" case.	60
3.4. Quantitative analysis. Correlation between French companies' income and sum of money spend in order to buy furniture.	63
CONCLUSIONS AND PROPOSALS.....	66
LIST OF REFERENCES	69
APPENDIX.....	73
Appendix 1. Country comparison according population (2011) using the World Factbook.	73
Appendix 2. List of countries by GDP (2011) according to the Word Bank.	78
Appendix 3. Country comparison by imports (2011) using World Factbook.....	80
Appendix 4. Country comparison by exports (2011) using World Factbook.	85
Appendix 5. European Union countries characteristics (2011).....	91
Appendix 6. Top 10 furniture exporters(2011)	92
Appendix 7. Company's „Lafarge“profit and money spent on furniture (2000-2011).	92

LIST OF FIGURES AND TABLES

Tables

Table 1. Proactive and reactive reasons to do export.	20
Table 2. Export overview 2007-2011 years in numbers (prepared by the author).....	42
Table 3. Imports and exports of European Union countries (2011), (prepared by the author).	57
Table 4. Germany and France characteristics.	57
Table 5. Fixed and variable costs for one unit. (Prepared by the author).	62

Figures

Figure 1. International business components (made by the author).	14
Figure 2. The IKEA franchise structure.	15
Figure 3. Break-even point analysis (made by the author).	31
Figure 4. Top 10 furniture exporters (made by the author).	36
Figure 5. Main Italy trading partners in the period of 2009-2011. (Numbers in mln. Eur)	38
Figure 6. Main Germany trading partners in the period of 2009-2011. (Numbers in mln. Eur)	39
Figure 7. Export overview 2007-2011 years in % (prepared by the author).	41
Figure 8. Annual growth in furniture export 2011.(prepared by the author).	43
Figure 9. Furniture export growth rate in 2011 (prepared by the author).	44
Figure 10. Lithuania Top5 export markets (prepared by the author).	46
Figure 11. Lithuania furniture industry Top5 export markets (prepared by the author).	47
Figure 12. Main types of furniture exported in 2011 year (prepared by the author).	48
Figure 13. “Flanco” sales (without VAT) in 2012. (Prepared by the author).	52
Figure 14. Market selection (prepared by the author).	53
Figure 15. Population of European Union countries(2011). (Prepared by the author). ...	55
Figure 16. Imports of European Union countries (2011), (prepared by the author).	56

Figure 17. Furniture production in France (2011), (World furniture).	59
Figure 18. Demand for different types furniture in France (2012). (Prepared by the author).	60
Figure 19. Correlation between company's profit and money spent on furniture in the period 2000-2011 (made by the author).	65

INTRODUCTION

Topicality of the Research Work

Nowadays it is very important to find out, that export is important not only for national companies to become international, but also it has huge importance for country's economic growth.

Talking about Lithuania, importance of export could be measured by aggregate demand Lithuanian production and distribution services as well as foreign markets.

According to Lithuanian Ministry of Economy, export is as a main economic growth guarantee, which helps to stabilize country in economic recession period.

I decided to analyse furniture export expansion through e-commerce technology, because nowadays export plays a huge role and I wanted to show the possibilities and steps how to start or to expand export activity through e-commerce technology, how to select right market for export and how many units should be sold in order to get profit.

In Lithuania we have a lot of companies, which would be able to do export activity, but majority imagine, that it could not be possible for them. According to this situation, I wanted to show, that it is possible and what companies should do in order to have successful export activity.

The main aspect is to select market, where goods will be exported. To this part I put a lot of attention, scientific literature shows a lot of different methods, how to select markets correctly, according to this, I overview scientific literature and made a real research with one Lithuanian company "Flanco", which is specialized into office furniture by selling it via internet. In this case, I was able to get real perception, how everything works.

The power of agglomeration (concentration) for country selection was used, break-even point was calculated in order to understand how many units should be sold until company will start to generate profit. It is very important for companies try to do researches like this in order to get real numbers, because only at this moment companies will be able to evaluate their possibilities in export activity. Correlation was used in order to show, that country was selected in right way.

All calculations are based in relation with e-commerce technology. E-commerce in general, could be as a servant for companies, no matter company did export activity in past times or not . If we would like to compare traditional trade and e-commerce case, the prices in traditional shop could match the e-shop prices, because companies, which use e-commerce are able to spend less money on exposition equipment, advertisement. E-commerce offers more opportunities form that companies which are going to international trades.

Main reasons encouraging enterprises to develop e-commerce are extra income, smaller administration expenditure, higher activity efficiency and better financial results.

The Research Object

Furniture export using e-commerce technology.

The Aim of the Work

The aim of the work is apply country selection methodology which could be applied using e-commerce technology in order to expand export.

Tasks of the Work

In order to achieve the main aim of the work next tasks should be accomplished:

- 1) To analyze scientific literature related with foreign trade and international business;
- 2) To identify the methods, which should be used in order to select right country for export;
- 3) To do the researches based on furniture export through e-commerce technology;
- 4) To understand how export expansion could be implemented through e-commerce technology;
- 5) To identify, how e-commerce technology could help in export expansion;
- 6) To understand break-even point calculation and application to real company;
- 7) To understand how correlation could help in order to be sure of selected country decision.

1. EXPORT ONE OF THE MAIN INTERNATIONAL BUSINESS COMPONENT

International business –the exchange of goods and services among individuals and businesses in multiple countries.

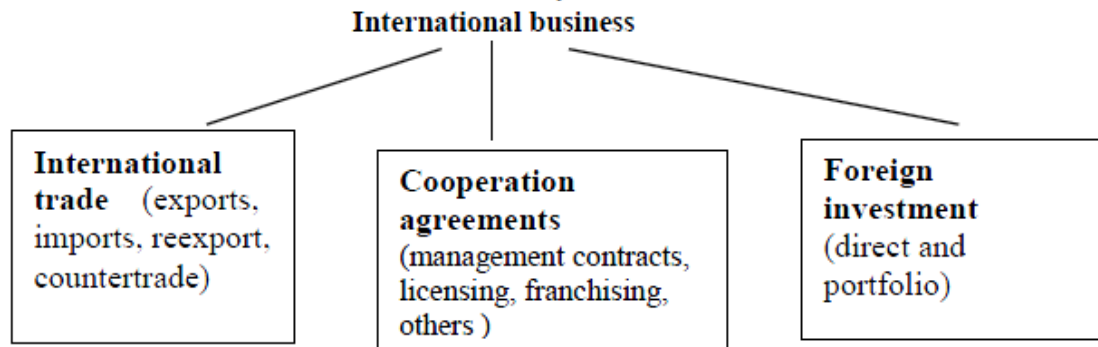


Figure 1. International business components (made by the author).

International business is based on main three elements: international trade, cooperation agreements and foreign investment.

International trade includes exports, imports, re-export and countertrade.

- **Export** is goods and services produced by a firm in one country and then sent to another country.
- According to that **import** – the activity where country accept goods, produced in another country to sell in local market.
- Term **re-export** relates with countries, which import goods and after some time export it to another country.
- **Countertrade** - when goods are changed into another goods (Falvey: 2004). For example, one country has a lot of timber resource, another country has competitive advantage in textile. These two countries can make agreement to exchange one goods into another by agreed amounts of each good, because the value should be suitable for each country.

If we want to improve international trade, the new products are needed also they should meet international standards. According to this statement, huge sum of investment is needed. One of the way – local investment, but nowadays it is very small and inefficient. The second way – we need technological investments from countries which have international experience (Lucas: 1994).

Another way how to be international – to make cooperation agreement, such as management contract, licensing, franchising and others. In this case you buy a business concept, management or other type of information in case to have similar or exactly the same business model. At this part I would like to provide example related with furniture industry. Company “Slumberland furniture” has 25 years experience in franchising. Another great example: IKEA franchising:



Figure 2. The IKEA franchise structure.

When selecting franchisees, Inter IKEA Systems B.V., among other things, evaluates the following:

- experience;
- local market knowledge and presence which has to demonstrated ability to establish and operate IKEA stores nationally;
- corporate culture and values;
- financial strength and ability to carry through the investment penetrating a country in full and in a large-scale retail environment format (Purlys: 2007).

Talking about foreign investment, it is very important to know, that foreign investment are divided into two different parts:

- portfolio investment (PI);
- foreign direct investment (FDI).

Portfolio investment – is investment made by investors who are not particularly interested in involvement in the management of a company.

Foreign direct investment - is a measure of foreign ownership of domestic productive assets such as factories, land and organizations (Martin: 1996). Foreign direct investments have become the major economic driver of globalization, accounting for over of all cross-border investments.

All times and for all countries foreign investments were very important for a lot reasons. The main one – such investments creates possibilities to develop country, to create new working places, to be more innovative and to generate better economical situation.

1.1. Export in scientific literature

Export is goods and services produced by a firm in one country and then sent to another country.

Nowadays it is very important to find out, that export is important not only for national companies to become international, but also it has huge importance for country's economic growth.

Talking about Lithuania, importance of export could be measured by aggregate demand Lithuanian production and distribution services as well as foreign markets.

According to Lithuanian Ministry of Economy, export is as a main economic growth guarantee, which helps to stabilize country in economic recession period.

R.Ginevičius wrote, export – goods or services sold across national borders using direct or indirect method. Also, author conducted, that export is one of the simplest form for company to expand. Company, by choosing export, accepts lower funding risk. Usually company faced export need when they see possibilities in other market across borders.

The main characteristic of export – the transaction of goods from one country to another. Export, as a foreign trade form, characterized by several key features:

- This proces necessarily takes place between at least two parties. Also, export is integral part of public policy.
- Export is closely related with different monetary relations between countries. According to this – ones countries foud it positively, anothers faced negative result.

1.1.1. Direct and indirect export.

According R.Ginevičius, there are two main export forms: direct and indirect export, but Rita Kuvykaitė added the third one: foreign export.

Direct export. Company, which choose direct export, act in export without any intermediaries and sell product to the final consumer. Also, trade to companies departments in other country also belongs to direct export. Using direct export has huge advantage – these companies, which choose this type of export observes their competitive advantage in quicker way. Also these companies are able to get connections with other foreign companies on their own (Anandarajan: 1999). They are able to control their international activity. All these advantages are not suitable for indirect export. Direct export has negative aspect, for example, company should be sure with competence to final client.

Indirect export. Another possible way to do export. In this case companies do export through the intermediaries, without taking any special actions. All needed documents for final consumer, all transactions are done by another company. You will never know who the final consumer is, you will not be able to find out your competitive

advantage very quickly. For example, Lithuanian furniture company exports goods to French furniture company and this company sells these goods to local people. Usually these goods will be sold under French company's name(brand).

The third one type of export – **foreign export**. According to Rita Kuvykaitė, in this case company organizes business units abroad, there goods are produced and after that these goods are exported to the third countries.

1.1.2. Necessity for export

Julius Algimantas Urbonas wrote, necessity for export is reflected by following reasons:

- International division of labor and production specialization. It is believed that each country specializes into production of one certain type of goods. A lot of countries have their own competitive advantage provided by nature – specific natural resource. For example, imagine country where timber planting conditions are suitable, this country will have competitive advantage in furniture business, because this country will have low material costs, there will be no need to import material from others.
- Different tastes, needs. The difference between people tastes, needs has impact on import/export. When local products can not fulfill all the needs, there arises need for foreign goods. For example, thinking about furniture industry, in Lithuania we have a huge range of different timber. We are able to provide one or another type of timber to foreign country, which does not have conditions to grow it.
- Export reduces the formation of monopolies and increase competition in the country. Different countries have different competitive advantages, which helps to export goods with different prices. One country has low labor costs, another – lower production costs, the third one, as example, lower transportation costs. In this case local companies must compete with foreign ones – to reduce costs, improve quality and other.
- Export as a result of import. Countries, which want to fulfill people's needs must import another goods. As a rule – companies exporting local goods in order to fulfill needs abroad.

Rita Kuvykaitė, Julius Algomantas Urbonas and Romualdas Ginevičius unanimously describe importance of export, arguing that export allows companies to see possibilities regarding the visibility of their goods, export allows to satisfy growing circle of costumers needs. Export companies always have possibilities to increase quality of manufacturing products in fight against the growing power of the competition, also, these companies have possibility to increase profit in easier way.

According the authors, export companies are able to diversify their production and to manage the risk, because company does not depend on a single market. Export companies create benefits for country by promoting economic growth and also, these companies increase the awareness of the public.

1.2. Reasons for export expansion

Why ones companies do export, try to expand it and another do not pay attention regarding this possibility?

A lot of authors wrote, that companies recognize export's positive sides while thinking about economic benefits for company. According to D.Bernatonytė(2005:5) economic benefits could be reached because of:

- Different production conditions, difference in natural and climatic conditions.
- Different production productivity levels. Each country uses high-tech technologies, specializes to produce product, where has competitive advantage in comparison with other.

According to V.Vengrauskas, N.Langvinienė (2005:17), there are five powers, which empowers companies to change, globalize their activities:

- **Political force.** For companies export is one of the safest activity in order to increase their profit. Thinking about political power, the main aspect could be preferred trade agreement.
- **Technological force.** It not so hard for companies to provide all needed information, to reach foreign countries and to inform potential consumers about foreign products using computerization and communication technology.

- **Market force.**
- **Cost force.** One of the most important management task – to seek mass economy in production activity.
- **Competitive force.** The competition between companies increases every day, it always growing. All the times local companies tried to protect their activity. But European Union and other agreements opened a lot of channels to do export and to compete with local producers.

1.2.1. Proactive and reactive reasons for export activity.

Another scientists S.Hellensen (2008:35) indicates proactive and reactive export reasons:

Table 1. Proactive and reactive reasons to do export.

Modified according to the source: S.Hellensen (2008:35)

Main reasons to export	
Proactive	Reactive
Profit and growth targets	Competitive pressure
Head identification	Local market limitations
Tecnological competence/unique product	Overproduction/overcapacity
Possibilities in foreign market/Market information	Unplanned foreign orders
Economic assumptions	Expanded in time season goods
Tax incentives	Customer physical and psychological proximity

Proactive reasons identifies company's stimulus to use unique competence or market possibilities. Otherwise, reactive indicators show company's reaction to market fluctuation in local and foreign market or adaptation to changes of international market.

According to authors, if company is able to produce unique product, there is no discussions that this company will have competitive advantage in comparison with other companies. But there is avoid regarding technological competence. If company producing this good by using unique technology, there is always possibility that competitors will

start to produce analogical product. It is very important to combine unique product by using not only technological competence (Greiner: 1995). Talking about market information, companies sometimes make huge mistake, because they believe that it is enough to search information provided on internet. It is very commendable when company uses international researches. Also, the foreign connections, new contacts can help to identify specific aspects related with specific market. Successful companies provide experience like this: they select market and tried to be in this market for some time in order to get in touch with local companies. In this case company will be able to see market's strengths or weaknesses. They will be able to use market's weakness by making their competitive strength. For example, thinking about furniture sector, being as a part of some specific market, you are able to feel consumer's needs or even wants to one or another specific furniture model. The weakness for that market could be that local companies are not able to produce product because of lack of resource, technological issue and you know, that in your country you have such possibilities. In this case local market's weakness becomes your strength.

Tax incentives in literature is described as important international trade promotion method. According to Hollensen, in a lot of countries, government provides tax incentives in order to promote companies to do export.

Another main issue related with export reasons is to achieve mass economy. Because only then, company could be strong competitor to others.

Physical and psychological proximity are very important to international marketing and export (Pang Les: 2001). For example, Germany companies, which are located near Austria border, do not recognize trade as export.

1.3. E-commerce technology in the export expansion.

E-commerce is the purchase and sale of goods and services by using e-networks (open and close e-networks) (Bidgoli, 2004).

Open e-network is a public network and global network. It provides an opportunity to look for necessary information. The most open network is the Internet (Paliulis *et al.*, 2003). As example I would like to talk about business furniture e-shop called “Flanco”. All Lithuanians (this page is for Lithuanian market only) can go to this web-site, choose desirable furniture and to make order online.

Close e-network is created only for companies, not for public use. The main idea regarding this type of e-network is to make business between companies, which are in different geographical areas. They have own connections, provided by main company and have all rights to make orders and generate trade. A good example is UAB”Narbutas Furniture Company” in Lithuania. This company has its own online shop but if other company desired to joint it and to make orders online – it is obligatory to provide company information, to sign the contract. After this process UAB”Narbutas Furniture Company” provides username and password.

Exporters who use e-commerce as part of their export strategy are more successful than those who don’t.

- Management commitment to exporting and e-commerce is an important determinant of export success.
- Exporters use e-commerce principally for marketing purposes but adoption of online ordering and payment as well as e-Procurement (including the participation in electronic marketplaces) is becoming more commonplace.
- E-commerce strategy is a crucial part of export strategy.

E-commerce benefits exporters by:

- **Reducing costs and improving service** e-mail vs. phone calls, culturally appropriate web-based product information vs. printed material, lower research costs; online procurement helps to find the lowest price.
- **Expanding markets** new export customers, potential access to global supply

chains, more effective sales support to export customers through better integration/coordination with distributors/dealers.(Bames: 2007).

- **Creating new markets by converting existing goods/services into electronics formats** knowledge-based services, education, design, entertainment.
- **Creating new marketplaces to conduct businesses** electronic marketplaces, portals and directories.
- **Maintaining better relationships with intermediaries (including government) and end-customer.**

A lot of scientists are talking about benefits regarding investments in e-commerce .They believe that usage of e-commerce could provide not only better financial results bus also offers more possibilities to go internationally (MacGregor:2005).

Thinking about export expansion through e-commerce technology, Aurelija Burinskienė wrote that there are several ways how to implement it:

- An Internet shop. The consumer can visit the e-shop and choose an item from a wide range of goods (Khosrowpour: 2006);
- A producer on the Internet. Consumers can easily find, choose and even make a “purchase-sale” deal with a direct producer online. This encourages more and more consumers to buy goods directly;
- Trade with the help of an e-network. More and more permanent business partners use e-networks to receive orders, transfer the documents of payment and transport (Cullen: 2007). Data received via e-networks are integrated into the information systems of enterprises.

In scientific literature, M. Khosrowpour and other authors use the term “e-commerce technologies” while talking about trade transactions.

Enterprises expect that expenditure of item sale on the Internet is lower than expenditure, which a company incurs selling goods traditionally. A. Burinskienė wrote that a lot of authors think that sale on the Internet is determined by price, quality and delivery conditions.

According to K. L. Kraemer’s data (2006), enterprises which sell items on the Internet increase their income, improve client service, reduce expenditure and reach a higher efficiency level.

E-commerce can be based on two major business models:

- Business model “business to business”;
- Business model “business to consumer” (Davidavičienė *et al.*, 2009).

According to V. Kvainauskaitė (Kvainauskaitė *et al.*, 2005) term “Business to business” always refers to communication between companies. Several more enterprises trade on the basis of such a model. This has been the most common e-commerce model in the whole world since e-commerce technologies appeared.

According to Julius Algimantas Urbonas, statistics shows, that despite the decline in popularity of business-to-business model, still approximately 50% of all goods are sold in foreign trade by using this method.

Thinking about second one – “Business to consumer”- the different one from the first one. In this case trade exists between company and consumer. We get in touch with this business model every day, for example, if you want to buy furniture for your home, you go to specialized furniture shop.(Baršauskas: 2008).

This method was discussed by Julius Algimantas Urbonas. According the statistics, author concludes, that business-to-consumer method is especially popular in economically developed countries. For example in United States this method accounts 2/3 of all transactions. Talking about England – more than 70%, common global level reaches about 50%.

E-commerce in principal, could be as a servant for companies, no matter company do export or not. If we would like to compare traditional trade and e-commerce case, according to M. Khosrowpour (Khosrowpour, 2006) the prices in traditional shop could match the e-shop prices, because companies, which uses e-commerce are able to spend less money on exposition equipment, advertisement. E-commerce offers more opportunities form that companies which are going to international trades.

M. A. Hitt thinks that the main reasons encouraging enterprises to develop e-commerce are extra income, smaller administration expenditure, higher activity efficiency and better financial results.

1.4. The main cases how to plan export activity successfully

1.4.1. Main plan components.

There are three main components how to plan export activity: (Ginevičius *et al.*, 2006):

- **Goal.** The majority of company's goals are determined and compared with market and business opportunities.
- **Program.** Export program is described as the special export activity expansion.
- **Organization.** Talking about organization it is very important to recognize, that dynamic of exports is very quick and company must use all their resources in case to achieve needed goals.

Many authors describe export activity planning in similar way, but they distinguish the planning stages as the main ones. Because a lot of results depends on effective and successful planning. R. Ginevičius identifies four planning steps:

- Companies must have objectives regarding export activity;
- The possibilities of the company must be evaluated. It is better to use professionals help, because they know to which indicators pay attention, also they are able to make different comparisons with other companies in order to identify the real situation in export environment;
- Country selection – where to export;
- Export organizational methods and forms should be analyzed.

Meanwhile, Julius Algimantas Urbonas also talking about the evaluation of company's possibilities, market selection, but also widely explain the decision-making process and export planning stages.

The author wrote, that it is very important for companies to identify and to understand the main goals regarding to export planning as the process itself, also the importance of goal-setting.

Export planning goals:

- To identify the potential country where goods will be exported.
- To calculate the potential size of the market. It is very important, because there should be clear understanding if this company will be available to export the needed amount of desired goods. If this company will be available to fulfill consumer needs.
- To estimate the export costs.
- To indicate the expected profit.
- To estimate the potential growth of export.
- To evaluate a competition. Also, it is very important to evaluate entry and exit barriers. (Urbonas, 2003).

A lot of goals are related to specific company's features, such as possibilities to export needed amount of goods-in this case it depends on company's capacity, labor capabilities, employees, if this company has possibility to have warehouse, how many goods company is available to produce per different time and others.

1.4.2. Potential country selection.

Talking about potential country selection – there are some criteria to which a lot companies should pay attention. A lot of authors stated, that companies make a lot of mistakes by evaluating and choosing potential country where to export.

R. Ginevičius offers some tips to which aspects companies should concentrate and pay responsible attention.

- The size of the country;
- The growth rate;
- Existing competition, competitor's analysis;
- Existing demand for the product;
- Product similarities to the local ones;
- The country access (transport, entry barriers and others);
- Transport means;
- Political and economic stability;
- Payment possibilities, taxes, import restrictions and others.

According to Julius Algimantas Urbonas, all these tips should be confirmed and put into export marketing plan. Author noticed, that the success of the export is guaranteed only by comprehensive country understanding and analysis of export opportunities regarding to specific company.

1.4.3. Country selection. Five steps method.

Author R.D. Hisrich stated that there are some country selection methods, but the main one is combined from five different steps:

1. To identify the main indicators, which are related to previous sales in the country. Also, it is very important to find out information, related with competitive researches, information which is provided by the specialists. The main idea is to find about: country's population, market to special product, the income for one citizen. The growth of the market should be proved by country's GDP growth.
2. To collect all needed information and to convert it into comparable indicators.
3. To select corresponding meaning to each indicator.
4. To analyze data.
5. To choose the market related to selected ratings.

Talking about the country selection where to export, it is very important to obtain and analyze the adequate information, also, it is strongly recommended to find information, provided by the export specialists, what do they think and propose. Another case, it would be commendable, that company, which is hesitating which country will be most suitable for them, to order the research, which will be done by country selection expert, because sometimes, people doing research on their own, make small mistakes, which could have huge negative impact in the nearest future. Sometimes it is better to pay for somebody in case to save costs in the future.

1.4.4. Extention for country selection.

It is commendable, if company extends the selection by applying additional criteria. To have better results – use the previous questions, select more than two countries and to extend by answering following questions.

According to authors W.J. Keegan, B.B.Schegelmilch (Keegan, Schegelmilch, 2001:259), market selection is implemented by amount of sales and profitability. For example, if company started product export activity at first time, in this case – product-market profile should be implemented by local market experience. The second step is to answer to these questions:

1. Who is product consumers?
2. Who is not product consumers?
3. What is the main functions of the product or what is the usage of it?
4. Which problems is solved by the product?
5. To whom product is oriented?
6. What is the price of the product?
7. When the product will be bought?
8. Where the product will be bought?
9. Why the product will be bought?

These questions must be carefully answered by the company, in order to do export successfully. For example, if company wants to export product to market, where competitors are already trying to sell similar good – the main case is to increase product value-added and to decrease product price. Author R.D. Hisrich strongly recommends to do PEST analysis (political, economical, social and technological analysis) in order to understand export possibilities to exact product. (Hisrich, 2009:146)

According to the author, the selection of the market where to export should be implemented by past sales experience, competitiveness, country and region data comparison. It is strongly recommended to select at least three years data in order to identify correct and exact trend. Collected and analyzed data will be used for marketing plan and for market entry strategy.

1.5.The power of agglomeration (concentration) in country selection

There are many ways how to select country and to plan export business there. A lot of authors have written about some methods, to which criteria company should pay attention, which calculations should be done before exports. Thinking about calculations – in one hand – it is more convenient method, but is not so easy to find needed numbers if company did not have export activity in the past.

Companies do mistake by choosing country only because it is attractive, otherwise – because the competitors do export in these countries. Every company should evaluate its own availability, strengths and weaknesses, opportunities and threats (SWOT analysis). In this case a lot of authors recommend to use professional help by identifying these aspects.

Another way how to select country is research concentration of several indicators in different countries. In this method the different criteria are set in case to compare different countries. Chase-Dunn did the research by comparing countries according to GDP growth, amount of foreign investment in each country (Chase-Dunn *et al.*, 2007). Author suggests, that it is important to recognize which numbers or indicators company needs in order to achieve selected results.

Thinking about the way which was chosen by Chase-Dunn, why DGP is important in order to select country?

Generally, GDP (gross domestic product) is import indicator, which shows as how country is economically developed. GDP is described as the indicator, which means the total value of goods and services created inside the country per some period of time. In main cases this period is one year (24 months). There are some specific methods how to calculate GDP. The main and usual one is:

$GDP = \text{consumption} + \text{investment} + \text{government outcomes} + (\text{export} - \text{import})$.

Another important indicator – GDP per capita. It is calculated : $GDP/\text{population}$. According to Chase-Dunn, this number is especially useful when comparing one country with another, because it indicated the relative performance of the country. Also, GDP per capita is known as indicators, which allows us to recognize the standard of living as well.

The higher number GDP per capita being interpreted as having a higher standard of living.

This concentration research helps companies to identify which country is more suitable for export. Scientists wrote, that is important to select not only one country, but at least two. Another moment is to analyze these countries by specific mathematical calculation, according to this, it would be easier to select the best one.

1.6. Break-even point in export management

Usually this method is used in export to identify the quantity of production after which company will pay off all costs and starts to earn profit. It is the point, where is no costs and no profit. Usually it is related with the questions: “how many units I should produce and sell in order to earn money?”.

A lot of authors describe break-even point differently, but the main idea is the same. E. Budnys (Budnys, 2007:102) states, that moment, where sales is equal to costs method is described as break-even point analysis. It is the dependency between variable costs, sales and profit. From this point companies activity starts to be profitable. Another moment-when sales are above or in the bottom of the break-even point, this method shows how amount of companies investment in long term asset could be sensitive for costs, sales and profit dependency. Thinking about fixed costs – it includes amortization of real estate and equipment, rent payments, salaries for employees and administrative costs. In this case the manufacturing costs are important, not companies financial costs, such as interests, according to this information, interests paid is not included into companies fixed costs.

According to I. Zabelavičienė, this method is used in case to evaluate profitability for existing products, not only to predict the future products effectiveness for company's profit (Zabelavičienė, 2005:106). It is very recommendable to make break-even point analysis for existing products in order to understand how increase in one or another production amount could have the positive effect to company's profit. Also this method shows which production have negative effect on company's profit.

At the beginning it is very important to identify the expected incomes and outcomes. If company wants to identify the sales of production – it is obligatory to make

market research. If this moment is done – company should turn to the second step – expected production fixed and variable costs should be evaluated. In this case – companies usually use break-even point analysis, because in this case company is able to identify the minimal amount of production in order to be sure, that it will have the positive effect on company's profit.

$$\text{Break-even point} = \frac{\text{fixed costs}}{(\text{unit selling price} - \text{variable costs})}$$

Thinking about the companies, which are planning to start export activity Anderson made a research in order to analyze how much it costs export activity for company? According to Anderson (Anderson *et al.*, 2004) it takes 170% production costs. This number should be taken into account by generating the break-even point analysis. (Buckiūnienė: 2001)

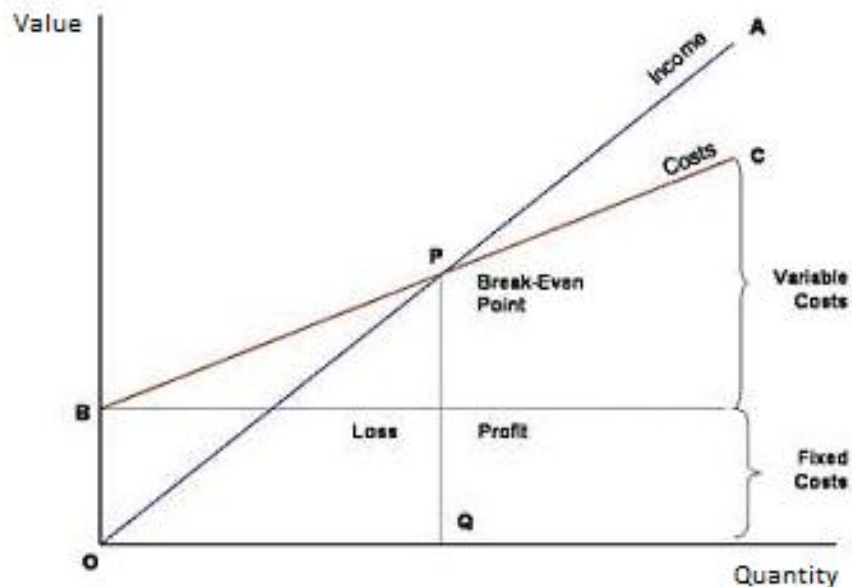


Figure 3. Break-even point analysis (made by the author).

In this figure we can see clear view how break-even analysis works. Point P represents the moment, where company's profit is equal to 0. Point Q represents the minimum quantity of production which must be sold in order to start generate profit.

Also, this analysis is based on specific period of time. If all numbers is based on 1month period, than point Q represents the minimum quantity of production, which must be sold per 1 month.

1.6.1. Advantages and disadvantages of BEP (Break-even point)

According to the Anderson, break-even analysis has advantages and disadvantages.

Advantages:

- useful for companies to identify the minimum quantity of production in order to achieve minimum profit(to pay off the costs).
- It is useful in capital budgeting techniques.
- Thinking about the export – to get more clear view about possibilities in order to prevent losses. In this case – is it possible to sell needed amount of production per specified period of time.
- It does not require a lot of difficult calculations.
- It requires only main numbers regarding production costs for company.
- There is no need to use professional's help in order to get needed results.

Disadvantages:

- The number regarding fixed and variable costs it is not very clear, according to this the break-even point could be not exactly the same as in reality.
- The main disadvantage is that break-even point suites only for one product at a time. Thinking about the company, which offers different type of products. In this case it will take a lot of time and calculations in order to get BEP for all products. In this case it is recommendable to take the average amount in order not to recognize which product line should be increased or decreased, but to get general BEP for all activities.

BEP (break-even point) analysis is very useful nowadays, no matter that this method has several disadvantages, but it helps for companies to recognize their availabilities, current situation regarding their future or current production forecast. It

does not require a lot of investment, only some numbers from account documents, clear and realistic thinking. The main aim of break-even analysis is not to see beautiful view, but to identify the real situation in order to avoid losses.

1.7. Correlation

To determine the relationship between two variables a correlation coefficient is used, which is denoted by r . The range of correlation coefficient is between -1 to +1. The value of the correlation coefficient tells us two things about the nature of the relationship between two or more variables, the intensity and the direction. Ideally, for no correlation between two variables, the value of r should be 0 and for a perfect correlation, the value of r should be 1.

These are very rare scenarios and ideally, if the value of r is above 0.70, then the relationship is considered to be 'almost always significant'. Direction signifies the manner in which the two variables move in respect to each other.

A **positive correlation** means that both the variables are moving in the same direction.

A **negative correlation** on the other hand implies that the two variables move in opposite directions.

Out of the various correlation research design types, explanatory design model and prediction design model are widely used. The explanatory design model examines the correlation of two and more variables with data being collected at one time only. After the collection of data, at least two scores are recorded and the researcher draws out inferences from the available statistics only.

Also, in a prediction design model, the capability of the prediction is the main aim of the research. The study focuses on the use of predictor variable and the criterion variable. A variable which is used to predict the value of the other variable is known as the predictor variable and the variable whose value is being predicted is known as the criterion variable.

Correlation could help companies to identify one or another tendency between variables. Thinking about furniture export – correlation could help to get perception for example how correlate income per person and spent amount for furniture per one year. Or another example – if sum of money spent on furniture depends on company's profit?

The correlation could be calculated according to the formula:

$$r = \frac{N\sum xy - (\sum x)(\sum y)}{\sqrt{[N\sum x^2 - (\sum x)^2][N\sum y^2 - (\sum y)^2]}}$$

Where:

- N = number of pairs of scores
- $\sum xy$ = sum of the products of paired scores
- $\sum x$ = sum of x scores
- $\sum y$ = sum of y scores
- $\sum x^2$ = sum of squared x scores
- $\sum y^2$ = sum of squared y scores

Another way to calculate correlation is to use Microsoft Excel command.

Through the magic of mathematics it turns out that r will always be between -1.0 and +1.0. If the correlation is negative, we have a negative relationship; if it's positive, the relationship is positive. But you probably will need to know how the formula relates to real data - how you can use the formula to compute the correlation.

2. EMPIRICAL RESEARCHES FOR EXPORT EXPANSION THROUGH E-COMMERCE TECHNOLOGY

2.1. Furniture market global overview.

Competition from cheap producers in developing countries in the furniture industry has been increasing the pressures facing firms in industrial countries. While relatively low wages now ensure the competitiveness of transition economies in this industry, preserving the competitive edge may become increasingly difficult as wages continue to rise.

The business furniture industry can be thought of as having two tiers: the lowest value added segment— standard products, such as melamine finishing tables; the highest value added segment—non-standard furniture products, such as veneer and unique dimensions illustrating business furniture.

In a world where producers must supply an increasing number of products containing non-standard elements, speed and flexibility have become crucial. Rather than making planning and production decisions based on forecasts and guesses made months in advance, firms now receive ongoing orders reflecting actual consumer purchases. Thus suppliers must be able to provide frequent deliveries, in smaller quantities and with diverse products.

According to that, exporters are expected to do so with far greater accuracy in filling orders and meeting delivery standards than in the past. In short, the retail revolution has altered the basic rules of global competition for business furniture industry.

To participate in this system, a export company must be able to:

- Label, track, and respond to product orders in real time on the basis of style, finishing, fabric, and size.
- Exchange (send and receive) information electronically on the current status of a retailer's products.
- Provide goods to a retailer's distribution center that can be efficiently moved to Stores - that is, containers marked with bar codes indicating the contents and shipments of products ready for display in retail stores.

Proximity to the European Union gives transition economies a great advantage and makes them primary candidates for becoming suppliers to middle. Moving up requires some investment in both physical and human capital.

2.1.1. Global overview of Furniture exporters.

Furniture export plays important role nowadays. Countries exporting furniture for others countries where is a need, otherwise – countries, which has expensive labor force or shortage of resources– imports furniture from other countries.

More or less almost all countries import and (or) export furniture. According to this, I wanted to identify these ones, which take the biggest part as furniture exporting countries. Countries were compared regarding characteristics:

- Value exported in 2011;
- Annual growth in value between 2002-2011;
- Annual growth in value between 2010-2011;
- Share in word furniture export.

According to this information, I specified top 10 furniture exporters (see appendix 6).

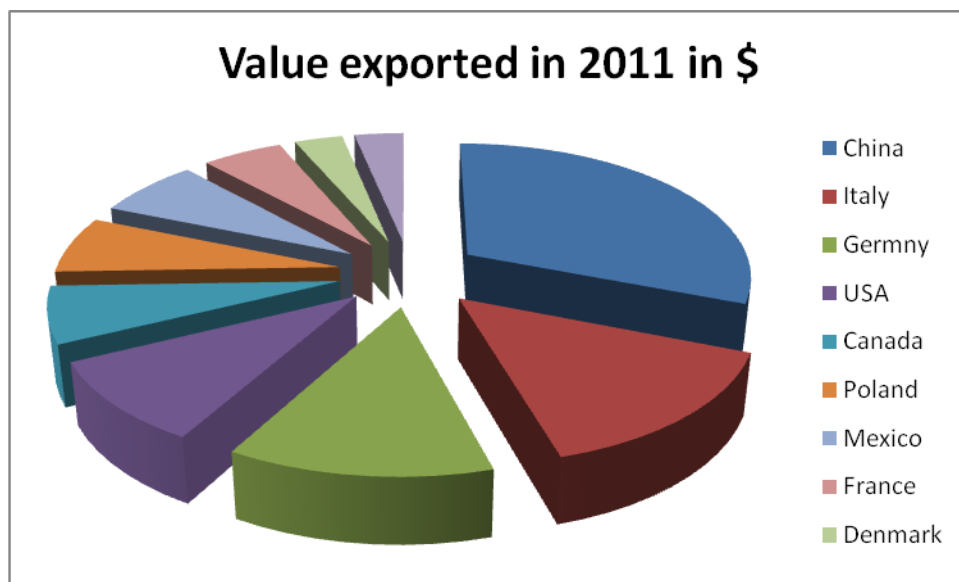


Figure 4. Top 10 furniture exporters (made by the author).

The figure 5 shows, that the biggest furniture exporter is China. It is not a surprise, because the population of this country is very huge. Also, according to this, China has low labor cost, it helps to make production with low costs, also to achieve mass economy. Thinking about the quality of Chinese furniture – they are known as low-quality makers. I would like to mark, that only little part of furniture, exported from China is office furniture. It is because office furniture must meet several different standards, these furniture must be tested and also certificated (especially in EU countries). Because of these aspects and low Chinese quality – only some percents of office furniture are produced and exported from China. China has made a significant improvements in the quality of the furniture, but this country still does not made the strong brand names, that is the consequence that Chinese furniture is still know as low quality production.

Another top furniture exporter is Italy. This country is the second largest furniture manufacturer in the world. Italian furniture is more orientated to living rooms and bathrooms. Also, the majority of imported chairs in Lithuania is from Italy, because there is the main chair producer “Sitland”. In comparison with Chinese furniture – Italian has big competitive advantage – they make furniture with innovative design and with high quality. Italians have an image of being good in defining the style for furniture.

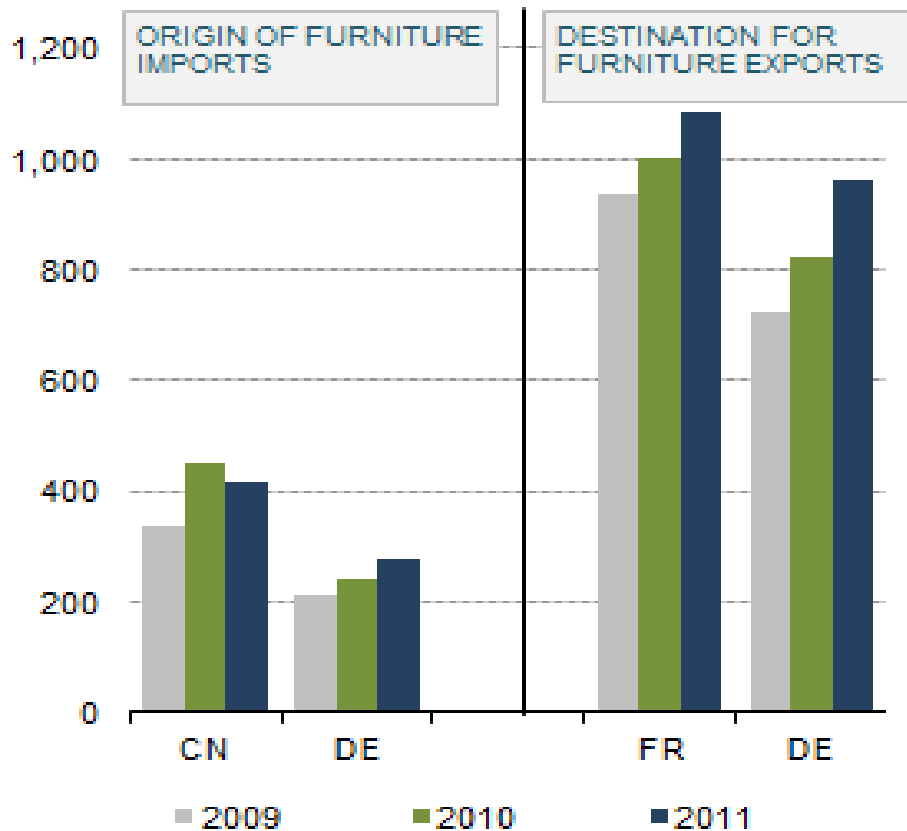


Figure 5. Main Italy trading partners in the period of 2009-2011. (Numbers in mln. Eur)

Italy all the times more exported furniture in comparison with imported amount. The key element of this success is the inherited manufacturing methods, the good taste of the furniture trend. Furniture made in Italy is very recognizable and valuable. Another key factor, which had influence on this success – the large investment in design.

Marketing research was made in 2010. The main case of this research was to identify the business model in Italian furniture manufacturing area. It was identified, that Italy has strong business model, which is based on industrial districts and a huge propensity to export.

The third one of the main furniture exporters – Germany. This country is well known as the kitchen furniture manufacturer and exporter. According to this, 1/3 of the total furniture sales in Germany is home furniture. Germany has high-tech manufactories, in this case – country is able to produce furniture in suitable prices, because everything is mechanized. Another interesting aspect, that Germany people are used to change their

home furniture approximately 3 times during their lifetime. German furniture target group mainly are families with newly weddings, long-term families and families, where both persons are in retirements. German furniture is not targeted to people, who likes to change their living places. According to this information, German furniture companies give a lot of incentives for the first target groups – stable families.

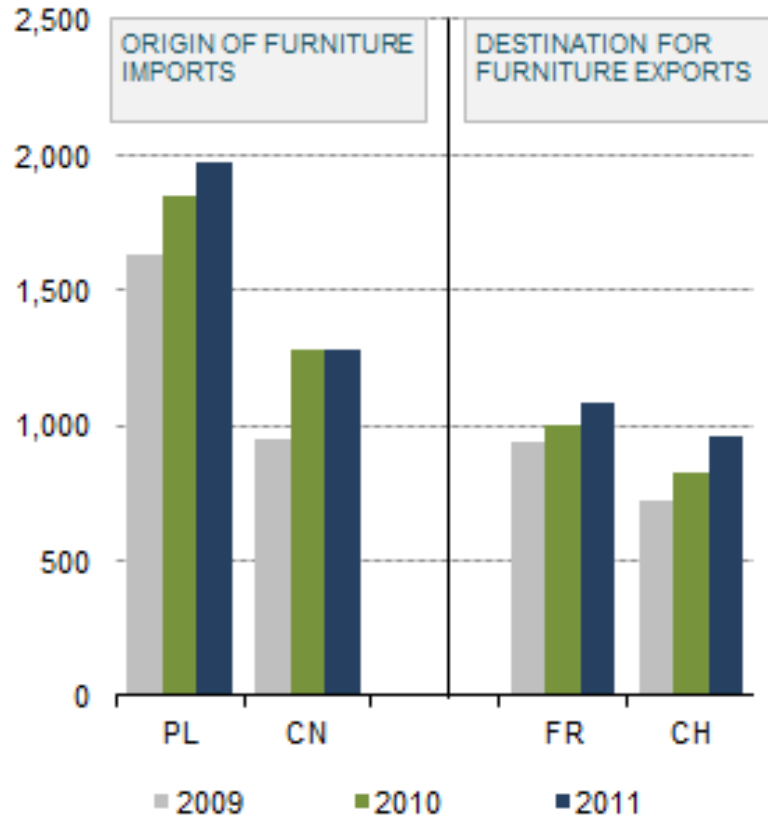


Figure 6. Main Germany trading partners in the period of 2009-2011. (Numbers in mln. Eur)

German furniture import is larger than export. Germany imports furniture from countries, where the labor force is cheaper and exporting furniture for the countries, which more value the German made furniture.

All the times Italy was the main German supplier with furniture, but in the 2003 the main change was, when Italy was replaced by Poland furniture. From this time – Poland is the main furniture supplier for the Germany. The main reason for this change was that German manufacturers made huge investment in eastern European countries like Poland, Czech. The main aim is to use cheaper labor in order to produce furniture and to

sell furniture back to Germany. 2/3 of imported furniture from Poland was supplied by German furniture plants there.

France and the Czech Republic, Belgium and the UK were the principal destination countries. Kitchen furniture represents more than twenty percent of total exported furniture. It is very important to recognize, that Germany is the largest exporter of kitchen furniture in the European Union. Thinking about the furniture export expansion – Germany has strong links with the Eastern European countries. Germany organizes grand furniture exhibition called “Orgatec”. Country is making new contacts time by time, organizes investment program, making social furniture programs, organizing innovative conferences regarding furniture, according to this information – researches believe that there is a lot of what is already done in order to have good results in export activity not now but in the future.

2.2. Baltic countries export overview.

All times and for all countries exports were very important for a lot reasons. The main one – export creates possibilities to develop country, to create new working places, to be more innovative and to generate better economical situation and to be internationalized.

Export shows the economical situation of the particular country. Thinking about Lithuanian export, the best way is to compare Baltic States countries and to identify, who countries do their export, what is the differences, maybe the exporting product, maybe the export strategy. In this case - comparing three Baltic countries – Lithuania, Latvia and Estonia – we could identify the competitive advantage, because all three countries have approximately the same export conditions.

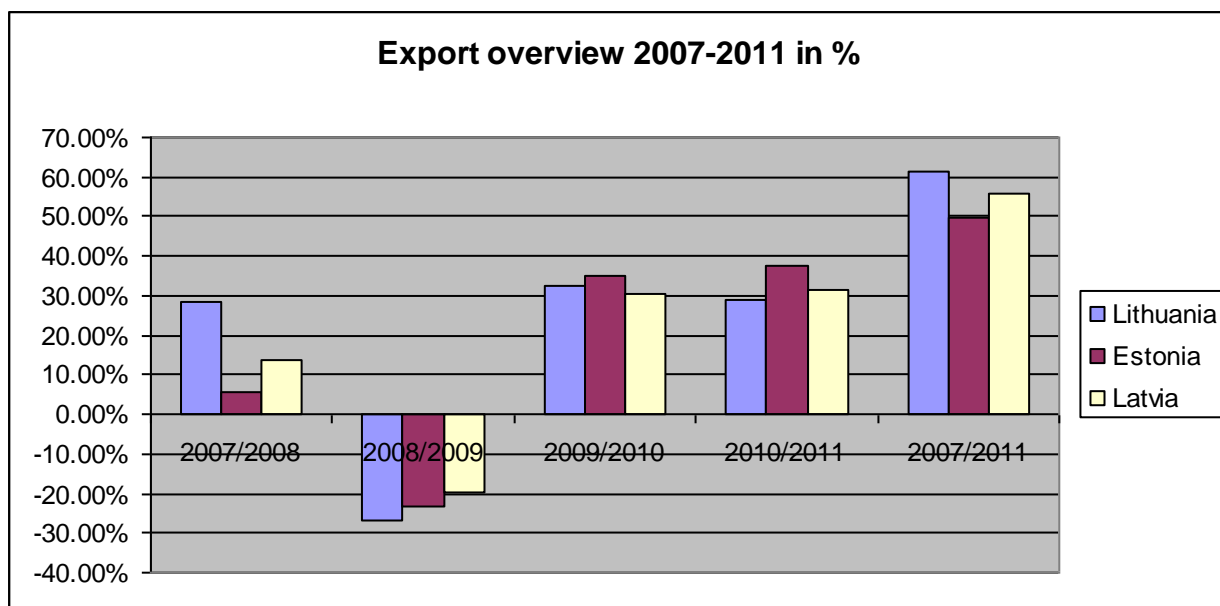


Figure 7. Export overview 2007-2011 years in % (prepared by the author).

All three Baltic countries move approximately in the same export trend. As I mentioned, Baltic countries have a lot of similarities – geographic, demographic, social and cultural, also historic and also climatic area. According to this, all countries have similar possibilities to do export. Lithuanian, Latvian and Estonian integration in European Union opened the huge and new possibilities to improve export activity.

As we see from figure, economic crisis had a huge impact in Baltic countries' export activity. In 2008-2009 all three countries faced recession and negative growth in export. It was because a lot of companies gone bankrupt, the demand from other countries decreased, the purchasing power went down.

After recession period, the export in three Baltic countries was growing. The reasons will be explained above table 2.

Formation of the unified social, economic and technological space in the Baltic region could be comprehend as a successful case of the regional integration oriented transformations in the European Union.

In one hand – Baltic countries exporting the same goods, according to this these countries are competing with each other. On the other hand, while the export demand decreases in Eastern markets, export conditions to European Union countries are getting

more attractive and suitable. According to this reason, Baltic countries are interesting in export to European Union.

Table 2. Export overview 2007-2011 years in numbers (prepared by the author).

	Lithuania	Estonia	Latvia
2007/2008	28.52%	5.43%	13.77%
2008/2009	-26.60%	-23.41%	-19.94%
2009/2010	32.67%	34.86%	30.22%
2010/2011	24.67%	32,76%	30,56%
2007/2011	61.26%	49.88%	55.59%

It is said, that negative impact has positive output. From the table we can identify the huge increase in export after economic recession in 2008-2009 which was faced by all Baltic countries. From this point, the export is increasing in all countries, because economic recession was a signal to change something in order to create something new, it was as a signal to change something in export activity. The new contracts were signed, also, the costs were cut, in this case countries had ability to reduce the product prices in order to sell in economic recession time, whet nobody wants to pay more.

Only nowadays countries state that they recovered from the crisis and still are on the creation way, because you never know when the second recession could face.

2011 Latvia's biggest partners were Lithuania, where was 18,3% of total trade turnover, Germany – about 10,4%, Estonia 10,2% and Russia 9,5%. Latvia mainly exports wood and articles of wood, base metal and articles of base metals, machinery and mechanical appliances, electrical equipment and mineral products.

Talking about Estonian export, the main trade partners are Sweden, Finland and Russia. Estonia mainly exports machinery and equipment (wireless-network gear, wind generators), mineral products and agricultural products, also food preparations. Sometimes economists are surprised, how being a quite small country can operate such big export. Estonia imports a lot of goods, which means that something has to be exported as well. Growing competitiveness is a result of always seeking to be innovative, to be modern.

Lithuania mainly exports mineral products (mineral fuels, mineral oils mineral waxes etc.), foodstuffs, machinery and mechanical appliances, electrical equipment and

chemicals. Thinking about main partners of Lithuania's export, are: Russia, Latvia, Germany and Poland. As in another Baltic countries, in Lithuania also export activity is increasing nowadays and hope that it will grow up.

2.2.1. Baltic countries furniture export overview

Today Europe is the most important furniture market in the whole world. Three Baltic countries have the same logistic possibilities, approximately the same furniture industry situation, because all the countries have the big players in the furniture market.

Lithuania has the main competitive advantage – Lithuanian company “Narbutas” group, has the biggest furniture factory in all Baltic countries. It is not a secret, that total export situation shows the situation of the furniture export. The bigger total export increase, the more furniture is exported.

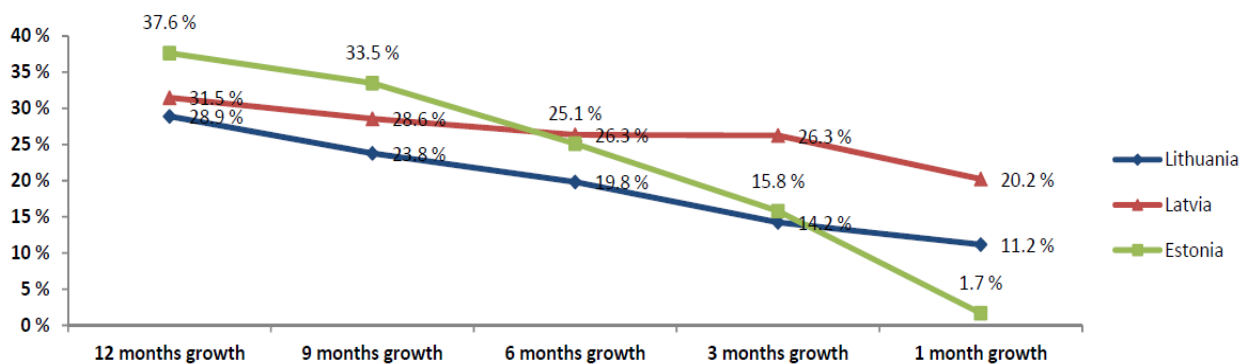


Figure 8. Annual growth in furniture export 2011.(prepared by the author).

In figure the annual growth in furniture export is divided into five different moments: 1, 3, 6, 9 and 12 months growth. According to the previous graphic we see that all countries in 2008-2009 faces the economic crisis, which had the influence on increasing furniture export today, because we are getting back from recession period. It was because a lot of companies have gone bankrupt, the demand from other countries decreased, the purchasing power went down.

Thinking about the companies, which produce or sell furniture, in the recession period they tried not to buy supplementary materials in advance in order not to freeze

money. According to this, companies, which act as a supplier for these types of companies, faced hard times, because sales went down.

The second figure I want to show is in case to see the export situation of all three Baltic countries and European Union in 2011.

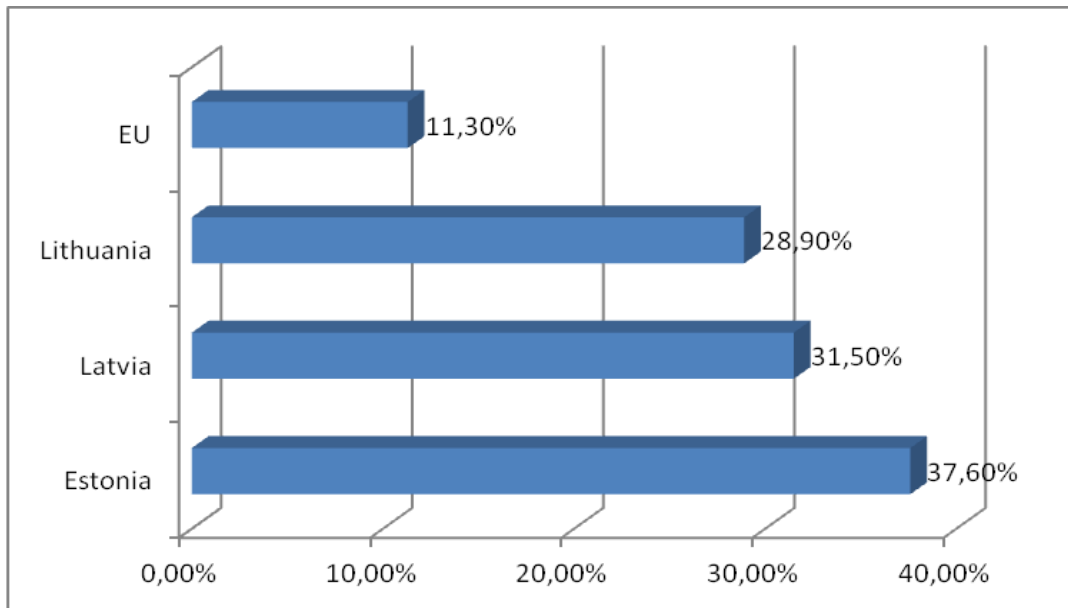


Figure 9. Furniture export growth rate in 2011 (prepared by the author).

From the beginning of 2011 to the end of the year, all three Baltic countries were increasing in furniture export, because there were some meaningful facts. In this year, 3 Lithuanian's companies signed the contract with IKEA, they started to export furniture to Sweden, from where furniture is distributed to other countries. UAB "Narbutas Furniture Company" started to work with French market, according to that, export to French increased by meaningful number.

In 2011 Latvia organized the furniture exhibition "Baltic furniture 2011". In this event a lot of new business partners were met and a lot of new trades were started to develop. The main event in Latvia's furniture export was the new trade line opening to Germany, that made huge sense on export growth.

Talking about Estonian furniture export – in 2011 it was the biggest one in comparison with other three Baltic countries. The main event was that Estonia signed contract with UK market furniture dealer IOI (International office interior). The company operates in England. UAB "Narbutas furniture company" (Lithuania), also is signed

contract with this England company, but UAB "Narbutas Furniture Company" is oriented into office furniture. Estonian furniture company "Bellus furniture" is oriented into wide range of furniture. It is a competitive advantage from Estonia side, because if IOI wants to develop for e.g hotel project – Lithuanian company is able to produce such type of furniture, but it is assumed as non standard product, according to this the price will be higher. It is because Lithuanian company UAB "Narbutas furniture company" has standard products, according to this, all machinery is programmed to produce furniture like this. If there is a need to produce non- standard product – constructors will be includes, some person should reorganize machinery and other aspect. In this case, Estonian company will be the better variant for England company. But there is another point – Estonian company is not able to produce as many variants and types of furniture as UAB "Narbutas Furniture Company" is.

2.3. Lithuanian export overview. Furniture case.

The best result in Lithuanian export was achieved in 2010. Economists said, that is the result of financial crisis. In the hard period (2008-2009) Lithuania faces recession in the export field. This situation, when export was dropped significantly, was a chance for Lithuania to find new places under the sun in order to be alive. According to economists, Lithuania's export bounded all previous results in exports and reached undreamed-of heights. Before the crisis 2010 year result in export was unbelievable and seemed to be impossible to achieve. Lithuanian companies tried not only to develop their export in existing markets, but also tried to make new contacts with "new targets".

I organize the table in order to show the biggest Lithuania export countries in 2011-2012 year in order to make important tips about Lithuanian export situation.

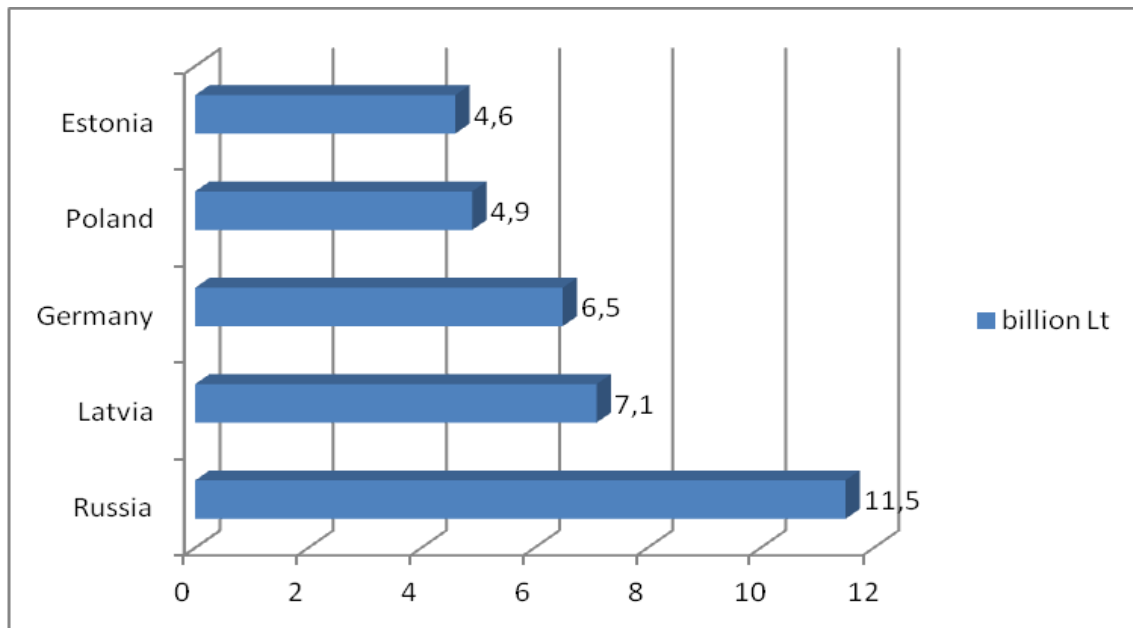


Figure 10. Lithuania Top5 export markets (prepared by the author).

According to the figure, the main export country for Lithuania is Russia. Re-export growth from 2011 to 2012 was 39,4 percent and had the big impact for total export to Russia, while Lithuanian produced goods export grew by 24,8 percent.

The second place of the largest five export countries goes for Latvia. In this case, export increased by 40,7 percent and still is growing. Lithuania has good logistic conditions to make export to Latvia, the distance is not too big, also the political, tax and payment system is approximately very similar. Thinking about the balance between exported and re-exported goods, the goods, which are produced in Lithuania export to Latvia grew by 46,3 percent and re-exported goods by 34,5 percent.

Export situation to Germany is getting better every year. Export increased by 21,2 percent. The biggest part of exported goods is mineral fuels, plastic, fish and crustaceans, latter products.

Export to Poland and Estonia grew by 39,4 and 83,1 percent. The main exporting goods are mineral fuels, also plastic, and latter products.

Lithuania is looking to non-traditional markets in order to export Lithuanian latter products. The export plan to export Rokiškio sūris production to India is in progress. Lithuania is on strategy to expand export to current markets and also to develop new unusual markets.

Thinking about furniture export in Lithuania- it plays a significant role. It was the third largest growth in export from 2011 to 2012 year after chemical and food industries.

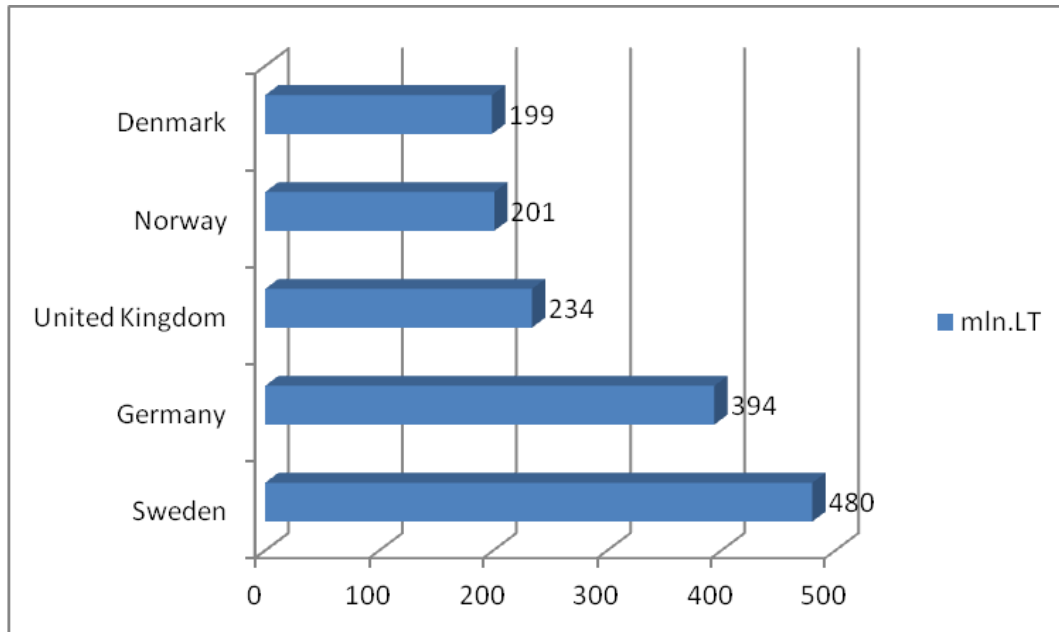


Figure 11. Lithuania furniture industry Top5 export markets (prepared by the author).

Furniture export is increasing every year. As the figure shows, the main export market is Sweden. This is because a lot of Lithuanian furniture companies are signed the contract with Swedish furniture company IKEA. In recession period, Scandinavian concern IKEA helped Lithuanian companies not to feel the decrease in their exports. The main example is Lithuanian company “Vilniaus baldai”, the export contract was signed in order not to let company go bankrupt. The main principle of “being a partner with IKEA” is very dangerous for Lithuanian furniture producers. IKEA requires companies to sell the majority or even all produced furniture to IKEA in order to avoid competition. All companies, which are already in IKEA group are competing with each other inside in order not to lose ability be with IKEA. They are trying to offer the minimal buying price for IKEA. If company does not fit into some frame, regarding the price – the contract could be cancelled. Also it is not the end. At the beginning, when company is signing the contract with IKEA, it undertakes the fact, that in event of termination – company must

quit to produce the furniture, which was produced to IKEA. In other words – company must start everything from the starting point, because this company is not able to produce furniture, which was produced before. It is the dangerous moment for companies while thinking about the ability to depend to IKEA concern. On the other hand – contract with IKEA could be as a “lifebelt for sinking company”, as for example of “Vilniaus baldai”. Lithuania is the fifth biggest supplier in the world.

Thinking about the Germany, United Kingdom, Norway and Denmark – the markets where Lithuanian furniture is very popular and valuable. The main products, which are exported to these countries in 2011 year:

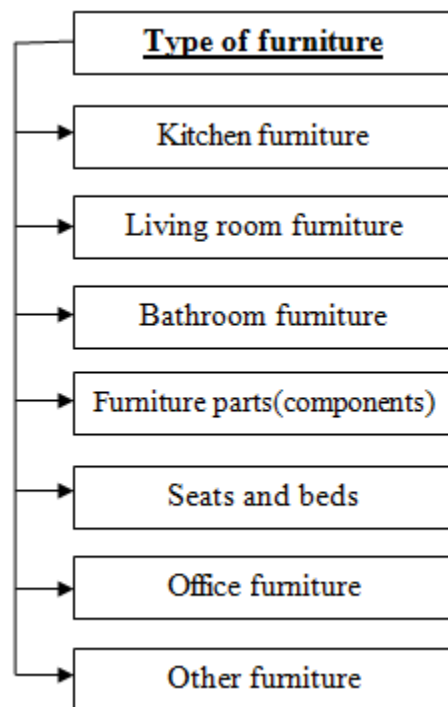


Figure 12. Main types of furniture exported in 2011 year (prepared by the author).

Figure shows the main types of furniture which were exported. Especially United Kingdom is interested into living room furniture. Thinking about chair and upholstered furniture, such as seats, beds – United Kingdom has their own producers, because they are interested into specific type of fabric. Some Lithuanian companies are able to offer such type of fabric, but the end price, which includes also transportation costs, is higher than local producers are able to offer.

Thinking about Scandinavian countries – they are interested into kitchen and bathroom furniture. Lithuanian furniture is found as very modern, stylish and high

quality. Scandinavian countries are able to pay more in comparison with United Kingdom buyers, according to this, Lithuanian companies are able to produce furniture with more expensive materials and to invest into designers.

For Lithuanian companies it is very hard to participate in Norway market, because they have their local producers and believe, that local companies must have a chance to be the main furniture providers in the country. For example “Narbutas Furniture Company” made a decision to go into Norway market by cooperating with local producers in order to be business-partners. After long negotiations – this company has ability to export their furniture into Norway market, but not as the unique seller, but as the partner for local company. Norway furniture market is closed in comparison with other Scandinavian countries.

In addition, furniture export increased by 19,7 percent in 2011 year, and this number was a record in Lithuanian furniture industry. Also, export to one countries had big increase and in another decreased. For example, the decrease was seen regarding the export to China, Poland and Spain.

The 2011 year was significant because of some facts in Lithuanian’s furniture industry. A lot of investments were made into new technologies and equipment in order to expand the range and to improve the quality of products. A lot of companies were held by SBA concern, the turnover of the concern increased by 16 percent. According to SBA concern general director Ričardas Kiaurakis: “the main reasons for growth are the stable long-term contracts, a good price/quality ratio and expansion into new markets”. The main reason for this type of feedback is that held companies provided new possibilities, new ideas and new range of furniture.

The furniture export situation is very good in Lithuania. Foreign countries are interested into Lithuanian’s furniture. The main strategy for Lithuanian furniture companies should be to expand export to current markets and to develop export into new ones.

2.4. E-commerce technology's features as a part of successful export: PLLC "Flanco".

In Lithuania e-commerce technologies are used very intensively. Thinking about the furniture export expansion through e-commerce technology, I would like to represent one Lithuanian company, which is based on office furniture sales through the internet and electronic payments.

Company "Flanco" was found in 2008, but only in June of 2012 this company started to execute sales. It took approximately four years in order to launch internet shop. This company was found in order to make sales in Lithuania, according to this, internet shop was placed only in Lithuanian language. Company's owner is the same owner as "Narbutas" group. According to this, this company did not have hard start up, this company has the link from the main "Narbutas" page.

The main components of "Narbutas group" are:

- "Narbutas Furniture Company"- export company, the main company from which all products are bought to other companies. This company has the largest furniture fabric in all Baltic countries.
- "Narbutas"- company, which does sales in Lithuania.
- "Flanco"- internet shop.

Company "Flanco" buys office furniture from "Narbutas Furniture Company", the same what "Narbutas" does.

All this information mean, that this company did not have the question how to enter the furniture market, the "Narbutas" was as a servant for company "Flanco" In order not to compete, there was a contract, that big projects, where the designer is needed must be forwarded to "Narbutas" company. Both sides have a positive side – company "Flanco" has effective advertisement, company "Narbutas" – is very innovative, because their furniture are available on the internet, persons are able to buy furniture by quicker and easier way – You do not need to go to the physical place, in this case to "Narbutas" showroom in order to buy office furniture.

Buying furniture from internet shop, the main benefits for customers are:

- Buyer gets 5% discount, because there is no need to have administration costs, ex. project manager salary, designer service and etc. In this case, internet shop is able to offer lower price.
- Customer does not need to go to the showroom. For example, “Narbutas” has a lot of showrooms in Lithuania, but not in all towns and if people live in one of the town, where is no mentioned showroom, this person should go to the other town in order to make order.
- Make payments online, no matter where customers are.
- No matter, which currency customer has in cash, electronic payment generates currency to the needed one.
- There is the type of people, who do not like to talk with persons, in this case, these people are able to make order online, without any direct call or meet.

Also, the main negative aspects from customer’s side:

- There is no possibility to touch furniture.
- There is possibility to order only standard products, because if customers need some changes in one or another type of furniture – only at “Narbutas” customers are able to order furniture like this, because in this case designers, constructors and project managers are included in the process.

Internet shop “Flanco” sells not only “Narbutas” production, this company has additional office furniture in order to avoid the competition between this company and company “Narbutas”. Selling additional furniture company “Narbutas” also has advantage, because they are able to offer wider range of furniture in order not to lose client.

Company “Flanco” started to grow sales from june of 2012.

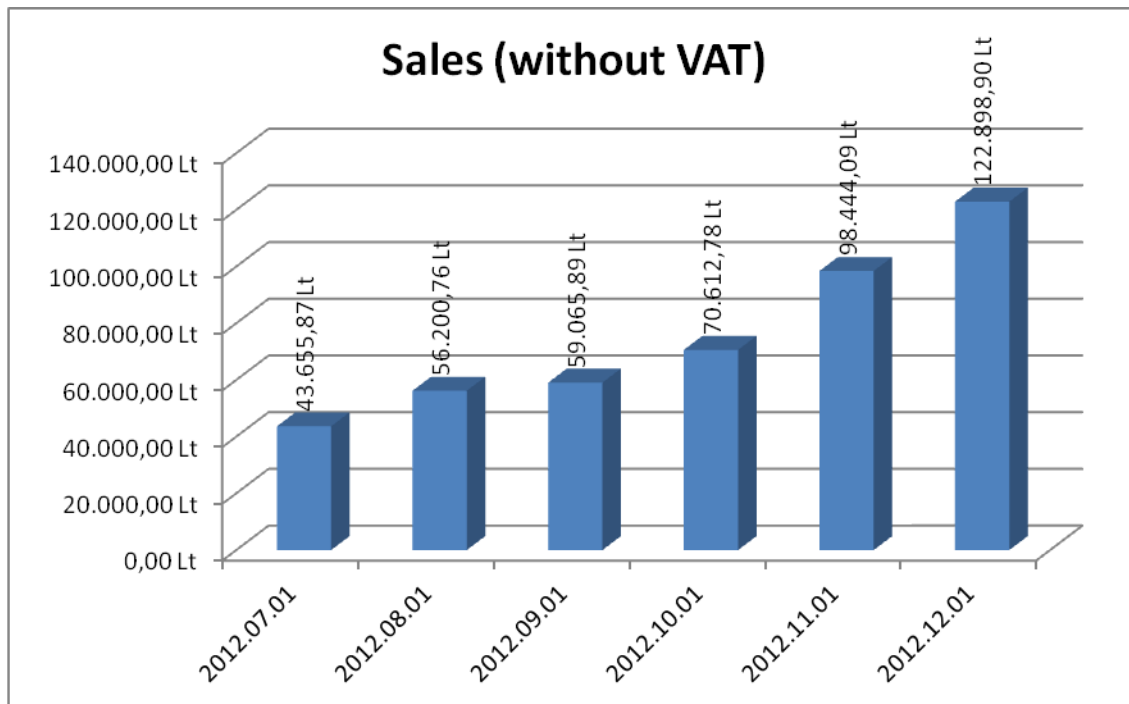


Figure 13. “Flanco” sales (without VAT) in 2012. (Prepared by the author).

„Flanco“ sales is still growing and the head of the company estimates the growth next year. Also, the request from other countries do not leave the idea to start export activity.

According to this information, it would be very interesting and useful to identify the most suitable countries and to select one, from which export activity should be started.

The agglomeration method and break-even point analysis will be used in order to select the most suitable country, where company “Flanco” should start to do export.

3.MODELING FURNITURE EXPORT EXPANSION IDEA THROUGH E-COMMERCE TECHNOLOGY

Company gets into international competition from the same time this company decided to do export. The entrance to international trade means the coherent and progressive development process.

It is not a secret, that foreign n market usually is very different from local and already well known market. According to this, it is very important to do special preparatory work and to spend money. It is not a secret that companies get in touch with huge expenses by preparing a full foreign market research in order to develop an export strategy.

In this Master Thesis part I would like to propose the set of models, which will be applied to company “Flanco” in order to identify which country would be suitable for export activity. According to this, the conceptual knowledge to market selection approach will be analyzed.

The structure of 3rd part:

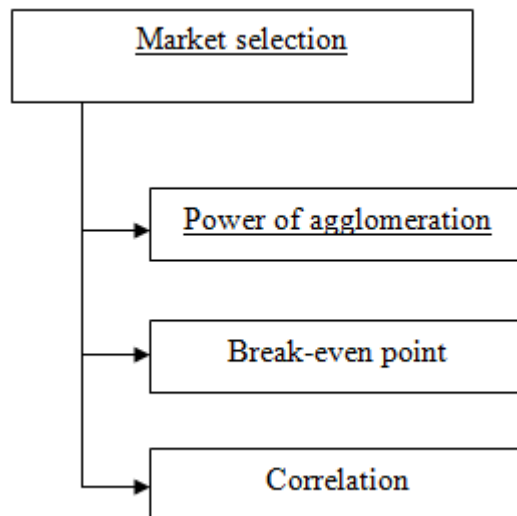


Figure 14. Market selection (prepared by the author).

Country selection will be made regarding different selection models, which were described in 1st Master Thesis part.

3.1. The power of agglomeration (concentration) in country selection. Where to export. PLLC "Flanco" case.

Thinking about country selection using concentration research, the steps are:

- Recognize how many or which type of countries should be researched.
- Think which indicators you will need in order to know the country's situation.
- To rank countries by one important indicator.
- Evaluate which of firsts countries is more suitable for you to do export.(It could be current relations, past experience or others.)

I would like to apply this country selection model to company "Flanco", because this company does not have past export activity, but is thinking about this. It would be interesting to see how country selection could be done for these type of companies.

Company "Flanco" could be able to do export in all types of countries, but I would like to recognize country, to where export activity would be the most successful. I decided to select all European Union countries in order to avoid customs taxes and additional documentation, which is needed if company exports to non European Union countries.

Firstly, all European Union countries were characterized by:

- Population;
- GDP in \$;
- Exports in 2011;
- Imports in 2011;
- GDP per capita;
- Market balance (- or +). (see appendix 5).

First indicator was population. I think, that office furniture internet shop could be popular in countries which big population, because only in these countries people are more innovative, easier adopt to new technologies. In countries with big population, people like internet shops, because it takes a lot of time to reach exact shop. Using

internet shop you do not need to drive distances, to be in traffic jams, to waste the time in order to reach. In the internet shop you are able to do everything by clicking the buttons.

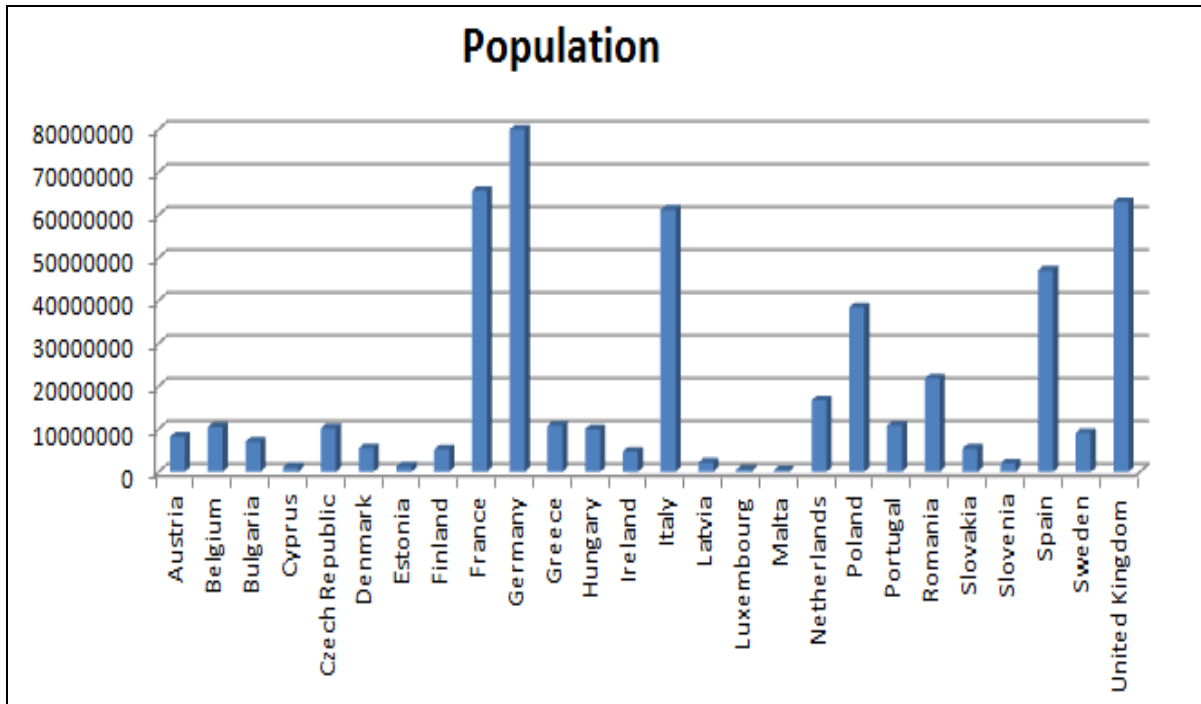


Figure 15. Population of European Union countries(2011). (Prepared by the author).

According to population figure, I would like to select 5 the most suitable countries:

1. Germany,
2. France,
3. United Kingdom,
4. Italy,
5. Spain.

Secondly, it is very important indicator - imports. The amount of imports shows the possibility to enter one or another country by exporting some goods. The more country imports – the more possibilities enter market without big difficulties.

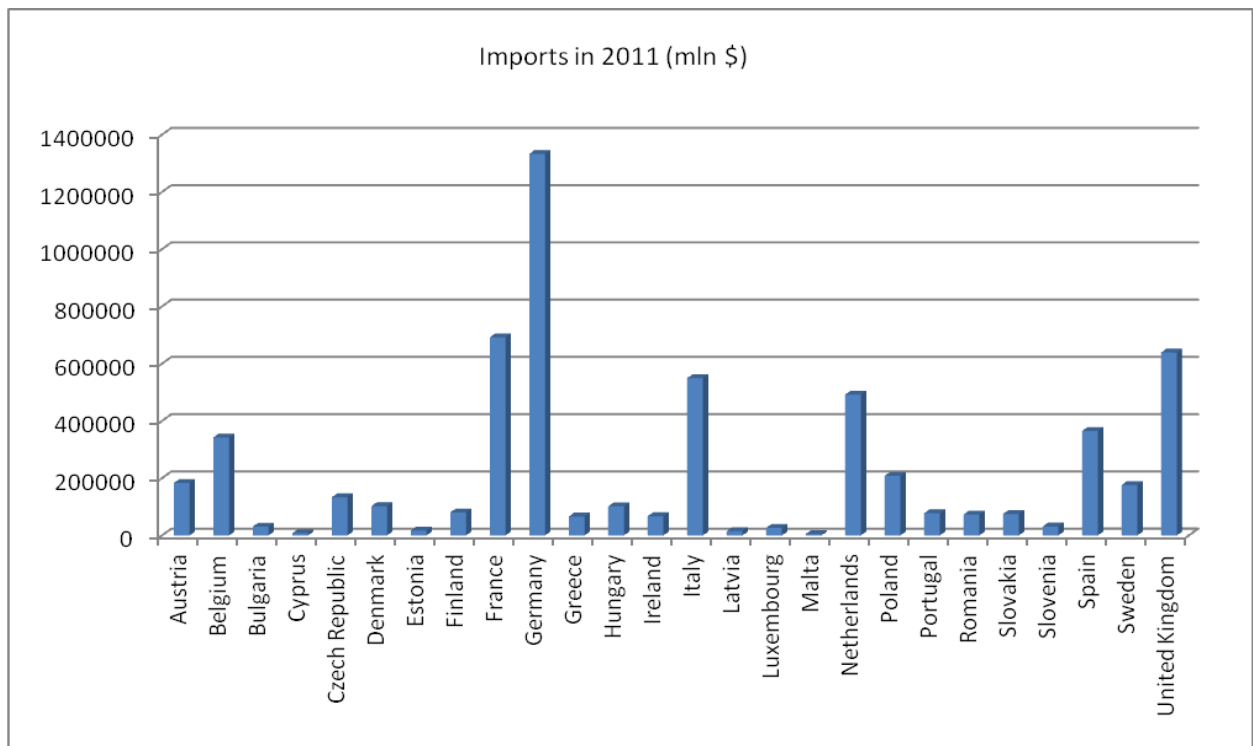


Figure 16. Imports of European Union countries (2011), (prepared by the author).

In figure (imports of European Union countries) we are able easily to recognize, which countries are the leaders in imports:

1. Germany,
2. France,
3. United Kingdom,
4. Italy,
5. Netherlands.

These all countries mostly import more in comparison with export. According to appendix 5, I would like to combine table for these import leaders in order to identify the market balance.

Table 3. Imports and exports of European Union countries (2011), (prepared by the author).

	Exports(mln \$)	Imports(mln \$)	Market balance (exports-imports)
Germany	1547000	1333000	+
France	589700	692000	-
United Kingdom	479200	639000	-
Italy	524900	549600	-
Netherlands	550200	492100	+

Comparing observed results from population and imports situation, the firsts countries remain the same: Germany and France. Another significant point is market balance. If country has negative market balance - means, that country more importing in comparison with exporting. That could be because it is more profitable to import. Some countries import more that export, because in some countries labor costs are very high and for country it is cheaper to import specific goods, not to produce inside. Or sometimes countries are not able to produce itself, because of lack of resources.

From all characteristics (see appendix 5), two countries – Germany and France - are the most interesting for company's “Flanco” export activity.

I would like to add some characteristics in order to get the more reliable results:

Table 4. Germany and France characteristics.

	Germany	France
Percentage of furniture e-shops(from total e-shops)	32%	18%
Distance from Lithuania(km)	998	1812

Thinking about the export expansion through e-commerce technology – a lot of aspects must be overviewed. Germany is closer to Lithuania in comparison with France, but the percentage of furniture e-shops is lower in France.

For company “Flanco” it would be more suitable to make export in France, because:

- only 18 from 100 are e-shops, which are related with furniture;
- France market balance is negative (easier to entry this country because of import demand);
- less nationalist people. In Germany people give priority to local company, not for foreigners);
- French market is open for furniture import, because they have no needed resources, no cheap labor force, no huge fabrics.

Also, there are some disadvantages, such as distance (France is further than Germany), from the previous furniture exhibition in Cologne “Örgatec” a lot of contacts from Germany are made, because a lot of local furniture companies were interested into Lithuanian furniture, especially in “Narbutas” furniture.

To sum up, the export expansion through e-commerce technology (e-shop “Flanco”) will be started to France.

It would be very interesting to know the characteristics of French market, also to recognize the break-even point in order to get real numbers – how many sales should be done in order to start generate profit.

3.2. Furniture export expansion in France. PLLC “Flanco” case. French market characteristics.

France is found as economically developed country and it is one of seven biggest countries in the world. According to 2011-2012 WTO report, France is in the second place from all European Union countries in export ratings. Also, France is in the second position talking about the import amount. In 2012 France exported goods of 589700 mln \$ and imported 589700mln \$. According to this information, France has negative market balance, that means, country imported more in comparison with exports.

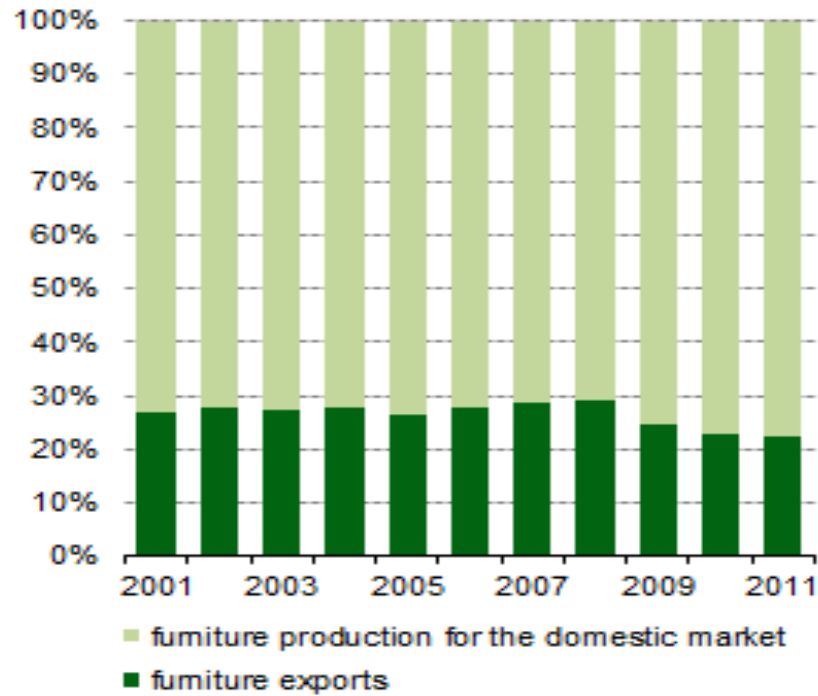


Figure 17. Furniture production in France (2011), (World furniture).

In figure is shown situation of French furniture distribution: the main furniture produced is attributed to domestic market and the rest part is for the export. Also, it is very important to recognize, that situation and portions between furniture production for the domestic market and for the export remains approximately the same in the period of 2001-2011. France is found as largest furniture producer between all European Union countries. France is in the third place after Italy and Germany in comparison of produced furniture.

French furniture export in 2011 was about 2,5 billion \$ and import 8,8 billion \$. That is because in France, it is cheaper to import furniture, not to produce, because of expensive labor force and lack of resources.

France professionally coped with the recession – the government reduced expenditures. Nowadays, French GDP is 2431589mln \$ and GDP per capita is 37049,57 \$.

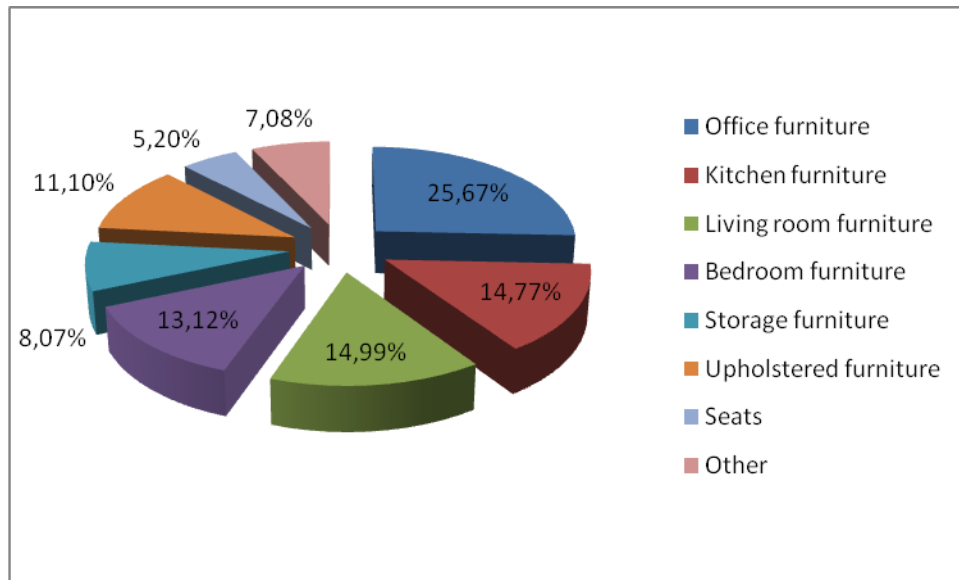


Figure 18. Demand for different types furniture in France (2012). (Prepared by the author).

It is very important to recognize, which type of furniture is the most wanted in France. There was made the research, 3000 respondents were surveyed, in order to identify which type of furniture is most desirable for French people, in which type of furniture that are interested. The results shows, that French people are interested firstly in office furniture (25,67% of all respondents), the second places goes to kitchen furniture(14,77%) and the third one – living room furniture (14,99%).

According research results, I would like to say, that is like another reason why to expand export to France, because the demand for office furniture is very big and company “Flanco” is based on office furniture also. It would be a good chance to start and to develop furniture export expansion through e-commerce.

3.3. Break-even point analysis. Export to France (export to country chosen by agglomeration method). Company “Flanco” case.

Break-even point it is very useful used in growing companies, which are planning to start or to expand their one or another activity. Break-even point is related with company’s investments, for example when company decide to invest in equipment or in export activity. It these cases it is very important to calculate break-even point to know

how many units must be produced and sold in order to start generate profit (when incomes cover expenses).

Break-even point could be calculated according formula:

$$\text{Break-Even Point} = \frac{\text{Fixed Costs}}{(\text{Selling Price Per Unit} - \text{Variable Cost Per Unit})}$$

In this case fixed costs related with expenses which have no impact relating with amount of production. Variable costs – which have impact depending on how many units could be produced.

After calculation if the result is still under break-even point – company is still losing cash.

Thinking about company “Flanco”, the numbers which must be indentified in order to calculate break-even point:

- Fixed costs;
- Selling price per unit;
- Variable costs per unit.

Thinking about company’s “Flanco” situation (all prices without VAT):

Fixed costs – employee’s salaries. In company work 5 persons, the total costs 17500 LT per month. For advertising company spends approximately 600LT per month. Company “Flanco” rents working places from “Narbutas” group, according to this, rent per month costs 400LT and utilities 120 LT.

It is very hard to say correct selling price per unit, because this company offers not only one type of furniture. It is said, that break-even point should be calculated for all product individually, but in this case everything will be calculated applying average selling price. In export case we need average selling price in French market, because furniture will be sold in this country. According to this, average selling price per unit in France is 420,00 Lt (121,64 EUR).

Variable costs per unit. Company “Flanco” does not produce any furniture, this company buys furniture from “Narbutas Furniture Company”. The agreed price – “Flanco” pays 30% from item selling price. If average selling price is 420LT, for

company “Flanco” this item costs 126,00LT. According to Anderson (Anderson, 2004) international trade costs account 160% production costs for one unit (this percentage includes transportation costs, border costs and others), so, another variable price for one unit is 201,60 LT.

According all data:

Table 5. Fixed and variable costs for one unit. (Prepared by the author).

Fixed costs (LT)		Variable costs (LT)	
Salaries	17500	Item cost(40% from selling price in Lithuania(without VAT))	126
Advertising	600	International trade costs for one unit	201,6
Utilities	120	Total	327,6
Rent	400		
Total	18620		

All needed data is already clear, now, I am able to calculate break-even point:

$$\text{Break-Even Point} = \frac{\text{Fixed Costs}}{(\text{Selling Price Per Unit} - \text{Variable Cost Per Unit})}$$

$$\text{Break-even point} = 18620 / (420 - 327,60)$$

$$\text{Break-even point} = 202 \text{ units per one month.}$$

To sum up, company “Flanco” must sell 202 units in France in order to cover all expenses. When company will sell 202 units, by selling 203rd one unit – company will start to generate profit.

Thinking about real situation – in average new office combine about 50-60 new working places. If company should sell 202 units, that means, that company “Flanco” should sell furniture approximately for 4 new offices. Of course, these 4 offices must be equipped with furniture in order to cover all expenses.

3.4. Quantitative analysis. Correlation between French companies' income and sum of money spend in order to buy furniture.

To determine the relationship between two variables a correlation coefficient is used, which is denoted by r . The range of correlation coefficient is between -1 to +1. The value of the correlation coefficient tells us two things about the nature of the relationship between two or more variables, the intensity and the direction. Ideally, for no correlation between two variables, the value of r should be 0 and for a perfect correlation, the value of r should be 1.

As I explained in first master thesis part, correlation could help to get perception, is there dependency on income and sum of money spent in order to buy furniture or is there a tendency between money spent on furniture and company's profit.

In furniture case – there could be two different type of research. The first one – when we want to know correlation between company's profit and sum of money spent for furniture and another one – personal behavior, in this case we should be interested into people income and sum of money spent on furniture. It could be more reliable to calculate correlation for company's situation.

I formulated problem, *is that possible, that profit per year could be closely related with sum of money spent on furniture*. This quantitative method will help me to understand the real situation and will make some perception to the futures division.

I would like to show steps, which were followed in case to get correlation research results:

- the problem was formulated;
- according to problem I decided which data I will use;
- found needed data (there was made a questionnaire, how many company “Lafarge” spent on the furniture in 2000-2011 and what was the profit in this period);
- quantitative research method was chosen.

The correlation formula:

$$r = \frac{N\sum xy - (\sum x)(\sum y)}{\sqrt{[N\sum x^2 - (\sum x)^2][N\sum y^2 - (\sum y)^2]}}$$

Where:

- N = number of pairs of scores
- $\sum xy$ = sum of the products of paired scores
- $\sum x$ = sum of x scores
- $\sum y$ = sum of y scores
- $\sum x^2$ = sum of squared x scores
- $\sum y^2$ = sum of squared y scores

I use the symbol **r** to stand for the correlation.

Through the magic of mathematics it turns out that **r** will always be between -1.0 and +1.0. If the correlation is negative, we have a negative relationship; if it's positive, the relationship is positive. But you probably will need to know how the formula relates to real data - how you can use the formula to compute the correlation.

I collected needed information about company's "Lafarge" profit in the period 2000-2011 and the sum of money spent on furniture and put all data into Microsoft Excel program(see appendix 7). Using formula (=correl) I get result that my correlation is **0,802**. Correlation is positive and I can conclude that when one variable increasing, another increasing also. Think logically – if this hypothesis is true, if company is generating profit and is still expanding – natural that this company could effort to buy new furniture in order to replace old ones, or another case – company is expanding and the need for new working places arising. Not all the cultures behavior like French companies, others using old ones and only when there is not possibility how to create working place with current furniture – they buy new ones. I would like to express everything in picture:

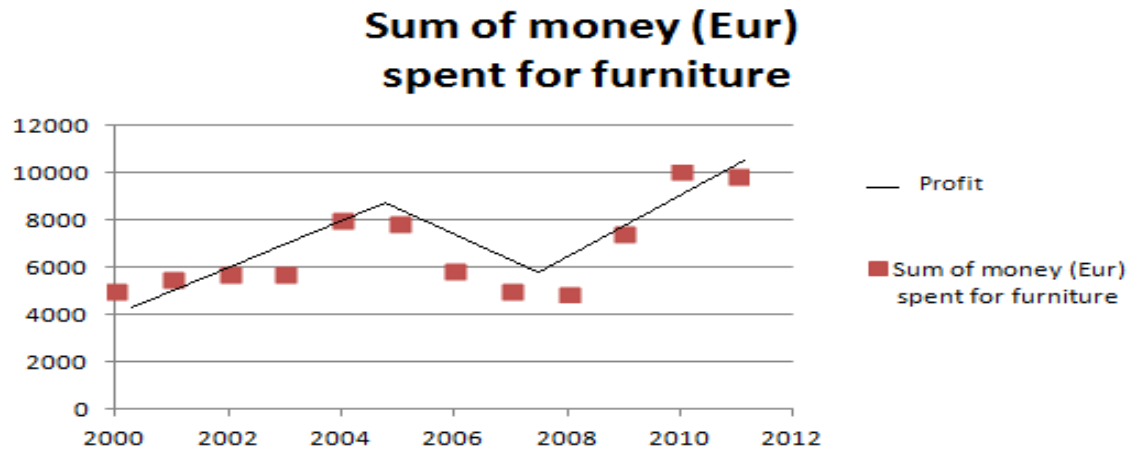


Figure 19. Correlation between company's profit and money spent on furniture in the period 2000-2011 (made by the author).

Picture shows the situation in graphical way and I am able to conclude, that company's money spent on furniture depends on profit. It shows positive company's view to employees, because French companies believe, that workers should feel comfortable in their working place, that is why French companies buy furniture not only for new working places, but they replace current ones into new ones.

It was very appropriate to use this quantitative method, because I get real results and I am sure, that export expansion to France should be correct step for company "Flanco", because it should be not very hard to sell 202 units per one month in order to start generate profit, because companies care about new furniture tendencies, they are willing to increase quality of current working places and to create new ones.

One of the most common mistakes associated with a correlation research is the interpretation of a correlation as a causality. A correlation research can only analyze the relationship between two variables, but it does not tell us about the cause and effect relationship. If two variables are positively correlated to each other, it does not necessarily mean that they have a cause and effect relationship. Consider this correlation research example for the explanation of correlation and causality.

Correlation research is one of the widely used methods of research. It ensures that the researcher just reports the data without making any changes to the behavior of the participant. Also, it does not require a lot of money and time like several other researches do.

CONCLUSIONS AND PROPOSALS

Export is found as one of the main international business component. Export expansion activity has several different reasons for companies, it could be divided into two different parts and in Master Thesis are described as proactive and reactive ones.

In theoretical part main plan components how to do export successfully was described. In this case the main aim is to evaluate company's possibilities for export activity and to organize the clear plan which must be followed. The export planning goals are important in this moment, because a lot of companies do not pay a lot of attention to this, they are concentrating on logistics, warehousing, resources and other aspects, which should be discussed in the second part of main plan, not at the first one.

E-commerce technologies are described in theoretical part and it is applied in practical part using example of real furniture company "Flanco". There are several benefits to use e-commerce technology in real life: it reduces costs and improving services, easier to expand market, the possibility to use electronic marketplaces in order to create new marketplace to conduct business, also usage of this technologies provides maintenance of better relationships with intermediaries and end-costumer.

In Master Thesis empirical research part the furniture market was overview from different sides. Firstly the global furniture market was overviewed. China was found as the biggest furniture exporter, but the result was not surprised, because the population of China is huge, according to this, China has cheap labor cost, that allows to achieve mass economy, also, another main furniture exporters were described. Secondly, Baltic countries export overview was made, after that – Baltic countries furniture export overview. Thirdly, Lithuanian export situation was analyzed. As the results show - main export country for Lithuania is Russia and the main furniture export market for Lithuania is Sweden. The main reason of Sweden is company IKEA, because a lot of Lithuanian companies are related with IKEA group, that is why amount of furniture exported is the biggest to this Scandinavian country.

It is very important to select country, where to do export activity if company is planning to start, or to expand export activity. According to this, in third part several methods how to select country are applied. The power of agglomeration (concentration) was described in theoretical part and this selection was used in practical part in order to select right country by comparing all European Union countries by different characteristics. All countries were compared using GDP, the size of population, export and import situation in the country, GDP per capita and market balance. Applying this country concentration selection, the results shown that French market is the most suitable for company “Flanco” to do export activity. According to this, French market characteristics were described.

Break-even point was chosen in order to understand how many units of furniture company “Flanco” must be produced and sold in France in order to start generate profit. All figures, which were needed for break-even point formula, were found as the averages ones. According all calculations, the company “Flanco” with 203rd unit sold will generate profit. In order to imagine real situation – normal office consists of 50-60 working places. Company “Flanco” must sell office furniture for approximately 4 offices in order to cover all expenses per one month.

Correlation method practically could be used in order to be sure of country selected for export activity. This method was applied to French market, the main purpose was to identify if company’s profit has impact on money spent on furniture. The results show, that there is positive correlation between these two variables (0,802). That means – one variable increasing – another one also and everything in opposite situation. It was appropriate to use this method, because it confirmed, that country was selected in right way.

The situation of furniture export expansion through e-commerce technology could be improved in Lithuania, because we have a lot of successful furniture companies, which have internet shops and could be able to do export. The great example is described company “Flanco”.

Sometimes, companies need to have a target and to start plan export activity without thinking that it is impossible for them, but using right methods and export activity plans try to implement it. Every company is able to analyze current situation, evaluate possibilities to start or to expand export activity if it would be suitable for them. Sometimes companies do not pay attention to successful examples, because they are afraid of taking new risk, also they are afraid of new changes. But the world is changing every day and only with some changes we could grow together.

Lina Pačešiūnaitė

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APPENDIX

Appendix 1. Country comparison according population (2011) using the World Factbook.

RANK	COUNTRY	POPULATION		
1	<u>China</u>	1,343,239,923	24	<u>Burma</u> 54,584,650
2	<u>India</u>	1,205,073,612	25	<u>Korea, South</u> 48,860,500
3	<u>United States</u>	313,847,465	26	<u>South Africa</u> 48,810,427
4	<u>Indonesia</u>	248,645,008	27	<u>Spain</u> 47,042,984
5	<u>Brazil</u>	199,321,413	28	<u>Tanzania</u> 46,912,768
6	<u>Pakistan</u>	190,291,129	29	<u>Colombia</u> 45,239,079
7	<u>Nigeria</u>	170,123,740	30	<u>Ukraine</u> 44,854,065
8	<u>Bangladesh</u>	161,083,804	31	<u>Kenya</u> 43,013,341
9	<u>Russia</u>	142,517,670	32	<u>Argentina</u> 42,192,494
10	<u>Japan</u>	127,368,088	33	<u>Poland</u> 38,415,284
11	<u>Mexico</u>	114,975,406	34	<u>Algeria</u> 37,367,226
12	<u>Philippines</u>	103,775,002	35	<u>Canada</u> 34,300,083
13	<u>Vietnam</u>	91,519,289	36	<u>Sudan</u> 34,206,710
14	<u>Ethiopia</u>	91,195,675	37	<u>Uganda</u> 33,640,833
15	<u>Egypt</u>	83,688,164	38	<u>Morocco</u> 32,309,239
16	<u>Germany</u>	81,305,856	39	<u>Iraq</u> 31,129,225
17	<u>Turkey</u>	79,749,461	40	<u>Afghanistan</u> 30,419,928
18	<u>Iran</u>	78,868,711	41	<u>Nepal</u> 29,890,686
19	<u>Congo, Democratic Republic of the</u>	73,599,190	42	<u>Peru</u> 29,549,517
20	<u>Thailand</u>	67,091,089	43	<u>Malaysia</u> 29,179,952
21	<u>France</u>	65,630,692	44	<u>Uzbekistan</u> 28,394,180
22	<u>United Kingdom</u>	63,047,162	45	<u>Venezuela</u> 28,047,938
23	<u>Italy</u>	61,261,254	46	<u>Saudi Arabia</u> 26,534,504
			47	<u>Yemen</u> 24,771,809

Appendix 1. Country comparison according population (2011) using the World Factbook. (continue)

48	<u>Ghana</u>	24,652,402	72	<u>Zimbabwe</u>	12,619,600
49	<u>Korea, North</u>	24,589,122	73	<u>Rwanda</u>	11,689,696
50	<u>Mozambique</u>	23,515,934	74	<u>Cuba</u>	11,075,244
51	<u>Taiwan</u>	23,234,936	75	<u>Chad</u>	10,975,648
52	<u>Syria</u>	22,530,746	76	<u>Guinea</u>	10,884,958
53	<u>Australia</u>	22,015,576	77	<u>Portugal</u>	10,781,459
54	<u>Madagascar</u>	22,005,222	78	<u>Greece</u>	10,767,827
55	<u>Cote d'Ivoire</u>	21,952,093	79	<u>Tunisia</u>	10,732,900
56	<u>Romania</u>	21,848,504	80	<u>South Sudan</u>	10,625,176
57	<u>Sri Lanka</u>	21,481,334	81	<u>Burundi</u>	10,557,259
58	<u>Cameroon</u>	20,129,878	82	<u>Belgium</u>	10,438,353
59	<u>Angola</u>	18,056,072	83	<u>Bolivia</u>	10,290,003
60	<u>Kazakhstan</u>	17,522,010	84	<u>Czech Republic</u>	10,177,300
61	<u>Burkina Faso</u>	17,275,115	85	<u>Dominican Republic</u>	10,088,598
62	<u>Chile</u>	17,067,369	86	<u>Somalia</u>	10,085,638
63	<u>Netherlands</u>	16,730,632	87	<u>Hungary</u>	9,958,453
64	<u>Niger</u>	16,344,687	88	<u>Haiti</u>	9,801,664
65	<u>Malawi</u>	16,323,044	89	<u>Belarus</u>	9,643,566
66	<u>Mali</u>	15,494,466	90	<u>Benin</u>	9,598,787
67	<u>Ecuador</u>	15,223,680	91	<u>Azerbaijan</u>	9,493,600
68	<u>Cambodia</u>	14,952,665	92	<u>Sweden</u>	9,103,788
69	<u>Guatemala</u>	14,099,032	93	<u>Honduras</u>	8,296,693
70	<u>Zambia</u>	13,817,479	94	<u>Austria</u>	8,219,743
71	<u>Senegal</u>	12,969,606	95	<u>Switzerland</u>	7,925,517

Appendix 1. Country comparison according population (2011) using the World Factbook. (continue)

96	<u>Tajikistan</u>	7,768,385	121	<u>Costa Rica</u>	4,636,348
97	<u>Israel</u>	7,590,758	122	<u>Georgia</u>	4,570,934
98	<u>Serbia</u>	7,276,604	123	<u>Croatia</u>	4,480,043
99	<u>Hong Kong</u>	7,153,519	124	<u>Congo, Republic of the</u>	4,366,266
100	<u>Bulgaria</u>	7,037,935	125	<u>New Zealand</u>	4,327,944
101	<u>Togo</u>	6,961,049	126	<u>Lebanon</u>	4,140,289
102	<u>Laos</u>	6,586,266	127	<u>Liberia</u>	3,887,886
103	<u>Paraguay</u>	6,541,591	128	<u>Bosnia and Herzegovina</u>	3,879,296
104	<u>Jordan</u>	6,508,887	129	<u>Puerto Rico</u>	3,690,923
105	<u>Papua New Guinea</u>	6,310,129	130	<u>Moldova</u>	3,656,843
106	<u>El Salvador</u>	6,090,646	131	<u>Lithuania</u>	3,525,761
107	<u>Eritrea</u>	6,086,495	132	<u>Panama</u>	3,510,045
108	<u>Nicaragua</u>	5,727,707	133	<u>Mauritania</u>	3,359,185
109	<u>Libya</u>	5,613,380	134	<u>Uruguay</u>	3,316,328
110	<u>Denmark</u>	5,543,453	135	<u>Mongolia</u>	3,179,997
111	<u>Kyrgyzstan</u>	5,496,737	136	<u>Oman</u>	3,090,150
112	<u>Sierra Leone</u>	5,485,998	137	<u>Albania</u>	3,002,859
113	<u>Slovakia</u>	5,483,088	138	<u>Armenia</u>	2,970,495
114	<u>Singapore</u>	5,353,494	139	<u>Jamaica</u>	2,889,187
115	<u>United Arab Emirates</u>	5,314,317	140	<u>Kuwait</u>	2,646,314
116	<u>Finland</u>	5,262,930	141	<u>West Bank</u>	2,622,544
117	<u>Central African Republic</u>	5,057,208	142	<u>Latvia</u>	2,191,580
118	<u>Turkmenistan</u>	5,054,828	143	<u>Namibia</u>	2,165,828
119	<u>Ireland</u>	4,722,028	144	<u>Botswana</u>	2,098,018
120	<u>Norway</u>	4,707,270			

Appendix 1. Country comparison according population (2011) using the World Factbook. (continue)

145	<u>Macedonia</u>	2,082,370	169	<u>Macau</u>	578,025
146	<u>Slovenia</u>	1,996,617	170	<u>Suriname</u>	560,157
147	<u>Qatar</u>	1,951,591	171	<u>Cape Verde</u>	523,568
148	<u>Lesotho</u>	1,930,493	172	<u>Western Sahara</u>	522,928
149	<u>Gambia, The</u>	1,840,454	173	<u>Luxembourg</u>	509,074
150	<u>Kosovo</u>	1,836,529	174	<u>Malta</u>	409,836
151	<u>Gaza Strip</u>	1,710,257	175	<u>Brunei</u>	408,786
152	<u>Guinea-Bissau</u>	1,628,603	176	<u>Maldives</u>	394,451
153	<u>Gabon</u>	1,608,321	177	<u>Belize</u>	327,719
154	<u>Swaziland</u>	1,386,914	178	<u>Bahamas, The</u>	316,182
155	<u>Mauritius</u>	1,313,095	179	<u>Iceland</u>	313,183
156	<u>Estonia</u>	1,274,709	180	<u>Barbados</u>	287,733
157	<u>Bahrain</u>	1,248,348	181	<u>French Polynesia</u>	274,512
158	<u>Trinidad and Tobago</u>	1,226,383	182	<u>New Caledonia</u>	260,166
159	<u>Timor-Leste</u>	1,143,667	183	<u>Vanuatu</u>	256,155
160	<u>Cyprus</u>	1,138,071	184	<u>Samoa</u>	194,320
161	<u>Fiji</u>	890,057	185	<u>Sao Tome and Principe</u>	183,176
162	<u>Djibouti</u>	774,389	186	<u>Saint Lucia</u>	162,178
163	<u>Guyana</u>	741,908	187	<u>Guam</u>	159,914
164	<u>Comoros</u>	737,284	188	<u>Curacao</u>	145,834
165	<u>Bhutan</u>	716,896	189	<u>Grenada</u>	109,011
166	<u>Equatorial Guinea</u>	685,991	190	<u>Aruba</u>	107,635
167	<u>Montenegro</u>	657,394	191	<u>Micronesia, Federated States of</u>	106,487
168	<u>Solomon Islands</u>	584,578	192	<u>Tonga</u>	106,146

Appendix 1. Country comparison according population (2011) using the World Factbook. (continue)

192	<u>Tonga</u>	106,146	216	<u>Saint Martin</u>	30,959
193	<u>Virgin Islands</u>	105,275	217	<u>Monaco</u>	30,510
194	<u>Saint Vincent and the Grenadines</u>	103,537	218	<u>Gibraltar</u>	29,034
195	<u>Kiribati</u>	101,998	219	<u>Palau</u>	21,032
196	<u>Jersey</u>	94,949	220	<u>Dhekelia</u>	15,700
197	<u>Seychelles</u>	90,024	221	<u>Akrotiri</u>	15,700
198	<u>Antigua and Barbuda</u>	89,018	222	<u>Wallis and Futuna</u>	15,453
199	<u>Isle of Man</u>	85,421	223	<u>Anguilla</u>	15,423
200	<u>Andorra</u>	85,082	224	<u>Cook Islands</u>	10,777
201	<u>Dominica</u>	73,126	225	<u>Tuvalu</u>	10,619
202	<u>Bermuda</u>	69,080	226	<u>Nauru</u>	9,378
203	<u>Marshall Islands</u>	68,480	227	<u>Saint Helena, Ascension, and Tristan da Cunha</u>	7,728
204	<u>Guernsey</u>	65,345	228	<u>Saint Barthelemy</u>	7,332
205	<u>Greenland</u>	57,695	229	<u>Saint Pierre and Miquelon</u>	5,831
206	<u>American Samoa</u>	54,947	230	<u>Montserrat</u>	5,164
207	<u>Cayman Islands</u>	52,560	231	<u>Falkland Islands (Islas Malvinas)</u>	3,140
208	<u>Northern Mariana Islands</u>	51,395	232	<u>Norfolk Island</u>	2,182
209	<u>Saint Kitts and Nevis</u>	50,726	233	<u>Svalbard</u>	1,970
210	<u>Faroe Islands</u>	49,483	234	<u>Christmas Island</u>	1,496
211	<u>Turks and Caicos Islands</u>	46,335	235	<u>Tokelau</u>	1,368
212	<u>Sint Maarten</u>	39,088	236	<u>Niue</u>	1,269
213	<u>Liechtenstein</u>	36,713	237	<u>Holy See (Vatican City)</u>	836
214	<u>San Marino</u>	32,140	238	<u>Cocos (Keeling) Islands</u>	596
215	<u>British Virgin Islands</u>	31,148	239	<u>Pitcairn Islands</u>	48

Appendix 2. List of countries by GDP (2011) according to the Word Bank.

1	 United States	15,094,000
2	 China	7,318,499 ⁿ²
3	 Japan	5,867,154
4	 Germany	3,570,556
5	 France	2,773,032 ⁿ⁴
6	 Brazil	2,476,652
7	 United Kingdom	2,431,589
8	 Italy	2,194,750
9	 Russia	1,857,770
10	 India	1,847,982
11	 Canada	1,736,051
12	 Spain	1,490,810
13	 Australia	1,371,764
14	 Mexico	1,155,316
15	 South Korea	1,116,247
16	 Indonesia	846,832
17	 Netherlands	836,257
18	 Turkey	773,091
19	 Switzerland	635,650
20	 Saudi Arabia	576,824
21	 Sweden	538,131
22	 Poland	514,496
23	 Belgium	511,533
24	 Norway	485,803
25	 Argentina	445,989
26	 Austria	418,484
27	 South Africa	408,237
28	 United Arab Emirates	360,245
29	 Thailand	345,649
30	 Denmark	332,677
31	 Colombia	331,655
32	 Iran	331,015
33	 Venezuela	316,482
34	 Greece	298,734
35	 Malaysia	278,671
36	 Finland	266,071
37	 Chile	248,585
	 Hong Kong	243,666
38	 Israel	242,929
39	 Singapore	239,700
40	 Portugal	237,522
41	 Nigeria	235,923

42	 Egypt	229,531
43	 Philippines	224,754
44	 Ireland	217,275
45	 Czech Republic	215,215
46	 Pakistan	211,092
47	 Algeria	188,681
48	 Kazakhstan	186,198
49	 Romania	179,794
50	 Peru	176,662
51	 Kuwait	176,590
52	 Qatar	172,982
53	 Ukraine	165,245
54	 New Zealand	142,477
55	 Hungary	140,029
56	 Vietnam	123,961
57	 Iraq	115,388
58	 Bangladesh	110,612
59	 Angola	100,990
60	 Morocco	100,221 ⁿ⁸
	 Puerto Rico	96,261
61	 Slovakia	95,994
62	 Oman	71,782
63	 Ecuador	67,003
64	 Croatia	63,850
65	 Azerbaijan	63,404
66	 Libya	62,360
67	 Cuba	60,806
68	 Luxembourg	59,475
69	 Sri Lanka	59,172
70	 Syria	59,147
71	 Dominican Republic	55,611
72	 Belarus	55,136
73	 Sudan + South Sudan	55,097
74	 Bulgaria	53,514
75	 Slovenia	49,539
76	 Guatemala	46,900
77	 Uruguay	46,710
78	 Tunisia	45,864
79	 Uzbekistan	45,359
80	 Serbia	45,043
81	 Lithuania	42,725

82	 Lebanon	42,185
83	 Costa Rica	41,007
84	 Ghana	39,200
	 Macau	36,428
85	 Yemen	33,758
86	 Kenya	33,621
87	 Ethiopia	31,709
88	 Panama	30,677
89	 Jordan	28,840
90	 Latvia	28,252
91	 Cameroon	25,465
92	 Cyprus	24,690 ⁿ⁹
93	 Bolivia	24,427
94	 Turkmenistan	24,107
95	 Côte d'Ivoire	24,075
96	 Paraguay	23,877
97	 Tanzania	23,705 ⁿ¹⁰
98	 El Salvador	23,054
99	 Bahrain	22,945
100	 Trinidad and Tobago	22,483
101	 Estonia	22,185
102	 Afghanistan	20,343
103	 Equatorial Guinea	19,790
104	 Zambia	19,206
105	 Nepal	18,884
106	 Bosnia and Herzegovina	18,088
107	 Botswana	17,627
108	 Honduras	17,259
109	 Gabon	17,052
110	 Uganda	16,810
111	 Congo, Democratic Republic of the	15,642
112	 Jamaica	15,070
113	 Congo, Republic of the	14,748
114	 Georgia	14,367 ⁿ¹¹
115	 Senegal	14,291
116	 Iceland	14,059
117	 Albania	12,960
118	 Papua New Guinea	12,937

Appendix 2. List of countries by GDP (2011) according to the Word Bank. (Continue).

119	 Cambodia	12,875		 French Polynesia	3,448	183	 Dominica	482	
120	 Mozambique	12,798				184	 Tonga	436	
121	 Brunei	12,370		 New Caledonia	2,682		 Micronesia, Federated States of	318	
122	 Namibia	12,301		156	 Eritrea	2,609			
	 Guernsey + Jersey	11,515 ⁿ¹²		157	 Lesotho	2,426	185	 São Tomé and Príncipe	248
123	 Mauritius	11,313		158	 Burundi	2,326	186	 Palau	180
124	 Mali	10,590		159	 Guyana	2,259	187	 Kiribati	178
125	 Armenia	10,248		160	 Sierra Leone	2,243	188	 Marshall Islands	174
126	 Burkina Faso	10,187			 Faroe Islands	2,198	189	 Tuvalu	36
127	 Macedonia, Republic of	10,165		161	 Central African Republic	2,166			
128	 Madagascar	9,947		162	 Maldives	2,050			
129	 Zimbabwe	9,900			 Virgin Islands, U.S.	1,996			
130	 Chad	9,486			 Aruba	1,911			
131	 Malta	8,887		163	 Cape Verde	1,901			
132	 Mongolia	8,558		164	 San Marino	1,900			
133	 Laos	8,298		165	 Bhutan	1,689			
134	 Bahamas, The	7,788		166	 Belize	1,474			
135	 Haiti	7,346			 Greenland	1,268			
136	 Nicaragua	7,297		167	 Saint Lucia	1,232			
137	 Benin	7,295		168	 Liberia	1,161			
138	 Moldova	7,000 ⁿ⁷		169	 Antigua and Barbuda	1,129			
139	 Tajikistan	6,522		170	 Gambia, The	1,109			
140	 Kosovo	6,446		171	 Timor-Leste	1,054			
141	 Rwanda	6,377		172	 Djibouti	1,049			
142	 Monaco	6,109			 Cayman Islands	1,012			
143	 Niger	6,017		173	 Seychelles	1,007			
144	 Kyrgyzstan	5,919		174	 Guinea-Bissau	973			
	 Bermuda	5,765		175	 Somalia	917			
145	 Malawi	5,700		176	 Solomon Islands	838			
146	 Guinea	5,131		177	 Vanuatu	819			
147	 Liechtenstein	4,826		178	 Grenada	816			
148	 Montenegro	4,550		179	 Saint Kitts and Nevis	709			
149	 Suriname	4,351			 Saint Vincent and the Grenadines	688			
150	 Mauritania	4,076		180	 Samoa	649			
	 Isle of Man	4,076		181	 Comoros	610			
	 West Bank and Gaza	4,016		182					
151	 Swaziland	3,978							
152	 Fiji	3,813							
153	 Andorra	3,712							
154	 Barbados	3,685							
155	 Togo	3,595							

Appendix 3. Country comparison by imports (2011) using World Factbook.

RANK	COUNTRY	IMPORTS
1	United States	\$ 2,236,000,000,000
2	European Union	\$ 2,000,000,000,000
3	China	\$ 1,660,000,000,000
4	Germany	\$ 1,333,000,000,000
5	Japan	\$ 807,600,000,000
6	France	\$ 692,000,000,000
7	United Kingdom	\$ 639,000,000,000
8	Italy	\$ 549,600,000,000
9	Korea, South	\$ 521,600,000,000
10	Hong Kong	\$ 494,100,000,000
11	Netherlands	\$ 492,100,000,000
12	India	\$ 475,300,000,000
13	Canada	\$ 460,700,000,000
14	Singapore	\$ 366,300,000,000
15	Spain	\$ 364,900,000,000
16	Mexico	\$ 350,800,000,000
17	Belgium	\$ 342,300,000,000
18	Russia	\$ 322,300,000,000
19	Switzerland	\$ 317,500,000,000
20	Taiwan	\$ 279,200,000,000
21	Australia	\$ 242,200,000,000
22	Turkey	\$ 232,900,000,000
23	Brazil	\$ 226,200,000,000
24	Poland	\$ 208,100,000,000
25	Thailand	\$ 202,100,000,000
26	United Arab Emirates	\$ 202,100,000,000
27	Austria	\$ 183,300,000,000
28	Malaysia	\$ 178,600,000,000
29	Sweden	\$ 176,100,000,000
30	Indonesia	\$ 166,100,000,000
31	Czech Republic	\$ 133,200,000,000
32	Saudi Arabia	\$ 120,000,000,000
33	Denmark	\$ 102,200,000,000
34	Hungary	\$ 101,500,000,000
35	South Africa	\$ 100,400,000,000
36	Vietnam	\$ 97,360,000,000
37	Norway	\$ 88,590,000,000
38	Ukraine	\$ 85,670,000,000
39	Finland	\$ 80,340,000,000
40	Portugal	\$ 77,620,000,000
41	Slovakia	\$ 75,100,000,000
42	Iran	\$ 74,410,000,000
43	Romania	\$ 73,120,000,000

Appendix 3. Country comparison by imports (2011) using World Factbook. (continue)

44	<u>Israel</u>	\$ 72,030,000,000
45	<u>Chile</u>	\$ 70,920,000,000
46	<u>Argentina</u>	\$ 70,760,000,000
47	<u>Ireland</u>	\$ 67,180,000,000
48	<u>Greece</u>	\$ 66,040,000,000
49	<u>Philippines</u>	\$ 62,680,000,000
50	<u>Nigeria</u>	\$ 61,630,000,000
51	<u>Egypt</u>	\$ 55,070,000,000
52	<u>Colombia</u>	\$ 50,730,000,000
53	<u>Iraq</u>	\$ 47,800,000,000
54	<u>Venezuela</u>	\$ 46,440,000,000
55	<u>Belarus</u>	\$ 45,130,000,000
56	<u>Algeria</u>	\$ 44,940,000,000
57	<u>Puerto Rico</u>	\$ 44,670,000,000
58	<u>Kazakhstan</u>	\$ 41,210,000,000
59	<u>Morocco</u>	\$ 40,960,000,000
60	<u>Pakistan</u>	\$ 38,930,000,000
61	<u>Peru</u>	\$ 36,970,000,000
62	<u>New Zealand</u>	\$ 35,610,000,000
63	<u>Bangladesh</u>	\$ 32,580,000,000
64	<u>Slovenia</u>	\$ 31,050,000,000
65	<u>Bulgaria</u>	\$ 30,860,000,000
66	<u>Lithuania</u>	\$ 30,170,000,000
67	<u>Qatar</u>	\$ 26,930,000,000
68	<u>Luxembourg</u>	\$ 26,540,000,000
69	<u>Ecuador</u>	\$ 23,240,000,000
70	<u>Panama</u>	\$ 22,950,000,000
71	<u>Tunisia</u>	\$ 22,950,000,000
72	<u>Croatia</u>	\$ 22,520,000,000
73	<u>Kuwait</u>	\$ 21,960,000,000
74	<u>Oman</u>	\$ 21,350,000,000
75	<u>Sri Lanka</u>	\$ 20,270,000,000
76	<u>Angola</u>	\$ 19,750,000,000
77	<u>Serbia</u>	\$ 19,450,000,000
78	<u>Lebanon</u>	\$ 19,300,000,000
79	<u>Syria</u>	\$ 17,600,000,000
80	<u>Dominican Republic</u>	\$ 17,420,000,000
81	<u>Estonia</u>	\$ 17,090,000,000
82	<u>Jordan</u>	\$ 16,270,000,000
83	<u>Ghana</u>	\$ 15,970,000,000
84	<u>Costa Rica</u>	\$ 15,530,000,000
85	<u>Guatemala</u>	\$ 15,370,000,000
86	<u>Latvia</u>	\$ 14,830,000,000
87	<u>Cuba</u>	\$ 13,960,000,000

Appendix 3. Country comparison by imports (2011) using World Factbook. (continue)

88	<u>Kenya</u>	\$ 13,830,000,000
89	<u>Bahrain</u>	\$ 12,110,000,000
90	<u>Paraguay</u>	\$ 12,060,000,000
91	<u>Bosnia and Herzegovina</u>	\$ 11,060,000,000
92	<u>Uruguay</u>	\$ 10,410,000,000
93	<u>Honduras</u>	\$ 10,340,000,000
94	<u>Azerbaijan</u>	\$ 10,170,000,000
95	<u>Libya</u>	\$ 10,070,000,000
96	<u>El Salvador</u>	\$ 9,801,000,000
97	<u>Ethiopia</u>	\$ 9,694,000,000
98	<u>Tanzania</u>	\$ 9,635,000,000
99	<u>Turkmenistan</u>	\$ 9,604,000,000
100	<u>Trinidad and Tobago</u>	\$ 9,552,000,000
101	<u>Afghanistan</u>	\$ 9,152,000,000
102	<u>Congo, Democratic Republic of the</u>	\$ 8,721,000,000
103	<u>Uzbekistan</u>	\$ 8,530,000,000
104	<u>Yemen</u>	\$ 8,248,000,000
105	<u>Cambodia</u>	\$ 8,213,000,000
106	<u>Sudan</u>	\$ 8,205,000,000
107	<u>Cyprus</u>	\$ 8,000,000,000
108	<u>Cote d'Ivoire</u>	\$ 7,911,000,000
109	<u>Equatorial Guinea</u>	\$ 7,320,000,000
110	<u>Bolivia</u>	\$ 7,126,000,000
111	<u>Macedonia</u>	\$ 6,759,000,000
112	<u>Georgia</u>	\$ 6,639,000,000
113	<u>Zambia</u>	\$ 6,454,000,000
114	<u>Macau</u>	\$ 6,312,000,000
115	<u>Botswana</u>	\$ 6,275,000,000
116	<u>Cameroon</u>	\$ 6,108,000,000
117	<u>Nicaragua</u>	\$ 5,996,000,000
118	<u>Burma</u>	\$ 5,982,000,000
119	<u>Aruba</u>	\$ 5,892,000,000
120	<u>Jamaica</u>	\$ 5,859,000,000
121	<u>Mongolia</u>	\$ 5,810,000,000
122	<u>Nepal</u>	\$ 5,665,000,000
123	<u>Senegal</u>	\$ 5,398,000,000
124	<u>Namibia</u>	\$ 5,345,000,000
125	<u>Moldova</u>	\$ 5,147,000,000
126	<u>Albania</u>	\$ 5,076,000,000
127	<u>Uganda</u>	\$ 5,002,000,000
128	<u>Mauritius</u>	\$ 4,926,000,000
129	<u>Congo, Republic of the</u>	\$ 4,917,000,000
130	<u>Malta</u>	\$ 4,856,000,000
131	<u>Virgin Islands</u>	\$ 4,609,000,000

Appendix 3. Country comparison by imports (2011) using World Factbook. (continue)

132	<u>Iceland</u>	\$ 4,506,000,000
133	<u>Zimbabwe</u>	\$ 4,370,000,000
134	<u>Mozambique</u>	\$ 4,187,000,000
135	<u>Papua New Guinea</u>	\$ 4,070,000,000
136	<u>Chad</u>	\$ 4,054,000,000
137	<u>Kyrgyzstan</u>	\$ 3,959,000,000
138	<u>Madagascar</u>	\$ 3,765,000,000
139	<u>Armenia</u>	\$ 3,614,000,000
140	<u>West Bank</u>	\$ 3,601,000,000
141	<u>Tajikistan</u>	\$ 3,540,000,000
142	<u>Korea, North</u>	\$ 3,528,000,000
143	<u>New Caledonia</u>	\$ 3,313,000,000
144	<u>Kosovo</u>	\$ 3,300,000,000
145	<u>Gabon</u>	\$ 3,194,000,000
146	<u>Mali</u>	\$ 3,026,000,000
147	<u>Haiti</u>	\$ 2,985,000,000
148	<u>Gibraltar</u>	\$ 2,967,000,000
149	<u>Bahamas, The</u>	\$ 2,966,000,000
150	<u>Mauritania</u>	\$ 2,854,000,000
151	<u>Brunei</u>	\$ 2,610,000,000
152	<u>Curacao</u>	\$ 2,500,000,000
153	<u>Montenegro</u>	\$ 2,500,000,000
154	<u>Burkina Faso</u>	\$ 2,347,000,000
155	<u>Laos</u>	\$ 2,336,000,000
156	<u>Lesotho</u>	\$ 2,306,000,000
157	<u>Niger</u>	\$ 2,217,000,000
158	<u>Benin</u>	\$ 2,188,000,000
159	<u>San Marino</u>	\$ 2,132,000,000
160	<u>Swaziland</u>	\$ 2,108,000,000
161	<u>Guinea</u>	\$ 2,106,000,000
162	<u>Fiji</u>	\$ 1,762,000,000
163	<u>Guyana</u>	\$ 1,746,000,000
164	<u>Liechtenstein</u>	\$ 1,730,000,000
165	<u>Malawi</u>	\$ 1,722,000,000
166	<u>French Polynesia</u>	\$ 1,706,000,000
167	<u>Suriname</u>	\$ 1,679,000,000
168	<u>Barbados</u>	\$ 1,606,000,000
169	<u>Sierra Leone</u>	\$ 1,571,000,000
170	<u>Andorra</u>	\$ 1,474,000,000
171	<u>Togo</u>	\$ 1,455,000,000
172	<u>Rwanda</u>	\$ 1,368,000,000
173	<u>Somalia</u>	\$ 1,263,000,000
174	<u>Bhutan</u>	\$ 1,185,000,000
175	<u>Cape Verde</u>	\$ 1,060,000,000

Appendix 3. Country comparison by imports (2011) using World Factbook. (continue)

176	<u>Maldives</u>	\$ 967,000,000
177	<u>Bermuda</u>	\$ 940,000,000
178	<u>Eritrea</u>	\$ 899,900,000
179	<u>Monaco</u>	\$ 882,600,000
180	<u>Seychelles</u>	\$ 877,100,000
181	<u>Cayman Islands</u>	\$ 851,700,000
182	<u>Greenland</u>	\$ 806,000,000
183	<u>Faroe Islands</u>	\$ 776,000,000
184	<u>Belize</u>	\$ 773,900,000
185	<u>Liberia</u>	\$ 755,100,000
186	<u>Guam</u>	\$ 701,000,000
187	<u>Timor-Leste</u>	\$ 689,000,000
188	<u>Saint Lucia</u>	\$ 545,900,000
189	<u>Burundi</u>	\$ 536,600,000
190	<u>Antigua and Barbuda</u>	\$ 427,000,000
191	<u>Djibouti</u>	\$ 413,800,000
192	<u>Solomon Islands</u>	\$ 360,300,000
193	<u>Saint Vincent and the Grenadines</u>	\$ 348,000,000
194	<u>Gambia, The</u>	\$ 328,400,000
195	<u>Guinea-Bissau</u>	\$ 327,600,000
196	<u>Central African Republic</u>	\$ 319,800,000
197	<u>Samoa</u>	\$ 318,700,000
198	<u>Saint Kitts and Nevis</u>	\$ 315,700,000
199	<u>Vanuatu</u>	\$ 310,200,000
200	<u>American Samoa</u>	\$ 308,800,000
201	<u>Grenada</u>	\$ 296,300,000
202	<u>British Virgin Islands</u>	\$ 275,100,000
203	<u>Northern Mariana Islands</u>	\$ 214,400,000
204	<u>Comoros</u>	\$ 206,600,000
205	<u>Dominica</u>	\$ 192,600,000
206	<u>Turks and Caicos Islands</u>	\$ 175,600,000
207	<u>Anguilla</u>	\$ 140,100,000
208	<u>Micronesia, Federated States of</u>	\$ 132,700,000
209	<u>Tonga</u>	\$ 121,100,000
210	<u>Sao Tome and Principe</u>	\$ 114,400,000
211	<u>Palau</u>	\$ 113,400,000
212	<u>Falkland Islands (Isles Malvinas)</u>	\$ 90,000,000
213	<u>Kiribati</u>	\$ 80,090,000
214	<u>Marshall Islands</u>	\$ 79,400,000
215	<u>Saint Pierre and Miquelon</u>	\$ 68,200,000
216	<u>Wallis and Futuna</u>	\$ 61,170,000
217	<u>Saint Helena, Ascension, and Tristan da Cunha</u>	\$ 45,000,000
218	<u>Montserrat</u>	\$ 26,320,000
219	<u>Nauru</u>	\$ 20,000,000

Appendix 3. Country comparison by imports (2011) using World Factbook. (continue)

220	<u>Tuvalu</u>	\$ 16,500,000
221	<u>Niue</u>	\$ 9,038,000
222	<u>Tokelau</u>	\$ 969,200

Appendix 4. Country comparison by exports (2011) using World Factbook.

RANK	COUNTRY	EXPORTS
1	<u>China</u>	\$ 1,904,000,000,000
2	<u>European Union</u>	\$ 1,791,000,000,000
3	<u>Germany</u>	\$ 1,547,000,000,000
4	<u>United States</u>	\$ 1,497,000,000,000
5	<u>Japan</u>	\$ 787,000,000,000
6	<u>France</u>	\$ 589,700,000,000
7	<u>Korea, South</u>	\$ 552,800,000,000
8	<u>Netherlands</u>	\$ 550,200,000,000
9	<u>Italy</u>	\$ 524,900,000,000
10	<u>Russia</u>	\$ 520,300,000,000
11	<u>United Kingdom</u>	\$ 479,200,000,000
12	<u>Canada</u>	\$ 463,100,000,000
13	<u>Hong Kong</u>	\$ 438,000,000,000
14	<u>Singapore</u>	\$ 414,800,000,000
15	<u>Saudi Arabia</u>	\$ 364,700,000,000
16	<u>Mexico</u>	\$ 349,400,000,000
17	<u>Belgium</u>	\$ 332,300,000,000
18	<u>Switzerland</u>	\$ 322,000,000,000
19	<u>Spain</u>	\$ 309,600,000,000
20	<u>India</u>	\$ 307,200,000,000
21	<u>Taiwan</u>	\$ 307,000,000,000
22	<u>United Arab Emirates</u>	\$ 281,600,000,000
23	<u>Australia</u>	\$ 271,100,000,000

Appendix 4. Country comparison by exports (2011) using World Factbook (continue).

24	<u>Brazil</u>	\$ 255,000,000,000
25	<u>Malaysia</u>	\$ 227,500,000,000
26	<u>Thailand</u>	\$ 219,100,000,000
27	<u>Indonesia</u>	\$ 201,500,000,000
28	<u>Poland</u>	\$ 193,900,000,000
29	<u>Sweden</u>	\$ 189,100,000,000
30	<u>Austria</u>	\$ 173,600,000,000
31	<u>Norway</u>	\$ 163,800,000,000
32	<u>Turkey</u>	\$ 143,400,000,000
33	<u>Czech Republic</u>	\$ 138,500,000,000
34	<u>Ireland</u>	\$ 118,100,000,000
35	<u>Qatar</u>	\$ 114,300,000,000
36	<u>Denmark</u>	\$ 111,800,000,000
37	<u>Iran</u>	\$ 109,500,000,000
38	<u>Hungary</u>	\$ 107,100,000,000
39	<u>Kuwait</u>	\$ 104,300,000,000
40	<u>South Africa</u>	\$ 102,900,000,000
41	<u>Vietnam</u>	\$ 96,910,000,000
42	<u>Venezuela</u>	\$ 92,600,000,000
43	<u>Nigeria</u>	\$ 92,470,000,000
44	<u>Kazakhstan</u>	\$ 88,470,000,000
45	<u>Argentina</u>	\$ 84,320,000,000
46	<u>Chile</u>	\$ 81,640,000,000
47	<u>Iraq</u>	\$ 79,680,000,000
48	<u>Finland</u>	\$ 78,830,000,000
49	<u>Slovakia</u>	\$ 78,500,000,000
50	<u>Algeria</u>	\$ 72,880,000,000
51	<u>Ukraine</u>	\$ 69,420,000,000
52	<u>Angola</u>	\$ 65,800,000,000
53	<u>Puerto Rico</u>	\$ 64,880,000,000
54	<u>Israel</u>	\$ 64,190,000,000
55	<u>Romania</u>	\$ 62,680,000,000
56	<u>Portugal</u>	\$ 59,220,000,000
57	<u>Colombia</u>	\$ 56,220,000,000
58	<u>Philippines</u>	\$ 47,230,000,000
59	<u>Oman</u>	\$ 47,090,000,000
60	<u>Peru</u>	\$ 46,270,000,000
61	<u>Belarus</u>	\$ 41,410,000,000
62	<u>New Zealand</u>	\$ 38,350,000,000
63	<u>Azerbaijan</u>	\$ 34,490,000,000
64	<u>Slovenia</u>	\$ 29,590,000,000
65	<u>Greece</u>	\$ 28,160,000,000
66	<u>Bulgaria</u>	\$ 28,120,000,000
67	<u>Lithuania</u>	\$ 28,060,000,000
68	<u>Egypt</u>	\$ 27,910,000,000
69	<u>Pakistan</u>	\$ 26,300,000,000
70	<u>Bangladesh</u>	\$ 24,560,000,000
71	<u>Ecuador</u>	\$ 23,080,000,000

Appendix 4. Country comparison by exports (2011) using World Factbook (continue).

72	<u>Morocco</u>	\$ 21,510,000,000
73	<u>Bahrain</u>	\$ 19,910,000,000
74	<u>Luxembourg</u>	\$ 19,220,000,000
75	<u>Tunisia</u>	\$ 17,610,000,000
76	<u>Panama</u>	\$ 16,930,000,000
77	<u>Estonia</u>	\$ 16,780,000,000
78	<u>Equatorial Guinea</u>	\$ 15,630,000,000
79	<u>Libya</u>	\$ 15,160,000,000
80	<u>Turkmenistan</u>	\$ 14,780,000,000
81	<u>Croatia</u>	\$ 13,640,000,000
82	<u>Trinidad and Tobago</u>	\$ 13,020,000,000
83	<u>Ghana</u>	\$ 12,790,000,000
84	<u>Uzbekistan</u>	\$ 12,590,000,000
85	<u>Congo, Republic of the</u>	\$ 12,380,000,000
86	<u>Latvia</u>	\$ 12,030,000,000
87	<u>Serbia</u>	\$ 11,780,000,000
88	<u>Cote d'Ivoire</u>	\$ 11,400,000,000
89	<u>Gabon</u>	\$ 10,860,000,000
90	<u>Brunei</u>	\$ 10,670,000,000
91	<u>Congo, Democratic Republic of the</u>	\$ 10,660,000,000
92	<u>Guatemala</u>	\$ 10,550,000,000
93	<u>Sri Lanka</u>	\$ 10,540,000,000
94	<u>Costa Rica</u>	\$ 10,380,000,000
95	<u>Syria</u>	\$ 10,290,000,000
96	<u>Paraguay</u>	\$ 10,270,000,000
97	<u>Sudan</u>	\$ 9,694,000,000
98	<u>Uruguay</u>	\$ 9,341,000,000
99	<u>Zambia</u>	\$ 8,672,000,000
100	<u>Yemen</u>	\$ 8,662,000,000
101	<u>Dominican Republic</u>	\$ 8,536,000,000
102	<u>Bolivia</u>	\$ 8,332,000,000
103	<u>Burma</u>	\$ 8,196,000,000
104	<u>Jordan</u>	\$ 7,963,000,000
105	<u>Honduras</u>	\$ 7,204,000,000
106	<u>Papua New Guinea</u>	\$ 6,791,000,000
107	<u>Botswana</u>	\$ 6,458,000,000
108	<u>Cuba</u>	\$ 6,041,000,000
109	<u>Bosnia and Herzegovina</u>	\$ 6,030,000,000
110	<u>Cambodia</u>	\$ 6,018,000,000
111	<u>Kenya</u>	\$ 5,787,000,000
112	<u>Cameroon</u>	\$ 5,544,000,000
113	<u>El Salvador</u>	\$ 5,402,000,000
114	<u>Lebanon</u>	\$ 5,386,000,000
115	<u>Iceland</u>	\$ 5,344,000,000
116	<u>Aruba</u>	\$ 5,179,000,000
117	<u>Chad</u>	\$ 4,974,000,000
118	<u>Tanzania</u>	\$ 4,843,000,000
119	<u>Mongolia</u>	\$ 4,818,000,000

Appendix 4. Country comparison by exports (2011) using World Factbook (continue).

120	<u>Macedonia</u>	\$ 4,429,000,000
121	<u>Namibia</u>	\$ 4,393,000,000
122	<u>Virgin Islands</u>	\$ 4,234,000,000
123	<u>Nicaragua</u>	\$ 3,941,000,000
124	<u>Malta</u>	\$ 3,635,000,000
125	<u>Georgia</u>	\$ 3,223,000,000
126	<u>Ethiopia</u>	\$ 2,957,000,000
127	<u>Zimbabwe</u>	\$ 2,932,000,000
128	<u>Mauritania</u>	\$ 2,799,000,000
129	<u>Liechtenstein</u>	\$ 2,790,000,000
130	<u>Mozambique</u>	\$ 2,776,000,000
131	<u>Mauritius</u>	\$ 2,645,000,000
132	<u>Afghanistan</u>	\$ 2,625,000,000
133	<u>Korea, North</u>	\$ 2,557,000,000
134	<u>Uganda</u>	\$ 2,519,000,000
135	<u>Suriname</u>	\$ 2,467,000,000
136	<u>San Marino</u>	\$ 2,457,000,000
137	<u>Mali</u>	\$ 2,453,000,000
138	<u>Burkina Faso</u>	\$ 2,438,000,000
139	<u>Senegal</u>	\$ 2,416,000,000
140	<u>Kyrgyzstan</u>	\$ 2,331,000,000
141	<u>Moldova</u>	\$ 2,277,000,000
142	<u>Laos</u>	\$ 2,131,000,000
143	<u>Swaziland</u>	\$ 2,040,000,000
144	<u>Cyprus</u>	\$ 1,957,000,000
145	<u>Albania</u>	\$ 1,954,000,000
146	<u>Tajikistan</u>	\$ 1,739,000,000
147	<u>Jamaica</u>	\$ 1,665,000,000
148	<u>Benin</u>	\$ 1,593,000,000
149	<u>Armenia</u>	\$ 1,518,000,000
150	<u>Curacao</u>	\$ 1,500,000,000
151	<u>Guinea</u>	\$ 1,433,000,000
152	<u>Madagascar</u>	\$ 1,394,000,000
153	<u>Niger</u>	\$ 1,249,000,000
154	<u>Guyana</u>	\$ 1,180,000,000
155	<u>Macao</u>	\$ 1,045,000,000
156	<u>Lesotho</u>	\$ 1,003,000,000
157	<u>Nepal</u>	\$ 998,900,000
158	<u>New Caledonia</u>	\$ 969,400,000
159	<u>Malawi</u>	\$ 945,100,000
160	<u>Togo</u>	\$ 928,700,000
161	<u>Fiji</u>	\$ 901,500,000
162	<u>Bahamas, The</u>	\$ 834,900,000
163	<u>Feroe Islands</u>	\$ 824,000,000
164	<u>Haiti</u>	\$ 767,500,000
165	<u>Monaco</u>	\$ 711,000,000
166	<u>Gaza Strip</u>	\$ 666,100,000
167	<u>Bhutan</u>	\$ 665,300,000

Appendix 4. Country comparison by exports (2011) using World Factbook (continue).

168	<u>Montenegro</u>	\$ 640,000,000
169	<u>Belize</u>	\$ 603,300,000
170	<u>West Bank</u>	\$ 518,000,000
171	<u>Somalia</u>	\$ 515,800,000
172	<u>Seychelles</u>	\$ 495,100,000
173	<u>Barbados</u>	\$ 476,700,000
174	<u>American Samoa</u>	\$ 445,600,000
175	<u>Sierra Leone</u>	\$ 426,900,000
176	<u>Liberia</u>	\$ 422,100,000
177	<u>Kosovo</u>	\$ 419,000,000
178	<u>Eritrea</u>	\$ 415,400,000
179	<u>Greenland</u>	\$ 381,000,000
180	<u>Rwanda</u>	\$ 372,600,000
181	<u>Gibraltar</u>	\$ 271,000,000
182	<u>Guinea-Bissau</u>	\$ 244,600,000
183	<u>Solomon Islands</u>	\$ 226,500,000
184	<u>French Polynesia</u>	\$ 211,000,000
185	<u>Cape Verde</u>	\$ 211,000,000
186	<u>Saint Lucia</u>	\$ 198,600,000
187	<u>Central African Republic</u>	\$ 186,300,000
188	<u>Turks and Caicos Islands</u>	\$ 169,200,000
189	<u>Maldives</u>	\$ 163,000,000
190	<u>Falkland Islands (Islas Malvinas)</u>	\$ 125,000,000
191	<u>Gambia, The</u>	\$ 104,200,000
192	<u>Northern Mariana Islands</u>	\$ 98,200,000
193	<u>Djibouti</u>	\$ 96,800,000
194	<u>Burundi</u>	\$ 90,800,000
195	<u>Vanuatu</u>	\$ 67,400,000
196	<u>Saint Vincent and the Grenadines</u>	\$ 64,400,000
197	<u>Andorra</u>	\$ 64,000,000
198	<u>Saint Kitts and Nevis</u>	\$ 58,600,000
199	<u>Guam</u>	\$ 45,000,000
200	<u>Antigua and Barbuda</u>	\$ 43,450,000
201	<u>Cayman Islands</u>	\$ 40,500,000
202	<u>British Virgin Islands</u>	\$ 38,500,000
203	<u>Grenada</u>	\$ 36,360,000
204	<u>Dominica</u>	\$ 33,040,000
205	<u>Samoa</u>	\$ 27,380,000
206	<u>Comoros</u>	\$ 25,200,000
207	<u>Micronesia, Federated States of</u>	\$ 24,900,000
208	<u>Marshall Islands</u>	\$ 19,400,000
209	<u>Saint Helena, Ascension, and Tristan da Cunha</u>	\$ 19,000,000
210	<u>Timor-Leste</u>	\$ 18,000,000
211	<u>Bermuda</u>	\$ 16,000,000
212	<u>Palau</u>	\$ 12,300,000
213	<u>Anguilla</u>	\$ 12,200,000
214	<u>Sao Tome and Principe</u>	\$ 11,700,000
215	<u>Tonga</u>	\$ 10,800,000
216	<u>Kiribati</u>	\$ 7,066,000

Appendix 4. Country comparison by exports (2011) using World Factbook (continue).

217	<u>Saint Pierre and Miquelon</u>	\$ 5,500,000
218	<u>Montserrat</u>	\$ 1,260,000
219	<u>Tuvalu</u>	\$ 600,000
220	<u>Niue</u>	\$ 201,400
221	<u>Nauru</u>	\$ 64,000
222	<u>Wallis and Futuna</u>	\$ 47,450
223	<u>Cook Islands</u>	\$ 3,000
224	<u>Tokelau</u>	\$ 0

Appendix 5. European Union countries characteristics (2011)

	Country	Population	GDP(\$)	Exports	Imports	GDP per capita	Market balance (exports-imports)
1	Austria	8219743	418484000000	\$ 173,600,000,000	\$ 183,300,000,000	50912,05	-
2	Belgium	10438353	511533000000	\$ 332,300,000,000	\$ 342,300,000,000	49005,14	-
3	Bulgaria	7037935	53514000000	\$ 28,120,000,000	\$ 30,860,000,000	7603,65	-
4	Cyprus	1138071	24690000000	\$ 1,957,000,000	\$ 8,000,000,000	21694,60	+
5	Czech Republic	10177300	215215000000	\$ 138,500,000,000	\$ 133,200,000,000	21146,57	+
6	Denmark	5543453	332677000000	\$ 111,800,000,000	\$ 102,200,000,000	60012,60	+
7	Estonia	1274709	22185000000	\$ 16,780,000,000	\$ 17,090,000,000	17403,97	-
8	Finland	5262930	266071000000	\$ 78,830,000,000	\$ 80,340,000,000	50555,68	-
9	France	65630692	2431589000000	\$ 589,700,000,000	\$ 692,000,000,000	37049,57	-
10	Germany	81305856	3570556000000	\$ 1,547,000,000,000	\$ 1,333,000,000,000	43915,11	+
11	Greece	10767827	298734000000	\$ 28,160,000,000	\$ 66,040,000,000	27743,20	-
12	Hungary	9958453	140029000000	\$ 107,100,000,000	\$ 101,500,000,000	14061,32	+
13	Ireland	4722028	217275000000	\$ 118,100,000,000	\$ 67,180,000,000	46013,07	+
14	Italy	61261254	2194750000000	\$ 524,900,000,000	\$ 549,600,000,000	35826,07	-
15	Latvia	2191580	28252000000	\$ 12,030,000,000	\$ 14,830,000,000	12891,16	-
16	Luxembourg	509074	59475000000	\$ 19,220,000,000	\$ 26,540,000,000	116829,77	-
17	Malta	409836	8887000000	\$ 3,635,000,000	\$ 4,856,000,000	21684,28	-
18	Netherlands	16730632	836257000000	\$ 550,200,000,000	\$ 492,100,000,000	49983,59	+
19	Poland	38415284	514496000000	\$ 193,900,000,000	\$ 208,100,000,000	13393,00	-
20	Portugal	10781459	237522000000	\$ 59,220,000,000	\$ 77,620,000,000	22030,60	-
21	Romania	21848504	179794000000	\$ 62,680,000,000	\$ 73,120,000,000	8229,12	-
22	Slovakia	5483088	95994000000	\$ 78,500,000,000	\$ 75,100,000,000	17507,29	+
23	Slovenia	1996617	49539000000	\$ 29,590,000,000	\$ 31,050,000,000	24811,47	-
24	Spain	47042984	1490810000000	\$ 309,600,000,000	\$ 364,900,000,000	31690,38	-
25	Sweden	9103788	538131000000	\$ 189,100,000,000	\$ 176,100,000,000	59110,67	+
26	United Kingdom	63047162	2431589000000	\$ 479,200,000,000	\$ 639,000,000,000	38567,78	-

Appendix 6. Top 10 furniture exporters(2011)

Rank in 2011	Exporters	Value exported in 2011 in \$	Annual growth in value between 2002-2011, %	Annual growth in value between 2010-2011, %	Share in word exports, %
1	China	30786345	30	25	20,6
2	Italy	14566459	7	4	10
3	Germny	12454670	14	8	8,5
4	USA	9556541	8	10	5,6
5	Canada	6654896	6	1	4,9
6	Poland	6734889	21	9	4,9
7	Mexico	6878545	8	3	4,4
8	France	5322879	8	7	3,5
9	Denmark	3206557	8	5	2,3
10	Belgium	3246670	7	2	2,3

Appendix 7. Company's „Lafarge“profit and money spent on furniture (2000-2011).

	Profit (mln Eur)	Sum of money (Eur) spent for furniture
2000	654	5000
2001	693	5490
2002	786	5660
2003	799	5690
2004	813	8000
2005	853	7800
2006	689	5800
2007	567	5000
2008	654	4850
2009	776	7390
2010	827	10000
2011	879	9800