

# **FINNISH EASY READERS**

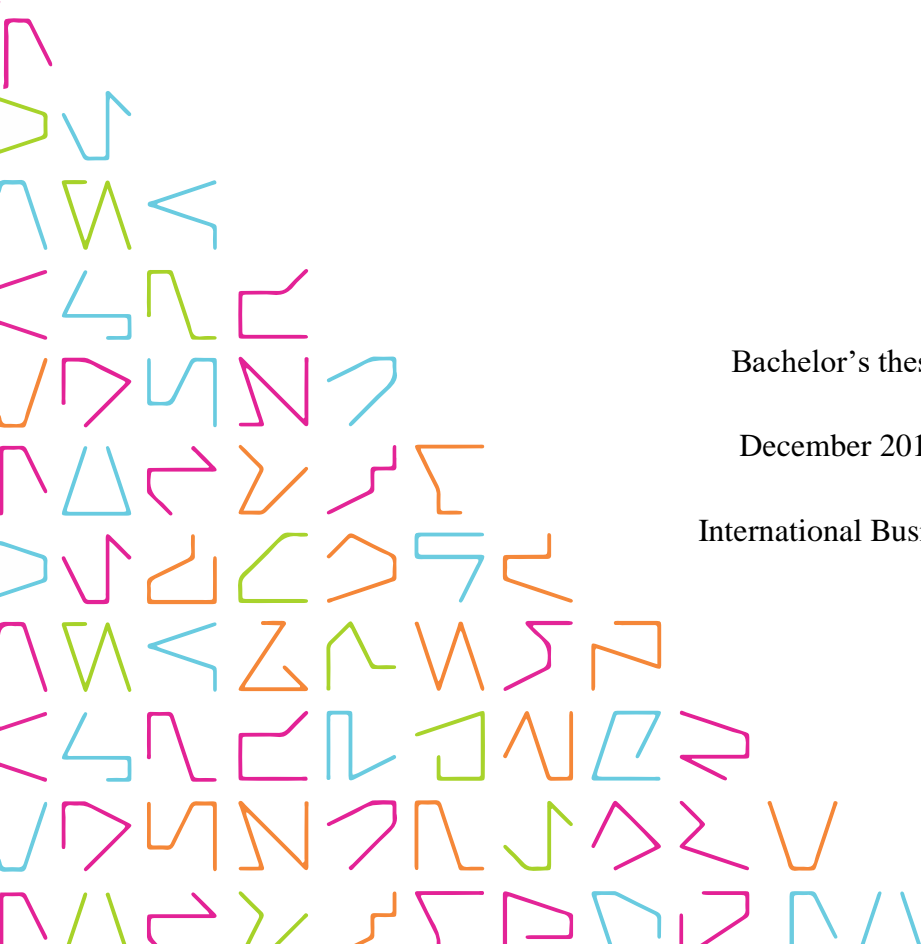
## Value Proposition and Competitive Advantage for a Book Publishing Business

Florin Dimulescu

Bachelor's thesis

December 2018

International Business



## **ABSTRACT**

Tampereen ammattikorkeakoulu

Tampere University of Applied Sciences

Degree Programme in International Business

Financial Management and Management Consulting

FLORIN DIMULESCU:

**FINNISH EASY READERS**

Value Proposition and Competitive Advantage for a Book Publishing Business

Bachelor's thesis 44 pages, appendices 5 pages

December 2018

---

The Finnish language is perceived as very different compared to the most popular language families worldwide, and only around six million people worldwide speak it. As a result, foreigners studying Finnish regard it as a difficult language. With a growing trend of foreigners settling in Finland, such as immigrants, students and professionals, there is an increasing demand to support their integration in the Finnish society both professionally and from a cultural perspective. Mastering the Finnish language at a satisfactory level is a prerequisite for the social integration process.

There are various methods and sources for materials, which support learning a foreign language. One of them, with a broader impact also on cultural integration are the so-called easy reader books. This thesis formulates the value proposition for Finnish Easy Readers publishing business, using the Value Proposition Canvas, and examines competition in its niche market using Porter's Five Forces Framework for Competition Analysis.

The analysis in this thesis is based on statistical and historical data, as well as on a survey conducted by the author. The findings are used to identify the key areas where publishing such books needs to concentrate its effort in order to succeed.

The author formulates the value proposition for Finnish Easy Readers as "Read Finnish books like a native" and identifies bargaining power of buyers, threat of new entrants and threat of substitutes as the main challenges with regard to competition. In order for the Finnish Easy Readers publishing business to build and maintain competitiveness in the market, the author proposes as key focus areas actions based on innovative distribution channels, pro-active product differentiation and collaboration with competing non-direct substitutes.

---

Key words: book publishing, easy readers, business analysis, business model canvas, value proposition canvas, Porter's five forces

## CONTENTS

1	INTRODUCTION .....	5
2	THEORETICAL FRAMEWORK.....	8
2.1	Business Context and Background Information .....	8
2.2	Thesis Purpose and Objectives .....	10
2.3	Research Methods and Theory.....	10
3	VALUE PROPOSITION AND COMPETITIVE ADVANTAGE: A STUDY CASE FOR FINNISH EASY READERS.....	15
3.1	Buyer Personas, Customer Segmentation and Value Proposition .....	15
3.2	Competition Analysis and Competitive Advantage.....	25
3.2.1	Direct Competition and Similar Substitutes.....	27
3.2.2	Indirect Competition and Substitutes as Different Products .....	30
3.2.3	Scorecard Analysis for Competition Using Porter’s Five Forces Framework.....	31
3.2.4	Creating Competitive Advantage.....	37
4	CONCLUSION AND RECOMMENDATIONS .....	40
	REFERENCES.....	42
	APPENDICES.....	45
	Appendix 1. Survey Conducted by the Author .....	45
	Appendix 2. Selko Books Title List .....	48

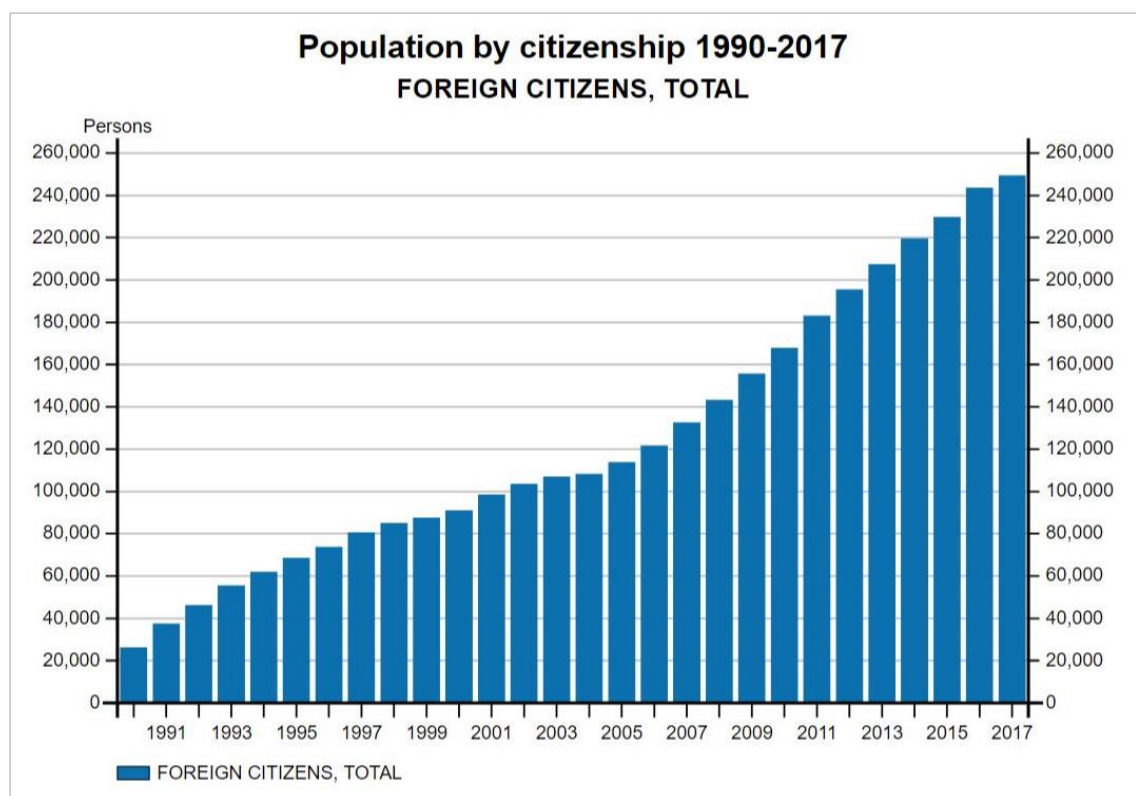
**ABBREVIATIONS AND TERMS**

BMC	Business Model Canvas
FER	Finnish Easy Reading, Finnish easy reader
VPC	Value Proposition Canvas
selko	Selkokielenen (Fin.) = easy-to-read

## 1 INTRODUCTION

Due to the continuous trend of globalization, mobility has become an inseparable part of people's life: professionals move abroad in search of their dream jobs, while students go on exchange and internships abroad, and many choose to stay and find a permanent job.

In the last 25 years, there has been a constant increase in the foreign population in Finland. According to the Finnish Institute of Statistics (Statistics Finland, 2018), in 2017 there were about 250 000 foreign citizens living in Finland, with around 100 000 from them coming from the 28 EU member states.



PICTURE 1. Foreign citizens in Finland (Source: [www.stat.fi](http://www.stat.fi))

Learning the local language plays a key role in their cultural integration in the new host country, which in turn has a positive impact on the settler's quality of life.

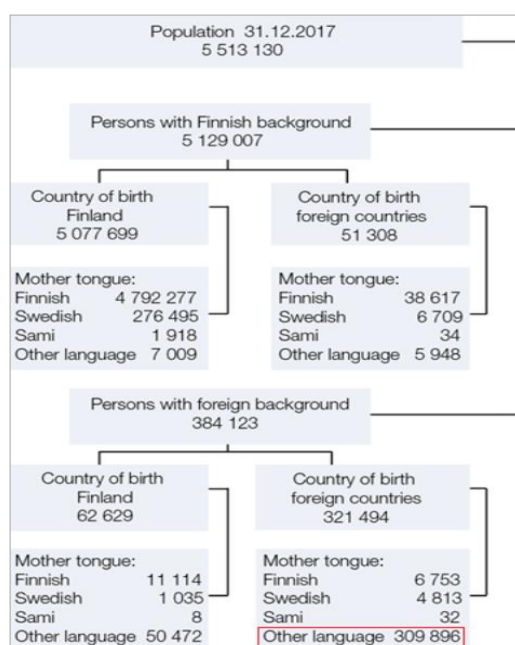
As a foreigner leaving away from his home country for over fifteen years, the author has always been passionate about new languages and cultures. Throughout all these years, he has developed a constant urge to engage in various entrepreneurial activities aimed to

help immigrants settling in Finland, in their endeavours of learning the Finnish language, and discover Finland's culture as part of their integration process in the Finnish society.

The contents of this thesis is based on a business idea surfacing in the second part of 2017, in the context of Artemira Publishing, a company set up by the author and having its main activity focused on publishing Finnish learning materials for foreign learners.

One aspect of language learning and cultural integration is the access to learning resources and supporting material in the target language, with books playing an important role. The language barrier, however, poses a significant obstacle in discovering the new host country's culture through reading. The business idea analysed in this thesis is supporting the Finnish language learning experience with the aid of so-called easy readers: fiction books written in simplified Finnish suitable for studying Finnish as a foreign language. While for languages like English, German, Spanish, French, Italian and Russian easy readers offer is abundant (Easy Readers, 2018), their existence in Finnish is hardly noticeable.

Less than 6 million people worldwide speaks Finnish, with over 5 million living in Finland (Statistics Finland, 2018). Finnish is also part of degree program curricula at over 100 universities in about 30 countries (CIMO, 2018). Compared to the most popular foreign languages (English, Spanish, German, Chinese), Finnish is significantly less spoken worldwide.



PICTURE 2. Finland population by birthplace and mother tongue (Source: www.stat.fi)

At the end of 2017 there were over 300 000 persons with foreign background living in Finland who had been born abroad, having a language other than Finnish, Swedish or Sami (the official languages of Finland) as their mother tongue.

These data gives a preliminary insight in the potential market for easy readers in Finnish.

## 2 THEORETICAL FRAMEWORK

### 2.1 Business Context and Background Information

Having identified a possible gap in the learning material offering for Finnish language learners, the author founded in 2005 a limited liability company called Artemira Publishing. Starting from 2013, the company started to produce reading material for foreigners learning Finnish. Artemira Publishing focused its initial activities on producing a Finnish language magazine called “Puhutaan suomea”. The main purpose of the magazine was to offer its customers access to updated reading material on three difficulty levels, beginner, intermediate and advanced, complemented by explained vocabulary, practice exercises and audio recordings.

The company published 31 magazine issues between May 2013 and December 2017, when it decided to make a shift in its activity and concentrate its resources on producing Finnish easy readers: books written in a simplified, accessible Finnish language.

From the experience with the magazine publishing, the author has identified the following key issues as the main differentiating aspects between the magazine and the book publishing business.

	Magazine Publishing	Book Publishing
<b>Nature of work</b>	<ul style="list-style-type: none"> <li>• Continuous work in bursts</li> <li>• Many small individual tasks to produce content</li> <li>• Contributors as freelancer contracted per article</li> <li>• Strictly tied to a publishing timetable, delays are difficult to manage</li> </ul>	<ul style="list-style-type: none"> <li>• One time project per book</li> <li>• Author royalty contract per project</li> <li>• Not tied to any strict timetable, delays have small impact</li> <li>• Easily plannable and manageable</li> </ul>
<b>Costs / Revenues</b>	<ul style="list-style-type: none"> <li>• Small initial costs</li> <li>• Easy to forecast short and medium term revenues with annual subscriptions</li> <li>• Customer retention through subscription revenue model</li> <li>• No long term revenue streams</li> </ul>	<ul style="list-style-type: none"> <li>• Higher initial costs</li> <li>• More difficult to forecast revenues</li> <li>• Perpetual revenues: publish once – sell forever</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Risks of decreasing reader audience (vs. free internet resources)</li> <li>• Challenge to produce new content</li> </ul>	<ul style="list-style-type: none"> <li>• More difficult to achieve customer retention</li> <li>• Revenue volatility</li> </ul>

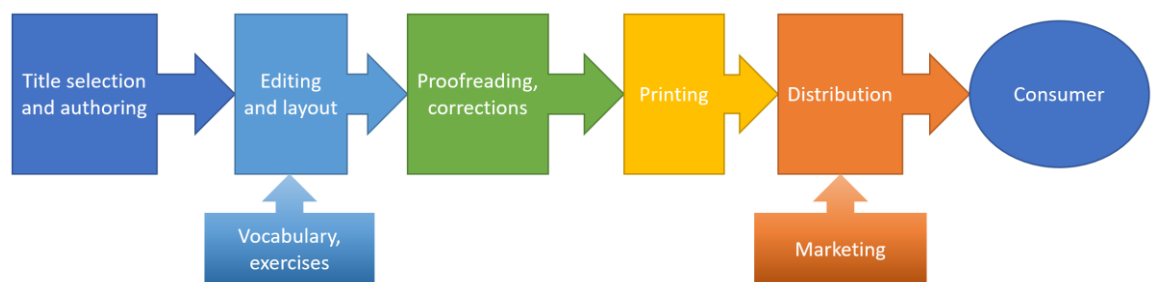
TABLE 1. Magazine and book publishing comparison



From this comparison, the author identified the main reasons supporting the move from magazine printing to book publishing, as follows:

- a) Producing a book is easier to plan and manage compared to magazine issues, where constantly creating new, engaging content becomes very challenging.
- b) There are virtually no risks involved if the company fails to publish a book. The losses incurred in this case are easy to contain. For periodicals, the publisher must release each issue due to subscriptions paid in advance; otherwise, the costs to compensate the subscribers can be significant.
- c) Magazine issues provide a one-time consumable, non-reusable content. In contrast, with relatively small additional effort (re-printing and distribution), books ensure perpetual revenues, since its content does not expire.

To switch to book publishing, the author wanted to create an innovative, differentiating product. The intention is to produce a series of Finnish easy reader books, branded under the series name "Finnish Easy Reading" (FER), and to publish about five to ten books annually during the coming years.



PICTURE 3. Book publishing lifecycle for FER books (as viewed by the author)

Easy readers are fiction books. When learning a foreign language, classical fiction books are an important aspect of discovering the new culture in the context of that language. Generally, easy reader books as published in other languages have the following specific characteristics compared to common fiction books:

- a) they are written in a simplified language, usually on several difficulty levels in order to serve readers on various proficiency levels in the target language, from beginners to intermediate, advanced and even very proficient
- b) they provide explanations for challenging words and expressions in the form of additional vocabulary as footnotes

- c) comprehension questions and practice exercises may also be included in the book.

## 2.2 Thesis Purpose and Objectives

The purpose of this thesis is to provide a business analysis related to creating and commercializing easy reader books in Finnish, by applying tools and theories acquired during the Degree Programme in International Business studies.

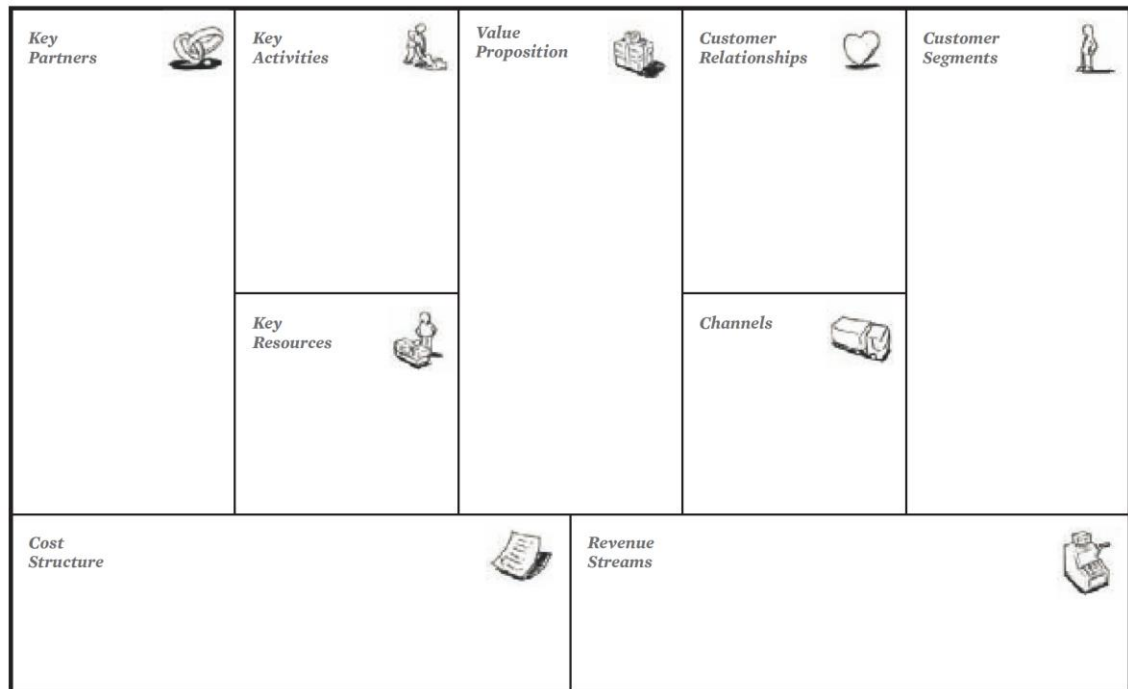
The objectives of this thesis is to create a value proposition for the Finnish Easy Readers publishing business idea and analyse its potential competitive advantage giving a realistic picture of the viability of implementing it from the competitiveness perspective, in order for the business to succeed in the long term. In the course of the analysis conducted in this thesis, the author will answer the following research questions:

- ❖ What should be the Finnish Easy Readers value proposition to the customers?
- ❖ What key factors should the company consider in order to gain competitive advantage?

## 2.3 Research Methods and Theory

To answer the first question, the research in this thesis will be based on the *Business Model Canvas* (Osterwalder, 2010). A business model “describes the rationale of how an organization creates, delivers and captures value“ (Osterwalder, 2010; 14).

The concept of the business model canvas was created with the intention to allow companies to develop their business model in an innovative way and create new strategic alternatives for their business activities. The business model canvas proposed by Osterwalder and Pigneur is based on nine basic building blocks. *Key activities*, *key resources*, *key partners* and *channels* tackle the production and distribution aspects of the product or service. *Value proposition*, *customer segments* and *customer relationships* define and address the target market segment of the product or service. *Cost structure* and *revenue streams* describe the financial aspect of the business. Thus, the Business Model Canvas helps identify all the aspects that are part of the analysed business model.



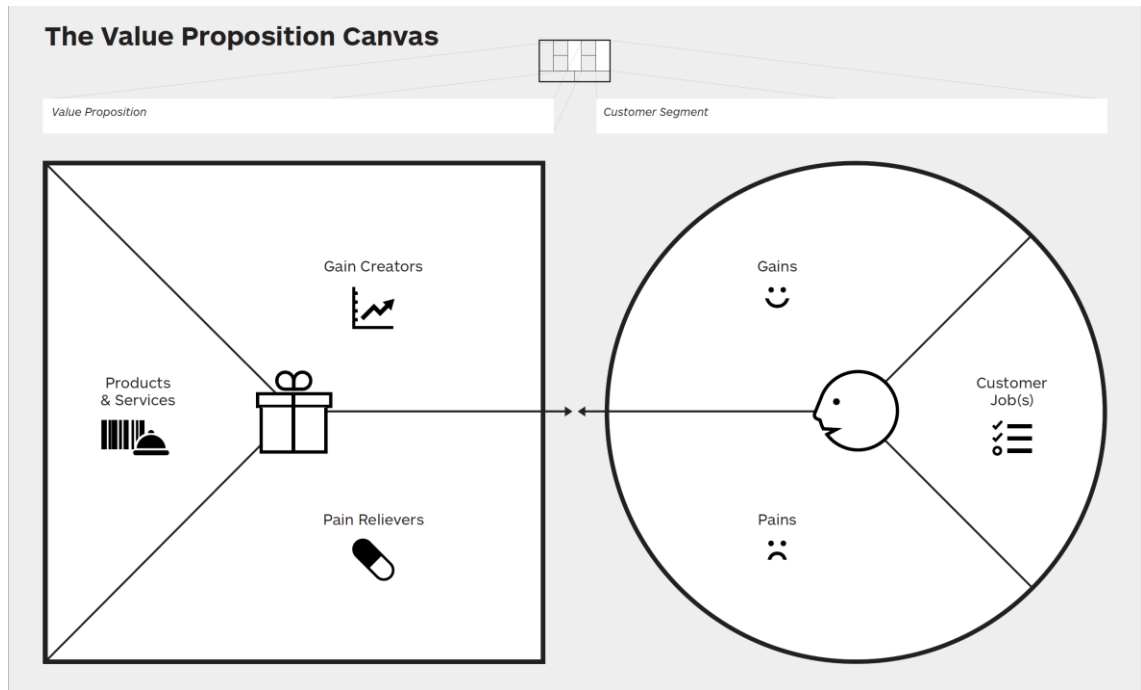
PICTURE 4. The Business Model Canvas (Osterwalder, 2010; 44)

To answer the first question posed by the author in this thesis, the research scope will be limited to two building blocks of the Business Model Canvas relevant to developing the Finnish Easy Readers value proposition: the *Customer Segments* block and the *Value Proposition* block.

**Customer Segments.** A group of people or organizations, which a company wants to serve, is identified as a customer segment. (Osterwalder, 2010)

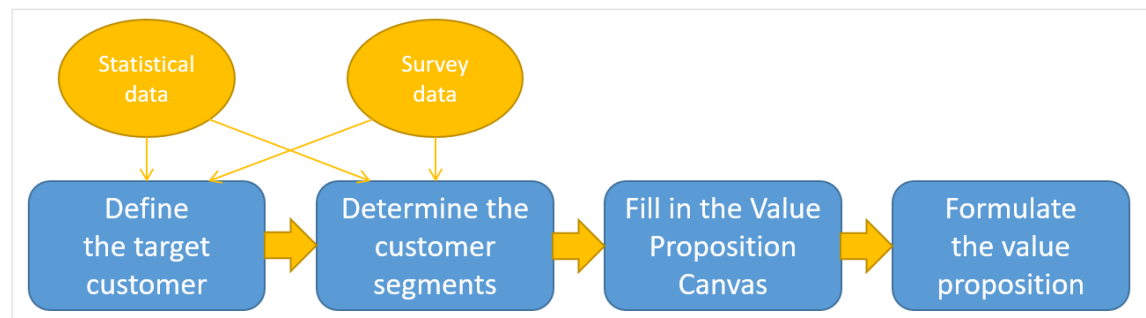
The author will be approaching the customer segmentation from the perspective of a niche market: a small, specialized market for a particular service or product. The customer segment analysis in this thesis will conclude whether there is a need to define several segments in the Finnish easy reader's niche, and what those segments could be. The result will be used as input to formulate the value proposition.

**Value Proposition.** A value proposition “solves a customer problem or satisfies a customer need” (Osterwalder, 2010). To create the value proposition for FER books the author uses a method derived from the Business Model Canvas: the Value Proposition Canvas (Strategizer, 2018).



PICTURE 5. Value Proposition Canvas (Source: strategyzer.com)

The Value Proposition Canvas (VPC) helps formulating the value proposition by defining customer jobs (what a product or service can do for the customer), gains (benefits) and pains (problems it solves), and finding the way to fulfil them in the form of products and services, gain creators and pain relievers, for each segment.



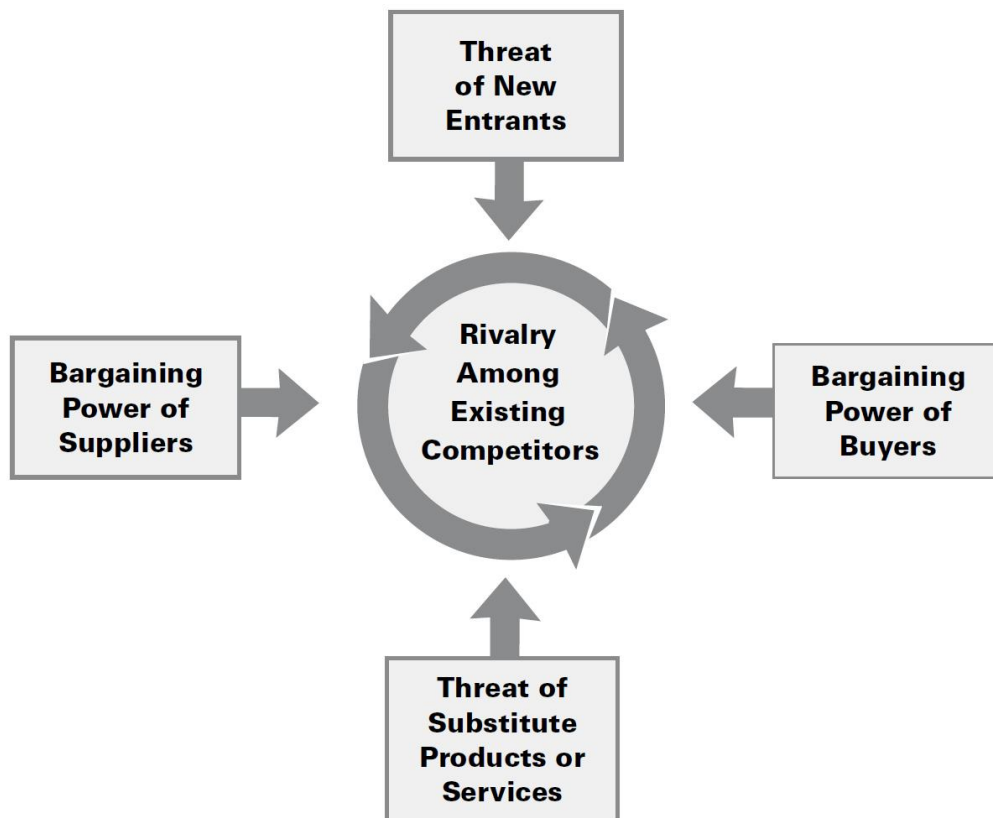
PICTURE 6. A workflow to formulate the value proposition, proposed by the author

To answer the second question, the thesis will use *Porter's five forces* framework (Porter, 2008 in HBR, 2011) in order to analyse competition. This will allow identifying the essential competition areas and proposing the key factors for developing competitive advantage.

Porter's five forces is a framework for analysing the competition in a business environment and originates in the article published by Michael E. Porter (Porter, 1979) in the

periodical Harvard Business Review, issue of March 1979, with the original title “*How Competitive Forces Shape Strategy*”. Since then, the framework has been revised and improved as it was gaining popularity.

Porter’s five forces framework is developed on the concept that in order to sustain long-term profitability a company must respond to competition (HBR, 2011; 24). These forces can help a business find where its power lies in the industry, identify areas of strength or improve weaknesses (CGMA, 2013).



PICTURE 7. The five forces that shape industry competition (Porter, 2008 in HBR, 2011; 27)

In Porter’s framework, the five forces that one needs to consider in order to evaluate its competition are *the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitutes and the rivalry among existing competitors*.

This thesis applies Porter’s framework to analyse competition for the FER book publishing by using a scorecard analysis for each of the five forces.

The data used to formulate the value proposition and conduct the competition analysis in this thesis is the result of a combination of primary and secondary research with both quantitative and qualitative outcomes. The primary data was collected through a survey (Appendix 1. Survey Conducted by the Author). The survey design was adapted from Sincero's (Sincero, 2012) survey design framework, with the following stages: goal identification, sampling selection, methodology definition (online, face-to-face), question design (open or closed questions), survey execution, and data analysis.

The secondary data was gathered from various internet sources, statistical data sources and the company's historical data archive.

### **3 VALUE PROPOSITION AND COMPETITIVE ADVANTAGE: A STUDY CASE FOR FINNISH EASY READERS**

In this chapter, the author performs an analysis of the collected data according to the presented theoretical framework, in order to answer the two research questions proposed in this thesis.

The primary data used in this analysis consists of the results of a survey conducted on a target group of foreign people interested in studying or improving their Finnish language skills. The survey goal was to identify the need for Finnish Easy Reader books and their potential customers.

The sample identification method used in the survey was purposive sampling (Sincero, 2012): a representative group of the population with specific interest in Finnish Easy Readers. The author opted for an online survey sent to former magazine subscribers, mailing list members and social media groups interested in the magazine. The mailing list was maintained by Artemira Publishing and contained about 2 300 members who opted in the list as a result of their interest in the previously published “Puhutaan Suomea” magazine.

The majority of the questions in the survey were closed questions, single or multi-choice, allowing for quantitative processing of the results. The survey had also two open-ended questions, one for suggesting competing or substitute products and another one for general comments. The survey was implemented and distributed using Google Forms and the results were gathered in a spreadsheet, processed in Microsoft Excel and are presented in the form of tables and charts in this thesis.

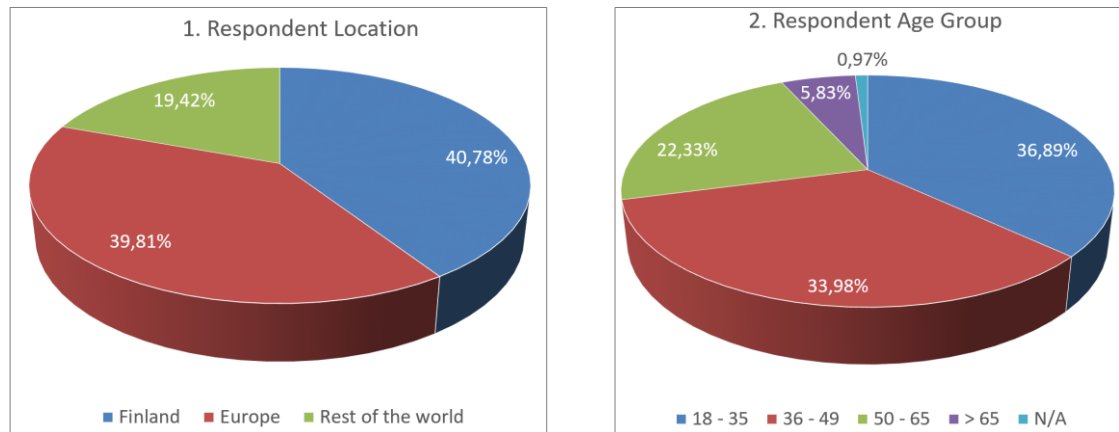
The first steps in formulating the value proposition is to define the target customers, and further the customer segments.

#### **3.1 Buyer Personas, Customer Segmentation and Value Proposition**

The main factors for customer segmentation are behavioural (product usage, benefits sought), geographic (where the customers are located), demographic (age, sex, ethnic

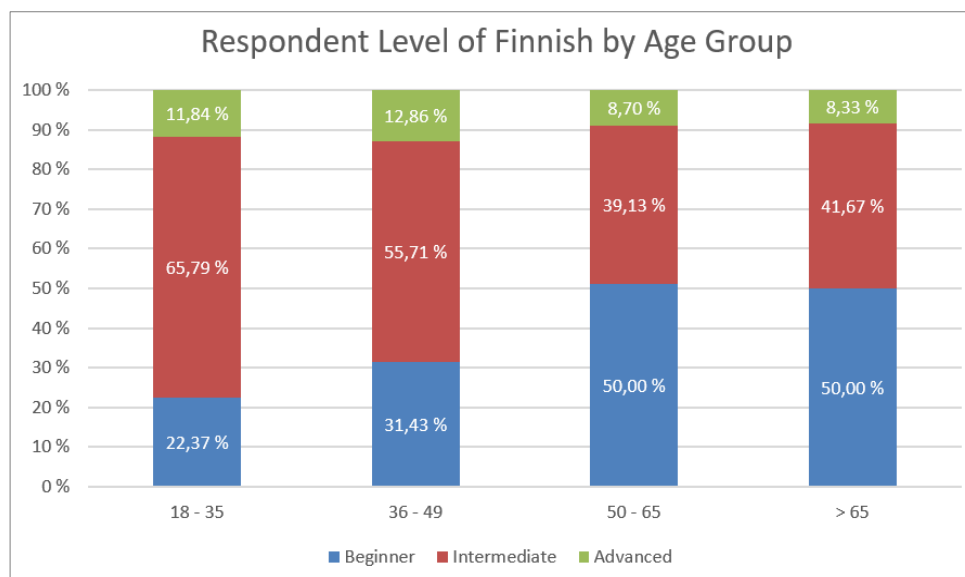
background of customers) and psychographic (personality, attitudes, lifestyle) (Kotler, 2015; 149).

The author has used the survey results to envision the characteristics of a FER book target customer (a so-called buyer persona) and define the customer segments. The survey recorded 206 responses.



PICTURE 8. Survey questions 1 and 2. Respondent location and age group

About 80% of the respondents were located in Finland and rest of Europe, divided almost equally. The most representative age group were young and middle-aged adults (about 71%) in the age groups 18-35 (almost 37%) and 36-49 year (34%).



PICTURE 9. Respondent's level of Finnish language by age group



The majority of the respondents, roughly 67%, self-evaluated their Finnish language skill level as intermediate (55%) or advanced (12%), while 33% indicated they consider themselves beginners. In relation to the age groups, it is important to notice that the self-assessed Finnish proficiency is higher for younger responders, while half of the age group over 50 year old consider themselves beginners.

As a result, the author has concluded on the following buyer persona characteristics:

- a) does not have Finnish as their mother tongue
- b) is located mostly in Finland and rest of Europe, but also elsewhere
- c) is young or middle-aged adult
- d) has an interest in the Finnish language and has started studying it
- e) has preferably intermediate Finnish language proficiency up to being fluent
- f) is interested in further improving their Finnish language skills
- g) has some interest in reading fiction

These characteristics lead to a list of potential segment groups. From the survey results, the author has found that the geographic aspect is less relevant, and decided to exclude it.

In the scope of this analysis, the author has chosen to consider only groups with perpetual value for the FER book business. The analysis excludes one-time buyer groups like institutions (universities, libraries), which have no significant impact on the business in the long run.

Based on the envisioned target customer characteristics, the author has named and identified as potential customers the following personas.

**1) The Finnish language degree student**

This persona is a young adult studying towards a degree in Finnish language and culture. They would use FER book series at the beginning of their studies before being able to read original Finnish works.

**2) The avid fiction reader**

This persona loves to read fiction in general. Mastering the Finnish language at a fair level, they are interested to discover the genuine Finnish literature, which might not yet be quite accessible to them in the original form due to its complexity.

### 3) The language enthusiast

This persona is dedicating their free time to study Finnish. They are committed to improving continuously their Finnish skills and progress rapidly. They would make use of any available material, which could help them in their endeavour.

### 4) The social settler

This persona has settled in Finland. They are aiming to master the language at a satisfactory level. Their goal is to integrate faster and better in the Finnish society. Reading Finnish literature can help them from the language and cultural aspect.

### 5) The fan of Finland and Finnish language

This persona would do anything to keep contact with Finland and the Finnish culture. They might have recently moved away from Finland or lived abroad for long and possibly have Finnish ancestors. Their aim is to keep their relationship with Finland alive through any means, including reading books – which help them maintain their language skills, too.

In order to decide upon the customer segments, the groups defined above were analysed according to the customer segment criteria defined by Osterwalder and Pigneur (Osterwalder, 2010; 20).

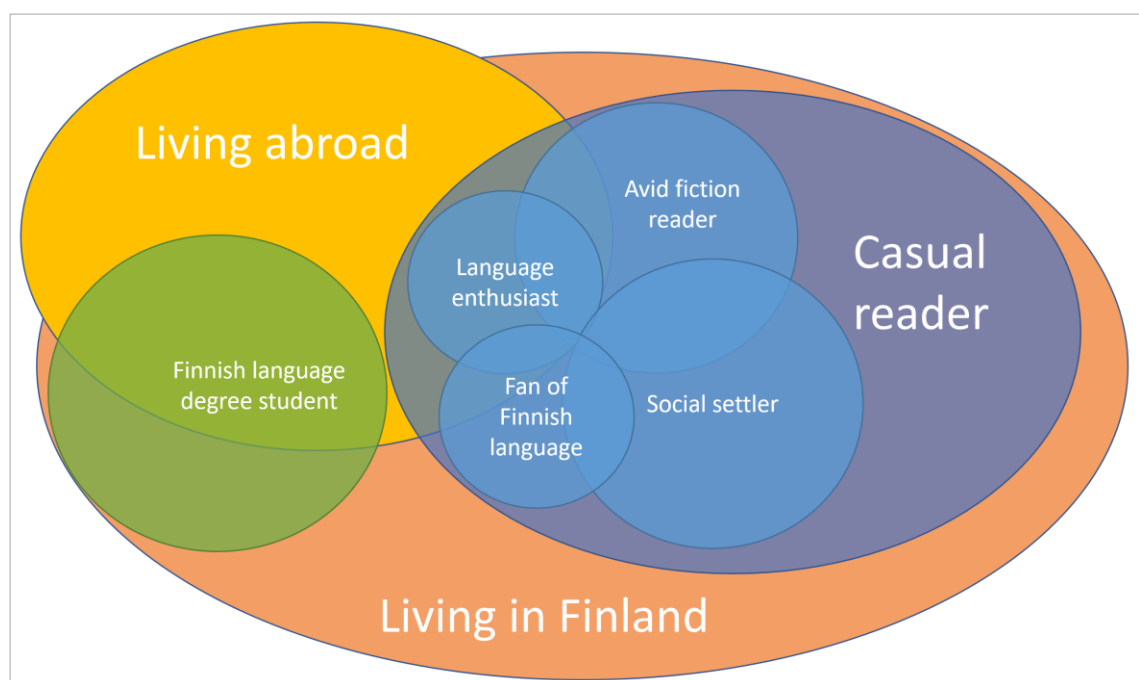
- A. Does the group require a distinct offer?
- B. Are customers reached through different distribution channel?
- C. Do customers require different type of relationship?
- D. Do the groups have substantially different profitability for the company?
- E. Are the customer willing to pay for different aspects of the offer?

<b>Personas</b>	<b>A</b> Distinct offer	<b>B</b> Distribution	<b>C</b> Relationship perspective	<b>D</b> Profitability	<b>E</b> Customization
The degree student	Discounts	-	Supporting their studies	Smaller	-
The avid fiction reader	-	-	Hobby, Cultural	-	-
The language enthusiast	-	-	Hobby	-	-
The social settler	-	-	Cultural	-	-
The fan of Finnish language	-	-	Hobby, Cultural	-	-

TABLE 2. Customer segmentation analysis for FER book series based on buyer personas

For the degree students group we can create a personalized offer: promote discounts and build a customer relationship with them, which supports their studies. A characteristic of this group is also the fact that the profit margin will be lower.

All other personas have the common characteristic of customer relationship that needs to be built based on the Finnish language study from the hobby and cultural perspective. Thus, the customer segmentation analysis would suggest that *the Finnish language degree students* group could be identified as an individual segment, while all the other groups could be combined into one larger segment: it can be called *the casual reader*.



PICTURE 10. Customer segmentation proposal for the FER book series

Having established the customer segments, the Value Proposition Canvas proposes the following three factors in order to create the value proposition:

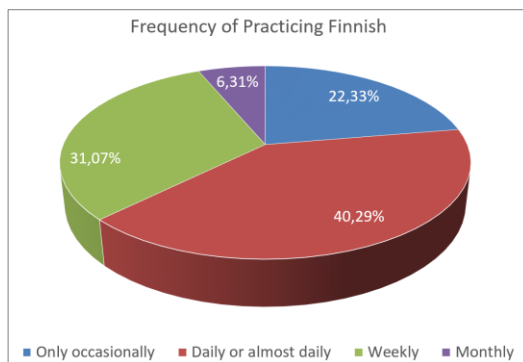
- a) Customer jobs: what can the FER books do for the readers
- b) Gains: what will the reader gain from reading the FER books and how can they benefit from them
- c) Pains: what are the main problems the FER books try to solve for the readers

The VPC helps identify the means of fulfilling the customer jobs through a product or a service, in this case the FER books, and find the gain creators and pain relievers, i.e. how

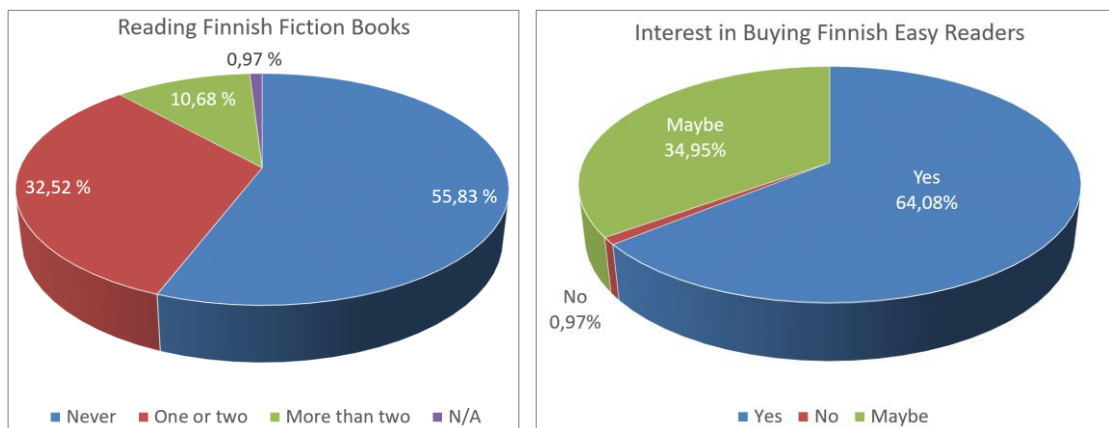
the books will create the benefits for the readers and will solve the problems identified in the previous step. The VPC analysis is performed on the two identified segments: Finnish language degree students and Casual reader.

The customer jobs shall reflect the findings of the FER customer segments with respect to what they would like to achieve with the help of the offered products and services, the FER book series.

From the survey results, the author has identified the customer jobs. Over 40% of the respondents practise Finnish on a daily or almost daily basis, with an additional 31% practising weekly. This indicates several customer jobs inferred from a high commitment level of the respondents *to learn Finnish, improve their Finnish language skills and build confidence with Finnish.*



PICTURE 11. Survey question 4. Respondent frequency of practicing Finnish

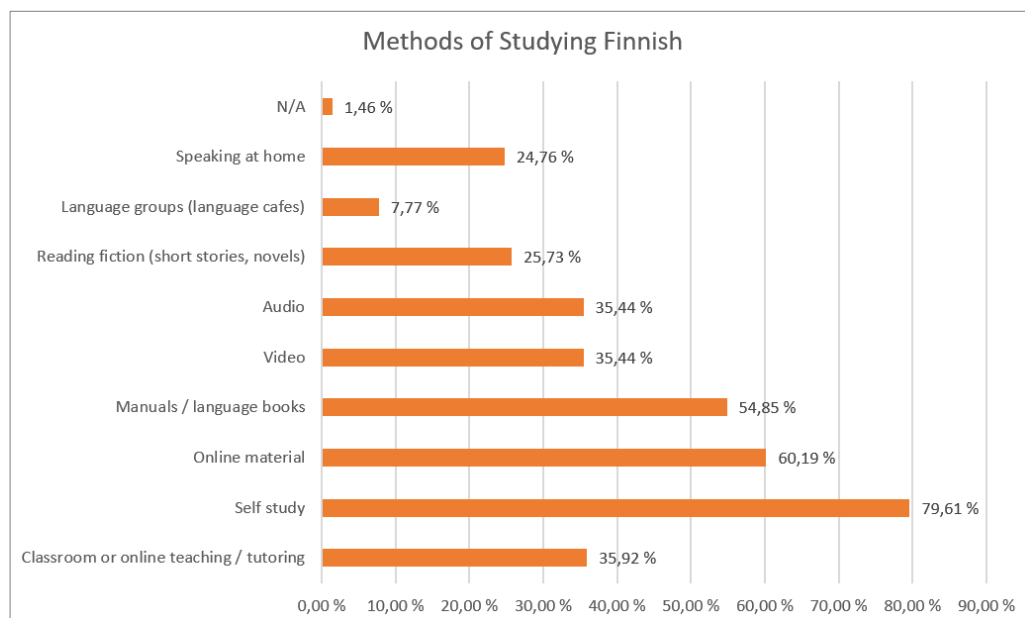


PICTURE 12. Survey questions 6 and 9. Finnish fiction books read by respondents and their interest in Finnish Easy Readers

Although only slightly over 40% of the respondents indicated they have read at most two Finnish books, 99% of them expressed their potential interest in FER books, with 64% saying they would buy such books. This shows that also *access to Finnish culture* through reading Finnish fiction is an important customer job to be performed by the FER books.

The customer jobs list have led to identify the customer benefits. Those benefits are listed in the VPC as gains and serve as a direct input when designing the value proposition for the FER books in the form of gain creators.

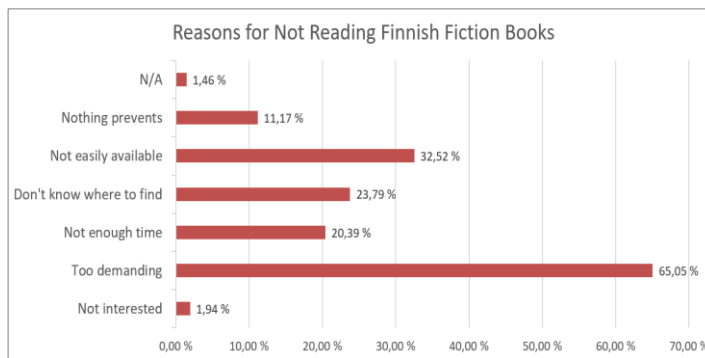
With a high rate of the respondents interested in the FER books, these easy readers should focus to allow them *to practice Finnish by reading, discover more about the Finnish culture* and *offer them a pleasant overall reading experience*. In addition, FER should *support self-studying*, which has emerged as the preferred way of studying Finnish for almost 80% of the respondents. These results show that the studying Finnish is very much driven by individual motivation. Traditional books and online material are also important to Finnish language learners.



PICTURE 13. Survey question 5. Methods of studying Finnish (multi-choice)

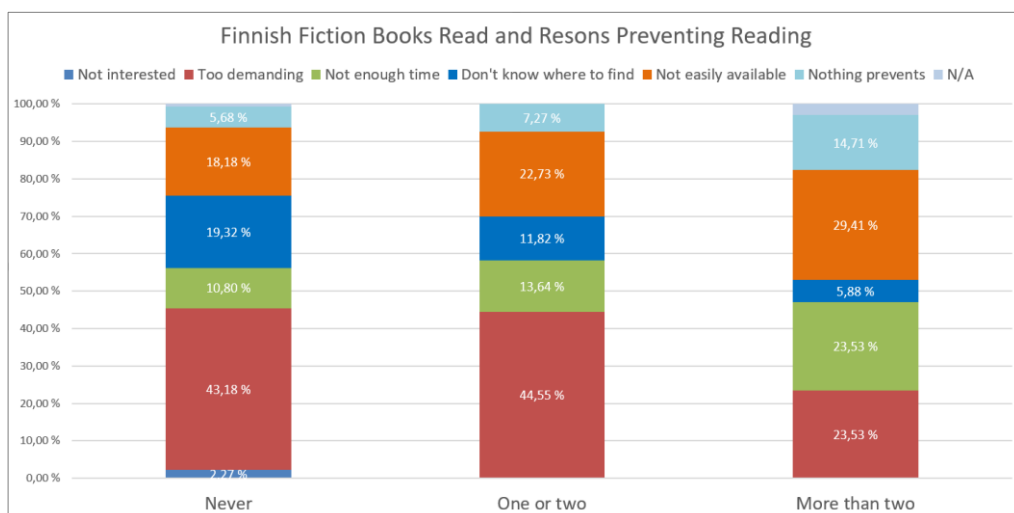
FER books will give the readers the opportunity to read *Finnish classical works in a simplified language, on various proficiency levels, with vocabulary explanations*. Additionally, the student segment will benefit of a more *affordable offer*. These represent gain creators.

Recognizing the so-called pains of the customer will help to identify pain relievers. Access to Finnish classical literature is quite *restricted* for Finnish language learners. The survey results show that the main reason for not reading Finnish fiction is the *lack of books* suitable to the reader’s language skill level (65%) and the *limited availability* of such books (32%). By lacking the opportunity to practice Finnish through reading, those studying Finnish are denied access to this alternative option to learn Finnish, potentially *slowing their progress*.



PICTURE 14. Survey questions 7. Obstacles that prevent reading Finnish fiction books

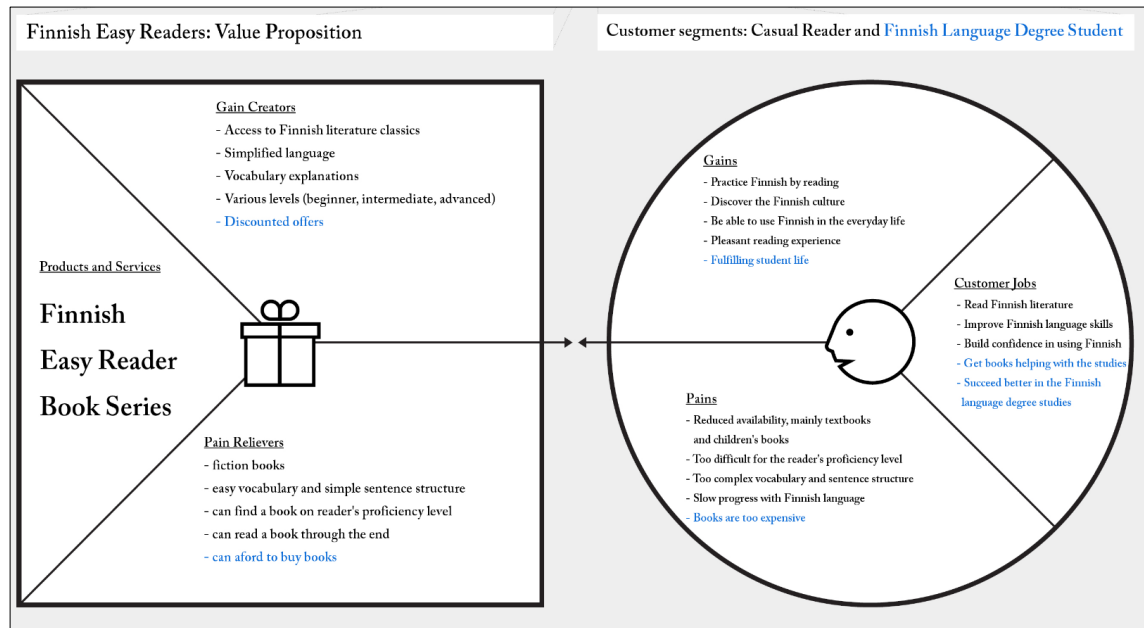
Cross-combining data from questions 6 and 7, the following conclusion emerges: the main reasons to not read Finnish fiction books for those who have read at most two books, are that they find the too demanding (cells marked in red), do not know where to find them (blue cells) or the books are not easily available (orange cells).



	Not interested	Too demanding	Not enough time	Don't know where to find	Not easily available	Nothing prevents
Never	2,27 %	43,18 %	10,80 %	19,32 %	18,18 %	5,68 %
One or two	0,00 %	44,55 %	13,64 %	11,82 %	22,73 %	7,27 %
More than two	0,00 %	23,53 %	23,53 %	5,88 %	29,41 %	14,71 %

PICTURE 15. Reading Finnish fiction books and obstacles preventing it

From these data, the pain relievers provided by the FER books should be to *make suitable fiction books available*, improve the reading experience by *taking into account the reader's level* and *give readers the opportunity to afford such books*.



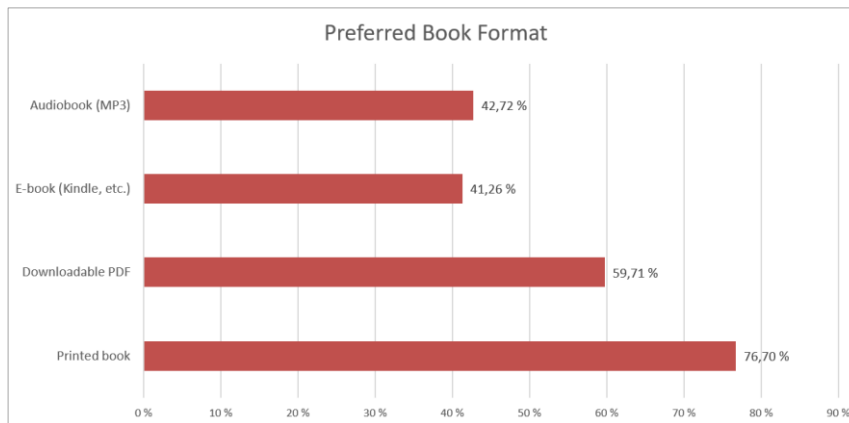
PICTURE 16. Combined Value Proposition Canvas for the FER customer segments. The specific items corresponding to the Finnish language degree students are marked with blue in the canvas.

From all the characteristics emerging from the VPC analysis, the author concludes that they all revolve around the reading experience of the Finnish learner.

With book format also having an impact on the reading experience, the survey indicated that the majority of respondents (76%) clearly prefer printed books. The availability of books as downloadable PDF was also ranked fairly high. Over 40% of the respondents showed interest in both e-books and audiobooks. This result is in consensus with the general trend of the fiction books market in Finland, where e-books are gaining popularity in the detriment of printed books (Statistics Finland, 2018).

In addition to the survey results, other studies have also indicated that regardless of the technical progress in the last few decades, printed books are still the most popular format. They connect the users in a stronger way to their reading experience and they have the best market strength (Cowan, 2013). Printed books are also preferred by college-age young adults who read both for school and pleasure (Byars, 2015). As a result, FER books

should be published as printed books, as well as e-books to offer a thorough reading experience to different groups of readers.



PICTURE 17. Survey question 10. Preferred book format (multi-choice)

Concluding the VPC analysis, the author has formulated the value proposition with the emphasis on expressing the empowering action that the FER series offers in order to support the reading experience in Finnish. The diagram below synthesises the value proposition for the FER books.



PICTURE 18. Finnish Reading Experience as the central idea of the value proposition

The author proposes four alternative formulas to capture the value proposition for FER books:

- a) “Empowering foreigners to read Finnish”



- b) “We empower you to read Finnish”
- c) “Read Finnish books like a native”
- d) “Books you can actually read in Finnish”

The author’s choice is the third statement: “Read Finnish books like a native”. In the author’s opinion, it addresses the customer directly, at the same time pointing out the main benefits of FER books to the readers. As a strong candidate, the author's second proposal is: “We empower you to read Finnish”.

### 3.2 Competition Analysis and Competitive Advantage

To start the competition analysis in the FER books market niche, the author needs to consider first the current status of the book publishing market. The overall book market has suffered a sharp decline in the number of books from 2010 to 2015, with the fiction book market being at constant levels. From sales point of view, the decline is sharper for both markets. They started to slightly recover after that. (Statistics Finland, 2018).

#### Books published in Finland

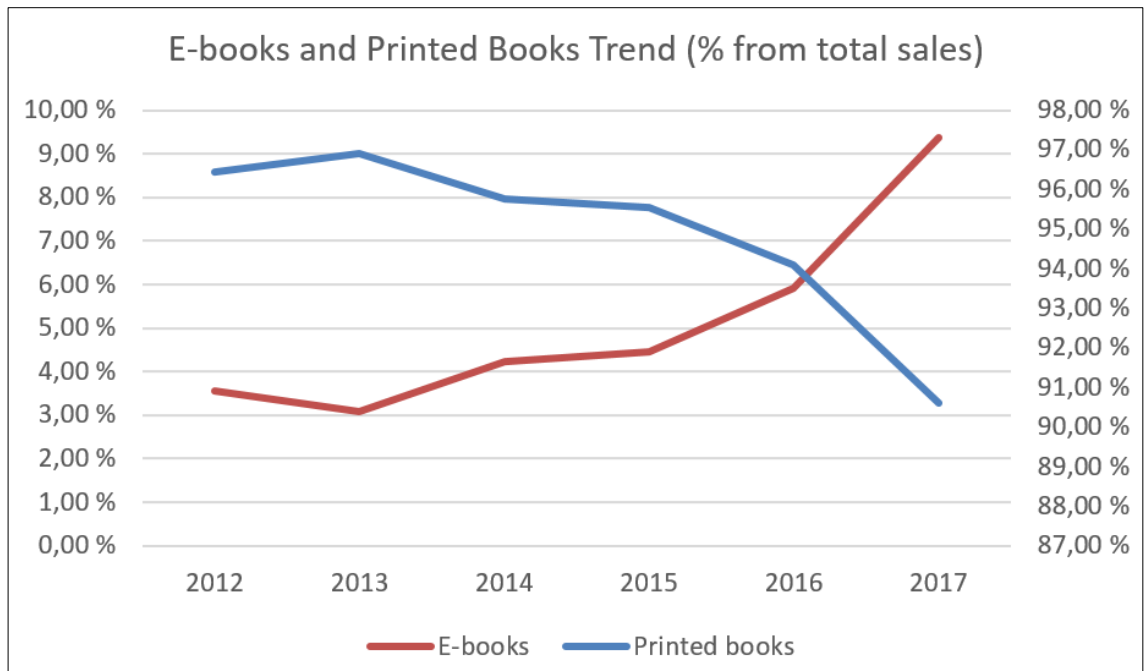
	1970 <sup>1)</sup>	1980	1990	2000	2010	2014	2015	2016
<b>Total of books published</b>	<b>3 351</b>	<b>6 511</b>	<b>10 153</b>	<b>11 764</b>	<b>12 017</b>	<b>10 352</b>	<b>9 865</b>	<b>9 884</b>
Finnish and Swedish books								
Non-fiction	1 972	4 276	6 352	6 619	5 904	4 637	4 283	4 320
Fiction	309	453	758	863	1 705	1 753	1 716	1 859
Translations								
Into Finnish	822	959	1 562	2 106	2 432	1 888	1 789	1 786
Into Swedish	27	56	111	88	112	98	71	99

TABLE 3. Fiction book titles published in Finland (Source: [http://www.stat.fi/tup/suoluk/suoluk\\_kulttuuri\\_en.html](http://www.stat.fi/tup/suoluk/suoluk_kulttuuri_en.html))

An important trend to be noticed is the rate of growth for fiction e-books between 2012 and 2017, from less than 4% to almost 10% of the total book sales.

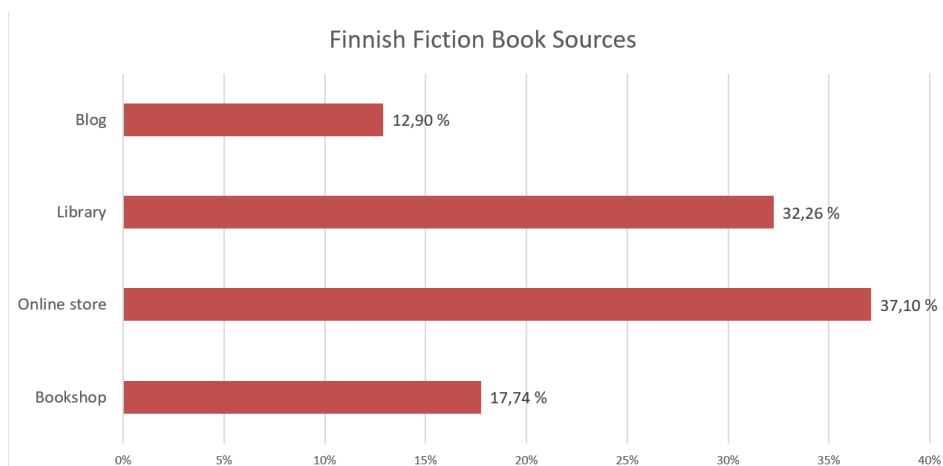
Fiction	2012	2013	2014	2015	2016	2017
Total	41 161	40 935	35 353	34 537	32 236	35 556
Printed books	39 693	39 675	33 856	32 997	30 333	32 219
E-books	1 468	1 260	1 496	1 540	1 903	3 337

TABLE 4. Total fiction books sold in Finland (1 000 Eur)



PICTURE 19. Printed vs. E-book trend in Finland

These data suggest a challenging environment for the fiction books publishing business, with printed books losing some ground and e-books becoming more and more popular. The impact of this trend on the FER book business will be encompassed in the competition analysis carried out in this chapter.



PICTURE 20. Survey question 8. Sources of Finnish fiction books

Some valuable data for discovering competition was obtained through the survey, question 8, which asked the respondents to name some sources of fiction books similar to the proposed FER books. As this was an optional open question, the results were aggregated manually by the author and split into four categories. 62 respondents answered this question.

These responses indicated a few possible competitor names, such as Selko, Avain, Opike, lppbooks.com, which the author has researched further in this thesis.

### 3.2.1 Direct Competition and Similar Substitutes

After conducting an online research for potential FER competitors suggested by the survey respondents, the author has found only one type of product which could be considered a similar substitute for FER books, the selko books.

**Selko books** are fiction books in Finnish, certified by Selkokeskus, the Finnish Centre for Easy To Read, “part of the Finnish Association on Intellectual and Developmental Disabilities, which is funded by the Finnish Ministry of Social Affairs and Health” (Selkokeskus, 2018). Their target reader niche is native Finns with disabilities. However, due to the simplified language used in the selko books, they can be appealing to Finnish language learners in a similar way as FER books. Thus it can be considered a *substitute as similar product* to FER books. Below the author has created a comparison between the proposed features of the FER books and the selko books to point out the main differentiating factors.

	FER Books	Selko Books
Language style	Literary style, simplified language, capturing the atmosphere conveyed by the original work.	Clear language (selkokieli), obeying strictly the rules established by Selkokeskus. Each book is “Selko” certified.
Text Format	Text follows the usual paragraph structure of a fiction book.	Text is written with each sentence starting at the beginning of the row, which gives it the layout look of a poem.
Vocabulary	Words are explained as footnotes.	No vocabulary included.
Practise	Questions are included at the end of chapters, for reading comprehension practice. Additional exercises are included at the end of the book.	No exercises included.

Genre	Fiction (Finnish classics)	Fiction; Children's books; Non-fiction
Publisher	One publisher (Artemira Publishing)	Various publishers (Avain; Kehitysvamma-liitto ry, Opikse; Kirjokansi, Reuna, Kustanus Oy Pieni Karhu, etc.)
Main Target Niche	Non Finnish natives learning Finnish.	Native Finns with disabilities.

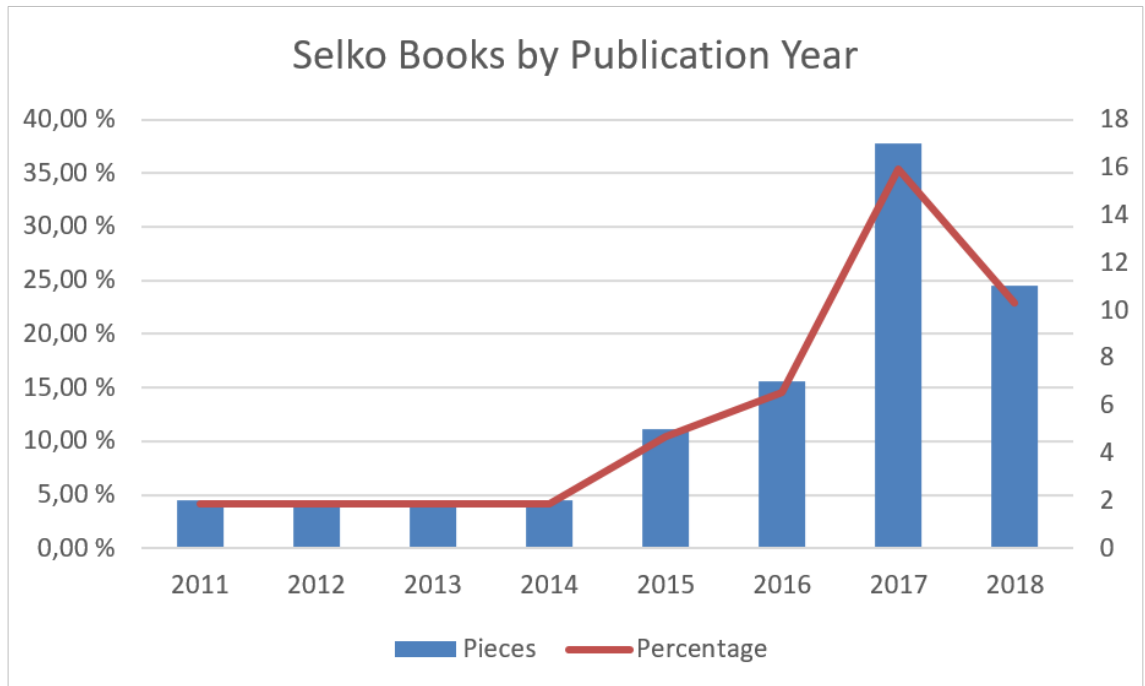
TABLE 5. FER and selko books comparison

<p>– Myös pappilan pehtori lähtee töihin rautatielle, Matti sanoi. – Me lähdemme yhdessä. Pehtori pääsee tatsuunamieheksi, mutta minä lähdän rautatietä korjaamaan, Ville vastasi ylpeänä.</p> <p>Matti jatkoi matkaa. – Kyllä siellä pitäisi käydä, Matti ajatteli eikä paljon muuta ajatellutkaan kuin sitä, mitä oli kuullut.</p> <p>Rautatie.. Vaikka eihän siitä oikein tahtonut selvää saada, minkälainen se oli, vaikka kuinka olisi ajatellut ja arvellut. Kuitenkaan Matti ei voinut olla ajattelematta rautatietä. Rautatie oli hänen ajatuksissaan milloin minkäkin näköinen. Välillä hän meinasi saada siitä selvän, mutta sitten se muuttui.</p> <p>Matti lopetti ajattelun ja löi ohjaksilla hevosta selkään. Hän löi ja huusi joka lyönnillä. Tämmöistä ei ollut hevoselle tapahtunut vielä milloinkaan, ja siksi se lähti hurjaan juoksuun.</p> <p style="text-align: right;">19</p>	<p>– En minä tarvitse kuin pienen leivän ja maitoa, Hanna sanoi. – Kiitos.</p> <p>Äiti oli ajatuksissaan. Oliko hän murheellinen? Äiti raukka! Hänen mustat hiuksensa olivat kauniit. Hänen otsansa oli valkoinen ja puhdas. Hannan sydämeen sattui. Nyt ei voinut itkeä, koska täytyi mennä jo kouluun.</p> <p>– Jussi, syö pian, että et myöhästy, Hanna puhui hiljaa. Hän ei halunnut häiritä äitiä.</p> <p>Jussin suu oli täynnä. Hän katsoi rauhallisesti kelloa. Hanna otti kirjat mukaansa ja lähti. Hänen jalkansa tuntuivat heikoilta. Tornin kello löi puoli kahdeksan, joten hänellä oli vielä aikaa. Hän hengitti raitista ilmaa.</p> <p>Keltaiset lehdet olivat pudonneet puista. Ne pyörivät maassa ja lensivät ilmassa tuulen mukana. Syksyn aurinko paistoi ystävällisesti taivaalta. Sen säteet olivat kirkkaita ja iloisia. Pienet linnut hyppivät kadulla.</p> <p>Hanna oli kuin unessa. Hän kääntyi kirkon kulmalta toiselle kadulle. Tie oli tuttu, koska hän oli kävellyt sitä pitkin monta vuotta.</p> <p>– Hanna kulta, hyvää huomenta! Mitä sinulle kuuluu? Paljon toisia koulutyttyjä oli Hannan ympärillä.</p> <p>– Hanna, meidän ohitsemme käveli äsken poikia lyseosta! He nostivat lakkia ja katselivat meitä. Me olimme vakavia kuin emme olisi nähneet heitä. Siellä oli Hjalla, Onni,</p> <p><small>olla ajatuksissaan: olla miettiä, hajamielinen murheellinen: surullinen raukka: parka; jota säälitään raitis: (tässä) puhdas lyseo: koulu; ennen oli eri lyseot pojille ja tytöille nostaa lakkia: (tässä) tervehtiä nostamalla lakkia vakava: ei iloinen</small></p> <p style="text-align: right;">9</p>
--	--

PICTURE 21. Page format of selko book (left) compared to FER book prototype (right)

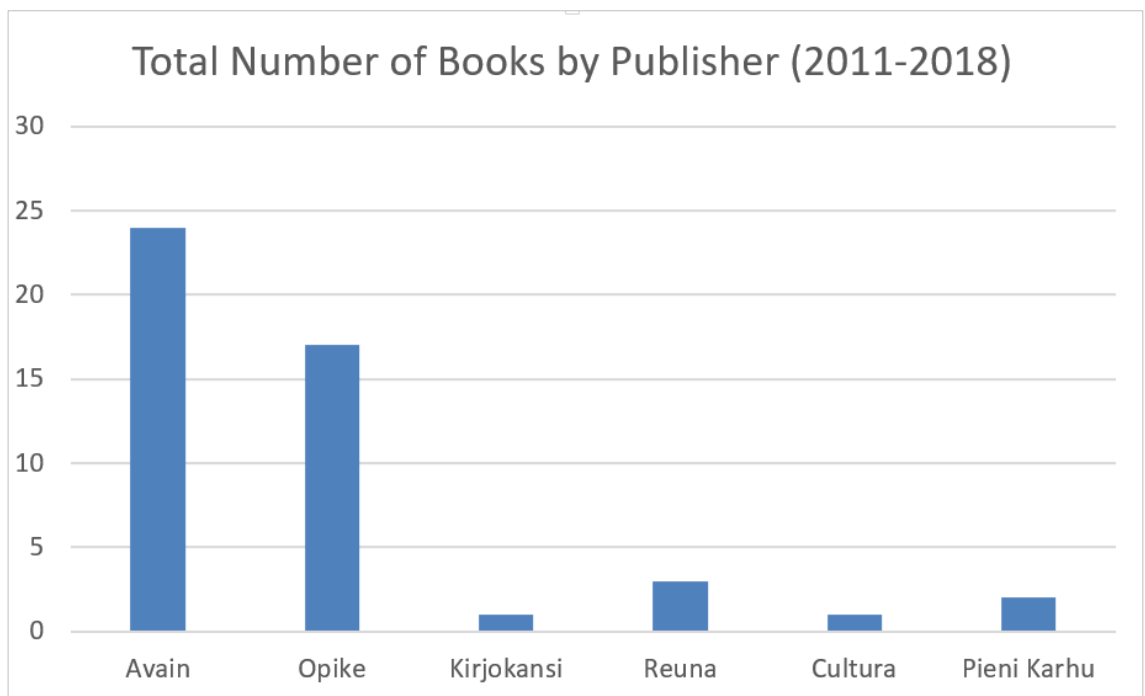
Until September 2018 Selkoeskus has certified 48 titles, which were published starting from 2011. Selko books have become more popular from 2017, due to increased financial support from the Finnish Ministry of Social Affairs and Health. The majority of the books have been published in 2017 and 2018. All selko books are available only in printed format.

Charts in PICTURE 22 and PICTURE 23 are based on the list of publications available in the Appendix 2 and assembled from the Selkokeskus online store.



PICTURE 22. Selko books by publication year

The main competitors producing selko books have emerged to be Avain and Opike. Avain is a publisher owned by BTJ Kirjastopalvelut, one of the two main book resellers in Finland. This is a relevant example of backward integration in the book publishing industry.



PICTURE 23. Books by publisher (2011-2018)

### 3.2.2 Indirect Competition and Substitutes as Different Products

The author's research has identified the following potential indirect competitors for FER books.

**Bilingual books** are fiction books with content in two languages. The text is published on parallel pages, in two different language, side by side. The author has found only a few bilingual fiction books on Amazon (Finnish-English) and on other sites, like Ipp-books.com (Finnish-German). One characteristic which would not make these book necessarily attractive for the FER niche is the fact that the book contains the original text and its translation, which in general is too difficult for language learners. In addition, the books are not part of any series nor are they designed with regard to the reader's level.

I. Alkuperäisen lain mahti	I. Into the Primitive
<p>“Syntyperäinen kaipaus huokaa ja kärsii tottumuksen kahleissa, ja viimein herää julmuus pitkällisestä talviunestaan.”</p>	<p>“Old longings nomadic leap, Chafing at custom’s chain; Again from its brumal sleep Wakens the ferine strain.”</p>
<p>Buck ei lukenut sanomalehtiä, sillä siinä tapauksessa olisi hän tiennyt vaaran uhkaavan sekä häntä että jokaista vahvalihaksista, paksuturkkista koiraa Puget Soundin ja San Diegon välisellä alueella. Sittenkun muutamat miehet hapuultuaan napaseudun pimeydessä olivat löytäneet sieltä jonkinlaista keltaista metallia ja höyrylaivat ja kuljetusyhtiöt toitottaneet löydöstä, syöksyi tuhansittain ihmisiä Pohjolaa kohti. Ja nämä ihmiset tarvitsivat koiria, suuria, väkeviä, vahvalihaksisia koiria, jotka voisivat tarttua voimakkaasti työhön, paksuturkkisia, jotta tämä voisi suojella heitä pakkaselta.</p>	<p>Buck did not read the newspapers, or he would have known that trouble was brewing, not alone for himself, but for every tide-water dog, strong of muscle and with warm, long hair, from Puget Sound to San Diego. Because men, groping in the Arctic darkness, had found a yellow metal, and because steamship and transportation companies were booming the find, thousands of men were rushing into the Northland. These men wanted dogs, and the dogs they wanted were heavy dogs, with strong muscles by which to toil, and furry coats to protect them from the frost.</p>

PICTURE 24. Excerpt from a Finnish-English bilingual fiction book (Jack London, a Call of the Wild)

**Public domain books** can be found from various internet sources. The most popular is Gutenberg.org, which hosts thousands of literary works in tens of languages, most of them published over 70 years ago (the time period from the death of the author until the work is considered as a public domain). It contains a big collection of Finnish fiction works. As with most original books published over half a decade ago, these original works are

written in a challenging language, many times using old vocabulary, not accessible to Finnish language learners.

**Language cafés** and **discussion groups** are events, regular or ad-hoc, where those willing to practice Finnish get together, usually under the supervision of self-organized voluntary personnel. The most known such organizer in the Helsinki metropolitan area is Helmet ([www.helmet.fi](http://www.helmet.fi)), an umbrella group for the libraries in the capital area. This kind of groups can be viewed as a substitute product for FER books, as they are both targeted to the same niche: non-native Finns who want to learn Finnish.

### 3.2.3 Scorecard Analysis for Competition Using Porter's Five Forces Framework

To answer the second research question in this thesis, the author applied Porter's framework (Porter, 2008 in HBR, 2011; 23-39) to the FER book publishing business by using a scorecard analysis for each of the five forces. The result of the score card analysis helped discover some key factors to help the business gain competitive advantage in the FER book publishing market.

Each aspect of the five forces are graded with a score from 1 to 5. The higher the score, the bigger the threat. An average score is then calculated from the individual scores, and is interpreted as follows: WEAK (score 1 to 2), MEDIUM (score from 2 to 3), STRONG (from 3 to 5). Thus, lower scores would be perceived as less competition, seen as an advantage and encourage the business.

**Threat of new entrants.** The first aspect when evaluating the threat of new entrants in the book publishing market is the height of the entry barriers, i.e. how easy it is to become a book publisher for easy readers. Existing publishers may have an advantage compared to new ones with regard to the following aspects.

- a) Supply-side economies of scale. Does a new publisher need to come into the industry on a large scale or does it have to accept a cost disadvantage?
- b) Demand-side benefits of scales – when buyers are willing to pay for products that are well established and purchased by many other buyers. Are there established

publishers for Finnish easy readers from which the majority of buyers get their products?

- c) Customer switching costs – when customer’s willingness to change suppliers decreases with raising switching costs. Is there any cost for the readers to give-up books from a certain publisher and start buying from another one?
- d) Capital requirements – when high initial capital need can restrict new entrants. Does a company need a high initial capital to establish the publishing activity for Finnish easy readers?
- e) Incumbents specific advantages – when the cost or quality advantages cannot be achieved by potential new entrants. Would the Finnish easy readers publisher have a specific advantage compared to new publishers?
- f) Unequal access to distribution channels – when limited retail channels makes it more difficult for new entrants to get access to the distribution channels. Do new publishers have the same access to distribution channels?
- g) Restrictive government policies – when regulations limit new entrants’ access to a market. Are there any specific regulations for the book publishing business?

The decision of the potential new entrants to come into a new market can also be affected by estimated reaction of the incumbents: resources and willingness to fight back, degree of retaliation to previous entrants, engagement in a price war, and the reduced pace of industry growth – when new entrants might need to take away market share from incumbents. As a new publisher of FER books, will the business take market share from existing publishers or is it entering a new niche, and are the current publishers really affected?

Threat of new entrants (STRONG)	Score
<p><b><i>Supply-side economies of scale</i></b>            Based on statistical data (Statistics Finland, 2018), the niche demand size for Finnish easy readers is rather small for the big suppliers to benefit significantly from it. This means that the book publishing industry is accessible at low scale entry for any new entrant, being a stronger threat for smaller, existing publishers. Generally, in the publishing industry, small scale new entrants are not seen as a serious threat to established incumbents, but they can be perceived as a threat by smaller, niche incumbents (Ho, 2010; 903).</p>	5
<p><b><i>Demand-side benefits of scales</i></b>            There are no established publishers in the Finnish easy reader niche. Some publishers started to emerge in the past two years, such as those of selko books, but their offer is still on a reduced scale (see 3.2.1). This does not prevent buyers to purchase from new publishers.</p>	4



<b><i>Customer switching costs</i></b> In the book publishing industry, customer can choose to buy other products without any incurred switching costs, making it easy for new entrants to offer their product.	5
<b><i>Capital requirements</i></b> The book publishing industry is not capital intensive. Self-publishing costs of a book, including printing, can be as low as a few thousand euros (McInnes, 2004; 29). Since the relative cost to publish a book are low, such a business can be started with relatively low initial capital.	4
<b><i>Incumbent specific advantages</i></b> Even though the company has a unique value proposition with many differentiating factors, the product can be easily copied, since there are no proprietary techniques or patents involved. Incumbents have no specific advantage.	5
<b><i>Unequal access to distribution channels</i></b> There are well established distribution channels for the book industry accessible to any new entrant: own online shops, book wholesale services, online distribution and reseller services (Amazon, CDON, etc.)	4
<b><i>Restrictive government policy</i></b> The book publishing industry is not restricted in any ways in any EU country, making it easy for anyone to start such a business.	5
<b><i>Industry growth rate</i></b> The European book publishing industry has been stagnating for the last 5 years (EBPS, 2017). A similar trend is visible also for the Finnish fiction book industry (Statistics Finland, 2018), with a recovery trend in 2018. The substitute selko books offer, seen as the closest similar products, were virtually inexistent until 2017 when it started to expand, slowing down in 2018 (see 3.2.1). Popularity of the Finnish language among foreigners is small compared to other languages. In author's opinion, this makes the industry less attractive for new entrants.	3
<b><i>Expected retaliation.</i></b> The author's research has not found any relevant cases of retaliation from incumbents in the book industry.	1
<b>AVERAGE SCORE</b>	<b>3.6</b>

TABLE 6. Threat of new entrants. Scorecard analysis.

**Bargaining power of suppliers.** Powerful suppliers can reduce the freedom of a business by charging higher prices and limiting the services and their quality.

There are two categories of suppliers to the book publishing industry (Ho, 2010; 903):

- a) content providers: authors, artists, editors
- b) production specialists: typesetters, printers, binders

A supplier's powerful position may come from several aspects, such as:

- a) Its participation in various industries: do suppliers in the book publishing businesses participate in other industries?
- b) Cost of switching between suppliers: is it costly for a publisher to switch to other suppliers (content providers or production)?
- c) Degree of differentiation: can content providers and production specialists for the book publishing industry offer differentiated services?
- d) Possibility and threat of the supplier to forward integrate in the industry – when suppliers themselves start producing the final product, becoming direct competitors with the incumbents. How probable is that content providers and production specialists create their own publishing business?

<b>Bargaining power of suppliers (WEAK)</b>	<b>Score</b>
<p><b><i>Participation in various industries</i></b>            According to the Union of Finnish Writers, the yearly median income of fiction authors in Finland is EUR 2 000, or EUR 9 745 including grants and other income (Kirjailijaliitto, 2018). Thus, in order to make a decent income, content providers need to participate in other industries like journalism, translation services, magazine publishing, etc.            Production suppliers to the book publishing industry are mainly participating in the printing industry. The production equipment they invested in is very specific for book production.</p>	3
<p><b><i>Cost of switching between suppliers</i></b>            Except top-selling authors, content providers do not have much negotiating power (Ho 2010; 903). Production for the book industry is developed for the economies of scales and it is important for the suppliers to keep the lines at full capacity. Thus, book publishers face low cost of switching between suppliers.</p>	1
<p><b><i>Degree of differentiation</i></b>            In relation to the Finnish easy reader niche, there is no differentiation among content providers or production. They all offer identical services needed to publish such books: authoring and editing, and printing, respectively.</p>	1
<p><b><i>Forward integration</i></b>            Forward integration is uncommon in the book publishing industry (McInnes, 2004; 29). In addition, the FER book niche is very specific and relatively small, further discouraging forward integration.</p>	1
<b>AVERAGE SCORE</b>	<b>1,50</b>

TABLE 7. Bargaining power of suppliers. Scorecard analysis.

**Bargaining power of buyers.** In the same way as suppliers, buyers can also exercise pressure on a business through means of forcing down prices, demanding more services or better quality. The bargaining power of a buyer can result from factors such as:

- a) Reduced number of buyers or large volume purchases: do publishers of Finnish easy reader books sell mainly to a few big resellers or to individual customers?
- b) Standardized products: are the Finnish easy reader books standardized or specialized products?
- c) Small switching costs: can buyers of the books start buying from another publisher without any additional costs?
- d) Threat of backward integration when consumers themselves start producing the product, becoming direct competitors with the incumbents: are resellers or individual buyers likely to start publishing the books themselves?

<b>Bargaining power of buyers (STRONG)</b>	<b>Score</b>
<p><b><i>Reduced number of buyers and large purchase volumes</i></b>            The main buyers for the book publishing industry are generally big reseller, exercising high negotiation power on pricing and book selection (Ho 2010, 903). Resellers also have high margins, up to 50% (Belmejdoub, 2015; 10), which gives less flexibility to the publisher for pricing.            In Finland, the two main resellers distributing books to libraries and bookshop chains are <i>Kirjavälitys</i> and <i>BTJ Kirjastopalvelut</i>.</p>	4
<p><b><i>Standardized or undifferentiated products</i></b>            Finnish easy readers are not standardized products, but differentiated. There are some close substitutes (the selko books), but they are lacking certain features compared to the FER series.</p>	3
<p><b><i>Switching costs between publishers</i></b>            Buyers of Finnish easy readers can switch to similar products or substitutes from other publishers at no cost. They will chose the differentiated product which best fits their needs.</p>	5
<p><b><i>Backward integration</i></b>            It is more common for book retailers to backward integrate, as it was the case of Barnes and Noble (Anand, 2004). For the FER book niche, a case of backward integration has been identified, namely one of the two main resellers, BTJ Kirjastopalvelut, owns a publisher called Avain, which has published more than half of the existing selko books (see 3.2.1).</p>	5
<b>AVERAGE SCORE</b>	<b>4,25</b>

TABLE 8. Bargaining power of buyers. Scorecard analysis.

**Threat of substitutes.** When a product performs the same or similar functions as the industry's product, that product is referred to as a substitute. Also, a used product can be considered as substitute when purchased instead of a new one, as well as not purchasing it at all or producing it yourself. A high threat of substitute is present when it offers a

good price-performance trade off relative to the product, or the switching cost of the buyer to the substitute is low.

In order to analyse the threat of substitutes for the Finnish easy reader publishing business we'll evaluate the offering of substitutes: what other books or completely different products exist for the same target niche, how is the reading habit changing, and if there's any cost for the readers associated with switching to a substitute product.

<b>Threat of substitutes (MEDIUM)</b>	<b>Score</b>
<p><b><i>Substitutes as similar products</i></b>            Currently, the author's research has not identified in the market identical products with the Finnish easy readers. The author's research has found some close substitutes: <i>Selkokeskus</i> sells specific selko books from a few publishers in simplified Finnish (Selkokeskus, 2018), with a slightly different structure and format to a partly overlapping niche. (see 3.2.1)</p>	3
<p><b><i>Substitutes as different products</i></b>            There are other type of products aimed to offer part of the value proposition (assisting in learning Finnish) of the Finnish easy readers which might be perceived as a good price-performance trade-off: free internet resources, affordable courses, free language cafes. They all have a very low switching cost for the consumer (see 3.2.2).</p>	2
<p><b><i>Substitute as habit erosion</i></b>            According to Finnish statistics (Statistics Finland, 2018), printed book production in Finland has been stagnating between 2010 and 2016. This can suggest a trend that readers may prefer alternative activities to reading.</p>	3
<b>AVERAGE SCORE</b>	<b>2,66</b>

TABLE 9. Threat of substitutes. Scorecard analysis.

**Rivalry among existing competitors.** Product improvement, new product introduction, price discounting, or marketing strategies can be an indication of rivalry among existing competitors. The degree to which high rivalry will limit the profitability of the industry depends on two factors: *rivalry intensity* and *the dimension on which rivals compete*.

*The intensity of rivalry* between competitors in the book publishing industry is determined by the size and number of publishers, book publishing growth, exit barriers to quit the publishing business, and commitment of publishers to their business. The rivalry intensity is fiercer when the rivals compete on the same industry *dimension*, having a higher impact on profitability. Do publishers offer identical Finnish easy reader books?

<b>Rivalry among existing competitors (WEAK)</b>	<b>Score</b>
<p><b><i>Size of competitors</i></b>            Fragmentation of the industry to support Finnish learning has a diminishing impact on the rivalry. However, publishers of various sizes are producing and may further produce substitute products, which can have an impact on the FER niche in the future.</p>	2
<p><b><i>Industry growth</i></b>            As a stagnating industry in the last few years, competition could get fiercer between book publishers, which could propagate also to the FER niche.</p>	3
<p><b><i>Exit barriers and commitment</i></b>            As the book publishing in general is not capital intensive, exit barriers are low. Commitment to certain genre and niche publication is also low, as reading habits of the consumers are constantly evolving.</p>	1
<p><b><i>Dimension of competition</i></b>            Book publishers in general do not compete on the same dimension as they do not offer identical products, due to exclusive contracts with authors.            An exception is republishing works which are in the public domain. FER books might include public domain works, but only in a re-written and adapted form. FER books can avoid this competition by choosing attractive titles not published by competitors.</p>	2
<b>AVERAGE SCORE</b>	<b>2,00</b>

TABLE 10. Rivalry among existing competitors. Scorecard analysis.

### 3.2.4 Creating Competitive Advantage

The scorecard analysis for competition has shown that there are three major threatening aspects for the FER business.

The highest threat comes from the bargaining power of buyers. The high negotiation power of book resellers and their high margins increase pressure on the profitability of the publishers. The very low switching cost of buyers, with a big choice of substitute products, forces publishers to create clearly differentiated products.

In order to diminish the impact of buyers' power, the author recommends creating a distribution model that is not based solely on resellers:

- a) Setting-up an own online web store and use appropriate marketing strategies to promote it.

- b) Selling and marketing through S2-teachers (Finnish as a foreign language teachers) and other influential entities in the FER niche by tailoring the offer to them.

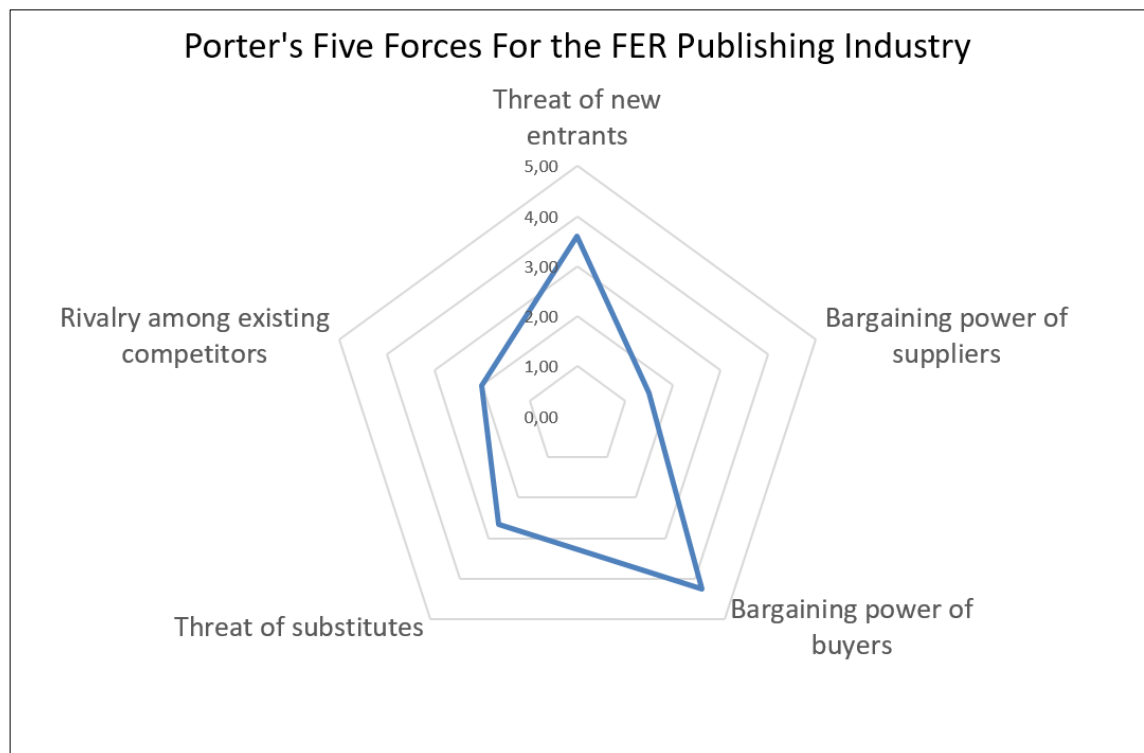


TABLE 11. Porter's five forces for the FER book publishing industry

The second most threatening force has emerged to be the new entrants. With low initial capital and no established publishers, starting an easy reader publishing business is straightforward. Access to distribution channels are not restricted. Existing products on the market can be copied and adapted into more specialized ones. This can create an immediate competitive threat to existing businesses.

In order to gain advantage over new entrants, the author's proposal for the FER business is to keep the differentiating factors high and continuously adapt the books according to the readers' feedback. This will make it more difficult for new entrants to copy the product. The author also recommends some pro-active actions such as surveying the readers with regard to the desired titles, avoiding already published titles (for example those listed in Appendix 2), publishing more beginner level books, and including more vocabulary or adding explanatory pictures, which can improve the overall reader experience.

The threat of substitutes is seen as a moderate threat. Selko books are the closest product to FER books. However, the differentiating factors in value proposition and reading experience may offer a clear competitive advantage for FER. One key differentiating factor which can be exploited is the fact that selko books are only offered in printed format. Offering the FER books also as e-books and other formats could attract a certain part of the customer segment which have given up on printed books.

To diminish the impact of non-identical substitutes like language reading groups and language cafes, the author recommends initiating collaboration with them. Offering free samples and discounts to their members and participants could boost the FER brand image and create additional demand by making the FER books known to the users of the substitutes.

## 4 CONCLUSION AND RECOMMENDATIONS

In this thesis, the author studied the case of a Finnish Easy Readers book publishing business model. The study concentrated on two aspects: formulating the value proposition and analysing the competitive advantage of the business.

Creating a sound value proposition is the prerequisite to building a recognized consumer brand which appeal to all the customer segments. Two customer segments have emerged from this study and are proposed by the author: the Finnish language degree student and the casual reader. Combining the needs of these segments with the FER offer, the author formulated the following value proposition: "Read Finnish books like a native". This value proposition revolves around the reading experience offered by the FER books in supporting the readers to develop their Finnish language skills and integrate in the Finnish society.

The second part of the study was focused on the competition analysis. The author first analysed the current fiction book market in Finland. The main findings were that it is recovering after a period of decline and that printed books are starting to lose ground to e-books. Next, the author performed an analysis of the direct and indirect competition and found out a substitute as similar product in the form of printed selko books.

The author used these findings, along the survey results and other literature, to determine the main threats from competition. The bargaining power of buyers, the threat of new entrants and the threat of substitutes were identified as the main threatening forces for the FER book publishing business. In order to mitigate these threats, the author had a few recommendations.

FER already has an advantage as a differentiated product, which has the potential to appeal better than the existing substitutes in its niche market. The author recommends that the FER business should continue to pro-actively maintain a high degree of differentiation for the FER books and adapt them continuously to the reader's needs. In addition to printed versions, the company should publish the books also in electronic format (e-books).



To further reduce the impact of the threats found in this analysis, the author suggests the creation of alternative distribution channels, such as own online store and co-opting S2-teachers in the selling and marketing process, by creating tailored offers for their students, and distributing the books through them.

Instead of competing with some of the substitute products, the author recommends to make use of them in a collaborative way. Language cafés and discussion groups could be supported with free samples of FER books and used as a means of promotion for FER books.

As further study, the author suggests a research to determine more differentiating features for the FER book series, possibly in the form of a survey, and to investigate the possibility to further develop and extend the distribution channels.

## REFERENCES

Amarsy, N. 2015. Search = Design, Test, Learn, and Iterate. Accessed 6.09.2018.

<https://blog.strategyzer.com/posts/2015/3/2/search-design-test-learn-iterate>

Anand, B. N., Barnett K. F, Carpenter E. L., 2004. Random House. Harvard Business School Case 704-438, (Revised April 2007). Accessed 12.09.2018.

<https://www.hbs.edu/faculty/Pages/item.aspx?num=30863>

Belmejdoub, A., 2015. Traditional book industry versus e-book Analysis, Challenges and Changes. 10.13140/RG.2.1.2210.3441. Accessed 3.03.2018. <https://www.researchgate.net/publication/301674744>

[Traditional book industry versus e-book Analysis Challenges and Changes](https://www.researchgate.net/publication/301674744)

Byars, M. N., 2015. Printed Books versus Digital Books. Faculty of the Graphic Communication. California Polytechnic State University. Accessed 16.09.2018. <https://digital-commons.calpoly.edu/cgi/viewcontent.cgi?article=1147&context=grcsp>

<https://digital-commons.calpoly.edu/cgi/viewcontent.cgi?article=1147&context=grcsp>

CGMA 2013. Porter's Five Forces of Competitive Position Analysis. Accessed

15.02.2018. <https://www.cgma.org/resources/tools/essential-tools/porters-five-forces.html>

<https://www.cgma.org/resources/tools/essential-tools/porters-five-forces.html>

CIMO, 2018. Accessed 1.09.2018. Universities Teaching Finnish outside Finland.

[http://www.cimo.fi/programmes/finnish\\_language\\_and\\_culture/universities\\_teaching\\_finnish\\_outside\\_finland](http://www.cimo.fi/programmes/finnish_language_and_culture/universities_teaching_finnish_outside_finland)

COWAN, C., 2013. Printed Books Versus E-Book Formats: A Study Using Niche Gratification Theory. Master Thesis. Department of Journalism. University of Alabama. Accessed 15.09.2018. [http://acumen.lib.ua.edu/content/u0015/0000001/0001256/u0015\\_0000001\\_0001256.pdf](http://acumen.lib.ua.edu/content/u0015/0000001/0001256/u0015_0000001_0001256.pdf)

[http://acumen.lib.ua.edu/content/u0015/0000001/0001256/u0015\\_0000001\\_0001256.pdf](http://acumen.lib.ua.edu/content/u0015/0000001/0001256/u0015_0000001_0001256.pdf)

Easy Readers, 2018. Accessed 14.03.2018. <http://www.easyreaders.eu>

EBPS, 2017. European Book Publishing Statistics. Accessed 29.02.2018. <https://fep-fee.eu/European-Book-Publishing-922>

<https://fep-fee.eu/European-Book-Publishing-922>

Garner B., 2015. 14 Ways to Apply the Business Model Canvas. Accessed 19.02.2018. <http://blog.strategyzer.com/posts/2015/3/23/14-ways-to-apply-the-business-model-canvas>

HBR, 2011. HBR's Must-Reads on Strategy. Accessed 12.01.2018. <https://hbr.org/product/hbr-s-10-must-reads-on-strategy-including-featured-article-what-is-strategy-by-michael-e-porter/12601E-KND-ENG>

Ho, J. K., 2010. A Hypermap for Supply Chain Management. International Journal of Economics and Management Engineering Vol:4, No:6. World Academy of Science, Engineering and Technology. Accessed 14.04.2018. <https://waset.org>

Kim, W. C., Mauborgne, R. 2004. Blue Ocean Strategy. Harvard Business Review, October 2004.

Kirjailijaliitto, 2018. Union of Finnish Writers. Accessed 14.08.2018. <https://www.kirjailijaliitto.fi/in-english>

Kotler, P., Armstrong, G. 2015. Principles of Marketing. Pearson Education Limited.

Leslie, M. 2017. A Framework For Go-To-Market Strategy. Accessed 1.02.2018. <https://www.linkedin.com/pulse/leslies-compass-framework-go-to-market-strategy-mark-leslie>

McInnes, I., Kongsmak, K., Heckman, R., 2004. Vertical Integration and the Relationship between Publishers and Creators. Journal of Electronic Commerce Research, VOL. 5, NO. 1, 2004. Accessed 24.08.2018. <http://www.csulb.edu/journals/jecr/issues/20041/Paper3.pdf>

Osterwalder, A., Pigneur Y. 2010. Business Model Generation. John Wiley & Sons, Inc. Hoboken, New Jersey.

Porter, M. E. 1979. How Competitive Forces Shape Strategy. Harvard Business Review, Issue: March, 1979. Accessed 17.03.2018. <https://hbr.org/1979/03/how-competitive-forces-shape-strategy>

Selkokeskus, 2018. Accessed 20.08.2018. <https://selkokeskus.fi>

Sincero, S. M. 2012. Survey Design. Retrieved 14.08.2018. <https://explorable.com/survey-design>

Statistics Finland, 2018. Statistics Finland. Accessed 10.09.2018. <http://www.stat.fi>

Strategyzer, 2018. The Value Propostion Canvas. Accessed 28.08.2018. <https://strategyzer.com/canvas/value-proposition-canvas>

## APPENDICES

### Appendix 1. Survey Conducted by the Author

We are preparing a "Finnish Easy Reading" book series for Finnish language fans and students. The series aims to make Finnish literature accessible to students regardless of their Finnish language skill level. The books will be available on three difficulty levels (HELPPO / KESKITASO / VAATIVA).

- 1) Your location
  - a) Finland
  - b) Europe
  - c) Rest of the world
  
- 2) Your age
  - a) 18 - 35
  - b) 36 - 49
  - c) 50 - 65
  - d) > 65
  - e) N/A
  
- 3) Your level of Finnish
  - a) Beginner
  - b) Intermediate
  - c) Advanced
  - d) N/A
  
- 4) How actively do you practice Finnish?
  - a) Only occasionally
  - b) Daily or almost daily
  - c) Weekly
  - d) Monthly
  
- 5) What methods do you use to practice Finnish? (select all applicable)

- a) Classroom or online teaching / tutoring
  - b) Self-study
  - c) Online material
  - d) Manuals / language books
  - e) Video
  - f) Audio
  - g) Reading fiction (short stories, novels)
  - h) Language groups (language cafes)
  - i) Speaking at home
  - j) N/A
- 6) Have you read any fiction books (short stories, novels) in Finnish?
- a) Never
  - b) One or two
  - c) More than two
  - d) N/A
- 7) What makes it difficult for you to read Finnish fiction books? (select all applicable)
- a) I am not interested in reading Finnish fiction
  - b) They are too demanding for my Finnish language skill level
  - c) I do not have enough time
  - d) I do not know where to find them
  - e) They are not easily available in my location
  - f) Nothing prevents me
  - g) N/A
- 8) Please list below a few websites / stores / libraries where you have personally found Finnish fiction books suitable for Finnish language students (if any)?
- 9) Would you be interested in buying "Finnish Easy Reading" fiction books?
- a) Yes
  - b) No
  - c) Maybe

10) In which format would you prefer the books? (select all applicable)

- a) Printed book
- b) Downloadable PDF
- c) E-book (Kindle, etc.)
- d) Audiobook (MP3)

11) How did you first find out about our publications?

- a) Google (or other search engine)
- b) Facebook or other social media page
- c) Other internet sources (forums, discussion boards, etc.)
- d) Flyer or free sample
- e) From my teacher
- f) Someone told me about it
- g) Other

12) Any comments or suggestions?

## Appendix 2. Selko Books Title List

This list was aggregated on 25.09.2018 from <https://selkokeskus.fi/selkokirjallisuus/kirjakauppa/>

Title	Publisher	Year	Price
Aarresaari	Avain	2015	29,90 €
Alligaattori	Avain	2017	32,00 €
Dracula	Opike	2017	16,00 €
Emil on työmies	Avain	2017	29,00 €
Häräntappoose	Opike	2013	19,00 €
Helsingin alla	Opike	2016	19,00 €
Hiekalle jätetyt muistot	Avain	2018	29,00 €
Hyvä päivä	Opike	2018	16,00 €
Jäähyväiset Viipurille	Kirjokansi	2016	20,00 €
Juurihoito	Avain	2018	32,00 €
Kauno ja Sutki	Reuna	2017	20,00 €
Keisarin kolikko	Cultura	2017	23,00 €
Kello tuhat	Kustannus Oy Pieni Karhu	2016	16,00 €
Kierrän vuoden	Opike	2016	17,00 €
Kissatalon asukit	Avain	2017	36,00 €
Komisario Palmun erehdys	Avain	2017	32,00 €
Kotitekoisen poikabändin alkeet	Opike	2017	16,00 €
Kuolemanspiraali	Avain	2016	38,00 €
Kuparisydän	Avain	2014	38,00 €
Lauralle oikea	Avain	2018	29,00 €
Liian pieni äidiksi	Avain	2013	29,00 €
Luminainen	Avain	2015	38,00 €
Maailman ympäri 80 päivässä	Avain	2017	29,00 €
Maalivahdin salaisuus	Opike	2017	16,00 €
Mies rannalla	Opike	2012	10,00 €
Musta kuin eebenpuu	Avain	2018	32,00 €
Ne lensivät tästä yli	Reuna	2017	20,00 €
Onnen asioita	Avain	2017	32,00 €
Peiton paikka	Opike	2017	19,00 €
Pimeyden tango	Opike	2015	19,00 €
Poika joka katosi	Avain	2015	29,00 €
Polttava rakkaus	Avain	2018	29,00 €
Ponikesä	Avain	2015	38,00 €
Prinssi Sigfrid ja orja Ottokar	Avain	2018	35,00 €
Punainen kuin veri	Avain	2017	32,00 €
Rautatie	Opike	2016	10,00 €
Rikkaat ritarit	Opike	2011	16,00 €
Romeo ja Julia	Opike	2012	13,00 €
Säpinät – Seitsemän pientä kirjaa Ma- nusta ja Sannasta	Opike	2014	29,00 €



<b>Sukelluslaivalla maapallon ympäri</b>	Avain	2018	29,00 €
<b>Tahdon</b>	Kustannus Oy Pieni Karhu	2011	15,00 €
<b>Tämä on minun lauluni</b>	Reuna	2018	20,00 €
<b>Tatu, iris ja pääkallomies</b>	Avain	2016	34,00 €
<b>Tuulen puolella</b>	Avain	2017	32,00 €
<b>Unohtunut kansa</b>	Opiké	2018	16,00 €
<b>Unohtunut maa</b>	Opiké	2018	16,00 €
<b>Unohtunut poika</b>	Opiké	2017	16,00 €
<b>Valkea kuin lumi</b>	Avain	2017	32,00 €