

**MEMÒRIA DEL TREBALL DE FI DE GRAU DEL GRAU
(ESCI-UPF)**

**DIGITAL COMMERCIAL INNOVATION STRATEGY
TO EXPAND AND CONSOLIDATE INTO NEW MARKETS
– B2B FOCUS**

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| CURS ACADÈMIC: 2021-2022 | |
| DATA: 05/07/2022 | |
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TABLE OF CONTENTS

| | |
|--|-----------|
| 1. INTRODUCTION | 3 |
| 2. THE AGENTS' DIGITAL RECRUITMENT TOOL | 4 |
| 3. OBJECTIVES | 5 |
| 4. ANALYSIS OF THE TOPIC | 6 |
| 4.1 Program of African Agents: Research Extension | 6 |
| 4.1.1 Countries Re-Selection | 6 |
| 4.1.2 Ghana and Mauritius Competition Analysis and Positioning Strategy | 8 |
| 4.1.3 Quantitative analysis: Effectiveness of the Program based on Results | 9 |
| 4.1.4 Qualitative analysis: Agents' Surveys | 10 |
| 4.2 Comparison of digital and traditional channels used to open new markets in the electrical sector | 12 |
| 4.2.1 The electrical sector and its market entry strategies | 12 |
| 4.2.2 Digitalization tendencies in B2B expansion strategies | 12 |
| 4.2.3 ACCIÓ Collaboration vs. The Program of African Agents | 13 |
| 4.3 Multichannel Digital Strategy to Achieve Market Consolidation | 15 |
| 4.3.1 Value Propositions | 15 |
| 4.3.1.1 Clients' Prospection through Facebook Lead Ads | 16 |
| 4.3.1.2 Increase on the agents' commission depending on their use of COFME's digital tools | 16 |
| 4.3.1.3 Execution Control Tool | 17 |
| 4.3.2 Final Proposal to Reactivate The Program of African Agents | 18 |
| 4.4 Viability Plan | 18 |
| 5. CONCLUSIONS | 19 |
| 6. REFERENCES | 20 |
| 7. ACKNOWLEDGEMENTS | 21 |
| 8. APPENDICES | 22 |

1. INTRODUCTION

Companies use different market entry strategies in order to plan, distribute, and deliver goods to international markets. (10 International Market Entry Strategies with Definitions, 2021)

Traditionally market expansion has been executed through direct exporting, a distributor or an agent, licensing, joint ventures, franchising, tenders, international commercial institutions¹, attending trade shows, among others (refer to **Appendix 1**, **Appendix 2** for a deeper analysis).

With the impulse of digital marketing, new entry methodologies for companies emerged such as social media, SEO³ content optimization, email marketing, building micro-influencer relationships, etc. The use of digital channels helps businesses reach a larger audience and better target the prospects most likely to buy their product than through traditional methods. (Alexander, 2022)

Since September 2020 I have been working at COFME Electrical Group, an Industrial Consortium of Manufacturers of Electrical Material established in December 1998 and headquartered in Barcelona, Spain. (COFME, 2019)

The Group operates in a B2B environment, and it is formed by the following Spanish manufacturers: CELO (Fixation Systems), DAISALUX (Emergency Lighting), SACI (Measurement and Control), SODECA (Industrial Ventilation), SALICRU (Power Systems), SOFAMEL (Security and Connection), SOLERA (Enclosures and small electrical material) and FERMAX (Access Control). They share knowledge and strategic information, identify common interests, and propose joint actions which stimulate the evolution of the group.

When I first entered in the company, Mr. Carlos Sánchez – the managing director of COFME – asked me to propose him an innovative and challenging project to develop. COFME is present in 125 countries worldwide, however, according to its geographical billing distribution (see **Appendix 3**), Africa represents less than 2% (without considering the Northern region). This is the reason why I decided to put forward a market expansion plan to Africa (concretely to West Central and Southern regions) with the objective of increasing its insignificant presence at the time.

The challenge was that due to COVID-19 restrictions, COFME had to find an alternative way to enter the targeted African economies without traveling, which was a disruption of the traditional entry strategies used by the company until then.

We built a Program of African Agents from different African countries recruited through a digital system. This one not only prospected them but also allowed us to qualify their potential.

¹ Such as ICEX, ACCIÓ...

³ Search Engine Optimization which refers to the “process of improving your site to increase its visibility when people search for products or services related to your business in search engines”. (Search Engine Land, 2022)

2. THE AGENTS' DIGITAL RECRUITMENT TOOL

To understand the situation and have a clear idea of where we aim to go with this project, it is important to contextualize the recruitment system built.

It consisted of an innovative digital procedure in B2B to prospect African agents in different countries of interest and commit them to promote COFME's solutions on a 3% commission basis. (Refer to **Appendix 4** to see COFME's Value Proposition with its commercial agents).

The main objectives of this digital recruitment system were the following:

- Capture a database with CVs that could be legally treated, worked, and qualified.
- Be able to recruit 4-5 agents per country⁵.
- Generate a replicable and scalable system for other markets in the B2B environment.

Why using the figure of the agent? Africa is a continent that has high entry barriers due to its traditionally oral culture, where it prevails you-to-you interaction and where there is no primacy of great digital technologies. This market context and the sector where COFME operates (electrical material) challenge the success of a fully digital sales system. This is the reason why, instead of directly looking for clients and end users, COFME needed to collaborate with local people who had a potential and trustworthy network in the electrical sector: the agent.

COFME was looking for a profile with a lot of experience in the electrical material, engineering, and construction sector (at least 25 years), preferably with previous experience as a sales agent, and with a stable job but looking for a complementary salary. (Refer to **Appendix 5** to visualize the corresponding Buyer Persona)

The platform in which potential agents would be willing to give us their data was Facebook⁶. This social media service was chosen for 3 reasons: (1) it gave us the possibility to capture senior management positions, (2) it allowed us to create impact in moments of "leisure" which implies a greater predisposition to be attracted and show interest, and (3) the fact that it is the most used digital platform in the whole continent, with a dominance of 70% (See **Appendix 6**).

In terms of content creation, I designed different ads to attract the agents conveying different messages: showing the experience of an actual commercial agent in COFME, promoting the commission basis they can earn, enhancing COFME in terms of billing, international presence, reputation as a multinational, etc. Each ad set⁷ was boosted per country, and it included around 8 different designs/ads (See **Appendix 7**).

⁵ With no territory exclusivity agreement

⁶ Through a Facebook Lead Ads Campaign

⁷ Groups of ads that share settings for how, when and where to run.

We began this digital campaign by activating Ghana, Zambia, Mauritius, Botswana, Rwanda, Nigeria and South Africa.

Once the Facebook leads were extracted, an automated quality control process was activated:

- The prospects were asked to submit their CV.
- Those CVs matching our Buyer Persona were asked to send COFME a document⁹ as a guarantee of the quality of their local network in the sector.
- If the applicant had a potential list of clients, he was sent the following documents: Statement of Protection¹⁰ and Non-Disclosure Agreement¹¹.
- Next step consisted of a scheduled ZOOM call as the first you-to-you interaction to discuss the terms and conditions of the Memorandum of Understanding¹² and make the agent choose between 1 or 2 product categories out of the 8 manufacturers in COFME Group to start promoting (at least initially).
- Once the Memorandum of Understanding (MOU) was signed, the agent became an official member of the Program.

Refer to **Appendix 9** to get a more detailed description step-by-step of the Agents' Digital Recruitment Tool.

Afterwards, the idea of the Program was to let the agents work autonomously until they could schedule virtual meetings between COFME and a client (construction company, architect, lighting specialist, etc.). The export department was also involved in the project to facilitate price lists, samples shipment, logistics procedure information, Incoterms, Minimum Order Quantities (MOQ), quality certificates, technical sheets, etc.

The objective was that each agent could schedule a virtual meeting with a potential client at least once a week. However, this was not achieved.

3. OBJECTIVES

The present paper aims at going one step further and extend the previous research to allow COFME or any company from the sector to consolidate in a new market without having to rely mainly on travel missions.

In detail, this paper is aimed at:

1. Reviewing the markets¹⁵ activated during the campaign since they were targeted along the way with no supporting macroeconomic data.

⁹ Refer to **Appendix 8** for the "Stakeholders' Survey" document

¹⁰ Document granting the exclusivity to the agent to deal with the clients provided

¹¹ Binding contract between the agent and COFME to prevent sensitive information from being shared with others.

¹² Final agreement between COFME and the agent outlined in a formal document.

¹⁵ Ghana, Zambia, Mauritius, Botswana, Rwanda, Nigeria, and South Africa

2. Evaluating the effectiveness of the digital procedure implemented in terms of results, quality and cost.
3. Comparing the effectiveness of the digital recruitment tool with traditional entry methodologies used by COFME.

With the results obtained, the final purpose of this research is to provide COFME (or any B2B company willing to replicate the system) a value proposition in order to reactivate the expansion plan in Africa and consolidate in its markets.

4. ANALYSIS OF THE TOPIC

4.1 Program of African Agents: Research Extension

4.1.1 Countries Re-Selection

When deciding which countries to select for COFME's expansion, we weren't enough conscious of the great dimensions of the continent. We wrongly pursued the ambitious strategy of opening seven unknown markets at the same time: Ghana, Zambia, Mauritius, Botswana, Rwanda, South Africa, and Nigeria.

The reason of such selection was that we wanted to target small African economies (except for South Africa and Nigeria) with a considerable GDP growth and with a generally considered political stability.

One of this paper's objectives is to reconduct the vague macroeconomic analysis pursued initially to lead COFME to reconsider the short-list of companies addressed.

Considering the impossibility of conducting market research on all African countries¹⁶ it was important to impose 5 basic characteristics to help us discard great part of them:

- a) Coastal access: Maritime transport is the most used method by COFME since it exports heavy products, and it results cheaper than air transportation. Since we are dealing with agents and they are not responsible for the export procedures, it is convenient for COFME to facilitate this process. Thus, targeting countries with coastal access is the first requirement.

¹⁶ 54 in total according to the United Nations today.

- b) Country stability: Assure countries are not currently involved in political issues and maintain considerable recent stability. To do so, the Fragile States Index¹⁷ was the reference parameter (See **Appendix 10** for the Fragile States Index in Africa). Those African economies scoring more than an 80¹⁸ on the index should not be considered.
- c) Discard the northern region.¹⁹
- d) No less than 1 million population²⁰
- e) Avoid French regions due to the language barrier.

In light of the above, we are left with the following African economies: Mauritius, Ghana, Namibia and South Africa. (Refer to **Appendix 12** to visualize the African map colored according to the characteristics defined).

Even though Ghana, Mauritius and South Africa were correctly targeted initially without prior consistent research, COFME could have missed a commercial opportunity in Namibia (as not being even considered).

Initially, seven markets were aimed to be targeted. From our experience, this commercial purpose was too ambitious, and it should be reduced to a more realistic and effective goal. Starting with 2 countries should be enough.

Therefore, a PEST analysis²¹ was conducted for the countries mentioned above and including those from the short-list used in 2021²² to prove their assumed attractiveness. This macroeconomic analysis is aimed at being able to conclude, with macroeconomic recent data, which countries (1 or 2) COFME will begin expanding when reactivating the Program.

After conducting this research (refer to **Appendix 14** to see all the data displayed per parameter analyzed), Nigeria, Namibia, Zambia, and Rwanda were definitely discarded due to their bad performance at all levels. Politically they all presented instability and corruption. Economically they displayed a low GDP growth and GDP per capita. In the social environment they all presented a low HDI²³ and some of the lowest rankings in the Global Peace Index which implies internal violence, crime and war involvement. Technologically, less than half of their population use the Internet and around 50% have access to electricity. Although Rwanda ranks the second highest in DB Index²⁴ this data is not relevant enough since COFME's entry strategy is not based on constructing a subsidiary and contracting local workers.

¹⁷ Indicates a weaker, more vulnerable, or more fragile situation in a country.

¹⁸ Refer to **Appendix 11** for the score ranges and their corresponding interpretation

¹⁹ As COFME already has established business relationships there (no need for expansion).

²⁰ Mainly aimed at discarding the small islands such as Comoros, Sao Tomé y Príncipe, Seychelles or Cape Verde.

²¹ Refer to **Appendix 13** to see the parameters analyzed in each environment.

²² Rwanda, Botswana and Zambia

²³ Human Development Index (measuring a long and healthy life, knowledge, and a decent standard of living)

²⁴ Doing Business (measuring time, cost and time of starting a business, dealing with construction permits, getting credit, paying taxes, employing workers, etc.)

This study also included an analysis of the HS codes imports per country. This parameter showed us how the second largest exporter of the African economies is South Africa, preceded by China. Finally, it was concluded that COFME should target Mauritius and/or Ghana (at least initially) considering their overall successful performance in the PEST environments. Moreover, the fact that COFME sells high-end solutions for the electrical sector, requires a demand with a high buying power from the tertiary sector such as hotels, hospitals, buildings, etc. Mauritius has the highest GDP per capita (concretely 9.500€ in 2021 according to World Bank). Botswana also presented successful business information, however, its landlock situation would challenge COFME's first entrance in the continent. South Africa is also a potential country to do business with since it is also a link to the rest of the countries in the continent. However, its great dimensions in terms of population, corruption tendencies and violent and crime variables make the country less attractive (at least as COFME's first step in Africa). It should be considered as a future market approach.

If we had conducted this macroeconomic research in 2021, we wouldn't have spent resources in prospecting agents in Zambia, Nigeria or Rwanda and instead concentrate all the investment to the truly potential entry markets for COFME: Ghana and Mauritius.

Refer to **Appendix 15** for more extended conclusions on the macroeconomic data exposed.

4.1.2 Ghana and Mauritius Competition Analysis and Positioning Strategy

As when the Program was first activated in 2021 no competition analysis was made. Thus, COFME provided a list of the major competitors of each manufacturer and their presence in the markets of Ghana and Mauritius was studied²⁵.

All the competence detected had offices/subsidiaries, partnership contracts with distributors and resellers or the availability of online shopping in both markets.

CELO and SOLERA were the two manufacturers from the group with most competitors (mainly big multinationals offering cheaper solutions) addressing the target markets. In the case of SOLERA, as it sells interrupters among other products, it should choose carefully which solutions to promote locally due to the cheaper alternatives offered.

Considering this information and the Chinese concentration of imports in the African market previously analysed, COFME and the recruited agents should adopt a promotion strategy standing for "European quality at Spanish price". Thus, positioning COFME as a European quality brand (compared to Chinese alternatives) but at a Spanish price (not as high as German brands for example).

²⁵ Refer to **Appendix 16** to see the competitors present in Ghana and Mauritius for each member of COFME Group.

4.1.3 Quantitative Analysis: Effectiveness of the Program based on Results

This Program lasted around 6 months: from the preparation of the Facebook campaign to the deactivation of the campaign and the Program in July 2021²⁷.

During that time, the following results were achieved:

Table 1: Total Budget divided by the results aimed to achieve from prospection to n° of orders

| Total Budget²⁸ | 5.605€ | |
|--|------------------|---------------------------|
| Countries activated on Facebook | 7 | 800,7€/country |
| N° of Facebook accounts reached | 190.361 | 0,029€/accounts reached |
| Contact details from Facebook | 3000 | 1,87 €/Facebook contact |
| Total CVs | 270 | 20,76€/CV |
| CVs matching our buyer persona | 81 | 91,88€/attractive CV |
| Lists of potential clients provided by attractive CVs | 25 | 224€/stakeholders' list |
| Agents Confirmed | 16 ²⁹ | 350€/agent |
| N° of scheduled meetings with clients | 2 | 2.802,5€/meeting |
| N° of agents who received samples | 2 | 2.802,5€/sample shipment |
| N° of agents who requested pricelists | 10 | 560,5€/price list request |
| N° of agents who received training sessions | 3 | 1.868,33€/session |
| N° of orders/sales | 0 | - |

Source: Own Elaboration with data compiled from Facebook Lead Ads

Based on this table, the efficiency in terms of money invested can be analyzed. The total budget of the Project was 5.605€. As the table shows, the Program allowed to easily target more than one country for approximately 800€. If compared with a collaboration with ACCIÓ, each country/market costs around 1.800€. Not to mention how cheap resulted the number of accounts reached and the contacts extracted from Facebook³⁰.

However, this analysis also reflects how inefficiently was the cost distributed across some steps. For example, the fact that we only got to schedule 2 virtual meetings (resulting in almost 3.000€ per meeting) shows that the final part of the funnel in the recruitment procedure didn't perform efficiently.

²⁷ Due to unsuccessful results

²⁸ Refer to **Appendix 17** to see the total cost breakdown

²⁹ Refer to **Appendix 18** to see the files of the 16 members of the Program

³⁰ Those clicking on "Submit" in our ads

This funnel displayed is aimed at visualizing the effectiveness of the recruitment system in terms of quality and quantity of the agents:

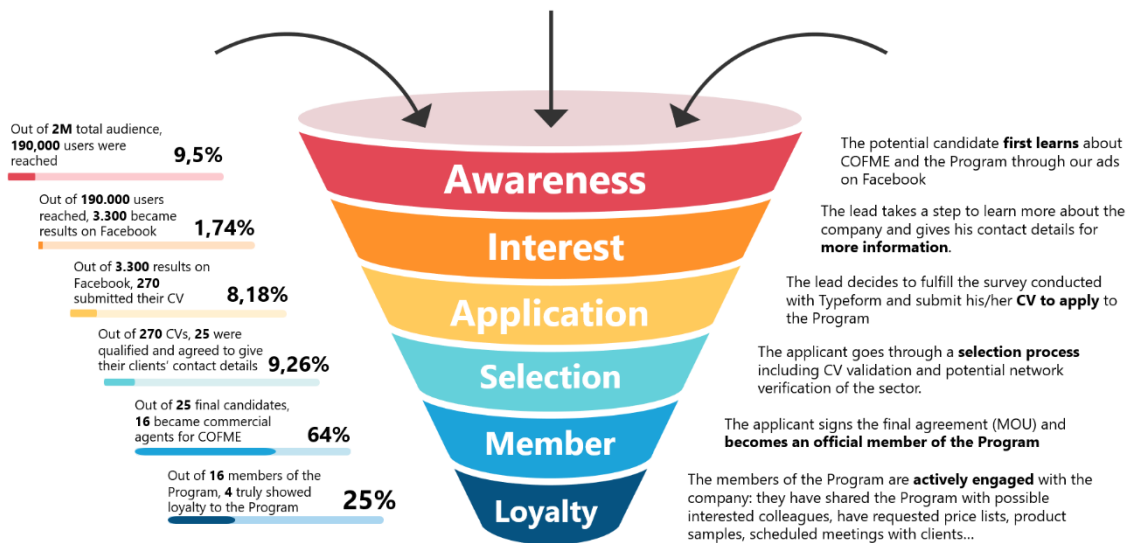


Figure 1: Recruitment Funnel with results from Awareness until Loyalty.

Source: Own Elaboration

In the funnel it is seen how out of 270 CVs, only 25 matched our Buyer Persona and agreed to give us their stakeholders' contact details. This shows a 9,25% success rate. Also, once becoming official members only 4 out of the 16 demonstrated active engagement and loyalty with COFME, which corresponds to a 25% success rate.

4.1.4 Qualitative analysis: Agents' Surveys

After considering the funnel results, two surveys were conducted to two different samples:

- those attractive CVs which didn't join our team (81 in total and the survey got 53 completed answers, 65,43% representativeness), and
- the official members of the Program (16 agents with 100% representativeness).

The objective of the first one was to get insights on the applicants' experience during the recruitment procedure and figure out why COFME lost so many potential CVs on the way³¹. The recruitment tool we built didn't involve any personal contact and was digital focus. This is uncommon in both Africa and the electrical material sector; thus, it was important for the company to get to know the applicants' opinion.

The results of this survey (refer to **Appendix 19**) reflect how unattractive they perceived our commission basis (3%). Also, around 60% of them valued from 7 to above their discomfort when

³¹ Out of 81 CVs matching our Buyer Persona, only 16 agents signed the final agreement (missing the opportunity to work with 65 agents)

having to share information about their clients before signing any official agreement with COFME. In fact, 31% affirmed that they abandoned the application process in this step of the Quality Control System. In fact, this can be seen in the recruitment funnel results above where out of 81 valid CVs only 25 candidates provided us the names of their clients.

Data shows that:

- this controversial step should be eliminated or marked as optional for applicants. COFME invested 350 euros per agent confirmed, if having recruited that 31% that abandoned the application process for discomfort, this price would be reduced to 210 euros and COFME would have had around 10 more qualified agents.
- COFME should also consider increasing the commission basis or find a way to reward economically agents at least for their promotional work. The sales cycle in the electrical sector is slow, therefore it is comprehensive that agents don't get motivated to put a lot of effort in the promotion stage when there is no guarantee of achieving an order.

Finally, the second survey submitted by the 16 official agents was aimed at understanding their general lack of motivation and engagement when promoting our solutions locally and their overall experience during the recruitment procedure.

This survey included questions regarding the challenges faced in the target market, what improvements could be done or if they missed support from COFME in any way.

As shown in **Appendix 20** corresponding to the results of this second survey, their main motivation when applying for the Program was to earn a complementary salary (commission).

Likewise in the first survey, the members of the Program agreed on the lack of trustworthiness of the recruitment procedure.

According to the majority of them, the main challenges to develop an innovative Program as such in the African electrical sector were that:

- COFME's prices were perceived as too expensive for the market,
- The process of sending product samples was too slow,
- Slowness of the electrical material sector in general,
- And, most importantly, the commission basis was not enough to get motivated.

COFME can't decrease prices lower than the minimum margins it has always preserved; it can't increase the electrical sector speed; and can't make samples get to destination faster as air transportation is not an option for COFME's solutions. Nevertheless, the industrial group can enable mechanisms to increase commissions and better target the clients that the agents visit. By focusing on clients looking for high-end solutions rather than Chinese alternatives, meetings would be more profitable, and agents would get more motivated.

4.2 Comparison of digital and traditional channels used to open new markets in the electrical sector

The effectiveness of the recruitment tool has been analyzed based on results, costs and the agents' experience. However, it was also important to study its relative effectiveness compared with traditional entry strategies that COFME and other companies operating in a B2B environment have always been using. The objective is to be able to answer the following question: is it worth it to invest in this disruptive type of entry strategy?

4.2.1 The electrical sector and its market entry strategies

COFME operates in the electrical material sector. Therefore, it is important to contextualize the type of customers they front, the selling and export procedure, and specially, how have they managed to expand to 125 countries worldwide traditionally.

To achieve this relevant information, I got to interview Mr. Carlos Sánchez, COFME's Managing Director. (See **Appendix 21** to read the whole interview).

The mostly used entry strategies for COFME are trade shows³³ and commercial prospecting missions organized by regional or national commercial institutions or even embassies.

The main difference between them is that in trade exhibitions, companies set up their stand and wait for potential clients to approach or show interest, whether through commercial missions it is the commercial entity such as ACCIÓ who organizes meetings with the company's potential clients. However, both can be complemented. Unfortunately, they can't be used constantly due to their high investment requirement, specially trade shows (refer to **Appendix 23** to see the approximate breakdown costs per type of trade exhibition).

Either way, the company starts generating a list of potential contacts (mainly agents and wholesalers) from which it'll start to negotiate and eventually, build a bond with that country. However, as competitors might have a booth in the same event, the company must do previous research in order to position itself correctly and make sure it stands out (refer to **Appendix 24** to read the advantages and disadvantages of using trade shows as entry strategies).

4.2.2 Digitalization tendencies in B2B expansion strategies

COVID-19 context has accelerated some digitalization tendencies to irrupt these traditional entry strategies by, for example, organizing the firsts "virtual international fairs"³⁴. However, according

³³ Refer to **Appendix 22** to read a detailed description of how do trade shows work according to COFME's experience.

³⁴ See **Appendix 25** for a screenshot of an example of Virtual Booth at NEMOJT's Fall 2020 Virtual Career Fair)

to Mr. Sánchez's experience attending one, it is still a premature tool, and it is not technologically ready to become an unconscious practice in the business environment (even though the cost of participating is much lower than the physical version).

Nevertheless, digital tools integration in B2B environment is here to stay. On the 19th January 2022 I attended a webinar titled as: “*Ser comercial B2B en 2022: la nueva realidad*” by Enrico Nebbia. The conclusions drawn from the masterclass were that marketers in B2B need to feel comfortable in both traditional and digital environments by using all the channels at their disposal to interact with customers. In fact, according to Mr. Nebbia, 28% of B2B organizations have implemented the figure of the hybrid³⁵ seller and 85% expect to have all their commercials hybrid by 2024.

Digital channels have entered into the sales cycle of almost every company and sector. But will they ever get to substitute traditional methodologies at all in B2B environments?

I got to interview Dani León and Andrea Castán (co-founders of TRACK Advising³⁶). Based on their experience with multiple companies I got insights on the uses and limits of digital marketing for B2B expansion projects. (Refer to **Appendix 26** to read the full interview)

According to the interviewees: “it will never be optimal to use a 100% digital strategy, in any product, service or absolutely nothing”. In fact, within the B2B world, physical and digital need to coexist as an omnichannel. Even though the prospection can be done through a general and automatized process, B2B still requires a personalization phase or one-to-one interaction to close the sales cycle.

4.2.3 ACCIÓ Collaboration vs. The Program of African Agents

From March to June 2021 COFME collaborated with ACCIÓ-Ghana to try to expand into the African country while the Program of African Agents was also active.

The process was quite simple and no time-consuming since there was no need of prospecting agents as ACCIÓ performed as our agent from its local office in Accra⁴⁰.

The collaboration consisted of the following phases:

- PHASE I: Kick-off and documentation

³⁵ Combining both traditional and digital strategies in their commercial activities

³⁶ an online profitability consultant company that accompanied COFME in the digitalization of the Program of African Agents in 2021.

⁴⁰ See **Appendix 27** to see ACCIÓ offices around the world.

- PHASE II: Analysis Target Sector. ACCIÓ sent us a database with a total of 49 key target companies including importers and distributors of electrical solutions.
- PHASE III: Prospection. ACCIÓ's market entry consultant, Samuel Akoto, carried out prospection visits to introduce COFME's solutions to those companies and 39 were interested in scheduling a meeting with COFME.
- PHASE IV: Schedule and Support. COFME provided a short-list of the most interesting companies from the database provided. In total we got to do 16 virtual meetings⁴¹, however, no final order was achieved.

Entering a new market though ACCIÓ is not 100% comparable to entering through a digital prospection of agents through Facebook Lead Ads. However, some of the criteria presented in the table below allow us to evaluate both scenarios and get to conclusions:

Table 2: Comparison between the Program of African Agents 2021 and ACCIÓ Collaboration in Ghana

| CRITERIA | Program of African Agents 2021 | ACCIÓ Collaboration 2021 |
|---|---|---|
| Number of countries targeted | 7 countries at the same time (800€ per country). Risk diversification | One country-focused ⁴² (1.800€). |
| Nº of Agents per Country | More than one per country | One agent per institution office |
| Prospection Process | Self-Prospection (time-consuming) | The agent/market consultant is already given by the institution |
| Future Business Expectations | Long-term business expectations | Once the collaboration ends, the consultant's service does too. |
| Transparency | Discomfort sharing their stakeholders' contact details. | Transparency in sharing the clients' database with COFME. |
| Client Database Quality | Small client database (less than 10 companies per agent) | Big and high-quality database (around 49 companies from the sector) |
| Nº Virtual Meetings with Clients | Only 2 virtual meetings scheduled with clients (2.802,5€ per meeting) | 16 virtual meetings were scheduled with clients (112€ per meeting) |
| Samples shipment | 2 agents received samples | No samples were sent, |
| Price lists demanded for clients | 10 agents demanded price lists for their clients. | 4 companies asked for price lists. |
| Total Price | 5.605€ | 1.800€ ⁴³ |

Source: Own Elaboration

⁴¹ Refer to **Appendix 28** to see the table of those 16 scheduled meetings from April to June.

⁴² Concretely ACCIÓ only offers collaboration in Ghana, Casablanca, Johannesburg, and Nairobi.

⁴³ This price included a COVID-19 discount not available nowadays (the real price today would be 3.600€). The real billing can't be disclosed in this paper.

Even though the use of ACCIÓ to open new markets might seem cheaper, the long-term business relationships built with the agents through a self-prospecting method are more valuable. Specially if we consider the slowness of the electrical sector.

ACCIÓ collaboration is more cost-effective in terms of number of client introductory meetings (2.802,5€/meeting vs 112,5€/meeting), whereas the Program is more cost-effective in terms of the number of agents per country and the number of countries targeted. ACCIÓ is more focused on the short-run results and the Program can be seen as a long-term investment for an expansion project. Thus, even though ACCIÓ is still a useful tool for companies to expand in new markets, in the electrical material sector an investment in a self-recruitment system for agents might allow the company achieve consolidation.

Both methodologies should be combined. ACCIÓ is a key entry tool to meet for the first time with high-quality clients from their database. Whenever such collaboration ends and negotiations are still ongoing, COFME should use the physical figure of its loyal agents to keep visiting those companies and extend negotiations. In case dealings got to a certain level, a mission trip to the country should be considered.

4.3 Multichannel Digital Strategy to Achieve Market Consolidation

4.3.1 Value Propositions

After conducting the surveys for the agents, I realized that the Program was mainly focused on the prospection and RRHH selection phase, but it didn't include any digital strategy involving consolidation, involvement, motivation, and maintenance of those members of the Program.

The research reflected in this paper shows how B2B companies (especially from the electrical material sector) still require a physical phase or person to close the sales cycle in a new market. Considering the agent figure representing COFME locally, there should be a way to integrate it into the company's digital tools and other market expansion strategies.

The following value propositions are aimed to be presented to COFME in order to solve some of the problems and challenges detected during this analysis:

- Agents' lack of trust
- Limited business opportunities (small and low-quality database)
- Agents' lack of motivation (economically)
- COFME's lack of control and maintenance of the Program in the long run

4.3.1.1 Clients' Prospection through Facebook Lead Ads

Based on the knowledge acquired from working with Facebook Lead Ads, COFME should program a parallel campaign aimed at the prospection of clients (End Users/Wholesalers/EPC/Value Added Resellers...). With the objective to build a database and share it to our agents so that they could gain trust with COFME and visit those potential interested clients personally to check its potential (as COFME's physical figure in the market).

The idea would be to launch 8 campaigns (one for each product category⁴⁶) per country⁴⁷.

As COFME would be sharing sensible information with them, it is expected that they would be willing to share their stakeholders' contact details with us as well.

Additionally, it will be a way for COFME to accompany the agents during the promotion phase and not just leave them alone in the "battlefield" after signing the MOU.

In case negotiations advanced, an arrangement of a commercial mission trip of the Export Department could be considered.

4.3.1.2 Increase on the agents' commission depending on their use of COFME's digital tools

As the data extracted from the survey demonstrated, one of the major frustrations of the agents was the low commission basis (3%).

The proposition to COFME would be to give the agents the possibility to increase such commission depending on:

- how much traffic they can bring to COFME's website,
- how many interested clients download digital catalogues, or
- how much traffic they can bring to COFME's Social Media channels (LinkedIn, Facebook, Instagram, and YouTube).

This would be a motivating challenge for them and would also indirectly impulse brand awareness in the market.

This traffic tracking strategy can be implemented through "Bitly Campaigns"⁴⁸. Bitly consists of a digital tool to easily track customers' journeys on every link and channel from a single dashboard (*Campaign Management & Analytics*, 2021).

For example, an agent sending SOLERA's catalogue for prospects to download it, instead of using this link "[general catalogue 20 baja.pdf \(psolera.com\)](#)", he would be sending this one "[bit.ly/3yJgzse](#)" in his promotional digital campaigns⁴⁹.

⁴⁶ Refer to **Appendix 29** to see CELO's segmentation criteria and ad example for a campaign in Ghana

⁴⁷ Initially Mauritius and Ghana

⁴⁸ Refer to **Appendix 30** to see a detailed step by step of how to build a Bitly Campaign for this purpose.

⁴⁹ Refer to **Appendix 31** to see a screenshot of 2 Bitly Links created for Samuel Akoto (as an example) and the data provided in time.

In total each agent would have to promote 6 Bitly Links⁵⁰. And since no more than 1.000 Bitly Links would be used per month (unless more agents were recruited), COFME could use the “Free Plan” to test the tool and its effectiveness⁵¹.

The variable increase in the agents’ commission would be applied according to the number of weekly clicks per Bitly Link that each agent achieved (refer to **Appendix 33** to see the table with the increases specified).

Once an order is achieved, the agent will receive the commission basis plus the percentage increase earned through their promotional efforts until then (being 20% the maximum commission achievable per order).

This proposal will not only increase agents’ motivation and promotional efforts, but also is a way to integrate the physical figure of the agent with COFME’s digital tools.

4.3.1.3 Execution Control Tool

COFME, should maintain activated the digital recruitment campaign to keep prospecting new agents to join the Program. However, a control tool should be integrated so that the company keeps track of the results’ efficiency and optimization if necessary.

Therefore, a list of KPIs has been selected so that COFME is able to easily check results monthly and make decisions accordingly. These KPIs are based on the agents’ prospection campaign also built on Facebook Lead Ads 2021:

| | | |
|--|--|--------------------------------------|
| FACEBOOK (Agents’ Recruitment Campaign) | <i>Results on Facebook</i> | >70 per ad set |
| | <i>Cost per result⁵²</i> | <4€ per ad set |
| | <i>CTR⁵³</i> | >0,47% per ad ⁵⁴ |
| | <i>Frequency⁵⁵</i> | <4 per ad |
| TYPEFORM (Agents’ Recruitment) | <i>Starting the survey</i> | >40% of FB Results |
| | <i>Completion (%)</i> | >30% |
| QUALITY CONTROL AND LEGAL ISSUES | <i>Potential applicants (%) or qualified CVs</i> | >25% of CVs received |
| | <i>Legal Documentation signed (Statements of Protection, NDA, and MOU)</i> | >60% of qualified network validation |
| | <i>Nº of new official agents per market</i> | >1 or 2 |
| Client Database Builder (Facebook Lead Ads) | <i>Nº of interested leads per market</i> | >20 |

⁵⁰ Those 6 correspond to: COFME’s website, catalog download (depending on the product categories they are promoting, max. 2 per agent initially), and LinkedIn, Instagram, and Facebook accounts.

⁵¹ Refer to **Appendix 32** to see the Bitly Plans available

⁵² Number of results divided by the total cost.

⁵³ Click Through Rate: percentage of times that people saw your ad and performed a click

⁵⁴ Refer to **Appendix 34** to see the average CTR for display and search depending on the sector

⁵⁵ Average number of times each person saw your ad.)

| | | |
|---|--|--------------------------------|
| PROMOTION EFFORTS (Tracked through Bitly) | <i>COFME Website Traffic</i> | <i>>20 clicks per agent</i> |
| | <i>Catalogue Downloads (total)</i> | <i>>5 clicks per agent</i> |
| | <i>Social Media Platforms access (total)</i> | <i>>30 clicks per agent</i> |

Source: Own Elaboration. Note: Impressions, Results on Facebook and Cost per Result are specified per ad set (country) whereas CTR and Frequency are defined per individual ad (each country/ad set might have around 6-8 ads).

4.3.2 Final Proposal to Reactivate the Program of African Agents

After conveying this research paper, COFME is proposed to reactivate the “Program of African Agents 2021” by January 2023. The idea is to activate Ghana and Mauritius initially while combining digital and traditional methodologies to achieve consolidation in both markets.

Based on the value propositions previously mentioned, COFME should reactivate the agents’ prospection campaign in both markets as a long-term investment as well as collaborating with ACCIÓ’s local office in Johannesburg to help COFME enter in Mauritius. As soon as the collaboration ends, the client database provided would be used by the agents recruited in Mauritius to keep the business relationships in the long-term and achieve sales.

A Bitly Campaign and a Client Prospection Campaign will be launched to increase agents’ loyalty, motivation and engagement. However, as we have concluded that B2B sellers should be hybrid, some mission trips in both countries should be planned.

By 2025, COFME should be consolidated in the markets of Mauritius and Ghana and planning its entry strategy to South Africa (second largest exporter in the continent).

4.4 Viability Plan

To test the economic feasibility of the reactivation of the optimized agents’ recruitment tool as well as its performance throughout the firsts 3 years, a viability plan has been conducted (refer to **Appendix 35** to see the entire viability plan).

Based on previous experiences from COFME in market expansion projects collaborating with commercial institutions and agents, the Profit and Loss Statement predicts that the reactivation of the Program of African Agents 2021 by January 2023 will start being profitable by the second year of activity.

The first year will be the one with more losses (concretely 10.657€ in 2023) since a high investment will be required for ACCIÓ collaboration in Mauritius⁵⁶, promotional efforts in Facebook Lead Ads Campaigns, etc. During the second and third year those investments will be reduced but the budget dedicated to possible visit trips aimed at discussing final negotiations with clients will be higher. However, as revenues and gross billing increases and costs incurred to

⁵⁶ As COFME has already collaborated with ACCIÓ-Ghana

maintain the project remain the same, the net profit gets higher. In 2025 COFME will be earning 26.055€ as net profit.

Thus, it can be concluded that the extension of the “Program of African Agents 2021” is economically viable and will allow COFME to recover its investment by the third year (2025).

5. CONCLUSIONS

Before the implementation of the first expansion project in 2021, COFME had only worked under the traditional entry methodologies mentioned at the beginning of this paper. When the Program of African Agents was first designed and implemented, we had the wrong conception that a full digital strategy would be successful. However, after developing this paper it has been concluded that B2B needs a hybrid seller to achieve consolidation in a new market.

After conducting this research paper, I propose COFME a new version of the expansion plan on a 3-year time frame (2023-2025).

This time, COFME will focus in two markets chosen based on reliable macroeconomic data: Ghana and Mauritius. Thus, not assigning budget inefficiently to seven unknown markets.

As lack of trust and motivation from the agents and even applicants have been detected as some of the main issues, this paper includes proposals to solve these challenges:

- The step of disclosing clients’ information will be eliminated from the recruitment process.
- A database with interested clients extracted from a Facebook campaign launched by COFME will be shared with agents. Those being in charge of visiting the clients prospected virtually and check if they match COFME’s expectations and value European quality. In turn, this would encourage agents to exchange sensible information with us such as their potential clients in the sector.
- Regarding the unattractiveness of the commission basis perceived, COFME will be able to track the promotional efforts made by agent through a Bitly Campaign. Consequently, each will be rewarded accordingly depending on the weekly clicks they achieve per Bitly link.

Additionally, a list of pre-defined KPIs have been presented to the company aimed at maintenance and control of the project’s efficiency and the digital tools used. Control check should be conducted monthly.

Finally, after developing a viability plan it was concluded that the new activation of the Expansion project in Africa for COFME Electrical Group is economically viable.

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7. ACKNOWLEDGEMENTS

I would like to express my sincere gratitude to several individuals and organizations for supporting me throughout this Final Project of my University Degree.

First, I am very grateful to express my sincere gratitude to my supervisor, Judith Padrós, for her insightful comments, helpful information, unceasing ideas, and practical advice that have helped me throughout these months.

I am also grateful to the university staff referring to Joan Ribas, Xavier Carbonell, and specially to Xavier Rivera who was my professor in Digital Marketing two years ago and gave me support and assistance on the Bitly Link Campaign Builder to track the agents' promotional activity.

Additionally, I wish to express my sincere thanks to Dani León and Andrea Castán who not only trained me to be able to configure the automated recruitment system for the agents, but also gave me very interesting insights afterwards and are an amazing team to work with.

Finally, to the person who inspired me to conduct this Project and who made me discover my passion towards opening new markets and exports, I am deeply indebted to Mr. Carlos Sánchez for giving me this opportunity in COFME and trusting my ideas. His immense knowledge, profound experience and professional expertise in the electrical sector, export, sales, market expansion and technology has enabled me to complete this research successfully.

Thanks for all your encouragement!

8. APPENDICES

Appendix 1. Types of Entry Strategies. (*10 International Market Entry Strategies with Definitions*, 2021)

1. **EXPORTING:** consists in marketing the products or services you manufacture/deliver in another market.
 - **Direct Exporting:** When a company sells a manufactured product or service in an international market without the collaboration of a third-party. Companies which sell luxury products in global markets often use this method.
 - **Indirect Exporting:** When there is a third-party involvement to sell a product or service in an international market. This one usually corresponds to either the figure of the agent or a distributor. Refer to **Appendix 2** to differentiate both figures.
2. **PIGGYBACK:** Agreement between a company who has no experience in exports in a country and another one who is already exporting and who already has a high distribution network (experienced exporter) in such market. Such agreement can become a continuous business and it applies to many products, although it typically works for complementary and non-competitive businesses.
3. **LICENSING:** It takes place when one company (licensor) transfers the right to use or sell an intangible asset (patents, brands, algorithm, etc.) to another company (licensee). It is not the sale of an asset, but the permission to use it under certain conditions. A company may choose this method if it has a product that's in demand and the company to which it plans to license the product has a large market.
4. **JOINT VENTURES:** This entry strategy refers to an agreement between two companies who share the capital of a new legal business entity designed for a particular project. It is typically used by those companies that attempt to minimize the risk of entering an international market. Since joint ventures often function like large, independent companies rather than a combination of two smaller companies, they have the potential to earn more revenue than individual companies. This market entry strategy carries the risk of an imbalance in company involvement, but both parties can work together to establish fair processes and help prevent this issue.
5. **FRANCHISING:** This is a form of Licensing in which a company (franchisor) licenses a whole business system as well as other property rights to an independent company or person (franchisee). Therefore, the franchisee manages the company's branch on the franchisor's behalf.

This entry strategy requires strong brand recognition, as consumers in your target market should know what you offer and have a desire to purchase it. For well-known brands,

franchising offers companies a way to earn a profit while taking an indirect management approach.

6. **WHOLLY OWNED SUBSIDIARY:** When a company decides to create a total new company in a foreign market. There are subsidiary companies designed only to sell in the foreign market, and there are others designed to manufacture and distribute at the same time.
7. **OUTSOURCING:** As a market entry strategy, it refers to making an agreement with another company to handle international product sales on your company's behalf.
8. **GREENFIELD INVESTMENTS:** Complex entry strategy consisting of huge investments that involve buying the land and resources to build a facility internationally and hiring a staff to run it. This can subject a company to high risks and significant costs, but it can also help companies comply with government regulations in a new market.
9. **INTERNATIONAL ACQUISITION:** This takes place when a company buys all or most of the shares of a targeted company located in a foreign market. Therefore, it consists of acquiring an existing company instead of creating a new one from scratch.
10. **TENDERS:** Tendering is an example of direct sales, and it refers to the process whereby governments and financial institutions invite bids for large projects that must be submitted within a finite deadline.

Tenders take place because public agencies cannot choose the suppliers as they wish, and they have to show that they have followed a transparent process in order to show there is no conflict of interest. All the suppliers in a category present an offer and the public company selects the best one.

11. **INTERNATIONAL COMMERCIAL INSTITUTIONS (ACCIÓ, ICEX...):** These institutions have offices distributed around the world and are contracted by companies planning to expand into a new market. Based on their target client, product and business objectives, their local office located in the country of destination schedules commercial missions *in situ* so that when the Spanish company lands can meet with potential interested clients directly.

These can be programmed simultaneously with Trade Shows taken place in that same country.

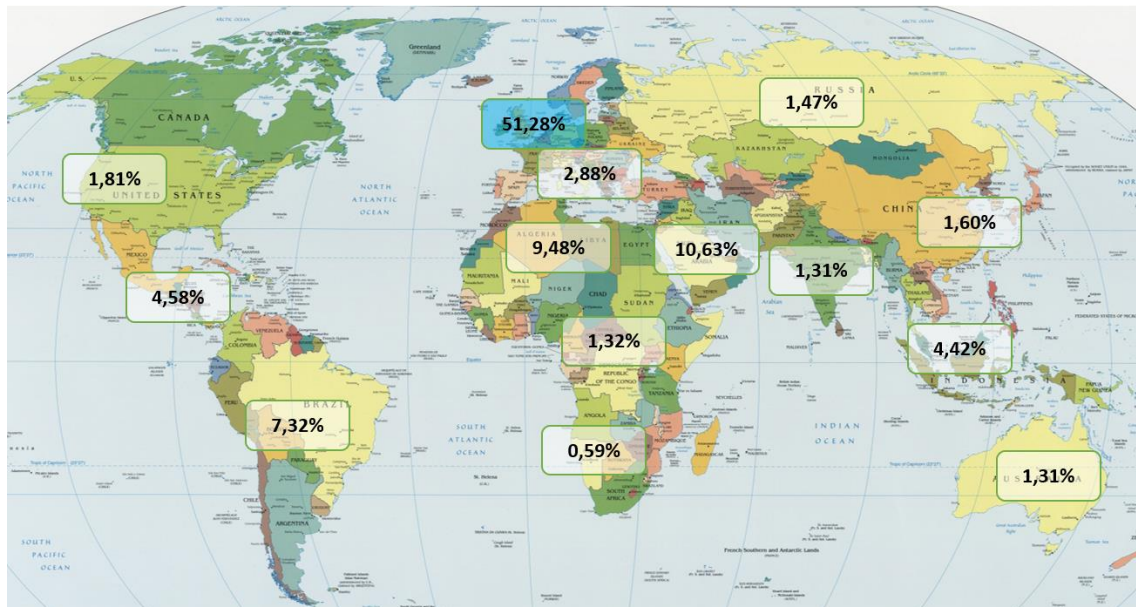
12. **TRADE SHOWS:** A trade show is an event held to bring together members of a particular industry to display, demonstrate, and discuss their latest products and services. Major trade shows usually take place in convention centers in larger cities and last several days.

Appendix 2. Agent VS. Distributor in Indirect Exporting.

| <i>AGENT</i> | <i>DISTRIBUTOR</i> |
|---|---|
| <i>This type of intermediary doesn't have the ownership of the product/service, but rather just represents it in the foreign country.</i> | Consists of a company which buys the products, take ownership of them, and then resell them in the foreign market. |
| <i>Earns a commission on each sale.</i> | Buys the product and adds margin at the final price. |
| <i>This entry strategy is recommended for those markets with a low number of customers who place huge orders.</i> | This entry strategy is recommended for those markets with a huge number of customers who place all types of orders. |
| <i>Doesn't stock products</i> | Stocks products in a warehouse |
| <i>Doesn't provide after sales service.</i> | Provides both aftersales services and repairs. |
| <i>Doesn't organize deliveries</i> | Organizes deliveries |
| <i>Imports are carried by the customer</i> | Imports are carried by the distributor. |
| <i>The exporter applies the sales and marketing policy.</i> | The distributor applies the marketing policy and sales policy. |

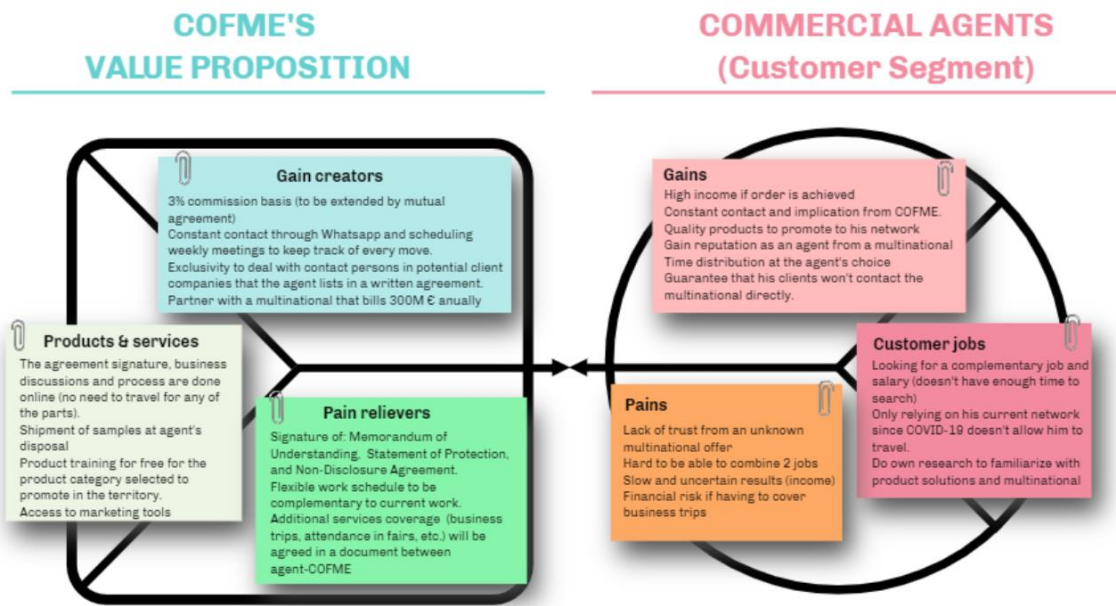
Source: Own elaboration based on data extracted from notes from "International Expansion" subject taught by Oriol Castells

Appendix 3. COFME's 2019 billing distribution per regions worldwide.



Source: Own elaboration based on COFME's Export Department Data provided.

Appendix 4. COFME’s Value Proposition Canvas to its agents



Source: Own Elaboration

Appendix 5. Buyer Persona: Shirhan Adebayo, the “wolf” of sales.

Shirhan Adebayo



Personality: Loyal, Persuasive, Professional, Amiable, Good listener, Patient, Motivated

Motivation: Incentive, Reputation, Social, Partner with multinational, New knowledge acquirement

Goals:

- Take advantage of his network of contacts including decision makers from distributor, installers, and big construction companies.
- Looking for a complementary salary from his current job (commission basis).
- Partner with a multinational
- Add new solutions to offer to his clients network.
- Increase his income

Frustrations:

- Uncertainty on his incentives (end up working with no compensation).
- Doesn't know about COFME (product training would be required)
- Missing the in-person touch of the multinational he'll be commissioned by (could lead to trust issues).

Bio: Shirhan is considered the “wolf” of sales in his home country Ghana and even neighbouring countries such as Nigeria, Ivory Coast and Benin. He is around 51 years old and therefore has a great experience on the construction, electrical, installation and utility sectors with a big network of potential clients that trust him. He is currently the CEO of a company in Ghana and is looking for a complementary salary that will allow him flexible time spenditure (to not affect his current job), not much investigation and time dedication (since he already has the leads network required) and big rewards for the results obtained.

Brands: Uber, VISA, TOYOTA, Schneider Electric, SAMSUNG, DailyGuide, HILTI

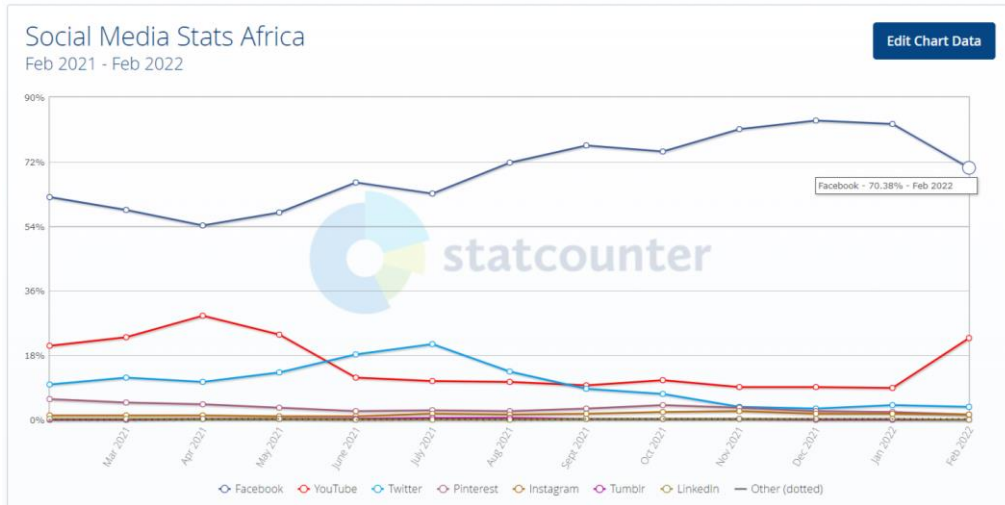
Preferred Channels: Facebook, WhatsApp, Email, LinkedIn

Personality Scale:

- Introvert vs Extrovert: Extrovert
- Optimistic vs Pessimistic: Optimistic
- Approachable vs Aggressive: Approachable
- Patient vs Impatient: Patient
- Lazy vs Ambitious: Ambitious

Source: Own Elaboration

Appendix 6. Social media platforms use in Africa 2021-2022.



Source: Statcounter Global Stats, 2021.

Appendix 7. Examples of ad designs on Facebook Lead Ads

COFME Electrical Group Sponsored

Partner with an electric multinational and earn a 3% commission on sales. Click to become our next Sales Agent.

LET'S LIGHTEN AFRICA TOGETHER

FORM ON FACEBOOK
Build Africa with COFME
Join our Sales Agents' Team

COFME Electrical Group Sponsored

"COFME Electrical Group is truly committed with its commercial agents worldwide guaranteeing them a 3% commission on sales"-Jean David.

BE THE NEXT SALES AGENT

FORM ON FACEBOOK
Join COFME's agents network

COFME Electrical Group Sponsored

Are you in the electrical or ventilation sector? European Electrical company is building a network of sales agents in Africa. Join us!

3%

FORM ON FACEBOOK
Earn a 3% on sales commission

COFME Electrical Group Sponsored

Discover how to earn an extra income by partnering with a European multinational. Click to become our next Sales Agent.

EARN A 3% SALES COMMISSION

FORM ON FACEBOOK
Build Africa With Us
Join COFME's Sales Agents team

Source: Own elaboration based on screenshots from Facebook Lead Ads Africa Campaign

Appendix 8. “Stakeholders’ Survey sent to applicants by email to be fulfilled as part of the Quality Network check in the recruitment process

COFME Electrical Group – Program of African Agents
Stakeholders Survey

| | |
|------------------|--|
| Name and Surname | |
| Country | |

STAKEHOLDERS’ SURVEY

Kindly fulfill this table with the company(s) you might consider of interest for COFME’s group activity and with which you would contact in case of becoming a member of our Program of African Agents.

| Company name | Company’s web | Your contact person (name) | Title of your contact person | Any previous deal with this company? (Please describe) |
|--------------|---------------|----------------------------|------------------------------|--|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Remember there is no need to fulfill all the rows provided or feel free to add more rows if necessary.

Source: Own elaboration

Appendix 9. Digital Recruitment Process and Quality Control System step by step

The digital recruitment system consisted of the following steps:

1. See one of the ads boosted on Facebook and fulfill the form included with Name, Email and Phone Number.
2. At the end of the survey there was a Call to Action (CTA)⁵⁷ which would bring the user to a Thank-You Page (TYP)⁵⁸ which included another CTA with a link to fulfill a more extended survey on Typeform⁵⁹. That survey was key in order to get the agents’ CV and evaluate their potential.
3. For all those users who didn’t click on the Typeform link or didn’t even get to the TYP, we programmed a mailing campaign through MailChimp (widely used email marketing platform) to remind them to fulfill the survey. This had amazing results and tough us that persistence is key.
4. After going through all the CVs received manually, those of interest would pass to the next phase.

⁵⁷ CTA: (in advertising material) a piece of content intended to induce a viewer, reader, or listener to perform a specific act, typically taking the form of an instruction or directive (e.g., *buy now* or *click here*).

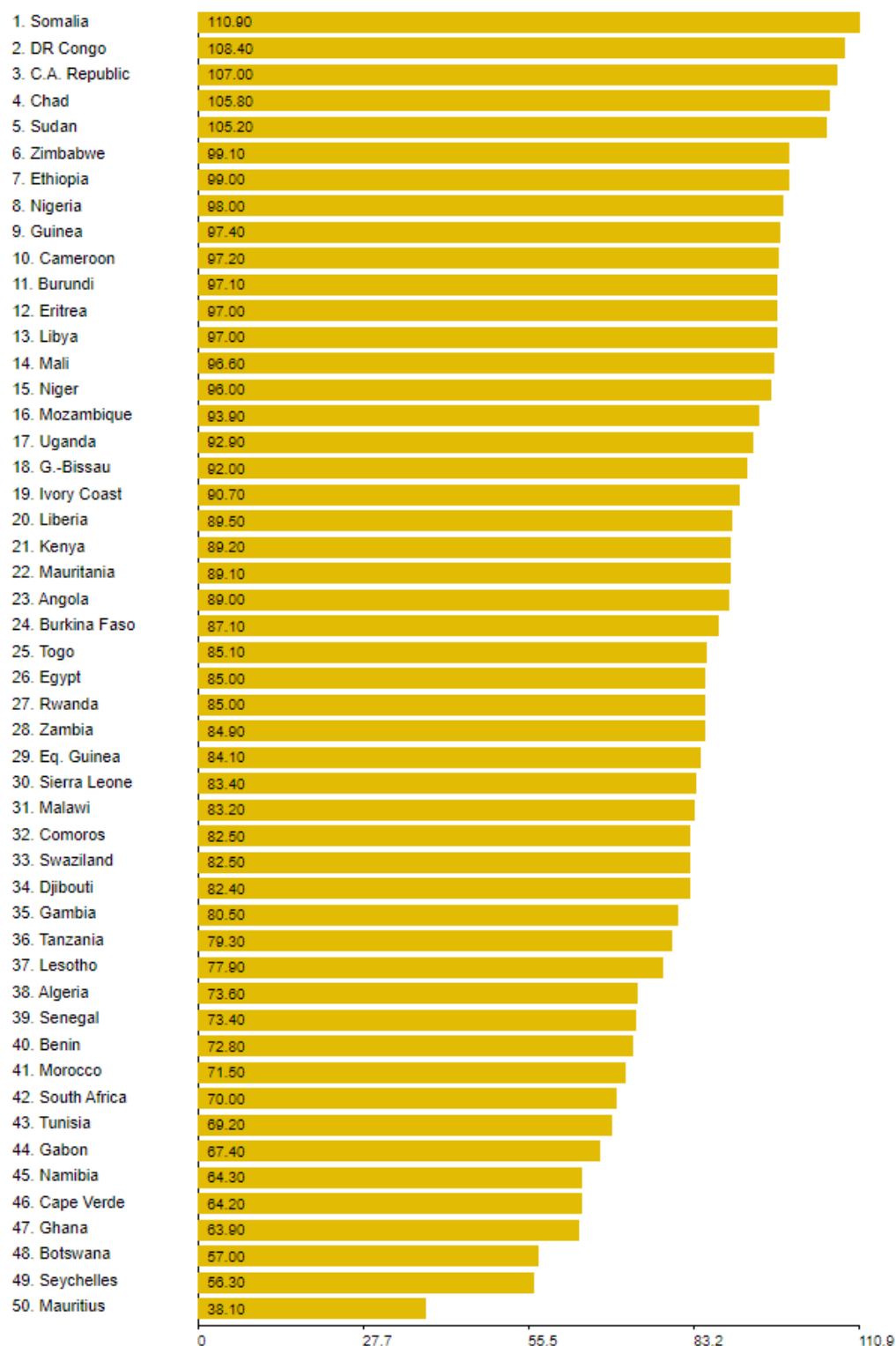
⁵⁸ TYP: a web page that loads after a form has been filled out on a business’ website

⁵⁹ A software business company that creates surveys

Here the quality control system begun:

5. To those attractive CVs, we would send them by email a table for them to fulfill with the potential clients to whom they would promote COFME's solutions. This step was aimed at making sure that the potential agent had a strong and real network. However, we noticed that in this step some applicants either refused to provide such information or got confused and didn't understand our request due to its uncommonness.
6. Next step was sending them by email, as promised, the Statement of Protection signed by COFME to grant the exclusivity to the agent of dealing with the companies listed in the Stakeholders' Survey
7. Afterwards, COFME signed the Non-Disclosure Agreement (NDA) that they had to sign.
8. After having the NDA signed, we sent them an introductory video in which I introduce COFME, its product categories and the intended strategy to enter the African market. This was aimed at familiarizing the agents with the company, gain trust, and give them a hint to choose which product categories they would like to focus (initially) based on their knowledge and network.
9. Afterwards we would schedule a ZOOM meeting with each one of them to get a first impression and add a personal touch and trust to the process. Also, the ZOOM was aimed at discussing the terms and conditions of the Memorandum of Understanding and for us to know with which product categories each agent would like to begin focusing with (1 or 2).
10. Finally, we would send the agreed MOU to the agent and wait for its signature.
11. Once signed, he became a member of the Program of African Agents 2021.

Appendix 10. Fragile State Index in Africa being 0 (very sustainable) - 120 (very high alert) in Africa in 2021



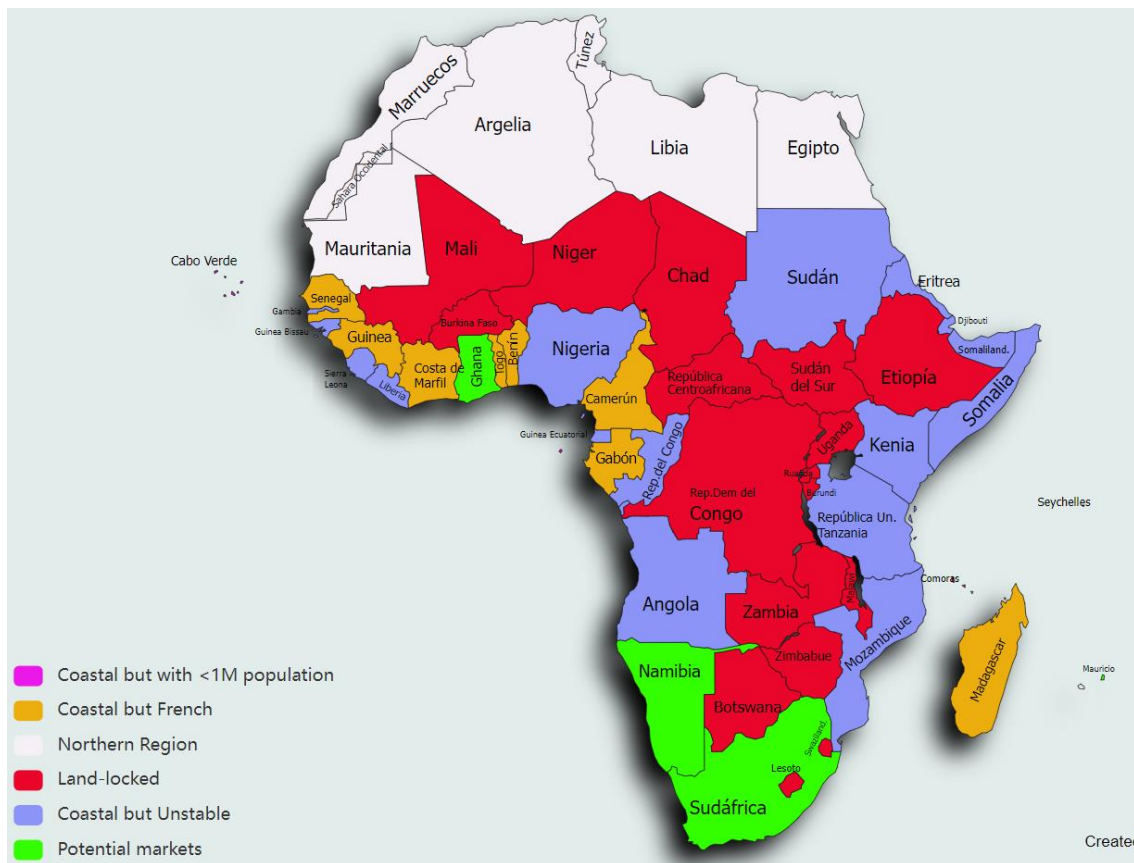
Source: *The Global Economy*

Appendix 11. Interpretation of the Fragile State Index.



Source: Wikipedia

Appendix 12. African colored map considering as “green” the countries valid for the deeper macroeconomic analysis. Those having coastal access, not belonging to the northern region, with a bigger population of 1 million and with a smaller Fragile State Index than 80/120.



Source: Own Elaboration using Paint Maps Tool (PAINTMAPS.COM, 2022).

Appendix 13. Parameters used for the PEST analysis on each country selected.



Source: Own Elaboration.

Appendix 14. Macroeconomic data from each parameter in the PEST

Political Environment: Table 1-2

Table 1: Short term Political Risk (1=low, 7=high) in 2019

| | <i>Political Risk index</i> |
|---------------------|-----------------------------|
| BOTSWANA | 1 |
| MAURITIUS | 2 |
| SOUTH AFRICA | 3 |
| NAMIBIA | 3 |
| RWANDA | 4 |
| GHANA | 4 |
| NIGERIA | 5 |
| ZAMBIA | 5 |

Source: Own elaboration based on data from The Global Economy. Note: Political risk in terms of the possibility that a business could be negatively affected in a country due to its instability or political changes.

Table 2: Corruption Perceptions Index 2021 with Score (1= very corrupted, 100 = less corrupted) and Global Ranking (over 180 countries)

| | <i>CPI Score (1 = very corrupted, 100 = less corrupted)</i> |
|---------------------|---|
| BOTSWANA | 55 |
| MAURITIUS | 54 |
| SOUTH AFRICA | 44 |
| NAMIBIA | 49 |
| RWANDA | 53 |
| GHANA | 43 |
| NIGERIA | 24 |
| ZAMBIA | 33 |

Source: Own elaboration based on data from Transparency International, the global coalition against corruption.

Note: The manifestations of public sector corruption covered by CPI can be found in <https://www.transparency.org/en/news/how-cpi-scores-are-calculated>

Economic Environment: Table 3-9

Table 3: GDP (current US\$) and GDP Growth (annual %) 2019-2021 per country

| | 2019 | | 2020 | | 2021 | |
|---------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | GDP (Billion US\$) | GDP Growth (annual %) | GDP (Billion US\$) | GDP Growth (annual %) | GDP (Billion US\$) | GDP Growth (annual %) |
| BOTSWANA | 16.59 | 3 | 15,06 | -8,5 | 16,94 | 12,51 |
| MAURITIUS | 14.05 | 3,55 | 10,92 | -14,9 | 11,34 | 3,9 |
| SOUTH AFRICA | 387.97 | 0,15 | 335,44 | -6,4 | 351,91 | 4,91 |
| NAMIBIA | 12.5 | -1,13 | 10,62 | -8,5 | 10,71 | 0,9 |
| RWANDA | 10.36 | 9,40 | 10,33 | -3,4 | 11,38 | 10,20 |
| GHANA | 68.34 | 6,48 | 68,53 | 0,4 | 71,42 | 4,23 |
| NIGERIA | 448.12 | 2,21 | 432,29 | -1,8 | 440 | 3,64 |
| ZAMBIA | 23.31 | 1,44 | 18,11 | -2,8 | 24 | 4,31 |

Source: Own elaboration based on data from The World Bank and Trading Economics

Table 4: GDP Distribution (%) in secondary sector (industrial) and tertiary sector (services) in 2020 per country

| | Secondary Sector (% GDP) | Tertiary Sector (% GDP) |
|---------------------|--------------------------|-------------------------|
| BOTSWANA | 27.53 | 65.18 |
| MAURITIUS | 16.63 | 68.24 |
| SOUTH AFRICA | 23.42 | 64.57 |
| NAMIBIA | 26.32 | 59.05 |
| RWANDA | 19.33 | 46.42 |
| GHANA | 29.74 | 45.01 |
| NIGERIA | 28.22 | 46.39 |
| ZAMBIA | 40.26 | 53.62 |

Source: Own elaboration based on data from Statista. Note: Only secondary and tertiary sectors were analyzed since are the ones of interest for COFME Electrical Group.

Table 5: GDP per capita (current US\$) and GDP per capita growth (annual %) 2019-2021 per country

| | 2019 | | 2020 | | 2021 | |
|---------------------|-------------------------------------|--|--|--|--|---|
| | GDP per capita (current \$US) | GDP per capita growth (annual %) | GDP per capita (Current US\$) | GDP per capita growth (annual %) | GDP per capita (Current US\$) | GDP per capita growth (annual %) |
| BOTSWANA | 7.961 | 0,75 | 6.404,9 | -10,4 | 6.700 | 4,61 |
| MAURITIUS | 11.203 | 3,52 | 8.627,8 | -14,9 | 9.500 | 10,10 |
| SOUTH AFRICA | 6.001 | -1,18 | 5.655,9 | -7,6 | 7.080 | 25,18 |
| NAMIBIA | 4.957 | -2,96 | 4.179,3 | -10,2 | 4.100 | -1,89 |
| RWANDA | 801.65 | 6,59 | 797,9 | -5,8 | 850 | 6,52 |
| GHANA | 2.202 | 4,20 | 2.205,5 | -1,7 | 1.960 | -11,13 |
| NIGERIA | 2.229 | -0,38 | 2.097,1 | -4,3 | 2.360 | 12,53 |
| ZAMBIA | 1.305 | -1,45 | 985,1 | -5,6 | 1.260 | 27,95 |

Source: Own elaboration based on data from The World Bank and Trading Economics

Table 6: Imports of goods and services (% of GDP) 2019-2020 per country.

| | 2019 | 2020 |
|---------------------|-------|------|
| BOTSWANA | 40.52 | 46.1 |
| MAURITIUS | 39.84 | 48.7 |
| SOUTH AFRICA | 29.35 | 23.3 |
| NAMIBIA | 47.66 | 43 |
| RWANDA | 34.63 | 35.3 |
| GHANA | 35.40 | 35.8 |
| NIGERIA | 19.8 | 16.6 |
| ZAMBIA | 34.15 | 32.5 |

Source: Own elaboration based on data from The World Bank. Note: There was no data available from 2021

Table 7: HS Codes of CELO, DAISALUX, SOFAMEL, SALICRU, SACI and SODECA

| HS code | Description |
|------------|--|
| HS6 400270 | “Rubber; synthetic, ethylene-propylene-non-conjugated diene rubber (EPDM)” |
| HS6 851220 | “Lighting or visual signaling equipment” |
| HS6 853690 | “Electrical switch, protector, connector for less than 1kV” |
| HS4 8504XX | “Electrical transformers” |
| HS4 8414XX | “Air Pumps” |

Source: Own elaboration with data compiled from the World Integrated Trade Solutions.

Table 8: 2019 Imports (in US\$) for the HS Codes presented in Table 7 and origin of imports (%).

| | HS6 400270 (CELO) | HS6 851220 (DAISALUX) | HS4 8504XX (SALICRU & SACI) | HS4 8414XX (SODECA) | HS6 853690 (SOFAMEL) |
|---------------------|---------------------------------|-------------------------------|-----------------------------------|----------------------------------|------------------------------------|
| BOTSWANA | \$3.75k | \$2.08M | \$26.6M | \$9.99M | \$24.3M |
| | 93%-Italy 7%-South Africa | 65%-South Africa 20%-China | 41%-South Africa 20%China | 67%-South Africa 19%-China | 35%-Germany 35%-South Africa |
| MAURITIUS | \$12.1k | \$3.47M | \$15.7M | \$13.9M | \$5.09M |
| | 92%-China 8%-South Africa | 23%-China 18%-Japan | 30%-China 19%-India | 29%-China 8%-France | 29%-China 14%-France |
| SOUTH AFRICA | \$2.34M | \$192M | \$427M | \$412M | \$63.2M |
| | 24%-Japan 13%-Singapore | 44%-Germany 12%-China | 42%-China 9%-Germany | 29%-Germany 28%-China | 18%-China 13%-Germany |
| NAMIBIA | \$30.2k | \$3.82M | \$18.9M | \$15.1M | \$5.91M |
| | 97%-China | 73%-South Africa 7%-Japan | 69%-South Africa 13%-China | 57%-South Africa 20%-China | 93%-South Africa 4%-China |
| RWANDA | \$8.41k | \$634k | \$22.2M | \$4.18M | \$2.76M |
| | 100%-China | 30%-UAE 14%-China | 20%-China 14%-India | 22%-Germany 19%-China | 39%-India 16%-Portugal |
| GHANA | \$36k | \$9.48M | \$74.8M | \$64.7M | \$8.2M |
| | 88%-USA 10%-UAE | 68%-China | 46%-China 8%-Poland | 50%-China 10%-India | 28%-China 28%-UK |
| NIGERIA | \$786k | \$34.5M | \$255M | \$315M | \$13.9M |
| | 43%-Japan 34%-UAE | 86%-China | 51.6%-China 11%-India | 30%-China 24%-USA | 29%-China 11%-India |
| ZAMBIA | \$8.82k | \$1.69M | \$59.7M | \$22.9M | \$4.43M |
| | 71%-China 29%-S. Africa | 50%-South Africa 20%China | 64%-China 17%-South Africa | 33%-China 32%-S. Africa | 56%-S.Africa 16%-China |

Source: Own elaboration with data compiled from The Observatory of Economic Complexity (OEC).

Table 9: The World Bank Group's Ease of Doing Business Index per country in 2020⁶¹.

| <i>Ease of Doing Business Index</i> | |
|-------------------------------------|------|
| BOTSWANA | 66.2 |
| MAURITIUS | 81.5 |
| SOUTH AFRICA | 67 |
| NAMIBIA | 61.4 |
| RWANDA | 76.5 |
| GHANA | 60 |
| NIGERIA | 56.9 |
| ZAMBIA | 66.9 |

Source: Doing Business database. Note: Higher DB score implies a higher business-friendly environment in a country.

Social Environment: Table 10-12

Table 10: Total Population, Urban Population (%) and Medium Age in 2020 per country

| | <i>Total Population (million people)</i> | <i>Urban Population (%)</i> | <i>Medium Age</i> |
|---------------------|--|-----------------------------|-------------------|
| BOTSWANA | 2,351 | 71 | 24 |
| MAURITIUS | 1,265 | 41 | 37 |
| SOUTH AFRICA | 59,308 | 67 | 27 |
| NAMIBIA | 2,494 | 52 | 21 |
| RWANDA | 12,952 | 17 | 20 |
| GHANA | 31,072 | 57 | 21 |
| NIGERIA | 206,139 | 52 | 18 |
| ZAMBIA | 18,383 | 45 | 16 |

Source: Own elaboration with data compiled from The World Bank and WorldData.info

Table 11: Global Peace Index Ranking in 2021 per country (Crime Rate)

| <i>Global Peace Index Ranking over 163 countries</i> | |
|--|------|
| BOTSWANA | 41° |
| MAURITIUS | 28° |
| SOUTH AFRICA | 123° |
| NAMIBIA | 65° |
| RWANDA | 83° |
| GHANA | 38° |
| NIGERIA | 146° |
| ZAMBIA | 71° |

Source: Own elaboration with data compiled from datosmacro.com

Note: The Global Peace Index includes internal variables such as violence and crime and external variables such as military spending and the wars in which the country participates.

⁶¹ It measures procedures, time, and cost of starting a business, dealing with construction permits, getting electricity, getting credit, paying taxes, trading across borders, employing workers, contracting with the government, etc.

Table 12: Human Development Index 2022 by country (1=highest human development)

| | <i>HDI</i> |
|---------------------|------------|
| BOTSWANA | 0,728 |
| MAURITIUS | 0,796 |
| SOUTH AFRICA | 0,705 |
| NAMIBIA | 0,645 |
| RWANDA | 0,536 |
| GHANA | 0,596 |
| NIGERIA | 0,534 |
| ZAMBIA | 0,591 |

Source: Own elaboration with data compiled from World Population Review.

Note: This index measures three basic dimensions of human development: a long and healthy life, knowledge, and a decent standard of living. Its values go from 0,3 until 1 (being 1 the best).

Technological Environment: Table 13-14

Table 13: Individuals using the Internet (% of population) 2020 by country.

| | <i>Individuals using Internet (% of population)</i> |
|---------------------|---|
| BOTSWANA | 61 |
| MAURITIUS | 65 |
| SOUTH AFRICA | 70 |
| NAMIBIA | 41 |
| RWANDA | 27 |
| GHANA | 58 |
| NIGERIA | 36 |
| ZAMBIA | 20 |

Source: Own elaboration with data compiled from The World Bank.

Table 14: Access to Electricity (% of population) 2020 by country.

| | <i>Access to Electricity (% of population)</i> |
|---------------------|--|
| BOTSWANA | 72 |
| MAURITIUS | 99.7 |
| SOUTH AFRICA | 84.4 |
| NAMIBIA | 56.3 |
| RWANDA | 46.6 |
| GHANA | 85.9 |
| NIGERIA | 55.4 |
| ZAMBIA | 44.5 |

Source: Own elaboration with data compiled from The World Bank.

Appendix 15. Macroeconomic Analysis Conclusions

After performing a deep macroeconomic analysis, the following statements could be affirmed for each environment:

Politically, Nigeria and Zambia are the worst performers. COFME doing business in any of them would be assuming a high possibility of getting negatively affected by their current instability, political changes, and extremely high corruption level. On the other hand, Botswana and Mauritius are the countries scoring the lowest on political risk and on corruption perception.

At the economic level, Botswana is the country with the highest GDP growth from 2020 to 2021, which implies that it has managed to recover from COVID-19 economic consequences quite fast. The second highest GDP growth in 2021 corresponds to Rwanda. Ghana is worth mentioning since it is the only country presenting a positive GDP growth in 2020 (0,4%). However, Namibia represents the lowest GDP growth during last year (not even 1%) and during the 2 previous years it has maintained negative numbers.

Mauritius is the country that most dedicates its income to the tertiary sector. This could be explained by their dedication to tourism (hotels, etc.). Additionally, Zambia presents the highest GDP investment in the secondary sector, which explains its well-known reputation in the mining sector.

The GDP per capita was a surprising parameter since it clearly reflected the poor countries such as Rwanda (only 801\$ per capita) compared to economies such as Mauritius with more than 10 times Rwanda's value per capita (9.500\$). COFME sells high-end solutions for the electrical sector, therefore, it needs to address to a population capable of paying its prices and value European quality over Chinese cheap products.

In order to analyze the type of competence we would be dealing with it was important to include a study on the imports of each country to see how much they import, what product category and specially from who. This study allowed COFME to visualize, as expected, how all countries have a relative high percentage of imports sent from China, and that specially for the fixing technologies category, Chinese products are majorly preferred. However, it also allowed the company to confirm the second largest exporter in the continent: South Africa. South Africa not only is included in the "potential markets" shortlist, but also could be a link to access to the rest of the potential African economies for COFME.

In terms of the Doing Business Index, Mauritius has the highest and Nigeria, once again, is the worse scorer.

In the social environment, Botswana is a country with a relatively small population and the most urbanized (70%), followed by South Africa. The smallest number corresponds to Rwanda with a 17% of urban population. The medium age of each country was a shocking data since it is around 20 years old, except for Mauritius with 37.

Mauritius and Ghana are the countries best located in terms of Global Peace Index ranking, whereas Nigeria and South Africa the worst.

Socially, Africa is the worst performing continent in the globe, which hinders business for international companies addressing to such a society. Mauritius is the country considered the “best” or more “developed” in this aspect compared with the rest economies evaluated.

Finally, since COFME works in the electrical sector and our entry methodology is based on a digital platform, it was convenient to measure both the internet penetration and electricity access in each country’s population. South Africa, Mauritius and Botswana ranked the highest percentage of individuals using the internet, and Zambia the worse (only 20% in 2020). Regarding electricity, Mauritius, South Africa and Ghana have the highest values however, Zambia is also the country with less electricity access in comparison.

In light of the above, in order to increase COFME’s opportunities in the African continent and based on the data extracted, COFME should target Mauritius, South Africa or Ghana (at least initially). Botswana also presented potential business information, however, its landlock situation would challenge COFME’s entrance in the continent. It shouldn’t be one of the first countries of interest. South Africa is also a potential country to do business to since it is also a link to the rest of the countries in the continent, however, it is true that its great dimensions, corruption tendencies and violent and crime variables make the country less attractive (at least as COFME’s first step in Africa). However, it shouldn’t be discarded completely either.

Appendix 16. Competitors from each manufacturer present in Ghana and/or Mauritius

Table 20: Competitors presence from each manufacturer in Ghana and Mauritius

| Competence | | GHANA | MAURITIUS |
|-----------------|---------------|-------|-----------|
| CELO | Hilti | YES | YES |
| | Fischer | YES | YES |
| | Obo Betterman | YES | NO |
| DAISALUX | Legrand | NO | YES |
| | Zumtobel | NO | YES |
| FERMAX | - | - | - |
| SACI | - | - | - |
| SALICRU | APC-Schneider | YES | YES |
| | Riello | NO | YES |
| SODECA | Soler & Palau | YES | NO |
| SOFAMEL | Hubbell | YES | YES |
| | Saulsbury | NO | YES |
| SOLERA | Hager | YES | YES |
| | Legrand | YES | YES |
| | Schneider | YES | YES |
| | INGELEC | YES | NO |
| | ABB | YES | YES |

Source: Own Elaboration with data compiled from the different websites of each competitor and some of their African distributors. Note: This information is not 100% reliable since it could happen that a competitor does business in any of both markets but it isn't registered on the Internet. For example, SACI and FERMAX.

Appendix 17. Costs Breakdown for the Program of African Agents 2021.

Table 21: Breakdown Cost of Program of African Agents 2021

| | Monthly Plan | Monthly Price | Total |
|-----------------------|--|---------------|----------------|
| MAILCHIMP | Standard (500 contacts) and for every 150 additional ones, 4,28€ more. We tried to keep around 885 contacts per month | € 24,00 (x5) | € 120 |
| ZAPIER | Starter (750 Tasks) Plan | € 12,5 (x4) | € 85 |
| TYPEFORMS | Essentials (1000 monthly answers) | € 30,00 (x5) | € 150 |
| FACEBOOK | 15€/day programmed per ad-set (6 total ad-sets) | | € 1.500,00 |
| TRACK ADVISING | Strategic and execution support (1.875x2) + IVA (21%) | | € 4,537,50 |
| TOTAL | | | € 5.605 |

Source: Own elaboration based on COFME's original billing which can't be provided for information disclosure manners

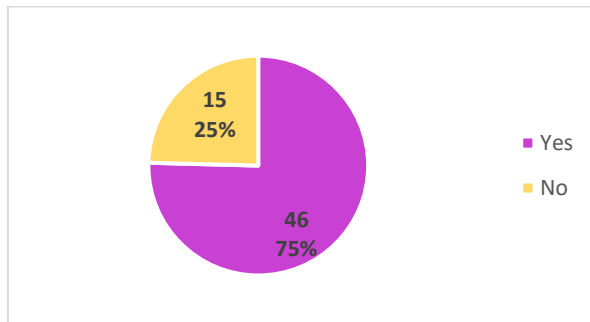
Appendix 18. Members of the Program of African agents 2021

| | | | |
|--|---|--|---|
| <p>COFME</p> <p>Nombre: Zakhir Etwaroah Empresa: Central Electricity Board Mauritius Email: zakhir@hotmail.com Whatsapp: +230 57 109 820</p> | <p>COFME</p> <p>Nombre: Abimbola Adebayo Empresa: Point Line Ltd Email: bimbolaadebayo@yahoo.com Whatsapp: +2348033110400</p> | <p>COFME</p> <p>Nombre: Dariusi Agbol Adedae Empresa: BH AFRICA Email: bhafrika@gmail.com Whatsapp: +233 244 457 020</p> | <p>COFME</p> <p>Nombre: Eddie Ahulu Empresa: - Email: eahulu@gmail.com Whatsapp: +233244793323</p> |
| MAURICIO | NIGERIA | GHANA | GHANA |
| <p>COFME</p> <p>Nombre: Upo Peters Empresa: Clover Hedera Email: upo@cloverhedera.com Whatsapp: +2348052808515</p> | <p>COFME</p> <p>Nombre: Okufemi Abiodun Eshuaye Empresa: - Email: okufemi@gmail.com Whatsapp: +234 803 829 0659</p> | <p>COFME</p> <p>Nombre: Chikumbi Chali Empresa: Shekeng Energy Logistics Email: chalikumbi22@gmail.com Whatsapp: -</p> | <p>COFME</p> <p>Nombre: Emmanuel Liguande Empresa: EPHAFATA Projects Email: ephafata@yahoo.com ephafataprojects@gmail.com Whatsapp: +260 760 690 314</p> |
| NIGERIA | NIGERIA | ZAMBIA | ZAMBIA |
| <p>COFME</p> <p>Nombre: Titus Kyautah Empresa: Northgate Energy & Power Ltd Email: kyautah@gmail.com Whatsapp: +2348025546158</p> | <p>COFME</p> <p>Nombre: Paul Durlingthorn Duanyo Empresa: 360 Building Solutions Email: taneke34@gmail.com Whatsapp: +233 242 809 508</p> | <p>COFME</p> <p>Nombre: Musoma Bwalya Empresa: - Email: m.bwalya1146@gmail.com Whatsapp: +260972439132</p> | <p>COFME</p> <p>Nombre: Fontaine Muguisa Empresa: COY16 Glasgow Email: mfontaine2017@gmail.com Whatsapp: +250788643095</p> |
| NIGERIA | GHANA | ZAMBIA | RWANDA |
| <p>COFME</p> <p>Nombre: Talat Mahmood Empresa: Mikomax Corporation Limited Email: talat1977@gmail.com Whatsapp: +260 975 760 205</p> | <p>COFME</p> <p>Nombre: Romanus Kasiro Empresa: Soimpre Energy Email: kasiro@yahoo.com Whatsapp: +24181359756</p> | <p>COFME</p> <p>Nombre: Mwitza Stanley Nyirenda Empresa: Mike & Stan Professional Services (Pvt) Ltd (Technical Director) Email: stanleynyirenda14@gmail.com Whatsapp: +267 76687543</p> | <p>COFME</p> <p>Nombre: Basil Phiri Empresa: - Email: basilphiri@yahoo.com Whatsapp: +26097872257</p> |
| ZAMBIA | NAMIBIA | BOTSWANA | ZAMBIA |

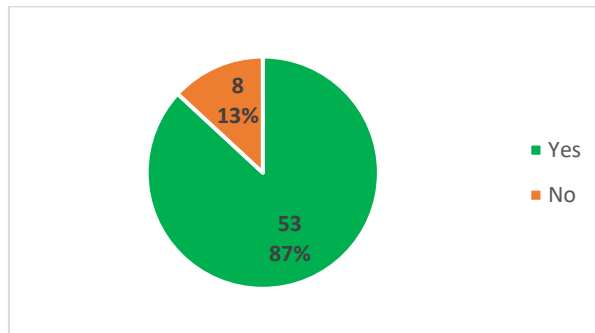
Source: Own Elaboration

Appendix 19. Results of survey conducted to the non-recruited agents with CVs of interest

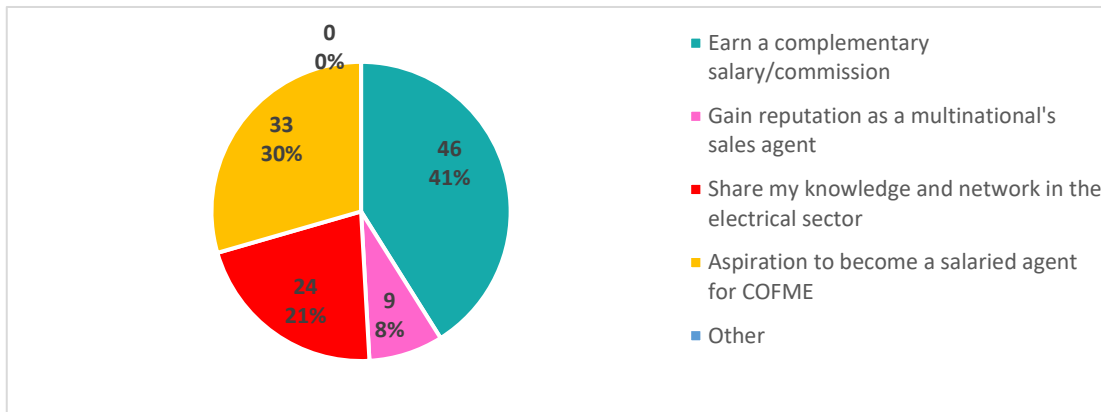
1. Did you have experience as a sales agent before?



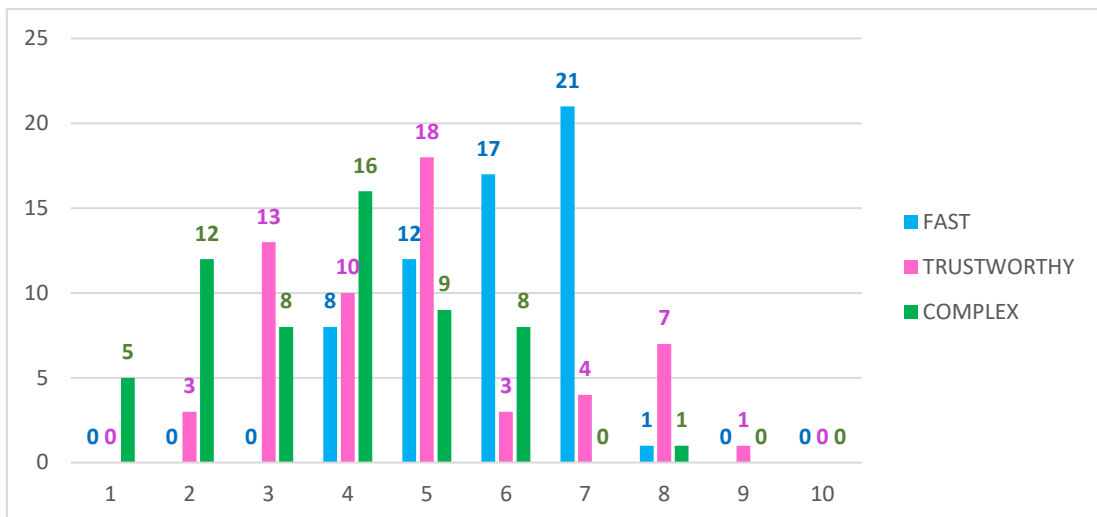
2. Was COFME the first time you applied for a job in company you haven't met in person before?



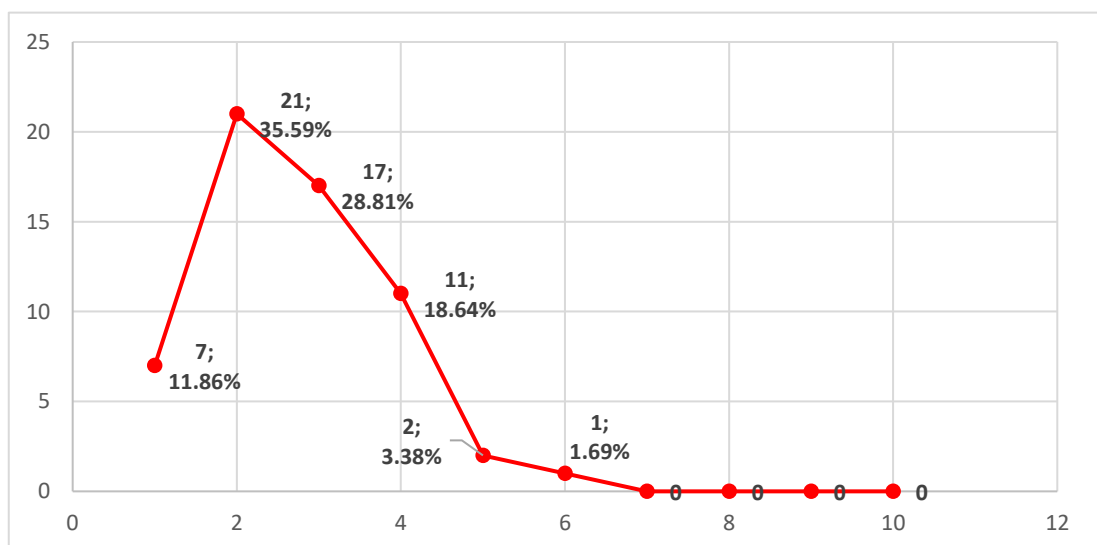
3. Why did you apply for our Program announced on Facebook? Which were your expectations? (Multiple choice)



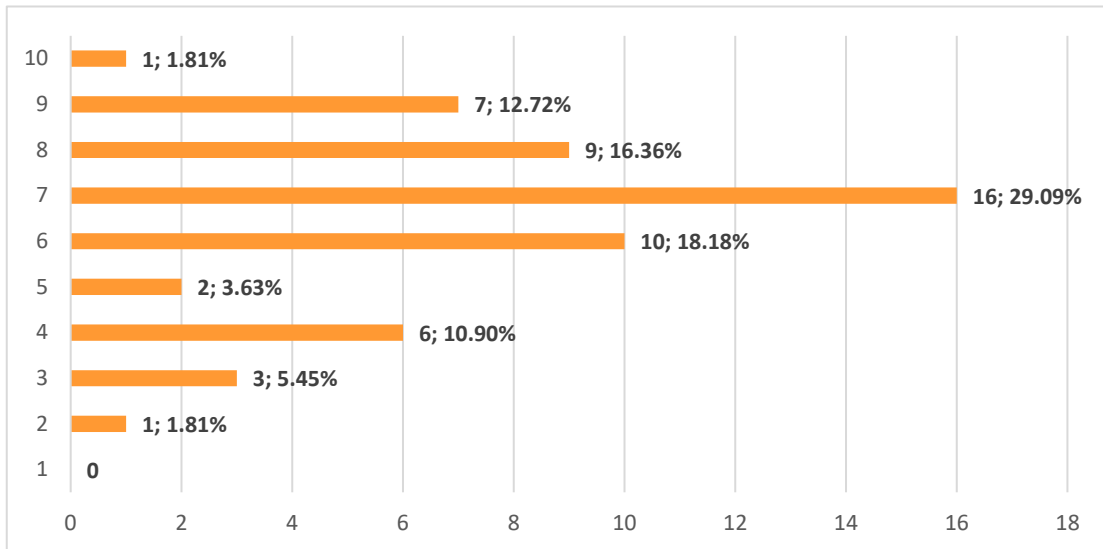
4. From 1 to 10, how FAST, TRUSTABLE and COMPLEX was our recruitment process? (1 being the lowest and 10 being the highest)



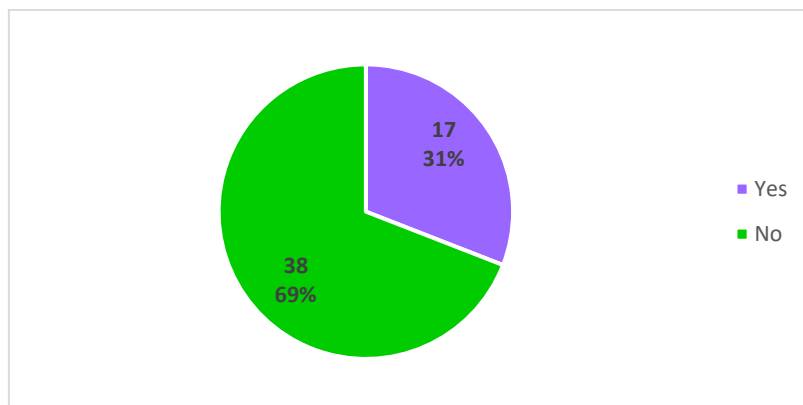
5. From 1 to 10, how attractive did you find our 3% commission basis?



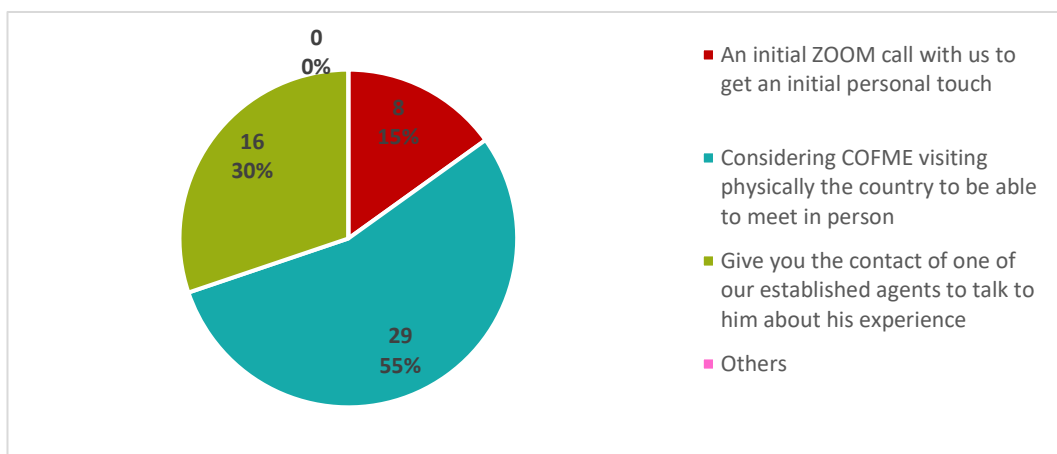
6. *Sharing your potential clients' information made you feel uncomfortable?*



7. *Did such step of disclosing information made you abandon the application process?*

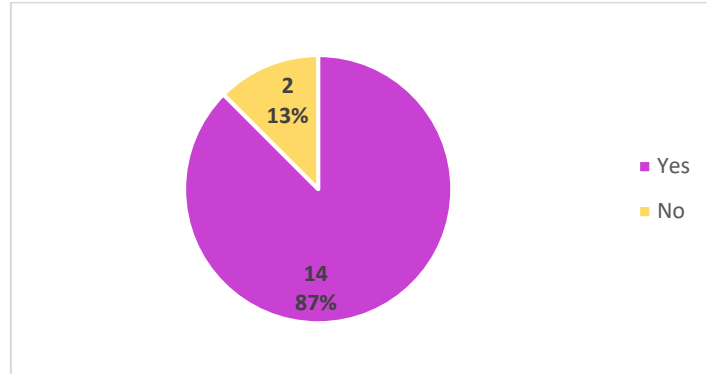


8. *Which other guarantees from COFME would have made you gain confidence and trust during the recruitment process?*

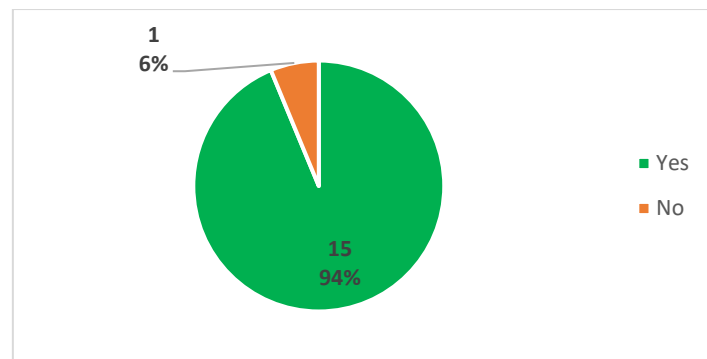


Appendix 20. Results of survey conducted to the non-recruited agents with CVs of interest

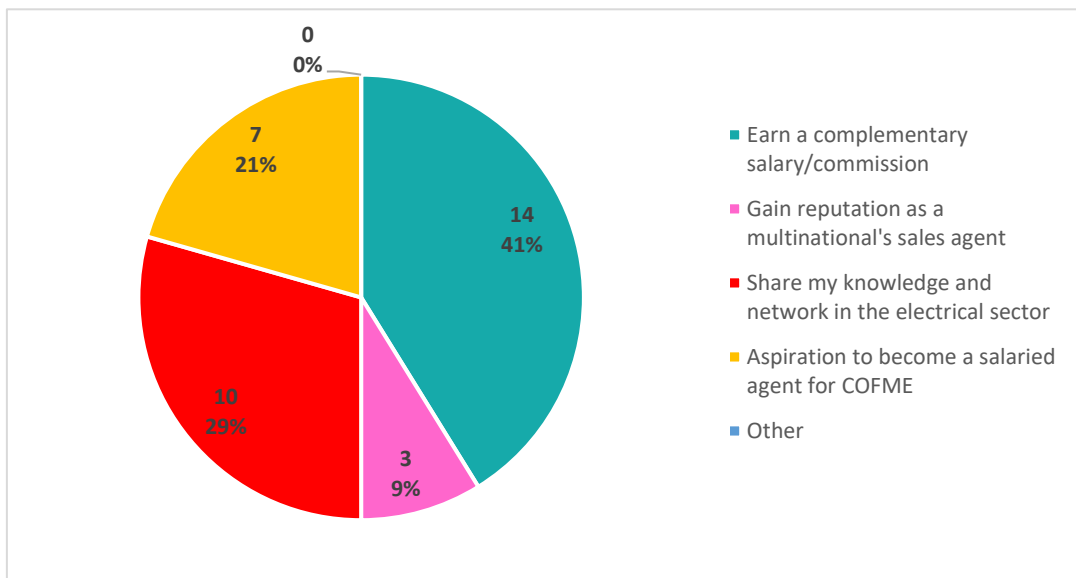
1. *Did you have experience as a sales agent before?*



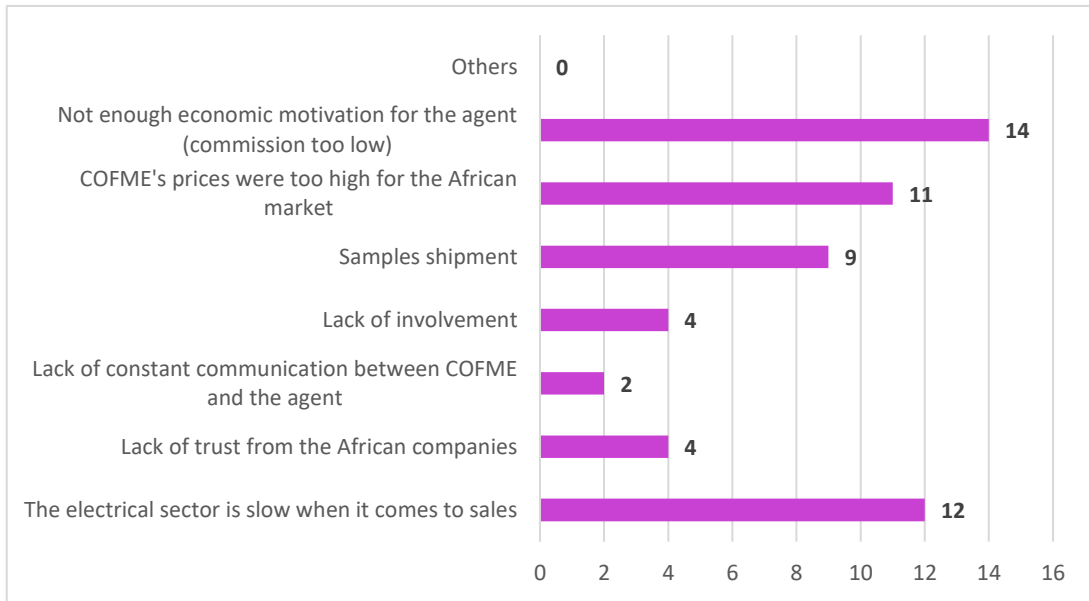
2. *Was COFME the first time you applied for a job in company you haven't met in person before?*



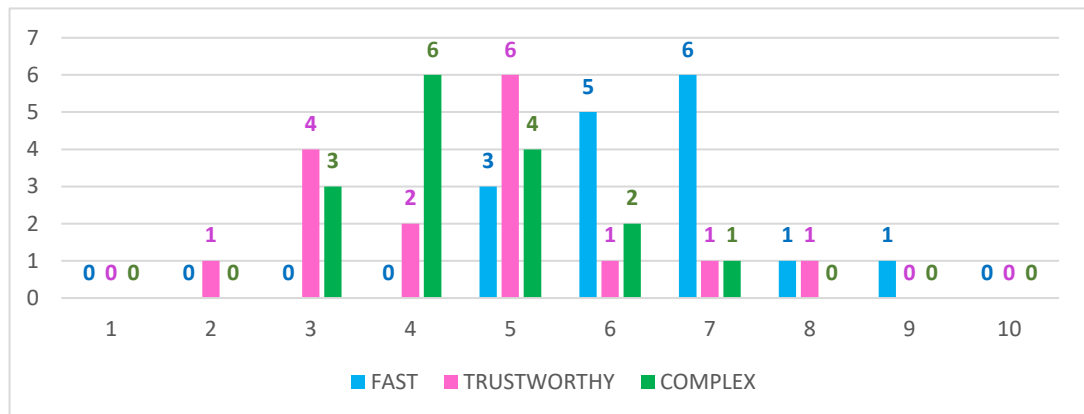
3. *Why did you apply for our Program announced on Facebook? Which were your expectations? (Multiple choice)*



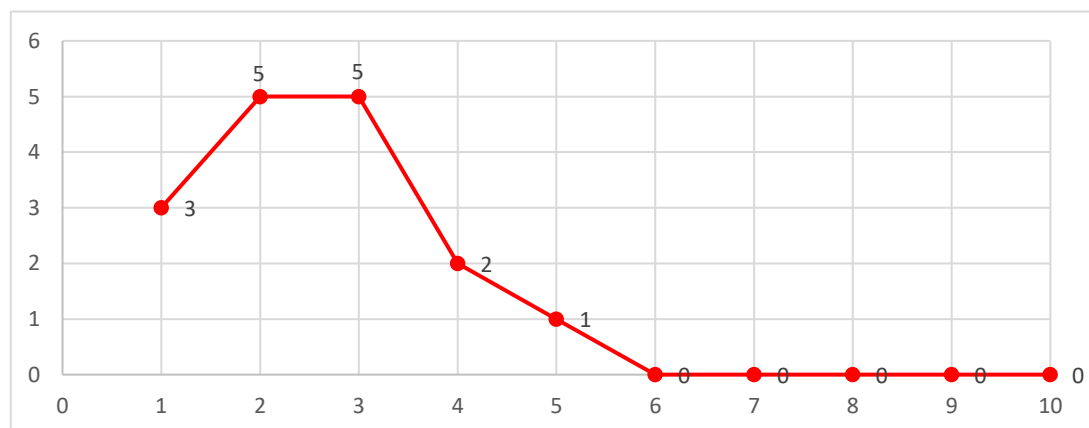
4. In your opinion, which are the main challenges to develop a Program of Agents in the electrical sector in Africa? (Multiple choice)



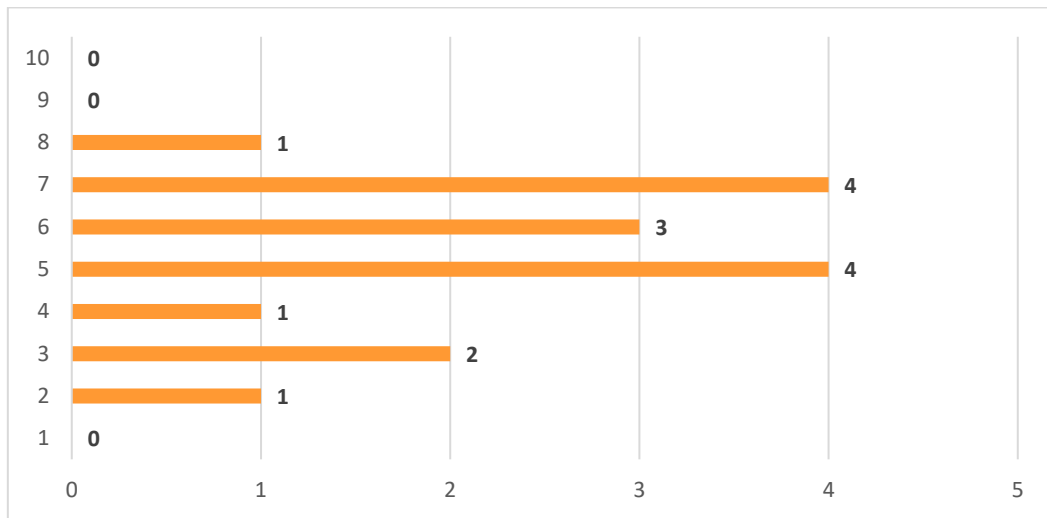
5. From 1 to 10, how FAST, TRUSTABLE and COMPLEX was our recruitment process? (1 being the lowest and 10 being the highest)



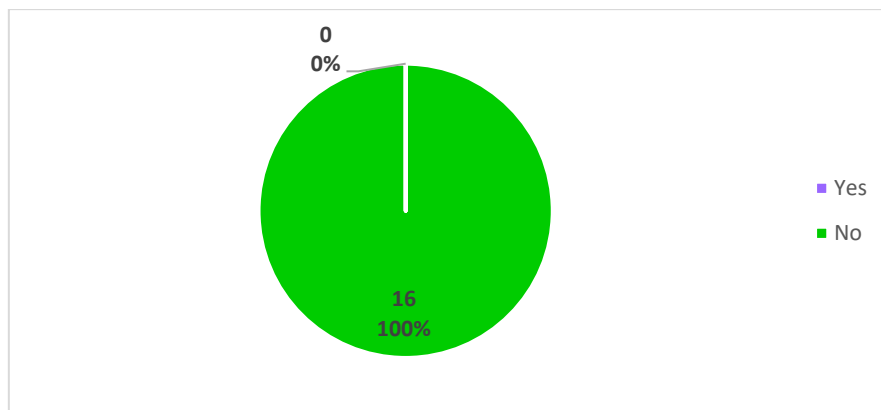
6. From 1 to 10, how attractive did you find our 3% commission basis?



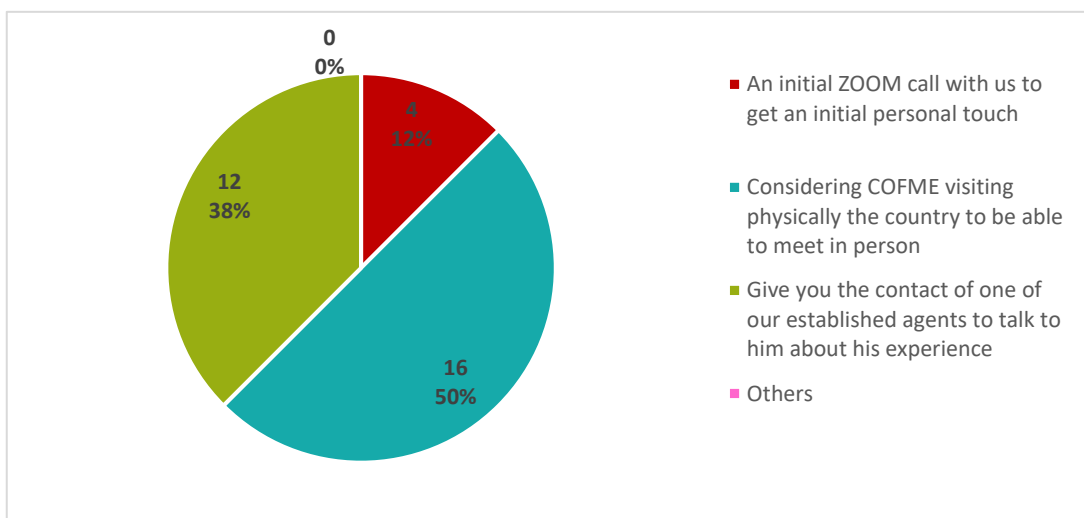
7. *Sharing your potential clients' information made you feel uncomfortable?*



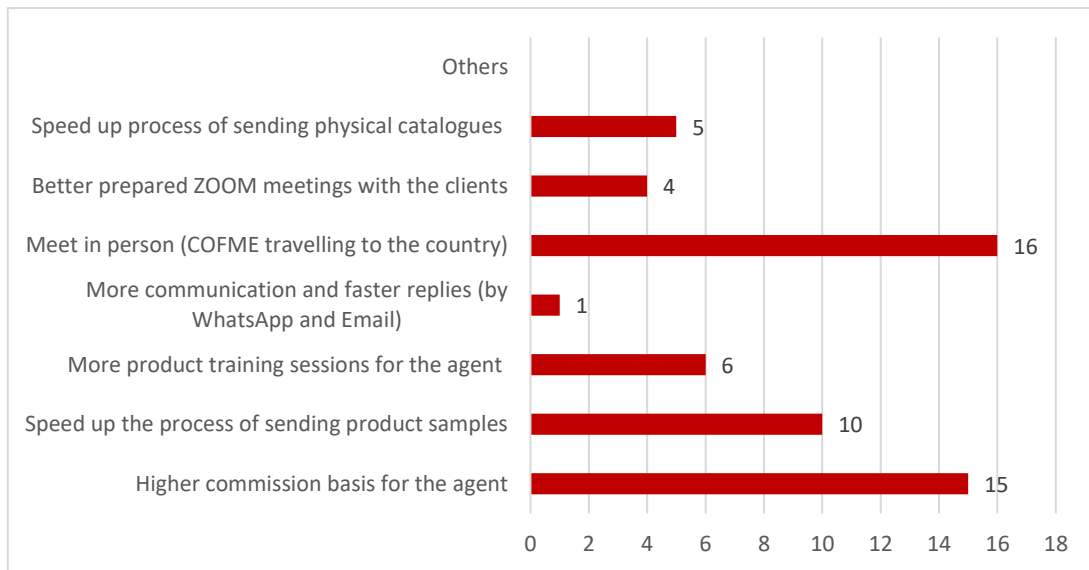
8. *Did such step of disclosing information made you thought of abandoning the application process?*



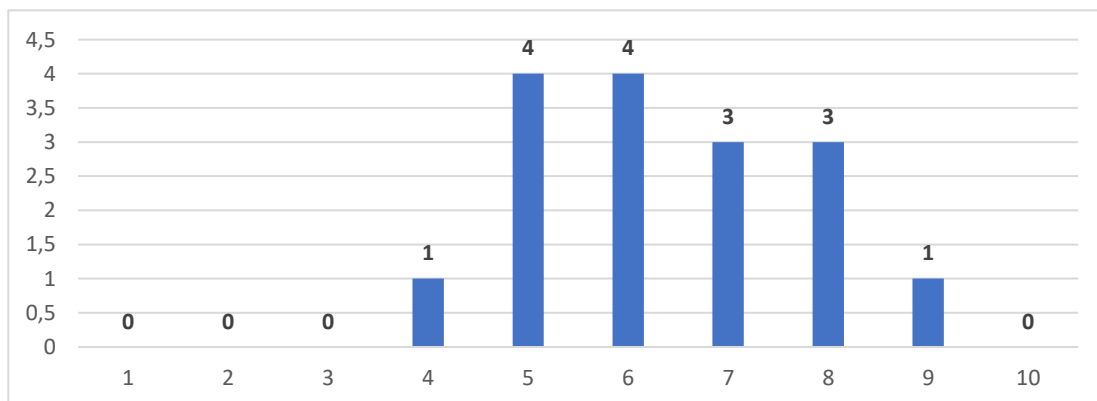
9. *Which other guarantees from COFME would have made you gain confidence and trust during the recruitment process?*



10. As a sales agent for COFME, what improvement(s) do you think we could have made?



11. As a sales agent for COFME, how would you rank from 1 to 10 our speed of response and constant communication with you?



Appendix 21. Interview Carlos Sánchez (COFME’s Managing Director).

Once COFME Electrical Group and its 8 members had been introduced, it was important to get deeper knowledge regarding the sector in which the company operates (electrical materials) its typical entry strategies, their effectiveness, advantages, and disadvantages and if some alternatives have been carried out or tested.

To achieve these insights, COFME’s managing director (Mr. Carlos Sánchez) was interviewed. It was very important for my research to know the opinion on digital entry strategies for a director of a B2B company in a still quite traditional sector.

The main challenges COFME has had to face in the African market historically are its high prices and the lack of involvement/interest from both sides.

The truth is that there has never been a great involvement into opening this market. Indeed, COFME has attended exhibitions in some African countries but more as for living the experience, showing COFME's stand as a showroom without preparing those commercial missions, scheduling meetings ahead with potential clients, etc.

According to Mr. Carlos Sánchez, the mostly used entry methodologies are international fairs and commercial prospecting missions. Last ones require the collaboration of economic and commercial offices from Spanish entities in the country of destination. For example, through ACCIÓ (in the case of companies based in Catalonia) or ICEX (at the national level). In any case, whether through embassies or through ACCIÓ offices or equivalents, the process works the same way: companies contact that entity at destination and send them their company profile, products and profile of target customers who would like to visit in destination.

Anyway, those commercial prospecting missions organized by entities are just a complement of the international fairs.

In an international fair, companies set up their stand and wait for potential clients to approach or show interest. Instead, through commercial missions, companies go to the offices of their potential client with which the entity such as ACCIÓ has already spoken.

This way, through one method or the other you start generating a list of potential contacts from which you'll start to negotiate and built a bond with that country. This a way to get to wholesalers and agents. Although traditionally it has always been easier to find wholesalers than agents since they have to be individuals with a great network of contacts and with enough motivation to pursue the role.

Mr. Carlos Sanchez shared his future expectations regarding international fairs: "If you would've asked me this 2 years ago, I would have told you that fairs era is over. However, they are now coming back and with strength. Therefore, I don't think they have the return that they should have but there are too many people to whom it results too comfy and easy to attend fairs and keep doing what it has been always done. In the end, it is only a matter of paying and you get the opportunity to meet with the clients (new ones and those you already have). Also, by being able to meet with your already established clients, you avoid having to arrange 20-30 travel days. Therefore, it depends on the investment level. As long as they cost what they cost, what will happen is that people will end up attending fairs in a more selective way but right now this doesn't look like it's going to stop".

Even though direct return on international fairs might not seem satisfactory, companies' objective attending these kinds of events is indirectly saving costs. For example, in the UAE fair, you meet

with 20 wholesalers, you'll save up around 8-10 trips to the UAE you've had to do in the future if not having attended the fair and had the opportunity to meet all of them at once.

Mr. Sánchez not only has attended multiple trade exhibitions, but also could experience attending some of the firsts international virtual fairs (digital tendency accelerated in the B2B environment due to COVID-19 context).

According to the managing director of COMFE: "My experience attending a virtual exhibition was pleasantly surprising. But I believe that right now, this tool is technically premature. We need to have technology that allows us to get in a more easy, simple, intuitive and natural way access to that exhibition model. It needs to be redesigned in order to become more interactive, more credible (probably through virtual reality glasses). On the other hand, we need to consider the evolution of metaverse. If this continues to grow with the rhythm expected, in some years, the new normality will be interacting this way with people (unfortunately)."

It could be said that virtual fairs came up in a moment in which it was the only way to organize an event like such (due to COVID-19) but it is still not ready to become an unconscious practice in the business world, specially technically, because it should be much more easy for the users attending: not having to download applications, programs, etc. learning about the platform, etc. It must be an environment in which businesses enter constantly and are familiarized with.

However, beyond the technical limitation, it is still complicated to do business in such an impersonal way by just talking with a potential client through a screen. However, in this case Mr. Carlos Sanchez isn't the most objective person to ask as he has been interacting face-to-face during all his work life. International fairs are usually attended by people over 40 years old and therefore it is not the profile I would imagine entering in the metaverse.

Nevertheless, the investment of virtual fair is much less than the traditional exhibitions. In fact, the one Mr. Sánchez attended costed 1000 euros. "But I insist, the problem were the computers through which the participants logged in", affirmed the Managing Director.

Moreover, this depends on the typology of clients you are addressing to. COMFE's main clients are wholesalers. However, the company also does business with EPC Contractors, Value Added Resellers, End Users, Panel Builders, Lighting Specialists, Engineering companies, Consultants, Installers and even Architects. For example, it is hard to imagine installers of electrical material entering in a virtual environment to visit manufacturers.

As Mr. Sánchez stated: "I believe all this will be a progressive process. It won't be as fast as we thought it would be and it won't be as slow as we could think".

If we focus on COFME's experience using the services provided by commercial institutions such as ACCIÓ, Mr. Sánchez affirmed that it hasn't always work as expected.

However, it is also true that the ratio return/investment is much greater through this method than when participating in international fairs. That is for sure because those institutions make companies a "tailor made suit". The cost it requires (for the whole collaboration) lies around 2.000 and 3.000 euros, but it depends on the number of meetings you would like for the institution to arrange for you in that country. Also, all the travel costs of the company, hotels, meals, etc. (including those costs for the collaborator that introduces us to the potential clients) are considered apart.

COFME has also experience with international agents on commission basis although they are not easy to find. Agents need to be well connected and positioned in the market and these individuals don't always attend international fairs. Not to mention that when working with an agent, most of the work is done by the manufacturer and he is the one assuming the risk (contrary to wholesalers). Either way, COFME's overall experience with commercial agents has majorly been successful. "They haven't resulted into problems, but it has required a lot of time and dedication from our side", stated Mr. Carlos Sánchez.

What about Social Media channels? COFME is active on Twitter, Facebook, Instagram and LinkedIn. COFME tries to post Instagram posts and stories as frequently as possible. It also has a weekly newsletter with informative news of each manufacturer of the group and the sector in general.

According to Mr. Sánchez: "I am convinced that social media can become a tool (in fact it already is) for opening new markets in the B2B sector. Nowadays many competitors and collaborators from our sector are actively present in these channels, however, the majority of them only as a matter of promotion and "showroom" to increase brand awareness."

In order to generate B2B business and open new markets, companies need to work Social Media channels in a different way by prospecting wholesalers, agents, installers (mainly), etc. rather than final users (in COFME's sector).

However, Social Media alone is still not enough to consolidate B2B clients, especially in the electrical material sector.

Maybe one day Social Media will become the substitute of fairs and exhibitions as they are all aimed at the same business objective: prospection and positioning. The only difference is that through Social Media there is no physical contact (a limitation nowadays).

Appendix 22. Trade Shows Analysis according to COFME’s experience.

According to COFME’s experience, there are 2 levels of trade exhibitions:

- big ones taken place majorly in Dubai and Germany and aimed at international markets
- smaller ones organized in emergent markets and mainly addressed to the regional market where the trade show takes place.

The first ones might require for a company to invest around 30.000 euros (the minimum) and the second one between 6.000 and 10.000 euros⁶². These budgets include: the stand, decoration, samples shipment and displacement of people that will travel to the fair on behalf of COFME.

This type of commercial events still has a long-term existence. Since, for those people used to attend them, trade shows are used to prospect new clients and as an excuse to visit the already established ones. Therefore, companies that pay to have a physical booth there, don’t look for the direct return, but rather on the costs avoided by not having to travel multiple times to visit clients.

I was not able to attend any international fair in Africa in order to realistically compare it with the digital recruitment tool. However, I got the opportunity to attend my first Trade Show (as a visitor) on behalf of COFME on the 11th of May for the IoT Solutions World Congress (IOTSWC22)⁶³. During this experience I was able to discover how does a trade show work, witness the environment, visit companies’ booths and analyze their decoration and marketing strategies used to stand out, etc.

Appendix 23. Estimated costs for a company like COFME to attend an international fair

Table 1: Estimated Costs of attending an international fair in Dubai for 3 days

| <i>Items of the Trade Show</i> | <i>Costs</i> |
|--|---------------------------|
| <i>Booth space of 20 m² (800\$/m²)</i> | 15.000\$ |
| <i>Booth Decoration</i> | 10.000-12.000 \$ |
| <i>Product Samples Shipment</i> | 1.500-2.000\$ |
| <i>Hotel, Flight Tickets, etc. (1.500-1.800\$/person) for 3 people</i> | 4.500-5.000\$ |
| <i>TOTAL INVESTMENT</i> | 33.000\$ (approx.) |

Source: Own elaboration based on COFME’s original billing which can’t be provided for information disclosure manners

⁶² Refer to **Appendix 23** to see each cost breakdown

⁶³ An event that showcases the game-changing solutions & technologies that are disrupting and transforming the industry. It took place from 10-12 May 2022 in Fira Barcelona

Table 2: Estimated Costs of attending a regional fair in Nairobi for 3 days (low-level, more regional-oriented)

| <i>Items of the Trade Show</i> | <i>Costs</i> |
|--|-------------------|
| <i>Booth space of 9 m² (270\$/m²)</i> | 2.500\$ |
| <i>Booth Decoration</i> | 1.500 \$ |
| <i>Product Samples Shipment</i> | 500\$ |
| <i>Hotel, Flight Tickets, etc. (1.500-1.800\$/person) for 3 people</i> | 1.500-2.000\$ |
| TOTAL INVESTMENT | 6.300\$ (approx.) |

Source: Own elaboration based on COFME's original billing which can't be provided for information disclosure manners

Appendix 24. Advantages and Disadvantages of Trade Shows.

Table 1: Advantages and Disadvantages of commercializing through Trade Shows

| ADVANTAGES | DISADVANTAGES |
|---|--|
| <i>Raise awareness - exhibiting at Trade Shows is a good way to raise your profiles and generate brand awareness.</i> | Requires a high investment - stand space, decoration, samples shipment, travel and accommodation costs for the staff sent to the Trade Show, meals with clients, etc. |
| <i>Meet in person - meeting face-to-face with potential customers is a great way to start building relationships.</i> | Competition - it is likely that your competitors will also be exhibiting at the event. You'll need to stand out to get the attention of potential customers. |
| <i>Networking - trade shows are a great way to meet potential new customers, suppliers and to learn more about your competitors.</i> | Results aren't guaranteed - despite the investment of exhibiting, you are not guaranteed any sales or leads. |
| <i>Launch new product - trade shows are a good place to introduce a new product or service. Being able to explain your offering in person and answer questions is ideal if your product is innovative.</i> | Potential low turnouts - without big name speakers or the right publicity, trade shows may not have enough delegates to make your presence worthwhile. Companies must do their research before choosing to exhibit at a particular event. |
| <i>Build your database – helps you start building your marketing lists and generate qualified sales leads.</i> | |

Source: Own elaboration based on data extracted from NI Business Info and the insights from Mr. Carlos Sánchez (Manager of COFME Electrical Group) Interview.

Appendix 25. Example of a virtual booth at NEMOJT's Fall 2020 Virtual Career Fair.



Source: Northeast Minnesota Fall 2020 Virtual Career Fair.

Appendix 26. Interview to Dani León and Andrea Castán, Co-Founders of TRACK Advising.

In order to be able to build a digital commercial strategy for B2B market expansion, it was important to understand the differences between B2B and B2C, the different prospection strategies available, how do marketing agencies operate, and if digital entry strategies available could become a substitute for the traditional methodologies previously analyzed in terms of global effectiveness.

Andrea Castán and Dani León (ESCI-UPF alumni) are the Co-Founders of TRACK Advising, a company aimed at supporting digital strategies for companies and hence improve their online profitability. They were in charge of answering all my questions as TRACK representants.

First and foremost, TRACK was founded in December 2020. Dani León and Andrea Castán started as 2 freelancers doing small projects and recently, concretely this April 2022, they got to consolidate its company as SL due to its growth.

The idea behind TRACK is to turn around how the world of the agency has been working for the last few years. The traditional agency is understood as a sector that has sold companies great changes, digitization, and transformation processes. However, the sector itself has not been able to follow that path and still sticks to very traditional structures such as focusing on deliverables, which we believe aren't optimal services for the client.

This way, TRACK was born as a solution to solve these challenges or this poor perspective of the agency service nowadays.

It must be understood that a company is not distinguished by being 100% B2B or 100% B2C. In fact, usually all companies have both business models integrated depending on to whom they sell the product to. Thus, KPIs in B2C can differ from those in B2B. However, in terms of digital strategies they can be almost identical or even similar.

Both co-founders mentioned that if they had to differentiate between both, it could be said that in B2C, the "main objective" might be the visibility of the impact whether in all B2B actions, the main goal is usually all the capture and pure generation of business.

Therefore, even though the approach is different, the medium or the tools used such as RRSS, Email Marketing, payment campaigns, content generation, website, or blogs for both B2B and B2C can be the same. The only thing that changes is the strategy, the messages, and the way you communicate based on your target profile or "buyer persona".

TRACK has managed both types of business: B2B and B2C. However, they recognized they feel more comfortable working with B2B. This is due to the fact that B2B corresponds to a much larger market, that is, in almost all companies there is a strong B2B development behind it (even in the most B2C company in the world, its largest source of billing comes from the B2B world). Since TRACK was not born to be an agency focused on design and communication issues, but rather to be an agency focused on creating business opportunities and complex sales with our clients, we prefer working on B2B environments.

TRACK has worked and currently works with many and varied sectors. And, even though there are companies whose product/service has nothing to do with each other, the marketing method or changes that must be made might be similar or even identical. In turn, this is something that facilitates TRACK Advising's action and makes it possible for a transversal service towards many sectors to work.

When being asked regarding the innovative strategies of the digital world emerged in recent year to expand into new markets, Mr. León emphasized that there are many innovations which have been emerging however they are not being executed in the majority of cases. According to TRACK Advising's co-founder: "Especially in the entire B2B world, most of the commercial directors put in their mouths the actions they know how to do or have heard about, but they end up just performing 5% of them correctly".

Thus, the sector is still in the phase of executing what is already known to really work and not so much in innovating and creating new trends and actions.

When comparing traditional entry strategies such as trade shows and commercial missions, both require a high investment (even though it is wrongly conceived that digital campaigns are a

cheaper resource). What is the difference? At the online level, everything can be measured. For example, measuring the impact of an advertisement broadcasted at a fair, on TV or on the radio can be more complex than those you generate in a Social Media campaign. Digital entry strategies make data easier to read in real time and allow to achieve better results and optimize them in the short term.

After conducting the interview, one of the most enriching conclusions extracted was the fact that it will never be optimal to use a 100% digital strategy, in any product, service or absolutely nothing in B2B. In fact, in recent years strategies have been sought to optimize physical and digital relationships in order to not understand them as different contexts, but rather as one.

Within the B2B world, the ideal is coexistence. Therefore, digital and physical strategies must not be considered in parallel, but rather as a multichannel.

This can be exemplified in the Program of African Agents. COFME had the necessity of scheduling ZOOM meetings with the applicants for the Program. It is true that virtual meetings are not physical or face-to-face, but still, they require a 100% personalization process that digital tools are not able to create.

Therefore, we can surely affirm that B2B will always require a personalization phase, one-to-one and not a general automatic full process like B2C online sales to end customers.

Appendix 27. ACCIÓ offices worldwide.



Source: (T'ajudem a fer negoci al món, descobreix les Oficines Exteriors d'ACCIÓ, 2021)

Appendix 28. Scheduled Virtual Meetings with ACCIO – Accra

| INTERESTED COMPANIES | VIRTUAL MEETING DATE | INTERESTED COMPANIES | VIRTUAL MEETING DATE |
|--------------------------------|----------------------|-----------------------------|----------------------|
| EDRIC GROUP | April 15, 2021 | MOBUS PROPERTIES | June 15, 2021 |
| SYLPRIN ENGINEERING | April 23, 2021 | B.APPAH ELECTRICALS LIMITED | June 16, 2021 |
| GLOBAL MANAGEMENT CONSTRUCTION | April 30, 2021 | GRACO ENGINEERING LIMITED | June 17, 2021 |
| TRIPPLE SEA GHANA LIMITED | May 5, 2021 | KRANE CONSTRUCTION LIMITED | June 18, 2021 |
| BM CONSTRUCTION LIMITED | May 13, 2021 | 5 STAR ENGINEERING LIMITED | June 18, 2021 |
| SAHARA MEP GHANA | May 19, 2021 | | |
| SULANA ELECTRICALS LIMITED | May 21, 2021 | | |
| CPL GROUP | May 26, 2021 | | |
| ASTRA ENGINEERING LIMITED | June 2, 2021 | | |
| INTERMEC GHANA LIMITED | June 3, 2021 | | |
| DOUMMAR GHANA LIMITED | June 4, 2021 | | |

Source: ACCIO Final Report

Appendix 29. Segmentation criteria & Ad Example for CELO's clients' prospection campaign in Ghana through Facebook Lead Ads

Estimated audience size:

1,200,000 - 1,500,000

Audience details:

- Location – Living in:
 - Ghana
- Age:
 - 25-64
- People who match:
 - Interests: Fischer (company), Brico Dépôt, Mr. Bricolage, Construction management, Electrical wiring, DIY Projects, Structural engineering, Hilti, Construction engineering, Leroy Merlin, Architectural engineering, Plumbing fixture, Do it yourself (DIY), Industrial engineering, Engineering, procurement, and construction management, Screw, Screwdriver or Civil engineering
 - Field of study: Construction engineering, Structural engineering or Civil/Structural Engineering
 - Employers: General contractor, Construction management, Construction engineering or Structural engineering
 - Job title: Construction Project Manager, Building Contractor, Building Construction Contractor, General contractor or Site Operations Manager
 - Industry: Architecture and engineering
- Detailed targeting expansion:
 - Off

Source: Own Elaboration

Appendix 30. Step-by-step process to create a Bitly Campaign aimed at tracking each agent’s promotional efforts.

The process to create such campaign is the following (Desai, T., 2022):

- ✓ Step 1: Register to Bitly.com and choose a plan for your company. Since COFME has 16 agents and each one would have to promote 6 Bitly links⁶⁵, 96 Bitly links⁶⁶ would be required. The Free plan allows 1000 Bitly Links per month. Therefore, this tool could even be implemented for free, at least initially, to test its effectivity.
In case of positive results in the agents’ attitude and motivation, the “Premium”⁶⁷ model could be considered since it provides very useful features (concretely “Campaigns” and “Dashboard”).
- ✓ Step 2: Once logged in, create channels for each agent’s name.
- ✓ Step 3: Copy and paste one of the 6 landing pages URLs in the campaign and then click “Add link.” Select all of the agents who will be using this content, then click “Create.” This will generate unique Bitly link for each agent to use when sending that content to prospects.
- ✓ Step 4: Give all the Bitly links to the agents (6 in total)
- ✓ Step 5: Start tracking agents’ use of digital tools

⁶⁵ Those 6 corresponding to: COFME’s website, catalogue download (depending on the product categories they are promoting, max. 2 per agent initially), and LinkedIn, Instagram, Facebook accounts.

⁶⁶ This number being increased as more agents are recruited and incorporated to the Program

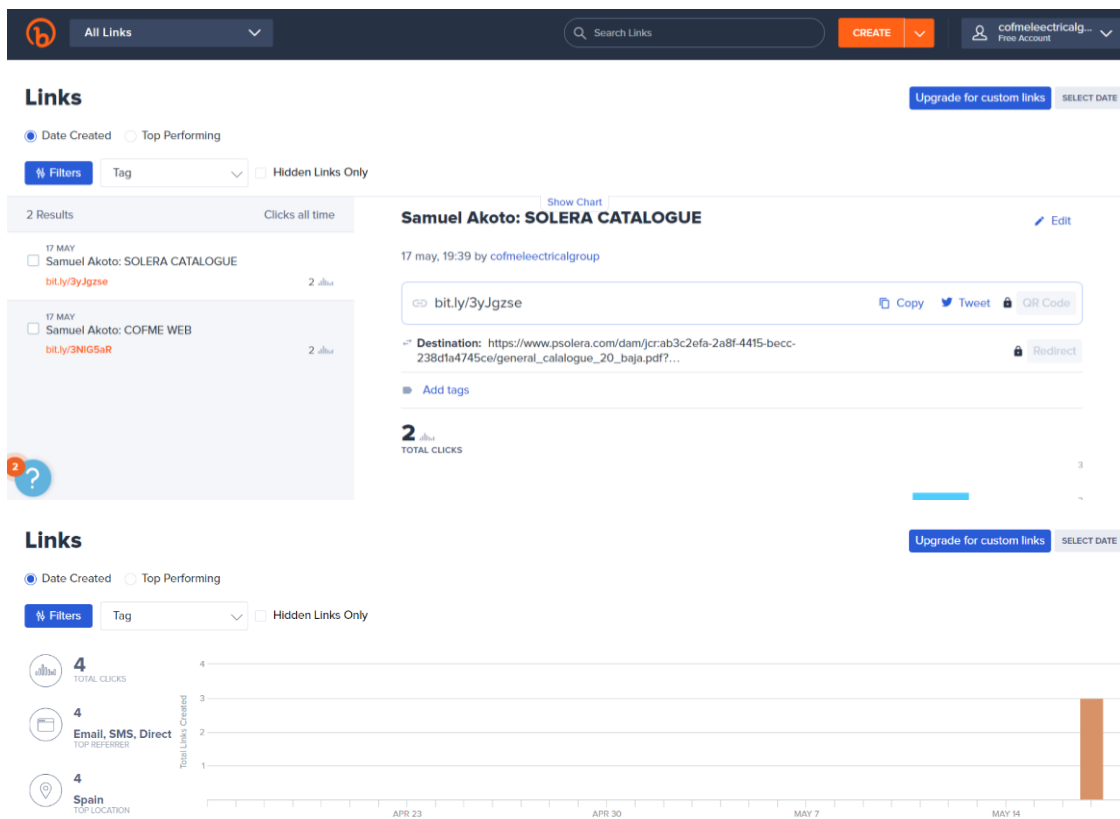
⁶⁷ This one requires either 300\$/month or an annual one-time charge of 2.388\$.

Appendix 31. Bitly Monthly Plans available and what they include.

| FREE | BASIC | PREMIUM | ENTERPRISE |
|---|--|---|---|
| <p>\$0/month</p> <p>Get Started</p> <p>Up to 1,000 bit.ly links / month</p> <p>Includes:</p> <ul style="list-style-type: none"> Unlimited clicks Customizable back-halves Powerful link history and reporting Access to integrations 2-Factor Authentication (2FA) | <p>\$21/month <small>(annual one-time charge of \$252)</small></p> <p>Get Started</p> <p>Up to 1,500 branded links / month</p> <p>Everything In Free, plus:</p> <ul style="list-style-type: none"> Create and share branded links Basic email support Redirect any link Bulk link shortening NEW Bitly-branded QR Codes NEW | <p>\$199/month <small>(annual one-time charge of \$2,388)</small></p> <p>Get Started</p> <p>Up to 3,000 branded links / month</p> <p>Everything In Basic, plus:</p> <ul style="list-style-type: none"> Advanced analytics Campaigns UTM Builder Mobile deep links QR Codes | <p>Custom Pricing</p> <p>Get a Quote</p> <p>Up to 10,000+ branded links / month</p> <p>Everything In Premium, plus:</p> <ul style="list-style-type: none"> At scale link generation Advanced user and group permissions 99.9% SLA uptime Comprehensive data and analytics Personalized onboarding and expert account manager support |

Source: Bitly Pricing Page.

Appendix 32. Example of 2 Bitly Links⁶⁸ tracking data for an agent (“Samuel Akoto”).



Source: Own Elaboration

⁶⁸ Those being: SOLERA’s catalogue download link and COFME’s website

Appendix 33. Percentage increase on commission basis (3%) depending on the Bitly link clicks achieved weekly

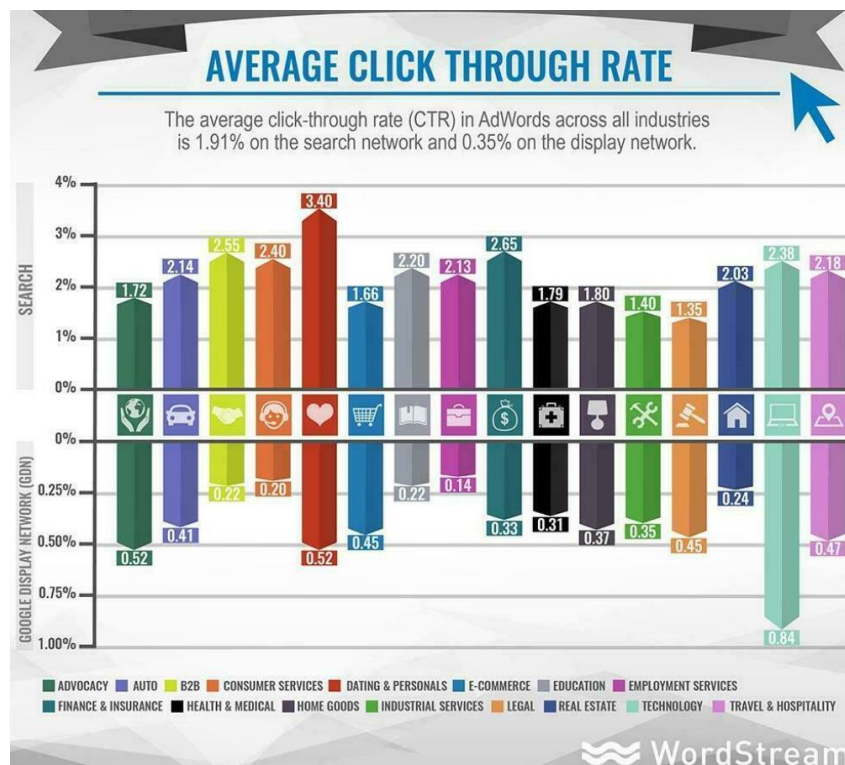
Table 1: Variable increase on commission basis for the agents depending on their promotional efforts

| Category of Bitly Links | Number of weekly clicks | Increase on commission basis percentage (5%) |
|---|-------------------------|--|
| COFME’s website | 10-20 | 2% |
| | 20-30 | 3% |
| | >30 | 4% |
| General catalogue of any product category⁶⁹ | 3-9 | 3% |
| | 10-15 | 4% |
| | >15 | 5% |
| Social Media Account visits on Facebook, Instagram, and LinkedIn | 10-20 | 2% |
| | 20-30 | 3% |
| | >30 | 4% |

Source: Own Elaboration

Note: The maximum commission attainable per order is 20%

Appendix 34. Average Click Through Rate across all industries on the search and display network.



Source: WordStream

⁶⁹ CELO, DAISALUX, FERMAX, SOLERA, SALICRU, SACI, SODECA and SOFAMEL. Usually, each agent won't promote more than 2 product categories.

Appendix 35. Viability Plan Development.

In this section a 3-year viability plan has been developed. It is intended to start in January 2023 and end in December 2025. The idea is to close 2025 exercise with a gross billing of 400.000€.

The expenses that COFME will have to assume can be divided into:

- Agents' recruitment Campaign
- Clients' Prospection Campaign
- Bitly Campaign
- Parallel ACCIÓ collaboration in Mauritius from ACCIÓ-Kenya
- Possible Mission trips to Ghana and Mauritius during the year

As the strategy and execution support from TRACK Advising was already given in the first activation, those 4.537,50 euros will be considered a sunk cost. However, in case COFME wanted to expand into a new market that required a new target strategy, maybe TRACK services would be contracted again.

Both the reactivation of the agents' recruitment campaign and the clients' database builder are complementary with each other and will be launched at the same markets.

As mentioned, the Bitly Campaign to track each agent promotional efforts will be activated under the Free Plan conditions as initially no more than 1000 Bitly links will be used.

Bitly Campaign effectiveness will be tested for 1 year. In case it matches COFME's expectations, upgrading to the "Premium Plan" would be considered as not only it offers more Bitly links per month, but it also enables the "Campaign" feature. This one helps brands with complex, multi-channel marketing campaigns build one cohesive dashboard for all their marketing efforts.

It is estimated that, as the digital recruitment tool gets reactivated, in 6 months at least 10 more agents will be officialised. Thus, adding 60 extra Bitly links to manage. This is why the "Campaign" feature is indispensable for an optimal control.

In case of upgrading to the Premium plan, the cost arises up to 2.388 euros annually.

Table: Total Expenses

| | 2023 | 2024 | 2025 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Agents' Recruitment Tool | | | |
| FACEBOOK | | | |
| 10€/day per 2 ad-sets (Ghana and Mauritius) | 6.000€ | 4.000€ | 3.000€ |
| Ad designer specialist salary (200€/month) | 2.400€ | 2.400€ | 2.400€ |
| MAILCHIMP | | | |
| Standard Plan subscription with 500 contacts/month | 650 contacts/month | 650 contacts/month | 650 contacts/month |
| 16,31€/month + 4,28€ more for every 150 additional contacts | 16,31€ + 4,28€/month = 247€ | 16,31€ + 4,28€/month = 247€ | 16,31€ + 4,28€/month = 247€ |
| ZAPIER (Starter Plan) | | | |
| 12,5€/month | 150€ | 150€ | 150€ |
| TYPEFORM (Essentials Plan: 1000 answers/month) | | | |
| 30€/month | 360€ | 360€ | 360€ |
| Clients' Lead Campaign for Database | | | |
| FACEBOOK | | | |
| | 3 months/year | 2 months/year | 1 month/year |
| 5€/day | | | |
| 8 ad-sets (one for each manufacturer) | | | |
| 2 countries: Ghana and Mauritius | 7.200€ | 4.800€ | 2.400€ |
| Bitly Campaign | Free Plan = 0 € | Premium Plan = 2.388€ | Premium Plan = 2.388€ |
| ACCIÓ Collaboration (only in Mauritius) | | | |
| 4-months service | 1.800 € | 0 € | 0 € |
| Possible mission trips to Ghana or Mauritius | 2.500 € | 4.000 € | 3.000 € |
| TOTAL EXPENSES | 20.657 € | 18.345 € | 13.945 € |

Source: Own Elaboration

Table: P&L Statement of the line of revenues

| | 2023 | 2024 | 2025 |
|---|-----------|----------|----------|
| Gross Billing Stream 1 (Mauritius) | 50.000€ | 100.000€ | 200.000€ |
| Gross Billing Stream 2 (Ghana) | 50.000€ | 100.000€ | 200.000€ |
| Total Gross Billing | 100.000€ | 200.000€ | 400.000€ |
| EBITDA Margin (10%) | 10.000€ | 20.000€ | 40.000€ |
| Expenses | | | |
| Agents' Recruitment Tool | 9.157€ | 7.157€ | 6.157€ |
| Clients' Lead Campaign for Database | 7.200€ | 4.800€ | 2.400€ |
| Bitly Campaign | 0€ | 2.388€ | 2.388€ |
| Mauritius ACCIÓ Collaboration | 1.800€ | 0€ | 0€ |
| Mission Trips | 2.500€ | 4.000€ | 3.000€ |
| Total Expenses | 20.657€ | 18.345€ | 13.945€ |
| EBIT | -10.657€ | 1.655€ | 26.055€ |
| Financial Expenses | 0€ | 0€ | 0€ |
| Financial Income | 0€ | 0€ | 0€ |
| EBT | | | |
| Corporate task (0%) | 0€ | 0€ | 0€ |
| NET PROFIT | -10.657 € | 1.655€ | 26.055€ |

Source: Own Elaboration

As reflected by the Profit and Loss Statement, in the first year COFME will incur in losses of 10.657€. However, in the second year of implementation the expansion plan will begin to be profitable obtaining a net profit of 1.655€. Profit becomes positive as costs derived from its maintenance remain almost the same but expected revenues generated increase significantly.

In an expansion project as such, gross billing for year 1+N must be the double as year 1 (minimum). Otherwise, if it remains the same or at a slow increase rate it isn't a profitable project to invest in.

Thus, it can be concluded that this first phase of expansion of COFME Electrical Group in Africa is economically viable. However, as we are only focusing in two markets initially, this expansion project will get to a point in which there won't be more applicants for the agents' Program or unknown potential clients to discover. At this phase revenues will start to stabilize and even becoming slightly slower every year. By that time, it would be needed to consider a second phase of this expansion plan and activate new markets such as South Africa.