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Business Plan for an online bakery concept

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Business plan for an online bakery concept

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The main objective of this thesis report is to create a business plan for an online bakery concept for the Finnish market. This thesis provides detailed information about the procedures, documentation and legal requirements needed to establish such services. The ultimate goal is to examine the feasibility and the profitability of the business as soon as it is launched.

The plan is divided into three main points. Firstly, it indicates the requisites for establishing a business as well as its advantages from theoretical perspective. Secondly, general legal aspects such as documentation and requirements are discussed to provide information about operating a company in Finland. Lastly, the idea is presented in the form of a business plan in which explain in detail specific criteria such as the company's description, market situation, marketing and financial plan.

The business plan is based on the 4Ps of Kotler's marketing mix which involves factors such as price, place, promotion and product. The chosen theoretical basis is further developed in the business plan strategy as well as an analysis of potential risks.

In order to improve the reliability of the study, qualitative research methods were applied in this thesis project as the main research tools for a case study. In particular, the idea of creating an online bakery store is a business concept where basic entrepreneurship and marketing knowledge is gathered and applied. The data is collected from two different sources. Non-standardized interviews with the head of the manufacturing and marketing department of Fafa's Catering Oy have been conducted. As a result, insightful explanations and suggestions about the current market situation, prospects as well as existing and potential competitors were collected and analyzed. In addition, primary data was also collected from the author's observation while working as an employee at Fafa's Plats Oy.

The results indicate that the niche market for the business idea is profitable in the up-coming years. The priorities of the business plan are an intensive marketing campaign and superior customer services.

Keywords online business, marketing, social media marketing, organic, bakery

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1 Introduction

The food and drink industry is the fourth biggest industry in Finland, with the gross production value of €13.2 billion. Meat processing, dairy farming and bakery industry, which account for approximately 50% of the entire production value, represent the three largest sector of the food and drink industry (ETL 2013). Profound knowledge of customer's behavior and demand together with quality products are the major contribution for the success of the industry.

The business idea discussed in this thesis is generated from desire of entrepreneurship during the time the author was working and studying in Finland. Finland is one of the world's highest coffee consumption per capita with 1.9 cups of coffee every day (Statista 2014). Dipping pastries has always been an important factor in Finnish coffee culture, despite the fact that the consumption of it had decreased since the early 1970s as a result of health education improvement as well as cultural changes from internationalization (Saarinen 2003).

This fact helps the author to create an idea of providing unique and organic pastries products for Finnish customer. Moreover, the tradition coffee culture can be wide-spread again in local coffee shops and pastries stores.

There are numerous cakes and pastries shop operated in the capital region (Helsinki, Vantaa and Espoo). In addition, most of the cakes and pastry products are being produced industrially. This causes the lack of quality and freshness for customer. Also, the price of hand-made products from pastries shop is high as they have to cover great costs from production, material, factory and distribution. As a result, the online bakery would be an ideal solution for low start-up capital.

1.1 The purpose of the thesis and research questions

The purpose of the thesis is, firstly, to develop a strategic business plan for an online pastries store to examine its feasibility in Finnish cakes and pastry market; basing on author's basis knowledge about business management and marketing. By feasibility, the plan will delve into the market potential and the profitability of the business idea in Finland's capital area. Information and market potential will be scrutinized by applying customer segmentation analysis and competitor analysis. Secondly, the purpose of this study is to acquire knowledge and experience to manage a start-up in Finnish bakery market. Last but not least, it helps the authors to acknowledge basic requirements when starting a business, from initial procedures, market research, legal aspects to strategic planning.

In order to achieve a thorough business plan, the main issues are presented in these following questions:

- What are the internal and external factors affecting the business idea?
- How the business idea compete against other competitors since it is an online business concept?
- What is the target customer?
- What is the customer's behaviors towards the organic cakes and pastries?

1.2 Delimitations

As the goal of the thesis is to examine the concept in the form of a practical business plan, only essential subjects would be scrutinized such as market analysis, customer segmentation, competitor analysis, operation, marketing, finance and risks. Particularly, the project will focus on researching and analyzing the niche market, customer segment, basic e-marketing plan (driving traffic to the web store and encouraging sales) and start-up costs. A broader and more extensive study about proposition of product development, risks management, branding and financial and personnel plan are not mentioned in the scope of this project.

The availability of official information is also a barrier that the author has to encounter with. Information about Finnish organic bakery market is mostly presented in Finnish, hence, they may not be collected and updated in the dissertation due to the local language barriers.

The official data regarding Finnish organic competition is also limited during the information collection.

1.3 Research Approach

The idea of creating an online bakery store is a business concept where basis entrepreneurship and marketing knowledge is gathered and applied. The idea would be developed and performed as a case study research so that it could sufficiently answer all the research questions mentioned above.

Case study research is based on understanding and answering research questions which are related to its "historical, economic, technological, social and cultural context" (Eriksson & Kovalainen 2008, 115).

Saunders et al (2009) defined case study as "a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context

using multiple sources of evidence”. In extent of business research, case study provides an insight into the economic dimensions from the point of view of an economic “actor” such as an employee, a manager, or a customer (Eriksson & Kovalainen 2008, 115).

The advantage of a case study research is its ability to simplify a complex economic issues and illustrate them in a practical term, which is the best suited with the business idea. Furthermore, Saunders et al (2009) also states that the variety of data collection techniques, which includes methods such as interviews, observation and documentary analysis, generates unlimited sources for business researchers to explore.

1.4 Theoretical approach

The theoretical background of this study provides knowledge about business plan, PEST analysis, and logistics for SMEs and principles of marketing (Kotler’s 4Ps marketing mix) as well as outbound marketing. Particularly, the business plan answers questions about how business operation is carried out and which set goals have been achieved. Factors regarding products, prices, promotion and distribution strategy is discussed in this paper. The PEST analysis provides a general view of external factors that might affect the business idea. In addition, SWOT analysis and Business Model Canvas (BMC) is also applied in the paper to identify the business’s strengths and weaknesses, opportunities and threats, as well as emphasizing the core value it offers. Particularly, the theoretical basis supports the author to develop a proper business plan. The theoretical approach focuses on elements that support the need and components of an adequate business plan.

The idea of creating an online bakery store is a business concept where basic entrepreneurship and marketing knowledge is gathered and applied. Therefore, qualitative research method allows author to examine whether scientific theories and models are feasible in reality. The primary data is collected from two different sources. Non-standardized interviews with the head of manufacturing and marketing department of Fafa’s Catering Oy has been conducted, as a result, insightful explanations and suggestions about the current market situation, prospects as well as existing and potential competitors are being gathered and analyzed. In addition, the primary data is also collected from author’s observation as the Fafa’s employee.

1.5 Framework of the thesis

The thesis is explained and presented in three main categories: the theoretical background, the research approaches and the empirical background

The theoretical background provides supportive literature about business plan, marketing and its components. It identifies the requisites to establish and operate a start-up business including a business plan theory and legal aspects. In addition, a PESTEL analysis of Finland is also generated to support the market research of the business idea.

The research approaches section provides a thorough plan on how the research is conducted, which data collection has been selected and applied. Furthermore, an ethical issues are also concerned and discussed as well as the procedures that guarantee the creditability of the study.

The empirical part scrutinizes the project plan and its performance. Particularly, the plan presents the company's background and its legal basis. An analysis about market, which identifies local competition and targeted customers, is emphasized in this section. The marketing plan based on the 4Ps model is presented and analyzed as the focus of this study. It explains the company's operation in term of its price, place, promotion and product. Despite there is lack of exact information concerning financial plan of the company, a concise financial planning is also shown in this section.

The final part consists of a risk management as well as a conclusion that summarizes the feasibility of the plan. It produces a broad view for readers about the basic definition and the process of the plan.

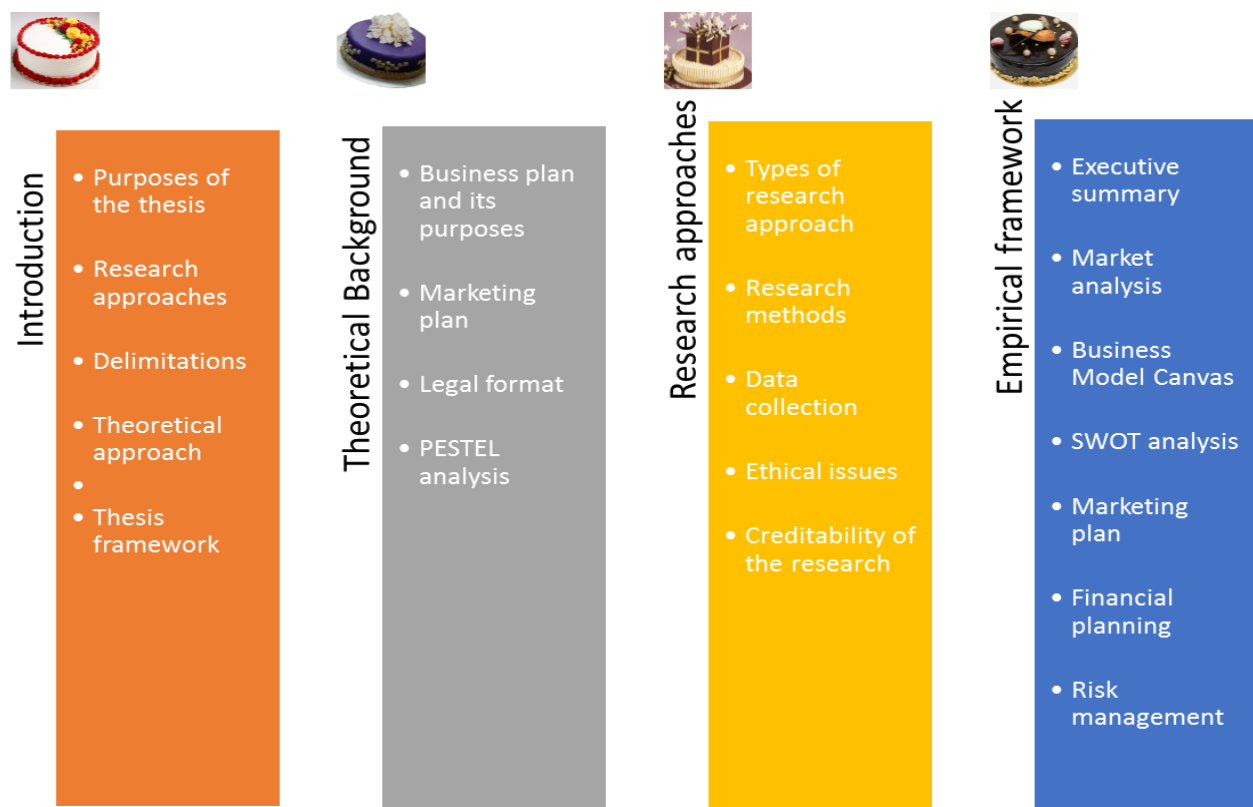


Table 1: Structure of thesis

2 Theoretical background

2.1 Business plan

A business plan is a document that strategically describe a business's future, regarding business goals and strategies to reach them. Friend (2004, 8) defined a business plan as a written document which contains a coherent business's strategy, tactics and operations based on accurate analysis and understanding.

Fiore (2005, 10), however, demonstrated a business plan as a "two - things" plan:

- An organizing tool to simplify and clarify your business goals and strategies
- A selling document that sells your business ideas and demonstrates that your products or service can make profit and attract funding and/or company resources.

In the guide for business planning, Friend also highlighted the importance of a business plan on achieving future goals no matter what the story of the business is. The core of every business plan is to fulfill the needs of targeted customers by identifying internal factors (management team, investors) as well as external factors (customers, competitors and markets).

Moreover, a business plan can also be a useful resource to communicate with suppliers, auditors and accountants.

2.2 Purposes of a business plan

There are several purposes of a business plan which support and direct the company going forward. First, and foremost, the business plan are designed in order to secure company's form of financing. Finance can be explained as start-up costs, business expansion, R&D and new product development. As a result, the growth prospects for the market and the sources of sustainable competitive advantage for the business will be emphasized on every strategic decision (Friend 2004). Pinson (2004), however, described it as a major role in communicating to possible investors, or creditor in sourcing or securing the initial capital.

Moreover, Friend (2004, 9) stated that the basis of business developments, operational management and budgeting can also be illustrated in the business plan. Specifically, this basis can be monitoring and evaluating business performance. This idea creates the clarification in overall management, helps focusing and directs the company towards set goals.

The business plan can also be viewed as "a part of tender process" that support government body. According to Friend, the business plan can be referred as "a mechanism for reconciling conflicting views and building consensus, as well as communication the vision, mission and goals of larger companies" (2004, 9).

2.3 Marketing plan

Nowadays, marketing plays a crucial role in modern business world because it is one of the most powerful tools for marketers to deal and reach their strategic customers. Kotler (2008) defines marketing as a social and managerial process in which individuals and groups obtain what they need and want through creating and exchanging products and value with others. According to Lori Mattern, a content manager at bMighty2, "a well-crafted marketing plan provides guidance on how, why, and to whom you will deploy your marketing message".

A marketing plan is a comprehensive blueprint described the overall marketing efforts of an organization in term of current market position (products and services, strengths and weak-

nesses of a business) and its marketing strategy to achieve specific objectives for a period of time. (Business Dictionary 2015)

In addition, marketing planning participates every aspects of a business, ranging from forecasting, bench-marketing the company's offerings with competitors, pricing to promoting and branding products and services (Lorette 2015). As it is fundamental part of starting a business, marketing and its strategic plan is broadly researched and applied in the topic.

2.3.1 The target market strategy

A target market defined as a group of customers who purchase and use company's products and services. It is essential for marketer to conduct a market research as it provides valuable information that center the business with customers. Together with the marketing mix, a target market strategy is the crucial element of the marketing strategy as it provides understandings of the current marketing situation and helps company to position and differentiate its offerings accordingly.

In addition, Kotler (2008, 156) defines market targeting as the process of evaluating each target market's attractiveness and selecting one or more to enter. It helps marketers to reduce the potential risks and improve sustainability during the decision-making process.

2.3.2 Competitor analysis

Planning an effective marketing strategy requires more than just understanding customers. Nowadays, firms need to know who are their competitors and satisfy their customers more than the competitors do. This formula helps companies to win the market share and profitable relationships with prospects. Kotler & Armstrong (2008) argues that it is crucial for today businesses to "evaluate competitors and continuously develop competitive marketing strategies that position effectively against competitors and having the strongest possible competitive advantage" (Kotler & Armstrong 2008, 488)

Competitor analysis is the process that includes "identifying key competitors; assessing their objectives, strategies, strengths and weaknesses; and reaction patterns; and selecting which competitors to avoid or attack" (Kotler & Armstrong 2008).

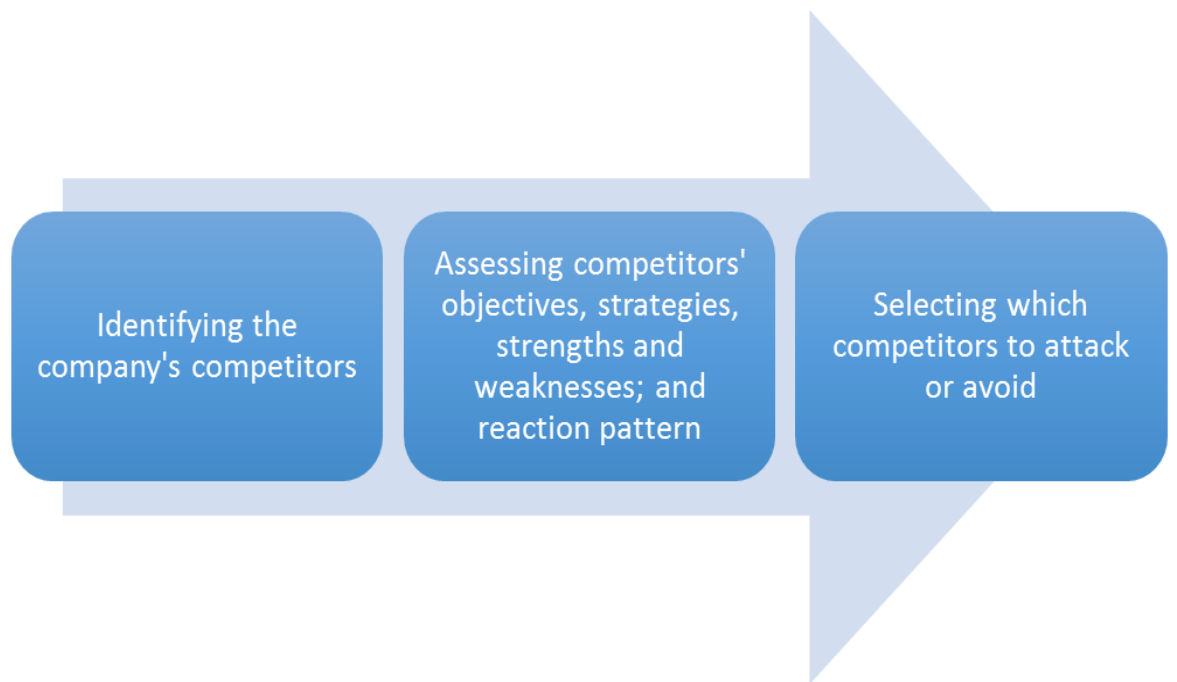


Figure 1: Steps in analyzing competitors (modified from Kotler & Armstrong 2008, 461)

In the competitor study of Porter (n.d.), he demonstrates four fundamental traits of what drive the competitors and what they are capable of doing. The competitive components are illustrated in the

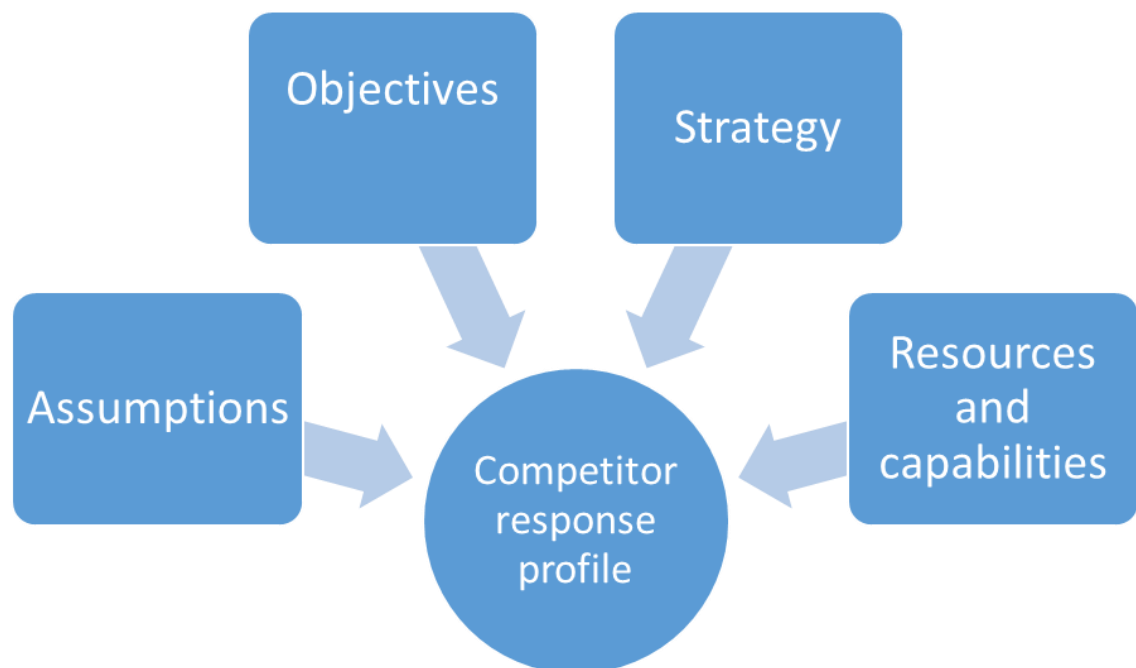


Figure 2: Porter's four corner analysis (Modified from Business Knowledge Center, n.d.)

Objectives and assumptions represent competitor's motivation and help firms determining competitor's future action. Specifically, knowledge about competitor's drivers such as financial goals, corporate culture and philosophy formulates better competitive reactions for different changes. Management assumptions of competitive position, organizational value and regional factors help marketers shaping future strategy.

Information of competitor's objectives and assumptions create an evaluation of competitor's strategy, resources and capabilities. Particularly, an assessment of competitor's resources and capabilities help firms to predict competitor's ability to initiate and respond to external elements while the strategy decides how it performs in the market.

Four fundamental traits formulate a response profile in which marketers have a clear view of potential offensive and defensive moves. This process helps managers to adapt and react to any possible changes based on firm's competitive advantage.

2.3.3 The product and service strategy (Positioning)

Kotler (2003) defined products as the combination of goods and services that the company offer to the target market in order to satisfy a want or need. There are three levels of products in which each of them improve the customer value.

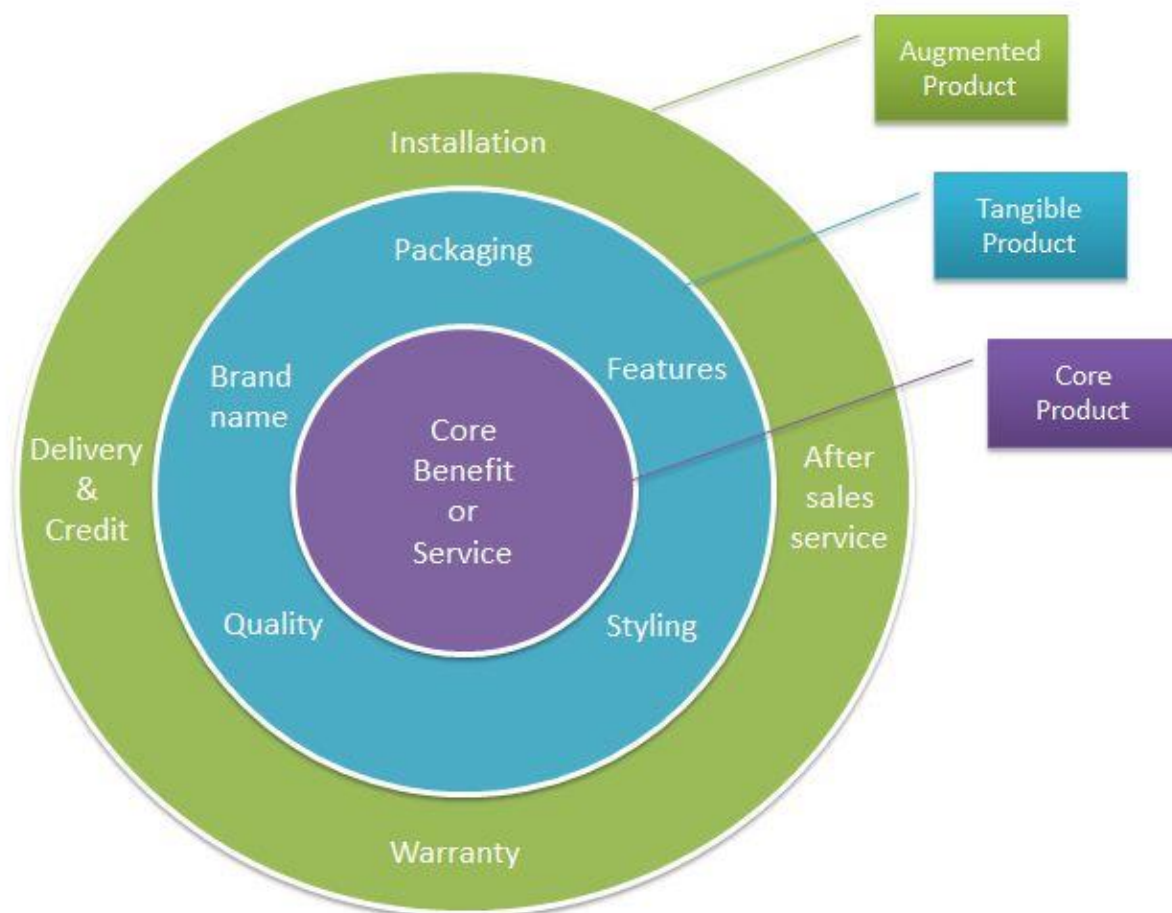


Figure 3: Three levels of product (Kotler & Armstrong 2008, 501)

There are three levels of products such as core product, tangible product and augmented products. These are illustrated in the figure 8 in the study of Kotler & Armstrong (2008, 501).

After a company has identified its potential target market, the next step is to decide how the products and services can be differentiated and positioned for each selected segments. Positioning is the process in which company attempt to create a clear, distinctive and desirable impression in the minds of the target customers based on knowledge about customer needs, competitive pressures, available communication channels and key messages. (Kotler 2008) Hence, company apply this strategy either by emphasizing the distinguish features of their offerings or to create suitable image so that greatest competitive advantage can be achieved.

According to Kotler (2008), an effective positioning strategy starts with differentiation - an approach in which companies develop and differentiate their market offerings with unique characteristics in order to create superior customer value. In practice, the positioning strategy varies on types of the organization and its marketing strategy. Unlike mass production company, companies with limited resources might decide to serve one or a few special seg-

ments, and tend to differentiate their products based on samples which are defined as the opinions of business owner, his/her family and customers (Iconic 2015).

In addition, other small businesses may carry out the positioning strategy so-called “experiential studies”, where the marketer apply their marketing strategy after observing customers, receiving market’s feedback.

2.3.4 Pricing strategy

Kotler (2008, 639) defines price as the amount of money charged for product or service, or the sum of values that customers exchange for the benefits of possessing or using the products and services. And price is the most important marketing mix as it is the only factor that produce revenue. Three main elements to setting the price are: costs, customer perception of values and other internal as well as external pricing factors.

A company’s costs are the ground floor in pricing strategy, represent in two forms as fixed and variable costs. Fixed costs are the expenses that are independent with production or sales level such as monthly rent, electricity, salaries and other overheads. On the other hand, variable costs are expenses that directly dependent on the level of production. Company can apply cost-based pricing after measuring the costs from creating and delivering the product to final customer plus extra rate of risk and returning products (Kotler 2008, 642)

Customer perception of values is considered as the most important elements when deciding the price for a product or service. Slater & Narver (2000) states “the product value for consumer is created when the benefits a customer gets from a product is greater than the long-term costs a customer is willing to pay with a product”. Kotler (2008, 676) also emphasizes that effective pricing strategy starts profound knowledge of product’s value and setting the price that capture the value in return. In addition to the cost-based strategy, Kotler (2008, 640-642) indicates the customer driven pricing strategy called value-based pricing which focuses buyers’ perceptions of value as root to setting the price.

Marketer also need to take into account other internal and external factors that have influence in setting the price. The internal factors include the company’s overall marketing strategy, objectives, marketing mx and organization for pricing. The nature of market and demand, competitors’ price and offers as well as other environmental factors (economy, reseller market and government actions) are considered as external elements. (Kotler 2008, 676)

2.3.5 Distribution strategy

Distribution includes activities that make the product available to target customers. It requires building a long-term profitable relationships with customers, suppliers and intermediaries. Companies, nowadays, improve distribution strategy by using and improving their marketing channel. Kotler (2008, 928) defines it as a set of interdependent organizations take part in the process of making a product or service available to the final customer.

The marketing channel supports company in various tasks such as transactions, communication with both internal and external parties, and financial consultancy. In selecting channel, preceding factors such as market, attributes of products, intermediaries and other environmental issues should be examined.

In other study about channel selections, Histrich et al. (2008) identified major considerations illustrated in table 2, when selecting the distribution channel.

<p>Degree of directness of channel</p> <ul style="list-style-type: none"> • Market conditions - Concerned whether end users are concentrated (direct) or dispersed (indirect) in market • Product attributes - concerned with whether product is large or small, bulky, perishable, hazardous or expensive • Cost benefits - Considers the cost benefits in selection of channel member; many benefits minimal or no benefits • Venture attributes - Considers financial strength, size, channel experience, and marketing strategy of venture
<p>Number of channel members</p> <ul style="list-style-type: none"> • Intensive - selection of as many retailers and/or wholesalers as possible • Selective - choose only small number of channel members based on some set of criteria or requirements • Exclusive - select only one wholesaler and/or retailer
<p>Criteria in selection of channel members</p> <ul style="list-style-type: none"> • Reputation • Services provided
<p>Number of channels</p> <ul style="list-style-type: none"> • One channel for one target market or multiple target markets • Multiple channels for one target market or multiple target markets

Table 2: Major considerations in channel selection (Histrich, Peters & Shepherd 2008)

2.3.6 Advertising and promotion

Creating and developing a good product with attractive price are not enough to build strong profitable relationships with customers. Companies need to communicate persuasively with customer in order to deliver superior value and enhancing the relationship. A marketing communication mix, which is applied to improve overall promotional capacity, consists of specific marketing tools such as advertising, sale promotion, public relations, personal selling and direct marketing. Each specific promotional tools are designed to communicate with different target customers. With the advances in technology, people are now able to communicate through traditional mass media (radio, television, telephone, newspapers) as well as targeted media (mobile phones, computers). According to Kotler (2008), consumers, however, are also changing in the way they consume media.

As the mass media costs rise and the growing usage of personal video recorders (PVR) and video-on-demand (VOD), companies are focusing more on narrowcasting instead of broadcasting strategy. Advanced information technology has also created new trends in ways of communication between firms and customers. The booming of the Internet as well as new superior information and communication tools (from mobile phones, tablets to satellite and cable television systems) provide marketers not only with greater opportunities to interact with targeted customers, but also to reach niche segments with tailored messages.

According to Kotler (2008), advertising is a tool in marketing strategy and is described as a means of communication between company's value proposition and users of product and service. Broadly, it is defined as any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. Advertising is one of the most powerful communication tools in marketing strategy in term of improving customer's awareness, enhancing brand image and boosting sales revenue. As a consequence, it is widely used in all the business model from business companies to non-profit and social organizations.

Sales promotion represents short-term incentives to encourage purchase or sales of a product or service such as coupons, premiums, contests, discounts, allowances and cooperative advertising. Firms, nowadays, are improving their sale promotion strategy to overcome "promotion clutter", by offering larger coupon values, creating more point-of-purchase displays or developing creative and unique promotion campaign (Kotler et al. 2008, 800).

2.3.7 Sales strategy

Sales strategy illustrates a strategic plan that helps promoting firm's images and offerings, as well as achieving competitive advantage. An effective sale strategy requires profound knowledge about the market, company's goals and objectives.

The sales strategy of Karelia Pastries emphasizes customer's experience by offering organic and quality baked goods and pastries. A sale representative is also necessary for plan, as he/she will introduce the products and improve the firm's presence in hotels, coffee stores and deli restaurants in Helsinki area.

2.3.8 Budgeting

It is essential to consider the marketing budget and related costs in order to produce an effective marketing plan. Many companies, however, have suffered marketing budget deficit by failed to limit communication expenditures. Lavinsky (Forbes 2013) illustrates three steps that companies should implement before carrying out their marketing plan.

- a. Organize financial information: Current financial information and situation should be gathered and organized systematically. A solid marketing budgeting starts with a clear information about reliable revenue and costs. Reliable revenue estimates the amount of money companies earn every month; subtracted with monthly costs. This establishes a clear flows of money for company.
- b. Marketing funds: companies need to know how to use their available marketing funds, by considering the budget size, past experience and marketing channels to reach targeted audience. Businesses with limited marketing budget can apply low-cost strategies such as print ads, online ads, social media and emails to attract new prospects. Marketing campaign should be tested properly in order to reach the customer, avoid uncertainties and eliminate the inapt marketing channel
- c. Assess data and appropriate adjustments: the plan should be analyzed by comparing the recent performances and identified the profitable outcomes.

According to Kotler (2008), return in marketing investment (marketing ROI) measures the profits generated by investments in marketing activities and help companies achieving better data controls.

2.4 Selecting a legal format

There are number of legal forms that businesses has to decide before operating in Finland as it would influence the amount of tax, the division of responsibility and the amount of dividend for owner and shareholders. Business can be performed in legal forms such as private entrepreneur, general partnership, limited partnership, Limited Liability Company and cooperative. International organizations are also carrying out their businesses and investing in Finland by setting branch companies. They could be branches with different names or even cooperative with local businesses. In addition to the general economic entities, there are also non-profit entities, for-profit entities of public law, economic entities for special purposes (construction firms, insurance companies or loans and savings organizations) and real estate law corporations.

2.4.1 Private entrepreneur (Sole trader)

A private entrepreneur, or a sole trader, is an individual who forms a company and is free to retain any profits. However, he/she is also responsible for paying taxes, debts of the company as well as the losses occurred. A single person who are living in the European Economic Area (EEA) is able to run his/her own business as a private entrepreneur. A person residing outside the EEA needs a trade permit given by the National Board of Patents and Registration (NBPR). There are two categories that a private entrepreneur can be divided into.

A private entrepreneur can be a self-employed person or a shopkeeper. As a shopkeeper, the entrepreneur is able to hire other employees (Bridgewest 2015).

2.4.2 General partnership

A general partnership is formed by two or more individuals, and it does not required any initial capital. This economic entity has to be registered with the Trade Register before operating. The profits are divided among the partners according to the number of shares they hold. The general partners, however, are responsible for all company's liability as well as management decision. Moreover, they also have the right to interfere in the management of the company and to claim the gained profit. The general partners have the right to restrict others' acts in some case if necessary.

2.4.3 Limited partnership

Limited partnership is a legal business form which consists of two or more individuals and at least one of them has to be a general partner. As a general partner, he/she is wholly responsible for company's liability including commitments as well as involving in the company's management. Moreover, at least one of the partner represents as a silent partner, who is ac-

countable for his/her legal shares. A silent partner, however, might not contribute “his/her own decisions in the operation and management of the firm as well as the coverage of losses” (Bridgewest Europe 2015).

The general partner might not need to invest his/her money or any other capital for initial fund, while the silent partners have to capitalize their own cash money or any type of capital input. Unlike the general partnership, the silent partner has no rights to act on behalf of the business without having permission from other partners.

2.4.4 Limited Liability Company

According to the law, a limited liability company is established by one or more natural persons, who can be individuals or legal entities. A limited liability company can be either private or public. The minimum initial capital is EUR 2,500 for private limited company, or EUR 80,000 in the public one. The difference between the public and the private limited company is the amount of shares, which is limited by the Finnish government. The purpose of such company, however, is to generate profits for shareholder. In contrast, the shareholders' responsibility is limited to the share capital (Helsinki Business Hub 2015).

The management of the company is governed by the Board of Directors, Managing Directors and Supervisory Board. The Board of Directors should have at least three members, in which at least one member of the board must be a resident of the European Economic Area (EEA). The Board of Directors is selected and elected in the General Meeting of shareholders. Particularly, the shareholders will decide matters related to accounts, personnel and distribution of dividends in the General meeting. The board's responsibility is to “supervise the managing directors and provide them instructions as to how fulfill his or her duties towards company's goals” (Helsinki Business Hub 2015).

Both managing directors and supervisory board is also nominated and selected in the General Meeting by shareholders. A supervisory board is only established when the share capital exceeds EUR 80,000.

2.4.5 Co-operative association

A minimum of three natural and legal individuals can form a co-operative association and it does not require members of such company to be resident in the European Economic Area (EEA). The co-operative association decides its own size of shares. Thus, members of a co-operative association are equally liable for company's obligations.

The governing body of a co-operative association is similar with the one of Limited Liability Company. Specifically, it consists of the Board of Directors, the Managing Directors and an optional Supervisory Board. The Board of Director is elected in the General Meeting of shareholders as well as the Managing Directors and the Supervisory Board (InfoPankki 2015).

2.5 PEST analysis

PEST analysis, shorten from Political, Economic, Social and Technological Analysis, is a framework that describes and analyzed macro-environmental factors applied in strategic management. The framework helps marketers to identify business opportunities as well as avoid potential threats in specific target markets. Moreover, it provides an understanding of the market's position and reveals the consideration for organizational strategy.

- Political analysis: illustrates the level of government's intervention such as taxation, labor laws, trade restrictions or the political stability. It also includes the government's actions and investments towards nation's health, education and infrastructure. Government's policy towards corporate social responsibility, environmental issues and customer protection laws are being concerned.
- Economic analysis: factors that affect businesses' operation are analyzed such as economic growth, interest rate and other monetary policies.
- Social analysis: social components such as cultural aspects, education, trends, age, genders or income distribution might affect the demand for company's offerings.
- Technological analysis: factors concerning technological infrastructure, government R&D policy help firms to determine whether it is cost efficient to entry or profitable to outsource their operation.

2.6 Business Model Canvas

Osterwalder's Business Mode Canvas (BMC) is defined as "a visual representation of current or new business models, generally strategic managers". Specifically, it is a common business language that illustrates the process on "how company creates, delivers and capture value" (Entrepreneurial Insights 2014).

The BMC is divided into four major blocks which is shown in Illustration 1: Infrastructure, Offerings, Customers and Finances (Wikipedia 2014)

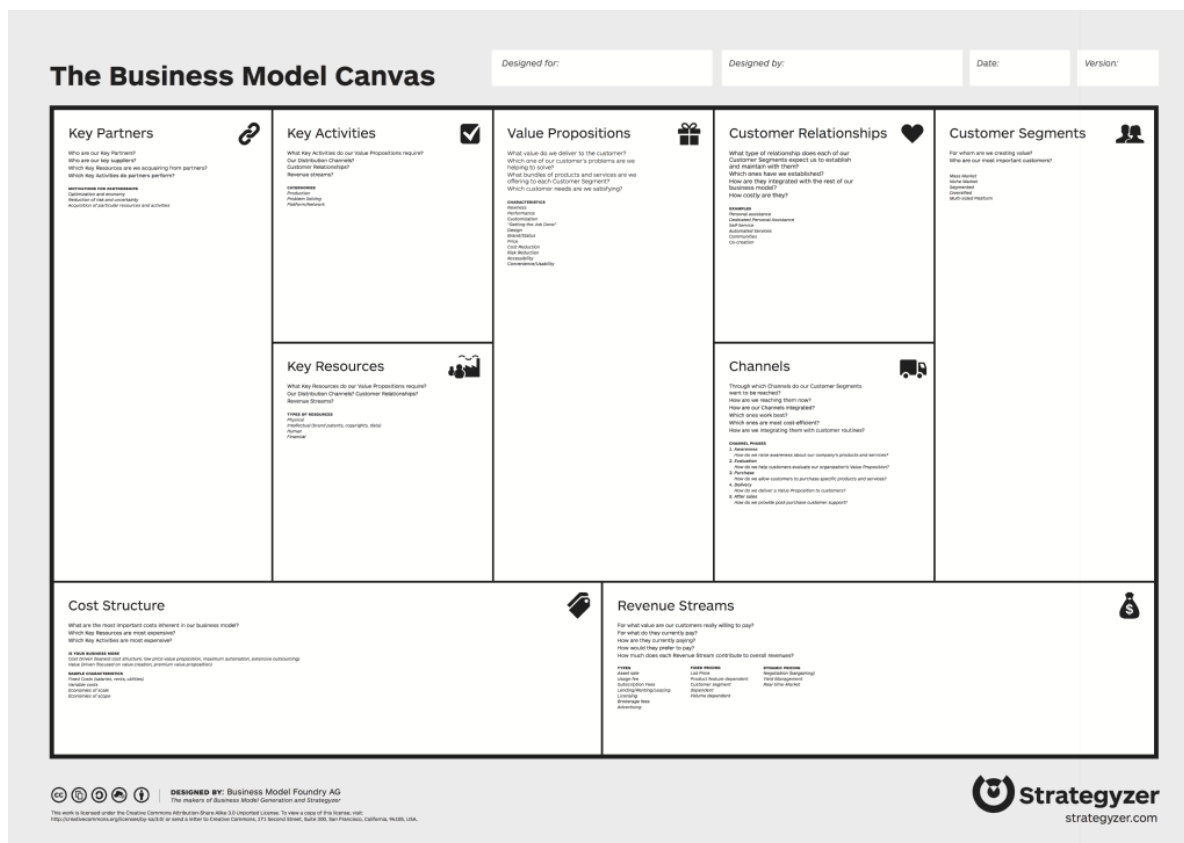


Illustration 1: Business Model Canvas

Infrastructure:

- **Key activities:** Activities that are requisites to select or redundancy needed to be removed from company in term of creating value.
- **Key resources:** Company's resources including human, financial, as well as physical and intellectual asset that are needed to create value
- **Key partners:** the network of suppliers and partners who support and enhance the company's value production

Offerings:

- **Value propositions:** the combination of company's products and services that differentiate them with competitor's and fulfill the customer demand (Osterwalder 2008).

Customers:

- **Customer segments:** the target segments in which company identifies them as profitable, aims to deliver their value and capture it in return

- Customer relationships: Types of relationships with customers which has been defined and sorted out by managers, so that profitability and sustainability can be assured
- Channels: Efficient and effective channels which have been examined and selected in order to generate the value availability.

Finances:

- Cost structure: Costs that are generated during the operation. They are divided into two main costs such as variable and fixed costs
- Revenue streams: Certain methods that are applied to generate revenue for companies

Since initial concept is examined and changed rapidly, the BMC provides a holistic view of fundamental components that affect the business.

2.7 SWOT analysis

The SWOT analysis provides an evaluation framework on company's strengths, weaknesses, opportunities and threats. By assessing both internal and external factors, marketers are able to identify potential strategy as well as to remove uncertainty in term of achieving company's long-term objectives (Kotler et al., 2008)

2.8 Porter's 5 forces analysis

The model was designed by Michael E. Porter in 1997. It provides a framework which helps marketers to understand and analyze the competition in chosen market. The model is widely used in businesses and government as strategic analyzing tool. It consists of horizontal and vertical competition (Kotler et al., 2008).

- Horizontal competition includes strategic components such as the threats of substitutes, the threats of existing rivalry and the threats from new entrants.
- Vertical competition includes factors such as bargaining powers of suppliers and buyers.

The model is applied in this paper with the purpose of making the business idea profitability and improves its stability.

2.9 Theoretical summary

The implementation of Kotler’s marketing model provides the instruction to support the empirical part of this thesis project. Key components of the marketing plan presented in pricing, product and service developments, as well as distribution channel and promotional planning are explained to support the concept. In addition, knowledge regarding internal and external analysis for the business idea is applied as they emphasize the importance of factors affecting the business. Last but not least, a concise information about establishing a company in Finland is provided in the theoretical background to emphasize legal requisites.

3 Research approach

Research defines as the process of improving knowledge by systematically collecting, explaining, understanding and analyzing data (Saunders et al., 2009). The proper research method and approaches is illustrated in Figure 5 and further discussed in this section.

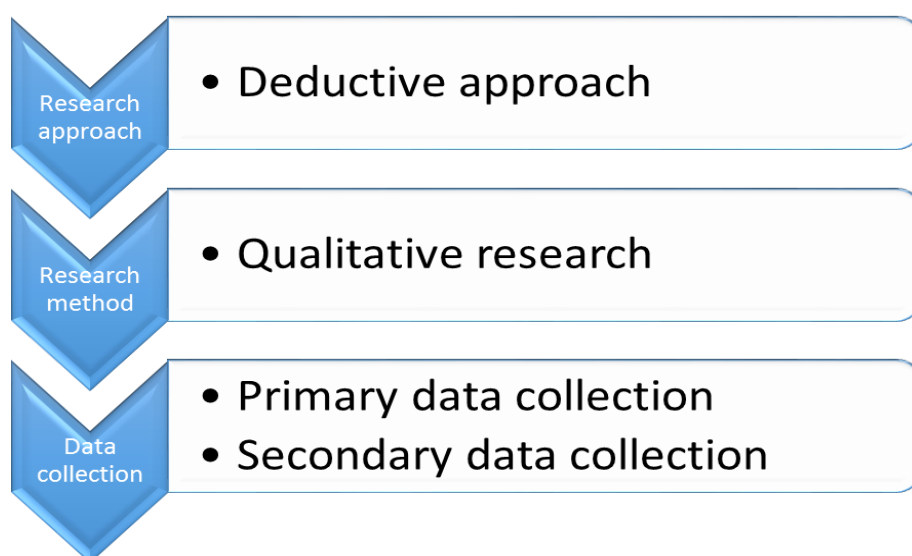


Figure 4: The chosen research methods

3.1 Types of research approach

Deductive approach: The research approach in which the using data is tested from a “developed theoretical and conceptual framework”.

Inductive approach: a process where “data are gathered and a theory developed as a result of the data analysis” (Saunders et al., 2009)

3.2 Research methods

There are two types of research methods: quantitative research and qualitative research. Nonetheless, it would be more appropriate to compare rather than giving transparent definition of two research methods. Qualitative and quantitative research can be differentiated by examining the aims and methods of data collecting.

“Qualitative research focuses on gathering of mainly verbal data and then analyzed in an informative manner, subjective or even diagnostic” (Explorable 2015). Moreover, qualitative research is primarily subjective in approach as it seeks to understand human behaviors and reasons that govern such behaviors. Pervez Ghauri and Kjell Gronhaug (2005) states that “qualitative research is particularly relevant when prior insights about a phenomenon under scrutiny are modest, implying that qualitative research tends to be exploratory and flexible because of unstructured problems”. There are nine different qualitative research approaches which can apply in business research:

- Case study research
- Ethnographic research
- Grounded theory research
- Focus group research
- Action research
- Narrative research
- Discursive research
- Critical research
- Feminist research

In contrary, quantitative research is a bit different with the qualitative one. Quantitative research is a more logical approach which provides a measure of phenomena from statistical and numerical data. The data can be performed in various methods such as surveys, simulation, mathematical modelling, experiments and statistical analysis.

Basing on the definition of two methods, qualitative research is more suitable and is applied in this thesis by using self-observations and case study research approach. Precisely, the idea of creating an online bakery store is a business concept where basis entrepreneurship and marketing knowledge is gathered and applied. The idea would be developed and performed as a case study research so that it could sufficiently answer all the research questions as its ability to simplify a complex economic issues and illustrate them in a practical term, which is the best suited with the business idea.

3.3 Methodology

Methodology is defined as organizing principles or procedures of a conducted research for guiding the research process (Eriksson et al., 2008). Silverman (2005), in addition, asserted that methodology is usually concentrated in specific methods in order to generate better understanding towards a research problems. These methods are categorized in methods of data collection and methods of data analysis.

In the extent of this paper, methods of data collection such as observation and interviews is applied based on numerous empirical data.

3.4 Data collection

Research data in this study has been gathered from both primary and secondary collection so that adequate information is provided and the creditability of the information is assured.

3.4.1 Primary data collection through observation

According to Eriksson & Kovalainen (2008), observations is defined as “a method of collecting data by human, mechanical, electrical or electronic means”. The observation process involves in the following stages such as “the systematic observation, recording, description, analysis and interpretation of people’s behaviors” (Saunders et al. 2009, 288).

Participant observation, which is one of the most demanding methods of gathering data, is applied in this concept. In participant observation, it requires the researcher to be a participant in the culture or situation being observed. Specifically, the researcher becomes a complete participant in the setting, human and social environment. In some extent, the business language and non-verbal communication are important materials that contribute to the analysis and should be paid attention to.

In the same study, Eriksson & Kovalainen (2008, 88) also suggested that events that “do not happen” should be noticing as well as the intended events that did happen. Research data including primary and secondary data should be presented in written texts such as reports, statements, informal records, personal notes, and memos.

In this study, observation is an advantage for author as he has worked in the bakery field for two years. This provides an enormous amount of visual materials such as pictures and videos to support the research.

3.4.2 Primary data collection through interview

Primary data collection describes the process of collecting data by researcher himself applying practices such as self-observations, case studies and interviews. These data should be specifically use for only researcher's study purpose. The primary data in this study is gathered from author's observations and experience about bakery production in a Finnish catering company named Fafa's.

The interview is a discussion between two or more people with the purpose of collecting reliable data related to given topics (Saunders et al. 2009, 318). Particularly, interviews provide a perspective on "how people reflect on their own behavior, circumstances, identities, and events" (Eriksson & Kovalainen 2008).

There are two main types of interviews:

- Standardized interviews or structured interviews: a practice of formalized and structured questionnaires based on identical set of questions that is recorded with scheduled responses. The standardized interviews are usually referred as quantitative research interviews since it is used to "collect quantifiable data" (Saunders et al. 2009, 320)
- Non-standardized interviews is commonly referred to as qualitative research interviews which consists of two broad approaches as in-depth or unstructured interviews and semi- structured interviews. The advantage of non-standardized interviews is that it allows researchers gather an enormous amount of detailed data and the ability to gain access to the type of data that needed.

The non-standardized interviews is applied in this study based on the purposes of study and the length of time required. In addition, participants of such interviews are open to come up and discuss potential issues in the near future.

The interviewees, which represent Fafa's, are Mihalis Rogdakis - head of manufacturing department and Jack Waddington - the marketing manager of Fafa's. The questions that were asked during the interview are shown in the Appendix. As the interview was conducted, the feasibility of the business plan and the future market trend is examined in an open discussion.

Secondary data collection

The secondary data collection defines the procedure of re-analyzing data which have already been gathered and analyzed for other research purpose. Three main types of secondary data

are documentary, survey and information from multiple sources. For most research projects, secondary data is used to provide data such as time-series data, area-based data, compare and support main data set (Saunders et al. 2009, 280).

In this project, secondary data is gathered and combined from documentary (both written and non-written materials) and multiple sources. Moreover, those from multiple sources include marketing books, journals, official government publications as well as Finnish bakery industry statistics and reports. Results from such data provides an understanding of potential customers as well as their buying behaviors. Knowledge about current market situation and potential competitors are also gathered and supports the business plan.

3.5 Ethical issues

Ethics define set of moral principles that govern an individual's behaviors or the code of conduct of human activity (Global Ethics 2015).

Saunders et al. (2009), however, defined ethics in research perspective as “the appropriateness of your behavior in relation to the rights of those who become the subject of your work or are effected by the work”. Or in other circumstances, the research ethics assure to bring no harm for researcher himself as well as others. Particularly, ethical issues are concerned throughout the research project from searching information, during data collection, data process and analysis to reporting results. In the same study, general ethical issues are specified during the stages of a research plan which is listed in figure 6.

General ethical issues
<ul style="list-style-type: none"> • Privacy of possible and actual participants • Voluntary nature of participation and the right to withdraw partially or completely from the process • Consent and possible deception of participants • Maintenance of the confidentiality of data provided by individuals or identifiable participants and their anonymity • Reactions of participants to the way in which you seek to collect data, including embarrassment, stress, discomfort, pain and harm.

Figure 5: General ethical issues (modified from Saunders et al. 2008, 185)

According to Saunders et al. (2009), the use of Internet and other online tools also arise ethical issues regarding the privacy of data. The researcher needs to consider these ethical issues towards his research project as internet is the key tools to gain access and to collect data. As

a result, confidential data that is stored, analyzed and reported in this paper is precisely preserved so that it will not cause any harm to participants.

3.6 The reliability of the research

The creditability of the research is based on the evaluation of three fundamental criteria: reliability, validity and generalizability.

Reliability is defined as “the extent to which a measure, procedure or instrument yields the same result on repeated trials” (Eriksson & Kovalainen 2008, 292).

There are several threats that could affect the reliability of a qualitative research. Saunders et al. (2009) identified four potential threats to reliability:

- Subject or participant error: interviewees may provide different answers based on the different of environmental changes (time, temperature or current attitudes)
- Subject or participant bias: there is a potential changes in respondents during measurements due to the “authoritarian management style” or “threat of employment insecurity”
- Observer error: Observers’ ways of conducting measurements (ways of asking, schedule) could decrease or extend the threat of reliability
- Observer bias: Ways of understanding the responses could also create bias during the evaluation.

Validity is demonstrated as “the extent to which conclusions drawn in research give an accurate description or explanation of what happened” (Eriksson & Kovalainen 2008, 292).

Generalizability, however, is defined as the external validity. According to Saunders et al. (2009), it is “the extent to which the research results are generalize”.

Logical confusion between qualitative and quantitative research are usually appear when conducting and evaluating research projects. This can lead to poor performance in evaluating process, thus, it results in poor-quality and lack of trustworthiness for research (Eriksson et al. 2008). The generalizability of this study is not satisfied since it only identifies the chosen interviewees working in the same field. Other interviews with different business industries could have been conducted to enhance the generalizability of the paper.

The study, in general, is considered valid and reliable based on following facts. The questions being asked were related to the business concept, while the identification of interviewees

were carefully selected. The findings were evaluated and elected in order to eliminate any errors.

4 Empirical part

4.1 Executive summary

Basic information of the organization such as company name, legal form, visions and objectives will be presented in this section.

Name: Company X

Legal form: General partnership

Business line: Pastry and catering

Location: Vallila, 00510 Helsinki, Finland

Operation area: Helsinki Metropolitan area (Espoo, Vantaa and Helsinki)

Company X is an online-based bakery business that generated from the idea of providing healthy, tasty and organic cakes and pasties for consumers who prefer natural ingredients. Particularly, the target customers are the ones who have distinctive needs such as vegan (or vegetarian), gluten-free and lactose-free diets. The bakery will be located in Vallila where it only takes ten minutes to the city center and can be accessed easily by vans and trucks.

4.1.1 Legal form

Company X will be operated as general partnership, which consists of two partners, Quy Nguyen and Mihalis Rogdakis. This legal form means that the owners are equally liable for any legal operations as well as debts the company may face. One of the advantage of this legal form is that it can start as an agreement between two owners.

4.1.2 Mission statements

The mission of company X is based on customer-oriented strategy by offering value to the target customer with affordable price. Specifically, customers will have various healthy options to enjoy fresh, tasty and organic desserts with unique design ranged from cookies, cupcakes, cakes to doughnuts and croissants. In addition, the product lines are include vegan, gluten-free, lactose-free and sugar-free diets that match with special demands from customers. The offerings also include drinks and coffee such as Greek Frappe, Finnish coffee, cappuccino, espresso and latte. This helps to diverse Company X's portfolio, so that we are able to serve

customers in special occasions such as birthday parties, anniversaries, weddings, corporate events as well as other ceremony events.

4.1.3 Objectives:

- Operating the business in the end of 2015
- Reaching 20% of market share in the first two years
- Opening an official bakery and coffee store after the first year
- Accomplishing the franchise goals by achieving first franchise customer after second year of operation
- Increasing the customer base to other capital cities such as Kerava, Lohja, Jarvenpaa, Vihti and Kirkkonummi

4.1.4 Values and goals

The core values are:

- To provide the target customer fresh, high quality and tasty cakes and pastries made from organic ingredients
- To offer unique experience for customer in which they can create their own cakes for special occasions.
- Operating in ethical and environmental business standards

The strategic goals:

- Maximize online purchases and sales
- Increase customer satisfaction as well as customer base
- Increase the business's profitability and market share after the first year
- Superior customer service by improving customer's value

4.1.5 Products, services description

Company X's portfolio is to offer target customer specialty cakes and pastries for all occasions that meet individual's needs in term of organic ingredient and unique design. In addition, Company X focuses on customer's dietary requests such as vegan, vegetarian, gluten-free or sugar-free diets by providing various choices of organic ingredients. The baked products include wide-range of selections from cookies, cupcakes, cakes to doughnuts and croissants. All the baked goods will be custom-made in flavors, frostings, designs and decoration styles. Moreover, the café menu is also presented in the product portfolio such as hot chocolate,

Greek Frappe, cappuccino, espresso and other brewed coffee products. Product examples are presented in appendices (Appendix 1).

The service portfolio is also emphasized as Company X is initially an online business platform. The services include:

- Designing, ordering and shopping assistance: Company X offers superior customer experience by providing web tools where customers can design, order and be assisted on their cakes and pastries at any time via website or phone.
- Payment methods: Customer can pay their orders by online bank payments, wire transfer or cash-on-delivery services.
- Delivery: Customers can collect their orders with home delivery service or at the bakery. Both methods are free of charge. The customers will receive the orders within 1-2 days of receipt.
- Feedback: Customers are welcomed to provide feedback on their cakes and pastries after collect them via our website.

4.2 Market analysis

Information about the current market situation, local competition and target customers are presented based on the result of the interview.

4.2.1 Result of study

According to the interviewees, the business idea of Company X is considered as potential and unique concept among competitors. Rogdakis suggested that the operation should be located in Vallila to have easy access with the traffic and attract other companies in the beginning (Rogdakis 2015. Personal Communication). In addition to the superior customer service and high quality cakes and pastries, the flexibility of service such as opening time, order delivery should also be emphasized to gain customer's value.

Marketing plan, on the other hand, needs to be focused in the beginning as Company X will utilize social media marketing campaign with low initial budget.

Interviewees also suggested that the customer awareness is quite low in the beginning as the concept is online business plan.

4.2.2 Porter's 5 forces analysis

A concise analysis about the attractiveness as well as the potential threats from competitors is illustrated in the figure 7 below, based on five forces of Porter (1979).

The ability to acknowledge competitors' actions and strategies are crucial in strategic planning. Number of competitors who are operating within the market affect company's profitability. In the case of company X, there are relatively few competitors that offering the same product and service category. The intensity of existing rivalry is not high in current market situation. High marketing costs and fast market growth rate create obstacles for current companies at the moment. The major competitors will be identified later on this thesis. However, the fact that the storage costs and the exit barriers are low could be the potential factors that make existing rivalry to be more aggressive.

The number of new competitors entering the market could varies differently based on the nature of market and existing competition. Despite the fact that Finnish government supports private bakery business, it is considered to be difficult for new entrants to start their business as the market requires strong distribution channel, strong brand names as well as advanced technology to adapt. Also, customer loyalty towards existing brands is high in Finland as a result of the dominance of Finnish retailers.

Finnish organic market regarding freshly baked products is quite new to consumers due to the offerings from Finnish companies, even though most of Finns is concerning and adapting organic products as a new trend. Most of the organic products and ingredients is imported and quite diversified. Hence, substantial products have high costs for consumers to select among substitutes. The threats of organic substitutes is quite low, especially in the organic bakery business.

The relationships with suppliers should be examined as they are the main source for raw materials. The bargaining power of suppliers is moderate as there is a fierce competition in organic ingredient market in Europe. Moreover, the diverse distribution channel is a supporting factor for Finnish bakeries.

The bargaining power of buyers is relatively high as Finns are price sensitive consumers. In addition, Finnish consumers usually have special customizations on organic cake and pastry products as organic products are representing a healthy lifestyle in Europe during recent years. The pressure from customers is predicted to increase in next years as a result of globalization and the rising concerns towards special dietary needs.



Figure 6: Porter's 5 forces analysis

4.2.3 PEST analysis for Finnish market

Finland is the fifth largest country in Europe which has the total area of more than 338,000 square kilometers, situated in the Baltic Area, Finland is bordered with Russia, Norway and Sweden, on the south Gulf of Finland and Estonia, Lithuania and Latvia. The economy of Finland has developed and transformed from primary production and agriculture to become one of the richest countries as well as the most stable society in the world.

According to Finpro, services are the largest sector in Finnish economy, account for 65% of total GDP. Manufacturing and refining and primary production are following by with 31% and 3% respectively.

Political factor

According to Ministry of Foreign Affairs of Finland, Finland is a parliamentary democracy with a multi-party political system and a president as the head of state. Finnish parliament, which represents the citizen, is the supreme legislative authority and governs the political policy. "The Finnish parliament has 200 members who are elected through direct and proportional vote every four years". There are currently eight parties in Finnish parliament as follows: the National Coalition Party (36.96% of the votes), Green League (18.76%), Centre Party (17.53%), True Finns (9.07%), Social Democratic Party (6.7%), Left Alliance (5.48%), Swedish People's Party (2.7%) and Christian Democrats (2.47%) (Statistics Finland 2015).

After joining the European Union in 1995, Finland has been always active in international activities and known for an effective connection in terms of business, development and diplomatic activities between Europe and Asia.

In addition, Finnish government sees entrepreneurial activities as the cornerstone of overall competitiveness and has continuously provided companies and start-ups with the world-class working environment by "improving productivity through the utilization of new ideas, the creation and rapid adoption of new technology, a highly skilled workforce and the intelligent use of work" (Finland Fact 2015). With the stability in the political system as well as the economic continuity, it is the potential foundation for new business ideas to be generated and developed.

Economical factor

According to World Bank (2015), "Finland has transformed its economy in a matter of decades to become one of the richest countries and the most stable societies in the world". Finland is well-known as a small open economy which is predominantly based on primary production and agricultural workforce during the 1950s. After the Second World War, industrialization has been accelerated in Finland with core industries in metal and forest. The Finnish economy, however, suffered from the crisis as a result of "the recession in the world economy and the collapse of the Soviet Union" (Wikipedia 2015). "Finland recovered from the recession in a surprisingly short period of time, due to the rapid growth in the electronics industry and particularly the telecommunication equipment sector".



Figure 7: Finland GDP 2006-2015 (Trading Economics 2015)

Finland's main industrial sectors which account for over 80 percent of the total exports include the metal and electronic industry (46%), forest industry (19%) and the chemical industry (17%) (Wikipedia 2015). Despite the fact that Finnish economy has been declined as a result of the global economic downturn since 2008, Finland's GDP reached EUR 268.2 billion in 2014 and is still high creditable economy among other European countries (Trading Economics 2015).

In particular, "Republic of Finland was affirmed the long-term credit rating of AAA by Fitch Ratings, Aaa by Moody's Ratings and AA+ by Standard & Poor's (Statistic Finland 2015).

The currency unit of Finland is the Euro which was officially applied from 2002 as it is a member of European Union (EU). Foreign trades represent a key factor in Finnish economy. According to Customs Finland (2015), "Finland's exports of goods amounted to EUR 55.8 billion in 2014" which derived from basic manufactures (wood products and metals), machinery, equipment and transports; chemical products and mineral fuels. Finland's import turnover, on the other hand, was accounted for EUR 57.6 billion (Guide Finland 2014).

"The high level of education, the advanced technological environment, the well-developed telecommunication infrastructure and the stable and functioning of society are the key assets that has increased the international competitiveness in Finland". These are advantages that support the idea of Company X.

In Finland, the food industry is one of the most important industries with numerous potential sectors such as meat processing, dairy, baker, brewing and soft drinks. With approximately

38,000 employees, the food industry has contributed €8.7 billion of gross value production (about 8% of all industries) and the bakery industry, in particular, accounts for more than 27% of the overall food industry. “It employs over 10,600 people and most of the companies are small and medium-sized enterprises that cover one-third of all enterprises in the food sector” (Statistics Finland 2015).

Socio-cultural factor

Finland is located in Northern Europe, with the total population of about 5.4 million people and has an average of 17 inhabitants per square kilometer in term of population density. The distribution of nation’s population, however, is not even. With the advantage in living conditions and nature, population is focused on the south-west coast of Finland. It is about 85 percent of the population are living in towns and cities, with more than one million living in the Helsinki Metropolitan Area only.

There are six major minority ethnic groups in the long history of Finland. The chart below provides the figure about Finland’s major ethnic groups.

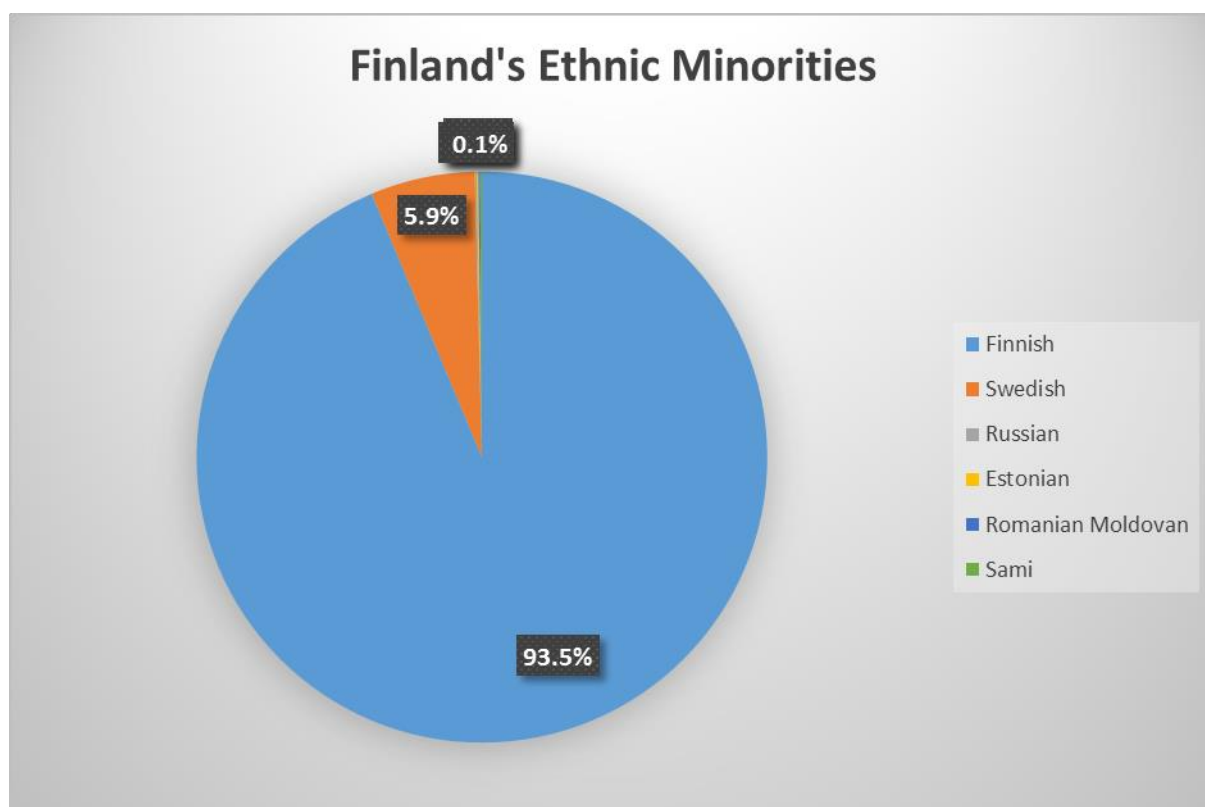


Figure 8: Finland's Ethnic Minorities (Statistics Finland 2015)

The fact that Finns do drink more coffee than other nationalities is not new. The study of Saarinen (2003) indicates that an average Finn consumes four to five cups of coffee per day, despite the fact that the coffee consumption has slightly decreased in the past years. In another study, the annual coffee consumption per capita of Finland is approximately 158 liters of coffee or 1265 cups of coffee per capita (Grönholm 2015). “Pastries have always been an important part of Finnish coffee culture”, said Saarinen (2003). In the past, Finns had a distinctive way to enjoy their coffee in which the pastries were dipped in the coffee before drinking it. According to Saarinen (2003), this tradition has been decreased as the result of internationalization and improved health education during the past few years. This fact, however, encourages the author’s idea about opening an organic and healthy pastry shop.

Technology factor

Innovation and technology has always been a cornerstone in Finland’s future development. Finland is the world’s leading nation in terms of technological and scientific infrastructure. The total investment for research and development was EUR 6.7 billion, which accounts for approximately 3.5% of total national GDP.

Selected IMD World Competitiveness Yearbook 2013 ratings

<i>Sub-factor</i>	<i>Finland’s ranking</i>
<i>Availability of information technology skills</i>	3
<i>Availability of qualified engineers</i>	1
<i>Technological co-operation between companies</i>	2
<i>Development and application of technology is supported by legal environment</i>	3
<i>Availability of funding for technological development</i>	3
<i>Total expenditure of R&D, % of GDP 2011</i>	2
<i>Business expenditure on R&D, % of GDP 2011</i>	3
<i>Intellectual property rights are adequately enforced</i>	6
<i>Knowledge transfer is highly developed between companies and universities</i>	6

Table 3: Selected IMD World Competitiveness Yearbook 2013 ratings

Finnish food research has always been a well-known object in both national and international perspective (ETP Food for Life 2015).

Being conducted in departments from various Finnish universities, polytechnics and research institutes, food research emphasizes key fields such as:

- Nutrition, well-being and consumer sciences: a focus on concepts and know-hows of promoting public health, preventing and treating food diseases.
- Food safety, microbiology and diagnostics: Analysis of quality and conservation of ingredients that, for instance, occur in food fermentations.
- Food ecology and sustainability: emphasis on environmental impacts as well as promoting the eco-efficiency, sustainability, responsibility and competitiveness of Finnish food producers (ETP Food for Life 2015).

The above information presented the fact on how the food sector is focused in Finnish society. Based on the high level of government's R&D activities as well as the technological infrastructure towards food sector, it is cost-efficient for the business idea to operate in Finland.

4.2.4 Market situation and competition analysis

Despite the fact that there is a decline of bread consumption in Finland in recent years, the Finnish consumption of gluten-free products is very promising and increase annually (Bakeries, bread and cereal market in Finland 2015).

Small Finnish bakeries are considered to be not strong enough to compete with two biggest industrial bakeries in Finland, Vaasan Oy and Fazer Leipomo Oy, as they have more than 70% of the market share. In addition, the rise of labor and energy costs as well as the high distribution costs from retailers are factors that hold back the development of small bakeries (Waddington 2015. Personal Communication).

Rogdakis (2015), however, emphasized that it is just a "temporary situation" as more independent bakeries are opening and market owners such as Fazer Oy have opened their fresh sandwich shops to join the competition. Finnish customers, nowadays, prefer freshly baked breads and pastries which is more fresh and tasty to those baked in industrial bakeries and those packed in plastic bags. It is a result of globalization and international food issues towards original gluten products.

On the other hand, Väyrynen (2014) emphasized the significant growth of baking points in grocery shops during the past few years since it fulfills the customer needs of freshly baked products and matched the economical requirement for operation. This leads to the diversity of market's offerings.

According to the statistic of Finnvera (2014), there are approximately 780 bakeries in Finland in which 607 of them hire less than 10 employees and only 10 bakeries hire more than 100 employees (Finnvera 2014). However, the number of Finnish bakeries is declined as the busi-

ness is being dissolved which includes even the market leaders such as Fazer Leipomo Oy and Vaasan Oy. In addition to the high costs of operation, the distribution costs from retailer are also the reason for the drop as market retailers such as S-group and K-group own more than 80% of Finnish retail market. This, however, increase the opportunity for specialized bakery business as the alternative marketing channels and affordable marketing campaigns of such companies are being applied and resulted positively. In current situation, there are five main competitors operating in fresh bakery business and represent potential threats to the concept of Company X.

Patisserie Teemu & Markus

Located near the Helsinki Central station, Patisserie Teemu & Markus is one of the trendiest bakeries in the Metropolitan area, especially in the center of Helsinki. The company offers chocolate cakes and pastries for wedding. The company's strengths are its unique design cakes and pastries made from high quality ingredients and most of the products are at the affordable prices. Besides, the handmade chocolate is also a distinctive feature of Patisserie Teemu & Markus's portfolio

Brooklyn Café and Bakeries

Operated in Fredrikinkatu, Helsinki as an American style café, the store is well-known for their superior customer service and excellent hand-made cupcakes. The owners, then, decided to open their own bakeries to fulfill the great amount of customer's cupcake orders and expand the catering business of American bagels, muffins and other pastries for meetings, events as well as special occasions. It is considered as the main competitor of company X as its products and services are quite similar with company X's offerings. Moreover, the store also focuses on special diet orders such as gluten-free, lactose-free or sugar-free cakes and pastries. The location is also an advantage of Brooklyn bakeries as it is situated in the Design District of Helsinki.

Kakku-galleria

Located in Punavuori in Helsinki Design district, Kakku-galleria is famous for its decorating skills and the diversified cake portfolio for special occasions. In addition, other pastries and salty pies made from organic ingredients are the strength of Kakku-galleria.

Kanniston Leipomo

Established in 1914 by Alma Kannisto, Kanniston Leipomo is one of the oldest bakeries in Finland. According to Rogdakis (2015), the bakery's reputation has been built on "enthusiasm to high-quality, freshness, innovation and baking techniques". The bakery's offerings includes a wide range of cakes, pastries and savory. Nonetheless, handmade breads that made from pure and high quality ingredients are the core value of Kanniston Leipomo. The B2B network of Kanniston Leipomo is strong compared to other bakery chains since they are cooperating with other retailers such as Stockmann, Anton & Anton, Heino and K-group. The outstanding marketing channels made their products close to the customers.

Leipomo Keisari

Keisari's offerings are quite similar to Kanniston Leipomo as their core products are hand-made breads. However, the company also offer various cakes and sweet pies as well as tarts in their merchandise. Keisari's product strategy is focusing on fresh and healthy breads and pastries in which yeast, preservatives and other dough conditioners will not be used during the manufacturing.

Along with the competitors above, coffee chains which also offer freshly baked goods such as Robert's coffee, Fazer Café, Picnic Café and Ekberg Café are also create potential threats for Company X.

Basing on the aforementioned facts, the online competition is not fierce as competitors are just partially competing online sector. Specifically, other bakery stores introduce their offerings with images and prices rather than conducting their business via online portal. Rogdakis (2015) asserted this is an advantage for the business idea to start off in Metropolitan area.

4.2.5 Target customer

The primary target market of company X is households with high level of discretionary income, especially women who are social, family-oriented. Generally, women tends to concern more about healthy and organic products compared to men, hence they represents as the main target group of company X. Moreover, organic cakes and pastries which are made from pure, high quality ingredients have higher price compared to those that are made from non-organic materials. According to Statistic Finland (2015), 75 percent of Helsinki area population are from the age of 15 to 59, which is also represented as potential target group of Company X.

	Population of Helsinki Urban area	Percentage
Age 15-19	83,267	7.4%
Age 20-40	407,503	36.5%

Age 40-60	398,011	35.6%
Upper class	256,667	23%
Upper-middle and middle class	368,260	33%
Others	491,014	44%

Companies and businesses are also the target segment of company X, regardless their operating sizes. There are approximately 109,000 enterprises and businesses that are operating in Greater Helsinki area (Finnvera 2014). As company X caters its products to accommodate with any special dietary needs in any special occasions, companies' events such as board meetings, business meetings, seminars, and award ceremonies are profitable for company X's business portfolio.

Lifestyle of Health and Sustainability (LOHAS) is also a potential target segment that Company X will focus on in the future. According to the LOHAS study of California Polytechnic State University (2012), 62% of this segment's consumers are women who are passionate about social well-being and environmental responsibility. The study also indicated that approximately half of Finnish consumers between ages of 15-75 belongs to LOHAS segment (Singh 2012).

Furthermore, there are two main LOHAS consumer groups which different lifestyles and consumption in Finland. Young urban consumers are ones who purchase and consume mainly vegetarian foods and have strong interest in organic products as well as social and environmental responsibility. Middle-age consumers, on the other hand, are ones who preferably select and purchase local biological products (Singh 2012).

4.3 Business model canvas

This chapter provides an additional analysis that provides further understandings on the business idea based on Osterwalder's Business Model Canvas. Key elements are being described and discussed during the length of this paper. However, it would be resourceful to present the business idea and its core values in different point of view as Osterwalder's Business Model Canvas, which is presented in the Table 4 below.

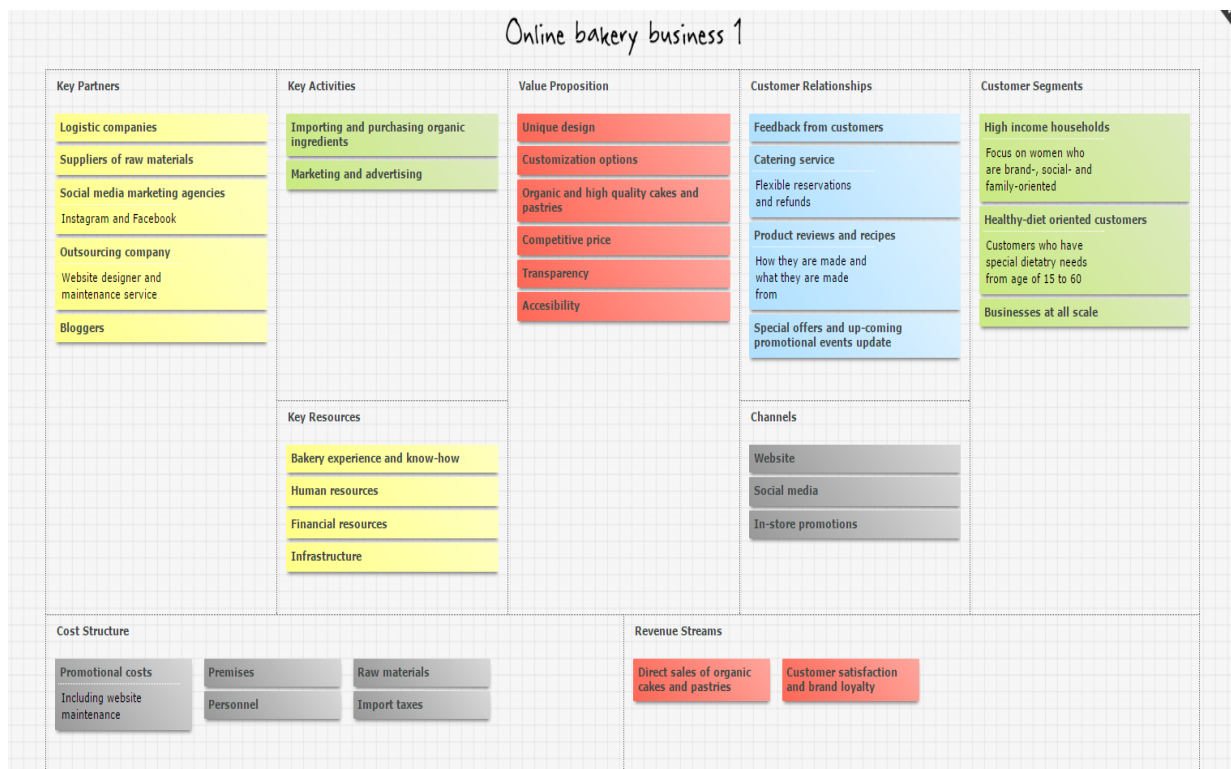


Table 4: Business Model Canvas of Company X (Modified by Canvanizer 2015)

4.4 SWOT analysis

The SWOT analysis for Company X is shown below based on the result of market analysis and customer assessment. Kotler (2003) explains SWOT analysis as a “distillation of the findings of the internal and external data which draws attention to the critical organizational strengths and weaknesses and the opportunities and threats facing the company”.

Strengths	Weaknesses
<ul style="list-style-type: none"> • High quality and unique products that made from organic ingredients • Expertise in baked products • Low start-up costs and overheads • Experienced employees in Finnish catering business • Competitive advantage of adaptability to all special occasions, trends and customer needs • Affordable products and customer- 	<ul style="list-style-type: none"> • First business venture for owners • Production costs are estimate • Important role of marketing and branding to start an online business • High customer expectation as a new player in the market

oriented services	
Opportunities	Threats
<ul style="list-style-type: none"> • Adapt to the modern trend of cake design • Eco-friendly and organic ingredients as key advantages to compete with others • Online bakery business is new concept in Finnish market • Possibilities of expanding business from B2C to B2B 	<ul style="list-style-type: none"> • High corporate tax in Finland • Organic bakery market is intensive • Ideas can be copied by other competitors • Customer awareness is a challenge in the beginning • Economic crisis could affect the business in long-term • Niche target market

Table 5: SWOT analysis of Company X

4.5 Marketing planning

4.5.1 Product and service development

The product and service of company X, defined based on Kotler's product model presented in the theoretical background, have three layers such as core product values, actual products and augmented products.

Core product values

The core product of company X is healthy, nutritious and delicious choice of baked goods for diet, health conscious customer.

Actual product

The actual products are fresh cakes, cupcakes, cookies, doughnuts and croissants which are baked from organic ingredients. In addition, special orders regarding common food allergies or diets are included in Company X's portfolio.

Design features: customers can customize their own cakes for special occasions via online design tools on the homepage. Also, there will be online samples for cakes and cupcakes that

customers can consider and select. Online supports and assistance are always available via web portal.

Branding and packaging: Freshly baked goods will be packed in recyclable boxes and bags with Company X's label and logo. The authentic tagline "Baking a Difference" is chosen to be Company X's official slogan. The slogan is designed and printed along with the brand and contact information on every products.

Augmented product

As the initial idea is customer-oriented service, Company X strives for customer's satisfaction and capture that profitable value in return.

Delivery: Customers can collect their orders with home delivery service or at the bakery. The customers will receive the orders within 1-2 days of receipt as we aim to offer our customers the freshest products as soon as possible.

Online receipt: Selected Company X's recipe will be offered for free on the homepage and Facebook page.

Weekend deals: Free samples of freshly baked goods will be given away to the lucky customers every weekend.

Business care packages: Nearby business orders will receive discount offers or free coffee when purchases are more than EUR 60.

Loyal customers: Frequent customers will receive a loyal card with benefits such as weekend giveaways, extra coffee drinks and discount code for next purchases.

4.5.2 Pricing strategy

Price is defined as the amount of money that charged for a product or service, more broadly, it represents "the sum of values that customers exchange for the benefits" of possessing or employing the product or service (Kotler & Armstrong 2008, 639). Pricing is one of the most complicated process in the marketing plan as price can be changed quickly by both internal and external factors. Such considerations are illustrated in Figure 6 below.

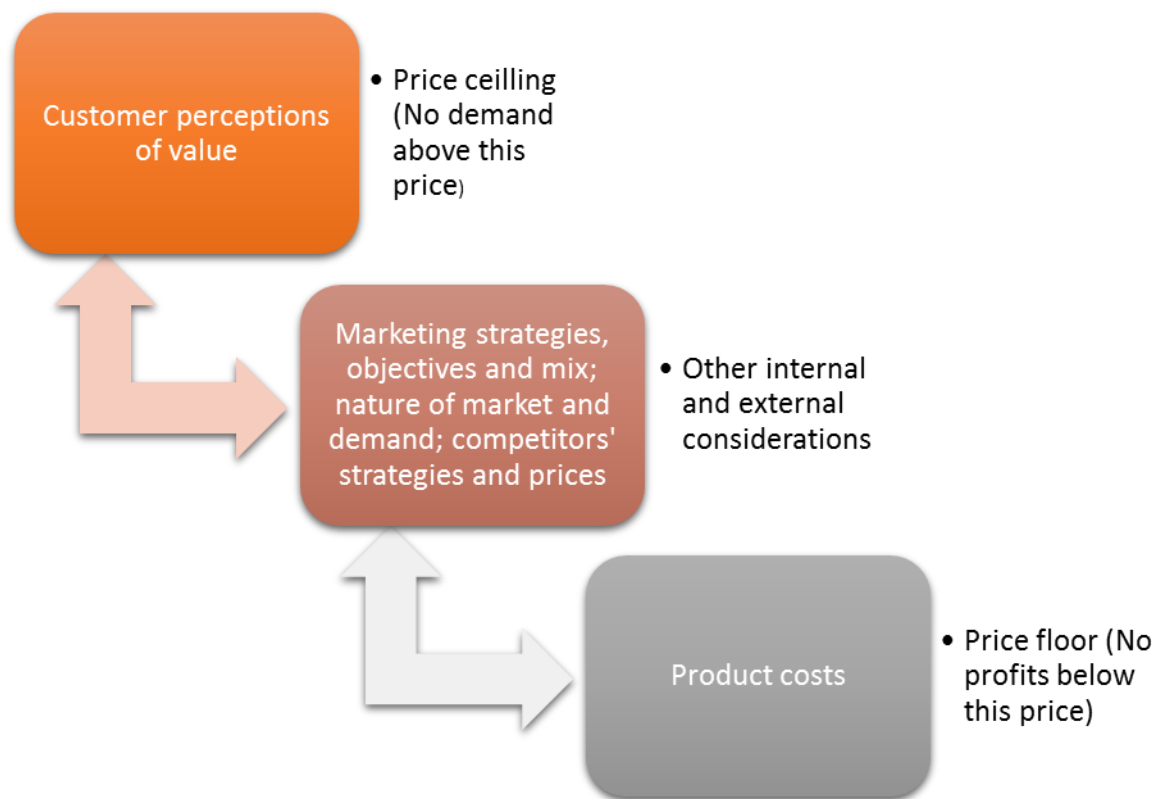


Figure 9: Considerations in pricing strategy (Modified from Kotler & Armstrong 2008)

Among various pricing strategies with different features, the business idea will apply cost-based pricing in the initial stage as it represents the company's philosophy and customer approach. Specifically, the pricing strategy is set based on "the costs of producing, distributing and selling the product plus a fair rate of return for effort and risk" (Kotler 2008).

As the products are different and varied on the ingredients, price of Company X's products are calculated by adding 25% of profit margin to the costs of a product. An example for a chocolate cake is calculated based on the costs and expected sales, then adding up 25% of profit margin.

Variable cost	€20
Fixed cost	€32,500
Expected unit sales	1,000

Figure 10: Example of costs and expected sales for chocolate cake (8 persons)

Manufacturer's cost of a chocolate cake is calculated based on the data from figure 10:

$$\text{Unit cost} = \text{Variable cost} + (\text{Fix costs}/\text{unit sales}) = \text{€}20 + (\text{€}32,500/1000) = \text{€}52.5$$

Supposing that Company X set 25% profit margin on sales. The mark-up prices will be:

$$\text{Mark-up price} = \text{Unit cost} / (1.0 - \text{Desired profit margin}) = \text{€}52.5/0.75 = \text{€}70$$

As there are different types of cakes made for different occasions, price about each products can be varied regarding the numerous ingredients used. A detailed price list will be discussed further with other partner.

Since the pricing strategy needs to be examined when the business idea is launched, a detailed strategic pricing as well as its enhancement will not be discussed within the scope of this study.

Payment methods including both online and offline. Customer can pay for the merchandise by Cash-on-delivery method or at the factory when collecting their order. Online methods, which support credit and debit cards, are secured by contractor and help improving safety and time of the payment.

The refund and exchange policy is only applied on customer whose the product is not delivered due to environmental risks or auto risks.

4.5.3 Distribution channel

Customer value are core element of Company X's operation. Building profitable relationship with customers, suppliers and logistic intermediaries is crucial in company's supply chain strategy in order to deliver the value to customers. In Kotler & Armstrong study, supply chain is described as the collaboration of upstream and downstream partners. Upstream partners are the set of firms that create a product and service by supplying materials, parts, information and expertise. Downstream partners, however, on the other hand, channels that make the product available to the customers (Kotler & Armstrong 2008).

The below figure illustrates the value delivery network of Company X, from producing the product to delivering it to end-customers.

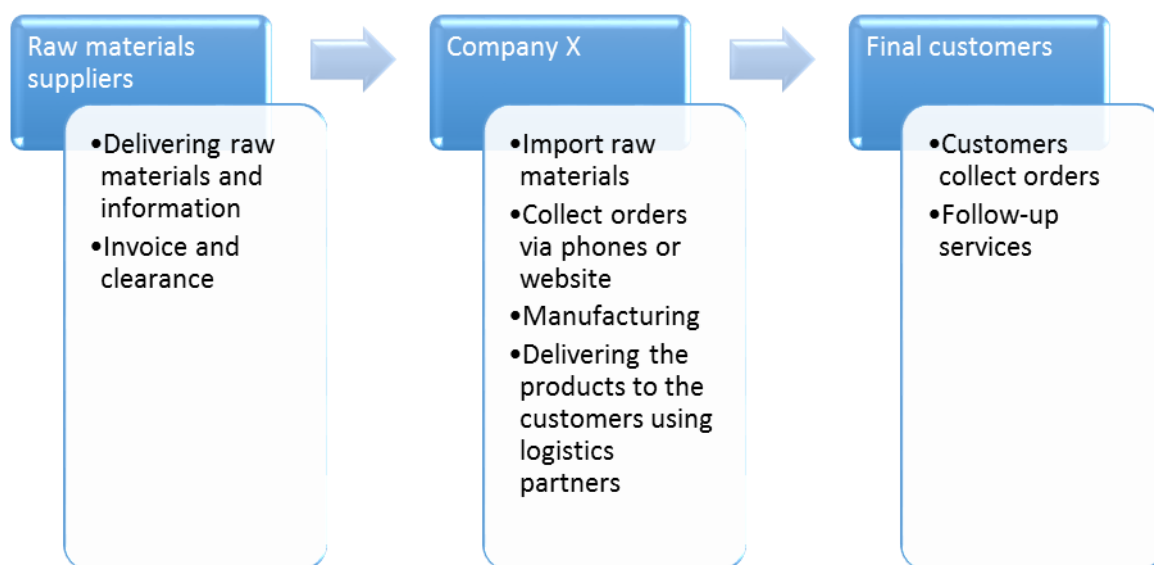


Illustration 2: Value delivery network of Company X

As the concept is an online bakery business, the homepage of company X has to be captivating design. The website will look simple and modern. The web interface aims to be clear with adequate information and support. In addition, vivid pictures about products will be filled in the web browser so that the customers can evaluate the products' design before purchases. Last but not least, an online cake design tools will be presented for customers who want to customize their products.

Safety is also focused in payment policy as Company X offers PayPal secure payment method. This provides customers more options when checking out their orders.

In term of stocks and inventory, the bakery has two medium-sized freezers and one dry storage which help preserving the orders and keeping the raw materials in shape. Customers can also visit and collect the orders at the bakery from Monday to Friday and before 3p.m during the weekend. This also brings excitement for those who are interesting in manufacturing and decorating baked goods.

4.5.4 Advertising and promotional planning

Shopping methods have changed recently, so have the marketing method. Consumers now utilize the internet as a powerful means to shopping and gather information. In addition, traditional marketing techniques such as emails, telemarketing, direct mail, TV and print ads are obsolete and being disposed of with the appearance of applications and social media.

A debt gratitude is given to the booming of internet era from marketers as they are helping firms to exploit a new powerful mean of marketing and promotion. Unlike the traditional out-bound marketing techniques, the internet helps companies reaching their target audience faster, more effectively and more cost-efficiently. In addition, it is easier for businesses to administer constantly overall performance and productivity with numerous online tools. As the concept is an online business platform, specific marketing channels are introduced and discussed in this section so that audience will have an outlook about Company X's promotion strategy.

Company X's website aims to be a marketing hub within the community. Specifically, the website should be a magnetic hub that pulls people in by applying Search Engine Optimization (SEO), links from other sites and feedbacks about company X from online communities such as blogs and articles. To do that, a quality and remarkable content shown to the audience is crucial when developing the website. The study will focus on Google as the primary search engine concerning marketing and promotion. The "organic" search results and the sponsored results are two types of results shown when users conduct Google searches (Halligan & Shah 2010). Each of them has different benefits that affect Company X's marketing campaign. In the study about inbound marketing, Halligan & Shah (2010) indicated that creating a trust-worthy content is the only way to succeed in Google search results. The web content is trust-worthy when it is a closest match to a given term that being searched and is considered as "important and authoritative" from other web pages. High quality design, unique and relevant content are key aspects to focus during the web development.

The sponsored links, which are referred to "pay per click ads", are displayed as placements on search engine results page that are sold by real-time bid named Google AdWords (Halligan & Shah 2010). These pay-per-click ads are charged by the sponsor whenever the searchers click and visit your website. Customers, nowadays, are irritating with traditional display ads such as banners, pop-ups, wallpaper ads and floating ads. Many tools and special software are available that help TV and internet users to skip and block display ads content. Therefore, sponsored ads would help Company X's to achieve effective and cost-efficient marketing campaign.

According to Wikipedia, social media is defined as an internet-based tools about people connecting, communicating and sharing their information online (Wikipedia 2015). It is one of the most powerful tools to reach and engage prospects online. Social media sites like Facebook, LinkedIn, Instagram and Twitter have millions of active users accessing, communicating and sharing their information every day. In the recent study of We Are Social, Finland is listed among European countries with highest internet penetration with 91 percent of total population. 46 percent of those are active users from social media sites such as Facebook, Insta-

gram, LinkedIn and Twitter. According to head of global SMB marketing of Facebook, there are four fundamental steps for businesses to success on Facebook (Luo 2015).

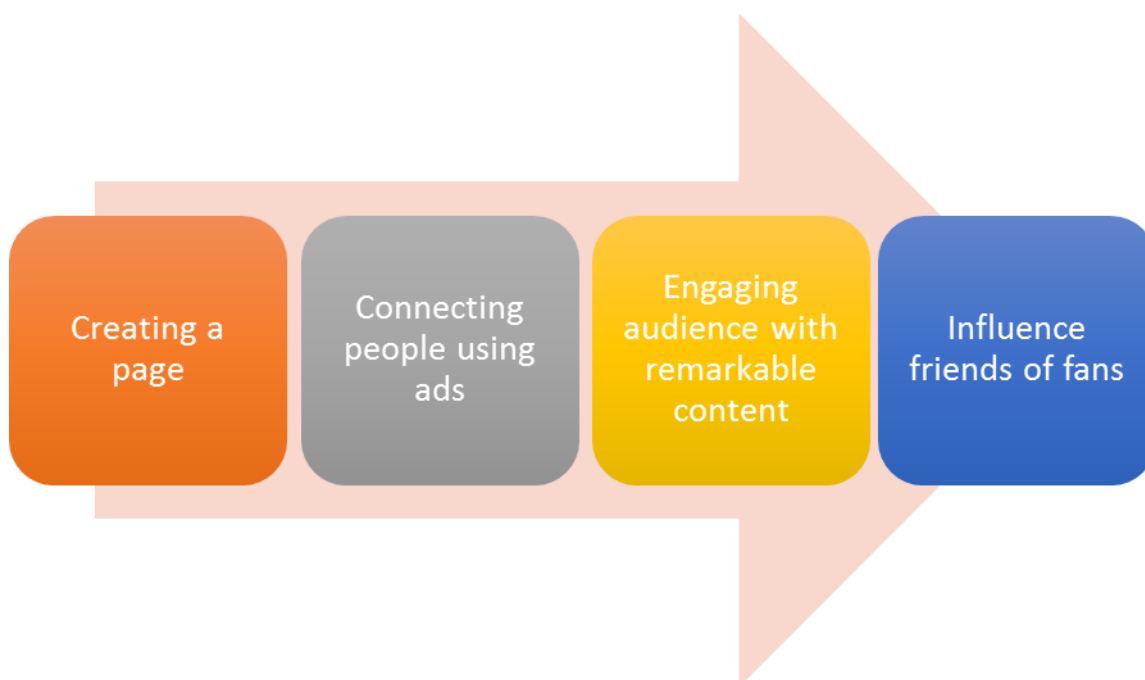


Illustration 3: Facebook for success: Four demand steps (Hubspot 2015)

A Facebook page of company X has to be launched as soon as the homepage is finished. The owner focuses on the remarkable content as well as the design when setting up the page. These key elements will attract more fans when connecting with owner's friends, colleagues and business partners. With the help of Facebook ads tools, it leverages company's targeted audience effectively and cost-efficiently by specifying ages, location, genders and occupations.

Luo (2015) also pointed out the impact of Facebook News Feed on firms' marketing strategies by emphasized the News Feed is the critical element to drive customers' influence. Daily pictures and upcoming events will be shared on the official Facebook page. Customer can visit, comment and share our posts to their friends and family. Word-of-mouth marketing presents as the ultimate tool to connect friends of friends. New customers can engage by observing their friends' activities and interactions with the page. Our customer is encouraged to check in at the bakery, ask questions and share their posts online.

One of the advantages from using Facebook is that the owner is capable of recording and keeping track on the amount of users visiting, sharing and commenting on posts every day. The owners, therefore, are able to bench-marking and carry out market analysis of target customers basing on age, genders, marital status and location.

Another social media approach is Instagram, a photo and video sharing social network, since it has enormous amount of active users. With an Instagram account, customers can contact and communicate with Company X about products, prices and up-coming events easily. It is also a place where small businesses and start-ups meet and collaborate with well-known brands in the markets. In addition, hash-tag is one of the most powerful tools to reach target customers through mobile Instagram searches. Customers can search for any relevant terms regarding photos and videos. It is an impressive way to engage with the niche targeted audience as marketer can select and follow customers and prospects via hash-tagging. It also allow customers to discover new contents and other accounts. An Instagram hashtag contest is an effective way to get more customers engage with the brand as well. Asking customers to use special hashtag for the brand's contest by tagging their pictures. A winners of the contest will be rewarded with promotional codes or discounts. According to the research of Buzzador (2014), Instagram is the second most popular social media in Finland with 15 percent of total population who are frequent users.

In addition to the remarkable social media content, influencer marketing on Instagram is also an impressive approach to promote brand awareness. Company X aims to find the right influencers to deliver messages and value to the targeted audience. As the concept is new in Finnish market, Instagram promotional campaign of company X can work with social media agencies.

Videos are also great tool to promote the brand. Short videos about products, selected recipes and special events can be recorded in high quality. Promotion channels such as website, blogs and social media accounts are the main ways to improve customer awareness. Videos provide unique content and is expected to be viewed and shared among customers. Videos posted on YouTube channel allow marketer to see how many times it was viewed, where it was viewed and how many subscribers the page currently has.

A sale promotion program is also planned to attract new customers in the beginning. Despite the fact that Finnish market is an open trade market, the majority of Finn are quite conservative. The sale promotion program are short-term incentives that attract prospects and promote sales in the beginning. Coupons, premiums, discounts, free samples will be included in the promotional campaign, especially in the grand opening. Product giveaways is also an effective campaign on Facebook. Particularly, lucky customers who like and share the photos or posts of Company X will receive free product giveaways or promotional codes. According to the statistics of Market Force (2015), 79 percent of customers admits that the only reason they like a company's Facebook page is to get discounts or giveaways. This proves the impact of sale promotion on social media.

Communicating, building a relationship with customer with customer are basis of word-of-mouth marketing. According to the survey conducted by Nielsen (2013), 84 percent of 29,000 interviewees around the globe found it is trustworthy about products' recommendations from friends and family. While one social media, 81 percent of those are influenced with information shared by their friends (Ambassador 2015). Increasing followers on social media is the key factor for Company X to promote brand awareness and expand customer base.

The promotional strategy of Company X focuses on the impact of the internet, especially the social media such as Facebook, Instagram and YouTube. This also creates a minimal costs for initial marketing strategy and is not exceed the break-even point.

4.6 Financial planning

Financial planning assesses the affordability of a business such as activities, materials and equipment in order to achieve goals and objectives (Kotler et al., 2008). This section provides information about company X's costs structure, sources of capital and a concise break-even analysis.

4.6.1 Cost structure and Start-expenses

The cost structure is divided into fixed costs and variable costs. Fixed costs are costs that do not rely on production or sales volume such as rent, salaries, premises, etc. Variable costs, on the other hand, are costs affecting directly to the production volume such as prices of raw material and logistic fees. In the case company, the variable costs will not be listed as there are lack of official data about raw material prices. Other supplementary costs are also identified, however they will not be listed in this study as the concept is being developed.

BUILDINGS/REAL ESTATE	AMOUNT
Rent	\$4,000.00
Renovating	\$2,000.00
Other	\$0.00
Total	\$6,000.00

CAPITAL EQUIPMENT LIST	AMOUNT
Computer & printer	\$2,500.00

Bakery equipment	\$600.00
Kitchen furniture	\$1,500.00
Machinery	\$12,000.00
Other	\$0.00
Total	\$16,600.00

LOCATION AND ADMIN EXPENSES	AMOUNT
Business registration	\$350.00
Website	\$600.00
Legal and accounting fees	\$650.00
Prepaid insurance	\$0.00
Pre-opening salaries	\$0.00
Other	\$0.00
Total	\$1,600.00

ADVERTISING AND PROMOTIONAL EXPENSES FOR 1ST YEAR	AMOUNT
Advertising	\$360.00
Social media marketing agencies	\$1,200.00
Printing	\$360.00
Website maintenance	\$180.00
Other/additional categories	\$0.00
Total	\$2,100.00

OPERATING EXPENSES FOR 1ST YEAR	Months	AMOUNT
Electricity		\$2,500.00
Water		\$1,500.00
Internet service	12	\$600.00
Telephone service	12	\$600.00
Total		\$5,200.00

Reserve for Contingencies	\$1,000.00
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Table 6: Estimated start-up expenses

4.6.2 Budgeting

OWNERS' INVESTMENT (NAME & OWNERSHIP %)		AMOUNT
Quy Nguyen	50%	\$20,000.00
Mihalis Rogdakis	50%	\$20,000.00
Bank loans		\$0.00
Other loans		\$0.00
Total		\$40,000.00

Table 7: Sources of capital

4.6.3 Break-even analysis

As all the start-up costs and expenses are estimated based on the available capital of owners, loans from banks as well as other sources would be optional in the beginning. If the overheads and sale volume exceed the approximation, capital fund can be supported with the loans and investments from organizations such as Yritys Finland, ELY center or Finnvera.

Since the business idea is an online bakery, the initial investment is relatively low. Hence, the break-even analysis wouldn't be necessary, despite that Company X chooses cost-based pricing in the beginning.

4.7 Risk management

Table 13 identifies the potential risks of Company X during its operation, which includes the risk description, evaluation, its impacts as well as solutions.

Risk Description	Evaluation	Impact	Solution

Risks from property owning and renting	Medium	Equipment and surroundings are at risk of fire or electrical hazard	Operating in clean and clear environment with required equipment. Proper insurance on bakery properties
Environmental risks: natural disasters	Low	Direct sales and transportation	Logistics agency as well as refund policy
Auto risks: vehicles could be damaged by accidents during the delivery	Low	Direct sales, company's reputation	Car insurance company as well as exchange and refund policy
Hygiene and food safety management	High	Company's reputation, direct and indirect sales	Monthly tests from Evira to assure the sustainability.
Fraud from suppliers	Medium	The quality of baking ingredients are affected	Choosing well-known organic suppliers from European countries such as Germany, France and Estonia.

Table 8: Risk Assessment of Company X

5 Conclusions

The main idea of this study is to create an online bakery business plan named Company X. Specifically, company X manufactures and offers high-quality, organic cake and pastries where customers can select and purchase them online via company X's website.

The feasibility of this business plan will be explained and examined throughout the study. An in-depth market research as well as the local competition is provided based on the knowledge and analysis of the author. In addition, various literature and theoretical data has also been gathered and interpreted so that the audience can have a clear view of strategic planning process as well as the implemented approaches.

An authentic interviews with experts in the field has been carried out in which current market situation, target markets as well as the evaluation on this business plan has been reviewed. Moreover, requisites for financial plan have been identified based on knowledge and

experience of interviewees. According to this study, marketing channels will be focused since the concept is an online business. The author prioritizes social media as the main marketing channel of company X because of its popularity in Finland. Furthermore, it is the channel that stores and receives valuable contents from customers.

The outcome of the thesis is the basis to develop the concept, yet its feasibility and profitability will be examined as soon as it is launched. Further studies will be conducted to improve the performance of the study in the future. Nonetheless, the author and his associate believe in the potential of the business plan and its success in Finnish market.

6 Theoretical linkage

The theoretical background allows the author to approach and apply various theoretical sources of strategic marketing planning. Specifically, an assemble of marketing knowledge regarding market analysis, offerings, pricing and promotion strategy is discussed and provides an in-depth view on how the business idea is carried out.

Knowledge presenting research methods help the author conducting interviews with experts in the field, hence, valuable information is provided and improves the solidity for the marketing plan.

In summary, the theoretical basis used in the paper is appropriate and useful for the author to improve the accuracy and transparency of this paper.

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Appendixes

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Appendix 1: Examples of Company X's cupcakes



1. Caffe Mocha cupcake



2. Chocolate chip cupcakes



3. Vegan dark and white chocolate cupcake



4. Gluten-free chocolate cupcake



5. Organic matcha latte cupcake



6. Chocolate cherry cupcake

Appendix 2: Examples of Company X's wedding cakes





Appendix 3: Examples of Company X's cookies and pastries



7. Finnish pulla



8. Macaroons



9. Almond and chocolate croissant

Appendix 4: Examples of company X's coffee drinks



10. Cappuccino



11. Finnish coffee



12. Greek Frappe



13. Espresso

Appendix 5: Questions for interviews

1. What is the legal format of your company?
2. What is your target customer?
3. What is the current marketing campaign of Fafa's?
4. What is the initial cost structure of Fafa's?
5. How is the organic bakery market in Finland at the moment?
6. What is the possible trend for organic cakes and pastries in Finland?
7. What is your opinions on online bakery concept?
8. What is the suggestions regarding customer segments, marketing plan for the business idea?
9. What is your opinions on current market situation in term of local competitors, Finnish government?