

Msc in International Business and Economics

Foreign Market Analysis : A case study of General Logistics Systems in Turkish Market

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ABSTRACT

The reason of writing this thesis is based on student actual interest which she is currently working for to be mentioned company , General Logistics Systems (GLS) . The company is continuously expanding their market activities in new countries for having wide logistic line to increase their customer services level.

The company has been interested in Turkey as a potential market due to market size. The author engaged in looking for the answer of two main questions, one being descriptive and another being normative. Thereby, this paper aims to understand whether Turkey is attractive in terms of logistic market and in case it is, consequently offer the most appropriate entry mode strategy for the company.

Research strategy is based on a deductive approach including a conceptual framework based on the Global Value Chain concept, Porter's five forces framework, Resource-based theory (RBT) and OLI paradigm. While the Global Value Chain (GVC) concept is involved as the main guiding framework, the rest of the theories and frameworks are focused on particular parts of the GVC. On one hand, Porter's five forces framework concentrate on finding answer for the market attractiveness and industry profitability. On the other hand, RBT and OLI paradigm lead to the answer of the best entry strategy.

The research process is based on qualitative strategy; therefore interpretation of secondary data and literature studies are the main methods used in the paper. The reliability of data is judged on author's individual evaluation. Consequently, subject approach has to be taken into account by the reader.

ACKNOWLEDGEMENTS

Firstly , I would like to express my sincere gratitude and appreciation to people who helped and guided me to be able to complete this paper.

During the writing this paper , i had a lot of problems in my private life so i needed to have support to overcome obstacles.

I wish to express my sincere thanks to my supervisor Associate Professor Reimer Ivang at Department of Business and Management , Aalborg University , whom I have received support and his patience.

Beside my advisor , i would like to thank to my chef Jan Rasmussen and my junior chef Ann Vuust at General Logistics Systems, Aalborg , for their insightful comments and encouragement which they provided valuable advices.

My sincere thanks also goes to all the people in Turkey whom i collected data from them. It gave me insightful information of the logistic industry in Turkey.

LIST of ACRONYMS

GLS : General Logistic Systems

EU : European Union

LPI : Logistics Performance Index

RBV : Resource Based View

INTRODUCTION

General Logistic Systems (GLS) is a company in the logistic industry which owned by Dutch and British in Amsterdam. GLS is a subsidiary of Royal Mail Group Limited , is a postal service company in the United Kingdom , originally established in 1516.

GLS operates within 41 European countries and is the 3rd biggest provider in Europe . GLS also provides services all over the world (with the exception of some high political risk countries such as North Korea or Cuba) through its partnership network.

In the 2014/15 financial year, GLS shipped 436,000,000 parcels for 220,000 customers, generating revenues of 2.1 bn. € billion. GLS has 19,000 vehicles servicing 39 hubs spanning 41 European countries.¹

GLS Group : Austria , Belgium , Croatia , Czech Republic , Denmark , Finland , France , Germany , Hungary , Ireland , Italy , Netherlands , Poland , Portugal , Romania , Slovakia , Slovenia , Spain

GLS Partners in the European network : Bosnia-Herzegovina, Bulgaria, Cyprus, Estonia, Greece, Kosovo, Latvia, Lithuania, Macedonia, Malta, Montenegro, Norway, Serbia, Sweden, Switzerland, Turkey, United Kingdom. ²

GLS is a company in the logistic industry which has market presence in many countries worldwide. GLS expand their business either by has founded its own companies or by acquisitions and partnerships . ³

The company's mission is to sustainably maximize their profit by their company values;Reliability , Security , Transparency , Flexibility , Sustainability and Compliance.

¹ <https://gls-group.eu/EU/en/facts-figures>

² <https://gls-group.eu/EU/en/facts-figures/spain>

³ Please look at Appendix 1

GLS strives to have the strongest market position and strongest market presence in all global markets. Currently the company is interested in expanding its reach to many markets that it is not present in, whereas new markets outside of EU . Turkish market is also amongst the targeted market . To enter Turkish market GLS has already signed partnership with a MNG Kargo Co. Inc., third largest provider on the Turkish Courier Express Parcel market on May, 2008.⁴

Thus, the inevitable interest of the company in a market analysis of how is the situation in logistic industry in Turkey with a chosen entry strategy. Hence, the focus of the paper will also follow the interest of the company and on the other hand intertwining it with theoretical perspectives and different frameworks for an in-depth market analysis. The specific objective of the paper is to find the best possible way for GLS to review their position in Turkish market. In order to do that there are many other questions to be answered initially. These questions related to understanding whether there is gaining a market share for their activities in Turkey, the industry profitability, the factors that bring competitive advantage to the focal company, variables that define the entry mode. The purpose of this study is to describe these factors that need to be improved in the areas if it is needed after entering Turkish market.

The author will try to answer the research questions.

Is Turkey a really attractive market in terms of logistic ? and How does GLS handles its market entry strategy in Turkey ?

What is the industry structure/profitability of logistic in Turkey ? What are the barriers/ competitive advantages for GLS in Turkish market.

This thesis has a deductive approach and a qualitative research method.

⁴ https://gls-group.eu/BE/media/downloads/E_GLS_Group_Press_Kit_online.pdf

METHODOLOGY

The main purpose of the subsequent chapter is to clarify the following aspects:

What philosophical social science approaches to be used in the research?

Which research methods were applied for answering the main problematic question as well as sub-questions?

Reason underlying the chosen methods thus a justification and

The fulfillment of social research criteria such as reliability, validation and replication.

Theory of Science applied – philosophical orientation:

To begin with, many writers on methodological issues find it helpful to distinguish between qualitative and quantitative research; consequently, such distinction leads to composition of different research strategies.

By a research strategy, it is simply meant a general orientation to the conduct of business research. . Table 1 outlines the difference between two types of strategies in terms of the three areas.

Table 1 : Fundamental differences between quantitative and qualitative research strategies

	Quantitative	Qualitative
Principal orientation to the role of the theory in relation to research	Deductive: testing of theory	Inductive: generation of theory
Epistemological orientation	Natural science model, in particular positivism	Interpretivism
Ontological orientation	Objectivism	Constructionism

The choice of the research strategy is essential element in a successful and effective research process. In addition, it is highly linked with the research area and in particular with formulated research questions. As mentioned in the introduction chapter of this case, the main objective of this case is to explore and investigate logistics environment in Turkey for GLS.

Moreover, the assumptions underlying the main research question, “Is Turkey a really attractive market in terms of logistic and How does GLS handles its market entry strategy in Turkey ?” are more conceptual and leading to relatively subjective approach. Furthermore, it is also highly linked with personal assessment and personal interpretation of the information. All above mentioned reasons advocates the qualitative research strategy of the thesis. The following subsections will provide more detailed justification towards the chosen strategy.

Principal orientation to the role of the theory in relation to research

Qualitative research strategy mainly emphasizes an inductive approach to the relationship between theory and research; where the emphasis is placed on generation of theories. . In spite the fact that various theories and frameworks were applied during the research process, any of those is not being tested. On the contrary, research aims to explore existing theories and its limitations through application and combination for answering the main research question.

Epistemological orientation - Interpretivism

Epistemology is a term that describes the nature of knowledge and the means of knowing – i.e. “*how we know what we know*” or what may be conceived by the researcher as a “truth”. The concept also raises the question as to whether it is possible for an external observer to “know” the truth about a specific social world

(objectivist approach) to which he is a stranger, or whether the social world can only be understood by occupying the frame of reference of the individual actor (subjectivist approach) whom the researcher seeks to study.

Alan Bryman and Emma Bell in their book “Business Research Methods” say that qualitative research rejects the practices and norms of the natural scientific model and of positivism in particular in preference for an emphasis on the ways in which individuals interpret their social world. In other words it is rather subjectivist approach than objectivist. In addition subjectivist approach can be explained as anti-positivism. At this dimension the social world can only be understood from the view of individuals that are directly involved in the activities that are researched. In case of this research, as mentioned before, a lot of personal judgment required in order to answer the main research question as well as all the sub-questions. It particularly appears in data collection and its interpretation parts. Moreover, separate elements are chosen, analyzed and interpreted by individuals - author of the thesis.

Ontology orientation – Constructionism

Ontology is a term used by philosophy of science scholars to describe the nature of what the researcher seeks to know something about – i.e. the “knowable” or “reality”. Ontology raises the question concerned with the nature of social entities. The core of the question is whether social entities can and should be considered as objective entities that have a reality external to social actors, or whether they can be considered social constructions built up from the perception and actions of the social actors. In most frequent case those positions refer to objectivism and constructionism. Constructionism (often also referred to as constructivism) in ontological position in which categories such as culture and organization are pre-given; therefore social actors have no role in fashioning. . This perception is applied and followed during the entire research process.

Reliability, validation and replication:

Qualitative research is highly criticized in literature of social science. Predominantly, the critique goes along with subjectivity, replication, generalization and transparency issues.

As it was mentioned previously in this chapter, epistemological orientation of qualitative research is defined as interpretivism. A lot of quantitative research supporters see interpretivism as a multiplier of unsystematic and too explicit views. In other words, such research strategy leads to more subjective and unreliable findings compared with quantitative research. Moreover, findings are not restricted in relation with the nature of qualitative data sampling; therefore generalization frequently is a serious concern in kind of researches. For example chosen case or industry in not necessarily represents overall situation.

In case of this thesis, author rely on the personal judgment of collected data and individual interpretation of it. Even though, that professionalism and independence principles are followed during the research process, reliability, generalization and subjectivity should be concern by a reader of the thesis. In particular the fact that the research deals with exploratory and relatively open research questions. In addition, due time constrains the research is based only on secondary data sources; consequently, generalization and subjectivity is highly probable. Author need to underline this thesis country of Republic of Turkey cannot fully includes different ethnicity/immigration with different cultural, economic and political conditions.

THEORETICAL FRAMEWORK of the RESEARCH

This chapter aims to provide the reader with an overview of the theoretical framework on which the topic of thesis is based. There are plenty of theories which could be related with analysis of market situation. In addition, there is variety of methodologies, used by business researchers, for assessing market research. For example advanced quantitative and econometric methods are used to conduct the assessments. The author will provide some trustworthy statistical data from Turkish Statistical Institute. However, the core in the majority analytical papers on this topic consists of theoretical frame and structure of this paper, and by doing so to see where the company is positioned in this frame. The foundation or in other words the fundamental scheme that all the theories are tied to is the concept of Porter's Value Chain.

Porter's Value Chain

The value that's created and captured by a company is the profit margin:

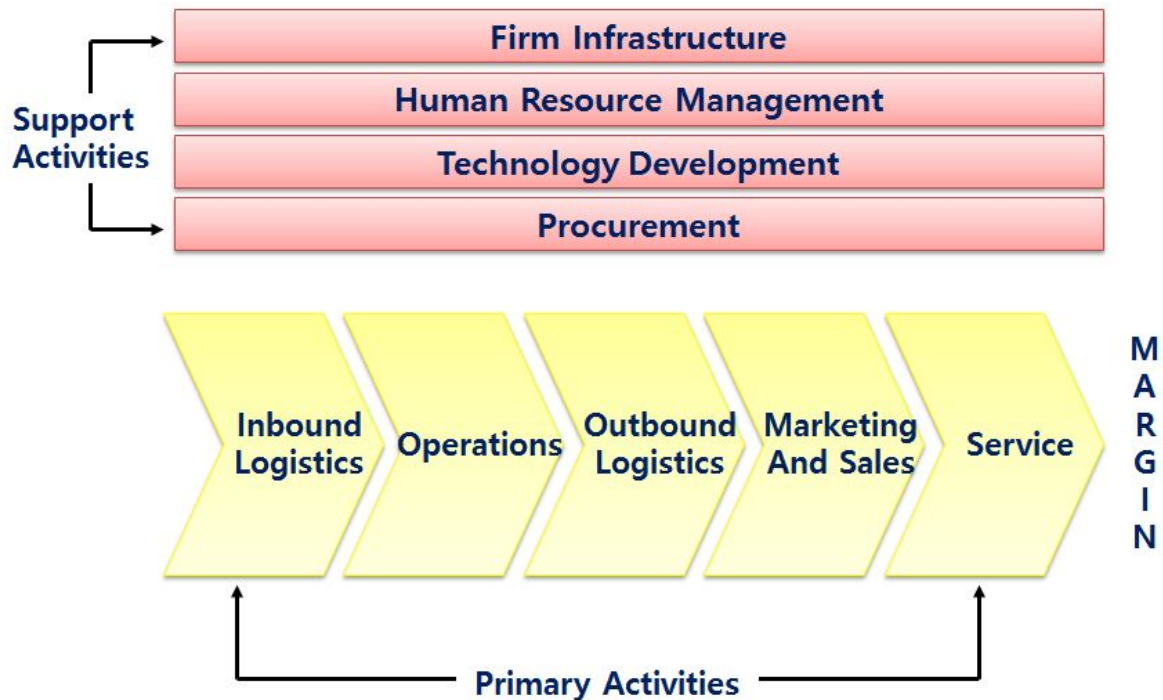
$$\textit{Value Created and Captured} - \textit{Cost of Creating that Value} = \textit{Margin}$$

The more value an organization creates, the more profitable it is likely to be. And when you provide more value to your customers, you build competitive advantage.

Understanding how your company creates value, and looking for ways to add more value, are critical elements in developing a competitive strategy. Michael Porter discussed this in his influential 1985 book "Competitive Advantage," in which he first introduced the concept of the value chain. A value chain is a set of activities that an organization carries out to create value for its customers. Porter proposed a general-purpose value chain that companies can use to examine all of their activities, and see how they're connected. The way in which value chain activities are performed

determines costs and affects profits, so this tool can help you understand the sources of value for your organization.⁵

Table 2 : Porter's Generic Value Chain



Source : Porter, M.E. (1986), Changing patterns of international competition. California Management Review, 28(2), 9-40

Primary Activities :

relate directly to the physical creation, sale, maintenance and support of a product or service. They consist of the following:

- ❑ *Inbound logistics* : These are all the processes related to receiving, storing, and distributing inputs internally. Supplier relationships are a key factor in creating value here. This is the first step for GLS which collects packages in their own package shops ; or collaboration with discount store chains, for example Kiwi

⁵ Porter , Michael E. : **Competitive Advantage: Creating and Sustaining Superior Performance**

which has 98 retail outlets in Denmark ⁶; or pick up service for customers from their place which is for B2B customers. Main objective is here the collect packages without damage and bring the warehouse quickly.

- ❑ *Operations* : These are the transformation activities that change inputs into outputs that are preparing packages to send to their customers. Here the company's operational systems create value. It is mainly screening and monitoring process. All the collected packages arrive warehouse and get to put conveyor belt one by one. The workers check and scan labels into the digital inventory to send to destination route by different belt to load in specific trailers. Every city has their own trailer and international packages send to head office in the each country. International packages divides as a European Union packages or Non-Europe Union packages for handling different formalities. For EU it is more easier to distribution of the packages because EU law and registration gives free movement of goods. ⁷ For Non-EU packages need to have necessary official papers to pass crossborder within appropriate laws and regulations for each country to not have problems in their custom unions.

- ❑ *Outbound logistics* : These activities deliver service to the customer. These are things like collection, storage, and distribution systems, and they may be internal or external to your organization. This part related to delivery of the packages to their owners. Within EU , GLS has their own hubs so the company use internal distribution. Outside EU, GLS goes for partnership to protect profitableness by external distribution system. The author touch upon in more detail in another theory , OLI Model .

⁶ <http://kiwi.dk/om-kiwi/>

⁷ http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuId=FTU_3.1.2.html

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- ❑ *Marketing and sales:* These are the processes the company use to persuade clients to purchase service from them instead of their competitors. The benefits you offer, and how well you communicate them, are sources of value here. GLS offer low price for regular post than competitors especially governmental post services which is mostly market leader in their countries due to their old history and government support. If the packages send with express speed than price go up for per package. GLS tries to get customer friendly by not charging per kilogram , only specific boxes size. It gives customer more usable space to feel leisure without concern of weight. In return GLS has standart size of packages to make easier load in and out from trailers to warehouses.

 - ❑ *Service :* These are the activities related to maintaining the value of your service to your customers, once it's been purchased. GLS provides full insurance for the packages if they get damages. GLS compensates the value of the goods beyond the limitation of liability required by law up to a maximum of € 750 per parcel. Higher liability (up to € 5,000) on request. Customers can track their packages which place it's in when it is on the way to their door/workplace. Cash Service; Cash on delivery shipments ; the recipient pays for the goods on the spot. Delivery at Work Service; At the request of the customers, the parcels are delivered directly to the respective workplace; to a specific department, an office or to a specific person. Thus not only post office collecting points and storage rooms are unburdened, direct deliveries of the packages are convenient for the recipients and save time.are handled by GLS. Deposit Service is reliable delivery, even if no one's at home: The sender, at the request of his customer,

issues GLS with a signature release authorization and the parcel is deposited at the specified location.⁸

Support Activities

These activities support the primary functions above for the company.

- ❑ *Procurement (purchasing)*: This is what the organization does to get the resources it needs to operate. This includes finding vendors and negotiating best prices. Transport partners and their delivery drivers work hard every day for GLS, its customers and recipients. By delivering high quality services, they play a key role all over countries which GLS operate by either collecting parcels or making sure they get safely to their intended recipients. Furthermore, they transport parcels long distances.

- ❑ *Human resource management*: This is how well a company recruits, hires, trains, motivates, rewards, and retains its workers. People are a significant source of value, so businesses can create a clear advantage with good Human Resources practices. As at the end of the 2014/15 financial year, GLS employed more than 14,000 people. Just under 40 per cent of their employees work on the commercial side of the business, such as in various administrative areas. The other 60 per cent of our staff work on the operational side, such as in the halls of their depots.⁹

- ❑ *Technological development*: These activities relate to managing and processing information, as well as protecting a company's knowledge base. Minimizing

⁸ E_GLS_Germany_Press_Kit-download-2101.pdf

⁹ GLS Group Sustainability report 2014/15.pdf

information technology costs, staying current with technological advances, and maintaining technical excellence are sources of value creation. GLS invests in buildings, IT systems and technology ; an ongoing process, which goes hand in hand with the optimisation of its performance indicators. In January 2006 GLS introduced the uniform European operative IT system “UniQue”, comprising of all software and hardware components used by the company.¹⁰ Modern IT solutions make collaboration with GLS simple, safe and convenient for senders and recipients. These include needs based IT delivery systems and continuous consignment tracking with real time proof of delivery and digital recipient signatures.

- ❑ *Infrastructure:* These are a company's support systems, and the functions that allow it to maintain daily operations. Accounting, legal, administrative, and general management are examples of necessary infrastructure that businesses can use to their advantage. The keys to success: first of all, a quality management system that ensures high quality, reliable European parcel logistics. The company management to success that they focus more on in the three areas Products, Services and Solutions. GLS has established a homogeneous, transparent basic product and service portfolio by these areas.

GLS use these primary and support activities as building blocks to create a valuable service.

¹⁰ https://gls-group.eu/Fl/media/downloads/E_GLS_Germany_Press_Kit-download-2101.pdf

In these part of the paper , the author search for how is the industry structure of logistic in Turkey.

Turkey is in close proximity to other leading emerging markets where foreign trade has been increasing: Foreign trade volumes of the Middle East, African countries and Commonwealth of Independent States countries are following a growth trend.

Logistics industry constitute approx. 10-15% of the total global GDP and is an integral portion of Turkey's economy. ¹¹

Domestic and international trade are critical components of the logistics industry. Therefore, as the volume of imports and exports increase, this change will be reflected within the logistics industry.

In terms of international trade and the logistics regarding goods, Turkey is positioned on a traditional and historic trade route between Asia and Europe, thus making it a significant hub. As Asia's growth continues, Turkey will be able to reach its full potential as a hub in international trade. Turkey's advantageous geographical location that stretches from Asia to Europe and Russia to Africa, allows it to be a hub for over USD 2 trillion freight carried in the region.¹²

The EU and Turkey are linked by a Customs Union agreement from December 1995. Turkey has been candidate country to join EU since 1999. Turkey is members of Euro Mediterranean Partnership which is free trade area. In addition to the Custom Union with the EU, Turkey has signed Free Trade Agreements with European Free Trade Area, Israel, the former Yugoslav Republic of Macedonia, Croatia, Bosnia-Herzegovina, Tunisia, Morocco, the Palestinian Authority, Syria, Egypt, Georgia, Albania, Montenegro, Serbia, Chile, Jordan and Lebanon.¹³

¹¹ <https://www.turkiye.gov.tr/> ; Republic of Turkey Prime Ministry Investment Support and Promotion Agency, The Logistics Industry in Turkey , Deloitte

¹² The Logistics Industry in Turkey , Deloitte

¹³ <http://ec.europa.eu/trade/policy/countries-and-regions/countries/turkey/>

The EU is Turkey's number one import and export partner while Turkey ranks 7th in the EU's top import and 5th in export markets. Turkey's main exports markets are the EU, Iraq, Russia, USA, United Arab Emirates and Iran. Turkey's exports to the EU are mostly machinery and transport equipment, followed by manufactured goods. Imports into Turkey come from the following key markets: the EU, Russia, China, USA, Iran and South Korea. EU exports to Turkey are dominated by machinery and transport material, chemical products and manufactured goods.¹⁴

Turkey has ambitious targets for the logistics industry. In order to attract more investors to the logistics industry, Turkey is diversifying its modes of transportation for carrying freight and passengers. According to the Ministry of Transport, Maritime Affairs and Communication, in 2011, 80% of freight and 90% of passengers were transported via roads while only 5% of freight and 2% of passengers moved via railway within Turkey. Turkey is determined to diversify the modes of transportation in order to reach a more balanced state. Thus, it plans to decrease the percentage of freight carried via roads to 72% by 2023 and increase the share of railway transport to 10%.¹⁵

Table 3 : World Bank's Logistics Performance Index Turkey scorecard in Global Ranking

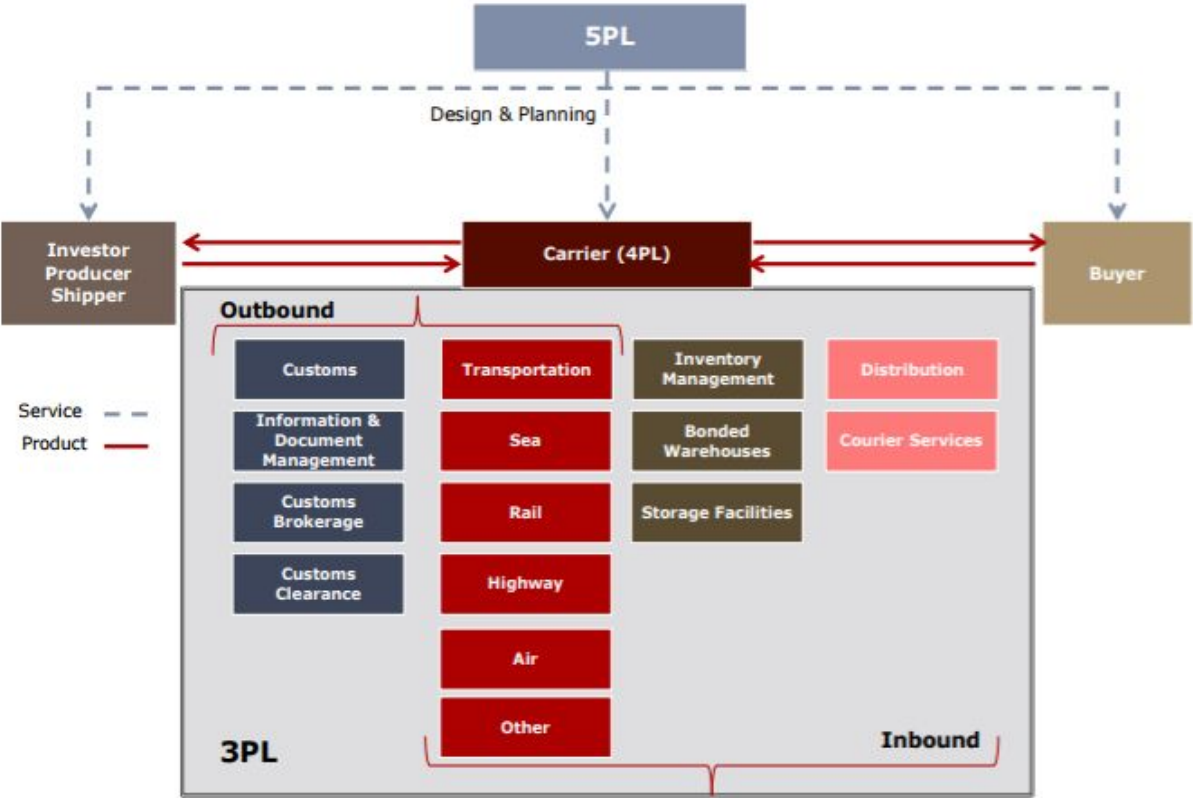
Country	Year	LPI Rank	LPI Score	Customs ?	Infrastructure ?	International shipments ?	Logistics competence ?	Tracking & tracing ?	Timeliness ?
Turkey	2012	27	3.51	3.16	3.62	3.38	3.52	3.54	3.87
Turkey	2014	30	3.50	3.23	3.53	3.18	3.64	3.77	3.68
Turkey	2016	34	3.42	3.18	3.49	3.41	3.31	3.39	3.75
Turkey	2010	39	3.22	2.82	3.08	3.15	3.23	3.09	3.94
Turkey	2007	34	3.15	3.00	2.94	3.07	3.29	3.27	3.38

¹⁴ <http://ec.europa.eu/trade/policy/countries-and-regions/countries/turkey/>

¹⁵ Republic of Turkey Prime Ministry Investment Support and Promotion Agency, The Logistics Industry in Turkey , Deloitte

The Table 3 gives us , The LPI is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistic. In the table the reader see comparison of Turkey across 160 countries. It is visible to see up and down in the years due to economic crises , unstable political environment and it affects on the international foreign relations. For example war in the Middle East or Political problems with Russia and Turkey which both parties stopped the trade from each other etc. This chart gives us opinion that Turkey is the one of the booming country in Logistic sector. GLS takes advantage of Turkish market by progressive and protective marketing strategy.

Table 4 : Value Chain for Logistic Industry in Turkey.



Source: Deloitte Analysis

In this table , Third-party logistics providers (3PL) provide logistics and supply chain management to customers, while fourth-party logistics providers (4PL) integrate the

resources of all components of the supply chain in order to build improvements and provide expertise to the entire supply chain management function. ¹⁶ All of the top 10 global 3PL companies have understood the strategic importance of Turkey and either directly operate or have agencies in Turkey. Turkish 3PL companies have also excelled in this sector. The leading logistics companies are listed by Fortune 500 Biggest Companies in Turkey. ¹⁷

1. Netlog (102.out of 500)
2. Ekol (124.out of 500)
3. Taha (220.out of 500)
4. Omsan (257.out of 500)
5. Mars (261.out of 500)
6. Horoz UN (279.out of 500)
7. K&Nagel (380.out of 500)
8. Alisan (415.out of 500)
9. Reysas (421.out of 500)

This shows how highly profitable the 3PL market is and why it offers great opportunities within the industry. ¹⁸

According to Dr. Jean-Paul Rodrigue, professor of Global Studies at Hofstra University, the use of 3PL and 4PL logistics providers allows businesses to capitalize on the production and distribution knowledge of companies that are entirely focused on supply chain management. Depending on the complexity of a customer's needs, a 4PL may be required in order to negotiate with multiple carriers and warehouses, coordinate electronic transfer of data between differing systems and offer consulting on possible process improvements and cost savings. This improved level of service has contributed to the shift from 3PL to 4PL, as more industries are interested in taking a

¹⁶ Rodrigue, J-P (2013), *The Geography of Transport Systems*,

¹⁷ <http://www.fortuneturkey.com/fortune500#popup>

¹⁸ Republic of Turkey Prime Ministry Investment Support and Promotion Agency, *The Logistics Industry in Turkey*, Deloitte

hands-off approach to logistics management, something that was often cited as a challenge when working with third-party logistics providers.

Turkey has enough room for the 3PL, 4PL and 5PL companies to flourish. Currently, there are no 5PL companies operating in Turkey, but a few companies do provide 4PL services. GLS provides 3PL in Turkish market.

Resource Based View

RBV is an approach to achieving competitive advantage that emerged in 1980s and 1990s, after the major works published by Wernerfelt, B. (“The Resource-Based View of the Firm”), Prahalad and Hamel (“The Core Competence of The Corporation”), Barney, J. (“Firm resources and sustained competitive advantage”) and others. The supporters of this view argue that organizations should look inside the company to find the sources of competitive advantage instead of looking at competitive environment for it.

Does GLS possess competitive advantages ? Can these operations easily be done by competitor companies? What is the situation for barriers and profitability. This part will answer these questions by the resource based view perspective and perform a short analysis by using the VRIO Framework.

Competitiveness of environment:

Globalization and new technology allows potential competitors to have easier access to enter the logistic industry. People have better access to information about logistic services and are more and more influenced by them. Therefore it is necessary to keep updated and be flexible towards new latest services which consumers pick GLS than competitors. Logistic industry is consumer-drive industry which changes very fast. It is uncertain and unpredictable with high level of rivalry among transportation and stable environment like politically and economically . Therefore it is necessary to

identify resources and capabilities of company, to see uniqueness and identify the most important ones that influence competitive success. Because the control of the most important capabilities can determine how much of the value of growing business will flow to company.

Resource based view theory helps to identify organizational resources and capabilities of a firm . There are many different types of resource categories. Author could start identifying resources by human, physical, financial and organizational capital category. However author would like to concern on those which make GLS different and unique compared with competitors. Therefore author identified capabilities and resources from the customer view by conducting comment from forums and websites which Turkish Customers individual opinions.

Author tried to better understand them and their thinking ; why do they use GLS services? Which resource customers value the most?

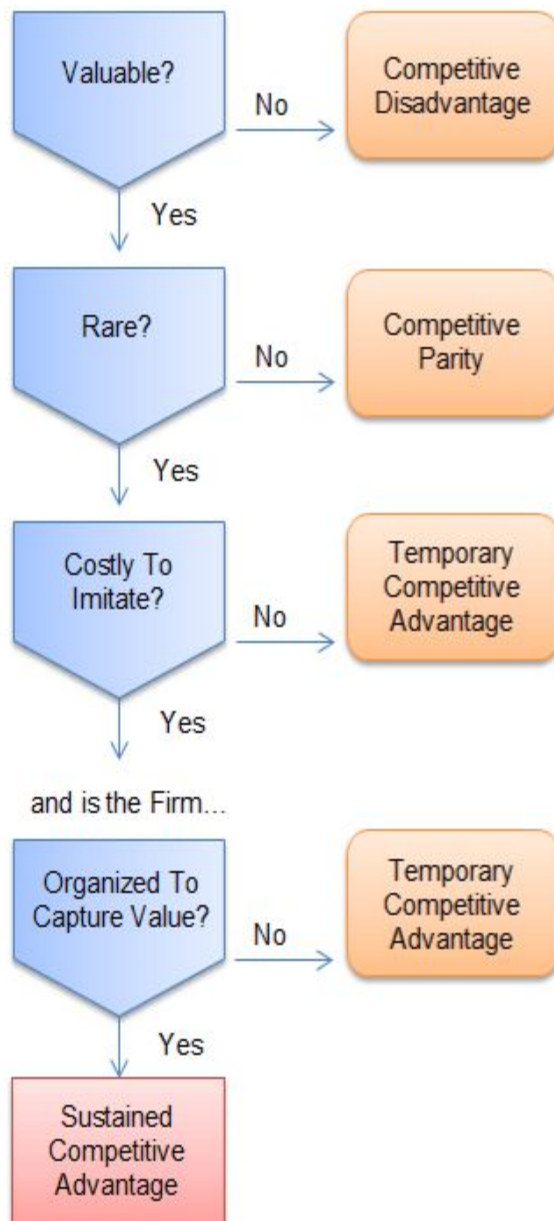
Based on analysis author identified these key unique resources and tried to analyze them according to VRIO Framework from the question of value, rarity, imitability and organization. These 4 indicators help to identify whether GLS has with all these resources a sustained competitive advantage in the market or not.

Based on VRIO Framework (Barney,1991), if company wants to generate sustained competitive advantage for longer period of time, their resources and capabilities should be rare, costly, difficult to imitate by competitors and fully exploited by organization.¹⁹

In Table 5 , Said 4 indicators will be visualized and answered.

¹⁹ BARNEY ,J., (1991), Firm Resources and Sustained, Competitive Advantage, Texas A&M University.

Table 5: VRIO Framework ²⁰



1. Is GLS service is Valuable ? **Yes**
2. Is GLS service is Rare? **No**
3. Is GLS service is costly to Imitate ? **Yes**
4. Is GLS organized to capture Value ? **Yes**

²⁰ VRIO framework adopted from Rothermel's (2013) 'Strategic Management',

GLS has valuable and very well organized system to gain market share in the any subjected country . Their organization is highly costly to imitate because of high level of the entry barriers for small and medium size logistic companies within the big budgets and IT systems for cross border activities.

Efficient distribution system:

GLS has created competitive advantages by operating unique and impressive logistic strategy what we described in first part. By this business model, GLS has got differentiation from other traditional companies that affect sustainable growth.

The centralized distribution system minimizes the lead time of the packages and increases the rapid response. Efficient distribution add a value to the company; speeds up the process and delivery time, packages are delivered always in a short, correct time. These value chain activities are highly valuable. It is advantaged because, competitors outsource spreads limitedly to developing countries, mainly because of cheap labour force and delivery time takes much longer compared to GLS. This particular resource is costly to imitate mainly because GLS' s logistic and distribution system is based on wide logistic channels flow and information system they operate with together with right human assets.

Competition will have difficulties to transfer most of their operations within the new organization in new country. It would be very costly and time consuming if they would like to have more vertically integrated value chain. This particular resource is exploited by organization because it is connected to effective process and dynamic strategy they have.

Efficient distribution system have a sustained competitive advantage in value chain compared to traditional companies in Turkish market which are mostly local

companies in . In the other side GLS has more wide logistic channels in the all Europe. It will be more easier to attract attention and get Business to Business agreements from International Turkish companies which they want to send their goods to Europe with effective marketing campaigns.

All of these resources and capabilities together, described and analyzed according to VRIO Framework, make GLS' s business model valuable, rare, costly to imitate and fully exploited by organization within the market. Therefore it can be assumed that GLS has a sustained competitive advantage.

Porter's Five Forces

Porter's Five Forces framework, relating to the organization of the chain, will draw the picture of the industry structure and the actors with their relationships. GLS has a competitive advantage in current countries, Porter's Five Forces analysis will draw pictures for Turkish market.

These rules of competition, as he affirms, are depicted in five competitive forces:

1. **entry of new competitors** ; The market for Turkish domestic distribution is improving . 46% of all outsourced logistics services are so called 'dedicated' suppliers. Only 30% of outsourced logistics services is performed by a regular 3PL. GLS can easily enter competition in Turkish market with their size of company.
2. **threat of substitutes**, Domestic delivery costs of parcels into urban areas are favourable compared to Europe. This makes direct to consumer delivery extra attractive in Turkey. Because of that most of the local company cannot extend

their business to cross border investment in outside of Turkey. If GLS find appropriate strategy. It will be no big threat.

3. **bargaining power of buyers**, Customers goes most favorable offer for them. Turkish users are overall satisfied with domestic distribution service. On-time performance is considered most important and rated as good. Proactive reporting, track & trace and flexibility score lower on satisfaction but are not considered priorities.

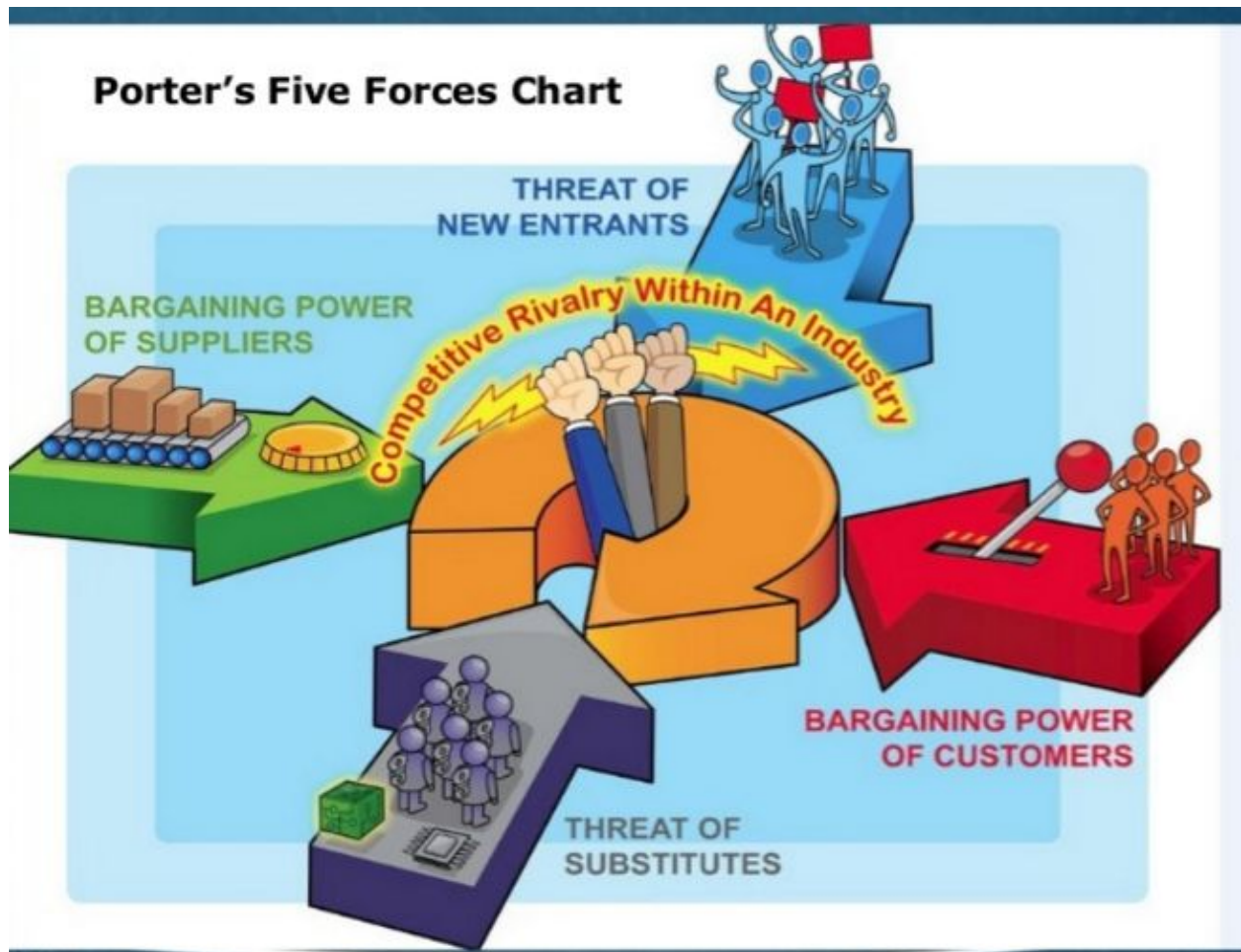
4. **bargaining power of suppliers**, consist from 2 different group ,

Transport partners : They are the most important suppliers for logistic companies. GLS tries to lower bargaining power of them by having fair collaboration, conditions and pay. GLS build trust relation with having regular meetings with transport partners. When GLS goes for expansion of depot network and opening of new sites , it means more job to transport partner .

Parcelshop partners gets higher turnover through additional business by having agreement with GLS .

5. **Rivalry among existing competitors**, very few companies are using B2C distribution. Especially the Consumer Products sector recognises the importance of this service for the longer term but currently the brick and mortar retail model dominates.

Table 6 : Porters Five Force ²¹



²¹ Porter, M. (1985). Competitive Advantage. London: The Free Press.

Oli Paradigm

OLI paradigm will aim to answer that How GLS will use market entry strategy. It will propose to find the best entry mode or the number of links and actors that the focal company will need in order to dilate its business to Turkey.

Table 7: OLI Paradigm, the internalization theory by John H. Dunning

<u>OLI-Framework</u>		<i>Categories of advantages</i>		
		Ownership	Location	Internalization
<i>Form of market entry</i>	Licensing	Yes	No	No
	Export	Yes	No	Yes
	FDI	Yes	Yes	Yes

Ownership Advantages:

Ownership specific advantages refer to the competitive advantages of the enterprises seeking to engage in Foreign direct investment . If company has ownership , company could have more flexibility on management and economic decision of company.

GLS has partnership with MNG Cargo . This mean GLS does not have ownership advantages in Turkish market. Even Turkish customers receive package by GLS. They mostly never realize they are using service of GLS.

Location Advantages:

Locational attractions refer to the alternative countries or regions, for undertaking the value adding activities of MNEs. The more the immobile, natural or created resources, which firms need to use jointly with their own competitive advantages, favor a presence in a foreign location, the more firms will choose to augment or exploit their O specific advantages by engaging in FDI.²²

GLS consider Turkey as a central hubs for future expanding their market activities because of the geopolitical position. It is advantages for GLS. Only problem is unstable political situation in Middle East and it affects to Logistic Industry by create unsafe situation for future distribution activities.

Internalization Advantages:

Companies has internalization advantages influence how a firm chooses to operate in a foreign country, trading off the savings in transactions, holdup and monitoring costs

²² Dunning, John H. (2000) "The eclectic paradigm as an envelope for economic and business theories of MNE activity

of a wholly-owned subsidiary, against the advantages of other entry modes such as exports, licensing, or joint venture.

CONCLUSION

Since the analysis of the different investment climate dimensions have already been performed the final assessment can be made.

The author has to reply research questions ,

Is Turkey a really attractive market in terms of logistic ? What is the industry structure/profitability of logistic in Turkey ?

Turkey has to make effective decisions in order to control the growth and assure the economic stability which it should not affect by the external factors . Talking about socio-cultural aspects it is important to highlight that the Turkey has difficulties recent years like all the other countries . In the other side Turkey is promising and blooming economic investment options. Turkey did not still reach their potential logistic industry so it is welcoming new players in the industry.

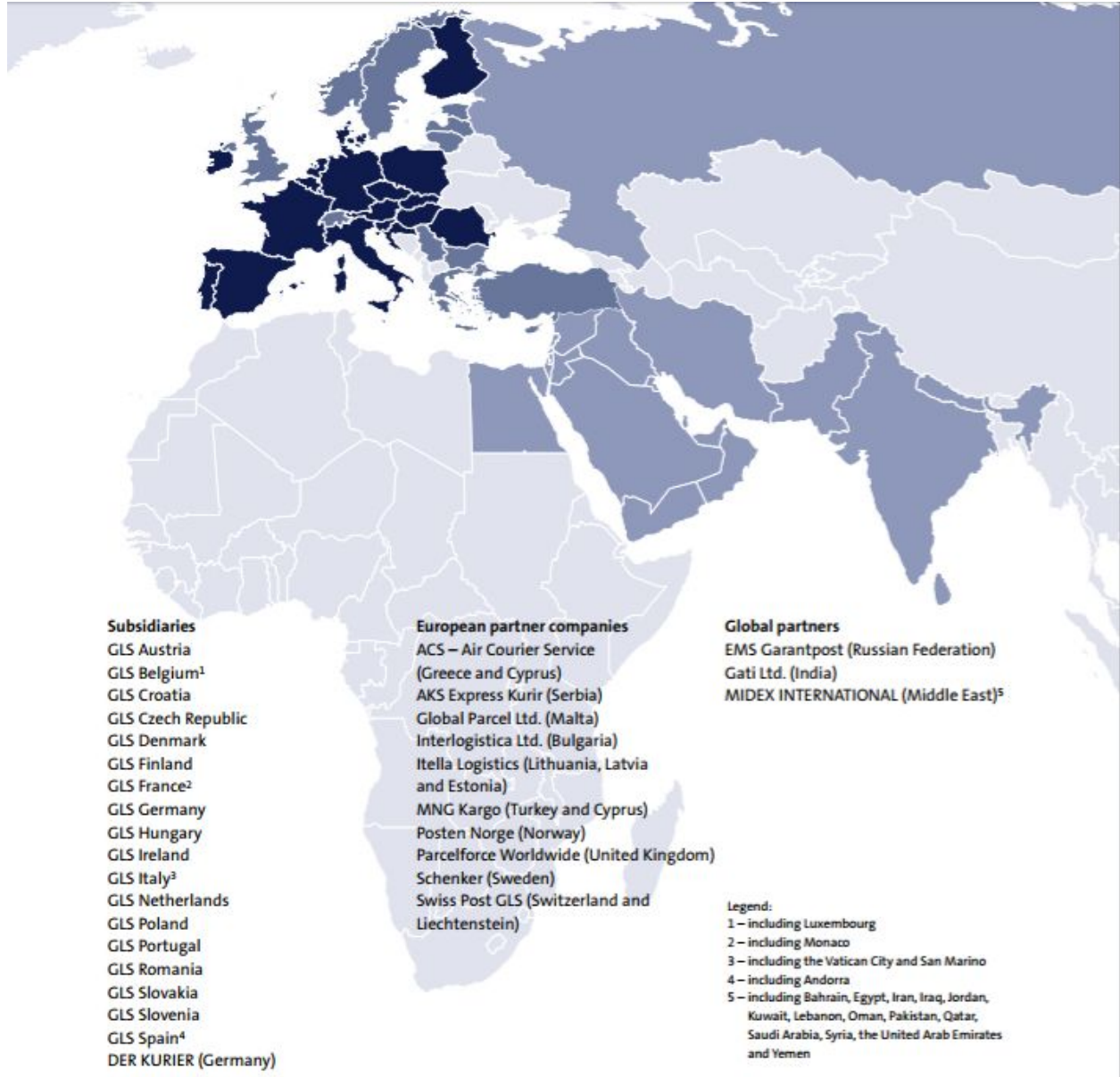
How does GLS handles its market entry strategy in Turkey ? What are the barriers/ competitive advantages for GLS in Turkish market.

GLS uses to having partnership with MNG Cargo to avoid maintenance cost , risk of the new market challenges and official bureaucracy. This makes that GLS cannot use fully their competitive advantages for their operation systems.

It seems that GLS can make more profit with establishing B2B customer market strategies. GLS can use differentiation strategy by focusing B2B market in Turkey.

APPENDIXES

Appendix 1: GLS Organization Map



GLS at a glance

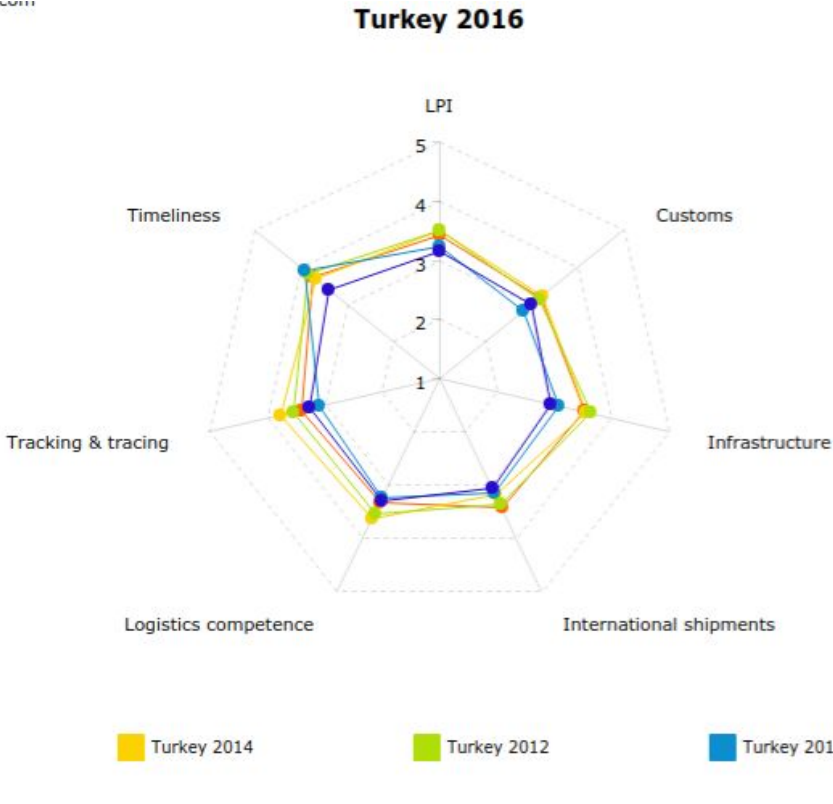
Key figures	2012/2013	2013/2014	2014/2015
Business figures			
Turnover (in euro billions)	1.84	1.96	2.10
EBIT (in euro millions)	123	128	146
EBIT margin (in %)	6.7	6.5	7.0
Operating figures			
Customers	approx. 220,000	approx. 220,000	> 220,000
Parcel volume (in millions)	380	404	436
Long-distance vehicles	approx. 2,000	approx. 2,000	approx. 2,000
Delivery vehicles	approx. 16,000	approx. 16,000	approx. 17,000
Hubs	37	39	40
Depots	667	662	688
Sustainability figures			
GLS companies certified in accordance with ISO 14001	14	19	20
CO ₂ e emissions	491,243	509,860	542,707
Employees	approx. 14,000	approx. 14,000	> 14,000
Workplace accidents (per 100 employees)	*	4.2	4.7
Work-related days of absence *	*	5,334	4,802
Work-related deaths	*	0	0

* These figures were previously recorded in another form. Therefore, they are not presented here.

** The work-related days of absence are recorded from the first day on.

Appendix 3 : Country Scorecard for Turkey in last calculated 5 years.

Chart by amcharts.com



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<http://lpi.worldbank.org/international/scorecard/radar/254/C/TUR/2016/C/TUR/2014/C/TUR/2012/C/TUR/2010/C/TUR/2007#chartarea>