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UNIT OF BUSINESS AND ADMINISTRATION, KUOPIO

**Building a New Distribution Channel for the  
Highland Beef from Vihantamäki Eco-farm**

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Abstract

The highland cattle breed has been imported into Finland since 1993. At the moment, there are more than 190 farms growing over 7000 Highlanders in Finland. As it is still at the initial stage of development, there is not a systematic distribution channel for the Highland beef on the farms. The objective of this thesis was to evaluate the current distribution channel and find out the best distribution channel for Highland beef from Vihantamäki Eco-farm in accordance with the company's short and long-term objectives.

The distribution channel was selected by analyzing all influencing factors. The research was conducted mainly with qualitative methods. The quantitative analysis was applied on buyer behaviour. The primary data was collected by interviewing to farm-owners and the president of highland cattle club in Finland and with questionnaires sent to consumers. Books, the internet and publications are the sources of the secondary data.

The result shows that the current direct face-to-face selling on the farmhouse is no longer able to meet the supply power of the company as well as the demand from the markets. As for the company's short-term objective of supplying products to more customers in Leppävirta, both the direct channel of online selling and making local restaurants regular customers and a retailer channel are suggested. To achieve the company's long-term objective of covering their larger market such as the Kuopio region and even whole Finland it is recommended to increase online selling and the use of wholesaler channel and agent channel with the precondition that the farm has enough supply power for the target market.

Keywords

Highland beef, distribution channel, channel selection, Vihantamäki Eco-farm

## TABLES AND FIGURES

### List of Figures

Figure 1 <i>The direct sales mode on Vihantamäki Eco-farm.</i> .....	11
Figure 2 <i>Basic Channel Structure</i> .....	12
Figure 3 <i>Marketing Channels for consumer products</i> .....	15
Figure 4 <i>Factors determining the selection of distribution channel.</i> .....	20
Figure 5 <i>The qualitative data analysis process.</i> .....	29
Figure 6 <i>The customer preference to the channel of purchasing highland beef ...</i>	36
Figure 7 <i>The distribution channel model for short-term target market- Leppävirta</i>	39
Figure 8 <i>The distribution channel model for long-term target market</i> .....	40

### List of Tables

Table 1 <i>Marketing functions performed for manufacturers/customers by Intermediaries</i> .....	24
Table 2 <i>The major types of intermediaries</i> .....	26
Table 3 <i>The list of primary data collection procedure</i> .....	28
Table 4 <i>The division of population by age on 31 December 2009</i> .....	33
Table 5 <i>The respondents' attitudes to different elements on purchasing beef</i> .....	37

## CONTENTS

1	INTRODUCTION .....	6
1.1	Introduction of the topic .....	6
1.2	Research questions .....	6
1.3	Background of highland cattle.....	7
2	BACKGROUND OF VIHANTAMÄKI ECO-FARM .....	9
2.1	Introduction of the company.....	9
2.2	Company's current distribution channel system and problems.....	10
3	DISTRIBUTION CHANNEL SELECTION .....	12
3.1	Distribution channel introduction.....	12
3.1.1	Distribution Intensity .....	13
3.1.2	Distribution channels for consumer products .....	15
3.2	Channel design sequence.....	16
3.3	Selecting the distribution channels .....	19
3.3.1	Environmental factors .....	20
3.3.2	Market factors .....	21
3.3.3	Product factors .....	22
3.3.4	Manufacturer factors .....	23
3.3.5	Intermediaries.....	24
4	RESEARCH METHODOLOGIES .....	27
4.1	An ounce of qualitative, a pound of quantitative research method .....	27
4.2	Data collection.....	27
4.3	Data analysis process.....	29
5	RESULTS AND ANALYSIS .....	31
5.1	The evaluation of current distribution channel.....	31
5.2	Selection of distribution channel for market development.....	32
5.2.1	Organizational objectives and resources.....	32
5.2.2	Market Characteristics .....	33
5.2.3	Product characteristics and buyer behaviours.....	35
5.2.4	Intermediaries.....	37
5.2.5	Distribution channel selection for Vihantamäki Eco-farm .....	38
6	CONCLUSION AND DISCUSSIONS.....	41
6.1	Conclusion.....	41
6.2	Evaluation of the research quality .....	42

6.3 Limitations of the thesis .....	43
6.4 Discussion.....	44
REFERENCES.....	45
APPENDICES	
APPENDIX 1 Interview questions to the farm owners.....	51
APPENDIX 2 Questionnaires to consumers .....	52
APPENDIX 3 Consumer Confidence indicators.....	54

## 1 INTRODUCTION

### 1.1 Introduction of the topic

The highland cattle were imported into Finland in 1993 when the first highland cattle was settled in North Finland (Rotola-Pukkila 2011). With 18 years' development, the highland cattle are living in each part of Finland, with 190 farms registered in the Finnish Highland Cattle Club, growing over 7000 Highlanders (Suomen Highland Cattle Club ry 2011).

In this paper, the case company Vihantamäki Eco-farm is one farm who has been raising highland cattle and developing the cattle business in Finland since 2007. However, they still don't have a systematic distribution channel for their highland beef products. With the expanding of cattle number on the farm, an improved distribution channel system is essential to be established. In the long run, the highland beef will be more popular, therefore I believe a sustainable distribution channel is needed in Vihantamäki Eco-farm as well as in other farms who are doing the highland beef business in Finland.

### 1.2 Research questions

The purpose of this research is to evaluate the current distribution channel of highland beef from Vihantamäki eco-farm and make a future distribution plan for the further distribution channel improvement. The main task is to analyze the current situation of the firm and help to decide on the best channel to distribute the highland beef in Leppävirta Region.

At the present stage, Vihantamäki eco-farm is still a quite small company with only two workers. With the growing number of highland cattle, the company will confront the problem of expanding their business to a larger market in order to satisfy the larger supply and demand power. Under this background, a further discussion for the distribution of highland beef to larger markets (Kuopio and the whole Finland) will be done in order to support the firm to a wider development in the future.

### 1.3 Background of highland cattle

This section gives a description of the highland cattle which is the main object in this research. The highland cattle are introduced with their origin, their outstanding shape characteristics and the commercial value of the beef. Furthermore, there is also a brief introduction of the current situation of highland cattle business in Finland. The information is gained through secondary data, author's observation and the interview to the president of Finnish highland cattle club.

#### *Introduction of highland cattle*

The highland cattle have a long and distinguished ancestry, not only in its homeland of western Scotland, but also in many far-flung parts of the world. As one of oldest British breeds, with a long and rich hair and majestic sweeping horns, the Highlander has remained largely unchanged over the centuries. According to the records in the Highland Cattle Herb Book, first published in 1885, the pedigrees of the highland cattle are originate since the 18 century (Highland Cattle Society 2011).

The characteristics of highland cattle are quite outstanding comparing with other breeds. Most people are impressed at the first sight of highland cattle with their head which is quite proportionate to the body of the animal. They have the wide forelock between two eyes. Bull's horns should be strong, and come level out of the head, slightly inclining forwards, and also slightly rising towards the points, while to the cows, their horns come squarer out from the head than in the male, rise sooner, and are somewhat longer, though they preserve their substance and a rich reddish appearance to the very tips. Besides, the highland cattle are characterized with clear neck without dewlap below, thick shoulder, beautifully rounded back, short and strong legs and profuse hair which can help them to prevent the coldness in even extremely cold weather (Highland Cattle World 2011). Woolly coats and eye-skimming bangs give the long-horned cattle a cuddly look (Highland feast 1999).

The most direct reason that the highland cattle feeding are developed as a popular business nowadays is originate from the high quality of the meat. The highland cattle are maturing slowly making the meat tender, flavorful and succulent. The cows will be of 900-1200 pounds on average when mature and bulls will be about 1500-1800 pounds on average depending on forage conditions. According to the research of the Scottish Agricultural College, it showed that the Highland beef is lower in fat and

cholesterol and higher in protein and iron than other beef breeds (American Highland Cattle Association 2011).

Nowadays, the highland cattle societies are started all over the world with the trend of more and more highland cattle are exported to different countries, Sweden, Denmark, Austria, Germany, Holland, Finland, France, Switzerland ,Norway, Czech Republic, North America, etc.

#### *The current situation of highland beef business in Finland*

The business on highland cattle has been developing in Finland since 1993 when the first Highlander was settled in North Finland. Nowadays, there are about 190 farms registered as a member of Suomen Highland Cattle Club Association. However, there are still a number of farms owning Highlanders without registering in the Suomen Highland Cattle Club Association. With a rapid growing, the number of Highlanders in Finland was around 7000 in the beginning of 2011 (Suomen Highland Cattle Club ry. 2011).

As a new developed farming program in Finland, keeping Highlanders is still not in a mature situation. There have been quite few marketing efforts done for developing the Highland beef business in Finland. Most farms own limited number of Highlanders and sell them to other farms. Selling beef normally takes place in their farmhouses or private shops. There is still no highland beef sold in open markets due to the insufficiency of supply in all the farms and limited channel developing efforts of farm owners. Nevertheless, as described in chapter1.3.1, the Highland beef is of high nutrient which is adaptive to the sustainability of the new life style in the world. If we only see it from this point of view, the future of the highland beef business is supposed to be prospective.

## 2 BACKGROUND OF VIHANTAMÄKI ECO-FARM

In this chapter, the description of the case company is given. The author introduces the general business content, the highland cattle business situation as well as the current distribution channel system and existing problems about Vihantamäki Eco-farm nowadays. The source of the information introduced below is gathered from the interview to the farm owners.

### 2.1 Introduction of the company

The Vihantamäki Eco-farm is located in the countryside in Leppävirta, Finland where they have perfect natural environment for farming. According to Leppävirta-information (2010), the population of this city is about 10633 people in the year of 2009.

The company has a history of more than 25 years. In the year of 1995, it registered to be an eco-farm. Besides raising the animals, the company also produces organic products to promote the protection of nature and natural culture.

Since its establishment, Vihantamäki Eco-farm has been making strenuous effort to enlarge and diversify its breeding categories in order to produce more and more different kinds of ecological products.

#### *Business in general*

In the beginning of establishment, business in Vihantamäki Eco-farm concentrated on milk and meat processing. During the last 25 years, Vihantamäki Eco-farm tried to keep different kind of animals and to produce some basic products with family processing. Some of the products refer to help from the processing factories for packing. Nowadays, Vihantamäki Eco-farm produces the eco- honey, eco-chicken, eco-eggs and highland beef as well as possessing some areas of forest.

*The highland cattle business*

The first batch of Highlanders was settled on Vihantamäki Eco-farm in 2007 when there were 10 cows, 1 bull and 7 calves. After more than 3 years, the number has become 28 bulls, 11 cows that have given birth and 7 heifers.

According to the interview to the farm owners, a cow will be able to be pregnant 2-3 years after birth, one year pregnancy also happens in some cases. The highland cattle are feed with dry straw and water. Normally they are living in an open farmland without any covers, even under some extreme weather conditions. One-year-old calf are normally sold with a price of about 700-800 euro and 2-3 year-old cattle are sold with a much higher price of 2000-2500 euro. On Vihantamäki Eco-farm, the meat processing and packing are mostly conducted by some other processing factories. Nevertheless, some easy processing, such as processing the minced meat is able to conduct on the farm.

On Vihantamäki Eco-farm, the sales of highland cattle are conducted in two ways, selling the whole cattle to other farms and selling beef to individual customers. In this thesis, the research only focuses on the distribution channel of highland beef. (Saarela & Saarela 2011.)

## 2.2 Company's current distribution channel system and problems

The farm owners point out that there is not a professional and systematic distribution channel existing in Vihantamäki Eco-farm. The main products of this company are sold to familiar customers who have been buying products from their farm time after time. Sales are not conducted through retailers, but only through their own direct sales. This direct distribution is not only applied to the highland beef, but also to other products on the farm. (Ibid 2011.)

Figure 1 shows the direct sales mode of Vihantamäki Eco-farm, through which they sell their products directly to individual customers or other farms. Nowadays, this direct distribution is still popularly used on the farm. However, with the diversification of product categories and growth in the number of highland cattle, the

traditional direct distribution will not meet the growing market demand, as concerned by the farm owners. In a long term, it is necessary to evaluate Vihantamäki Eco-farm's direct distribution channel and make a plan for its future distribution development.

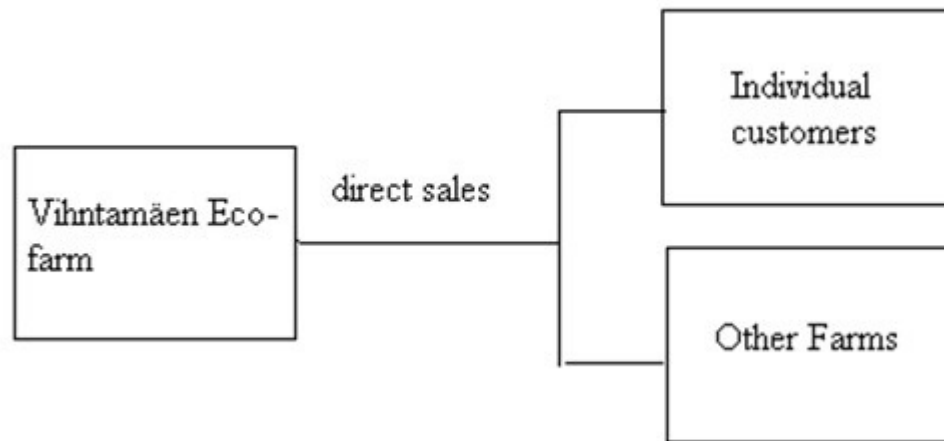


Figure 1 *The direct sales mode on Vihantamäki Eco-farm.*

### 3 DISTRIBUTION CHANNEL SELECTION

This chapter introduces the background distribution channel theories that are relevant to this study. The first section covers a general introduction of distribution channel, the intensity of distribution and the distribution channel for consumer products. Then the channel design sequence is explained in the second section, based on which a best distribution channel system can be selected step by step. In the third section, the different factors which may influence the decision on the channel selection are explained in order to lay the foundation for the previous two sections in this chapter.

#### 3.1 Distribution channel introduction

From an operational standpoint, a distribution channel is the path a manufacturer finds to deliver their products or services to the end users. As shown in Figure 2, the basic channel which was used widely after World War 2 is a straight path between manufacturer and consumer. To a manufacturer, the only decision they have to make upon distribution is to use direct or indirect channel of distributions. (Rolnicki 1998, 1.)

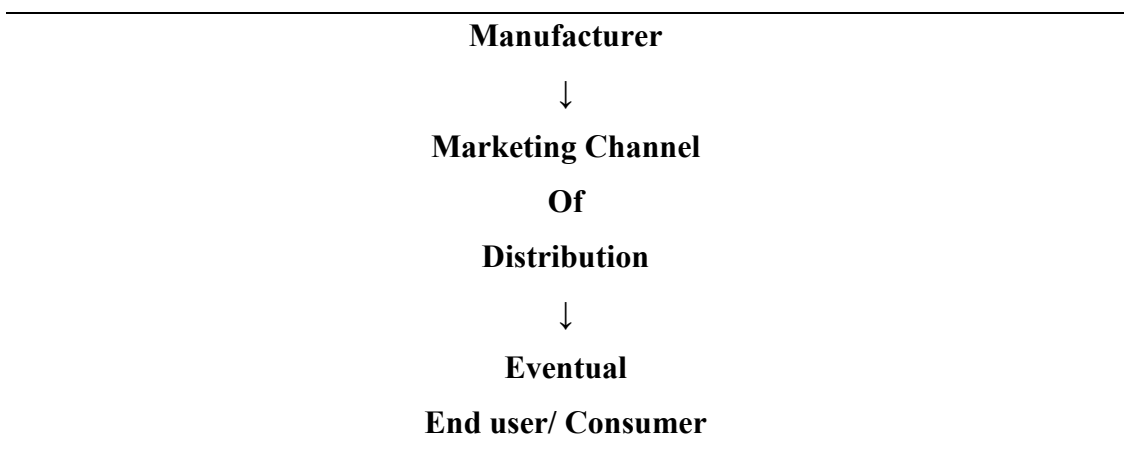


Figure 2 *Basic Channel Structure (Rolnicki 1998, 2).*

Using a direct channel, in the old time, a manufacturer will find a shop and sell their products on the shelf to customers. Time changes with the application of online shops, where products are displayed on the Internet and customers can purchase their

products by paying online. Cooperation with the logistics companies is necessary for the product delivery.

The indirect channel has been developing from a path between manufacturer and end users to a complex “wheel”, “with the manufacturer at the ‘hub’ connected to the end user at the ‘tire’ by dozens of direct and indirect channel ‘spokes’” (Rlonicki 1998, 1).

### 3.1.1 Distribution Intensity

The most important decision with regard to reaching the target market is to determine the level of distribution coverage needed to effectively meet the customer needs (Saraf 2009). The appropriate level of market coverage is situation-specific, depending on product characteristics, and on customers' buying behavior. To determine the kind of coverage a product should get, characteristics of the product and the target market should be analysed first. Vladimirovich (2001) considers that in order to achieve the desired intensity of market coverage, distribution must correspond to the behaviour patterns of buyers. There are three main levels of distribution coverage: intensive distribution, selective distribution and exclusive distribution.

#### *Intensive distribution*

It is also called as mass distribution. It is most appropriate to convenience products, such as breads, soft drinks, cigarettes, which almost require no service. With intensive distribution, the products are sold in any available shops or markets in order to get access to as many customers as possible. This type of distribution is feasible for relatively low-unit, high-volume, sundry items that manufacturers are trying to reach numbers of ultimate customers. (Pride & Ferrell 2010, 320)

To customers, availability is the main factor they will appreciate when buying the convenience products. Company, such as Procter & Gamble, sells the products in supermarkets, grocery shops, shopping stores and any possible and legal channels to offer the highest availability to consumers, which is a good illustration that the availability of convenience products is more important than the type of outlets where their products are sold.(Ibid 2010, 320)

### *Selective distribution*

Comparing with the intensive coverage, selective coverage strategy will focus on selecting the distributors that meet certain channel criteria in the target market. (Rolnicki 1998) The selective distribution is widely used based on the evaluation of two factors, the product and market characteristics. The products which are used with selective coverage are characterized with high cost per unit sales and high price. Products with selective coverage appeal to smaller more focused target market (Saraf 2009).

Pride and Ferrell (2010) give more concrete definition that selective distribution is appropriate for shopping products which are more expensive than convenience products and customer are willing to spend time visiting the some retail shops to select the goods. Durable items, such as televisions, stereos, and computers are included in this category.

### *Exclusive distribution*

Exclusive distribution is an extreme form of selective distribution in which only certain wholesaler, retailer or distributor is used in a specific geographical area. This kind of distribution is appropriate for high end luxury products which are purchased infrequently during a long period, such as Porsche, BMW and other luxury products (Pride & Ferrell 2010, 320).

Using the exclusive distribution, the manufacturers generally expects dealers to pay full attention to the product promotion, complete inventory, offering excellent customer service and staff training, etc. in order to tightly control their brand image, to keep and upgrade the brand value (Ibid 2010, 321).

### 3.1.2 Distribution channels for consumer products

Consumer products refer to a broad category of merchandise which is daily used by individuals or households for daily consumption. On the other side, it is also called final goods, in contrast to intermediate goods which are made for a further processing into some other products by another manufacturer instead of direct end user. (Ellis-Christensen, T. 2011)

Figure 3 shows the typical distribution channels of consumer products which consists of the models of direct and indirect distribution channels.

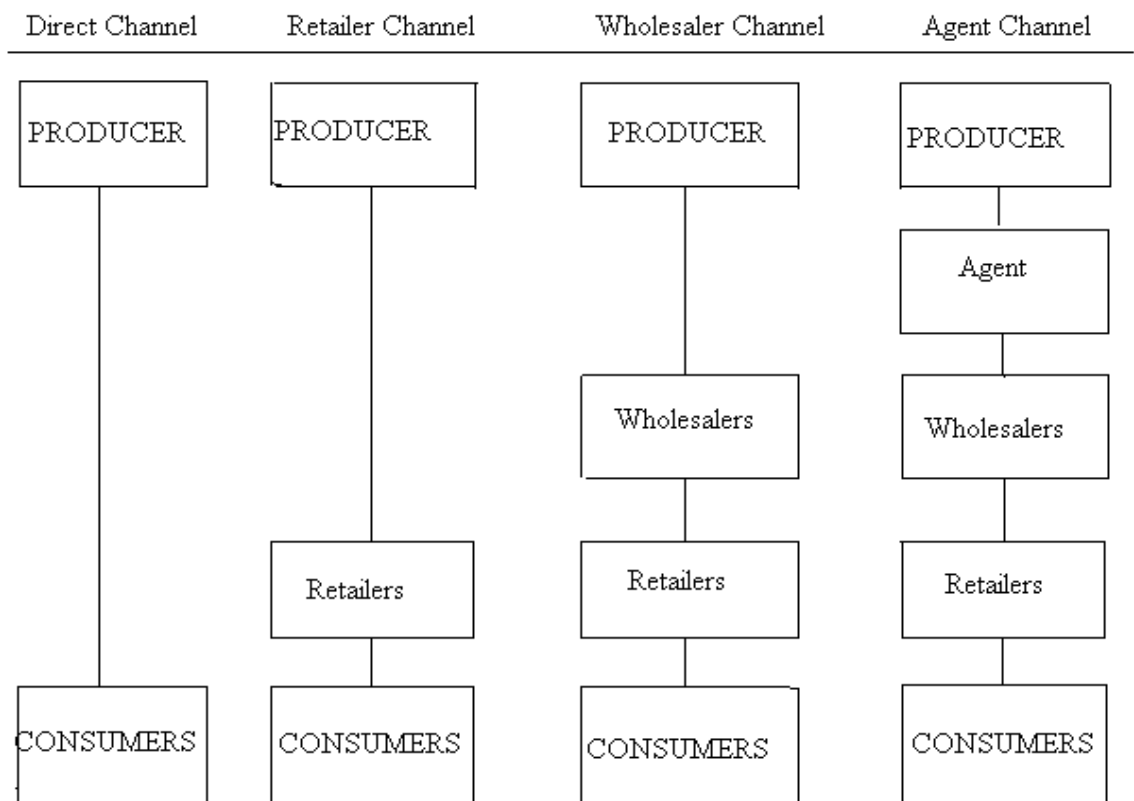


Figure 3 *Marketing Channels for consumer products* (Lamb et al. 2009, 330)

*The direct channel* describes the direct movement of products from producers to consumers. As illustrated in chapter 3.1, direct channel was popular in the old times. In the modern time, the old direct selling in shops has been improved into activities including telemarketing, television networks and online shops (Lamb et al 2009, 329).

*The retailer channel* is applied to the distribution when the goods moves from producers to retailers first and then from retainers to the consumers (Vladimirovich 2001). This channel is popular for large retailers who can purchase a big quantity of products, taking advantage of the economics of scale (Holopainen 2008, 10).

*The wholesaler channel* describes a process of delivering goods to wholesalers, then wholesalers distribute the goods to retailers and finally the products are available to consumers via the retailers. The wholesalers channel is commonly used for small frequently purchased goods which need the wholesalers to distribute to other retailers according to their demand or order (Lamb et al. 2009, 330).

*The agent channel* is the most complex channel by which the producer sells products to an agent, then from agent to wholesaler to retailer and finally reaches the consumers. This channel is typically used in markets with many small manufacturers and retailers, however difficult to find each other. It is quite often to be used for merchandise being imported or exported. (Ibid 2009, 329.)

### 3.2 Channel design sequence

The channel design effort aims to help the company to select the best way in the channel development. For a new established company, a channel design acts as the preparation work for the future sales system. For a developing company, a redesigned channel helps to establish new selection criteria that identify the best channel candidates, to evaluate the deficiency of current distribution channel, to enable the company to get access to more effective development.

According to Rolnicki 1998, he listed 11 steps of the channel design sequence.

*Step 1: Identify the new market you want to penetrate or new product you need to launch.*

- New established companies must define the target markets to sell products, the new product lines to launch in order to specify an appropriate distribution channel.

- When your business is going to expand and you realize that there are new market segments, an appropriate distribution channel will contribute to fulfill the different customer satisfaction requirements.

*Step 2: Verify the need for a new channel of distribution or some form of channel reorganization.*

- Identify the reasons to create a new channel of distribution for your company. The reasons could be: your present channel can't effectively satisfy the need or characteristics of new emerging markets; your competitor establishes a new efficient or innovative distribution channel than yours; your existing channel can't service efficiently for the new end users; new sales channels emerge and get to be popular, such as internet; influences from macro-environment (economic, governmental, technological, legal); procedures change, acquisition, mergers lead to a new channel establishment; detected change in the way end users buy your products, etc.
- An important step before you decide to change the present distribution channel is to test your plan in the existing system in order to avoid the unnecessary damage.

*Step 3: Evaluate all macro market conditions.*

The macro market conditions include end user buying behaviors, economy, technology, target channel variables, competitive actions, political factors, international factors, your company considerations and legalities.

*Step 4: Conduct a competitive channel analysis.*

Once it has been determined to create a new channel of distribution, it's also crucial to find out all competitive factors that may influence your implementation of the channel design.

*Step 5: Research and rank customer/end user satisfaction requirements.*

Research on what end users or customers want to require from your distributors, what are the main aspects that customers will appreciate to choose the products from your distributors. Assess the requirements and the most frequently mentioned criteria will be important aspects for your decision on the channel design.

*Step 6: Specify and rank the tasks you want your channel partner to perform.*

Combine the requirements to the channel partners with the customer requirements from step 5, you can list out the channel selection criteria, with which you can use to evaluate all the possible channel distributors.

*Step 7: Investigate all possible channels of distribution structures.*

Investigate on which channels of distributions are available and feasible to your company. Then evaluate all possible distribution matrixes, assess the channels with the sales potential, profit possibilities, and whether you can adequately provide the volume of products for this channel.

*Step 8: Decide upon eagle channel partners.*

Based on all the steps above, you will decide on your channel partners. Once all the criteria are met or mostly met by a distribution channel, contact with the partner and make the final cooperating decisions.

*Step 9: Obtain internal corporate recommitment.*

Organize a meeting with all the staff relative to the new channel , inform them the possible troubles occurring inside the organization and get them prepared to all the possible changes within the organization. In that way, the new channel will be run easily with the preparation of all the staff involved.

*Step 10: Approach and sign the selected distributors.*

It's the most important step to sign your contract with the selected distributors, which will directly bring the operation of your new distribution channel. Prepare yourself with a strategic plan and convince them they will never regret being a channel partner with you.

*Step 11: Monitor and evaluate the channel structure.*

It's always necessary to monitor your channel structure and evaluate whether it still matches the development of the macro- and micro environment inside or outside your company. Keep the good relationship with your old distributor. It's always possible to have cooperation with them again. (Rolnicki 1998, 31-38)

### 3.3 Selecting the distribution channels

It is introduced by Rolnicki (1998) that every channel is influenced by different macro or internal environmental forces that will guide your decision on the channel selection. The process of distribution channel selection is complex as different variables concerning the channel selection should be analyzed beforehand in order to accomplish the channel selecting sequences and make the best decision on the distribution intensity and the distribution channel. The variables that should be evaluated for the channel selection are for example, end user buying behaviour, environmental forces, company resources, product attributes etc. (Dibb et al, 2001.)

In this section, the different variables are categorized into five factors according to Schoell and Guiltinan (1995) (see figure 4): environmental factors, market factors, product factors and manufacturer and intermediaries.

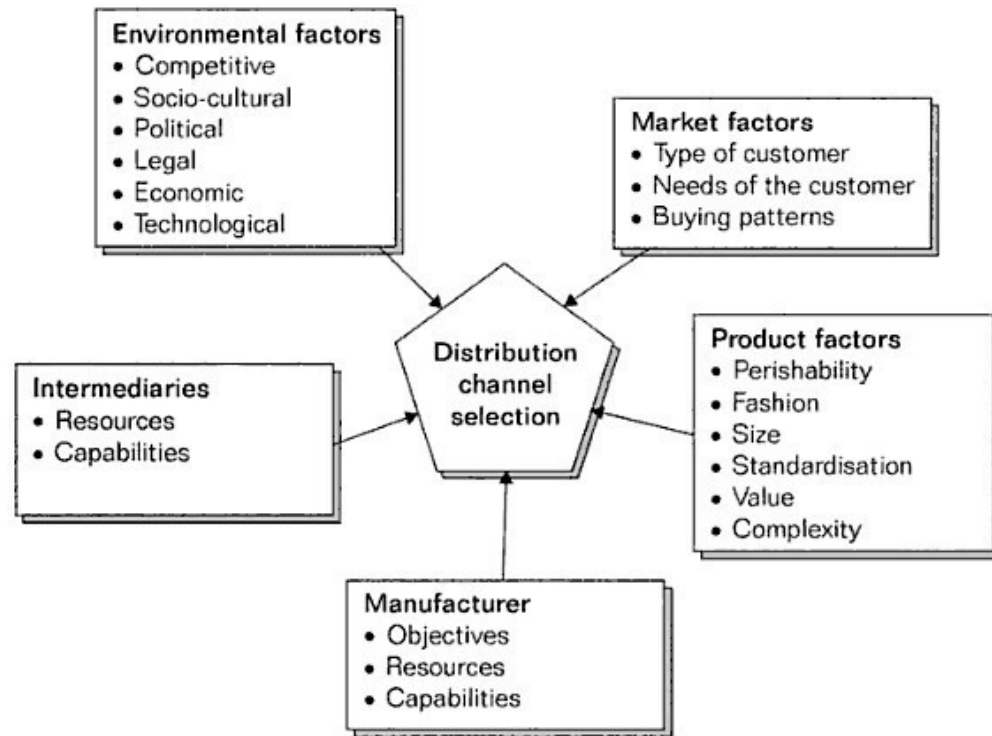


Figure 4 *Factors determining the selection of distribution channel (Schoell & Gultinan 1995).*

### 3.3.1 Environmental factors

#### *Macro market conditions*

Due to the close interrelation between individual business and the development of macro market, it is crucial to scan the macro market conditions in order to ensure the existence of a healthy environment for any business development efforts. Referring to macro market conditions, the most important criteria are the economy and technology, politics, legislation and social culture.

- *Economy.* As all the business activities are conducted under specific economic conditions, it is an inneglectable fact that the performance of manufacturer, retailer and end user is affected by their ability to have enough capital to produce, to acquire raw materials, to have money for inventory acquisition and to purchase the products. (Rolnicki 1998, 43-44.) To be a channel master, it is suggested by Rolnicki (1998) to keep an eye on the factors of interest rates, product and material shortages, inflation, and recession in the macro market.

- *Technology.* Nowadays, the information technology is playing a more and more important role in the distribution channel process concerning the inventory control, teleshopping telemarketing, online shopping (Ibid 1998, 44). The B2B and B2C platforms are significantly developing throughout almost all the industries and benefit all the roles involved in the business activities, customers, manufacturers and distributors.
- *Legislation and politics.* Legislative and political variables are important when governments have control over the some specific products, such as wine or cigarettes. The controls are normally guaranteed with clauses, which may limit the selection of intermediaries. (Cant et al. 2009.)
- *Social culture.* The social culture influences the distribution channel selection when there are some typical observed social cultures possible to influence people's selection on some products. As Cant, Strydom and Jooste (2009) found out that in South Africa, most women in the workshops want to buy all their groceries in one shop instead of going to different kinds of outlets.
- *Competition situation.* Competition situation is the other important factor which should be investigated and analyzed before selecting the distribution channel. The strong competitors can prevent the retailers from stocking the new products. (Cant et al. 2009.)

### 3.3.2 Market factors

#### *Target market characteristics*

The characteristic of the place where the producers want to distribute their products is the other important variable for channel selection. According to Vladimirovich (2001), the greater distance between the manufacturers and the target markets, the more economical to conduct indirect channel rather than direct channel. Secondly, the population density is also an important factor as the functions; for instance, transport, storage and communication can be performed more effectively in high-density markets where customers are clustered.

Market size is measured by the number of potential customers. Normally, large markets with big number of potential customers will ask for the service form intermediaries while small markets can be serviced with direct sales. (Ibid 2001, 18)

### *Buyer behaviours*

The selection of one distribution channel is mostly based on the fact that this channel can best reflect the end user's habits. It is important for the producers to fully comprehend all the links and details between their customers and products in order to decide on the place, volume and time about the distribution and channel (Dibb et al, 2001). It is mentioned in Media-Wiley (2011) that B2B customers have completely different needs comparing with the individual consumers.

Upon making a decision for channel selection, Rolnicki (1998) pointed out that the producer should have their analysis on the following questions:

- Who are the probable customers?
- Where your customers want to buy your products?
- How much quantity do they buy at one time?

It is not only the channel selection decisions are based on those answers to above questions, but also the alteration should be done if any changes are observed in any of these aspects.

### 3.3.3 Product factors

The product itself is one of the important variables in the distribution channel selection. The big complex products which ask for technical pre-sales and after-sales services from the producers are normally distributed directly from producers to consumers (Dibb et al, 2001). Products which are perishable (such as meat and bread) or having short displayed lives are normally distributed through the short channels. Another factor could be considered is the retailers' power of solving the storage or displaying problems from the bulk items. (Vladimirovich 2001.)

### 3.3.4 Manufacturer factors

Producer itself is also one significant variable to influence the channel selection. In this section, three variables categorized into two items are introduced.

#### *Organizational objectives and resources*

When a company is planning a new distribution channel, they must evaluate first what resources they have and what target they want to achieve from the new channel. This may directly determine the market size in which they want their products cover on. A company's resources consist of their financial resource, human resource, customer resource, etc. Their objectives are not only set for increasing profits or market shares, but also possibly for replacing an intermediary who has quitted from the channel. (Dibb et al, 2001.)

A manufacturer which is large enough to handle the responsibilities that intermediaries normally take for producers is likely to use direct channel and get contact with their customers directly. On the contrary, smaller producers require a good retailer to take the roles. (Media-Wiley 2011)

The company should also evaluate their old distribution channel in light of the new establishment. On the other hand, the old channel should always be kept a good relationship with in case of a future cooperation even though the retailers will be replaced.

#### *The producer's level of control*

The producer's level of control is a capability significantly influencing the distribution channel selection. Direct distribution offers producers the control over the final price, the promotion offers or discounts. Indirect channels will make the producers lose their powerful control over those issues, but the retailers or other intermediaries will set the price or their own offers to the final consumer. (Tutor2u, 2011)

Big companies with the expansion plans into the international markets will eventually take powerful control of their marketing strategies implementation by setting up their

own international sales or distribution forces in other countries instead of using the intermediaries. In this way, they can turn the indirect distribution into direct distribution, gaining greater control over the sales and marketing efforts they want to put on their products, developing closer customer relationship and identifying the problems and opportunities in the market. (Doole & Lowe 2008)

### 3.3.5 Intermediaries

The decision on whether to use the intermediaries is always concerning to many factors; nevertheless, basically it involves the determination on whether the producers' resources and skills can successfully satisfy the consumers' need. Using intermediaries is transactional, logistical and able to facilitate the sales.

Based on those functions, the intermediaries can help to ensure the market coverage, reduce the marketing costs, increase the availability of cash flow and improve the convenience for end users. It is possible for producers to eliminate using the intermediaries for the distribution, but the functions and tasks that intermediaries perform can not be eliminated. (Sharma 2011)

In Table 1, it displays the three marketing functions of intermediaries performed for manufacturers or customers.

Table 1 *Marketing functions performed for manufacturers/customers by Intermediaries (Majumdar 2004, 113)*

Marketing functions	Manufacturers	Customers
Physical distribution	Storage; transportation; breaking bulk into desired assortments	Storage; delivery; assorting items
Communication	Gathering market information and dissemination	Assessment of consumer needs and level of satisfaction with existing products
Facilitating	Risk taking; providing service; financing projects or other activities	Credit financing; repair and maintenance assistant

#### 3.3.4.1 Advantages and disadvantages of using intermediaries

The advantages of using intermediaries stem from the core economics of supply-chain management: market coverage, customer contacts, lower costs, systematic cash flow, etc. (Sharma 2011). It helps the producers to focus on their core competencies, such as the product development, other than paying much attention to the controls of distribution ((BizFacts 2011). To benefit the consumers, intermediaries can contribute to spread the products to the most convenient shops and offer the pre-and post-purchase services.

The disadvantages of using an intermediary stem from psychological apprehensions when the producers fear about lacking of managerial skills or resources that are sufficient to balance and manage the intermediary. The relative fears may also exist to the intermediaries. It is the mutual fear between producers and intermediaries that will undermine the relationship and further to influence the distribution operations. (Sharma 2011.)

#### 3.3.4.2 Types of intermediaries

It has been interpreted in chapter 3.1.2 about the differences among the retailer channel, wholesaler channel and agent channel. Table 2 below shows some major types of intermediaries. Some of them have overlapped with the previous interpretation.

There are two different types of wholesalers: merchant wholesalers and functional wholesalers (Dibb et al 2001). Merchant wholesalers sell products to other wholesalers or retailers, other than the end users. Functional wholesalers, such as agents and brokers, charge commissions for the exchange service between producers and resellers. (Vladimirovich 2001.)

Table 2 *The major types of intermediaries (Majumdar 2004, 114).*

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Retailer	:	A middle man who sells to ultimate customers.
Wholesaler	:	A middle man who sells to retailers, commonly found in consumer product marketing.
Agent	:	Any middle man with legal authority to act on behalf of the manufacturer.
Broker	:	A middle man who performs limited selling functions like seeking orders for a principle. Usually, brokers have neither title to, nor possess of , the merchandise.
Jobber	:	Normally used in an industrial marketing context as a limited function wholesaler.

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## 4 RESEARCH METHODOLOGIES

In this chapter, the research methods are introduced. It includes the reasons why the author selects the qualitative research method and the illustration about the data collection procedure. In the end, the data analysis is introduced..

### 4.1 An ounce of qualitative, a pound of quantitative research method

Both qualitative and quantitative methods are quite popularly applied to the business researches. According to Thomas (2003), qualitative research is a method studying things in natural settings, attempting to interpret a phenomenon in terms of meanings people bring to them. It uses the collection of empirical materials, such as visual texts, interviews, case study, etc. Quantitative Research tends to be based on numerical measurements of specific phenomena. It helps to seek the explanation and predictions that will generalize to the other people or places.

In this research, the main of study is to evaluate the current distribution channel of highland beef from Vihantamäki Eco-farm and help to seek the best distribution channel for the highland beef business expansion. Based on this target, the qualitative questions such as “how” and “where” will be answered. Therefore, the research design of this thesis is conducted mainly with qualitative method. Furthermore, a quantitative research method is used in the part of exploring buyers’ attitudes and behaviour to the highland beef.

### 4.2 Data collection

This thesis mainly consists of the qualitative research data which are collected from books, internets, publications as secondary data and an interview to the farm owners and the president of Finnish Highland Cattle Club as primary data. The secondary data is used for both the theoretical study which is the base of the whole analysis and part of the findings. The content of primary data collected from the interview covers the information of business on the farm, the highland cattle history, the current distribution channel, etc.

The qualitative document studies are the main source for the research results which is interpreted into categories according to the influencing factors of distribution channel selection. The document studies lasts from 10 March to 5 May, during which period, the different online or paper publications are read and analyzed in order to reach out the categorized findings, thereby apply the findings to the distribution channel theories.

The quantitative questionnaire was handed out to 30 people. In the questionnaire, there are 9 questions asked towards their attitudes and purchasing habits to the highland beef. The data gathering was conducted in one week and 12 answers were returned. The response rate is 40%.

The interview to president of Finnish Highland Cattle Club-Ms. Johanna Rotola-Pukkila was conducted via email on 16 April, 2011. The interview aims to get the brief introduction of importing highland cattle in Finland and the current business operation all over Finland.

The qualitative interview to the farm owners was conducted on 12 April, 2011 in the Vihantamäki farmhouse. The interview questions are focusing on the history and business operation of the farm. The whole session lasted about 1.5 hours.

The list of primary data collection procedure is as followings:

Table 3 *The list of primary data collection procedure*

Data collection methods		Name or/and title of interviewees	Date	Content
Qualitative Method	Document studies	Books, internet information, other publications	10 March-5 May	Information for findings in categories
	Face-to-face interview	Owner of Vihantamäki Eco-farm: Maija-Liisa Saarela, Markus Saarela	12 April 2011	Seen in appendix 1
	Email	President of Finnish Highland Cattle Club: Johanna Rotola-Pukkila	16 April 2011	Brief information about highland cattle in Finland

Quantitative Methods	Questionnaires	24 Finnish interviewees contacted by Salla Tikkanen 6 interviewees from Kuopio and Leppävirta	11 April-18 April 2011	Seen in appendix 2
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### 4.3 Data analysis process

As Seidel (1998) introduced, the qualitative research process is a process of noticing, collecting and thinking about things. It is iterative and progressive because the process of the three steps keeps repeating as a cycle (see in Figure 5.) It is also a recursive process as one part may call you back to previous part during the research. Thirdly, the process is holographic because each step may lead to the concurrent design of the entire process, for example, when you notice something, you will rapidly collect something in your mind or at hand and think about it. (Seidel 1998.)

## Qualitative Data Analysis

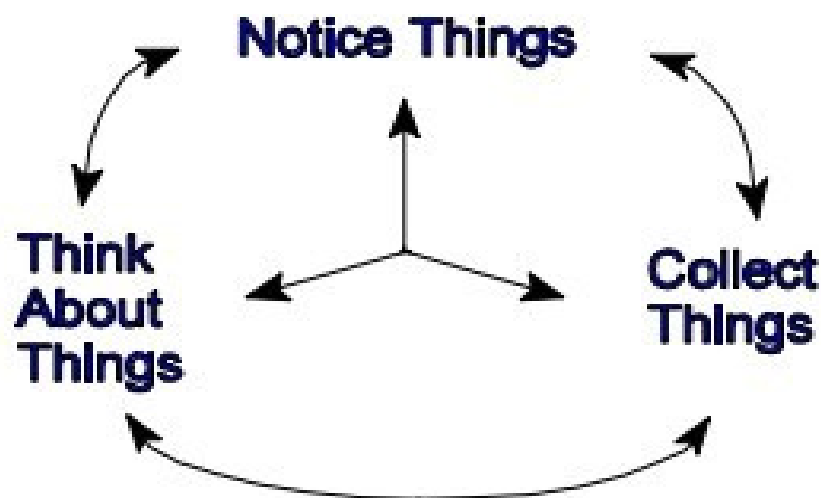


Figure 5 *The qualitative data analysis process* (Seidel 1998).

In this research, the preliminary work starts from the step of noticing how to build the distribution channel and what are the criteria for identifying the best channel for different products and companies. In order to get the answer, the author conducted a lot of document studies, referring to the theory books, internet information and other kinds of publications about distribution channel selection.

According to the document studies, the author orients the target in selecting the channel among the four types of distribution channel for consumer products (see chapter 3.1.2.) However, the distribution channel selection is influenced by various factors: environment, market, product, manufacturer and intermediaries. The final channel selected should take all the factors into account so that it can operate to the best performance.

Following the document studies, the qualitative data collection about the factors influencing the highland beef distribution is conducted. To get the information about the macro and target market, product characteristics, manufacturer factors, the qualitative methods of document studies, interviews to farm-owners and president of Finnish highland cattle club are conducted. For the buyer behaviour analysis, a questionnaire about the buyers' attitudes to the highland beef is sent and quantitative analysis is interpreted.

The first thinking step starts with analyzing all the information gathered and results in the interpretation of the characteristics about the company, the product, the consumers and the market. The conclusion of the distribution channel is got by applying all the characteristics to the four types of distribution channels and consequently the best distribution channels about the highland beef are selected.

## 5 RESULTS AND ANALYSIS

In this chapter, the results of the research from document studies and interviews are shown and analyzed in categories. First, it starts with evaluating the current distribution channel of highland beef from Vihantamäki Eco-farm. After that, how each of the factors influences the new distribution channel selection of Vihantamäki Eco-farm is described in accordance with the theory. Subsequently the distribution channels options are given, deriving from the summaries of all the categorized findings.

### 5.1 The evaluation of current distribution channel

As mentioned in Chapter 2.2, Vihantamäki Eco-farm is distributing the highland beef with the direct sales mode which means the whole selling and purchasing procedure only takes place between the consumers and the farm directly, without any intermediaries. It is due to the current resources of the farm that the farm owners choose to use this sales mode. They only have 46 cattle raised on the farm so that the farm can not supply their products continuously to the retailers. From this point of view, the direct sales mode is the most suitable channel under the current situation of this farm.

In the interview to Saarela and Saarela (2011), they mentioned that the problem of their current distribution channel is showing up when the supply of the farm is bigger than the demand of the individual consumers. With the number of cattle growing on this farm every year, the old cattle should be sold out or killed for meat. There will be more and more problems emerging from the current distribution channel.

On the other hand, the highland beef is still new product rarely seen in the open market. It also meets the theme of healthy living in the modern life. As people are paying more and more attention to keep a healthy living style, it is not difficult to predict that the highland beef will be popular if it is sold in some open shops so that it is available to more customers. From this point of view, we can conclude that the current direct sales also can't help to meet the market demand.

Overall, we can get the conclusion that the direct face-to-face sales mode is not scientific any more to meet the growing supply power and big market demand potential.

## 5.2 Selection of distribution channel for market development

### 5.2.1 Organizational objectives and resources

The organizational objective is the one of the main factors that determines what kind of channel should be selected to distribute their products. When screening the organizational objectives, it is important to know what long-term and short-term goals the organization wants to achieve in order to make the respective plans for the marketing channels (Vladimirovich 2001). The resources of an organization build the basement for the channel selection and operation.

According to the interview to farm owners, Saarela and Saarela (2011) point out that even though Vihantamäki Eco-farm is still a small-size company, it has the short-term objective to build a new distribution channel to spread their highland beef products to more customers instead of the current face-to-face selling in the farmhouse. A long-term target will be only accomplished when the company expands their business and increases the number of highland cattle. However, with those mature conditions in the future, the company has looked into a bigger market and even the whole Finland.

As described in chapter 2.1.2, there are in total of 46 highland cattle on Vihantamäki Eco-farm nowadays. The number of the cattle is growing every year and more cattle will also be introduced in from other farms. The current producing resources are still limited to have large-scale production and distribution. Nevertheless, if we look into the company's short-term objective of spreading their products to more customers in Leppävirta region and solving the problem of fast distribution after producing, it is not still prospective to build up the best distribution channel for their short-term target.

On the other hand, Vihantamäki Eco-farm has been in Leppävirta for more than 25 years. The owners of the farm are quite familiar to the local shops which are good human resources for them to find the best retailer for their distribution. (Saarela & Saarela 2011.)

## 5.2.2 Market Characteristics

### 5.2.2.1 Short-term target market characteristics

The short-term target market of Vihantamäki Eco-farm for the highland beef is the city Leppävirta which is situated in the province of Eastern Finland, in Northern Savo with an area of 1519 km<sup>2</sup>. The population number in 2009 is 10,633. Table 2 illustrates the division of population by age on 31 December 2009, which shows a good proof that there are around 10,000 potential customers for the highland beef in Leppävirta. The excellent transport connections, un-spoilt nature, comprehensive services, friendly locals and fun-filled events make Leppävirta an attractive location for people and businesses alike, showing the potential of bigger consumption of highland beef in Leppävirta (Leppävirta 2011).

According to the statistics provided by Leppävirta-information 2010, there are 1 hotel, 3 restaurants and 2 cafe-restaurants offering in total of 2700 places for customers and tourists. These restaurants will be a good retailer or customer of the highland beef.

Table 4 *The division of population by age on 31 December 2009(Leppävirta 2011)*

Age	Population	Percentage
0-14	1606	15%
15-64	6624	62%
65-	2403	23%
Total	10633	100%

### 5.2.2.2 Long-term target market characteristics

The company's long term target market is set to be a bigger market and further to the whole Finland. A big city which is close to Leppävirta is Kuopio.

#### *Kuopio market analysis*

Kuopio is located in the centre of eastern Finland with 91,000 inhabitants living in the city and 120,000 inhabitants living in the region. It is the 8<sup>th</sup> biggest city in Finland (Kuopio presentation 2009). The much larger population in Kuopio than Leppävirta provides the company with the possibility to have bigger sales. However, it is also a big challenge for the small company to satisfy the demand of larger number of consumers as well as dealing with the transportation, storage and communication issues.

Taking account of the number of potential retailer shops in Kuopio and the distance of around 30 km from Leppävirta, the direct distribution is difficult to conduct except for the online selling mode. In addition to the online selling, the wholesaler channel is suggested for this market so that the company can concentrate on production and internal development.

#### *Finland market analysis*

According to Statistics Finland (2011a), the official total population of Finland was 5,375,276. In the year 2009, net national income of Finland fell by 8.9 per cent in nominal terms last year, and stood at EUR 26,600 per capita (Statistics Finland 2010).

From the interview conducted by Statistics Finland (2011b), it reveals that the consumer confidence stood at 17.8 in April, having been 17.7 in March and 20.0 in February (see in appendix 3.) The views concerning own saving possibilities and Finland's economy were still bright; only expectations concerning general development of unemployment improved in April from the month before. (Statistics Finland 2011b)

From the economy review, we can see that both the income and the consumer confidence to economy in Finland are grandly bright which builds the strong basement for the business development of Vihantamäki Eco-farm in the whole Finland market. Due to the complexity of the big market, the wholesaler channel and agent channel are suggested.

### 5.2.3 Product characteristics and buyer behaviours

#### 5.2.3.1 The highland beef characteristics

The highland beef is one kind of typical perishable products with short displayed life. Normally the fresh meat should be refrigerated to slow the growth of bacteria. Freezing condition is even better to control the growth of bacteria than refrigerating. Due to this reason, it is safer to eat the refrigerated meat for significantly fewer days than frozen meat. Nevertheless, in most cases, producers will prefer to provide refrigerated meat to frozen ones in the open shops. (Wallace, O. 2011.)

Upon the analysis above, we can see that the highland beef should be distributed with a short channel.

#### 5.2.3.2 Buyer behaviours analysis

In order to get the views of consumers' habits on purchasing the highland beef, a questionnaire on their preference to the purchasing shops, possible purchasing quantity, package, etc. is designed. The questionnaires were sent to in total of 30 people living in Leppävirta or Kuopio. Within one week, there are 12 answers were returned. The following analysis is based on the answers to the questionnaires.

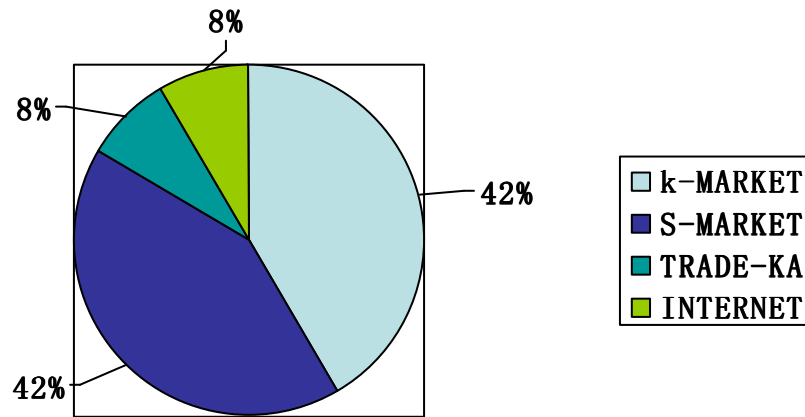


Figure 6 *The customer preference to the channel of purchasing highland beef*

It shows in Figure 6 that both 42% respondents prefer buying the highland meat in K- or S- markets, 8% of them would choose to get the beef from markets of Trade-ka group and the other 8% expects the possibility to buy via internet.

In table 5, the respondents' attitudes on the importance level of such elements as taste, healthiness, low price, domestic origin, no added ingredients and producer in selecting beef are illustrated. About 83% respondents think that taste is a very important element. Healthiness is also regarded as an important element by 83% respondents, with only 16% respondents figure out that they don't care about healthiness when selecting beef. Low price is thought rather important by 67% of respondents. In addition, also 67% people emphasised on the importance of domestic origin which is definitely an advantage to Vihantamäki Eco-farm. The other significant finding from the questionnaire is all the respondents think it is not important at all or rather not important to select the meat according to the producer. That means even though Vihantamäki Eco-farm is a small unknown farm without a well-known brand, it will not influence the consumers to select their products among other same categories. For the ingredient preference, both 50% people stand on the side of important and unimportant, that gives the indication to producer that they can diversify their product into categories with and without ingredients.

Table 5 *The respondents' attitudes to different elements on purchasing beef*

			Would these elements important for you in selecting beef?					
			Very important	Rather important	Rather not important	Not important at all	DK/NA	
Elements	Taste	Count	10	2	0	0	0	12
		%	83%	17%	0	0	0	100%
	Healthiness	Count	6	4	1	1	0	12
		%	50%	33%	8%	8%	0%	100%
	Low Price	Count	8	2	1	1	0	12
		%	67%	17%	8%	8%	0%	100%
	Domestic Origin	Count	8	1	2	1	0	12
		%	67%	8%	17%	8%	0%	100%
	No added ingredients	Count	2	4	3	3	0	12
		%	17%	33%	25%	25%	0%	100%
	Producer	Count	0	0	7	5	0	12
		%	0%	0%	58%	42%	0%	100%

According to the survey, the entire respondents figure out that they will try the highland beef if it is available in open markets and the weekly consumption is within the range of 200g- 400g under the price of 12 euro per kilo. Half of them are in favour of the pre-packed meat with a brand while half prefer to buy from a meat counter.

#### 5.2.4 Intermediaries

According to Welling (2011), distributors tend to focus on big companies and won't pay much attention to the small-size company. However, a smaller distributor might give your product better attention, but the drawback is they distribute to fewer places and have less power than big retailers.

After analyzing the current resources that Vihantamäki Eco-farm owned, it is obvious to conclude that a small retailer located in Leppävirta would be suitable for their distribution in Leppävirta region, such as some small-size shops or markets. On a long view, if the resources of the farm increase in the future, a larger market will be distributed to, in which case, a bigger retailer or even a wholesaler will be needed to organize the distribution (see also in chapter 5.2.2).

#### 5.2.5 Distribution channel selection for Vihantamäki Eco-farm

As mentioned in the former chapters, Vihantamäki Eco-farm does not have great supply power which means they can't supply their products continuously to a big retailer or restaurants. However, problems also exist when they have the supply but can not find the channel to customers in a short time. To solve this problem, a suitable distribution channel should be selected.

There are two channels available in this case- direct channel and retailer channel.

The direct channel is used on Vihantamäki Eco-farm at the moment. However, they don't have enough customer groups to purchase the products when they have the supply. As one kind of perishable product, the highland beef has to be delivered to the consumers as soon as it is produced. According to this characteristic, the beef should be distributed with a short channel. To make the best use of time for moving the products to end users, a systematic distribution channel should be built so that the company can always sell out all the fresh products in the shortest time.

According to the short-term market characteristics and the human resource of the farm, the company can cooperate with the local restaurants and supply the cattle meat whenever they have. The other direct sales channel could be the online shops. Nowadays, there are many different kinds of online shops which are quite popular among the consumers. As a new business model, online selling benefits both the customers and product providers.

Taking account of the product characteristics of the highland beef, the company should distribute their products with the intensive channel where the products are available to numbers of ultimate customers. However, due to the fact that the

company's supply power can not meet the demand of intensively supplying the products to the retailer, we conclude that a selective channel with flexible supply requirements and relatively big customer coverage will be more suitable for this company.

According to the analysis to the questionnaire of customer behaviours, it is surprised to see that all the respondents prefer to buy the highland beef in supermarkets. Taking account of this fact, we would give the suggestion that it is better to distribute the highland beef in supermarkets as retailers in Leppävirta. The available supermarkets are S-market, K-market and Lidl where the farm owner should negotiate with the retailers about the cooperation.

Following all the sequence of analysis, the distribution channels for highland beef from Vihantamäki Eco-farm are shown in Figure 7, aiming to the short-term target market- Leppävirta.

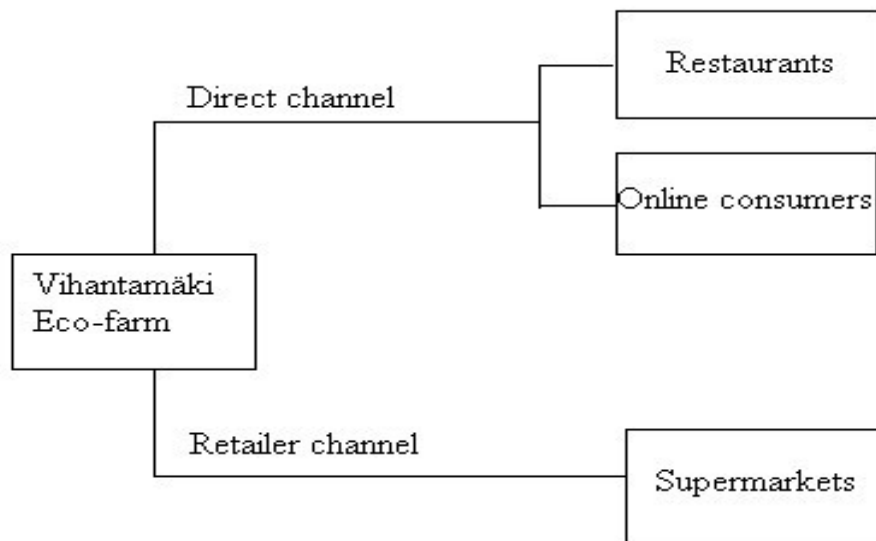


Figure 7 *The distribution channel model for short-term target market- Leppävirta*

For the long-term target market, the company should first strengthen their supply power in order to meet the market demand. Analyzing the market characteristics, it is obvious to get the conclusion that intensive distribution by wholesaler channel or agent channel should be applied for the big market development. Direct selling via internet is still a good choice for the company to spread their products all over Finland.

As it is a long-term objective, future changes can not be predicted and the farm-owners wish to concentrate on the short-term target market nowadays. Thus the detailed channels are not analyzed. Instead, only the general distribution channel model is introduced, as shown in Figure 8.

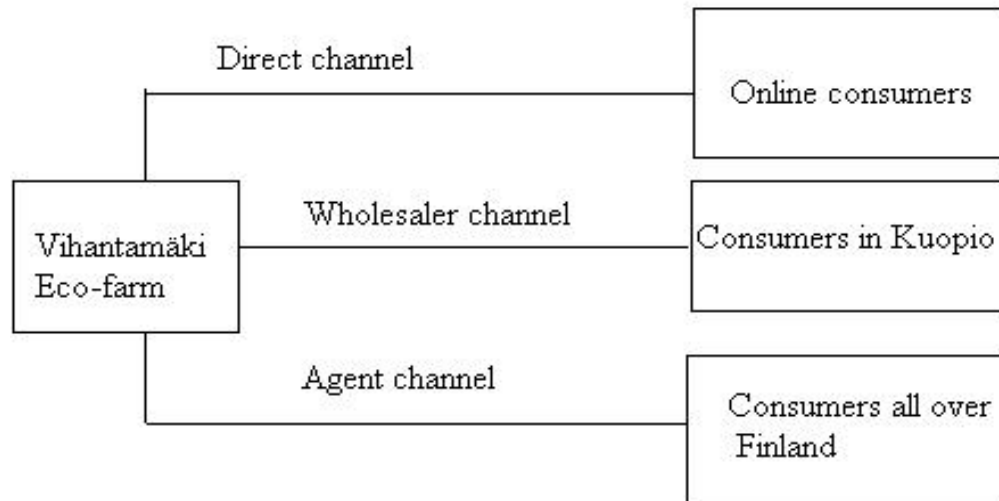


Figure 8 *The distribution channel model for long-term target market*

## 6 CONCLUSION AND DISCUSSIONS

In this chapter, a summary of the whole research process and the answers to my research questions shown in chapter 1.2 will be presented. In addition, the evaluation of the whole research process is demonstrated along with the criticism to the thesis. Some discussion about the thesis and further study possibility is added in the end.

### 6.1 Conclusion

The purpose of my study was to evaluate the current distribution system of highland beef from Vihantamäki Eco-farm and make new channel plans according to the company's short-term and long-term objectives. I conducted this research by using both primary data and secondary data. The analysis to the market, product and producer characteristics was combined with the distribution channel theory in order to get the final results on the channel selection.

It is shown from the analysis that the current face-to-face selling to regular individual consumers in the farmhouse is no longer a channel to satisfy both the supply from the farm and the demand in the markets. The new distribution channel should be established as soon as possible.

The short-term objective of the company is to expand the sales of highland beef to more consumers in Leppävirta region. The analysis shows that both direct channel and the retailer channel are suitable to this target market. The direct channel means online selling and the direct supply to local restaurants that have larger and more stable demand than individual consumers. Retailer channel for the short-term objective is suggested to establish by cooperating with the local supermarkets, such as the S- and K- markets, according to the customer survey.

The long-term objective of expanding their product to a bigger market and even the whole Finland could be only achieved under the condition that they have strengthened their supply power to satisfy the target market. After reaching this precondition, a distribution channel of direct online selling and wholesaler/ agent channel can be applied to those target markets.

## 6.2 Evaluation of the research quality

In this section, the quality of the qualitative research process is evaluated according to the criteria from Taylor, Gibbs and Lewins (2005).

### *Validity*

Taylor, Gibb and Lewins (2005) explained that validity refers to the idea that the research truly measures what it was intended to measure or how truthful the research results are.

In this thesis, the whole measurement process goes with sequences and finally gets the results of distribution channel, which accurately answers the research question of the thesis. Thus I can say it's quite valid.

### *Reliability*

Joppe (2000) defines reliability as:

“The extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable.”

In this thesis, all the qualitative data are collected from interviews and reliable materials. However, the number of respondents for the buyer behaviour questionnaire is only 12, which is not generally considered enough to represent the whole population in Leppävirta. Even though the final selected distribution channel is analyzed through reliable primary and secondary data, it is still not avoided having some empirical selection, such as the online selling, which may be opposed when the company wants to put the whole concentration on the production and internal organization development. Beyond those factors, I can say that most of the results are quite reliable.

### *Generalisability*

Generalisability means that the results of the research apply to a bigger group than the ones investigated in the study (Taylor et al 2005).

As mentioned in chapter 1.1, nowadays there are more than 190 farms feeding highland cattle with similar business scale. The one with the longest history starts their

highland cattle business from the year 1993. According to the interview to Rotola-Pukkila (2011), most of the farms have the same distribution channel problems as Vihantamäki Eco-farm. From this point of view, the results can be applied to other highland cattle farms in Finland. However, the population intensity of north and south Finland are significantly different. People living in the northern part of Finland, especially ones living in rural areas, would prefer to choose online purchase while people in southern Finland are likely to buy from supermarkets. This may bring some difference between the distribution channel development for farms from north and south Finland.

### 6.3 Limitations of the thesis

The whole research period lasts only 3 months and it is mainly based on empirical and documentary studies of the primary and secondary data, which weakens the reliability evaluation of the thesis.

As the factors influencing the distribution channel selection are quite extensive, the author only analyzed the most important ones. To make the results more accurate, more factors should be analyzed.

Thirdly, due to the limitation of time, the questionnaires were only sent to 30 people and the response rate is only 40% so that the conclusions about buyer behaviours may not precisely stand for the attitudes of the entire population.

Even though this research mainly aims to find out the best highland beef distribution channel in Leppävirta, it also helps to give some suggestion on the highland beef distribution channel for the long-term target market. However, there is quite limited analysis for this objective, resulting in a very general distribution channel model.

## 6.4 Discussion

Writing this thesis, I aim to find out the distribution channel of highland beef from Vihantamäki Eco-farm. The results of the research are effectively achieved although there are still many limitations of this thesis as I mentioned in previous chapter.

Even though there is Finnish highland cattle club building the network for all the farms raising highland cattle, Vihantamäki Eco-farm is still not a member of this club. I have recommended this club to the farm owners and expect them to be involved in this club in order to build a wider network with not only the local customers, but also the other farms all over Finland.

I have the other assumption of building the whole network for all the highland cattle farms and make them into the suppliers of one meat processing company. To gather the whole supply from all the farms, the meat processing company is able to supply the highland beef products to some big supermarkets. The benefit of this project is to easily solve the problem for all the farms that have the supply to highland beef but don't have their own channel. However, this project is just based on my assumption. It should be still tested and analyzed from many points and get the final feasibility report. It is recommended to be conducted as a further research for the highland cattle in Finland.

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## APPENDIX 1 Interview questions to the farm owners

## Interview questions

1. In which year you established this farm?
2. Since which year, the farm has become Eco-farm?
3. What is the content of your business in the beginning of foundation?
4. What is your main business on this farm now?
5. How long time a cattle can be sold since it's given birth?
6. What is the price for one cattle? Any difference in the price of cows and bull?
7. What's the price of the cattle meat?
8. What's your current distribution channel of the highland cattle?
9. How many cattle do you have now? Please specify the number of females and males.
10. What are your main channels of earning money from the farm?

## APPENDIX 2 Questionnaires to consumers

Nowadays there are many eco-farms raising highland cattle in Finland while the meat is still not widely available in the open markets. The meat of highland cattle is of high quality. This questionnaire is made to research on your attitudes and advice towards the highland beef. All the answers and advices are surely appreciated.

1. Your age:

- A. Under 15
- B. 15-64
- C. above 64

2. How many people are there living in your family?

- A. 1
- B. 2
- C. 3
- E. 4
- F. 5
- G. More than 5, please specify\_\_\_\_\_

3. How much money your whole families usually spend on the meat consumption per week?

- A. below 20 €
- B. 20€-30€
- C. 30€-40€
- D. above 40€

4. Have you ever tried the highland beef?

- A. Yes
- B. No

5. If the highland beef is of high quality and it's sold with 12 euro per kilo, how many grams do you think you will buy per week?

- A. below 200g
- B. 200g-400g
- C. 400g-600g
- D. 600g-800g
- E. more than 800g

6. For each of the following elements, please tell me if it is very important, rather important, rather not important or not important at all for your choice to purchase the meat.

- very important.....1
- rather important.....2
- rather not important.....3
- not important at all.....4
- DK/NA (Don't know/No answer)...5

- 1 Taste.....1 2 3 4 5
- 2 Healthiness.....1 2 3 4 5
- 3 Low Price.....1 2 3 4 5
- 4 Domestic Origin.....1 2 3 4 5
- 5 No added ingredients.....1 2 3 4 5
- 6 Producer .....1 2 3 4 5

7. In which shops do you most frequently purchase the meat?

- a) Supermarkets
- b) Kauppahalli
- c) Family-owned meat shops (exclude the shops in Kauppahalli)
- d) other shops, please specify

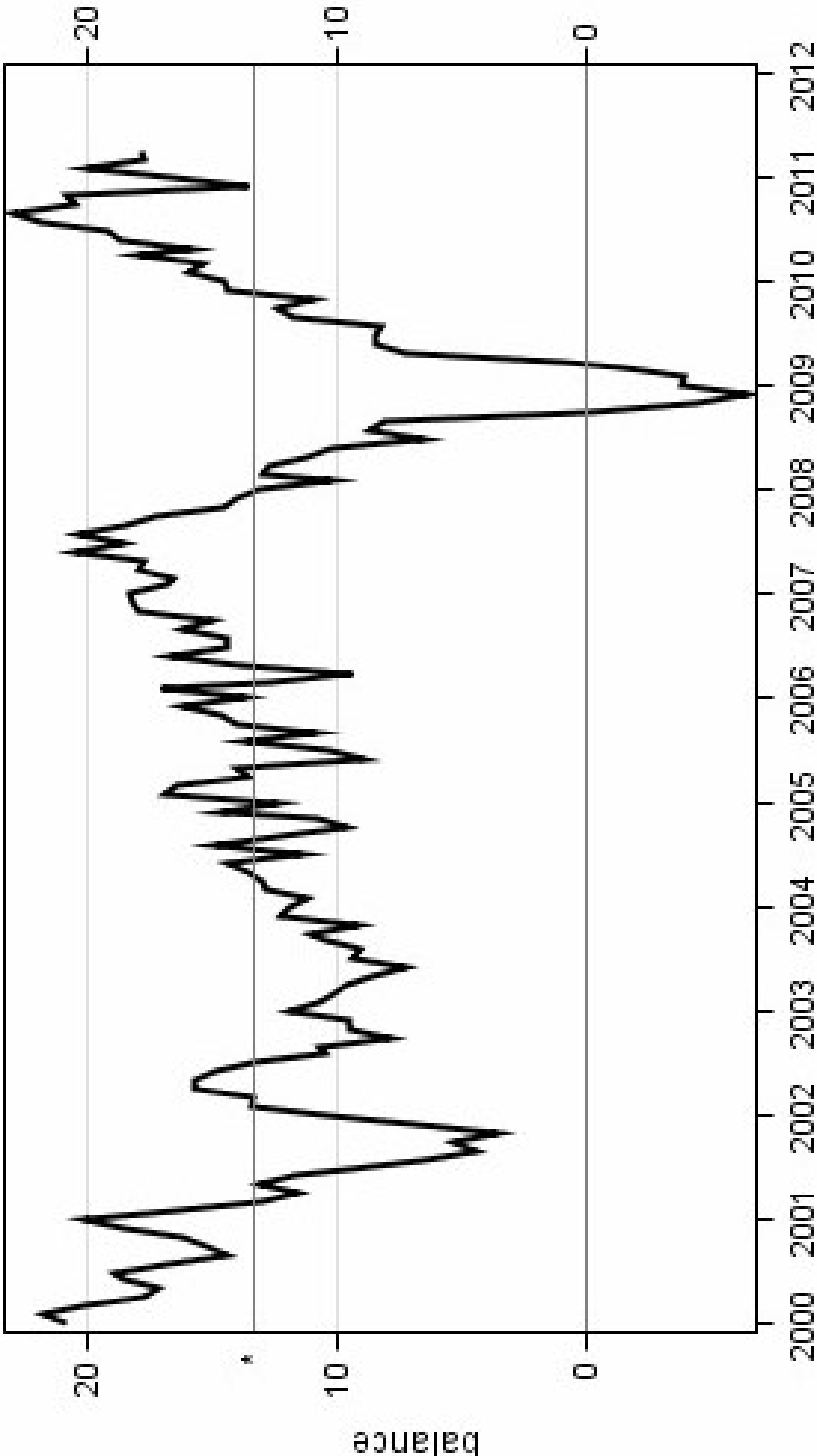
8. When buying meat in a supermarket - do you prefer the pre-packed one with a brand or do you go to the meat-counter?

- A. pre-packed one with a brand
- B. meat- counter

9. If the highland beef will be sold in one of the following shops, which shop you would prefer?

- A. K-group
- B. S-group
- C. Tradeka (euromarket, valintatalo, siwa)
- D. Internet

Consumer confidence indicator



\* average 10/1995 - 04/2011