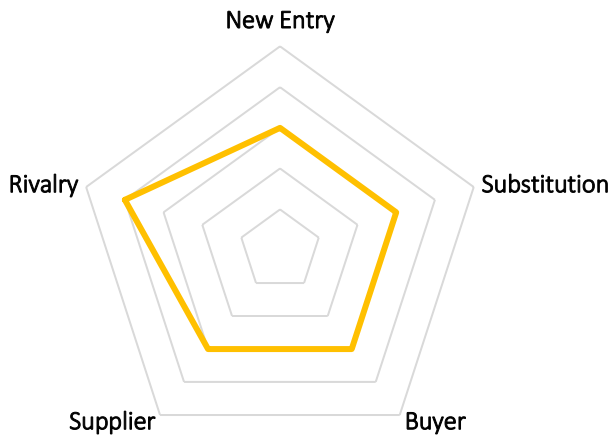


NORWAY



- Bargaining Power of Buyers: Moderate
- Bargaining Power of Suppliers: Moderate
- Threat of New Entry: Moderate
- Threat of Substitution: Moderate
- Industry Rivalry: High

PORTER'S FIVE FORCES

Bargaining Power of Buyers

The total number of retailers in Norway is 162 (top three sectors are Fashion & Clothing, Food, Consumer Electronics), which is a medium number in Europe. Thus, the buyer power in Norway's store card market is medium. It is moderately hard for the buyers to bargain in Norway. We also found that Norway's retail trade annual growth rate is 7.2% in 2017, which means that its buyers would increase in the future. It's good news for our client. Moreover, buyers in Norway can relatively easily switch from our client's product to some competitors (the 6 big store-card companies), and to some substitutions (due to the high density of banks, *you will see in "threat of substitution" part). Overall, the buyer power is medium.

Bargaining Power of Suppliers

Our team has determined that the suppliers for fintech companies compete on a global level rather than regional or national due to the nature of the industry, fully dependent on digital technology.

Threat of New Entry

Norway has a pretty high financial market openness index, indicating that the regulation for entering Norway's financial field is moderate. What's more, there are 6 major store card companies in the market and no monopoly power here--there is still some room for new entry. Additionally, both store card numbers and transactions show an increasing trend, which is another good news for new entry. Overall, on the one hand, it's not that hard for our client to enter Norway's market, on the other hand, it is also not hard for other new entrants. So, we give it a medium score.

Threat of Substitution

Cash, ATM transaction, Per-paid and Debit can be the payment substitutions for store card. Their proportions are as follow: Cash: 12%; ATM: 7%; Per-paid: 2%; Debit: 29%. Each of them 's proportion is smaller than credit. So, we believe that Norway people regard credit product (such as store cards) as a regular payment way. Overall, Threat of Substitution in Norway is medium.

Industry Rivalry

In 2018, there are 749 thousand store cards in Norway, with an increasing trend. And store card transactions also show an increasing trend. In company level, there are 6 major fintech companies that provide store cards: Royal Dutch Shell Plc, Alimentation Couche-Tard Inc, Exxon Mobil Corp, DNB ASA, Johannson, Ikano Group. They separately account for 29%, 26%, 10.5%, 8.7%, 7.9%, 4.3% of the total market share. Here, all other firms account for 16% of the market share. It still has some room for new entry (for example, our client). Since the proportion of each top competitor is not very high, there is no monopoly power here. What's more, the financial openness index of Norway is high. Overall, we give Norway a high score here.

IMPLICATIONS FOR SYNCHRONY

Norway is another country that could be a relatively ideal future market for Synchrony.

Firstly, finance infrastructure in Norway is in good condition. Meanwhile, people regard credit products (such as store cards) as a regular payment way.

Secondly, both the number of store cards and the store card transactions in Norway is showing an upward trend. Yet there is no existing monopoly power. An entrant (like Synchrony) has the potential to compete with the existing top 6 companies in Norway.

Thirdly, with a 0.93 (out of 1) financial market openness index, Norway's government is friendly to firms from foreign countries. If Synchrony is about to enter Norway, it will face to a relatively soft financial regulation.

Last but not least, due to Norwegian retailers' condition and the relationship between a consumer financial firm and its upstream/downstream enterprises in Norway, the buyer and supplier power is relatively stable and in a moderate level. Synchrony has the potential to keep a foothold in Norway.

In summary, as a well-developed Nordic country with fair societies and high economic productivity, Norway is a friendly country for a company that want to make a difference in international market.