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INTERNATIONALIZATION FIELD LAB OF PS:
AN IN-DEPTH ANALYSIS OF NORWAY

MAXIMILIAN FALTERMEIER

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Abstract

Internationalization is a strategic challenge for small companies. This paper aims to provide an analytic procedure for the Portuguese luxury real estate agency of PS by defining the target market for expansion, an appropriate market entry mode, and an applicable marketing plan along a financial forecast. Literature was reviewed to identify the criteria to be considered when selecting the market entry mode. An in-depth analysis of Norway revealed that while it offers a favorable environment for operating as a real estate broker with a focus on international clients, strict requirements and limited commissions reduce the country's attractiveness.

Keywords: Internationalization, Market Selection, Entry Strategy, Strategic Analysis, Norwegian Real Estate Agencies, Market Entry Mode Selection Criteria

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1 Literature Review of Market Entry Mode Selection Criteria

For an internationalizing company to succeed it must determine a suitable market entry mode (Anderson and Gatignon 1986; Hill, Hwang, and Kim 1990). Below, the literature on the selection characteristics are explained using the four clusters of Hollensen (2014).

The first cluster reviewed includes internal criteria. Literature shows that the firm size influences the selection of an entry mode (Hollensen 2014; Kogut and Singh 1988). It is positively related to the ability of deploying large financial resources, which allows the company to choose entry modes involving larger investments (Boellis et al. 2016; Mariotti, Marzano, and Piscitello 2021; Moalla and Mayrhofer 2020). Further, a company's prior experience in international markets has been found to affect the market entry mode choice, with direct investments being made by companies that have experience in unlike markets (Cho and Padmanabhan 2005; Dow and Larimo 2011; Moalla and Mayrhofer 2020). Moreover, product or service complexity affects the market entry mode (Hollensen 2014). Depending on the degree of complexity, it is not guaranteed that an intermediary provides the same quality of pre- and after-sales services as the exporting firm itself (Hollensen 2014). A further criterion is a company's competitive strategy. As per the resourced-based theory, the competitive advantage is driven by "tangible and intangible resources" (Lu, Karpova, and Fiore 2011, 62). Hence, the entry mode selection depends on the resources' sufficiency and the ability to maximize their benefits (Lu, Karpova, and Fiore 2011; Sharma and Erramilli 2004).

Second, external factors influencing the entry mode choice are reviewed. The socio-cultural distance between countries refers to their differences in culture and people (Canabal and White III 2008). Besides, culture also includes "investment risks associated with different host country economic, ... cultural systems, as well as market attractiveness" (Brouthers 2002, 206). Companies seeking to expand in low investment risk markets choose entry modes with a high level of control level and vice versa (Brouthers 2002). Additionally, an expanding company

needs to assess the host country's demand uncertainty. To recognize this, companies ought to know current demand conditions and the market sales potential (Lu, Karpova, and Fiore 2011; Pan and Tse 2000). Countries with an uncertain or limited demand require entry modes with less equity to mitigate the risk (Lu, Karpova, and Fiore 2011). Trade barriers such as direct and indirect tariffs or quotas further impact the entry mode decision by setting limits on how a company's foreign operations are supported or hindered by the host government (Hollensen 2014). With respect to the host country's competitiveness, Hill, Hwang, and Kim (1990) show that intense and volatile competitiveness requires flexibility to enable quick reaction. Thus, "contractual relationships" (1990, 123) are pursued in such countries. Lastly, the number of export intermediaries available affects the entry mode choice, as "opportunistic behavior" (Hollensen 2014, 6:337) can occur for monopolistic intermediaries.

Transaction specific factors which influence the market entry mode choice include opportunistic behavior and the tacit nature of know-how, where complex products or services are referred to as tacit (Hollensen 2014). The latter require constant communication and thus hamper the collaboration between partnering organizations, which is why an internalized mode is favorable (Elia, Massini, and Narula 2019). Opportunistic behavior refers to selfish actions which are motivated by stealth, and if an intermediary engages in such, transaction costs occur (Hollensen 2014; Williamson 1985). These can be tempered by market entry modes at a high degree of control and an economic transaction cost design (Lu, Karpova, and Fiore 2011).

A company's desired mode characteristics can equally influence the entry mode selection. While risk-averse managers prefer modes with low resource commitment, a company which is seeking for a high level of control, is going to opt for an entry mode with a higher degree of ownership (Anderson and Gatignon 1986; Hollensen 2014). The final factor is flexibility and refers to the level of resource commitment. It is the highest for companies that choose an entry mode with little equity and lowest for high resource commitment (Hill, Hwang, and Kim 1990).

2 In-Depth Market Analysis of Norway

2.1 Country Overview

To provide an overall understanding of the Kingdom of Norway's macroeconomic environment, a PESTEL analysis (Yüksel 2012) is conducted. [Table 1](#) provides a detailed breakdown of the distinct aspects, which are concluded below.

Politically, Norway is a stable country with a low level of conflicts and offers one of the "best business environments from a global perspective" (Euromonitor International 2021; Fund for Peace 2021). With low ancillary transfer costs and the absence of an inheritance tax, Norway represents a financially viable real estate investment opportunity for international clients. By contrast, Norway is one of the few countries in Europe that levies a net wealth tax (Tax Foundation 2020), which may dampen demand from abroad. Relative to other western European countries, Norway's mid-level corporate tax rate reduces potential profits (Tax Foundation 2021a), which are critical for companies seeking to enter a new market.

Although the oil-dependent Norwegian economy has suffered from the COVID-19 pandemic, the low policy rate of the Norwegian National Bank led to a decline in mortgage rates (Euromonitor International 2021; The Global Economy 2021). This led to an upsurge in real estate transactions and thus, agencies could increase their commission income (Finanstilsynet 2021c). On the opposite, Norway's less globally traded currency of Norwegian kroner and its restrictions on foreign direct investments can limit the demand opportunities of international clients (Bank for International Settlements 2019; OECD 2021). Lastly, a low unemployment rate impedes recruiting talent, needed to build a business (Euromonitor International 2021).

On a social horizon, the Norwegian real estate market benefits from domestic demand-side conditions, such as an increase in birthrates, expanding urban areas, the growth of ultra-high-net-worth-individuals and a high ownership rate (Euromonitor International 2021; Knight Frank 2017; Statista 2021). All of this can lead to continued growth in demand, particularly in

the luxury segment. This indicates opportunities for brokers to capture shares of the market. However, high wages (OECD 2019) pose an obstacle to rapid profitability after market entry. In terms of technology, Norway offers a favorable environment. A conducive legal and regulatory framework for digital operations (Soumitra and Bruno 2020) allows companies to easily deploy technologies. Norway's beneficial investment performance in emerging technologies (Soumitra and Bruno 2020) can encourage and facilitate the use of internet of things or artificial intelligence for real estate agents, enabling them to attract new clients. Yet, the financially attractive oil and gas business has reduced the need for innovation (Euromonitor International 2021), which may lead to neglecting the use of the technology-friendly setting. Apart from Norway's low performance in biodiversity (Sachs et al. 2021), the government supports the private sector with incentives for a more sustainable environment. Various schemes and proposals are in place to increase real estate energy efficiency (ENOVA 2021). Presumably, these favored a decrease of the energy consumption per dwelling since 2006 (Odyssee-Mure 2021).

Characterized by efficiency and effectiveness, Norway's legal system is superior to other countries (Euromonitor International 2021; World Justice Project 2021). Moreover, a relatively low minimum share capital of NOK 30 000 (DLA Piper 2021), facilitates to start a business. Despite a good legal framework, the qualifications to receive a real estate agent license are highly regulated, hampering a potential market entry. To apply for such, one must have obtained either an academic degree in real estate brokerage or a law (Finanstilsynet 2021a).

2.2 *Contacts*

To assess the real estate market environment in Norway, relevant and potential contacts are researched and evaluated in the following.

Invest in Norway is “the investment promotion agency of Norway” (Invest in Norway 2021), and provides advisory services to international businesses setting up their activities in Norway.

As the primary entry contact, it offers support in assessing opportunities and introduces relevant contacts in the respective industries (Invest in Norway 2021). The Norwegian financial supervisory authority is a further governmental institution which is of relevance for real estate agencies and decides upon one's eligibility to obtain a real estate brokerage license (Finanstilsynet 2021a). The digitized license application process is accessible via the e-government solution *Altinn* (Altinn co-operation 2017; Finanstilsynet, n.d.).

To provide clients with potential financing opportunities or currency exchange advisory, a real estate agent should have contacts to the major financial institutions in Norway. Based on their total asset volume, DNB Bank ASA is the largest bank in Norway, followed by branches of the savings bank Sparebank 1 and Santander Consumer Bank (Finans Norge 2020). The regional nature of Sparebank 1's local branches might display advantages in accessing regional contacts such as notaries, administrative bodies or property development companies. However, as the Sparebank 1 affiliates and the DNB Bank operate their own real estate agencies (EiendomsMegler 1 2021c; DNB Eiendom 2021b), they might not be open to collaboration and thus, Santander could display the most favorable contact in the financial sector.

An additional contact of importance is the national organization *Norwegian Association of Real Estate Agents* (Norwegian Association of Real Estate Agents, n.d.). It supports agencies in legal and insurance matters and keeps them informed on the latest changes in regulations or industry requirements. Lastly, it offers trainings on regional market characteristics or privacy policy (Norwegian Association of Real Estate Agents, n.d.).

Regarding distribution channels, it shows that 95% of potential real estate buyers use online websites as a primary information source (National Association of Realtors 2017). In Norway, the major company in this field is finn.no, which processes 98% of real estate transactions via their website (Bø 2018; finn.no 2021a). In addition, the marketplace offers different marketing opportunities to strengthen a broker's brand (finn.no 2021b).

2.3 Competition

Analyzing the Norwegian competitive landscape of real estate agents, it is notable that there are six distinct types of licenses that enable different professional groups to broker real estate (Table 2). Thus, there are numerous small market players that pose potential competition. Yet, real estate agency companies account for most of the real estate transactions in Norway (Finanstilsynet 2021c). Hence, the following analysis focuses on the latter. Among the 1122 licensed real estate broker companies (Finanstilsynet 2021b), the largest ones by annual revenue are DNB Eiendom, Eiendomsmegler Krogsvæn and Eiendomsmegler 1 (Orbis 2020b). To gain more insights into the luxury segment, three agency companies with the highest sales volume and a focus on luxury real estate are analyzed: Privatmegleren, Eie Eiendomsmegling, and Sem & Johnsen (Orbis 2020b). Within this analysis, they are evaluated on offered services, annual sales, strengths, weaknesses, and market share. Detailed aspects can be found in Table 3. The broader competitive landscape of mass market and luxury real estate agencies in Norway is then displayed by a positioning map.

First, the offered services and solutions are compared. All three agencies offer the brokerage of residential real estate (Privatmegleren 2021b; Eie Eiendomsmegling 2020a; Sem & Johnsen 2021b; 2021c). Unlike the other agencies, Sem & Johnsen does not list commercial properties on its website but focuses on residential ones (Sem & Johnsen 2021b; 2021c). As the sole competitor, Eie Eiendomsmegling offers real estate related legal advisory services alongside its brokerage business (Eie Eiendomsmegling 2020b). One can assume that this helps Eie Eiendomsmegling growing their network and thus enables them to enlarge their portfolio of properties. Comparison shows that Privatmegleren offers the most additional services, such as a digital marketing service for sellers which increases the likelihood of their property to be sold (Privatmegleren 2021e). They further offer negotiation and moving services for buyers and sellers (Privatmegleren 2021c; 2021f). As Privatmegleren was acquired by Nordea Bank, they

can provide access to financial services from their now parent company (Privatmegleren 2021g).

Next, the different sales volumes and business models are discussed to understand the market structure. The company of Privatmegleren AS acts as the franchisor for the offices and brokers, which operate under its name. Its franchising revenue for 2020 is \$11.3 million (Orbis 2020b). Due to the lack of transparency about the licensees, a total brand revenue cannot be determined or calculated. Yet, their largest franchisee is Dyve & Partnere, with a commission-based revenue of \$ 11.2 million in 2020 (Orbis 2020b). Eie Eiendomsmegling, which also operates on a franchising model, has total revenues of \$ 8 million (Orbis 2020b). Sem & Johnsen was able to achieve total sales of \$16.6 million, despite its regional presence and limited number of offices (Orbis 2020b; Sem & Johnsen 2021a). This demonstrates their strength in their covered territory. The hitherto franchisees of Sem & Johnsen are now consolidated under the parent company VSJN AS and in turn became shareholders of the latter (Finansavisen 2020).

When determining market shares, it shows that the market lacks transparency. This is primarily due to the franchise business model, by which it is not possible to access each franchisee's revenue, or the share of offices operated by the franchisor itself. Thus, it is not viable to assess market shares solely based on the licensor's revenues.

Further, the strengths and weaknesses of the competitive landscape in the market's luxury segment are reviewed. While Privatmegleren and Eie Eiendomsmegling were both found at the beginning of the 21st century, Sem & Johnsen can claim a company history of more than 40 years (Orbis 2020a; Eie Eiendomsmegling 2020e; Sem & Johnsen 2021a). The prior two agencies benefit from a nationwide presence with more than 70 sales offices each, whereas Sem & Johnsen is only present in the greater Oslo area (Eie Eiendomsmegling 2020f; Privatmegleren 2021h; Sem & Johnsen 2021a), limiting their nationwide capabilities. Based on the absolute number of properties offered with a worth of more than NOK 10 million,

Privatmegleren has the strongest portfolio (Privatmegleren 2021b) and thus dominates the market in this respect. Nonetheless, given that Sem & Johnsen's operations are only regional, the company can be considered a territorial market leader. Unlike Sem & Johnsen, Privatmegleren and Eie Eiendomsmegling offer digital tools to their sellers (Privatmegleren 2021d; 2021e; Eie Eiendomsmegling 2020d). This can improve the sellers' experience and thus strengthen the position of the latter agencies in the market. Even though Sem & Johnson has recently dissolved its franchise system (Finansavisen 2020), it so far could benefit from the advantages of this business model (Sun and Lee 2019; Brickley and Dark 1987), as have Privatmegleren and Eie Eiendomsmegling. Despite the agencies' individual strengths, they share some weaknesses. None of them targets international clients as neither of their websites are accessible in English and no information is provided which is tailored for foreign real estate buyers in Norway.

To determine how the various brokers are situated relative to each other, a positioning map was assembled, including the main competitors (Gigauri 2019) ([Figure 1](#)). They are evaluated based on two dimensions: degree of personalization and degree of luxury focus. A detailed description of each competitors' characteristics is found in [Table 4](#). Among the competitors in the luxury segments, it shows that Privatmegleren is performing high on both dimensions, whereas Sem & Johnsen does not operate with a high degree of personalization. On the other hand, Eie Eiendomsmegler is operating on a high degree of personalization, however they lack a clear luxury identity in their brand image. For the three mass market competitors it shows that their portfolios are limited for properties listed worth more than NOK 10 million. Except for EiendomsMegler 1, the other two show a medium level of personalized services.

Concluding the positing map and the preceding competitor analysis of the luxury segment, it shows that despites Privatmegleren's strong position in the Norwegian market and Sem &

Johnsen's regional championship, the lack of personalized services with a focus for international clients provide opportunities to differentiate.

2.4 Overall Market Sales Potential and Company Sales Potential

The market sales potential for real estate agencies in this analysis is defined as the total accumulated sales commission by all real estate agents. To calculate the respective market size for the luxury segment, the chain ratio method was used (Waheeduzzaman 2008). First, the dataset for overall property transactions by real estate agencies was retrieved from the financial supervisory authority (Finanstilsynet 2021c). Second, the share of properties worth NOK 10 million and more on the marketplace finn.no was determined, representing the share of luxury real estate transactions on the market. Based on this, the average price per square meter in Oslo's most expensive neighborhood Frogner (Statista 2016), its average living space for sold properties (Privatmegleren 2021i) and the derived compounded annual growth rate of the price and number of transactions (Finanstilsynet 2021c), results in a potential market size of approximately NOK 2 billion in 2022. With a compounded annual growth rate of 5.15% and 1.92% for price and the number of transactions respectively, the market sales potential in 2025 is approximately NOK 2.6 billion with an overall CAGR of 5.22%.

The respective company sales potential for PS entering the Norwegian luxury real estate agency market is calculated using the method of analogy (Green and Armstrong 2017). For this, a ratio was computed comparing the number of properties sold by PS to those sold by its competitor, Sotheby's Portugal. The number of dwellings transferred via Sotheby's Portugal was derived from the number of their online listings and the number of days that is needed to sell a luxury property (Statista 2018). Finally, it was assumed that PS could keep this ratio in Norway relative to the agency of Privatmegleren, resulting in a company sales potential of € 41 650 for the year 2022 assuming two properties transferred and a commission rate of 1.73%. Detailed calculations for the market and company sales potential can be found in [Table 5](#).

2.5 *Market Entry Conditions*

The conditions of entering the Norwegian market are analyzed by the following criteria: Trade barriers, industry standards and regulations, distribution channels, payment and financing methods, registrations, transportation, and documentation. A breakdown of each criterion can be found in [Table 6](#). As Norway is part of the European Economic Area, there are no trade barriers which hinder a market entrance from a Portuguese company (DLA Piper and Invest in Norway 2020). Industry regulations state explicit requirements for real estate agents and agencies such as an academic background in real estate brokerage or law and a record of at least two years of experience in the real estate sector (Finanstilsynet 2021a). However, a regulated framework for real estate purchase contracts among private individuals lowers the level of expertise needed (DLA Piper 2020). Finn.no is the leading marketplace for housing in Norway, accounting for 98% of transactions, facilitating a new market entrant's choice of distribution channel (Bø 2018; finn.no 2021b). The Norwegian finance sector is characterized by its' simple access and affordability of loans and an increase of digital payment methods in the business-to-business environment (J.P. Morgan 2019; World Economic Forum 2016). As a non-national in Norway, one can start a business by either establishing a limited liability company or a Norwegian branch of a foreign company (Invest in Bergen, n.d.). Whereas the prior option requires a minimum share capital of NOK 30 000, the latter one does not demand such and is subject to taxes in Portugal only (Invest in Bergen, n.d.; Norwegian Ministry of Finance 2011). Both can be completed via online-only registration, simplifying the process (Bronnøysund Register Center 2021a; 2021b). Increasing federal investments for road infrastructure imply a good environment of transportation, being important to agencies for executing viewings and valuations (Statista 2019). Documentation is primarily needed to obtain the real estate brokerage license (Bronnøysund Register Center 2021b; Finanstilsynet 2021a). Concluding, Norway shows overall favorable market entry conditions.

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Appendix

Political	Opportunities General: • Norway offers one of the “best business environments from a global perspective”(Euromonitor International 2021), as its ease of doing business is considered as beneficial in comparison to other western European countries • Norway is a politically stable country with rare violent demonstration (Euromonitor International 2021). From this it derives a better planning reliability for businesses as well as for clients • The Fragility States Index shows that Norway is the second least country with evidence and potential of conflicts (Fund for Peace 2021), providing a stable environment for pursuing business operations • In terms of corruption, Norway is one of the countries where this is hardly perceived as an issue and therefore signals safety for starting a business (Transparency International 2020) Real Estate: • Norway is characterized by its ease of “registering property, and obtaining a construction permit, with low monetary and time costs” (Euromonitor International 2021) • There is no inheritance tax in Norway (Tax Foundation 2021b) , which can favor the overall demand of international clients
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	• With a real estate transfer tax of 2.5% on the transfer price (KPMG Law Advokatfirma AS 2020), Norway is an attractive real estate market compared to other OECD countries (Tax Foundation 2021a) Challenges General: • With a corporate tax rate of 22%, Norway shows a medium level of corporate tax burden, on an OECD comparison (Tax Foundation 2021a). As this influences a company's potential profitability, it can hinder it from entering this market Real Estate: • Compared to other OECD countries, Norway imposes a challenge by raising a net wealth tax of 0.85% (Tax Foundation 2020), which could make renting superior to potential real estate buyers
Economical	Opportunities General: • Due to slowed down activities during the first period of the COVID-19 pandemic, oil demand decreased significantly. As more than 50% of Norway's exported commodities are mineral products, this decrease in oil demand and therefore price had a negative impact on the Norwegian economy, resulting in a recession (Euromonitor International 2021) Real Estate: • With an average mortgage credit interest rate of 1.81% in August 2021, Norway currently experiences the lowest level of this rate in

	their history (The Global Economy 2021). These cheap credits represent not only a favorable environment for real estate buyers but also drove up real estate demand and thereby prices (Reuters 2020) which can favor a real estate agents commission Challenges General: • A low unemployment rate in Norway of 3.7% before the pandemic and 4.7% in 2020 (Euromonitor International 2021), however, can also be seen as a challenge, as it makes it more difficult to find employees when opening a business • The currency of Norwegian Crowns weakens the attractiveness for foreign investors as it is among the less traded currencies (Bank for International Settlements 2019) Real Estate: • Below western European average foreign direct investment activities (Euromonitor International 2021), reflect the barriers the Norwegian government rises to protect the local economy. As per the OECD, Norway is one of the most restrictive countries in terms of FDIs in Europe (OECD 2021)
Social	Opportunities General: • Norway's population is increasing, due to a rise of fertility rate (Euromonitor International 2021), which can drive the domestic demand for housing

	Real Estate: • An increasing number of UHNWI with a fortune of more than 10 million (Knight Frank 2017) favors the demand for luxury real estate • A predicted expansion of urban areas, particularly in the cities of Oslo and Stavanger, can enable new construction projects, possibly including luxury real estate (Euromonitor International 2021) • Compared to the Western European average, a larger part of the Norwegian population tends to obtain the real estate they live in (Statista 2021), demonstrating a possibility of capturing additional demand.
	Challenges General: • Norway encounters a high rate of people pursuing higher education (Euromonitor International 2021). Besides the opportunities this displays, a lack of lower skilled employees such as blue-collar workers could slow down the construction of new real estate • As Norway is known as a high-wage country (OECD 2019), barriers in terms of talent acquisition might emerge while building a business Real Estate: • No real estate specific social challenge is identified

Technological	Opportunities General: • Following the evaluations of the network readiness index, Norway is among the best ten country in terms of being papered for a digital future. In particular, their performance is driven by a beneficial environment in terms of legislation and regulations (Soumitra and Bruno 2020) Real Estate: • One factor that drives the network readiness index is the investment in emerging technologies. This includes the for real estate important technologies such as the internet of things or artificial intelligence. Thus, Norway's good performance among other European countries (Soumitra and Bruno 2020) demonstrates a favorable environment Challenges General: • The dominant and attractive oil and gas industry leads to a reduced need for innovation in Norway (Euromonitor International 2021). In addition, the Norwegian government is spending solely 2% on research and development, which is low compared to other European countries (Schwab 2019) Real Estate: • No real estate specific technological challenge is identified
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Environmental	Opportunities General: • For its primary energy supply, Norway uses more than 50% of renewable energy and is therefore in accordance with the SDG goals (Sachs et al. 2021) Real Estate: • Via the state-owned company Enova, the Norwegian ministry of climate and energy is supporting real estate owners to achieve a more energy efficient and sustainable construction by the use of governmental subsidies (ENOVA 2021) • Norway was able to decrease the energy consumption per dwelling and managed to reduce the amount of fossil fuels used in households (Odyssee-Mure 2021) Challenges General: • The SDG development index shows that Norway faces major challenges in protecting terrestrial and freshwater area to keep up natural biodiversity. It further threatens its biodiversity through importing goods (Sachs et al. 2021) Real Estate: • No real estate specific environmental challenge found
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Legal	Opportunities General: - Norway's juridical system is characterized by efficiency and effectiveness. This is due to comparably fast and low-cost dispute resolutions and a "strong legal framework for insolvencies" (Euromonitor International 2021) - In Norway a share capital of NOK 30 000 (=€ 3 091.56) is required for limited liability companies. Compared to other European countries this is at the lower end of minimum share capital requirements (DLA Piper 2021) Real Estate: - Among individuals, contracts for real estate transaction are regulated by Norwegian law. Among professional parties it holds the freedom of contract, which displays a low complexity and level of expertise (DLA Piper 2020). This lowers the barriers to start a real estate agency. Challenges General: - Norway shows almost no barriers in their juridical system as it is ranked second among 139 countries on the WJP rule of law index (World Justice Project 2021)
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	Real Estate: • According to the financial supervisory authority of Norway, it is required to have obtained an academic degree in real estate brokerage or law to start a real estate agency (Finanstilsynet 2021a) • Norway's villa clauses impose restrictions and liabilities on real estate projects, mostly related to the need of densification (DALAN advokatfirma DA 2021). This could reduce the amount of new luxury real estate being built.
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Table 1: Detailed PESTEL analysis Norway

Different types of licenses that enable the occupation of an real estate agent (Finanstilsynet 2021b).
(1) An attorney at law who meets the requirements to do real estate brokerage (2) A qualified real estate broker by academic degree (3) A real estate agency (4) A lawyer who is enabled to do real estate brokerage (5) An agent in a real estate company (6) A legal assistant who meets the requirements to do real estate brokerage

Table 2: Types of licenses to work as a real estate agent

	Privatmegleren AS	Eie Eiendomsmegling AS	Sem & Johnsen (VSJN AS)
Offered Services	<u>Residential Real Estate:</u> Including the brokerage of new construction, existing	<u>Residential Real Estate:</u> Including brokerage of new construction, existing property,	<u>Residential Real Estate:</u> Including brokerage and leasing of new construction, existing

	property, vacation homes, cottages, plot of land (Privatmegleren 2021b) <u>Commercial real Estate:</u> Including farms, production sites, commercial buildings, single office space, storage halls (Privatmegleren 2021b) <u>Marketing Services:</u> Digital advertising by the use of KLIKK X use – an intelligent advertising tool (Privatmegleren 2021e)	vacation homes, cottages (Eie Eiendomsmegling 2020a) <u>Commercial real Estate:</u> Including commercial buildings, single office space, storage halls (Eie Eiendomsmegling 2020a) <u>Legal Advisory:</u> They offer advisory with a focus of legal aspects that are related to purchase, sale, development, lease, planning and construction, leasehold, and partial ownership law. In addition, they cover	property, vacation homes, cottages, plot of land (Sem & Johnsen 2021b; 2021c) <u>Off-Market Sales:</u> For sellers who value a high level of discretion, they offer off-market sales (Sem & Johnsen 2021d)
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	<u>Financing brokerage:</u> Since its acquisition by Nordea Bank, Privatmegleren has been working with the latter to provide financing solutions for its customers (Privatmegleren 2021g) <u>Negotiation Services:</u> They also offer help for negotiating contracts or taking part in bidding processes (Privatmegleren 2021c) <u>Moving Service:</u> Cleaning service for old home, arrangement of movement and storage	the legal areas of planning and construction, taxes and fees, corporate law, contract law and employment law. Within the field of private law, they support in wills, inheritance, tort, and insurance law (Eie Eiendomsmegling 2020b)	
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	of personal belongings, set up of electricity and further appointments (Privatmegleren 2021f)		
Market Share	The market largely lacks transparency. This is primarily due to the franchise business model, where it is not possible to access licensee revenues, or the share of offices operated by the licensor itself. Thus, it is not viable to determine market share solely based on the published revenues of the licensors.		
Sales	\$ 11.3 million, mainly from license agreements with franchisees. According to the latest information available the largest franchisee is Dyve & Partnere with a commission-based revenue of \$ 11.2 million (Orbis 2020b; 2020a)	8 million \$, however it was not able to identify whether the revenues come from franchise licensing only, from commission or mixture of the above-mentioned options (Orbis 2020b)	16.6 million \$, however it was not able to identify whether the revenues come from franchise licensing only, from commission or mixture of the above-mentioned options (Orbis 2020b)
Market Positioning	The market positioning is determined by the positing map which can be seen in <i>Figure 1</i> .		

Strengths	<u>Experience:</u> Founded in 2003 they demonstrate a long market experience (Orbis 2020a) <u>Presence:</u> With 76 sales offices throughout Norway, they can cover almost every region and city (Privatmegleren 2021h) <u>Portfolio Size:</u> With currently 195 properties, valued at more than 10 million NOK, they offer a huge portfolio (retrieved 1.11.2021) (Privatmegleren 2021b) <u>Franchise Business Model:</u> Franchising allows for less	<u>Experience:</u> Founded in 2005 they demonstrate a long market experience (Eie Eiendomsmegling 2020e) <u>Presence:</u> 74 sales offices throughout Norway, they can cover almost every region and city (Eie Eiendomsmegling 2020f) <u>Portfolio Size:</u> With currently 76 properties, valued at more than 10 million NOK, they offer an intermediate portfolio of luxury real estate	<u>Experience:</u> Founded in 1977 they can be considered one of the oldest real estate brokers (Sem & Johnsen 2021a) <u>Portfolio Size:</u> With currently 87 properties, valued at more than 10 million NOK, they might offer an intermediate portfolio of luxury real estate, but considering that they are solely operating regionally this can be considered high (2.11.2021) (Sem & Johnsen 2021b; 2021c)
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	monitoring efforts, local knowledge, low capital investments of the owner and efficient market penetration (Sun and Lee 2019; Brickley and Dark 1987; Michael 2003) <u>Digitalized Sales</u> <u>Process:</u> With their own app, a seller can continuously be updated about the process	(2.11.2021) (Eie Eiendomsmegling 2020a) <u>Franchise Business</u> <u>Model:</u> Franchising allows for less monitoring efforts, local knowledge, low capital investments of the owner and efficient market penetration (Sun and Lee 2019; Brickley and Dark 1987; Michael 2003) <u>Digitalized Sales</u> <u>Process:</u> With their own online portal, sellers can observe the entire selling process in real time and book additional services such as an	<u>Franchise Business</u> <u>Model:</u> Franchising allows for less monitoring efforts, local knowledge, low capital investments of the owner and efficient market penetration (Sun and Lee 2019; Brickley and Dark 1987; Michael 2003) <u>Regional Expertise:</u> Due to their regional presence, they could have built a better network of contacts, in particular in terms of growing their portfolio, and benefit from an established image (Sem & Johnsen 2021a)
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		expertise or cleaning service (Eie Eiendomsmegling 2020d) <u>Additional Law</u> <u>Expertise:</u> Their legal services allow them to offer additional services and expertise in context with selling and buying real estate (Eie Eiendomsmegling 2020b)	
Weaknesses	<u>Lacking focus on international clients:</u> The website is solely in Norwegian and the properties for sale are exclusively situated in Norway	<u>Lacking focus on international clients:</u> The website is solely in Norwegian and the properties for sale are exclusively situated in Norway	<u>Lacking focus on international clients:</u> The website is solely in Norwegian and the properties for sale are exclusively situated in Norway

			<u>No digital support for the selling process:</u> In comparison to other agents, they have no digital tool to accompany or market the sales process <u>Presence:</u> 3 offices in Oslo and Bærum Ost (a municipality located in the west of Oslo) (Sem & Johnsen 2021a)
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Table 3: Detailed competitor overview of the Norwegian luxury real estate agent market

	Degree of Luxury Focus	Degree of Personalization
Privatmegleren AS	According to their own statement, in Norway more than 50% of properties worth NOK 10 million	Privatmegleren offers different additional services for sellers and buyers. Next to standard services such as real estate evaluation, the marketing services on finn.no and price negotiations, Privatmegleren offers additional

	or more, are sold by them (Privatmegleren 2021a) • 195 out of 1903 properties are above NOK 10 million → 10.2% (Privatmegleren 2021b) • 386 out of 1903 properties are above NOK 7 million → 20.2% (Privatmegleren 2021b) → even though their relative share of properties above 10 million is 10.2%, they consider themselves as the leader in selling luxury real estate	services. For buyers they offer to take over the entire research process, organize financing opportunities, distribute the buyer's interest to their seller network, take over viewings and attend negotiations, bidding processes and real estate take over (Privatmegleren 2021c). For sellers they offer a large range of services. With the MyHomeSales App, sellers can track and receive statistics for the entire sales process (Privatmegleren 2021d). In addition, Privatmegleren has exclusive rights to use the KLIKK marketing technologies that allows to advertise their properties beyond the finn.no marketplace (Privatmegleren 2021e). Last, they offer a moving and cleaning service as soon as a property is sold (Privatmegleren 2021f). With these services offered it can be inferred that Privatmegleren's services have a high degree of personalization.
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Eie Eiendomsmegling AS	• 76 out of 706 properties are above NOK 10 million → 10.7% (Eie Eiendomsmegling 2020a) • On finn.no 60 out of 807 properties for sale were from Eie Eiendomsmegling → 7.4%	Eie Eiendomsmegling offers different additional services for sellers and buyers. Next to standard services such as real estate evaluation, the marketing services on finn.no and price negotiations, Eie Eiendomsmegling offers additional services. First, for sellers and buyers it includes legal advisory, which enables the agency to better consult their clients in terms of contract design or help them with other legal real estate related topics (Eie Eiendomsmegling 2020b) Potential sellers that are not sure when and if they want to sell their house can benefit from the value monitoring services that allows the potential seller to be continuously informed about the value of their property (Eie Eiendomsmegling 2020c). For their sellers they additionally offer their own online platform <i>Eie Portalen</i>. With this they enable a closer and more personalized contact between the seller and the agent to keep information flows up to date (Eie Eiendomsmegling 2020d). These services allow Eie Eiendomsmegling to offer a closer and more tailored relationship with predominantly their seller. Therefore, they can
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		be assessed a medium to high level of personalization .
Sem & Johnsen (VSJN AS)	• According to their own statement, their portfolio consists primarily of mid- to high priced properties and they belong to the top-selling brokers in the price range of 10 million and above in the western counties (Sem & Johnsen 2021a) • 87 out of 1178 properties are above NOK 10 million → 7.3% (Sem & Johnsen 2021b; 2021c)	Sem & Johnson is according to the information found on their website not offering any additional services that would enable them to have a tailored solution for their sellers and buyers. However, the company refers to market research results that show that the market values them as one of the most impressive agencies (Sem & Johnsen 2021a). However, they are explicitly stating to offer off-market services for sellers who want to sell their property with a high level of discretion (Sem & Johnsen 2021d). From this one can attribute a low to medium level of personalized services.

Krogsveen AS	• 44 out of 829 properties are above NOK 10 million → 5.3% (Krogsveen 2021a)	Krogsveen offers different additional services for sellers and buyers. Next to standard services such as real estate evaluation, the marketing services on finn.no and price negotiations, Krogsveen offers additional services. For buyers, Krogsveen offers financing brokerage in corporation with BN bank (Krogsveen 2021b). In addition, they offer a price evaluation service in order to determine if the house the buyers is interested in is valuated at an appropriate level regardless of who the broker is. Further, buyers can let Krogsveen agents check the condition of a property and thus evaluate potential issues (Krogsveen 2021c). For sellers, Krogsveen offers a moving service which includes cleaning, renovation, or storage (Krogsveen 2021d). Krogsveen does offer additional services, however the additional one's for potential buyers predominantly strengthens the degree of personalization. The moving service for the sellers can be evaluated rather as an extra then a tailored solution. Therefore, Krogsveen's level of personalized services can be assessed as medium.
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DNB Eiendom AS	• 59 out of 2278 properties are listed with a price above NOK 10 million → 2.5% (DNB Eiendom 2021a)	DNB Eiendom offers different additional services for sellers and buyers. Next to standard services such as real estate evaluation, the marketing services on finn.no and price negotiations, DNB Eiendom offers additional services. For buyers they offer financing brokerage (DNB Eiendom 2021b) in cooperation with their own banking operations as DNB is the largest bank in Norway (Finans Norge 2020). For sellers, the agency offers their <i>Forspranget</i> service which includes a free evaluation of their house and the deployment of a personal agent that supports in selling and also buying a new house (DNB Eiendom 2021c). Another service product for sellers DNB eiendom offer is <i>Smart Sold</i>. This includes tailored advertising, according to property region and potential level of demand (DNB Eiendom 2021d). With the agency's focus on seller services and the lack of additional support for buyers besides financing, DNB Eiendom's level of personalized services can be considered as intermediate.
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EiendomsMegler 1 Norge AS	21 of 1059 houses are above NOK 10 million → 1.9% (EiendomsMegler 1 2021a)	EiendomsMegler 1 is, according to the information found on their website, not offering any additional services besides real estate evaluation, the marketing services on finn.no and price negotiations (EiendomsMegler 1 2021b). This shows that EiendomsMegler 1 does not enable tailored solutions for their sellers and buyers. Therefore, one can infer a low level of personalization.
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Table 4: Positioning of major competitors in Norway's real estate agent industry

Company and Market Sales Potential
https://docs.google.com/spreadsheets/d/1svJHh4yEmV0Tcm36uonBCS_z47GFE4Gq/edit?usp=sharing&ouid=102780076088318719304&rtpof=true&sd=true

Table 5: Link to calculations for market and company sales potential

Tariff and non-tariff trade barriers	Being part of the EEA, Norway benefits from the four freedoms of the European Union, among which is also the freedom of moving services, as for instance real estate brokerage. Thus, there are no tariff or non-tariff trade barriers (DLA Piper and Invest in Norway 2020).
Standards and regulations that affect the industry	To operate as a real estate agency, one has to meet the requirements of the Financial Supervisory Authority. This includes to obtain an academic degree of real estate brokerage or in law and a minimum of two years of experience in the area of real estate (Finanstilsynet 2021a).

	Contracts for real estate transaction for private individuals are regulated by law (DLA Piper 2020). Therefore, there is no need for the agent to have a high level of legal expertise. Nevertheless, this also means that there is no scope for adjusting contracts if the customer requests so.
Availability and sophistication of local distribution channels and their appropriateness for the service offered	There is one major distribution channel for real estate in Norway, which is the marketplace finn.no (Bø 2018). As 98% of private real estate transactions are handled by their platform (finn.no 2021b), it is relevant to market on their website when establishing a real estate agency in Norway.
Payment and financing methods	Norway displays a favorable environment for financing. According to the Global Enabling Trade Report (World Economic Forum 2016), Norway is performing well in terms of availability, affordability, and ease of accessing a loan. As a service company, PS is primarily pursuing business to business payments. In Norway these are predominantly and increasingly executed via bank transfers, as banks digitalize these services. In addition, the payment app Vipps has expanded to the business-to-business market and therefore displays an opportunity to proceed respective payments (J.P. Morgan 2019).
Registrations	To start business in Norway, there are two opportunities. Either to start a limited liability company (AS) or to open a Norwegian branch of a foreign company (NUF) (Invest in Bergen, n.d.).

	Both options require an online registration at the Bronnøysund Register Center (Invest in Bergen, n.d.). For the limited liability company, one has to provide a minimum share capital of NOK 30 000 at an Norwegian bank account, a one-time registration fee of NOK 5 570 and provide at least two directors which at least one being a European citizen. As limited liability companies have an accounting obligation one is recommended to provide a Norwegian accountant (Invest in Bergen, n.d.). For a NUF, there is no share capital requirement. However, the branch office has to comply with labor laws and pay taxes in Norway. As Norway and Portugal have a double taxation agreement, there are no taxes to be paid for PS as a parent company (Invest in Bergen, n.d.; Norwegian Ministry of Finance 2011). As a person of foreign nationality to Norway doing business in Norway is required to register for a D-number (Bronnøysund Register Center 2021a).
Transportation	Road infrastructure is relevant for real estate agents to execute viewing and property valuations. From constantly increasing road infrastructure investments of the Norwegian government, a well-developed road infrastructure can be expected (Statista 2019).
Documentation	In Norway there are two documents required to operate a real estate agency company. First is a license from the financial authority that

	allows the business to broke real estate. To receive this, one has to proof sufficient equity and a real estate agent license. The latter proof is therefore the second document needed to start a real estate agency in Norway. It requires an academic degree in real estate brokerage or law and at least two years of experience within the real estate industry (Finanstilsynet 2021a). To register a foreigner business in general, Norway requires a proof of business register form the country of origin that must not be older than three months (Bronnøysund Register Center 2021b) In terms of the business' financial performance, it is to be noted that limited liability companies in Norway have an accounting obligation and therefore must publish their results (Invest in Bergen, n.d.)
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Table 6: Market entry conditions of Norway

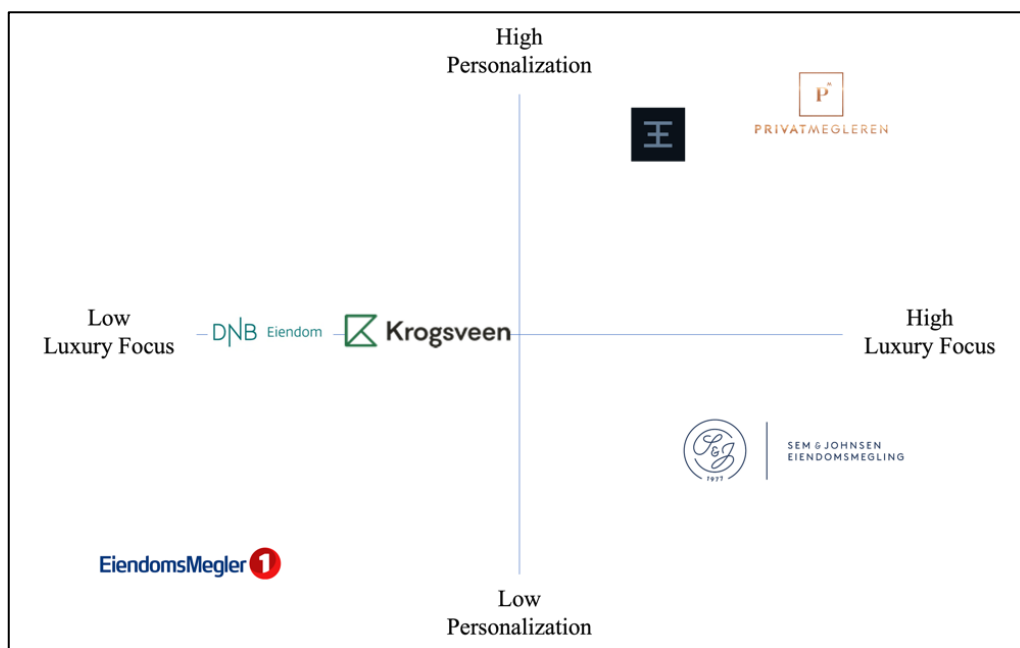


Figure 1: Positioning map real estate agencies in Norway