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Retailer Selection in Northern Finland, Northern Sweden and Northern Norway

Case company: Tella Oy

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Thesis abstract

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This thesis was commissioned by Tella Oy. The aim was to find potential retailers for Tella in Northern Finland, Northern Sweden, and Northern Norway. The purpose of the thesis was to support the company's internationalization and export strategy. The thesis was meant to serve as a pre-exploratory tool for the company for planning and executing new business strategies in new foreign markets.

There are two main sections in this thesis, a theoretical and an empirical part. In the theoretical part, the main concepts related to retailing are presented, and, through the framework created, a mixed-method desktop study was conducted in the empirical part, the purpose of which was to find potential retailers for the commissioning company. The data collected in this thesis consists of secondary data.

Based on the study, retailers were found in all the market areas. A total of 26 retailers were found, of whom nine can be considered as the most potential ones for Tella. During the study, additional aspects regarding the markets were also discovered and, based on the results obtained, Tella should further analyse the market potentiality in order to have successful new market entries.

Keywords: market research, retailing, Scandinavia, Lapland

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Tämä opinnäytetyö toteutettiin toimeksiantona Tella Oy:lle. Tavoitteena oli löytää yritykselle potentiaalisia jälleenmyyjiä vähittäiskaupan alalta Pohjois-Suomen, Pohjois-Ruotsin ja Pohjois-Norjan alueilta. Opinnäytetyön tarkoitus oli tukea yrityksen kansainvälistymis- ja vientistrategiaa. Opinnäytetyö toimi ennakkotutkimuksena yritykselle, jonka pohjalta yritys voi suunnitella ja toteuttaa mahdollisia uusia liiketoiminnan strategioita uusilla ulkomaanmarkkinoilla.

Opinnäytetyö koostuu kahdesta osasta, teoreettisesta sekä empiirisestä osasta. Teoreettisessa osuudessa esitellään tärkeimmät käsitteet vähittäiskauppaan liittyen, ja niiden luoman viitekehyksen avulla toteutettiin empiirisessä osassa monimenetelmätutkimuksena kirjoituspöytätutkimus, jonka tarkoituksena oli löytää potentiaalisia jälleenmyyjiä yritykselle. Tässä opinnäytetyössä kerätyt tiedot koostuvat toissijaisista tiedoista.

Tutkimuksen perusteella jälleenmyyjiä löydettiin kaikilta markkina-alueilta. Yhteensä löydettiin 26 jälleenmyyjää, joista yhdeksää voidaan pitää Tellalle kaikista potentiaalisimpina. Tutkimuksen aikana tuli ilmi markkinoihin liittyviä muitakin näkökohtia, ja tulosten pohjalta Tellan tulisi tehdä jatko-analyysiä markkinoiden potentiaalisuuteen liittyen voidakseen menestyä uusilla markkinoilla.

Asiasanat: markkinatutkimus, vähittäismyynti, Skandinavia, Lappi

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Terms and Abbreviations

Start-up	A new business venture that aims to develop a feasible business model.
CEO	Chief Executive Officer.
MA	Master of Arts.
Subcontracting	Practice of allocating part of the tasks or duties under a contract to other parties to complete.
Scandinavia	Geographical region in Northern Europe that ties together countries with similar history, culture and language. The countries of Denmark, Norway and Sweden belong to Scandinavia.
NOK	Norwegian Krone, currency of Norway.
SEK	Swedish Krona, currency of Sweden.

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Tables, Figures and Pictures

1 INTRODUCTION

With a population of 5.5 million, the domestic market of Finland is small for many businesses and, therefore, companies seek growth on international markets. In the textile and fashion industry in Finland, the international markets have been important to ensure the continuation of the domestic textile and fashion manufacturing. Finlayson, Marimekko and Nanso are only three examples of textile and fashion manufacturers that have not only been successful in the domestic market but also have gained success and brand recognition in foreign markets. Alongside these well-established brands, new brands and companies are rising from Finland and are moving from the domestic markets to new markets in Europe, Asia and North America.

Entering new markets can be difficult and companies can struggle in finding the best solutions for new market entries. According to Kotler and Armstrong (2018, 580–581) there are five ways of entering new markets. Companies can decide on direct or indirect exporting, joint venturing such as licensing and contract manufacturing or enter markets through direct investments. No matter what the mode of entry is for any company, to increase the chance of successful foreign market entries, market research must be done. As Hollensen (2017, 19) states, the better the company has prepared, the higher are the chances of successful market entries.

1.1 Purpose of the research

This thesis is commissioned by a Finnish headwear manufacturer Tella Oy. Both the purpose and the aim of the thesis have been designed together with the company. The company is looking at expanding from its current market, Finland to other European markets. Therefore, the purpose of this thesis is to support the company's internationalization and export strategy. The aim of the thesis is to find potential retailers in Northern Finland, Northern Sweden and Northern Norway. As the markets are still unexplored by the company, the thesis aims at finding out the retailing opportunities in these markets and to help the company design further actions necessary for new market entries. Tella is interested in the aforementioned markets due to the increasing international tourism in the area. Additionally, as the company is currently only operating in the Finnish market and lacks experience on export, these smaller market areas are of interest for Tella as they can be beneficial for testing different types of market entry strategies before entering larger markets in Europe.

1.2 Research question

Based on the purpose and the aim of the thesis the research question can be formed. The purpose of the thesis is to support the company's internationalization and export strategy and the aim is to find potential retailers for Tella in Northern Finland, Northern Sweden and Northern Norway. Therefore, the research question in this thesis is the following

1. Who are potential retailers for Tella Oy in Northern Finland, Northern Sweden and Northern Norway?

1.3 Scope of research

The findings of this thesis are meant to support Tella Oy's internationalization and export strategy. The thesis will serve as a pre-exploratory tool to find out the opportunities that new markets can offer for the company. Therefore, the study is only limited in doing preliminary research and analysis of the retailers. Topics related to aspects such as planning, and implementation of market entry strategies are left out to limit the scope of the study.

The market research area is defined the following way. Northern Finland, Northern Sweden and Northern Norway are defined by the nation's own governmental county division. The most northern counties are selected to represent each country. Thereby, Northern Finland is defined as the county of Lapland (appendix 1), Northern Sweden is defined as the county of Norrbotten (appendix 2) and Northern Norway is defined as the counties of Troms (appendix 3) and Finnmark (appendix 4).

1.4 Limitations of the research

The study is conducted as a desktop study. The research process is discussed further in Chapter 2 Research Design. Due to the selected data collection method, no primary data is collected for the study. This generates limitations for the study as choosing only secondary data can harm the reliability of the study because the quality of the data can be difficult to evaluate. Furthermore, both the source evaluation and the data analysis are subject to researcher errors as they rely on the judgement and the capability of the researcher. However, no primary data is required to answer the research question and secondary data will be sufficient to complete the study and fulfil both the aim and the purpose of the thesis.

2 RESEARCH DESIGN

Saunders, Lewis and Thornhill (2012, 680) define research design as the basis for the collection and analysis of data to answer the research question and to meet research aims while providing coherent reasoning for choice of data sources, collection methods and analysis techniques. According to Bryman and Bell (2015, 49) research design is the outline in which the collection and the analysis of data is detailed. Therefore, research design is the plan on how the researcher shall answer the research question. The plan, according to Saunders et al. (2012, 159) should contain clear objectives resulting from the research question, specify the sources from which data will be collected, how the data will be collected and how eventually the data will be analysed. The plan should also discuss the ethical issues and the limitations that will influence the research. Research design is a logical and a systematic plan prepared for directing the research study and specifies the objectives of the research, the methodology and the techniques to be adopted for achieving the objectives. It is vital for any research project but rather not being a precise plan, Krishnaswami and Satyaprasad (2010, 40–41) describe it as “a series of guideposts to keep on going in the right direction.”

2.1 Research methods

Research methods are, according to Bryman and Bell (2015, 49), the different techniques that are used to collect data. No research method is without its flaws and all methods include advantages and disadvantages but when the research question has been carefully formulated it should be easier for the researcher to choose the desired research method. According to Research Methodology (2018) Bajpai (2011), defines business research methods as “a systematic and scientific procedure of data collection, compilation, analysis, interpretation and implication pertaining to any business problem”. The types of research methods can generally be divided into two categories: quantitative and qualitative research.

The most common way to distinguish quantitative research from qualitative research according to Saunders et al. (2012, 161) is to differentiate between numeric data and non-numeric data. This way quantitative is used as a synonym for any data collection technique or data analysis process that generates or uses numerical data. Contrary, qualitative is used as a synonym for data collection technique and analysis process that generates or uses non-numerical data. However, as *they* point out this stark differentiation is both problematic and narrow because many business and management research designs are likely to combine elements from both qualitative and quantitative research. For example, when researchers use questionnaires (quantitative) it might be necessary to have respondents answer ‘open’ questions (qualitative) in order to gain deeper analyses. This example illustrates how the distinction between the two methods is often blurred.

Because of the problematic and narrow differentiation between the quantitative and qualitative method, some research benefit from having both quantitative and qualitative data collected and analysed. This method is referred as the multiple method. Using multiple methods has increased in business research as it tends to surmount the weaknesses connected with using only one of the methods (quantitative or qualitative) as well as providing an opportunity for a deeper approach to data collection, analysis and explanation. (Bryman & Bell 2015, 164). Business research benefits from the multiple method especially because of the inclusion of qualitative data. Qualitative research is highly contextual and often set in real-life, making it a good source for analysis. (Gray 2004, 320). Businesses’ benefit from this especially as many of the research questions in business are related to real-life problems that the company wants to solve.

The multiple method, according to Saunders et al. (2012, 165–166; 169) can be divided into two: multimethod and the mixed method research. *They* define that in multimethod research more than one data collection technique is used, but it is restricted within either a quantitative or qualitative design. Whereas in mixed methods research both quantitative and qualitative research are combined in the research design. Complementarity, focus and problem solving are some of the reasons why mixed methods design can be chosen for research.

In this thesis, mixed method research will be used to answer the research question. The study will use convergent parallel design which according to Bryman and Bell (2015, 646) includes the simultaneous collection of both quantitative and qualitative data which have an equal priority. Once data has been collected it is compared and/or merged to form the findings. The reason behind the selection of convergent parallel design is in the nature of the research question. In order to answer the research question, a large amount of data needs to be collected and in order to get a well-reasoned answer, both quantitative and qualitative data need to be collected at the same priority before the analysis process in which the data will be compared and/or merged. Moreover, as the data used in the study is from secondary data, it can include features from both quantitative and qualitative data and therefore using the convergent parallel design is the most suitable option as a research method.

In practice, the method will be implemented by collecting secondary data on retailers. The information contains both quantitative data such as financial information and qualitative data such as product ranges. The found information will be collected into a matrix from which the data will be compared and/or merged to form the findings of the research.

2.2 Exploratory research

Exploratory research, as the name suggests, aims to explore the research question and does not intend to offer final and conclusive solutions to existing problems. (Research Methodology, 2018). According to Gray (2004, 32) exploratory research seeks to explore what is happening and to ask questions about it. Exploratory research can be used to evaluate whether the issue is worth researching or not as according to Saunders et al. (2012, 171) exploratory research is particularly useful when the researcher is not sure on the precise nature of the problem and the result of exploratory research might show that the research is not worth pursuing.

There are different ways to conduct exploratory research. Researchers can conduct for example focus group interviews, talk to professionals in the field, or do a desktop study. According to Saunders et al. (2012, 171) the advantages of using exploratory research lie in its flexible nature and its adaptability to change but in order to work well, researchers need to be willing to change direction if new data and new insights appear during the research. The disadvantages of exploratory research are that the data usually is qualitative information and the interpretation of that information is subject to bias (Research Methodology, 2018). Moreover, exploratory research utilizes a smaller number of samples that are not enough to represent the target population therefore making the findings non-generalizable to the wider population, thus damaging the reliability of the research.

The research for this thesis is done by the framework of exploratory research. Because the commissioning company only wants to use the results of the research as a pre-exploratory tool to be used in their internationalization and export strategy, only a desktop study will be conducted. Additionally, because the thesis is used as a pre-exploratory tool it might not be able to offer final and conclusive solutions and therefore, using exploratory research is the most suitable option for the study.

2.3 Data collection

There are a large number of different methods to collect data from questionnaires to interviews and literature research (Bryman & Bell 2015, 12–13). These data collection tools can be very structured or less structured, largely depending on the nature of the research question. The research question and the research design derived from the question help to build the required data collection method that is suitable for the research.

As stated before, this study is conducted as a desktop study. Therefore, main emphasis of data collection will be on secondary data. Using secondary data has many advantages, for example compared to primary data collected by the researcher, secondary data can provide a source that is permanent and available in a form that may be checked by others making the data more open to public analysis. However, primary data will always prevail in finding more accurate results for the research question because it has been designed by the researcher to suit the specific goals of the research. (Denscombe 2007, according to Saunders, et al. 2012, 319). Additionally, using only secondary data poses a threat to the reliability of the research as there is very little control of the data quality and a large part of the determination of the quality and validity relies on the judgement of the researcher. According to Cateora, Gilly and Graham (2011, 225–226) when using secondary data in order to question the reliability of data, the researcher should judge the motivations behind the data sources for example by asking who collected the data, what is the purpose of the data and how the data has been collected. In this study, data is collected using different online sources such as statistics, journals, publications, webpages and articles. Data will be collected also from books and e-books.

The data collection method used in this thesis should not pose any ethical harm such as embarrassment, harm or any other material disadvantage to the research as secondary data is used. However, as majority of the information will be derived from the Internet and with the large amount of information available the researcher must make sure that the information is not for example harvested from online communities by using deception as a tool or steal information or abuse any copyright laws. (Saunders, et al. 2012, 233–234). Moreover, as Eriksson and Kovalainen (2008, 97) point out one of the most challenging issues when using electronic research literature as a source is the researcher’s competence and thoroughness in evaluating what is high-quality and useful and what is not. Therefore, in this study the sources are selected carefully and are evaluated critically by taking into consideration for example the motivations behind the published writing. Additionally, in this study, information will not be wrongfully gathered from any online communities and all information will be cited accordingly by using the Seinäjoki University of Applied Sciences official system of referencing.

2.4 Data analysis

Data analysis is the stage that combines various elements together and according to Bryman and Bell (2015, 13) at the most basic level this can refer to application of statistical techniques to data, but it can also refer to interpretation of secondary data. The data required for the data analysis of this study will come from secondary data. Secondary data analysis can according to Bryman and Bell (2015, 728) entail the analysis of either quantitative data or qualitative data. In this thesis the convergent parallel design is used and both quantitative and qualitative data is collected at an equal priority and then either compared or merged for the findings. The data will be analysed with the deductive approach. According to Saunders, et al. (2012, 548) Yin (2009) suggests that the theoretical framework done for the research can be used to organise and direct the data analysis. To create a theoretical framework the main variables, themes and issues need to be defined. In this thesis there is one main theoretical theme: retailing. In Chapter 4 Retailing, themes related to retailing activities are discussed thoroughly from both the point of view of the retailer and also from the manufacturer's point of view. The theory is later utilised to answer the research question in Chapter 5 Retailer Selection. In that chapter the collected data will be analysed in Subchapter 5.4 Retailer selection process and the results of the study are presented in Subchapter 5.5 Suggested retailers.

As discussed in the Subchapter 2.3 Data collection, using secondary data has different advantages and disadvantages. One of the main advantages of analysing secondary data is that the researcher can explore the research question in the way the researcher is interested in and avoid the extensive process of primary data collecting (Bryman & Bell 2015, 13; 328–329). However, analysing secondary data has its limitations as the researcher might not be familiar with the data and this may lead to problems to understand the data. The data might not also be high-quality. Therefore, primary data is the more desired option but, in this study, secondary data will be sufficient in order to fulfil the aim and the purpose of the study.

2.5 Research reliability and validity

Research reliability refers to whether the data collection techniques and analytic procedures would produce consistent findings if they were repeated on another occasion or replicated by a different researcher. (Gray 2004, 405; Saunders, et al. 2012, 192) Ensuring reliability in research is not always easy and there are several threats such as errors and bias-nature of either the participants or the researchers that can damage the reliability of the research.

Validity of the research refers to the extent to which data collection method(s) accurately measure what they are intended to measure. Validity can also refer to the extent to which research findings are about what they recognise to be about. (Saunders, et al. 2012, 684). According to Bryman and Bell (2015, 50) validity refers to the integrity of the conclusions that are generated from the research. Simply stated, validity is the degree to which data used in the research is correct and reliable. The reliability and the validity of this study will be further analysed in the Chapter 6 Subchapter 6.1 Research reliability and validity

No participants will be required for the completion of this study, therefore participant errors will not affect the reliability but as the study will rely on the findings and analysis of the researcher herself there is an increased risk of researcher errors. To ensure reliability detailed plans on the execution of the study are made and followed. This is referred as the research design which has been introduced in this chapter. Furthermore, sources will be selected carefully and during the process the researcher will remain unbiased.

3 TELLA OY

Tella Oy’s story began in 1935 when Teuvan Lakkitehdas Oy was founded. Today, the legacy is continued by a Southern-Ostrobothnian start-up, Tella Oy. The CEO Liina-Maaria Lönnroth (MA) has strong and personal ties to the company; it was her great-grandfather who founded Teuvan Lakkitehdas Oy and she herself started working in the company at the age of 14. Over 20 years later she purchased the company from Teuvan Markkinointi ja Vuokraus Oy and in 2016, Tella Oy was founded. (Lönnroth 2017, 9). Today, Liina-Maaria is leading the company to international markets.

3.1 Product overview

Tella’s core products are the Tella design headwear that are designed and manufactured in Kurikka in the heart of Southern Ostrobothnia in Finland. The products are not only designed but also manufactured to be classics that last time and trends. Tella offers headwear for men, women and children and currently has two main seasonal lines: the summer and the winter lines. (Lönnroth 2017, 6). The retail price ranges between € 20 and € 50. (Scandinavian Outdoor [ref. 15 May 2018]). The headwear is made to be high-quality and to have a long product lifecycle. According to Lönnroth (2017, 6) Tella wants to offer their customers beautiful, high-quality and classic products. Examples of products can be seen in picture 1.

Picture 1 Tella winter line 2017 – 2018 (Tella Oy [ref. 15 May 2018]).

The product manufacturing process is fully traceable in regards both materials and manufacturing. All raw materials are of Finnish or European origin of which some are organic materials. The headwear is manufactured through subcontracting which allows production volumes to be increased with decreased risks on losing profit, so the company will remain profitable even when larger orders come in. (Lönnroth 2017, 6).

3.2 Market area and internationalization

The company's current main market is Finland but, in the future, more focus will be put into foreign markets as the goal is to eventually overtake the domestic market by the foreign ones, making them the main market for Tella's products. However, the domestic market is essential in building the foundations for successful market entries as the domestic sales are expected to provide the cashflow for the execution of the internationalization strategy. (Lönnroth 2017, 4–5).

The internationalization process will be starting from Germany and the goal is to reach the market during 2018. There are high expectations for the German market and the opportunities are expected to be significant as according to Lönnroth (2017,9) already one big order can bypass the main market completely. Besides Germany, Tella is interested in entering other European markets such as the UK and Scandinavia.

3.3 Reasons for internationalization

The motives behind Tella's internationalization are the limited market size in Finland and the opportunities that the new foreign markets may offer to the company. The Scandinavian market is appealing to Tella due to proximity of the market which enables sustainable logistics and provides a similar, but a larger consumer base. More specifically, Tella is interested in the northern parts of Finland, Sweden and Norway due to increasing international tourism in the area. Tella sees tourists as potential new end-customers that will buy the products for example as a souvenir or for a need to cope with the weather when visiting these regions. (Lönnroth, 2018)

4 RETAILING

Retailing is defined as all the activities involved in selling products or services directly to the final consumer for their personal, nonbusiness use (Varley & Rafiq 2004, 3; Berman & Evans 2007, 4; Kotler & Armstrong 2018, 392). Fernie, Fernie and Moore (2003, 85) define retailing as delivering to the consumer the correct merchandise or service in the right quantity, at the correct time and in the right place. According to Kotler and Armstrong (2018, 392), many different organizations such as manufacturers and wholesalers can do retail, but majority of retailing is done by retailers that are businesses whose sales come primarily from only retail. Retailers are one of several possible organizations through which products or services flow on their way to the final consumer (Varley & Rafiq 2004, 4; Berman & Evans 2007, 8). Agents or wholesalers can be considered as alternative options for retailing. These marketing intermediates take on activities that the manufacturers don’t have the resources to do.

In this chapter, the different retailing channels are introduced. Additionally, the retailing strategy and the retail buying process is presented from the point of view of the retailer. In Subchapter 4.4 the role of the retailer is discussed from the point of view of the company or the manufacturer. Lastly, the risks and challenges of retail in foreign markets are analyzed as the study will be used by the commissioning company in their internationalization and export strategy.

4.1 Retailing channels

The role of the retailer, according to Varley and Rafiq (2004, 56) is to provide a convenient place for consumers to purchase either goods or services. Retailers have a large role in the purchasing process as retailers are usually much closer to the end-customers compared to the manufacturer itself. Because there is a lot of different types of consumers and therefore a lot of different consumer needs, there is a need for a large variety of different types of retailers. Moreover, in addition to the different consumer types, according to Kotler and Armstrong (2018, 393) different products also need different types of retailers because of the different service level that they require. The different retailer types are classified by characteristics such as the amount of service, the scope of the product line, the relative price they charge and what is the organization and the layout of the store. (Kotler & Armstrong 2018, 393). Some of the major in-store retailer types are department stores, supermarkets, hypermarkets, specialty stores and off-price retailers (Varley & Rafiq 2004, 24; Hillesland et al. 2013, 147; Kotler & Armstrong 2018, 304). In addition to these traditional retailing channels, online retail can be considered as one of the strongest technology-based retailing channels. Today, online retail is an important channel to reach consumers. In the following subchapters the major in-store retailers and online retail are introduced in detail.

4.1.1 Department stores

Department stores are, according to Varley and Rafiq (2004, 24) the oldest type of a large store. Originally, department stores were built around the idea of offering an assortment of consumer and home furnishing goods under the same roof to consumers. (Varley & Rafiq 2004, 24). Department stores are multi-level stores where the inside of the store is divided into clearly defined departments according to the product category such as cosmetics, accessories and clothing (Varley & Rafiq 2004, 24; Kotler & Armstrong 2018, 394). According to Kotler and Armstrong (2018, 394) department stores can carry a wide variety of product lines including clothing, household goods and furnishings. In a department store the variety of the product range can either be large to accommodate every consumer or the variety can be more specific and thus being aimed only at a specific consumer segment (Varley & Rafiq 2004, 24; Kotler & Armstrong 2018, 394).

Kotler and Armstrong (2018, 394) point out that generally department stores provide high-quality service and the high-level of service is one of the main competitive characteristics for them. On universal level, department stores are not only for shopping; they are also a place for entertainment and in larger cities they also act as a tourist attraction (Varley & Rafiq 2004, 24). Examples of department stores in Finland are Stockmann and Sokos. The two have differentiated from each other especially in the product range. Stockmann has positioned itself in the market as a retailer of limited, fine, high-quality products whereas Sokos offers a much more larger product range to accommodate its target market.

4.1.2 Supermarkets and hypermarkets

Supermarkets and hypermarkets are the most popular retailers among consumers. (Kotler & Armstrong 2018, 394). Supermarkets have dominated the retail industry for long and the impact of supermarkets to consumption patterns has been nearly revolutionizing. (Varley & Rafiq 2004, 28). As *they* point out supermarkets and hypermarkets offer an effective way for consumers to purchase their everyday goods from one place and they also adapt to new lifestyle changes quickly to provide the most convenient methods of shopping for most household items.

Supermarkets and hypermarkets are usually set out to be self-service which means that the customers are required to collect products by themselves. Both retailers are usually laid out in a practical pattern of aisles and shelves in one level. However, the difference between a supermarket and a hypermarket is in the size of the store and in the location of the store. Supermarkets are smaller in store area and located closer to the city, whereas hypermarkets are larger and located outside the city. With the bigger size hypermarkets can offer more of an extensive range of products and have the balance of non-food items to be greater. (Varley & Rafiq 2004, 28–29). Kesko in Finland offers convenient examples of both supermarkets and hypermarkets operating in the Finnish market. K-Supermarkets are located in city centers and have a larger focus on food items whereas K-Citymarkets are hypermarkets that are usually located outside the city and offer a larger household goods selection. Additionally, K-Supermarkets are much smaller in store area compared to K-Citymarkets.

4.1.3 Specialty stores

Specialty stores carry narrow product lines with a large assortment within those lines. (Berman & Evans 2007, 142; Solomon et al. 2013, 555; Kotler & Armstrong 2018, 393) According to Kotler and Armstrong (2018, 393) one of the reasons why specialty stores are thriving is because of the effect of market segmentation and product specialization. Both factors have driven the need for more specialty stores to accommodate the consumers and products. According to Varley and Rafiq (2004, 26) although department stores can be considered as specialty stores due to the limited product range, most specialty stores are much smaller in size and in product range. For example, almost all the stores found at the shopping centers are considered as specialty stores because of the distinguished feature of one product area leading the retail selection. However, many specialty stores have expanded their product ranges as for example, book stores today sell not only books but office supplies, board games and possibly even electronics. (Varley & Rafiq 2004, 26). Examples of specialty stores in Finland are book store Suomalainen Kirjakauppa, cosmetics retailer Kicks and clothing retailers such as H&M and KappAhl.

4.1.4 Off-price retailers

An off-price retailer is a store that sells products bought for less than the regular wholesale prices and sold at less than the retail price. (Kotler & Armstrong 2018, 394). An example of an off-price retailer is factory outlets. Factory outlets are usually located near to the manufacturer or the retailer itself and they offer companies a possibility to offer second-quality products or leftover products of the previous season's stock at a lower price. Factory outlets are a good way for the manufacturers to sell the lower quality or leftover products without harming the image of the main product or the retail brand. (Varley & Rafiq 2004, 30; Berman & Evans 2007, 147) Moreover, factory outlets give accessibility to consumers who might not normally be able to afford the brands. In Finland tableware and cookware manufacturers such as Iittala and Arabia have factory outlets in Finland that offer second-quality products.

4.1.5 Online retail

Online retail has radically changed the way consumers buy their products and it offers new opportunities for retailing. The most significant and the most revolutionizing aspect of online retail is the irrelevance of location. Even today, location plays one of the most important roles in in-store retail format and online retail has demolished that meaning entirely as consumers are able to purchase products wherever and whenever. This has not only influence on the convenience of shopping but is also rather beneficial for retailers as well. Due to lack of physical stores, operating costs are much lower which enables the distribution of money to aspects such as marketing and webpage managing. (Varley & Rafiq 2004, 286; Kotler & Armstrong 2018, 407).

The irrelevance of location in online retail is one of its main competitive advantages. In addition to that, there can be much more depth in the product assortment and prices. The clearest advantage that in-store retailers still have is the service they offer and especially department stores and specialty stores are focusing on offering high-quality service for its customers to compete with online retailers. However, online retail compensates the lack of ‘personal’ service in many ways such as different delivery options, chat bots, reviewing systems and personal offers or discounts. (Kotler & Armstrong 2018, 407).

Today, many ‘traditional’ in-store retailers carry also complementary online retail services, for example department stores Stockmann and Sokos in Finland both offer products online and still maintain stores in their market. On the other hand, there are a variety of retailers that don’t carry any in-store retail and only rely on online retail by selling their products on their own webpages or through services such as Amazon. This illustrates the opportunities that online retail offers for manufacturers and retailers. (Kotler & Armstrong 2018, 406–407).

4.2 Retailing strategy

This subchapter introduces the important factors regarding retailer’s retailing strategy and highlights its importance for retailers. Successful retail organizations have, according to Fernie, Fernie and Moore (2003, 71), a clear direction or a mission both which acts as a base for survival in the everchanging retail environment. This is referred as a retailing strategy. Retailing strategy is the plan in which the goals and the objectives and the execution to achieve these goals are defined. (Varley & Rafiq 2004, 75; Berman & Evans 2007, 58). For any business, building a strategy is one of the most important elements for business operation and retailing is no different and the similar elements influence the retailing strategy as it does any other business' strategy.

Strategic management for retailers is rather a new concept but because of the increasing competition both in in-store format and online there is an increasing need to build long-term strategies. (Reynolds & Cuthbertson 2004, 3; Varley & Rafiq 2004, 75). Retailing strategy does not differ too largely from any other business strategy as according to Varley and Rafiq (2004, 76) Johnson and Scholes (1997) state that retailer strategy sets the direction and the scale of the organization with the focus on the long-term development and creates sustainable competitive advantage through meeting consumers' needs and expectations in the changing environment.

Today, retailers are more aware of the need to understand the consumer and their buying behaviour more accurately in order to keep up with the competition. That is why retailers today focus on segmentation, targeting and differentiation. As stated by Kotler and Armstrong (2018, 400) retailers need to firstly segment and define their target market and then focus on how to differentiate from the competition. Solid targeting and positioning are the basic tools that enable retailers to compete effectively against larger or stronger competitors. (Kotler & Armstrong 2018, 401).

In this section the different elements of the retailing strategy and their influence for the retailer are introduced and discussed.

Location. Location for retailers is the most important factor in retailing success. (Varley & Rafiq 2004, 145; Hillesland 2013, 149; Kotler & Armstrong 2018, 404) Retailers need to find locations that are suited for their target positioning and are where their target consumers are. Today, most stores group together to increase customer traffic. Shopping centres are the perfect example of store grouping.

Shopping centres can offer a large variety of different stores and also services, such as a movie theatres, banks and restaurants.

Products. Retailers, according to Kotler and Armstrong (2018, 401) need to decide on three major product variables: product assortment, services mix and store atmosphere. These three product variables represent the entire retail concept and possibly even the retail brand and are crucial for retailers. Product differentiation can be achieved through products that are unique or exclusive or of specific brands. In addition to products, retailers can distinct themselves with the scale of the product range. (Varley & Rafiq 2004, 91; Hillesland 2013, 266)

Services mix. Services mix regards to the services that the retailer offers for their customers. Though commonly many consider customer services as one of the only aspects in the services mix, it is not as limited as it would seem. (Fernie, Fernie & Moore 2003, 220–221; Varley & Rafiq 2004, 250). Services that retailers offer are the different payment methods, changing rooms, cashiers, possible delivery options, restaurants and assembly services, in addition to the customer service. For Varley and Rafiq (2004, 91), the service aspect can be differentiated by the level of service (high or low), locations, opening hours, return policies and delivery options.

Customer service itself is, according to Fernie, Fernie and Moore (2003, 222), the main competitive tool that retailers can use to differentiate from the competition and it is one the most important ways on how to add value. Examples of different customer service levels in the different retailing channels are the self-service environment of a supermarket and the personal service of a department store. In supermarkets customers are expected to be in control. Customers seek for the products, collect the products, and also place their purchases to the cashier and also bag their purchases by themselves. In department stores, commonly personnel will ask the customer right away whether they would require help and assists the customer to find products, suggest different options, possibly carry their products to the cashier and also bag the purchase for the customer.

Store atmosphere. Successful retailers have carefully arranged every single aspect of the consumer store experience and the experience is related to much more than just the product assortment. (Kotler & Armstrong 2018, 402; Hillesland 2013, 210; Berman & Evans 2007, 542). Store layout, displays, music and even colours and smells are all part of the full consumer experience and retailers are more aware on the effect it has to the overall consumer store experience. Some of the biggest retailers in the world McDonald’s and IKEA are two examples of creating a successful store atmosphere as consumers will instantly recognize the retailer based on for example the colors, fonts and the store layout.

Pricing policies. Because consumers today are more price sensitive, retailers must fit their pricing policies perfectly in with their target markets, positioning, product and service assortment, the competition and economic factors. As Kotler and Armstrong (2018, 403) point out all retailers would like to charge high profits and thus achieve high volumes, but these two rarely go together. Additionally, the price promotion policy can be different between retailers. Some use none at all, others may rely solely on everyday low pricing and some might practice the high-low pricing in which store traffic is increased by charging higher prices on an everyday basis joined with frequent sales and other promotions. (Kotler & Armstrong 2018, 403).

The pricing and the price promotions are all embedded into the retail concept and are among the most important variables for the retail brands. Varley and Rafiq (2004, 91) point out that the pricing aspect of retailing is important especially in positioning. When retailers position themselves in their desired markets price is usually the first factor in which retailers begin their differentiation from their competitors. For example, in groceries in Finland, Lidl competes with its largest competitors, the S-group and the K-group, largely by its price policy. Lidl exercises the everyday low pricing strategy and attracts customers to their stores with their low costs. The everyday low pricing strategy is embedded into the retail concept and is represented highly also in promotion.

Positioning. Pricing, location, product assortment, services mix, and the store atmosphere are equally important for positioning. They are all a result of a successful retail strategy and are all valuable tools for marketing and positioning strategies. The positioning strategy is the plan for action on how the retailer will compete in the target markets and how it will differentiate itself from the competition. (Varley & Rafiq 2004, 91; Berman & Evans 2007, 69). According to Varley and Rafiq (2004, 91) Walters (1989) states that positioning for retailers should either be product or service-led. With the increased competition, retailer positioning in the market is important for the retailers as if succeed retailer can build an image and possibly a brand around the retailing concept but if failed, and the targeted market cannot find the store it can lead to failure. However, positioning is not always in the hands of the retailer. Varley and Rafiq (2004, 91) point out that positioning is a relative concept and is prone to the influence of consumers and therefore retailers should not only understand their consumers, they should also understand consumers' perceptions.

Building a successful retailing strategy can be difficult but the necessity for retailing strategies is growing, especially as the retailing environment continues to change rapidly. Online retail has generated a shatter to 'traditional' retail and in order to compete with the ever-growing sales of online retail, supermarkets and department stores are more conscious and vary on the decisions they make concerning for example the product selection. According to Kotler and Armstrong (2018, 400) unique products and high-quality services were used to attract consumers in the past to visit specific stores, whereas today consumers can find the same consumer products and brands in department stores and supermarkets. However, while online retail can be pointed out as one of the main reasons why the importance of retailing strategies has increased, it is also important to point out that also consumers have changed and along with them the consumer behaviour that will continue to change. Therefore, as Kotler and Armstrong (2018, 406) highlight in this everchanging retail environment, in order to remain successful, retailers need to keep adapting.

4.3 Retail buying

As discussed before, the product assortment for any retailer is a major factor in their competitive strategy and finding the right product for the retailers' target market is essential to stay competitive. In this subchapter the different variables influencing retail buying are discussed in detail. According to Varley and Rafiq (2004, 185–186) Baily, Farmer, Jessop and Jones (1995) state that the most important variables in the process of retail buying are the right product, the right time, the right quantity, the right place and the right price. The product range needs to reflect the retailer's target market and be attractive to them. Products need to be available at the right times as for example newspapers need to be available as soon as they are published, and the optimization of stock is important for the retailer, so they neither run out of a product nor have too many in stock. Lastly, the products need to be the correct price for the retailer. However, price is always a relative concept and the determination of what is the best price can vary among different organizations. (Varley & Rafiq 2004, 186).

Buying decisions. Buying decisions may vary between different retailer types. Larger retailers and retail chains are possibly more lenient in making purchasing decision as the product assortment can be larger and they will want to offer a large variety of products to every consumer, whereas a smaller speciality store might have to be more careful in choosing their products so that it fits their target consumers. However, the bigger the retailer is, the more difficult it is to get the product on sale there. Varley and Rafiq (2004, 186) point out that owners of smaller stores may be able to make faster and more independent decisions to the product line as to compared to much larger supermarkets and department stores. The buying decision process is a complex process in which the complexity is often increased as the retailer size increases because bigger retailers tend to have larger buying organizations in the company. This can be a challenge for smaller, more independent manufacturers who want to get their products on sale in large chains. Varley and Rafiq (2004, 185) state that in the retail organization there usually is a separate department that's sole focus is on buying. This is especially common among larger retailers and retail chains.

Buying behaviour. Business buyer behaviour according to Kotler and Armstrong (2018, 188) refers to "the buying behaviour of organizations that buy products or services for the use in the production of other products and services that are sold, rented or supplied to others." This also includes the behaviour of retailing. In the business buying process, business buyers decided which products or services are needed to be purchased for the organization then needed to be found, evaluated and chosen among alternative suppliers and brands. (Kotler & Armstrong 2018, 188).

According to Kotler and Armstrong (2018, 189; 213; 219; 221) though operating in the business markets can be similar to operating in consumer markets, in reality business markets are largely different from consumer markets mainly in market structures, nature of buying unit and the decision process. Buyers in business-to-business environment differ in wants, resources, locations, buying attitudes and buying practices. Market segmentation enables companies to divide larger markets into smaller segments making them easier to control. The market can be segmented in many ways but not all segmentation is effective. Therefore, in order for market segmentation to be useful, the market segments must be

1. Measurable (in size, purchasing power and profile)
2. Reachable (segments are effectively reached and served)
3. Extensive (segments are large or profitable enough)
4. Differentiable (segments are distinguishable, and they respond differently to different marketing mix elements)
5. Actionable (effective actions can be designed for the attraction and service of the segments)

Supplier selection. Fernie, Fernie and Moore (2003, 165) explain that retailers today are more careful on the selection of suppliers because retailers have realized that competing exclusively with price may not be enough in the long-term as today retailers compete especially with products and services. When retailers are selecting suppliers, they are looking at five main areas: the product, terms of trade, reputation of the supplier, support systems and marketing support.

As for the product, according to Fernie, Fernie and Moore (2003, 165) retailers are interested in on how large the product range is and how versatile it is. Naturally, the quality of either the products or the services are highly evaluated and value for money is one of the main selection criteria for retailers. They are also interested in the product development and on the potentiality of exclusivity.

Retailers are interested in the different payment methods and what kind of terms of payment the supplier can offer to the retailer. Discounts are also rather important as retailers will be also comparing suppliers with that. The reputation of the supplier interests the retailer in many ways. Naturally, it is important for the retailer that the supplier's product would be recognized in the market to guarantee market interest and sales. However, supplier reputation extends to also to the reputation of the management and financial performance of the company. Retailers want to do business with reliable suppliers and it is important for their business to work with supplier that they can rely on. (Fernie, Fernie & Moore 2003, 165–166).

Lastly, retailers are interested in on what kind of support systems suppliers are willing to offer for example on the handling of faulty products. Retailers put focus also on whether the supplier can provide support in marketing in for example in-store merchandising and other promotional activities. (Fernie, Fernie & Moore 2003, 166)

4.4 Retailer role in the sales process

Subchapters 4.2 Retailing strategy and 4.3 Retail buying have been introduced from the point of view of the retailer. This is important because when companies are seeking for potential retailers, it is important for the companies to understand how and why retailers operate because the same patterns work the other way around. For example, when retailers find potential suppliers one of the key factors is the reputation of the supplier but similarly companies or manufacturers will want to work with retailers that have a good reputation. Strategically, understanding the retailer is equally important as understanding the end-customer. Therefore, the significance of the retailer in the sales process is high and companies need to find retailers that suit to their marketing strategy. In the marketing strategy retailers act as extensions of the company through which the product, company, values and brand are showcased to the end-customers. This highlights the significance of retailers in the sales process. Companies need to carefully analyse the potentiality of retailers in order to succeed in the retailing market. (Kotler & Armstrong 2018, 392–393).

4.5 Retailing risks and challenges in foreign markets

As retailing is a mode of direct export, there are certain aspects that companies should be aware of. According to Melin (2011, 18) some of the most common challenges that companies face when engaging in export operations are the lack of market research, insufficient information on terms of payment, delivery and contract terms. In addition to these, *she* lists the internal factors such as lack of language skills and the underestimation of the manufacturing capacity as some of the challenges that companies face. For Kananen (2011, 19–23), some of the barriers to international trade are tariffs, standards and regulations, culture, custom and habits. Barriers such as tariffs and standards and regulations are, according to *him*, artificial barriers, whereas culture, custom and habits are natural barriers.

There are always certain risks and challenges in retail, even in the domestic market, but there are a large amount of different risks and challenges that companies must consider when internationalizing their business. There are both internal and external challenges that companies need to be aware of. External risks or challenges are things such as unstable currencies, political and legal laws, payment challenges and the underestimation of the competitive situation in the new market. But some of the risks have nothing to do with the market itself. According to Hollensen (2017, 70) some of the challenges that companies face when entering to new markets are related to insufficient finances, market knowledge, foreign channels of distribution and market connections.

One of the most important tools to try to control the risks and challenges is market research. The more companies know of the laws, political environment, the economy, the culture and the customers the more prepared companies are for market entries. In addition to market research, companies need to also analyse themselves and critically define whether the company has the resources to expand their operations. Aspects such as funding, sufficient manufacturing possibilities and warehouse functions must be arranged, and the logistics must be organized. Lastly, it is crucial that companies write adequate contracts, in which detailed specifications are made on factors such as delivery and payment. (Hollensen 2017, 70–71).

5 RETAILER SELECTION

The goal of this chapter is to answer the research question: who are potential retailers for Tella Oy in Northern Finland, in Northern Sweden and in Northern Norway? In this chapter firstly, the market areas are shortly introduced as well as the current customer base of Tella. Then, the retailer selection criteria are discussed in addition to the retailer selection process that is explained in detail and lastly, the suggested retailers are listed.

5.1 Introducing the market area

Northern Finland. In this thesis Northern Finland is defined by using the governmental county division of Finland. By the governmental county division, Northern Finland is defined as the county of Lapland. Lapland is the northernmost county in Finland and it is located above the 66° latitude. It is also the largest county by area and the most sparsely populated county in Finland. According to Tilastokeskus (2018) the population of Lapland in 2017 was 179 000. The economic structure of Lapland consists of manufacturing, mining, forestry and tourism. Tourism especially has grown significantly in the recent years and has a large impact on the economy of Lapland. (Lapin Luotsi [Ref. 10 September 2018]).

For Tella, Northern Finland is an appealing market because of the increasing international tourism in the area. According to Visit Finland (2017, 25) 0.6 million visits out of the total 8.3 million foreign tourists' visits to Finland were made to Lapland. A small percentage of the total, however it was an increase of 42% compared to the previous year and the growth is expected to continue. Lapland attracts tourists for its exoticness as it offers unique activities such as reindeer safaris and gold panning to experience. Lapland is a popular destination among Europeans and Asians and also among the Finnish who travel to Lapland to enjoy the skiing possibilities. Tourism is very seasonal in Lapland, with winter being the most popular season among tourists. Though the seasonality of the tourism is a definite weakness for the market, the tourism is expected to increase in the area. According to House of Lapland (2018) if the growth of tourism in the Finnish Lapland region would follow the same development as the tourism increase in Iceland in the past 10 years, in 2026 Finland would have 10 million registered overnight stays a year, only in the region of the Finnish Lapland. Therefore, if Tella wants to reach the foreign tourists, Lapland offers a rather attractive potential market for that.

Moreover, as it has been mentioned before, the domestic market is expected to provide foundations for successful foreign market entries for Tella. The domestic sales are expected to provide the cashflow for the execution of the internationalizing strategy. Taking this into consideration as well, expanding the Finnish market to the north could be an important strategic decision for Tella. Expansion to the north could mean that Tella could potentially increase domestic sales thus be able to enable the company to expand to international markets.

Northern Sweden. Northern Sweden is defined, in this thesis, by using the governmental county division of Sweden. Northern Sweden is thereby defined as the Norrbotten county that is the northernmost county located above the 65° latitude in Sweden. According to SCB (2017) the population of Norrbotten in 2017 was 250 000. The economy of Norrbotten depends on mining and forestry, but the economic sector is diversifying as tourism in the area continues to grow. According to Stridsman (2016) the number of employed in the tourism and hospitality industry in the Northern parts of Sweden has increased by 90% since the year 2000 showcasing the growth in the sector.

The growing tourism in Northern Sweden is the main motivation for Tella’s market entry there. According to Swedish Lapland (2017, 25) 3.5 million guest nights were spent in Northern Sweden in 2015 and tourism in the northern parts of Sweden grew 4.5% compared to the year before. Similar to Northern Finland, Northern Sweden attracts tourists for its exoticness. There is unique accommodation offered for tourists, such as hotels made of ice and unique activities such as reindeer farms, ice fishing and visiting the Sami that generate uniqueness and exoticness. Like in Northern Finland, tourism is seasonal in Northern Sweden, with winter being the biggest season.

In terms of both the population and tourism, Norrbotten offers a larger market for Tella compared to Lapland. Moreover, Norrbotten neighbors the county of Lapland therefore making it a logical continuum to expand to both the Lapland region and the Norrbotten region together.

Northern Norway. Northern Norway in this thesis is defined by the governmental county division of Norway. By this definition Northern Norway consists of two counties: Troms and Finnmark. These two counties are the northernmost counties of Norway as they are located above 68° latitude. According to Statistics Norway (2016) in 2016 the county of Troms had 164 000 inhabitants and Finnmark 75 000. The economy of these areas is heavily built around fishing, mining and energy. Tourism in the area is growing steadily and is also a big part of the economic sector of Northern Norway.

The tourism environment of Northern Norway differs slightly from Northern Sweden and Finland. Firstly, foreign tourism in Norway is influenced by the Norwegian Krone (NOK). According to Innovation Norway (2015, 17) there is a correlation between the exchange rate and the number of hotel guests. This indicates that a lower exchange rate leads to more foreign guest nights. Secondly, a portion of tourism comes from cruise ships that either visit Norwegian ports or travel up the Norwegian coast. In 2015, according to Innovation Norway (2015, 7) there were 511 000 cruise passengers in Norway and more than two million day visitors from cruises to Norwegian ports. Majority of foreign tourists that visited Norway in 2015 were from Europe. Only 5% of all foreign tourists came from USA and 3% from China. (Innovation Norway 2015, 21).

Together, the counties of Troms and Finnmark provide a market that is around the same size as Norrbotten in terms of population. Therefore, it is a bigger market than the Lapland market. Majority of the cities in the counties are located on the coastal areas and some are also destinations for cruise ship passengers, thereby making them a very potential area to reach tourists.

5.2 Tella’s current customer base

Tella’s main customers are retailers and the existing customer base of Tella is versatile in terms of the different retail channels that Tella uses. Tella engages in both in-store and online retail. Figure 1 illustrates the distribution of retailers among the different retail channels. As can be seen from the figure the largest retailer channel that Tella uses is the specialty stores. Majority of the specialty stores are clothing retailers with the focus on selling Finnish Design but for example Huvikumpu is a children's clothing and baby gear retailer and Scandinavian Outdoor is a retailer of outdoor activity clothing and equipment. This gives a broad spectrum of retailer types within the specialty store category.

DEPARTMENT STORES
- Kyläkauppa Veljekset Keskinen

SUPERMARKETS & HYPERMARKETS
- Minimani

SPECIALTY STORES
- Avocas (Vaasa)
- Huvikumpu (Seinäjoki)
- Kekäle (Multiple locations)
- Kirjokanta (Helsinki)
- Lapuan Kankurit (Helsinki)
- Madox (Kurikka)
- Manual (Seinäjoki)
- Matin Monttu (Savonlinna)
- M. Kuronen (Helsinki)
- Pompshop (Seinäjoki)
- Scandinavian Outdoor (Multiple locations)
- Tenho (Vaasa)

OFF-PRICE RETAILERS/FACTORY OUTLETS
- Lapuan Kankurit (Lapua)

ONLINE RETAIL
- Maammekauppa
- Scandinavian Outdoor
- Own online store

Figure 1 Tella's current retail channels.

From the balance between specialty stores and other retail channels in the figure, it is evident that other retail channels such as department stores, supermarkets and hypermarkets and off-price retailers are currently not as common retail channels as specialty stores are for Tella. Though Tella has retailers in the aforementioned categories, specialty stores are Tella's main retail channels. The potential reason for this can be in the large size of the other retailers. As it has been already discussed, it can be more difficult for manufacturers to get their products on sale on larger retailers such as department stores and supermarkets, due to the complexity of the buying process of larger retailers.

Additionally, online retail for Tella is a growing retail channel as in 2018 Tella has also opened their own online store from which both end-customers and retailers can purchase Tella's products. Tella's products are sold also on two other online retail channels: Maammekauppa and Scandinavian Outdoor. Maammekauppa sells products that are exclusively made in Finland and Scandinavian Outdoor retails outdoor activity clothing and equipment. Opening an own online store is an important strategic decision for Tella as online retail is a growing phenomenon and the importance of online presence among manufacturers and retailers is increasing to reach their target markets and to remain competitive.

5.3 Retailer selection criteria

The retailer selection is guided by the direction that has been given by the commissioning company Tella and also by the existing retail channels. According to the CEO of Tella, Liina-Maaria Lönnroth (2018) no specific number of potential retailers for the target markets are defined but the focus should be in quality rather than in quantity. The retailers need to be suitable for Tella's products and also reflect the brand of Tella. The retailers should also be economically stable.

In order to determinate the suitability of the potential retailers in terms of the product and the brand they will be reflected on the existing retailers. Therefore, retailers should mainly focus on selling clothing or accessories. Aspects such as selling Finnish design or other designer products are considered as positive factors. Moreover, it is important for Tella to find retailers that offer branded products to their customers as Tella is also selling a brand alongside to their product and Tella wants to build the brand further and be recognized as a brand in both domestic and international markets.

Economic stability will be determined by using the financial information available from Suomen Asiakastieto. According to Suomen Asiakastieto (2018a) Suomen Asiakastieto Oy is an impartial information provider that aims to bring transparency and trust to business. Financial information on Finnish or on international companies can be found with the condition that companies have published their financial information. Additionally, in order to see the financial information of international companies, individuals need to create a free account to the webpage. However, the free information limits to only to show the revenue and the simplistic profit/loss statement of few years and aspects such as loans and debts are not available freely from the service. Though revenue and profit/loss statements can be used to get an idea on whether the company is growing, the true economic stability of any retailer presented in this thesis cannot be considered as sufficient enough to illustrate the full picture of the economy of the retailer.

Furthermore, the focus on the retailer selection will be in finding potential in-store retailers for Tella. Complementary online retail will be considered as a positive factor but retailers that are only selling online will automatically be excluded from the selection. Additionally, large retailer channels such as department stores or multinational retailer chains are automatically excluded due to the large size and the potential complexity of the buying process.

Lastly, the retailers should, according to Lönnroth (2018) be located in areas which are more urban or that are popular among tourists. All market areas are sparsely populated and therefore location of the retailers is extremely important for Tella in order to reach consumers. Tella is interested in reaching also the tourists’ segment and is especially interested in the large skiing centres in Lapland. (Lönnroth 2017, 15). The primary locations of the retailers are defined by the population. In appendix 5, appendix 6 and appendix 7 the municipalities of Lapland, Norrbotten, Troms and Finnmark are listed according to the population. In order to get sufficient results from all markets, municipalities that have more than 10 000 inhabitants will be included in the retailer selection process.

Total of three municipalities from Lapland were chosen based on the population selection criteria

- Rovaniemi
- Tornio
- Kemi

Six municipalities from Norrbotten

- Luleå
- Piteå
- Boden
- Kiruna
- Gällivare
- Kalix

Six municipalities from the combined area of Troms and Finnmark

- Tromsø (Troms)
- Harstad (Troms)
- Alta (Finnmark)
- Lenvik (Troms)
- Hammerfest (Finnmark)
- Sør-Varanger (Finnmark)

In addition to the urban areas in Lapland, the largest skiing centres of Lapland are also included in the retailer selection area. According to Suomen Hiihtokeskusyhdistys ry, ([ref. 30 September 2018]), the largest skiing centres in Lapland are the following: Saariselkä, Pallas, Olos, Levi, Ylläs, Luosto, Pyhä, Salla, Suomu and Ounasvaara.

With the introduced retailer selection criteria used in this thesis, a market segment is provided that fulfils measurability, reachability, extensiveness, differentiability and actionability.

5.4 Retailer selection process

The retailer selection process started by firstly listing all retailers from each municipality and skiing center. Retailers were found through the official municipality webpages and through company registries such as Suomen Yritysrekisteri. After listing all retailers, all non-relative retailers were removed. Non-relative retailers were retailers whose main product range did not include clothing. Next the analysis of each remaining retailer was started in the framework of the retailer selection criteria and the information was collected into a matrix. In the analysis of the remaining retailers the suitability of the retailer was analyzed highly by the brand and product of Tella because it is important for Tella to have retailers that can communicate Tella's story and products through their retail activities. Suitability was defined by the product range and through the brands that the retailers carry as it has been mentioned before both factors are important for both Tella and also for retailers in general in order to differentiate from the competition and also position themselves in the market.

During the selection process two elements arose by the influence of the retailer selection criteria that were noticeably repetitive and had an impact on the retailer selection itself. Firstly, one feature that proved to be a challenge in the retailer selection for all markets, was in fact Tella's product. Though all markets offered retailers with native design products i.e. Finnish, Swedish and Norwegian design, the product range featured products that reflected the culture of the northern market itself. Products made from reindeer or polar bears and especially traditional Sami products directed the product range and majority of retailers only offered products made in the area. Because these products are a prominent feature in most retailers it can be an indication on also the consumer preference. As these products are sold in several locations it seems that they are also popular among consumers. Due to the entirely different product types, these retailers needed to be excluded because it is unlikely that they would offer any other products other than made in the area because it is embedded in their retail strategy.

Moreover, because all large retail chains were automatically removed from the selection it created an effect both to the Norrbotten and the Troms and Finnmark markets as large retail chains dominated the retail offering. Due to this, though both markets are larger by population it was more difficult to find suitable retailers because of the dominance of large retail chains. For example, each municipality in Norrbotten, apart from Gällivare and Kalix, has an H&M store and even one of the smallest towns in Sør-Varanger, Kirkenes has retailers such as Bik Bok and Dressmann. This phenomenon can be explained by the fact that both Sweden and Norway are homes for large clothing retailers and therefore the chains are well-represented across the nation. However, these large retail chains considerably affected the amount of smaller, independent clothing retailers found in the area. This can be an indication on how competitive the retail market in the areas is especially in clothing; smaller retailers are unable to compete with large retail chains such as H&M, Bik Bok or Dressmann. However, compared to the Lapland market, more retailer's focused on exclusively on men's and children's clothing were found.

Although the exclusion of the larger retailers affected the Norrbotten and the Troms and Finnmark markets, in terms of the potential competitive environment, it had no effect to the Lapland market. Additionally, the automatic exclusion of retailers that only sell online did not influence the number of retailers found. No mere online retailers were found during the research and only five retailers with complementary online retail were found. Almost all retailers found from the markets are privately own, small businesses. This can be a benefit as most likely the buying process is simpler than compared to large retailers.

For the Lapland market, including the skiing centers, potential retailers were found from all locations expect from the skiing centers of Ylläs, Pallas, Olos, Suomu and Ounasvaara. The lack of retailers in the skiing centers is possibly influenced by location. All skiing centers are in extremely rural areas and therefore the service level is low and there is not enough purchasing power to have other retailers other than those who sell primarily food items. Secondly, some of the skiing centers were located near to a more urban area, for example, Ounasvaara is located near to Rovaniemi which influences also the service level at the skiing centers.

Potential retailers in the Norrbotten market were found from all locations except Gällivare and Kiruna. In the Norrbotten market, the reason why no potential retailers were found in those areas can be in the small size of the areas and in the location of the areas as the two are located up in the north of Norrbotten as opposed to Luleå that is located at coast of Norrbotten and that is also closer to the Finnish border. Additionally, the existence of larger retail chains possibly influences the number of smaller retailers.

For the market area of Troms and Finnmark, retailers were found from all locations except from the municipalities of Lenvik and Alta. The lack of retailers in the municipality of Lenvik can potentially be explained by the nearby location of the city of Tromsø which offers a wide selection of different retailers. In the municipality of Alta no retailers were found because of the existence of large retail chains and their potential effect on the market of smaller, more independent retailers.

In the following subchapters the found retailers that suit the retailer selection criteria are introduced for each market area.

5.4.1 Lapland

Table 1 Retailer selection matrix (Lapland).

Retailer name	Tehdas-Asu	Your Piece of Finland	Muotihuone	La Perle	Subway Clothing	Kemin Toinen Linja
Location	Rovaniemi	Rovaniemi	Tornio	Tornio	Kemi	Kemi
Retail channel	Specialty store	Specialty store	Specialty store	Specialty store	Specialty store	Specialty store
Founded	1979	2016	1995	2010	1983	1984
Revenue €	1 263 000 € (2017)	183 000 € (2018)	262 000 € (2012)	449 000 € (2018)	N/A	406 000 € (2017)
Profit	71 000 € (2017)	-77 000 € (2018)	9 000 € (2012)	38 000 € (2018)	-4000 € (2017)	14 000 € (2017)
Open	All year round	All year round	All year round	All year round	All year round	All year round
Online	No	Yes	No	No	No	No
Product range	Large assortment of clothing, cosmetics, etc.	Finnish design products	Clothing for women and men	Clothing for women and men	Clothing for women and men	Clothing for women and men
Brands	E.g. Luhta, Finlayson, Novita	Large brand selection on Finnish brands	E.g. Jukka Rintala, Modelia, Petrifun, Turo	E.g. Makia, Tiger of Sweden, Balmuir	E.g. Levi's, Only, Noisy May	E.g. KN Collection, Gerry Weber, Turo

Table 1 illustrates all the retailers found from the Lapland market during the retailer selection process that fit to the retailer selection criteria. The information of the table is further discussed retailer-specifically in this subchapter.

Tehdas-Asu is located in the center of Rovaniemi and they also have another location at Kemijärvi as well. The product range is large ranging from clothing to cosmetics, but main product category is clothing. According to Tehdas-Asu, ([ref. 1 October 2018]), the retailer offers many Finnish brands such as Nanso, Sidoste and Finlayson in their product range. Additionally, the prices are affordable, and the retailer also outlets leftover batches from manufacturers. Noticeably, the webpage is also available in English and in Russian and customers are able to shop at the retailer tax free if that applies. This indicates that the retailer not only targets the people living in the area, but also targets foreign customers i.e. the tourists. Based on the images found from their webpage Tehdas-Asu is a two-level store with clearly defined product areas. Lastly, according to Suomen Asiakastieto (2018b) in 2017 the revenue of Tehdas-Asu increased by 3% after declining between the years 2013 and 2016. The company’s profit grew by 344% compared to year 2016.

Your Piece of Finland is a retailer located in the center of Rovaniemi. Their main retailer strategy is to be a store “where everything is Finnish from Moomin lollipop to high end fashion brands.” (Your Piece of Finland, 2017). Therefore, the product range is large but restricted so that only products made in Finland are available. The retailer offers products from brands such Moomin, Papu and Minna Parikka. In addition to the in-store location, the retailer offers online retail and ships globally with some restrictions. The price range of products is large ranging from € 10 to over € 300. Based on their webpage the company has a well-established image surrounding them as the company uses simplistic, Scandinavian style in the webpage and the colors blue and white are clearly a connection to Finland. Additionally, the webpage is entirely in English which is a sign that the company is mainly targeting foreign markets and do offer a large selection of different payment methods for foreign customers such as credit card and PayPal payments. As a relatively new company only financial information was available for year 2018 and though the company has made loss during the year it is difficult to give any projections of the future of the company based on the found financial information.

In Tornio at the Rajalla – På Gränsen shopping center, Muotihuone is a clothing retailer that offers clothes for both men and women. Retailer carries brands such as Jukka Rintala in their selection. The information from their webpage is very limited and no information regarding the price of the products is given. Based on the images on the webpage, the retailer targets an older customer segment as the product images feature older models. The retailer is open seven days a week. (Muotihuone, [ref. 1 October 2018]). Regarding the financial information, last data is from year 2012 which doesn't give any projections of the current financial status of the company.

Located at the same shopping center in Tornio, La Perle is a clothing retailer that carries several brands such as Superdry, Balmuir and Makia. According to La Perle (2018) the retailer offers high-quality, individualised service and is continuously looking for new ideas and inspiration to offer to their customers. The store is also open for seven days a week. According to Suomen Asiakastieto (2018c) the revenue of the company has steadily increased every year since 2015. Between the year 2016 and 2017 revenue grew by 12% and the profit grew by 124%.

Subway Clothing is a clothing retailer located at Kemi. The retailer offers clothing for both women and men and carries brands such as Vero Moda, Vila and Levi's. Based on the brands and the webpage it seems that the retailer is targeting young women and men. The store is not open on Sundays and the price range of the products cannot be determined based on their webpage. (Subway Clothing, [ref. 1 October 2018]). Based on the financial information the company has made a loss for two years and had a stark decline in profit between 2015 and 2016. (Suomen Asiakastieto 2018d).

Kemin Toinen Linja, located in Kemi, is a clothing retailer focusing on offering high-quality and individualized customer service for their customers. The retailer offers clothing for both women and men and their selection is large. Additionally, the retailer offers repairing services for clothing. The store is open Monday through Saturday. Based on their webpage the company is targeting an older consumer segment as the images of the products feature older models, but no information on the price range can be found from their webpage. (Kemin Toinen Linja 2016). Regarding the financial information of the company, the revenue has decreased steadily for few years, however the profit in 2017 grew by 133%. (Suomen Asiakastieto 2018e).

Table 2 Retailer selection matrix (skiing centers).

Retailer name	**Ski Wear**	**Shopporo**	**Zero Point**	**Artica**	**Ilona Pienoistavaratalo**	**Kide Life and Style Shop**	**Putiikki Salla**
Location	Saariselkä	Levi	Levi	Levi	Pyhä	Pyhä/Luosto	Salla
Retail channel	Specialty store	Specialty store	Specialty store	Specialty store	Specialty store	Specialty store	Specialty store
Founded	2009	N/A	N/A	2004	1995	2009	2007
Revenue €	N/A	N/A	N/A	108 000 € (2017)	N/A	N/A	N/A
Profit	N/A	N/A	N/A	5 000 € (2017)	N/A	N/A	N/A
Open	All year round	Open during winter and summer season	Open during winter and summer season	Open all year round	Open all year round	Open all year round. At Luosto during winter season	Open all year round
Online	No	No	No	No	No	No	No
Product range	Outdoor clothing for women and men	Clothing for women and men	Brand clothing for women, men and children	Clothing for women and men	Mainly clothing for women, some clothing for men and children	Clothing and home decorations	Clothing for women
Brands	E.g. Luhta, Fredrikson, Rukka	E.g. Only, Pieces, Selected Homme	E.g. Peak Performance, Ganada Goose, Haglöfs	E.g. Makia, Adidas	E.g. Very Nice, Nokia	E.g. Makia, Kari Traa, Peak Performance	E.g. Nanso, NP, Part Two

Table 2 illustrates all the retailers found from the different skiing centers during the retailer selection process that fit to the retailer selection criteria. The information of the table is further discussed retailer-specifically in this subchapter.

Located at far north of the Lapland county above the 68° latitude at the town of Saariselkä, Ski Wear is a retailer of outdoor clothing for men and women and specializes in skiing clothing. Ski Wear offers many brands such as Icepeak, Luhta and Fredrikson and according to Ski Wear ([ref. 1 October 2018]) the product assortment is large to suit all customers and the prices are affordable. The store is open all year around and the webpage is also available in English and in Russian. No financial information was available through Suomen Asiakastieto.

Located at one of the biggest skiing centers, Levi in Finland, Shopporo, Zero Point and Artica are all clothing retailers. Shopporo offers clothing and accessories for women and men and targets a younger consumer segment as the brands they carry, such as Only and Vero Moda, are described as youthful brands. The store is open every day during main seasons (winter and summer) and has extended opening hours during the winter season. (Levi Center Hullu Poro, [ref. 1 October 2018]). According to Levi, ([ref. 1 October 2018]) the Zero Point Brand Store retailer features a large product assortment in outdoor clothing. The retailer only carries branded products and offers a large variety of brands such as Peak Performance, Canada Goose and Helly Hansen. The retailer offers professional and high-quality service for their customers and the store is open every day with extended opening hours during the winter season.

No financial information was found for neither Shopporo nor Zero Point. One potential reason may be that these retailers are part of a larger company for example Shopporo is a part of Levi Center Hullu Poro and therefore individual retailer financial information cannot be found. Artica is a specialty store focusing on retailing outdoor clothing but retails also leisure clothing suited for each season. The retailer carries a sufficient brand selection with brands such as Makia and Adidas. The webpage offers limited information regarding the company overall and it seems that the webpage is a work in progress as a lot of information is missing. One reason behind this can be the change of ownership. According to Koivisto (2017) the ownership of the retailer changed in March 2017. This can also influence the limited amount of financial information on Suomen Asiakastieto as information was found only for year 2017.

Ilona Pienoistavaratalo, located at Pyhä, is a specialty store that retails clothing, shoes and gifts for women and men of all ages. It is open all year round and offers high-quality and helpful customer service for their customers. The product assortment based on the webpage is large and it is described by quality with an affordable price from both domestic and international suppliers. The retailer offers brands such as Very Nice, Nokia and Kuoma, however the price range cannot be determined based on the webpage. (Pienoistavaratalo Ilona, [ref. 2 October 2018]).

Located at Pyhä, Kide Life and Style shop offers a selection of both clothing and home decorations products. During the winter season they also have another store at Luosto. The store located at Pyhä is open seven days a week. (Kide Life and Style Shop, [ref. 2 October 2018]). The retailer offers a selection of high-quality brands such as Makia, Kari Traa and Peak Performance. (Pyhä Tunturi, [ref. 2 October 2018]). The retailer’s webpage doesn’t offer any information regarding the price range of the products.

Putiikki Salla is a small specialty store retailing women's clothing at Salla. The product assortment caters to all ages and the service is described as personal and high-quality. During the winter season the retailer has also a popup-store at the reindeer park at Salla that is popular tourist attraction in the area. Putiikki Salla is open from Monday through Saturday and the webpage is available in English and in Russian. Moreover, customers can purchase tax free if that applies. The retailer carries many brands such as Nanso, Happy Socks and Mos Mosh. (Putiikki Salla, [ref. 2 October 2018]). No financial information was found for Ilona Pienoistava-ratalo, Kide Life and Style Shop and for Putiikki Salla. Therefore, it is difficult to determinate their suitability as potential retailers based on their financial performance.

5.4.2 Norrbotten

Table 3 Retailer selection matrix (Norrbotten).

Retailer	Bengts	Doffi	Hanzens	The Local Store	Örjan's	Gilda
Location	Luleå	Luleå	Luleå + Piteå	Piteå	Boden	Kalix
Retail channel	Specialty store	Specialty store	Specialty store	Specialty store	Specialty store	Specialty store
Founded	1971	2002	1975	2010	1993	N/A
Revenue €	436 150 € (2015)	376 735 € (2015)	5 101 475 € (2015)	858 045 € (2015)	369 226 € (2015)	N/A
Profit	23 723 € (2015)	42 440 € (2015)	249 960€ (2015)	98 918 € (2015)	24 811 € (2015)	N/A
Open	All year round	All year round	All year round	All year round	All year round	All year round
Online	No	Yes	No	Yes	No	No
Product range	Clothing for men	Clothing for children	Clothing for women and men	Clothing for men	Clothing for women and men	Clothing for women
Brands	E.g. Hugo Boss, Björn Borg	E.g. Reima, Kuoma, Helly Hansen	E.g. Peak Performance, Gant	E.g. Calvin Klein, Selected Homme	E.g. Tiger of Sweden, Vero Moda	E.g. Springhill, Imitz

Table 3 illustrates all the retailers found from the Norrbotten market during the retailer selection process that fit to the retailer selection criteria. The information of the table is further discussed retailer-specifically in this subchapter.

Bengts is a men's clothing retailer located in the center of Luleå. According to Bengts ([ref. 3 October 2018]) the retailer wants to offer a selection of high-quality clothing from some of the largest fashion brands in the world. The retailer offers clothing by brands such as Björn Borg, Hugo Boss and Ralph Lauren. Bengts offers their customers a possibility to join a membership club whereby customers can earn bonus from all their purchases and get exclusive offers from the retailer. The price level of products is not discussed on the webpage, but the retailer is open from Monday to Saturday. According to Suomen Asiakastieto (2018f) both the revenue and the profit of the company has continuously grown. In 2015 the revenue grew by 7% and profit by 95%.

Doffi is a baby and children's gear retailer located in the center of Luleå. It is open from Monday to Saturday. They offer carefully selected products for their customers and currently are especially interested in offering functional winter clothes and accessories such as mittens and hats for their customers. The product range is versatile as the retailer offers toys and clothing. The price range ranges from SEK 199 to SEK 1 999. The retailer offers also online retail possibility but ships only to Sweden. (Doffi, [ref. 3 October 2018]). Based on the financial information from Suomen Asiakastieto (2018g) the company has experienced some moderate growth as in 2015 revenue grew by 4%.

Hanzens has multiple locations in the north of Sweden but has total of three locations in Norrbotten. Two in Luleå (store and an outlet) and one in Piteå. Hanzens offers clothing, accessories and shoes for women and men and carries several brands in their selection such as Gant, Ralph Lauren and Esprit. According to Hanzens (2016) the retailer wants to be customer's first choice when they are either looking for basic items or something special to wear in their everyday life. Based on their webpage, Hanzens is mainly targeting young women and men, especially as they offer a 10% student discount. The retailer offers a possibility for customers to get a loyalty membership through which they can receive bonus from their purchases and special offers. According to Suomen Asiakastieto (2018h) between 2011 and 2014 the revenue of the company was steadily declining but in 2015 revenue grew by 12%. However, in 2015 profit grew only 2% compared to the previous year.

The Local Store is a retailer that offers clothing and accessories for men. In Piteå the retailer is in the shopping center Gallerian and is open seven days a week.

According to the Local Store, ([ref. 3 October 2018]), the retailer wants to build a unique assortment through collaborating with interesting, small or large brands that caters to all ages. Therefore, the retailer carries several brands in their selection such as Calvin Klein, Selected Homme and Lee. Prices range between SEK 199 to SEK 1 999. The retailer also offers online retail for their customers with free delivery for purchases over SEK 499 and free returns but only ships in Sweden. Based on the financial performance the company has steadily increased in revenue. (Suomen Asiakastieto 2018i)

Örjan's is a clothing retailer located in the center of Boden and is open from Monday to Saturday. It retails clothing for both women and men and wants to offer their customer the best products and the best service. A large selection of brands is available through Örjan's such as Tiger of Sweden and Björn Borg, and the retailer wants to cater to a large customer base including all ages. (Örjan's Dam & Herr, [ref. 3 October 2018]). In 2015, the company increased their profit by 245% while their revenue decreased by 10%. In fact, during 2011 to 2015 the revenue has steadily decreased and the profit steadily increased. (Suomen Asiakastieto 2018j).

A limited amount of information can be found on Gilda. The retailer doesn't have homepage but does maintain a Facebook page. The retailer is located in Kalix at a shopping center Galleria Kalix. According to Galleria Kalix (2017) the store is open seven days a week and they offer modern clothing for women. Gilda offers brands such as Springhill, Imitz and Skovhuus in their selection. Retailer's Facebook page doesn't offer any additional details on the company. No financial information regarding the company was found.

5.4.3 Troms and Finnmark

Table 4 Retailer selection matrix (Troms and Finnmark).

Retailer name	Britt's Boutique	Tromsø Sport AS	Nor-Style	Me & Me	Cava	Sirkka	CM Jeans
Location	Tromsø (Troms)	Tromsø (Troms)	Harstad (Troms)	Kirkenes (Finnmark)	Hammerfest (Finnmark)	Hammerfest (Finnmark)	Hammerfest (Finnmark)
Retail channel type	Specialty store	Specialty store	Specialty store	Specialty store	Specialty store	Specialty store	Specialty store
Founded	1983	2006	1974	2007	N/A	N/A	1997
Revenue €	792 045 € (2014)	1 709 987 € (2014)	630 220 € (2014)	668 854 € (2014)	N/A	N/A	806 103 € (2014)
Profit	-44 465 € (2014)	105 384 € (2014)	5 832 € (2014)	78 205 € (2014)	N/A	N/A	145 892 € (2014)
Open	All year round	All year round	All year round	All year round	All year round	All year round	All year round
Online retail	No	Yes	Yes	No	No	No	No
Product range	Clothing for women, home decorations	Outdoor and skiing clothing and equipment	Clothing for babies and children	Clothing for women	Clothing for women, home decorations	Clothing for women	Clothing for women and men
Brands	N/A	E.g. Helly Hansen, Solomon	E.g. Reima	N/A	E.g. Frank Lyman, Fransa	N/A	E.g. Superdry, VILA

Table 4 illustrates all the retailers found from both the Troms and Finnmark market during the retailer selection process that fit to the retailer selection criteria. The information of the table is further discussed retailer-specifically in this subchapter.

Britt’s Boutique is a retailer of clothing and accessories for women but also offers their customers kitchenware and home decorations. It is open from Monday to Saturday and the store is located in the center of Tromsø. (Tromsø Sentrum, [ref. 5 October 2018]). According to Visit Tromsø, ([ref. 5 October 2018]), the retailer offers products of Scandinavian design and the retailer wants to offer their customers a wide range of design products with a high-quality and a competitive price. Based on the retailer’s Facebook page the retailer offers a wide selection of different types of clothing for women, however the brand offering nor the price range cannot be determined based on the page. (Britts, [ref. 5 October 2018]).

From Suomen Asiakastieto, only financial information found of the retailer was from year 2014 and therefore any projections of the company's economic stability cannot be made.

Tromsø Sport (City to Summit) offers a large range of outdoor clothing and equipment for both women and men. The price range in headwear ranges between NOK 180 to NOK 500. The store is located in the city center and is open from Monday to Saturday. The retailer wants to offer the most suitable products for every customer and focuses on carefully selecting their products. High-quality brands such as Helly Hansen and Solomon are well-represented in their product range. The retailer offers complementary online retail but only ships to Norway. (City to Summit, [ref. 5 October 2018]). Based on the financial information found from Suomen Asiakastieto, the company was highly successful in 2014, but as no information on any other year is available, economic stability cannot be evaluated.

Located at a shopping center right by the harbor of Harstad, Nor-Style is retailer of children and baby clothing and gear. The retailer offers a wide selection of products from baby carriages to clothing and in clothing the retailer offers brands such as Reima in their selection. According to Nor-Style, ([ref. 5 October 2018]), the service level in the store is high, as the personnel will assist customers to find the best products for them from their large selection. The store is open every day expect on Sundays and does offer complementary online retail with versatile payment methods but only ships to Norway. Online, the price range is between NOK 279 and NOK 1199. No further financial information on any other yearly performance is available through Suomen Asiakastieto therefore, evaluation of the economic stability is not feasible.

Me & Me is a women's clothing retailer located in a shopping center in the town of Kirkenes. According to AMFI Kirkenes, ([ref. 5 October 2018]), the store is open from Monday through Saturday and the retailer wants to offer their customers clothing that makes them feel good in every situation. Based on the retailer's Facebook page the retailer targets mainly younger women but it is unclear what brands the retailer carries or what the price range of their products is. Moreover, Suomen Asiakastieto doesn't provide any other financial information other than the 2014 information and thus economic stability cannot be evaluated.

Cava, according to Hammerfest Næringsforening (2018), retails clothing for women for every occasion. Some of the brands that the retailer offers are Fransa, Funaki and Freequent. The store is open every day except on Sundays and is located in the center of Hammerfest. As the retailer only maintains a Facebook and Instagram pages the price level of the products cannot be defined but based on the social media publications, they are targeting all women of all ages. No financial information was found on Suomen Asiakastieto. Located at the same town, Hammerfest, Sirkka is a retailer of clothing for women and home decorations. Limited information on the retailer can be found as the retailer only maintains a Facebook page. According to Sirkka, ([ref. 5 October 2018]), the store is closed on Mondays and Sundays and based on pictures on social media the retailer targets younger women. However, as the information is limited no assessment on the price range or the brand offering can be made. Additionally, no financial information was found through Suomen Asiakastieto.

Located at the Nissensenter in Hammerfest, CM Jeans is a retailer of clothing for women and men. Although, jeans are the retailer's main product category, the retailer offers a wide selection of clothing mainly targeted for younger women and men. Some of the brands that they carry include VILA and Superdry. (CMJEANS, [ref. 5 October 2018]). According to Hammerfest Næringsforening (2018), the retailer is open every day except on Sundays. The price range of the products is not possible to assess as the company only maintains a Facebook and an Instagram page and prices are not mentioned there. Additionally, economic stability is difficult to evaluate as only information regarding the financial performance of the company is from 2014.

5.5 Suggested retailers

Overall, the retailer selection process is more complex than what has been presented in this chapter. Therefore, it is important to recognize that there are other factors influencing the final retailer selection. The same features that influence retailer's supplier selection such as terms of trade, reputation and support systems influence the retailer selection also for manufacturers. Additionally, aspects such as logistics and warehouse functions that have not been selection criteria in this study influence the final decision. Furthermore, one of the factors in the retailing environment, the store atmosphere cannot be determined through this study and that too can be an influencer to the final decision. However, in this thesis, the retailer selection criteria provided large enough framework to find potential retailers for Tella. When solely evaluating the found retailers based on the retailer selection criteria, it is difficult to determine the absolute best and the absolute worst retailer for Tella as all retailers found showcase different kinds of potentiality. However, some retailers can be prioritized.

For the Lapland market, the most potential retailers based on the *brand and product suitability* are Your Piece of Finland and La Perle. Although, the financial information regarding Your Piece of Finland arises questions regarding their economic stability and profitability, the retailer's strategy is ideal for both Tella's product and brand as the retailer only sells products of Finnish origin. La Perle offers their customer several high-quality brands and Tella's high-quality product and brand could suit their product assortment well. Additionally, one of the most important aspects in retailing, location is favorable for La Perle as the retailer is in the town of Tornio, which is located right at the border between Sweden and Finland thereby offering potential large customer base. The other found retailers showcase no signs that could exclude them totally as Tella's potential retailers, but the lack of competitive elements regarding for example location, target customers and brand and product suitability compared to Your Piece of Finland and La Perle make them secondary options for Tella.

The prioritizing of the potential retailers of the skiing centers is more difficult to determine. This is due to the limited amount of information found overall on the retailers, especially regarding the financial information of the retailers. In terms of the *brand and the product*, the Zero Point Brand Store could be a good choice for Tella as the retailer only focuses on selling branded clothing and accessories and as Tella wants to also sell their brand, this retailer could potentially offer a good way to do that. But in terms of *communicating* the brand story of Tella, it can be that Ilona Pienoistavaratalo and Kide Life and Style Shop are able to do it better than Zero Point Brand Store as they are smaller retailers and carry a selected number of brands in their selection as opposed to the Zero Point Brand Store that offers a large selection of brands making it possible harder for Tella to showcase their brand and product. However, it is important to question whether overall these skiing center retailers are able to provide enough customers for Tella. As it has been mentioned before tourism in the north is seasonal and it raises questions whether there is enough purchasing power in these areas.

From the Norrbotten market all retailers, except Gilda due to the lack of information, can be considered as potential retailers that Tella should reach out to as all are suited for Tella's *product and brand* and based on the financial information available, businesses are profitable and have liquidity. However, one of the main weaknesses is that some of the found retailers retail products only for men or children, which would mean that Tella would not be able to offer their entire collection for men, women and children at the same location. This decreases the potentiality of Bengts, Doffi, The Local Store and furthermore Gilda. Therefore, the most potential retailers in the Norrbotten market are Hanzens and Örjan's

The lack of information on all found Norwegian retailers generates limits to analyzing the full potentiality of the retailers. The lack of information was not limited only to financial information but to the overall information on all retailers as many of the retailers did not maintain any webpages. This is firstly, an unusual aspect in today's retailing world and secondly this aspect has significant impact on the analysis of potential retails and therefore also damaging the reliability and validity of this research. Furthermore, the same phenomenon that influences the potentiality of the retailers in the Norrbotten market, influences the found retailers in Troms and Finnmark as majority of the found retailers retail only clothing for women or children which would mean that Tella would not be able to retail their full collection by these retailers. Therefore, based on the found information and taking this limiting aspect into consideration the most potential retailers for Tella in Troms and Finnmark are Tromsø Sport and CM Jeans.

6 CONCLUSION

As a result of the study, potential retailers were found successfully from each market (Table 5) thus the aim of the thesis has been fulfilled. As discussed in Subchapter 5.5 Suggested retailers, it is difficult to determine the absolute best and the absolute worst retailer, and it is also difficult to exclude retailers entirely as the selection of retailers is more complex than what has been introduced in this thesis. However, some of these found retailers can be prioritized as some showcase larger potentiality compared to others. For the Lapland market the most suitable retailers are La Perle and Your Piece of Finland. As for the skiing centers, Zero Point Brand Store, Ilona Pienoistavaratalo and Kide Life and Style Shop are the most suitable options for Tella. In Norrbotten the most suitable retailers are Hanzens and Örjan's and in the combined area of Troms and Finnmark the most suitable retailers for Tella are Tromsø Sport and CM Jeans.

Table 5 The found retailers for Tella from all market areas.

Lapland	**Skiing centers**	**Norrbotten**	**Troms & Finnmark**
Kemin Toinen Linja	Artica	Bengts	Britt's Boutique
La Perle	Ilona Pienoistavaratalo	Doffi	CAVA
Muotihuone	Kide Life and Style Shop	Gilda	CM Jeans
Subway Clothing	Putiikki Salla	Hanzens	Me & Me
Tehdas-Asu	Shopporo	The Local Store	Nor-Style
Your Piece of Finland	Ski Wear	Örjan's	Sirkka
	Zero Point Brand Store		Tromsø Sport

During the research a total of 26 retailers were found, of whom nine can be considered as the most potential ones. The found retailers provide a good foundation for Tella to start planning and implementing a market entry strategy to reach these new markets and thus the purpose of the thesis has been fulfilled. The retailers found during the research are suitable for Tella based on the retailer selection criteria that was set by the company.

In addition to the found retailers, it is important to take into consideration the other aspects that arose during the research. During the retailer selection process two main aspects were noticeably repetitive and impacted the results. The northern market offered a selection of retailers that retail solely products made in the northern areas and especially traditional Sami products, reindeer and polar bear products directed the offering among many retailers. This aspect is not unusual as typically it can be an important strategic decision for retailers to showcase local products. However, this can be a challenge for Tella as it raises questions whether these products reflect also the consumer preference. Tella wants to target the international tourists that visit the area and it can be that tourists prefer purchasing these local products offered over other products. This a potential challenge that Tella will have to face. As Tella wants to reach international tourists it is important for Tella to understand the consumer behavior of the tourists and possibly plan separate strategies to reach these target consumers.

Moreover, as all large retailers and retail chains were excluded for the study it generates weaknesses for the markets. Both in Northern Sweden and Northern Norway the market was dominated by large retail chains such as H&M and Bik Bok. This is very understandable as both countries are homes to these large clothing retail chains and therefore the chains are well-represented in the countries. However, this influences the markets by diminishing the amount of smaller, independent retailers. In addition, perhaps due to the large retailers the smaller retailers in the area are more specific in their product assortment as more retailers in the areas were found that exclusively sell either women’s, men’s or children’s clothing. This creates another problem for Tella as the company is unable to retail their entire collection at these types of retailers.

Lastly, it is important to mention a threat that can potentially weaken the markets overall. The market areas are small and very rural which raises a general question whether there is enough purchasing power available in the market areas. This is highlighted especially in the case of the skiing centers. During the research retailers were found from some of the skiing centers but the offering was limited which can mean that purchasing power is low. Additionally, it is difficult to determine whether the international tourists will provide enough purchasing power to make market entries beneficial for Tella. Furthermore, as it has been mentioned before, tourism in especially Lapland and in Norrbotten is seasonal with winter being the largest season. The combination of a rural market area, potential low purchasing power and tourism potentiality, and seasonality generates a large weakness for the overall market and, therefore, more research on the general potentiality of the market needs to be done.

These additional findings that arose during the research are extremely important for Tella as they begin to plan their potential market entries to these areas as the findings have an impact to the entire market entry strategy. The information found during the research can help the company to adjust aspects such as product design, pricing and marketing to suit the market and the company can use this thesis to better understand the retailing environment of the markets. It is important for Tella to acknowledge and react to them because as it has been stated before the better the company has prepared for foreign market entries, the higher are the chances of successful market entries.

6.1 Research reliability and validity

The research conducted in this thesis was done as a desktop study. Therefore, no primary data was collected, and the research and its results rely entirely on secondary data. The data was collected by using books, statistics, publications, databases, online articles and webpages as sources. Each source was carefully selected to increase the reliability of the research and for example the motivations behind the data was evaluated. However, as it has been mentioned before the retailer selection criteria regarding economic stability of the retailers lacks information and therefore any financial information regarding the retailers cannot be considered as sufficient enough to illustrate the full picture of the economy of the retailer, thus damaging the reliability of the results. The lack of information regarding retailers in Troms and in Finnmark also damage the reliability of this research. Moreover, as the determination of the quality and the validity of the sources relies on the judgement of the researcher it is impossible to ensure absolute reliability and validity.

However, the found information has been adequately gathered. Data was ethically collected, and all sources were cited accordingly, and the sources were evaluated continuously throughout the writing process, and information were compared to each other to determine the validity of the data. The researcher has remained unbiased and the research included a long and a through process of finding sources and based on these factors, the research can be considered as reliable and valid.

6.2 Suggestions for further research

As the study was conducted in the framework of exploratory research, continuously throughout the research process different aspects arose that couldn't be taken into consideration in order to limit the scope of research. Some of them are larger aspects such as what is the overall market potentiality of the countries and also whether the company itself is ready for the implementation of their internationalization and export strategy. One of the most important things in business, competition, wasn't included in this study and therefore the company ought to find out more on the competitive environment in the foreign markets. Lastly, as it has been mentioned before, final decisions regarding retailers rely on other factors as well and therefore it is necessary to find out whether the found retailers fulfil the other retailer selection features in order for the company to make the final decisions. Therefore, the suggestions for further research are the following

- Market research on Sweden and Norway
- Internal company analysis (readiness for internationalization)
- Analysis of the competitive situation on the Swedish and the Norwegian market
- Finding out whether the presented retailers in the thesis fulfil other features of the distributor selection criteria such as terms of trade, warehouse solutions and logistics

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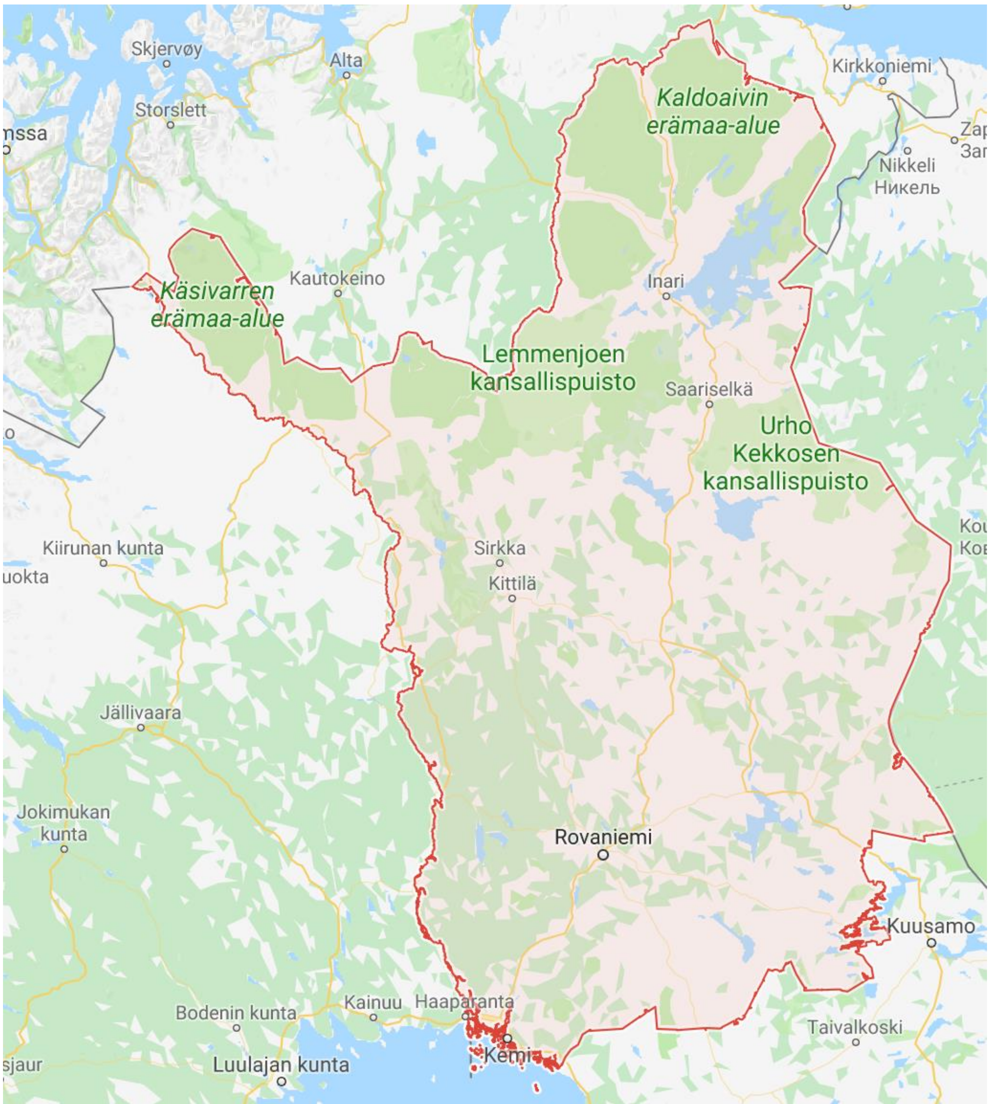
APPENDICES

APPENDIX 1. Lapland



APPENDIX 2. Norrbotten

APPENDIX 3. Troms

APPENDIX 4. Finnmark

APPENDIX 5. The population of Lapland’s municipalities

Rovaniemi	61 807
Tornio	21 977
Kemi	21 343
Sodankylä	8595
Keminmaa	8303
Kemijärvi	7610
Inari	6829
Kittilä	6351
Ylitornio	4141
Ranua	4012
Kolari	3781
Salla	3620
Pello	3535
Posio	3370
Simo	3152
Tervola	3077
Muonio	2331
Enontekiö	1881
Utsjoki	1244
Savukoski	1041
Pelkosenniemi	948
TOTAL	**178 948**

APPENDIX 6. The population of Norrbotten's municipalities

Luleå	77 307
Piteå	42 124
Boden	28 073
Kiruna	23 178
Gällivare	17 875
Kalix	16 214
Haparanda	9740
Älsbyn	8257
Arvidsjaur	6452
Pajala	6047
Jokkmokk	5105
Övertorneå	4488
Överkalix	3391
Arjeplog	2829
TOTAL	**251 080**

APPENDIX 7. The population of Troms' and Finnmark's municipalities

Tromsø	73 480	Salangen	2230
Harstad	24 695	Båtsfjord	2211
Alta	20 097	Gáivuotna Kåfjord	2150
Lenvik	11 618	Vardø	2137
Hammerfest	10 455	Storfjord Omasvuotna Omasvuono	1865
Sør-Varanger	10 227	Tranøy	1543
Målselv	6741	Ibestad	1403
Vadsø	6160	Lebesby	1318
Balsfjord	5701	Kvænangen	1231
Nordreisa	4895	Måsøy	1215
Bardu	4019	Dyrøy	1158
Porsanger Porsángu Porsanki	3978	Gamvik	1139
Sørreisa	3452	Gratangen	1137
Nordkapp	3276	Hasvik	1054
Skånland	3041	Loabák Lavangen	1051
Kvæfjord	3029	Kvalsund	1035
Guovdageaidnu Kautokeino	2956	Berlevåg	1000
Deatnu Tana	2922	Unjárga Nesseby	959
Skjervøy	2920	Loppa	951
Lyngen	2861	Berg	915
Kárásjohka Karasjok	2668	Torsken	913
Karlsøy	2282	**TOTAL**	**240 088**