

Jenna Hämäläinen

Market research on the Swedish textile and fashion market for a Finnish headwear manufacturer

Case company: Tella Oy

Thesis

Autumn 2019

School of Business and Culture

Degree Programme in International Business

SEINÄJOKI UNIVERSITY OF APPLIED SCIENCES

Thesis abstract

Faculty: Business and Culture

Degree Programme: International Business

Specialisation:

Author: Jenna Hämäläinen

Title of thesis: Market research on the Swedish textile and fashion market for a Finnish headwear manufacturer Case company: Tella Oy

Supervisor(s): Cory Isaacs

Year: 2019

Number of pages: 33

Number of appendices: 5

This research was conducted to support the case company Tella Oy with their ongoing plans of expansion from Finland to the European market. The research serves as a base on which the company can build their own export and market entry strategies.

This thesis can be divided into theoretical framework and empirical research. The empirical research focuses on analysing the current conditions of the Swedish textile and fashion market with a specific focus on headwear, including competitors and potential retailers. All of the data in this thesis consists of secondary data, which was collected as a desktop study.

Based on the research, we can say that entering the Swedish market is an option that the case company should take into consideration when expanding their operations abroad. There are some threats that can be observed, but also opportunities, like the fact that Swedish consumers' values are in line with Tella Oy's. Further research and planning is needed for a successful market entry.

Keywords: market research, export, Sweden, competitors, retailers

SEINÄJOEN AMMATTIKORKEAKOULU

Opinnäytetyön tiivistelmä

Koulutusyksikkö: Liiketalous ja Kulttuuri

Tutkinto-ohjelma: International Business

Suuntautumisvaihtoehto:

Tekijä: Jenna Hämäläinen

Työn nimi: Markkinatutkimus Ruotsin tekstiili- ja muotimarkkinoista suomalaiselle päähinevalmistajalle Case: Tella Oy

Ohjaaja: Cory Isaacs

Vuosi: 2019

Sivumäärä: 33

Liitteiden lukumäärä: 5

Tämä opinnäytetyö on toteutettu tukemaan toimeksiantajan Tella Oy:n laajentumista Euroopan markkinoille. Tutkimus toimii pohjana, jonka avulla yritys voi rakentaa oman vienti- ja maahantulostrategiansa.

Opinnäytetyö on jaettu teoriaosuuteen ja tutkimukseen. Tutkimus keskittyy analysoimaan Ruotsin tekstiili- ja muotimarkkinoiden nykyoloja, keskittyen erityisesti päähineisiin. Markkinaoloihin lukeutuvat mm. kilpailijat sekä mahdolliset jälleenmyyjät. Kaikki kerätty tieto on toissijaista tietoa.

Lopputuloksena saatiin selville, että Ruotsi on varteenotettava vaihtoehto, kun yritys päättää laajentaa toimintaansa ulkomaille. Markkinoilla on tiettyjä uhkia, mutta myös mahdollisuuksia. Esimerkiksi ruotsalaisten kuluttajien arvot vastaavat Tella Oy:n arvoja. Laajempaa tutkimusta ja suunnittelua tarvitaan menestyneen markkinoille tulon toteuttamiseen.

Asiasanat: markkinatutkimus, vienti, Ruotsi, kilpailijat, jälleenmyyjät

TABLE OF CONTENTS

Thesis abstract	2
Opinnäytetyön tiivistelmä.....	3
TABLE OF CONTENTS	4
Terms and Abbreviations.....	6
Tables, Figures and Pictures.....	7
1 INTRODUCTION.....	8
1.1 Purpose and objectives of the research	8
1.2 Research question	9
1.3 Structure of the thesis	9
2 CASE COMPANY – TELLA OY.....	10
2.1 Tella internationally	11
3 MARKET RESEARCH	12
3.1 Competition analysis	12
3.2 PESTLE-analysis	13
3.3 SWOT analysis	14
3.4 Retailer analysis.....	15
4 RESEARCH AND ANALYSIS.....	16
4.1 Research Methods.....	16
4.2 Data collection.....	17
4.3 Reliability and validity of the research	18
5 MARKET RESEARCH RESULTS	19
5.1 Target market.....	19
5.2 PEST-analysis.....	20
5.2.1 Political factors.....	20
5.2.2 Economic factors	21
5.2.3 Socio-cultural factors	21
5.2.4 Technical factors.....	22
5.3 Competitor analysis.....	22

5.3.1 Horisaki.....	23
5.3.2 DEDICATED.....	23
5.3.3 Hufvud	23
5.3.4 Wigéns.....	24
5.3.5 CTH Ericson of Sweden.....	24
5.3.6 Summary of competition	24
5.4 Retailer analysis.....	25
5.4.1 Hatstore	25
5.4.2 Hatthyllan.....	25
5.4.3 Åhléns.....	25
5.5 SWOT-analysis	26
CONCLUSION.....	28
BIBLIOGRAPHY	29
APPENDICES.....	33

Terms and Abbreviations

CEO	Chief executive officer
B2C	Transaction between a business and customer
B2B	Transaction between a business and another business
Nordic countries	Finland, Sweden, Norway, Denmark and Iceland
SWOT-analysis	Analysis of a company's inner strengths and weaknesses and external opportunities and threats

Tables, Figures and Pictures

Table 1 SWOT analysis on Tella Oy26

Picture 1 Example of Tella headwear (Tella Oy 2019)..... 10

1 INTRODUCTION

During this age of globalization, many businesses decide to turn to international markets for growth opportunities. This is especially true for companies in the manufacturing sector. The domestic market of Finland is small with a population of 5,5 million, which means that the number of potential customers and retailers is also limited. Many Finnish companies have successfully decided to move outside of the Finnish markets. With more than 150 locations globally, Marimekko is an example of a Finnish company succeeding in international expansion. (Marimekko, 2019 [ref. 28.11.2019])

Kotler and Armstrong (2018, 580–581) state that there are five ways of entering new markets. The options are direct exporting, indirect exporting, joint venturing, contract manufacturing, and direct investments. Regardless of the chosen method, entering new markets can be a challenge for companies, because of the lack of prior information about the new market's conditions, such as the scale of demand for their products. According to Hollensen (2017, 19) the chances of successful market entry is increased when the company is well prepared. Conducting market research can give the company valuable information on the different factors at play in a specific market. A well conducted research can help in making more informed business decisions, therefore maximizing profit as well since a decision can be made whether it would be beneficial to enter the market or move to other potential markets instead.

1.1 Purpose and objectives of the research

Purpose of this research is to find out if expansion to the Swedish market is a viable option for Finnish headwear manufacturer Tella Oy. This research supports the case company's ongoing plans of expansion to the European market.

The objective is to examine the current market conditions in the Swedish fashion retail market, with a specific focus on headwear. This research is meant to give the company a preliminary view of the Swedish textile and headwear market, and of the

opportunities it has to offer as well as an analysis of competitors and potential retailers. Any further aspects of market entry related to different strategies, planning and implementation of market entry is left up to the company.

This research will focus on the more heavily populated area of Stockholm and its surroundings in Southern Sweden, since it is a natural and easy entry place from companies coming from Finland.

1.2 Research question

Following the purpose and objectives of the research, two research questions can be formed:

1. What are the current conditions of the Swedish textile and fashion market for the case company?
2. Is expansion to Sweden a viable option for the case company?

1.3 Structure of the thesis

This thesis starts with an introduction, which describes the topic and purpose of the thesis in detail. Theoretical framework introduces the theory of market research, approaches used to analyze the findings and research methods selected for this research. Empirical part of the thesis includes findings of the research, including specifics of the target market, competitor analyses and retailer analyses. Finally, the viability of the company's expansion will be discussed.

2 CASE COMPANY – TELLA OY

Tella Oy (later 'Tella') is the successor of Teuvan Lakkitehdas, which was established in 1935. Nowadays the company is led by CEO Liina-Maria Lönnroth. Lönnroth has been with the company from a young age and has since purchased it for herself. The company's turnover in 2018 was 43 000 euros according to Asiakastieto (2019 [ref. 9 September 2019]).

Tella is a producer of headwear for men, women and children. They have different styles and materials available for winter and summer. Tella's products have a classic design and they are made to last for a long time. The price of the headwear ranges between 40 and 80 euros in Finland. (Maammekauppa [ref. 3 November 2019]). An example of Tella's products can be seen in picture 1.

Tella take great pride in being able to manufacture high quality products in Finland, from ethically sourced materials. According to Lönnroth (2017) the vision of the company is to be recognized as a brand which manufactures high quality Finnish lifestyle and design headwear. Different materials are used, depending on the design of the hat and the season it is designed for. Wool and cotton are two examples of these materials. All of the raw materials used in manufacturing the products are either of Finnish or European origin and can be traced to their source. All products are manufactured in Finland by Finnish subcontractors.



Picture 1 Example of Tella headwear (Tella Oy 2019).

2.1 Tella internationally

Currently Tella's main market is still Finland but, in the future, more focus will be put into foreign markets. The size of the Finnish market for design headwear is limited, and the company seeks new growth opportunities by expanding to international markets. A large order from an international retailer can mean significant cashflow, which rivals that of the whole Finnish market.

Some potential countries of interest for Tella include but are not limited to the Nordic countries, Germany, Japan and Russia. There are high expectations especially for the German market and the opportunities are expected to be significant according to Lönnroth (2017, 9). Sweden is especially interesting for Tella because of its location and similarity of the consumer base. However, the size of the Swedish consumer base is significantly larger compared to Finland.

3 MARKET RESEARCH

Market research includes finding and analysing data to find out what the conditions of a specific market are. Based on these findings, decisions can be made on the managerial level about which steps the company should take next. Market research can be conducted by using either quantitative, qualitative or mixed-method research.

According to Barson (2003) quantitative market research is summarised as analysing numerical data and presenting it in a more understandable form. Various graphs and tables can be used to aid in explaining the data. Quantitative data includes numerical data which describes specific aspects of the market such as the economic situation of the target market. Saunders, Lewis and Thornhill (2012, 480) state that qualitative market research includes data which is not in numerical form. The data is based on interviews or written information, which is then analysed by categorising, structuring or summarising the information.

Analysing qualitative data is not as straight-forward as analysing quantitative data because it relies more on the researcher's interpretations of the data. According to Merriam and Tisdell (2016) it is important to try to understand the meaning behind the qualitative data, because it deals with people's experiences and opinions. Different ways of analysing market research data include for example PEST-analysis, competitor analysis and SWOT-analysis. PEST-analysis and competitor analysis are focused entirely on external factors while SWOT-analysis examines both internal and external factors.

3.1 Competition analysis

A well conducted research and analysis of the competition in the target market gives the company and idea of how they can differentiate themselves from the competition. They can also examine if entering the market would be a viable option at the current state of their operations.

Information can be collected from online sources as well as recent publications such as newspapers. Appropriate strategies can be formed based on the data collected. According to Sammut-Bonnici and Galea (2015), competition can occur both offline and online.

3.2 PESTLE-analysis

PESTLE-analysis consists of political, economic, socio-cultural, technological, legal and environmental factors. According to Cadle, Paul and Turner (2009, 4-6) the correct combination of factors can be chosen based on which information is the most relevant for the company in question. In this thesis, focus will be on the political, economic, socio cultural and technological aspects. This means that the method used is called PEST-analysis. The researcher has determined that these four factors are adequate in analysing if the Swedish market could be potential for the case company Tella.

Political factor focuses on the political environment. Each country has its own government, laws and policies which all affect the decisions made by the company. Examples of these factors include safety at the workplace, taxation and political instability. Cadle et. al (2014, 3-4) state that changes in the European union and global issues can have an effect on a country's political situation.

Economic factors affect the rate of inflation, taxes and interest rates, which means they have a strong impact businesses' decision making according to Bush (2016). Economic factors can change at a rapid pace, which makes collecting and analysing the data a challenging task.

Social factors deal with aspects related to potential customers. Social factors are complex and can be affected by for example advertising. They can be challenging to determine due to the subtle changes that can occur in people's attitudes and preferences. Culture represents the values and habits people learn from their parents. According to Sammut-Bonnici and Galea (2015) cultural factors include attitudes towards brands, buying behaviour, advertisement and religious influence.

Technological factors refer to the changes in the field of technology. Cadle et al. (2014, 4) state that the factors can be divided into changes in the world of IT and the changes in a specific industry. Technology is constantly developing and changing and thus influences the market. An example of technological factors is the popularity of online shopping, which has an effect on international trade.

3.3 SWOT analysis

SWOT analysis is performed to help gain a clearer picture of the company's strengths, weaknesses, opportunities and threat involved in making a certain business decision. According to Schooley (2019 [Ref. 22 November 2019]), the analysis can be used to discover strategies that help in tackling challenges and identify which parts of their plan needs to be focused on.

A typical way of making SWOT analysis is by drawing four columns, each for one letter of the acronym. Strengths include the company's unique capabilities, for example experience. Weaknesses cover internal weaknesses such as lack of capital. Opportunities are external factors that give the company competitive advantage. Finally, threats are external factors that have a possibility to harm the company, for example competition.

After completing the SWOT analysis, the company's future prospects can be evaluated, and an appropriate strategy can be formed to aid in the goal of entering a new market (Furgison 2016 [ref. 23 November 2019]). Strengths–Opportunities strategy takes advantage of opportunities by using the company's inner strengths. Strengths–Threats strategy minimizes threats by using the company's strengths. Weaknesses–Opportunities strategy takes advantage of opportunities with the aim of improving weaknesses. Weaknesses–Threats strategy aims to avoid threats by eliminating the company's weaknesses.

3.4 Retailer analysis

Kotler and Armstrong (2018, 392) define retailing as the act of selling products or services to consumers directly and for personal use. A company whose primary source of revenue comes from retailing is called a retailer. According to Varley and Rafiq (20014, 56) retailers play a significant role in the process of purchasing goods or services, because they are responsible for providing the customer with a convenient place to make the purchase.

Varley and Rafiq (2004, 24) state that retailing channels can be divided into four sections: supermarkets and hypermarkets; department stores, specialty stores and off-price retailers. Due to the popularity of online retail, it is also useful to examine it as one additional channel for retail. These channels are distinguished by characteristics such as price, layout of the store and product line. Kotler and Armstrong (2018, 393) note that due to the different level of service products may require, it is important to have different types of retailers.

Among consumers, *supermarkets and hypermarkets* are the preferred retailers according to Kotler and Armstrong (2018, 394). Consumers can conveniently fulfill all their everyday needs at one place since supermarkets and hypermarkets offer a wide variety of products from food to clothes and most common household items. *Department stores* are divided into clear sections based on product categories and are usually built on multiple levels (Varley & Rafiq 2004, 24) Department stores can carry a wide variety of products to appeal to all consumers or they can be aimed at a more narrow and specific segment of customers. According to Solomon et al. (2013, 555) *specialty stores* are focused on a narrow product line but carry a wide range of products inside that product line. Compared to department stores, specialty stores are smaller in size. *Off-price retailers* can be defined as shops that have bought products for less than the normal wholesale price and sell them for less than the regular retail price according to Kotler and Armstrong (2018, 394) The most common example of this type of retailer are factory outlets, which sell products that do not meet the usual quality standards. *Online retailers*, like the name suggests, operate online without the need for a physical location, which offers them a competitive advantage.

4 RESEARCH AND ANALYSIS

4.1 Research Methods

Bryman and Bell (2015, 49) describe research methods as techniques which are used in collecting data. With a carefully selected research question, the correct research method can be chosen. Research method types can be divided into two categories: quantitative and qualitative research.

Quantitative and qualitative research can be distinguished by thinking of quantitative research as numeric data and qualitative research as non-numeric data (Saunders et al. 2012, 161) Quantitative research methods produce results that consist of numerical data. In order to analyse and present this data, various tables and figures can be used. Qualitative data on the other hand consists of non-numeric data such as interviews or articles and require the interpretation of the researcher. However, this definition can sometimes be quite narrow and limiting for the research.

Using multiple methods simultaneously limits the weaknesses of the individual research methods while providing an opportunity for more in depth data collection and analysis. According to Bryman and Bell (2015, 164) the popularity of multiple method research in the field of business has increased because of this reason.

For this thesis, mixed method research was chosen, because according to Gray (2004, 320) qualitative research deals with real-life issues, which benefits the case company as the problem they want to solve is also set in real-life. The data collection and analysis will be done following a parallel design. The parallel design allows for the qualitative and quantitative data to be collected simultaneously but separately and compared side-by-side (Saunders et al. 2012, 152-153). Some of the secondary sources used in the research may also include aspects of both quantitative and qualitative design, hence the selection of mixed method research.

4.2 Data collection

According to Krishnaswami and Satyaprasad (2010, 86), depending on the research question, there are different methods of data collection that can be used. Information sources can be roughly divided into primary data and secondary data.

Primary data is always from original sources, which means that the researcher is responsible for the collection of information which has not been discovered before. The data can be collected from a sample of people via interviews, surveys, observation, etc. *Secondary data* consists of research that has already been conducted by someone else for a different purpose according to Saunders et al. (2012, 256) For example, financial statements, annual reports, trade journals and newspapers are all considered as secondary data. Secondary data can be extremely diverse in nature, but they all have a few things common. Firstly, they are ready to be used, without constructing any research tools. The researcher does not have any control over the content or form of the data either. Secondary data doesn't require the researcher to be present at the time when the original research was conducted.

In this market research, all data collected is secondary data. Data collection will occur for the most part online via various publications such as journals, webpages, articles and books. This method was chosen because of the advantages it offers. Secondary data can be quick and cheap to collect, since it does not require travelling for interviews or waiting long periods of time for survey answers. Majority of the work is in the location of the necessary information. With secondary data, it's also possible for the researcher to cover a wide geographical area. If needed, secondary data can be verified from primary data sources by the researcher. Acquiring primary data was decided to be left out, because of the nature of the research questions.

Saunders et al. (2012, 256) note that secondary data does not come without its limitations. The most prominent limitation being that the data which is available does not always coincide with the needs of the researcher. Without an adequate amount of resources, the information can too limited or be of subpar quality. Secondary data can't always be counted to be accurate or up to date either.

4.3 Reliability and validity of the research

Research reliability is used to describe the consistency of the research. This means that in order for the research to be reliable, it needs to be able to produce same findings if the research were to be repeated by a different individual (Saunders, et al. 2012, 192). Using only secondary data requires the researcher to be hyper aware of the sources they are using and evaluate them properly by looking into who has collected the data, for what reason and how (Krishnaswami & Satyaprasad. 2010, 88. Saunders et al. 2012, 276). Researcher should evaluate if the definitions, classifications, measurements and values in the secondary source are in line with the ongoing research. The topic and time coverage of the data should also be evaluated against the needs of the research.

The next step, after coming to the conclusion that the data fits the needs of the research, is to evaluate the quality of the data. (Krishnaswami & Satyaprasad. 2010, 88) Data quality refers to if data from the secondary source is complete, reliable and accurate. Complete data should have a sound methodology and appropriate sampling size. Reliability and accuracy can be evaluated by examining who is behind the data collection and for what purpose the data was collected.

To ensure the validity of this research, the researcher will be careful when evaluating different sources by following the aforementioned evaluation criteria. The researcher will also remain objective and critical of all secondary sources and select only sources which are deemed appropriate for the research. Information gathered will be checked in different languages whenever possible.

5 MARKET RESEARCH RESULTS

In this section of the research, the Swedish market will first be examined in more general terms, followed by PEST-analysis and competitor analysis. The market research results will end in a SWOT-analysis, which examines the case company in the target market.

5.1 Target market

Sweden is the largest one of the Nordic countries with a GDP of \$551 billion in 2018. (Export.gov [ref. 19 November 19, 2019]) Sweden can be described as a highly developed industrial country. Sweden is also a member of the European Union, which makes the Swedish market well integrated with the European market. (Market Trade [ref. 19. November 2019]). Due to the high level of development in the market, competition is also prominent, which means that entering the market can be difficult without good business relationships. Swedish consumers are used to high quality both in products and standard of living. They value ethics and gender equality in both B2C and B2B markets.

According to a report produced in collaboration between TEKO, The Swedish Textile and Clothing Industries' Association and the Marketing Academy Student Association, large part of Sweden's economy is generated by the textile industry with a total turnover of 11,4 billion euros (2015 [ref. 2 December 2019]). Domestic market accounted for 79% of this turnover. However, the share of export is slowly increasing. Majority of turnover is generated by wholesale and retail.

Three key words can be used to characterize the Swedish textile industry: design, flexibility and sustainability. Design refers to the traditional Scandinavian design, which is well known globally. Flexibility describes the importance of being able to quickly adjust to changes in the industry. Finally, sustainability covers long-term goals in corporate social responsibility.

According to Ecommerce News (2019 [ref. 22 November 2019]) online retail is extremely widely spread in Sweden, thanks to their long-lasting history with mail order

and prominent retail brands such as IKEA, H&M and Nelly. The worth of ecommerce in Sweden is expected to be 16.86 billion euros in 2019, which is an increase of 12.8 percent from 2018. Clothing and footwear is the most popular product category with 39 percent of all sales. Of Sweden's population, 94 percent are internet users. In 2015, online shoppers accounted for 78 percent of the internet users, and this figure is expected to rise to 84 percent in 2019.

5.2 PEST-analysis

As stated in section 3.2 of this thesis, the four aspects of PEST-analysis are political, economic, socio-cultural and technological aspects. This analysis begins with the identification of the PEST-factors related to the case company's entry to Swedish market, after which the factors will be defined as opportunities or threats. Together with SWOT-analysis, the information gathered in PEST-analysis can be used to make informed business decisions.

5.2.1 Political factors

In the case of Tella, political factors selected are political climate of Sweden, and policies related to government and trade. According to Eurydice, an official website of the European Union (2019 [ref. 3 November 2019]), the Swedish government has implemented several measures which aim to promote better matches in the labor market. These measures include changes in employees' insurances, social security and taxation. The Swedish government has a trade and promotion policy, which aims to encourage trade with other countries. (Government offices of Sweden, 2019 [ref. 3 December 2019]). Sweden is also part of the European Union, so benefits of the EU trade legislation apply to both Finland and Sweden.

Political factors in Sweden can be regarded as opportunities. The government legislation especially is very supporting in terms of trade.

5.2.2 Economic factors

Economic factors relevant for the case company, are inflation and taxation. According to Trading Economics (2019, [ref. 3 December 2019]) Sweden's annual inflation rate was 1.6% in October 2019. At the end of this quarter, it is expected to be 1.4%. In the long run, the inflation rate of Sweden is expected to be around 1.8% in 2020. The corporate tax rate in Sweden has been 21.4% since January 2019, but is going to be lowered to 20.6% in 2021. The European Commission's Directorate-General for Economic and Financial Affairs (2019, [ref. 3 December 2019]) has reported, that Sweden's economy is estimated to slow down. In particular, investments on part of the Swedish manufacturers and demand domestically are on the decline. The report also predicts that Sweden's economic growth would start to pick-up in 2021.

These economic factors can be viewed as threats. Particularly the slowing down of the economy is a threat to the success of Tella's entry to the market.

5.2.3 Socio-cultural factors

Socio-cultural factors are related to the consumer base in Sweden. The factors examined in this analysis are buyer behavior and buyer attitudes and religious influences. As mentioned in section 5.1, Swedish consumers are used to buying high-quality products. Swedish consumers strongly prefer supporting domestic companies, when making purchasing decisions. (Miltzner, 2018, [ref. 3 December 2019]) According to the official site of Sweden (2019 [ref. 3 December 2019]) the country has not had an official state church since 2000, but the effects of many years under the influence of Evangelic Lutheran church can still be observed to certain extent. However, Swedish people do not tie happiness together with religion.

The fact, that Swedish consumers prefer to support local businesses, is a threat for Tella. Religion does not pose a threat in the headwear market.

5.2.4 Technical factors

Factor in the field of technology identified for this analysis is the popularity online shopping in Sweden. As stated in section 5.1, 94% of the Swedish population use the internet regularly. 78% of these internet users also shop online. Most of the prominent brands sell their products online. Ecommerce in Sweden is expected to be worth 16.86 billion euros in 2019.

Online shopping is an opportunity for Tella. They already have their own online shop, so they have recognized the importance of online retail. Finding retailing channels in the Swedish ecommerce market opens up vast possibilities.

5.3 Competitor analysis

The Swedish textile industry is highly competitive. Sweden is the home of many internationally recognized companies and brands such as H&M, Lindex, KappAhl, Tiger of Sweden, Fjällräven, Peak Performance, Haglöfs and Weekday. All of these brands, and many more, offer a wide range of clothing items including headwear for winter and summer. The aforementioned companies represent the more mass-produced side of the competition: their products are more cheaply produced outside of Sweden and can therefore be sold at a cheaper price and in larger quantities.

Following five companies are an example of more artisanal and less known competition that the Swedish textile and fashion market has. They were discovered with an online search using variety of search terms including the following: ekologisk mössa, sustainable hats Sweden, Swedish hat manufacturers, tillverkare mössor, tillverkare hattar. Example pictures of the products are provided to give a clearer understanding of the competitors' products in appendices 1-5.

5.3.1 Horisaki

Registered under the name HORISAKI DESIGN AB, Horisaki is a designer and manufacturer of artisanal headwear in Småland, Sweden. They use a variety of different materials, such as rabbit fur and beaver. (Cowan, 2017) According to Horisaki's website, the company has their own shop in Rockneby, Sweden as well as five retailers in the country. (Horisaki 2019 (ref. 21 November 2019)) Price of the hats starts from around 500 euros and goes up to a thousand. (STIL-ETT 2019 [ref. 21 November 2019])

5.3.2 DEDICATED.

Registered under the name Stockholm Tshirt Store AB, DEDICATED has shops in various cities around SWEDEN. Most prominent are two locations in Stockholm, one in Gothenburg and one in Malmö. The company has a large international presence: they have spread all the way from South Korea to Puerto Rico. Turnover of the company was 3 400 308 euros in 2018 (Allabolag, Stockholm Tshirt Store AB [ref. 21 November 2019]). They have a wide range of street style clothing for men, women and children. Their products use 100% organic fair-trade cotton and recycled PET bottles. Price of headwear ranges approximately FROM 30 to 35 euros. (DEDICATED. 2019 (ref. 21 November 2019)).

5.3.3 Hufvud

Registered under the name Hufvud af Harald, Hufvud is a manufacturer of custom-made men's fedora style hats. The hats are hand made in Lund, Sweden and they use European animal fur and Scandinavian deer skin. (Hufvud. 2019. [ref. 21 November 2012]) Hufvud is a new company, it was established in 2017. They do not have a physical location, instead they operate solely online. Price of the hats starts from 250 euros.

5.3.4 Wigéns

Wigéns headwear was founded in 1906 and has been operating under the company Amanda Christensen AB since 2013. Turnover of the company was 5 356 816 euros in 2018. Wigéns has a variety of hat styles for both men and women. They are based in Ulricehamn, Sweden and the hats are produced in Estonia. They value classic and timeless designs. (House of Amanda Christensen 2019. [ref. 21. November 2019]) Price of Wigéns hats range between 50 and 100 euros depending on the style and material (Hathyllan. [Ref. 21 November 2019]). The brand can be purchased on various retail sites.

5.3.5 CTH Ericson of Sweden

CTH Ericson is a Swedish manufacturer and retailer of headwear for men, women and children. On top of producing their own hats, they also carry products from a few selected European suppliers. Their goal is to use environmentally friendly raw materials that originate in Europe. (CTH, our story. 2019. [ref. 21 November 2019]) Turnover of the company was 416 282 euros in 2018 according to Allabolag (2019 [Ref. 21 November 2019]). The price of CTH Ericson hats range between 30 to 80 euros. (CTH, collections. 2019 [ref. 21 November 2019])

5.3.6 Summary of competition

As a summary, there are several competitors in the headwear market for Tella. The competitors that were selected for this analysis were companies, who manufacture their own brand of headwear. Some companies offer products for men, women and children, while others only focus on one specific demographic. For example, Hufvud only makes hats for men, while CTH Ericson of Sweden has a wider range of products. No Finnish competitors with similar designs to Tella were identified.

5.4 Retailer analysis

Establishing good business relations with retailers in the target market can make entering the market a much easier process. Finding companies in the realm of online retail is especially important due to the size of the Swedish ecommerce market. In this research, focus was put on retailers, who operate online and have physical locations.

5.4.1 Hatstore

Registered under the name Hatstore Scandinavia AB, Hatstore is an online shop, which offers a wide range of headwear from caps to beanies and more stylish hats. (Hatstore 2019 [Ref. 22 November 2019]) They carry more than 100 different brands on their site. Turnover of the company in 2018 was nearly 6.4 million euros according to Allabolag (2019 [ref. 22 November 2019]). Hatstore is based in Sweden, but they deliver to a number of countries including Finland, Australia, Brazil and the USA.

5.4.2 Hatthyllan

Registered as Hatthyllan Malmö AB, Hatthyllan carries a variety of stylish headwear for men, women and children, suitable for different occasions. The hats are very similarly priced to Tella's products, ranging between 30 and 100 euros. They have a physical location in Malmö, Sweden and an easy to navigate online shop. Hatthyllan is still a newcomer in the market, they were established in 2016. Turnover for the year 2018 was 132 440 euros (Allabolag. 2019. [ref. 22 November 2019])

5.4.3 Åhléns

Registered as Åhléns AB, Åhléns is one the largest fashion department stores in Sweden, with locations in nearly all major cities. Åhléns also has an online shop. According to Allabolag, the turnover of 2018 for Åhléns was over 460 million euros

(2019 [ref. 22 November 2019]). Currently, Åhléns carries a range of hats for summer and winter wear for men, women and children. The price of headwear varies greatly based on the brand, starting from 10 euros going up to a hundred. (Åhléns, 2019 [ref. 22 November 2019])

5.5 SWOT-analysis

Like stated earlier in the report, in section 3.3, with the help of SWOT-analysis a clearer picture of the company's strengths, weaknesses, opportunities and threats can be analysed. By performing the analysis, strategies can be discovered to tackle challenges and a focus for an internationalization plan can be identified.

The following SWOT analysis of the case company Tella's position in entering the Swedish market is created by following the traditional four-column method and strategies introduced in section 3.3.

Table 1 SWOT analysis on Tella Oy

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Passion and drive to develop operations • Strong leadership • Clear vision for the future • Materials and values 	<ul style="list-style-type: none"> • Small size of the company • Limited size of the current staff • Brand is not highly recognised in Sweden 	<ul style="list-style-type: none"> • Potential for expansion • Partners in Sweden who have a prior knowledge of the target market • Finnish partners who have knowledge on the market 	<ul style="list-style-type: none"> • Swedish competitors know the market and what its needs are • Similar hats can be made by domestic competition • Failure in entering the market

Tella has several clearly identifiable strengths. The company has strong leadership in the form of CEO Liina-Maria Lönnroth, who has decided to take Tella to international markets. The people of Tella have passion and drive to develop the company and view entering new markets as one way of doing this. A way for Tella to separate themselves from competition in Sweden, is the fact that their products are made entirely in Finland from responsible materials.

In terms of weaknesses, three can be observed. Compared Swedish competitors, Tella's brand is not easily recognized in the Swedish market. This weakness can be combatted by for example effective marketing. The company is also small in size and organizing large-scale international trade will most likely require new staff appointments.

There are three identifiable opportunities for the case company. As a small business, their potential for expansion both in the domestic and international markets are significant. With the help of partners in Finland and in Sweden, Tella can build connections in the target market and receive help in filling any gaps they have in their market entry plan.

Threats in the Swedish market are, for the most part, related to competitors. The competitors already know what the conditions of the Swedish textile and fashion market are and what the Swedish consumers want. They can make business decisions based on this knowledge. The Swedish competitors can also make similar products to Tella, in which case the Swedish consumers are more likely to choose a domestic product over an imported one. Marketing and Swedish partners play an important role in combatting these threats.

CONCLUSION

The objective of this thesis was to take a look at the current market conditions in the Swedish fashion retail market, with a specific focus on headwear. This research was conducted in order to give the company Tella a preliminary view of the Swedish market and an analysis of competitors and potential partners.

Based on these objectives, two research questions were also presented:

1. What are the current conditions of the Swedish textile and fashion market for the case company?
2. Is expansion to Sweden a viable option for the case company?

Mixed method desktop study was conducted to answer the research questions. The study begins with an overview of the Swedish market, followed by an introduction to the textile industry. Stockholm was chosen as a starting point for the research, because of its size and significance to the market, as well as the location when thinking about exporting from Finland to Sweden. The competition in headwear markets was analyzed and five competitors were examined more closely. Three potential retailers were also discovered. The contacting of these retailers and further research will be left up to the case company. Finally, a SWOT analysis was made to gain a better understanding of the case company's strengths, weaknesses, opportunities and threats based on the case company's current situation. Strategies were also discovered based on this analysis.

The market research shows, that there is definitely competition in the Swedish market. However, many of the Swedish consumer share similar values with Tella and could be interested in their products based on this. Tella's products are high-quality and are made from responsibly sourced raw materials, which is highly valued by Swedish consumers.

In the future, it would be beneficial for Tella to continue their own research and contact potential partners, both in Sweden and Finland, who could aid them in entering the new market. If deemed necessary, an export plan could also be made to support the market entry.

BIBLIOGRAPHY

- Allabolag. 2019. Stockholm Tshirt Store AB. [Web page]. [Ref. 21 November 2019]. Available at: <https://www.allabolag.se/5565094538/stockholm-tshirt-store-ab>
- Allabolag. 2019. CTH Ericson of Sweden AB. [Web page]. [Ref. 21 November 2019]. Available at: <https://www.allabolag.se/5562585421/cth-ericson-of-sweden-ab>
- Allabolag. 2019. Hatstore Scandinavia AB. [Web page]. [Ref. 22 November 2019]. Available at: <https://www.allabolag.se/5569135436/hatstore-scandinavia-ab>
- Allabolag. 2019. Hatthyllan Malmö AB. [Web page]. [Ref. 22 November 2019]. Available at: <https://www.allabolag.se/5590788112/hatthyllan-malmo-ab>
- Allabolag. 2019. Åhléns AB. [Web page]. [Ref. 22 November 2019]. Available at: <https://www.allabolag.se/5567978126/ahlens-ab>
- Asiakastiето. 2019. Tella Oy. [Web page]. Helsinki: Asiakastiето. [Ref. 9 September 2019]. Available at: <https://www.asiakastiето.fi/yriуkset/fi/tella-oy/27849602/taloustiedot>
- Barson, D. 2003. Quantitative market research. [Online journal]. New York: Allured Publishing Corporation. [Ref. 2 December 2019]. Available in Proquest Ebook Central. Registration required.
- Bryman, A. & Bell, E. 2015. Business Research Methods. 4th ed. United Kingdom: Oxford University Press.
- Bush, T. 2016. PESTLE Analysis: Economic Factors Affecting Business. PESTLE analysis. [Web page]. [Ref. 2 December 2019]. Available at: <https://pestleanal-ysis.com/economic-factors-affecting-business/>
- Cadle, J., Paul, D. & Turner, P. 2014. Business Analysis Techniques: 99 Essential Tools for Success. UK: BCS Learning & Development Limited
- Cowan, K. 2017. Horisaki on the beauty of crafting handmade hats and finding inspiration in nature [Online article]. [Ref. 21 November 2019]. <https://www.creativeboom.com/features/horisaki/>
- CTH Ericson of Sweden. 2019. Collections. [Web page]. [Ref. 21 November 2019]. Available at: <https://cthbutiken.se/collections>

- CTH Ericson of Sweden. 2019. Swedish Quality Headwear Since 1885 [Web page]. [Ref. 21 November 2019]. Available at: <https://cthbutiken.se/pages/since-1885>
- DEDICATED. 2019. Hats and Beanies. [Web page]. [Ref. 21 November 2019]. Available at: <https://www.dedicatedbrand.com/en/women/caps-and-beanies>
- Ecommerce News. 2019. Ecommerce in Sweden. [Web page]. [Ref. 22 November 2019]. Available at: <https://ecommercenews.eu/ecommerce-in-europe/ecommerce-sweden/>
- European Commission's Directorate-General for Economic and Financial Affairs. 2019. European Economic Forecast Autumn 2019. [Online publication]. [Ref. 3 December 2019]. Available at: https://ec.europa.eu/info/sites/info/files/economy-finance/ip115_en_0.pdf
- Eurydice. 2019. Sweden Political and Economic Situation [Web page]. [Ref. 3 November 2019]. Available at: https://eacea.ec.europa.eu/national-policies/eurydice/content/political-and-economic-situation-80_en
- Export.gov. 2019. Sweden - Market Overview. [Online publication]. [Ref. 19 November 2019]. Available at: <https://www.export.gov/article?id=Sweden-Market-Overview>
- Furgison, L. 2016. SWOT Analysis Challenge Day 5: Turning Your SWOT Analysis into Actionable Strategies. [Online article]. [Ref. 23 November 2019]. Available at: <https://www.challengest.com/documents/elearning/1/Additional%20study%20resources/Turning%20Your%20SWOT%20Analysis%20into%20Actionable%20Strategies%20%20Bplans.pdf>
- Government offices of Sweden. 2019. Trade and investment promotion. [Web page]. [Ref. 3 December 2019]. Available at: <https://www.government.se/government-policy/trade-and-investment-promotion/>
- Gray, D.E. 2004. Doing Research in the Real World. London: Sage Publications.
- Hatstore. 2019. [Web page]. [Ref. 22 November 2019]. Available at: <https://hatstore.se/>
- Hatthyllan. 2019. Wigéns. [Web page]. [Ref. 21 November 2019] Available at: <https://www.hatthyllan.se/varumarken/wigens#>
- Hollensen, S. 2017. Global Marketing. 7th ed. United Kingdom: Pearson Education Limited
- Horisaki. 2019. Stocklists. [Web page]. [Ref. 21 November 2019]. Available at: <http://www.horisaki.com/stockists.html>

- House of Amanda Christensen. 2019. About Wigéns. [Web page]. [Ref. 21. November 2019]). Available at: <https://houseofamandachristensen.com/en/aboutwigens>
- Hufvud. 2019. Story of Hufvud. [Web page]. [Ref. 21 November 2019] Available at: <https://www.hufvud.com/story>
- Kotler, P. & Armstrong G. 2018. Principles of Marketing. 17th ed. United Kingdom: Pearson Education Limited.
- Krishnaswami, O., Satyaprasad, B. 2010. Business Research Methods. Himalaya Publishing House.
- Lönnroth, L-M. 2017. Liiketoimintasuunnitelma. [Ref. 9 September 2019]. Tella Oy.
- Maammekauppa. 2019. [Web page]. [Ref. 3 November 2019]. Available at: <https://scandinavianoutdoor.fi/haku/?q=tella&type=P%C3%A4%C3%A4hineet>
- Marimekko. 2019. [Web page]. [Ref. 28 November 2019]. Available at: https://www.marimekko.com/eu_en/storelocator
- Market Trade. 2019. The Swedish market. [Web page]. [Ref. 19 November 2019]. Available at: <https://maketrade.se/services/the-swedish-market/>
- Merriam, S. & Tisdell, E. 2016. Qualitative research: a guide to design and implementation. 4th ed. San Francisco: Jossey-Bass. Available through the Ebsco eBook Collection.
- Miltzner, D. 2018. Sweden: A Land of Consumer Conservatism? [Online article]. [Ref. 3 December 2019] Available at: <https://www.forbes.com/sites/dennismiltzner/2018/11/11/sweden-a-land-of-consumer-conservatism/#56211570695e>
- Saunders, M., Lewis, P. & Thornhill, A. 2012. Research Methods for Business Students. 6th ed. England: Pearson Education Limited.
- Sammut-Bonnici, T. & Galea, D. 2015. PEST analysis. [Online publication]. [Ref. 2 December 2019]. Available at: https://www.re-searchgate.net/publication/257303449_PEST_analysis
- Schooley, S. 2019. SWOT Analysis: What It Is and When to Use It. [Online article]. [Ref. 22 November 2019]. Available at: <https://www.businessnews-daily.com/4245-swot-analysis.html>

- Solomon, M.R., Marshall, G.W., Stuart, E.W., Mitchell, V. & Barnes, B. 2013. Marketing: Real People, Real Decisions. 2nd ed. United Kingdom: Pearson Education Limited.
- STIL-ETT. 2019. Horisaki hats [Web page]. [Ref. 21 November 2019]. Available at: <https://stilett.com/collections/horisaki>
- Sweden.se. 2019. 10 Fundamentals of religion in Sweden [Web page]. [Ref. 3 December 2019] Available at: <https://sweden.se/society/10-fundamentals-of-religion-in-sweden/>
- Tella Oy. 2019. Lakkigalleria. [Photograph]. [Ref. 3 November 2019]. Available at: <https://www.tella.fi/lookbook/>
- THE SWEDISH TEXTILE INDUSTRY Statistics and Analysis 2015 [Online publication]. [Ref. 2 December 2019]. Available at: https://www.teko.se/wp-content/uploads/branschstatistikrapport_final-1.pdf
- Trading Economics. 2019. Sweden Inflation Rate. [Web page]. [Ref. 3 December 2019]. Available at: <https://tradingeconomics.com/sweden/inflation-cpi?user=lisaorwell>
- Varley, R. & Rafiq, M. 2004. Principles of Retail Management. New York: Palgrave MacMillan.
- Åhléns. 2019. Mössor & hattar. [Web page]. [Ref. 22 November 2019]. Available at: <https://www.ah lens.se/Mode/accessoarer/mossor-hattar-15211>

APPENDICES

APPENDIX 1. HORISAKI headwear

APPENDIX 2. DEDICATED headwear

APPENDIX 3. Hufvud headwear

APPENDIX 4. Wigéns headwear

APPENDIX 5 HTC Ericson of Sweden headwear

APPENDIX 1. HORISAKI headwear



APPENDIX 2. DEDICATED headwear



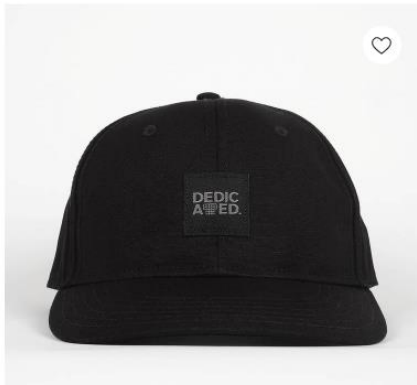
Beanie Lofoten Navy
27.95 EUR



Beanie Lofoten Burgundy
27.95 EUR



Beanie Lofoten Black
27.95 EUR



APPENDIX 3. Hufvud headwear



RAGNAR FEDORA
from \$250.00



HJALMAR BOWLER | 30X Beaver Blend
\$335.00



APPENDIX 4. Wigéns headwear



PUB CAP

Art.no: 100747



PUB CAP

Art.no: 100748



IVY SLIM CAP

Art.no: 101330



APPENDIX 5. HTC Ericson of Sweden headwear



ili Sr. Floro Black
99 kr



Sale

Daren Sr. Floro Black
194 kr ~~649 kr~~



Dad Cap Black
149 kr

