

# INTERNATIONALIZATION STRATEGY FOR A SERVICE COMPANY

Case company MMD Networks OY,  
Verkkomainos.com service

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Abstract <p>In the current political and economic situation, globalization influences almost every company within every sector and industry. The international business environment becomes more and more globalized and integrated. Every year there is a growing number of companies, both SMEs and large ones, decide to take part in the global trade. Proactive and reactive motives of internationalization play a major role in this decision-making process. Once a company has decided to internationalize its operations, it seems to be vital to develop an internationalization strategy, taking into consideration various aspects.</p> <p>The aim of this thesis is to develop an internationalization strategy for MMD Networks OY, and particularly for its Internet advertising service Verkkomainos.com. In this thesis the author studies a possibility of entering the UK Internet advertising market, taking into account the strong and weak sides of the company, as well as market conditions and other various factors that might affect the internationalization process.</p> <p>Based on analytical and theoretical data, the most appropriate internationalization strategy for Verkkomainos.com was developed. The outcomes of this thesis might be valuable and useful for the company, as the personnel, who is in charge of the internationalization process, can assess whether it seems to be reasonable to enter the UK market or not.</p>		
Keywords Internationalization strategy, service company, UK Internet advertising market		
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# 1 INTRODUCTION

*“It is our duty to expand. Those who cannot or will not join us are to be pitied... A glorious future!”*

Ingvar Kamprad, IKEA founder

The modern world is based on the theory that each and every country has its national sovereignty and it ought to be independent from other countries and government institutions (Ghauri & Cateora 2006, 4). However, the reality tends to be different from the above-mentioned theory. There are hardly any countries in the world that managed to isolate their economies from different external threats and factors. There is scarcely any country in the modern world, which does not participate in the global trade.

Jeannet and Hennessey (1998, 41) argue that global economic expansion that started in the 1990s changed the global business environment dramatically. According to WTO statistics (2010), world merchandise exports have grown rapidly from about \$3.6 trillion in 1993 to approximately \$12.1 trillion in 2009. An outstanding activity in the global market place led to the establishment of the modern marketplace. National economies became more opened, the barriers between countries were erased. Major local market players became influential multinationals, having operations throughout the world.

In the modern economic environment, in order to be competitive every company has to be international to a certain extent. Companies find it absolutely unavoidable to establish certain activities abroad. Those activities might deal with finance, research and development, production or distribution and marketing. According to Hollensen (2007), the reasons for internationalization might vary from company to company, although the main reason is to make money. However, he states that internationalization motives can be divided into two groups – proactive motives and reactive motives. Proactive motives include company’s decisions to boost sales through reaching economies of scale, taking advantage of foreign market opportunity

and technology competence, whilst reactive motives deal with saturated domestic market and competitive pressures (pp. 42-48).

Onkvisit and Shaw (2009, 252-253) state that lack of information and knowledge about the foreign market usually leads the company that tries to internationalize its activities to a failure. In order to avoid that, a proper marketing research needs to be carried out. While conducting the research, the researcher has to look at a wide range of factors, such as market conditions, level of competition and other factors affecting the market.

This thesis was assigned by the company MMD Networks OY and its digital marketing service Verkkomainos.com recently launched by the company. Currently Verkkomainos.com is available only in Finland, offering its advertising services to Finnish advertisers as well as Finnish websites. The author will research the possibility of entering the United Kingdom market, through developing the internationalization strategy for Verkkomainos.com.

By analyzing the current situation on the UK market, bearing in mind the strengths and weaknesses of the case company, it will be possible to identify the most efficient enter strategy. In order to suggest possible solutions on how to penetrate the UK market and reach the customers, a proper research has to be conducted.

In the first place, a brief overview of MMD Networks OY will be given, providing the reader with the information about company's portfolio of services, followed by the overview of Verkkomainos.com. Furthermore, a SWOT analysis of Verkkomainos.com's will be given to identify strong and weak side of the service, as well as opportunities and threats that the service might face. Then the UK Internet advertising market will be studied through several analytical frameworks.

In addition to that, the methodology of the research will be described in order to clarify how the research was conducted. The results of the research will be presented in the Chapter 6. However, the Chapter 8 seems to be the most important, as the strategic options will be evaluated there.

## 2 COMPANY OVERVIEW

A brief introduction to the Company and its activities has to be done in order to clarify the need for the research and show the full picture of what the company does. Basically, all the information in the given chapter was gathered from the Company's official web page. However, more detailed information was gathered during the interviews with the company's co-founder and Marketing Director, Ari Lanamaki, as well as Vesa Heinonen, MMD Networks's CEO.

### 2.1 COMPANY'S PORTFOLIO

MMD Networks OY is a Finland based, privately owned, financially strong company. It is considered to be an experienced online business service provider and telecom operator, the expertise of which includes web service implementations, web hosting and server solutions, as well as various maintenance and technical support services.

On February 9, 2011 MMD Networks OY acquired Pronetko Networks OY, the company that originally launched Verkkomainos.com. The Pronetko Networks staff, including Ari Lanamaki, who was project manager at Verkkomainos.com, transferred to the new company, as a part of business trade.

Regarding the company's portfolio, there are different software products and web services that MMD Networks OY provides. However, this thesis is concerned with Verkkomainos.com and in an upcoming subchapter its overview will be shown.

### 2.2 VERKKOMAINOS.COM OVERVIEW

Verkkomainos.com is a business-to-business company, operating in the Finnish Internet advertising market. It acts as an intermediary between

advertisers and advertising platforms, such as popular web pages. Verkkomainos.com provides a self-service model, as the customer is able to tailor his marketing campaign using the offered web pages and pay for this service online. Thus Verkkomainos.com is run mainly by Ari Lanamaki. In addition to him, there is a research and development team that takes care of technical support. Though, according to Gobry (2010), the self-serve advertising model does not seem to be an innovative one, as Google and Twitter are already using it quite successfully.

According to a recent survey made by Econsultancy (2010), global Internet advertising revenue reached the total amount of \$54 billion in the year 2009. It is argued that global Internet advertising market has recovered after global economic downturn. The market is forecasted to show a slow but steady growth in the upcoming years. Therefore, it looked logical for MMD Networks OY to launch its Internet advertising service in March 2010.

Verkkomainos.com has been operating in Finland and partly in Sweden for over a year, so the financial results can be already concluded. According to Ari Lanamaki (2011), the first year of operations could not be considered as a successful one in terms of revenue. However, Lanamaki states that it seems to be highly impossible to calculate the exact amount of money that Verkkomainos.com managed to generate due to the fact that this service is a part of MMD Networks OY and all the revenues the company makes are calculated all together, meaning that Verkkomainos.com's contribution couldn't be extracted. However, Lanamaki (2011) assumes that this figure is approximately EUR 5 000.

Despite the low revenue figure for the first year of operations, Verkkomainos.com is constantly expanding the list of partners. Currently Verkkomainos.com is offering 12 web pages to advertise on. The following list includes these web pages as well as short characteristics of each of them.

- *Suntuubi.com*. Suntuubi is considered to be one of the most popular Finnish Internet communities that provides the users with a simple solution for building a personal or professional web page. There are 2.6



million accounts, out of which more than 1 million accounts are considered to be active. The community is expanding at the rate of 100-200 new web sites every day. Suntuubi features targeted ads by age, gender, area of residence and interests. It is estimated that there are 1 500 000 visitors per week.

- *Suntuubi.se*. Suntuubi.se is a branch of Finnish Suntuubi.com, which operates only in Sweden. The community is expanding constantly, though not that rapidly as Finnish version. It hosts web pages of communities, businesses and individuals. Personal web pages' holders are considered to be both young and elderly people. There are 32 900 visitors per week.
- *NHB Finland*. NHB Finland is a website about martial arts with one of the longest presence on the Finnish Internet. The visitors are mostly men of different ages. The web page features a forum. There are approximately 9 000 visitors per week.
- *Piece of Green*. Piece of Green is a Finnish website, designed for those who concerned about environment protection. The web page has a number of features, such as nature conservation and carbon dioxide emissions calculator. There are 5 000 visitors per week.
- *MMA Vantaa*. MMA Vantaa is a Finnish website dedicated to martial arts. Since the year 2001, when the service was launched, the web page managed to build a loyal customer base, mainly men who are interested in martial arts. It is estimated that there are 6 500 visitors per week.
- *Foorumi.info*. Foorumi.info is considered to be the largest Finnish social network. The web page features company profiles, association profiles, personal profiles, as well as almost 6 000 different forum topics that are seen to be a perfect channel to the customers. In regard of visitors, the amount of youngsters and elderly people is equal, though

approximately 60% of users are females and 40% are males. There are 2 500 000 visitors per week.

- *Daff*. Daff covers the wide range of physical activities, sports, nutrition and healthy living. Various information on training routines, coaching, martial arts, bodybuilding and outdoor activities such as hunting, fishing and camping can be found on Daff.fi. There are approximately 500 visitors per week.
- *Vidster.fi*. Vidster is a Finnish video hosting, working in the same way as YouTube. The customers are considered to be mainly young people. There are 25 000 visitors per week.
- *Yrityskaupat.net*. Finnish Company Acquisition Ltd is a leading Finnish expert in changes of ownership in SMEs. The website, which was launched in 1996, is providing an online marketplace for business owners that seek to sell business. It is a business-to-business web page, which customers are mainly corporate people. It is estimated that there are 50 000 visitors per week.
- *Kauppalehti.fi*. Kauppalehti is one of the most popular Finnish marketplaces for business. The website acts as intermediate between sellers and buyers, providing customers with several different services, such as consultancy.
- *Peliareena.net*. Peliareena is a Finnish gaming portal. The website is seen to be a perfect place to target young customers, due to the fact that visitors are mainly young people aged between 15 and 25 years old. There are approximately 9 000 visitors per week.
- *Ejobs.fi*. Ejobs is a Finnish website that provides recruitment services and connects organizations with individuals. Site visitors are mostly active job seekers, who are assumed to be young educated people. There are 35 000 visitors per week.

## 2.3 VERKKOMAINOS.COM'S CUSTOMERS

There are various factors the company should consider when selecting an international market to enter (Bradley 2005). In order to succeed in international market, the segmentation analysis has to take place, researching the right customers' segment that the company will be able to reach. However, in order to avoid the situation when the company attempts to reach absolutely different target groups in different markets, it seems to be reasonable to research present customers (pp. 206-207). Thus, by doing this, a more balanced internationalization strategy can be elaborated.

Ari Lanamaki states (2010) that Verkkomainos.com's main target group is small and medium enterprises (SMEs). According to Eurostat SBS database (2005), the exact number of SMEs in Finland is 188 971, meaning that there are approximately 36 SMEs per 1 000 inhabitants, which is considered to be an average figure for European Union. The following Table 1 shows the number of enterprises, operating in Finland, as well as number of personnel those companies employ.

Table 1. *SMEs in Finland*

	Number of enterprises			Number of employees		
	Value	%	EU-26 average	Value	%	EU-26 average
<b>Micro</b>	<b>175 790</b>	92,7%	91,8%	222 888	20,3%	29,6%
<b>Small</b>	<b>11 376</b>	6%	6,9%	193 007	17,6%	20,6%
<b>Medium</b>	<b>1 806</b>	1%	1,1%	201 611	18,4%	16,8%
<b>SMEs</b>	<b>188 971</b>	99,7%	99,8%	<b>617 506</b>	<b>56,3%</b>	<b>67,1%</b>
<b>Large</b>	<b>596</b>	0,3%	0,2%	479 770	43,7%	32,9%

It is worth mentioning that the latest definition of a SME is considered to be a Recommendation 2003.361/EC, which was adopted by the European Commission in the year 2003 and revised further in the year 2005. As can be

clearly seen in the Appendix 1, European Commission distinguishes small companies, micro companies and medium-sized companies, taking into consideration amount of staff the company employs, turnover and balance sheet figures.

## 2.4 VERKKOMAINOS.COM'S SWOT ANALYSIS

In order to develop a decent internationalization strategy plan, a company should take into consideration many aspects and factors, as well as conduct some analysis to research market conditions and company's abilities (Kotler & Armstrong 2010, 78).

In this section, a detailed SWOT analysis will take place, discussing the current marketing situation as well as potential opportunities and threats the company might face. SWOT analysis also includes information about strong and weak sides of the company. Verkkomainos.com's SWOT analysis is placed into Table 2 in order to show the information in the most convenient way.

Table 2. *Verkkomainos.com's SWOT analysis*

	Strengths	Weaknesses
	<ul style="list-style-type: none"> <li>• Advanced technologies</li> <li>• Financial security, as the service is a part of MMD Networks OY</li> <li>• Well-established network of partners</li> <li>• Wide client coverage (age, sex, occupation, hobbies)</li> <li>• User-friendly service</li> <li>• Suntuubi, as a major advertising platform</li> </ul>	<ul style="list-style-type: none"> <li>• High prices, comparing to major competitors</li> <li>• Weak marketing channels</li> <li>• Small customer base</li> </ul>
	Opportunities	Threats
	<ul style="list-style-type: none"> <li>• Growth of Internet advertising market</li> <li>• Internalization -&gt; more SMEs are going abroad</li> <li>• Growth of Internet users -&gt; more popular web pages -&gt; more potential partners</li> </ul>	<ul style="list-style-type: none"> <li>• Second wave of financial crisis</li> <li>• Globalization -&gt; fewer SMEs on the market</li> <li>• Increasing competition</li> </ul>

### 3 METHODOLOGY

The aim of this thesis was to provide MMD Networks OY with the internationalization strategy to enter the UK market. In order to do so, certain issues have to be taken into consideration. First of all, the research questions have to be identified. In this chapter, the research methods and techniques as well as brief plan of the research will be discussed.

#### 3.1 RESEARCH QUESTIONS

Before implementing the research itself, various aspects have to be taken into consideration. Therefore, it is essential to identify the correct research

questions so that they will lead the research into the right direction. Due to the fact that the research is rather complicated and vague, one research question could not be seen to be enough. Therefore several linked questions will help to cover potential areas of the research, so that nothing will be left out.

The questions to be answered in this thesis are the following:

- What are the market conditions of the UK Internet advertising sector?
- What barriers and risks the company should take into consideration while entering the UK market?
- What are the possible customers and owners of advertising spaces?

It should be pointed out that the main question of the research is *What is the most appropriate internationalization strategy for Verkkomainos.com to penetrate the UK Internet advertising market?* The consistent, step-by-step approach to answering these questions will give the full picture of the internationalization strategy MMD Networks OY will need to follow in order to enter the UK market. First, the potential risks and barriers have to be identified and assessed. After that segmentation of customers and partners has to take place, due to the fact that well-defined customer segments lead to better understanding of company's direction on a new market. Finally, an internationalization strategy will be proposed taking the above-mentioned issues into consideration.

### 3.1.1 THE PURPOSE OF THE RESEARCH

Once the research questions were identified, it is seen to be vital to discuss the purpose of the research. According to Saunders et al (2007, 133), there are three main types of studies, including exploratory, descriptive and explanatory. However, Saunders et al (2007, 133) argue that quite often some researches are seen to be multipurpose, meaning that, for instance, those researches can be both explanatory and descriptive.

In regard of this thesis, bearing in mind the research questions, it seems to be obvious that both exploratory and descriptive purposes suit the best.

According to Saunders et al (2007, 132-134), exploratory study aims to find out what is happening, for instance, on the market and find new insights. This type of purpose also uses search of the literature and interviews with experts as main means of conducting the research. In terms of descriptive purposes, they can be also called a part of this work. However, the descriptive purpose is not seen to be the main outcome of the research, rather than a means to that outcome.

## 3.2 RESEARCH TYPE

Before conducting the research, it seems to be reasonable to identify what kind of research type it has to be, bearing in mind the purpose and goals of the research, as well as available means and sources. According to Proctor (2005, 16) four main types of research can be distinguished, which are primary or secondary and qualitative and quantitative. It is considered that in order to understand what type of research needs to be carried out, those research types' definitions have to be given.

Proctor (2005) states that the primary type of research refers mainly to those researches that were carried out to meet a specific set of goals for the company. It is argued that this type of research can be made either by the company itself, or can be ordered by the company. However, the secondary research defines as a research that was already conducted by another company or researcher, but might be useful for other researchers. (p. 19)

However, Hair, Money, Samouel & Page (2007) discuss the nature of both primary and secondary researches from a slightly different point of view. They state that in case the researcher uses secondary data, which is defined as a data collected by somebody other than the researcher, the sources of this type of data include surveys, company's records, censuses and other open sources. In regard of primary data, it is considered that this type of data refers

only to the data that is collected only by the researcher for a specific study or survey. (pp. 118-121)

Due to the fact that mostly secondary data will be used in this research, the analysis will be conducted based on that data (Saunders et al. 2007). As the questions imply finding the information concerning the market opportunities as well as possible barriers and risks involved in setting up the operations in the UK, the information on market conditions, opportunities and threats will be sought in various secondary data sources. However, primary data will be used in order to generate a list of possible advertisers, operating on a certain market. Therefore, it can be concluded that this research will be based on both secondary and primary data.

According to Malhotra (2010), once the researcher has identified the data type as a primary data, it needs to be decided whether the research will be qualitative or quantitative. It is worth defining both types of research in order to select the right one to reach the set goals of the research. Malhotra (2010) states that qualitative research is considered to be an exploratory research method based on small samples that gives an insights and full picture of the topic, whilst quantitative research usually refers to a research that attempts to quantify the data, as well as features some form of statistical analysis. (pp. 170-171)

Taking the above-mentioned definitions into account, in order to answer the main question of the research, which is *What is the most appropriate way to enter the UK Internet advertising market*, it seems to be reasonable to undertake a qualitative research.

### 3.3 ONION MODEL

A significant part of this sub chapter is concerned with the ways of collecting information. According to Sanders et al (2007) it is considered to be absolutely



vital to look at a research from different perspectives. Once the research questions were defined, a researcher needs to understand the key research paradigms that are seen to be significant and relevant for a given research. Sanders et al (2007) state that one of the best way to define the philosophy, research approaches, research strategy, choices and time horizons, as well as data collection techniques and analysis procedures is to follow the so-called research onion model, that was introduced by Saunders, Lewis and Thornhill (2007). (pp. 100-102)

In this section, the research onion framework will be applied to the main area of the research in order to structure the process better. The following Figure 1 is presenting the research onion framework itself.

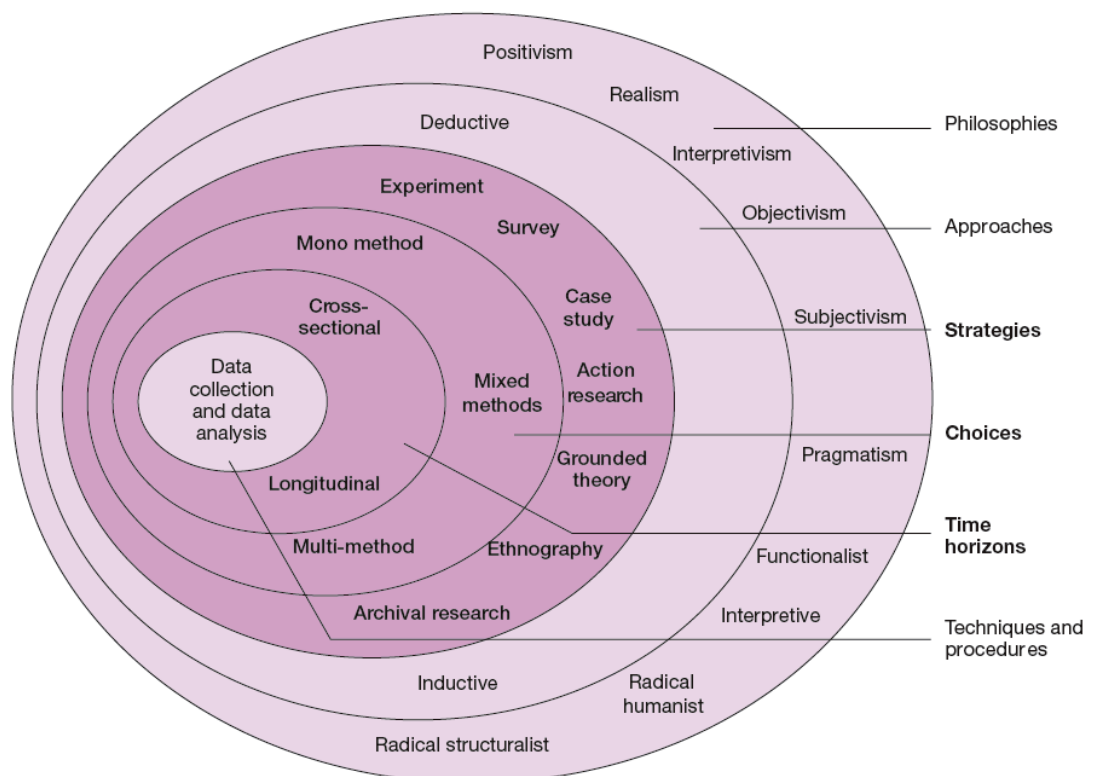


Figure 1. Research onion (Saunders et al, 2007)

The upcoming sub Chapters are going to discuss different elements of the research onion framework so that none of the layers is left out. It means that research philosophy, approaches, strategies and so on are going to be covered one by one in order to clarify the research process.

### 3.3.1 PHILOSOPHY

In this part of the chapter the research philosophies will be examined.

Research experts distinguish quite a number of different philosophies that a research can rely on while conducting a research. According to Saunders et al (2007, 101), the term “research philosophy” mainly refers to the development of knowledge and the nature of that knowledge.

Saunders et al (2007) distinguish 10 main research philosophies, though some of them include sub categories. At first reading, the author found this theories and philosophies quite profound. However, after a deep and careful reading, the author managed to identify the research philosophy that will help to answer the research questions and reach the goals.

Firstly, it seems to be reasonable to list the research philosophies and provide a short definition, in order to show how the author selected the one that suites this thesis the most.

- *Epistemology* concerns the questions of what can be referred as an acceptable knowledge. Epistemology addresses the question whether social world, such as business and social studies can be studied using the same principles and practices as the natural sciences (Bryman & Bell 2003, 13).
  - *Positivism* refers to a set of epistemological beliefs that the scientific method seems to be the most appropriate one to discover knowledge about the processes by which both physical and human events occur (Saunders et al 2007).
  - *Realism* is a philosophic belief, according to which the reality exists independently of observers. Usually Realism is contrasted with idealism (Saunders et al 2007).
  - *Interpretivism* is a philosophical doctrine, according to which the subject matter of social sciences, which is considered to be people and their institutions, is totally different from the subject

matter that natural sciences researches. (Bryman & Bell 2003, 15)

- *Ontology's* main question concerns the nature of reality and social entities. It studies philosophical views on the way the world operates. According to Bryman and Bell (2003, 19), the main question of ontology is whether social entities should be considered to be objective entities, which are seen to have a reality external to social actors, or whether social entities should be considered to be social constructions made from social actors' actions.
  - *Objectivism* is a philosophical method of describing the world, according to which social entities exist in reality external to social actors, as well as that a person can gain some objective knowledge from perception just relying on inductive and deductive logic.
  - *Subjectivism* holds point of view that social actors do create the social phenomena. Moreover, it is considered that these social phenomena are in constant state of revision.
- *Pragmatism* is a philosophical practice, according to which the most important issue of the research philosophy is the research question itself, meaning that different philosophic approaches can be used together in order to carry out the research. (Saunders et al 2007, 110)

To sum it up, it is worth saying that the author decided to rely on pragmatist point of view, which is seen to be the most appropriate one in case of this research. Moreover, according to Tashakkori and Teddlie (1998, 30), pragmatism as a research philosophy allows combining various paradigms and research types. Tashakkori and Teddlie (1998, 30) also state that pragmatist point of view avoids vague discussions about the nature of knowledge and truth, at the same time making the research questions the most important part of the research, meaning that different approaches can be used in order to find the answers to the proposed questions.

### 3.3.2 RESEARCH APPROACHES

In regard of the research approach, Saunders et al. (2007) propose two main research approaches: deductive and inductive. Deductive approach is widely used once the theory and hypotheses are developed and they have to be tested. On the other hand, the inductive approach involves data collecting and developing a theory basing on the data analyzing. However, Saunders et al. (2007) also suggest that the mixture of those research approaches is seen to be the only possible way for some researches. (pp. 117-121.) In case of this thesis, it is rather obvious that the inductive approach has to be applied in order to reach the set goals.

### 3.3.3 RESEARCH STRATEGIES

In this section the research strategies that are implemented in the research will be discussed. Basically, the choice of the strategies is guided by various factors, such as the selected research questions, research objectives, the amount of knowledge and resources available, as well as research philosophy.

Saunders et al (2007) state that there are seven main research strategies, emphasizing that there is no strategy, which can be considered to be the best one for all kinds of researches. Furthermore, it is worth mentioning that those strategies are not seen to be mutually exclusive, meaning that two or more strategies can be used to answer the research questions and meet the research objectives. As the main research strategies, Saunders et al (2007) identifies the following strategies: experiment, survey, case study, action research, grounded theory, ethnography and archival research. (p. 135)

In this thesis, the author finds the following research strategies to be more relevant to the nature of the research: case study, grounded theory and archival research. According to Robson (2002, 178), a case study can be

defined as a strategy for conducting a research that includes an investigation of a particular company within its real life environment. As the author writes this thesis about the case company, it seems to be reasonable to state that during the research process, a case study strategy will be widely used.

In regard of grounded theory, Saunders et al (2007, 142) define it as one of the best strategies for an inductive approach. In the given research, the author widely uses grounded theory strategy when answering the research questions, as some of them request theoretical and literature knowledge. In terms of archival research, the author uses this strategy once the possible clients and partners were searched. Several sources were used in this strategy, such as governmental data bases storing different businesses operating in the UK, as well as online data bases about media companies and web pages.

### 3.3.4 RESEARCH METHOD

In subchapter 3.2, the author discussed the type of the research that needs to be carried out in order to answer the research questions. It was decided that bearing in mind the research questions and objectives, the qualitative research has to take place. However, Saunders et al (2007, 145) in the research onion framework assume that a qualitative research may be seen as a multi-method qualitative study or mono method. It is worth remembering that various research strategies are used in the given research. Therefore it seems to be obvious that this study uses a multi-method qualitative research, as the author uses different techniques in collecting the information.

### 3.3.5 TIME HORIZONS

It is argued that once planning a research, the researcher has to define whether the research has to be more like a snapshot of some sort of events,

or whether it has to feature some diary characteristics, meaning a research will be a representation of some events over a period of time. (Saunders et al 2007, 148). Terms like cross-sectional and longitudinal can be found in the literature, referring to the snapshot-type research and diary-type research respectively.

In terms of this thesis, the cross-sectional type of research is implemented due to several reasons. The research explores an opportunity in entering the UK market at a particular time, taking into consideration various factors, such as political, economic, environmental, legal, social and technological, that affect the internationalization strategy at a particular time. The research outcomes will have a certain value for the case company only for a short period of time, as the market conditions might change dramatically. Therefore, this research can be only cross-sectional one.

The next layer of the research onion framework is called data collection and data analysis. This part seems to be a significant one, as it discusses how the actual research was conducted. Therefore, the author finds it more reasonable to dedicate a special subchapter for this issue.

### 3.4 RESEARCH PLAN

Answering the main research question, which is defined as *What is the most appropriate internationalization strategy for Verkkomainos.com to penetrate the UK Internet advertising market?*, it is seen to be impossible to leave out the sub questions, which are designed specifically to answer the main research question. Therefore, in order to gradually explain the research process, this chapter will discuss the plan of the research.

The first task that had to be done was looking at strengths and weaknesses of Verkkomainos.com, as this allowed to assess the resources and capabilities of the company, and as a result it became possible to identify what the abilities of the service are. Therefore, the author conducted a SWOT analysis, which can

be found in the Chapter 2.4. At this stage, in order to find the needed information, the author had several interviews with Ari Lanamaki, MMD Networks's Marketing Director and Verkkomainos.com's Project Manager and Vesa Heinonen, CEO of MMD Networks. It was a set of interviews, as when a question arisen, the author contacted the above-mentioned persons via emails. It is worth noting that mostly the communication took place with Ari Lanamaki, as he is a Project Manager for Verkkomainos.com, therefore he is considered to be an expert in this field. Interviews with Mr Heinonen mostly shedded the light on the MMD Networks's portfolio and some issues about the company merger. This stage of the research, as well as the next one, can be seen as the preparation steps before the actual research was conducted.

The next step, which, as it has already been mentioned before, is considered to be a preparation step, was the research of the UK market conditions. This was done specifically in order to assess the possibility of the research itself. As it has been already stated above, this thesis was assigned by MMD Networks OY and at an early stage of cooperation, Ari Lanamaki requested a a list of possible UK partners and UK clients. In regard of clients, the author decided to narrow down the research from the national UK market, to a specific industry, which is apparel sector. It is worth noting that at the early stage of the research the author has attempted to contact the British & Commonwealth Chamber of Commerce in Finland in order to find out industry or sector from which British SMEs tend to penetrate Finnish market more often. However, none information was given and it was decided to select apparel sector as the main area of the research due to the fact that the author possessed reliable information on this industry. Bearing in mind that Verkkomainos.com's main target audience is considered to be small and medium enterprises, the author arranged a personal interview with an apparel industry expert, Louise Hunt, who gave the information about the apparel market conditions and key players, emphasizing that British SMEs operating in that field experience a great pressure from bigger companies, therefore the internationalization is seen to be one of the few ways of surviving. This step has allowed the author to research more deeply the specific sector, which led to the next step of the research.

When the preparation stages were gone through, the possible clients' database was created. The information was searched online, using the services that store the data about the UK businesses operating in different fields, such as Business Magnet and All UK Businesses. At this stage, the author was searching for the UK SMEs operating in the apparel industry. When a wide list of these companies was created, it included approximately 120 companies. After that, the list was shortened, as it turned out that some companies were not relevant to the research topic, and some companies already had some operations in Finland. When the list of companies was narrowed down, it included approximately 7 large companies and 30 small and medium-sized companies.

The next step of the research was to create a partners' database. By the term "partner", the author means the web pages that are willing to place some ads on, or simply saying advertising platforms. This list was created using a service, called BRAD. BRAD is a monthly guide to advertising media and it features data on over 13 000 media sources, including TV, radio, newspapers, magazines and digital advertising. In regard of circulation and audience for every web page, it is worth mentioning that some data was collecting directly from BRAD, whilst some data was collected directly from the web pages themselves.

Carefully following this research plan, the author managed to create 3 tables that include the information about the possible clients - SMEs, the information about the possible clients - large companies, and the last table but not the least includes data on possible partners.

## 4 LITERATURE REVIEW

Critical literature review is meant to give an overview and demonstrate what is already known about the given thesis topic. This section was written before the actual research was planned, as, according to Bryman & Bell (2003.), literature review is seen to be quite useful for the researcher. They state that



carefully conducted critical literature review may bring many values. For instance, a researcher might find out some useful frameworks, which can help reaching the research results, as well as well-carried out literature review is considered to suggest further research questions for a person intended to make a study.(p. 557). Therefore, it can be concluded, that literature review chapter is seen to be an important part of this thesis.

Taking into considerations the above-mentioned issues, in this chapter the author will review several issue that are assumed to be relevant to both research questions and research topic. First of all, the reasons for internationalization will be covered, followed by the differences between product and service in terms of strategic approaches. Verkkomainos.com provides an advertising service, therefore the author found it absolutely vital to research whether there are some differences in international strategies for products and services. Furthermore, according to Ari Lanamaki (2010), Verkkomainos.com operates in business-to-business environment, meaning that various business-to-business marketing approaches have to be reviewed in this chapter as well.

## 4.1 INTERNATIONALIZATION MOTIVES

As already briefly discussed in the introduction to this thesis, marketing experts identify two main groups of internationalization motives, such as proactive and reactive reasons, though it is argued that in most businesses one motive cannot and should not be seen as an action trigger. According to Hollensen (2007), proactive motives usually represent the company's reasons to change strategy, based on company's interest in taking advantage over some unique competences or foreign market opportunities, whilst reactive motives are defined as factors that force the company to change the strategy and enter a foreign market, as a domestic one is not considered to be lucrative any more due to competitors' pressure and other threats. (p. 42)

Bradley (2005) lists several reasons why a firm decides to go overseas. The internationalization motives include foreign market opportunities, technology competence and product uniqueness, as well as an opportunity to reach economies of scale. (2-3). On the other hand, Hollensen (2007) adjusts the list of proactive motives with several factors, such as tax benefits, as in some cases it seems to be more profitable for a company to sell or produce abroad. For instance Volkswagen decided to move its production activities to Russia, as the corporate tax in this country is lower than in Europe. Hollensen (2007) also states that managerial urge can be seen as an internationalization motive, as the enthusiasm of management towards overseas activities can play a critical role in decision making process. (pp. 42-45)

In regard of reactive internationalization motives, Bradley (2005, 3) indicates several important reasons that might affect company's decision to internationalize, such as unsolicited foreign orders, excess capacity and overproduction, desire to follow competitors as well as small and saturated domestic market. In contrast to Bradley, Hollensen (2007) argues that a prime form of reactive motives is assumed to be competitive pressure. In addition to the above-mentioned reactive motives, Hollensen (2007) states that seasonality in demand might be a strong reason why a company decides to go overseas. Furthermore, he argues that psychological and physical closeness is able to play a major role in the international activities of a company, meaning that, for instance, German companies, which are headquartered near the Austrian border, often do not consider their operations in Austria as an international marketing, due to the fact that Austria is not perceived as a foreign entity. (pp. 45-48)

On the other hand, Onkvisit & Shaw (2009, 19-20) argue that for some business activities the above-mentioned internationalization motives do not exist, due to the fact that from the inception of the company, the management decides to operate globally. For instance, various Silicon Valley companies do not see it possible to have a business model first for the domestic market before going overseas. According to Gurau & Ranchhod (2006), these companies are frequently called "born global", meaning that from the very first scratch the company intends to operate on a global arena. It is worth

mentioning, that in some countries, the number of born global companies compared to not born global ones is significantly higher. For instance, in the United Kingdom, approximately 83.6% of all UK-based small and medium business enterprises are considered to be born global, while in the USA only 16.4% of all SMEs are seen to be born global firms. (p. 151)

## 4.2 INTERNATIONALIZATION OF SERVICES

Usually, when a person thinks of international trade, the first thing that comes to mind is consumer products. Although, according to Ghauri & Cateora (2006), business services, which are considered to be services sold to other companies, are a “highly competitive growth market” that also seeks quality and value. It is argued that the most rapidly growing industry in terms of international trade is business and consumer services sector, e.g. accounting, advertising, consulting, banking and many others. Due to the intangibility of services, the service provider has to take into consideration a number of factors that affect the company once it is decided to go overseas. However, the literature, dedicated to international marketing, mostly covers internationalization of manufactured products, instead of paying special attention to business services. (pp. 332-334)

According to Hollensen (2007), a usual internationalization strategy for a service company is considered to be more risky, compared to a product company. The reason for that is assumed to be the following. The internationalization process for a manufacturing company can start slowly and gradually, meaning that a company can penetrate foreign markets using indirect export channels and move to more direct export channels once the a company has gained a market knowledge, has created a well-established customer base, as well as market presence. However, for a service company the situation is absolutely different. Once a service company decided to internationalize, quite often it does not seem to be possible to penetrate the market step-by-step, moving from indirect export channels towards more direct export channels. Therefore, it is argued that a service company has to

face all the internationalization related problems immediately. In addition to that, Hollensen (2007) states that due to the difference in penetrating foreign market for a service company and a manufacturing company, a service company has to find the right entry mode and develop an internationalization strategy in order to cope with the above-mentioned problems. (pp. 82-83)

Onkvisit & Shaw (2009) claim that usually marketing experts, as well as books on international marketing say that services dramatically differ from products. Therefore, certain adjustments to marketing approaches need to be done. Taking into consideration the unique characteristics that all services feature, such as that they are intangible, customer-oriented and perishable, it is argued that customers perceive services differently than products. However, expressing their own opinions of the subject, they state that it seems to be premature to conclude that products and services are different therefore they require different strategic approaches. Onkvisit & Shaw (2009) argue that internationalization strategy needs to be developed individually for each and every case, taking into consideration market conditions, customer behavior and other factors. In addition, it can be concluded that there is no common, unified internationalization strategy for manufacturing companies, the same as for service companies. Therefore it should not be suggested that service companies require different strategic approaches than manufacturing companies, as every company requires an individual strategic approach to a certain extent. (pp. 361-366).

Regarding the strategies for internationalizing services, Grönross (1999) states that five main strategies can be distinguished, though they cannot be considered as mutually exclusive. According to Grönross (1999), only those five strategies, which are direct export, direct entry with own subsidiary, indirect entry with intermediate mode, digital marketing and systems export can be used in order to maximize the chances of marketing success. The direct export of services usually refers to industrial markets. This entry strategy requires an immediate market entry, meaning that no step-by-step mode can take place. Therefore, this strategy is suggested to be a risky one, due to the fact that minor mistakes can have some substantial impacts on a company. In regard of direct entry with own subsidiary, Grönross (1999) states

that this entry mode is seen to be more risky for a service company than for a manufacturing firm, as there is almost no time for learning process. In addition to that, a service company's subsidiary starts to deliver the service from the very beginning, at the same time coping with human resources management, consumer behavior and legal issues. In contrast to direct entry, indirect entry is considered to be less risky, as a company decreases risks of market failure by avoiding the establishment of local operations. Licensing, franchising and management contracts are seen to be the means of indirect entry mode. (pp. 290-297)

By the term "systems export", Grönross (1999) means a joint export by several companies whose services complement each other. The companies, using this entry mode, are assumed to share the risks. However, the company has to share the control over the situation, which is seen to be a weakness of this strategy. Regarding the digital marketing, Grönross (1999) considers this internationalizing strategy to be less risky than the above-mentioned strategies. When a company attempts to penetrate foreign market by using digital marketing, the firm is not bound to any particular location, meaning that a company can administrate its service from anywhere on the globe. To conclude, Grönross (1999) states that internationalizing strategies for services companies and manufacturing companies differ to a certain extent. Therefore a marketer should implement special strategic approaches in order to be successful on a foreign market. (pp. 290-297)

### 4.3 BUSINESS-TO-BUSINESS MARKETING

In the beginning of this subchapter, it seems to be reasonable to provide a definition of business-to-business company. Wright (2004, 2) states that business-to-business companies operate at both national and global level, selling to other companies products or services for their own use. However, Wright (2004) urges that a company can be considered as a B2B only if it sells products or provides services for the buyer's own use. In case the company

sells products into retailers for onward sales won't be considered as B2B, but business-to-consumer only. (p. 4)

According to Hollensen (2007), business-to-business markets differ from customer markets to a great extent. Depending on the industry, it is considered that buyers tend to be larger and often geographically concentrated. It is worth mentioning that absence of mediators frequently leads to a closer relationship. Another characteristic of business-to-business markets might be the fact that buyers are seen to be professional ones. This characteristic can be explained by the nature of business-to-business relationship, as quite often the service takes a form of hundred-million-dollar project. Therefore, many participants take part in the buying process, in order to weigh the possible pros and cons of a particular deal. (pp. 425-426)

Additionally, Morris, Pitt & Honeycutt (2001, 275) claim that business-to-business marketing can have some hidden pitfalls due to the above-mentioned characteristics. Morris et al (2001) state that industrial products and business services can have some complex technical features and bearing in mind that professional buyers frequently have high technical competency, as well as certain performance expectations, marketers has to obtain the same level of technical competency. Moreover, marketers should know how the product or service could be modified so that it can meet customer's needs. Otherwise, the company's financial figures will not be skyrocketing. (p. 275)

Regardless of multimillion contracts, in business-to-business markets the loss of a customer can have some dramatic consequences, taking into account the fact that B2B companies usually serve relatively fewer customers (Ghauri & Cateora, 2006). In order to stay profitable, a company that operates in business-to-business market needs to utilize various communication approaches to build a relationship with a new customer. This process is considered to be time and resources consuming, as personal selling and personal contact needs to take place. (pp. 339-342)

## 5 UK MARKET

Taking into considerations the fact that in an upcoming chapter the recommendations will be discussed, the author finds it absolutely vital to give a market overview first. As it was mentioned earlier in the thesis, the database of partners has to be created. Therefore, the overview of the Internet advertising industry has to be done. Moreover, this thesis is going to talk about small and medium enterprises, and it has been decided that the main area of interest of this research is going to be an apparel industry in the UK. Thorough analysis of the market will lead to a better understanding of business environment and various factors, affecting both industries. In order to systematize this market overview, two market research frameworks will be used.

According to Witcher & Chau (2010, 91) the PESTEL framework is widely used in strategic management to analyze macro-environmental factors, such as political, economic, social, technological, environmental and legal, in order to identify general sources of market opportunities and threats. Those factors are suggested to be fundamental ones, as changes in those factors might lead to the dramatic transformation of a certain industry. Therefore marketers have to take into consideration PESTEL analysis, especially once a long-term strategy is being developed.

Furthermore, Jones & Hill (2009) argue that once the macro environment factors, affecting the industry have been researched, it is suggested that Porter's Five Forces analysis has to take place in order to identify competitive forces in the industry, as well as opportunities and threats that might occur in the sector. Porter's Five Forces analysis studies main competitive forces in the industry, which are threats of new entry, buyer power, supplier power, threat of substitution and the last but not the least competitive rivalry. (p. 42)

## 5.1 APPAREL INDUSTRY IN THE UK

The following Table 3 includes the information on PESTEL analysis for the apparel industry in the UK. The macro-environmental factors consist of important issues and ongoing processes only, which are assumed to influence the industry, as well as companies operating in that sector.

Table 3. *UK apparel industry PESTEL analysis*

	Macro-environmental factors
Political	<ul style="list-style-type: none"> <li>• Employment legislations and labour laws</li> <li>• Inability of government to stabilize the economy after the economic downturn</li> <li>• Government educational policy, so that in a long run more people will get higher education, meaning that the industry will face employment difficulties</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Recession -&gt; increased unemployment and decreased total welfare of the population</li> <li>• Increased amount of online shopping -&gt; companies have to follow the trend in order to stay profitable</li> <li>• Shortening the product life cycle</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Ageing population</li> <li>• Consumption society -&gt; customer behavior is based on purchasing experience, rather on rationale thinking</li> <li>• Living standards are increasing constantly</li> <li>• More disposal income, compared to previous decades</li> <li>• Change of lifestyle -&gt; longer opening hours</li> </ul>
Technological	<ul style="list-style-type: none"> <li>• A number of innovations that influence the sector, e.g. online shopping, bar coding, manufacturing equipment</li> <li>• Innovation in machinery can potentially increase the productivity and decrease costs</li> <li>• Self checkout in the stores can decrease costs</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>• Fair-trade trend</li> <li>• Environmentally friendly trends -&gt; companies are forced to reduce environmental impact</li> <li>• Corporate social responsibility</li> </ul>
Legal	<ul style="list-style-type: none"> <li>• National quality standards</li> <li>• European Union quality standards</li> <li>• Patent laws -&gt; companies tend to protect their intellectual properties</li> </ul>



As Hill & Jones (2009, 42) claim, once a researcher has identified macro-environmental factors, a further step needs to take place, which is Porter's Five Forces analysis. Porter's Five Forces analysis mainly concentrates on driving forces that affect the rivalry in the industry.

The following Porter's Five Forces analysis for apparel industry in the United Kingdom is undertaken from the retailers point of view, meaning that the key buyers will be considered as individuals that buy clothes and textile manufacturing companies will be seen as suppliers.

According to the recent survey conducted by Datamonitor (Datamonitor 2010), the overall buyer power is assessed as low, although the buyers in that industry are seen to have insignificant switching costs, which usually strengthen the buyer power. Moreover the buyer power is weakened by various cultural aspects, such as fashion trends and fad issues. Furthermore, apparel industry, as well as fashion itself is suggested to be absolutely unpredictable and it seems to be obvious that individual buyers have a limited influence on these changes. Regarding the brand loyalty, it can be certainly found in the top end of the industry, which strengthens buyer power to some extent. Despite that, it is assumed that there is a strong demand for low cost apparel, which can satisfy the needs of customers with higher price sensitivity.

Regarding the threat of new entrants, Datamonitor (2010) assesses this power as high. It is worth noting that massive capital outlay is not required once a company decided to enter the apparel industry, though it is suggested that substantial capital investment might be needed to meet economies of scale. Certainly, regardless financial barriers, there is a number of barriers that entrants may face. Well-established retail chains are seen to be one of those barriers, as those companies have already managed to organize supply chain and reach economies of scale, which brings extra profit. Market leaders are able to lure away customers from small and medium companies by offering more lucrative prices. Moreover brand loyalty helps market leaders cope with economic recession, that the industry currently suffers from.

Overall supplier power is assessed as moderate, according to the recent survey conducted by Datamonitor (2010). Key suppliers in that industry are seen to be clothing manufacturers and wholesalers. It is argued, that recently suppliers have lost their power over the market due to the fact that they faced a serious competition from lower salaries regions, including China, India and others.

The next market power that needs to be studied is threat of substitutes. According to Datamonitor (2010), the threat of substitutes in apparel industry is considered to be insignificant. However, there is a number of substitutes for apparel retail, e.g. buying directly from a manufacturing firm, home made clothing, haute couture clothing. The above-mentioned substitutes are suggested to be niche products, therefore they don't have a substantial influence on the industry. In addition to that, counterfeit apparel might be seen as a serious threat to official retailers, however it is considered to be a serious problem in the UK.

In regard of rivalry, Datamonitor (2010) assesses it as moderate, due to the fact that some space for small firms and individual designers can be found. Recently large companies managed to take over the apparel industry and increase their market share at the expense of smaller companies. It is considered that every year, the amount of SMEs, operating in that industry is going down, due to the fact that large have more resources to win price wars. For some small companies internalization is seen to be the only possible way to survive.

## 5.2 INTERNET ADVERTISING SECTOR IN THE UK

In this subchapter various Internet advertising market aspects will be discussed, such as key financial figures, some statistics related to the online behavior, as well as PESTEL analysis, Porter's Five Forces analysis and a short overview of key market players will be given.

The author finds it absolutely vital to give a short explanation on what the Internet advertising market is. Under the term online advertising, the industry experts usually mean 4 main types of online advertising, which are search marketing, classified advertising, display advertising and solus e-mail advertising. It is worth mentioning that solus e-mails account a small proportion of the total UK market, whilst search marketing is considered to be the largest segment of the UK online advertising market and it was worth £1.99bn in 2008. (Key Note 2009).

According to Key Note (2009), the online segment is considered to be the UK's fastest-growing advertising medium, and already in 2009 the European Internet advertising market expenditure exceeded the expenditure on TV advertising. According to the Key Note survey (2009), the UK Internet advertising industry is valued at £3.35 bn in the year 2009, which is a 19.1% increase on the figure, comparing to the previous year.

The latest survey conducted by Key Note (2009) states that there approximately 32 million people online in the UK, which is around 65% of the total population. According to TGI Netquest (2008) women in the UK tend to spend more time online than men, though people aged between 18 and 25 are considered to be the most active people on the Internet.

In regard of the online behavior, according to TGI Netquest (2008) the most popular online activities among British citizens are the following: using email, information searching, sites of particular brands or products and compare prices. TGI Netquest (2008) states that year by year not only the amount of Internet users is increasing, but also the time spent online is increasing as well. For instance, 76% of all Internet users in the UK go online every day and spend in average 53 minutes per session, which in total makes 23 hours per week. (TGI Netquest 2008)

## 5.2.1 COMPETITORS

According to Key Note (2009) online advertising market in the UK is considered to have a moderate level of competition, though there is a limited number of companies that dominate the market. However, it has to be stated that experts distinguish companies that operate within the UK Internet advertising market into two groups. The first group includes marketing platforms and independent websites that offer an advertising place. The companies that can be identified so are the following: Google, Facebook, Twitter and other major Internet companies. The second group of the companies includes advertising agencies that plan and develop advertising campaigns and online media communications. This group is seen to be more relevant to this thesis, as Verkkomainos.com operates within the same sector. Therefore the following list of the leading companies cover only advertising agencies and online media planners.

- *Aegis Media Ltd* operates in the global media communications market, offering services related to market insight and communications strategy, media planning and buying, brand tracking and market analytics.
- *EMC Consulting Ltd* develops online advertising campaigns, digital solutions, as well as provides design services and technical support for the campaigns.
- *i-level Ltd* is considered to be one of the biggest UK-based digital media agencies. The company specializes in buying and planning digital media for a substantial number of leading companies from various industries.
- *LBi Ltd* is a global player, offering a wide range of services, including development and implementation of digital strategy, branded content, service design, support services and managed hosting.
- *Poke London Ltd* has recently gained a substantial market share, mainly through its positioning, as the company is considered to be one of the most creative online advertising agencies in the UK. The company offers a wide range of services, such as development of

digital strategy, mobile advertising, e-mail advertising and eCRM.

- *Profero Ltd* is a global player, based in the UK. The company specializes in online presence development, relationship marketing, media planning and buying.
- *Tribal DDB CIS UK Ltd* is a global full-service Internet marketing agency, providing its clients with a wide range of services, including website building, applications development and planning communications.
- *Twentysix London Ltd* is based in the UK and offers a range of services, such as online advertising, viral marketing, online strategy development and CRM activities.

## 5.2.2 PESTEL ANALYSIS

The following Table 4 includes information on the macro-environmental aspects that influence Internet advertising industry in the UK. It needs to be highlighted, that various factors, such as the growth rate of the industry and the increasing amount of users indicate that Internet advertising is considered to be worth entering it.

Table 4. *PESTEL analysis: Internet advertising industry in the UK*

	Macro-environmental factors
Political	<ul style="list-style-type: none"> <li>• Employment legislations and labour laws</li> <li>• Inability of government to stabilize the economy after the economic downturn</li> <li>• As the Internet is growing in its popularity, government starts controlling the Internet</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Recession -&gt; increased unemployment and decreased total welfare of the population</li> <li>• Increased amount of online shopping -&gt; companies have to follow the trend in order to stay profitable</li> <li>• Internet advertising overtakes TV advertising</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Communication has changed dramatically over the last 20 years, people communicate through Internet</li> <li>• People are moving from watching TV to browsing on the Internet</li> <li>• More disposal income, compared to previous decades</li> <li>• Increasing amount of e-commerce -&gt; people are getting used to spend money on the Internet</li> </ul>
Technological	<ul style="list-style-type: none"> <li>• Increasing number of Internet users</li> <li>• Internet connection speed is increasing</li> <li>• Technology is changing constantly -&gt; new possible online technologies</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>• Corporate social responsibility can be seen as a competitive advantage</li> <li>• Environmental friendly trend has not affected this industry yet, therefore there is a space for a company to use it.</li> </ul>
Legal	<ul style="list-style-type: none"> <li>• Internet censorship laws</li> <li>• Cyber crime laws</li> <li>• Government regulations of advertising content</li> </ul>

### 5.2.3 PORTER'S FIVE FORCES ANALYSIS

Once PESTEL analysis has been conducted and macro-environmental factors affecting the industry has been identified, Porter's Five Forces analysis has to take place. In the following analysis advertising agencies will be seen as key

players, while key buyers will be taken as advertisers and Internet providers, as well as owners of web pages will be considered as key suppliers.

According to Datamonitor (2009), overall buyer power in the Internet advertising industry is seen to be moderate. Taking into consideration the fact that the industry is controlled by a few large companies, buyers are not considered to be independent. Accordingly, in the current economic situation, cost effectiveness is determined to be the key criteria for the advertising. Furthermore, some companies often find it complicated and costly to reach the target audience on the Internet.

In regard of supplier power, it is assessed as moderate (Datamonitor, 2009). It has already been mentioned that Internet providers and web page owners are taken as key suppliers in this analysis. As for Internet providers, they are considered to have a limited power due to the fact that there is a number of Internet providers that operate on a national scale. However, online advertising agencies have to negotiate with web pages' owners to get the advertising spaces, which strengthens supplier power to a certain extent.

The threat of new entrants is assessed as moderate (Datamonitor 2009). There are various factors that weaken the threat of new entrants. One of them is the fact that substantial capital outlay is not required once a firm decides to penetrate that market. However, the knowledge of customers' demand is absolutely vital. Moreover, leading companies, that provide advertising space, usually organize advertising functions under their own brands, meaning that they do not allow outsiders sell advertising spaces on their web pages.

According to Datamonitor (2009), the threat of substitutes is considered to be low, due to the fact that online advertising is growing in its popularity and recently overtook TV advertising in the UK (Sweney, 2009).

In regard of rivalry, it is worth mentioning that the Internet advertising industry is dominated by a limited number of key industry players, such as Aegis Media Ltd, LBi Ltd and Profero Ltd. According to Datamonitor (2009), the overall degree of rivalry is seen to be moderate. However, the leading companies

often provide similar services, meaning that there is a certain space for a company that can differentiate itself through creativity.

## 6 RESEARCH RESULTS

In this chapter the results of the research are displayed. As it was mentioned earlier in the Chapter 3, the main area of the research was the companies that could possibly form a partnership with Verkkomainos.com. Taking into consideration the recommendations chapter, the author searched for the students unions' web pages of the biggest Universities in the UK. Table 5 presents only the companies that are not considered to be a part of any Internet advertising agencies. These 8 universities were selected from a wider list that can be found in the Appendix 2, information for which was found in BRAD (2010). The selection process was based on different criteria. First of all, it was necessary that the students union's webpage was not part of well-established Internet advertising network. Secondly, the size of the University and the total amount of students was taken into consideration, choosing only the large educational centers.

It is worth mentioning, that student unions in Bucks New University and Norwich University College of the Arts do not have their own websites, but they seem to be under construction, meaning that it is time to contact these students unions to form a partnership.

As it was mentioned before, Appendix 2 shows the full list of students unions web pages, including the prices for advertising. This information was used in order to develop a pricing strategy for Verkkomainos.com, which can be found in Chapter 8.

Appendix 3 and 4 contain the information on possible large customers and SMEs respectively, including name of the company, web address and contact information. In regard of Appendix 4 the information was gathered on the UK Small Business Directory website (2011).



Table 5. Possible companies for a partnership

	URL	Total amount of users	Contact information
Ravensbourne	<a href="http://www.intranet.rave.ac.uk/su/">www.intranet.rave.ac.uk/su/</a>	2,000 students	<a href="mailto:su@rave.ac.uk">su@rave.ac.uk</a>
Bucks New University	<a href="http://www.bucks.ac.uk">www.bucks.ac.uk</a>	8,900 students	<a href="mailto:advice@bucks.ac.uk">advice@bucks.ac.uk</a>
Norwich University College of the Arts	<a href="http://www.nuca.ac.uk/student-support/student-union">www.nuca.ac.uk/student-support/student-union</a>	1,500 students	<a href="mailto:info@nuca.ac.uk">info@nuca.ac.uk</a>
Edinburgh Napier University	<a href="http://www.napierstudents.com">www.napierstudents.com</a>	16,000 students	<a href="mailto:nsa@napier.ac.uk">nsa@napier.ac.uk</a>
Aberystwyth University	<a href="http://www.aberguild.co.uk">www.aberguild.co.uk</a>	8,000 students	<a href="mailto:is@aber.ac.uk">is@aber.ac.uk</a>
University of Cambridge	<a href="http://www.cusu.cam.ac.uk">www.cusu.cam.ac.uk</a>	20,000 students	<a href="mailto:info@cusu.cam.ac.uk">info@cusu.cam.ac.uk</a>
University of Kent	<a href="http://www.kentunion.co.uk">www.kentunion.co.uk</a>	19,000 students	<a href="mailto:kentunion@kent.ac.uk">kentunion@kent.ac.uk</a>
University of Central Lancashire	<a href="http://www.uclansu.co.uk">www.uclansu.co.uk</a>	32,000 students	<a href="mailto:suinformation@uclan.ac.uk">suinformation@uclan.ac.uk</a>

## 7 INTERNATIONALIZATION STRATEGIES

Before proposing the recommendations concerning the internationalization strategy, it is worth looking at some marketing issues. In this chapter the possible entry modes will be discussed, as well as barriers that the company might face while marketing its services internationally. In regard of entry modes, the author intends to propose several different entry modes, whilst in

the recommendations part they will be assessed, taking into account market conditions and strong and weak sides of the company.

## 7.1 ENTRY MODE

Generally, there are some certain challenges in marketing services internationally. For marketers, it seems to be difficult to achieve uniformity and worldwide standardization, due to services' intangibility. It is argued that the less adaptation and standardization needs to be involved, the more cost efficient the service is. Hollensen (2007, 424) proposes three categories of services, which are people processing, possession processing and information-based services, in order to assess the possibilities of worldwide standardization. Regarding Verkkomainos.com, it seems to be obvious that this particular service belongs to the third category, which is information-based services, and, according to Hollensen (2007, 424) this type of services tend to have very strong possibilities of worldwide standardization, due to the "virtual" nature of the services. Therefore, it can be concluded that Verkkomainos.com has significant chances with succeeding in internationalization.

Onkvist and Shaw (2009) state that a company's unique characteristics and unique selling point have a great impact on an entry-mode choice. Generally, service companies can use virtually all market entry strategies where appropriate, taking into consideration market conditions. However, service companies tend to implement full-control entry modes. (p. 369)

There is a variety of internationalization strategies from which the company can choose. Each strategy has some advantages and disadvantages, taking into consideration a particular company's strengths and weaknesses, as well as business environment. In regard of Verkkomainos.com, the company's strong and weak sides and market conditions were discussed in the Chapter 2 and Chapter 5 respectively. The following entry strategies are seen to be the most appropriate for Verkkomainos.com. However, as it was stated above, the total assessment of every entry strategy will be given in the Chapter 8.

### 7.1.1 DIRECT ENTRY

Hollensen (2007, 311) defines direct entry mode as a marketing strategy when a company establishes its own subsidiary on a foreign market to serve the target audience. The advantages and disadvantages of this particular entry mode were discussed in the Chapter 4, though it seems reasonable to repeat the main points. One of the biggest disadvantages that cannot be avoided easily is considered to be high risks. The company has to take all the risks simultaneously, as well as cope with competition by its own.

In terms of Verkkomainos.com, direct entry mode means that MMD Networks OY launches Suntuubi.com to the UK market, as it is considered to be the main and the biggest advertising platform for Verkkomainos.com. Once Suntuubi.com will gain a significant proportion of customers, Verkkomainos.com will be able to start operating on the UK advertising market, selling the advertising places on Suntuubi.com.

Basically, this entry mode does not require any partners, meaning that the company can enjoy the full control over the internationalization. However, the company will have no partners to share the risks with, as well as the company will have to cope with human resources challenges, banking services and make the strategic decisions by its own.

### 7.1.2 STRATEGIC ALLIANCE

According to Ghauri & Cateora (2006, 274), a company enters a strategic alliance to gain some skills and knowledge that seem to be necessary to achieve the goals more effectively and with a less risk, compared if it acted by its own. By forming a strategic alliance with a foreign company, it is possible to immediately gain an access to market, cultural knowledge and existing customers. However, the downside of strategic alliance is considered to be the partner itself, due to the fact that it might be unreliable. Another disadvantage that this partnership can bring is that companies have to make strategic

decisions together, which might lead to some serious problems and conflicts, once the partners have different goals and objectives.

In regard of Verkkomainos.com, this entry strategy can be also used as a means of entering the UK Internet advertising market. The company needs to form partnership with local companies that can provide advertising places. By forming a partnership, Verkkomainos.com can gain an instant access to customers and market knowledge, meaning that overseas operation can start bringing profit immediately. Strategic alliance is considered to be a non-equity partnership, so MMD Networks OY needs to sign contracts with partners and operate in the UK market according the terms and conditions mentioned in the contract. However, the pricing strategy might be seen as a possible pitfall, due to the fact that the company needs to form several strategic alliances and pricing strategies needs to be equal.

### 7.1.3 LICENSING

According to Ghauri & Cateora (2006), licensing, in terms of a service company, is often used for indirect entry into a foreign market. Licensing might take several forms. Licenses might be granted to a foreign company for patent rights, trademarks, production processes or rights to use technological processes. The advantages of implementing this type of entry mode for a company might be the fact that licensing does not require large capital outlay, as well as risks are lessened, compared to direct entry modes. In regard of disadvantages, Ghauri & Cateora (2006) states that this entry strategy is considered to be the least profitable way of entering a foreign market. (pp. 278-279)

As it has already been discussed in the Chapter 2, MMD Networks OY holds some advanced technologies in IT field. Verkkomainos.com itself uses advanced IT technologies in self-serve advertising. The purpose of this thesis is not considered to be in discussing the technologies that Verkkomainos.com implements in the services it provides, rather than develop an

internationalization strategy to enter the UK market. Moreover, these technologies are seen to be a commercial secret and the author does not hold the full knowledge about the technologies the company uses. However, according to Ari Lanamaki (2010), the company does not exclude the possibility of granting the license for the technology to a foreign company. Licensing can be a profitable way of entering the UK market, as Verkkomainos.com can gain an access to a market with some little risks. Furthermore, licensing can allow Verkkomainos.com to concentrate on research & development and other technological competencies. Thus it can be concluded that the company can outsource the so-called downstream activities, which are sales and marketing, and concentrate solely on R&D. However, the company can lose control over the quality and might also create a potential competitor.

## 7.2 INTERNATIONALIZATION BARRIERS

In this subchapter a variety of different barriers that can threaten the internationalization of the company will be discussed. Taking into consideration that a significant amount of internationalization barriers can be identified, this Chapter will cover only ones that are related to the case company.

Some of those problems mainly affect the start of the internationalization, while others might occur in the process of operating in the foreign market. It seems to be reasonable to divide the internationalization barriers into two groups – the barriers that the company might face during the internationalization initiation, and the second group will cover the barriers related to the process of internationalization.

According to Hollensen (2007, 53), once a company made a decision to internationalize its operations, different challenges and problematic issues might occur at this initiation stage. The key barriers that Verkkomainos.com might face at this stage are insufficient information on potential customers, as

well as inadequate knowledge about competition and foreign business practices. However, barriers related to foreign business practices should not be considered as an insuperable obstacle, as it seems to be obvious that European countries have common business cultures. Another barrier is seen to be lack of the UK market connections. The success of the internationalization will depend on how quickly the company will gain the market connections, and even more important, how reliable those connections will be.

Another barrier that the company might face at this stage is lack of human resources that the company can allocate to this project. According to Ari Lanamaki (2011), Verkkomainos.com is run solely by him, meaning that it might turn out the internationalization requires some extra staff, which will lead to further expenses. Moreover, the company does not employ any English native speakers, and at some point the webpage needs to be translated into English. At this stage, the company might find it absolutely necessary to hire the professional translator, meaning that the internationalization project will require some additional expenses.

Hollensen (2007, 53) states that sometimes company's management prefers developing domestic market, instead of going overseas. In regard of Verkkomainos.com this barrier might be the case, due to the fact MMD Networks OY recently acquired Pronetko Networks OY, which has originally launched Verkkomainos.com. Therefore, the future of the advertising service, that does not seem to bring significant profit, might be questionable.

Hollensen (2007, 54) claim that key barriers in the process of internationalization can be divided into three groups – general market risks, commercial risks and political risks. The author will discuss those barriers and risks that are applicable to Verkkomainos.com. In regard of general market risks, Verkkomainos.com will most likely face some serious competition from other companies in the UK Internet advertising market. As it was discussed in the Chapter 5, the rivalry in the market is considered to be intensive, therefore it can be concluded that competition will be probably among the biggest

barriers Verkkomainos.com will face. However, this problematic issue can be solved by careful and precise pricing strategy.

Regarding commercial risks, exchange rate fluctuations might be considered as a key one. Verkkomainos.com operates in the euro area and the United Kingdom has not adopted the euro as their common currency. Therefore, Verkkomainos.com's international operations will be conducted in British pounds, which can be problematic, especially for planning the budget of the internationalization project.

Political risks do not seem to be appropriate to Verkkomainos.com's situation, due to the fact that both home and host countries are members of the European Union and World Trade Organization, which can ensure the political stability.

## 8 RECOMMENDATIONS

In order to develop the most appropriate internationalization strategy for Verkkomainos.com, the author has selected three different strategies and discussed each strategy's advantages and disadvantages in Chapter 7. In this chapter the above-mentioned strategies will be assessed, as well as the author will give some recommendations on market entry planning. All the recommendations, which can be found in this chapter, are based on international marketing theories and research results.

### 8.1 ENTRY STRATEGY

In order to identify the most appropriate entry strategy for Verkkomainos.com, the author has used the framework for evaluating strategic options, which was presented by Coulter (2005). The framework assesses strategies on three criteria – suitability, feasibility and acceptability. Three strategic options, which

were presented in the Chapter 7, have successfully passed the above-mentioned evaluation. Therefore, the author assesses three strategic options based on the following criteria – risks, profitability and access to the market. Each strategy is assessed on the scale from 1 to 5, where 1 should be seen as a negative indicator, while 5 as the most positive one. The following Table 6 shows this assessment.

Table 6. *Evaluating strategic options*

	<b>Risks</b>	<b>Access to the market</b>	<b>Profitability</b>
<b>Direct entry</b>	<b>1</b> high risks	<b>2</b> difficult to enter the market	<b>3</b> moderate profitability
<b>Strategic alliance</b>	<b>4</b> moderate risks	<b>5</b> instant access to the market	<b>4</b> high profitability
<b>Licensing</b>	<b>5</b> low risks	<b>5</b> instant access to the market	<b>1</b> low profitability

Table 6 shows that the most appropriate entry strategy for Verkkomainos.com is considered to be strategic alliance. Using this entry strategy, the company needs to form the partnership with the companies that were mentioned in the Chapter 6, as well as can be found in the Table 5.

However, taking into consideration the wide media coverage that Verkkomainos.com has in Finland, mainly through Suntubi.com, the strategic alliance strategy should be adjusted. Once the service establishes the presence in the UK market, it can start providing advertising services to the English companies that are planning to enter Finnish market. This thesis has studied the potential customers, which are large companies and SMEs operating in the apparel industry. The direct marketing should be implemented in contacting these companies, which can be found in the Appendix 3 and Appendix 4. In addition to direct marketing, the service can be promoted



through local chambers of commerce, as well as British & Commonwealth Chamber of Commerce in Finland.

## 8.2 MARKET ENTRY PLANNING

Once the market-entry strategy has been chosen, it seems to be reasonable to discuss several important factors that can influence the success of the internationalization strategy. Service adaptation and pricing will be studied in the following subchapters.

### 8.2.1 SERVICE ADAPTATION

According to Ghauri & Cateora (2006, 99) adaptation in international marketing plays a major role, due to the fact that cultural differences can be substantial. In regard of Verkkomainos.com, the adaptation is required of small matters. Taking into account the nature of the web service, it can be said that Verkkomainos.com does not require some major transformations, though some changes are needed. First of all, in order to succeed in the UK Internet advertising market, the service's web page has to be professionally translated into English, so that it can give a solid impression about the company's intentions and attitude.

Second of all, taking into account the fact that the UK has not adopted the euro, it seems to be reasonable to include the currency switch feature on the Verkkomainos.com's website. This is a vital adaptation, so that the customers from the UK, while planning the advertising campaign in Finland, will not be frustrated with currency differences. The similar frustrating feelings Finnish customers might have once planning the Internet advertising campaign in the UK with British pounds.

## 8.2.2 PRICING

The decision on the pricing strategy highly depends on the UK market conditions, level of competition and other market characteristics. In order to stimulate market growth and gain some market share, Verkkomainos.com has to follow the penetration pricing strategy. Through implementing this pricing strategy, the company will have to offer the advertising services at lower prices, compared to the competitors' prices, such as BAM. Through analyzing the competitors' prices per one banner per month, which can be found in the Appendix 2, it is possible to develop an estimated level of prices, though pricing is considered to be a major negotiation issue and should be developed separately for each case.

However, taking into account the competitor's prices, two groups of prices can be identified:

- Students unions from Universities with total amount of students not exceeding 10,000 students - £90 per banner per month
- Students unions from Universities with total amount of students exceeding 10,000 students - £250 per banner per month.

Through following these pricing recommendations, Verkkomainos.com will be able to acquire a certain market share.

## 9 CONCLUSION

In the current economic and political situation, globalization influences almost every company within every sector and industry. The international business environment becomes more and more globalized and integrated. Every year there is a growing number of companies, both SMEs and large ones, decide to take part in the global trade. Proactive and reactive motives of internationalization play a major role in this decision-making process. Once a company has decided to internationalize its operations, it seems to be vital to develop an internationalization strategy. However, developing an

internationalization strategy is considered to be a complicated task, due to the fact that various factors should be taken into consideration.

The aim of this thesis was to develop an internationalization strategy for a service company MMD Networks OY, more specifically for its Internet advertising service Verkkomainos.com. In order to identify the most appropriate internationalization strategy, the author set three sub questions, as it seemed to be reasonable to answer the main question by carefully answering the sub questions. First of all, the services themselves were precisely studied by analyzing the strengths and weaknesses of Verkkomainos.com. Secondly, the author has studied the UK Internet advertising market, using the PESTEL analysis and Porter's Five Forces analysis. In addition to that, some short insights of UK apparel market were given, in order to identify the demand from this sector. This was followed by the analysis of barriers and threats that Verkkomainos.com might face during the internationalization process. After analyzing the possible market entry modes, the author has developed two lists of possible customers, operating in the UK apparel market, as well as a list of possible partners for a strategic alliance. In addition to that, taking into consideration the important role that pricing strategies play in internationalization process, the author created a list containing the competitor's prices for similar services.

Based on the above-mentioned analyses and theoretical knowledge, the most appropriate internationalization strategy for Verkkomainos.com was created. This thesis might be helpful for MMD Networks OY, as the personnel, responsible for Verkkomainos.com can study this thesis and decide whether it is reasonable to enter the UK market or not.

The outcome of this thesis is the following: the most appropriate internationalization strategy for entering the UK Internet advertising market for Verkkomainos.com is the strategic alliance. However, the company can also attract British customers of the apparel industry to advertise in Finland, which is also considered to be internationalization. In order to gain the desired market share and fight against the intensive competition, Verkkomainos.com has to follow the penetration pricing strategy.

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Appendix 1. *Definition of SME*

	<b>Number of employees</b>	<b>Turnover</b>	<b>Balance sheet total</b>
<b>Micro</b>	< 10	≤ €2 million	≤ €2 million
<b>Small</b>	< 50	≤ €10 million	≤ €10 million
<b>Medium</b>	< 250	≤ €50 million	≤ €43 million

## Appendix 2. Competitor's prices on the similar service

	URL	Traffic per month	Price for a banner per month
Aston Guild SU	<a href="http://www.astonguild.org.uk">www.astonguild.org.uk</a>	273,926 page impressions	£ 203.72
Bath Spa SU	<a href="http://www.bathspasu.co.uk">www.bathspasu.co.uk</a>	36,537 page impressions	£ 100
Bedfordshire SU	<a href="http://www.ubsu.co.uk">www.ubsu.co.uk</a>	67,895 page impressions	£ 100
BGSU SU	<a href="http://www.bishopgsu.co.uk">www.bishopgsu.co.uk</a>	7,492 page impressions	£ 100
Birmingham Guild of Students	<a href="http://www.guildofstudents.com">www.guildofstudents.com</a>	373,321 page impressions	£ 249
Blackburn College SU	<a href="http://www.blackburnsu.org">www.blackburnsu.org</a>	4,043 page impressions	£ 100
Bournemouth SU	<a href="http://www.subu.org.uk">www.subu.org.uk</a>	260,246 page impressions	£ 331.08
Bradford SU	<a href="http://www.ubuonline.co.uk">www.ubuonline.co.uk</a>	97,020 page impressions	£ 327.66
Brighton SU	<a href="http://www.ubsu.net">www.ubsu.net</a>	154,110 page impressions	£ 100
Brunel SU	<a href="http://www.brunelstudentns.com">www.brunelstudentns.com</a>	239,721 page impressions	£ 487.68
Bucks SU	<a href="http://www.bucksstudent.com">www.bucksstudent.com</a>	71,811 page impressions	£ 100
Castle College SU	<a href="http://www.ccnsu.org">www.ccnsu.org</a>	1,804 page impressions	£ 100
City University London SU	<a href="http://www.culsu.co.uk">www.culsu.co.uk</a>	34,729 page impressions	£ 100
Cornwall College SU	<a href="http://www.cornwallstudentns.org">www.cornwallstudentns.org</a>	56,665 page impressions	£ 100
Coventry University SU	<a href="http://www.cusu.org">www.cusu.org</a>	215,177 page impressions	£ 171.22



	URL	Traffic per month	Price for a banner per month
De Montfort SU	<a href="http://www.demontforstudents.com">www.demontforstudents.com</a>	17,852 page impressions	£ 100.74
Durham SU	<a href="http://www.dsu.org.uk">www.dsu.org.uk</a>	165,731 page impressions	£ 211.80
DUSA SU	<a href="http://www.dusa.co.uk">www.dusa.co.uk</a>	165,104 page impressions	£ 400
Edgehill SU	<a href="http://www.edgehillsu.com">www.edgehillsu.com</a>	11,788 page impressions	£ 100
Exeter SU	<a href="http://www.exeterguild.org">www.exeterguild.org</a>	344,400 page impressions	£ 100
Glamorgan University SU	<a href="http://www.glamsu.com">www.glamsu.com</a>	192,317 page impressions	£ 100
Gloucestershire SU	<a href="http://www.yourstudentsunion.com">www.yourstudentsunion.com</a>	296,070 page impressions	£ 144.12
Guildhall University SU	<a href="http://www.gsmdsu.com">www.gsmdsu.com</a>	5,859 page impressions	£ 100
Guildford College SU	<a href="http://www.guildfordsu.org">www.guildfordsu.org</a>	1,340 page impressions	£ 100
Huddersfield SU	<a href="http://www.huddersfieldstudent.com">www.huddersfieldstudent.com</a>	110,333 page impressions	£ 112.96
Hull University SU	<a href="http://www.hullstudent.com">www.hullstudent.com</a>	86,313 page impressions	£ 338.42
Kingston SU	<a href="http://www.kusu.co.uk">www.kusu.co.uk</a>	150,218 page impressions	£ 100
University of Liverpool SU	<a href="http://www.lgos.org">www.lgos.org</a>	278,611 page impressions	£ 299.42
Lincoln SU	<a href="http://www.lincolnsu.com">www.lincolnsu.com</a>	108,191 page impressions	£ 100
Liverpool Hope SU	<a href="http://www.hopesu.com">www.hopesu.com</a>	37,611 page impressions	£ 100
London Met SU	<a href="http://www.londonmetstudents.com">www.londonmetstudents.com</a>	50,862 page impressions	£ 251
Loughborough SU	<a href="http://www.lufbra.net">www.lufbra.net</a>	26,000 page impressions	£ 150

	URL	Traffic per month	Price for a banner per month
Marjon SU	<a href="http://www.marjon.co.uk">www.marjon.co.uk</a>	48,682 page impressions	£ 100
Newcastle SU	<a href="http://www.unionssociety.co.uk">www.unionssociety.co.uk</a>	425,968 page impressions	£ 124.44
NEWI SU	<a href="http://www.newisu.com">www.newisu.com</a>	2,783 page impressions	£ 100
Newman SU	<a href="http://www.newmansu.org">www.newmansu.org</a>	10,715 page impressions	£ 100
Nottingham Trent SU	<a href="http://www.trentstudents.org">www.trentstudents.org</a>	264,306 page impressions	£ 268.98
Oxford Brookes SU	<a href="http://www.thesu.com">www.thesu.com</a>	274,780 page impressions	£ 159.95
Queen Margaret SU	<a href="http://www.qmusu.org.uk">www.qmusu.org.uk</a>	15,212 page impressions	£ 100
Roehampton SU	<a href="http://www.roehamptonstudent.com">www.roehamptonstudent.com</a>	91,184 page impressions	£ 100
Royal Holloway SU	<a href="http://www.surhul.co.uk">www.surhul.co.uk</a>	98,123 page impressions	£ 100
RVC SU	<a href="http://www.rvcsus.co.uk">www.rvcsus.co.uk</a>	26,421 page impressions	£ 100
RWCMD SU	<a href="http://www.rwcmsu.org">www.rwcmsu.org</a>	3,316 page impressions	£ 100
Salford SU	<a href="http://www.salfordstudents.com">www.salfordstudents.com</a>	88,621 page impressions	£ 100
SAUWS SU	<a href="http://www.wauws.org.uk">www.wauws.org.uk</a>	46,601 page impressions	£ 100
St Andrews SU	<a href="http://www.yourunion.net">www.yourunion.net</a>	154,649 page impressions	£ 138.72
Stirling SU	<a href="http://www.susaonline.org.uk">www.susaonline.org.uk</a>	102,848 page impressions	£ 100
Arts London SU	<a href="http://www.suarts.org">www.suarts.org</a>	343,308 page impressions	£ 245.32
Swansea AU SU	<a href="http://www.suau.co.uk">www.suau.co.uk</a>	241,444 page impressions	£ 163.10

	URL	Traffic per month	Price for a banner per month
Surrey SU	<a href="http://www.ussu.co.uk">www.ussu.co.uk</a>	127,168 page impressions	£ 286.94
Sussex SU	<a href="http://www.ussu.info">www.ussu.info</a>	196,734 page impressions	£ 161.40
Swansea Met SU	<a href="http://www.metsu.org">www.metsu.org</a>	47,363 page impressions	£ 100
Teeside SU	<a href="http://www.tees-su.org.uk">www.tees-su.org.uk</a>	155,554 page impressions	£ 607.54
Trinity College SU	<a href="http://www.trinitysu.org">www.trinitysu.org</a>	22,445 page impressions	£ 100
TVU SU	<a href="http://www.tvusu.co.uk">www.tvusu.co.uk</a>	53,082 page impressions	£ 100
Derby SU	<a href="http://www.udsu.co.uk">www.udsu.co.uk</a>	128,444 page impressions	£ 100
University of London SU	<a href="http://www.uln.co.uk">www.uln.co.uk</a>	195,770 page impressions	£ 365.32
Cumbria SU	<a href="http://www.thestudentsunion.org.uk">www.thestudentsunion.org.uk</a>	67,667 page impressions	£ 100
Plymouth SU	<a href="http://www.upsu.com">www.upsu.com</a>	301,723 page impressions	£ 411.02
Ulster SU	<a href="http://www.uusu.org">www.uusu.org</a>	74,821 page impressions	£ 100
UWA SU	<a href="http://www.uwau.org">www.uwau.org</a>	2,441 page impressions	£ 100
UWIC SU	<a href="http://www.uwicsu.co.uk">www.uwicsu.co.uk</a>	139,027 page impressions	£ 189.32
SSU SU	<a href="http://www.solentsu.co.uk">www.solentsu.co.uk</a>	123,199 page impressions	£ 126.86
Westminster SU	<a href="http://www.uwsu.com">www.uwsu.com</a>	77,641 page impressions	£ 100
Wolverhampton SU	<a href="http://www.wolvesunion.org.uk">www.wolvesunion.org.uk</a>	82,714 page impressions	£ 100

	URL	Traffic per month	Price for a banner per month
Worcester College of Technology SU	<a href="http://www.wctsu.org">www.wctsu.org</a>	17,935 page impressions	£ 100
Worcester SU	<a href="http://www.worcsu.com">www.worcsu.com</a>	97,790 page impressions	£ 100
York St Johns SU	<a href="http://www.ysjsu.com">www.ysjsu.com</a>	26,455 page impressions	£ 100

## Appendix 3. Possible customers in the apparel industry; MNEs

	URL	Contact information
New Look Ltd	<a href="http://www.newlookgroup.com">www.newlookgroup.com</a>	tel. +44 (0) 207 353 4200 <a href="mailto:investor.relations@newlook.com">investor.relations@newlook.com</a>
River Island Clothing Co., Ltd	<a href="http://www.riverisland.com">www.riverisland.com</a>	tel. +44 (0) 208 991 4500 <a href="mailto:customer.services@riverisland.com">customer.services@riverisland.com</a>
Aurora Fashions Group	<a href="http://www.aurorafashions.com">www.aurorafashions.com</a>	tel. +44 (0) 207 452 1000 <a href="mailto:internationaldevelopment@aurorafashions.com">internationaldevelopment@aurorafashions.com</a>
Peacock Group	<a href="http://www.peacocks.co.uk">www.peacocks.co.uk</a>	tel. +44 (0) 292 027 0000 contact form on a webpage
Primark Stores Ltd	<a href="http://www.primark.co.uk">www.primark.co.uk</a>	Primark Stores Limited, Primark House, 41 West Street, Reading, Berkshire, UK, RG1 1TZ
Next Retail Ltd	<a href="http://www.next.co.uk">www.next.co.uk</a>	tel. +44 (0) 844 844 8777 contact form on a webpage
Arcadia Group	<a href="http://www.arcadiagroup.co.uk">www.arcadiagroup.co.uk</a>	tel. +44 (0) 844 243 0000 <a href="mailto:customer.service@arcadiagroup.co.uk">customer.service@arcadiagroup.co.uk</a>

## Appendix 4. Possible customers in the apparel industry; SMEs

	URL	Contact information
Yes	<a href="http://www.yesboutique.co.uk">www.yesboutique.co.uk</a>	tel. 01465 713162 contact form on a webpage
nancy Pop	<a href="http://www.nancypop.com">www.nancypop.com</a>	tel. +0207 221 97 97 <a href="mailto:info@nancypop.com">info@nancypop.com</a>
Sandro	<a href="http://www.sandro.com">www.sandro.com</a>	tel. 020 72229 1720
Marianne Fashions	<a href="http://www.mariannefashions.co.uk">www.mariannefashions.co.uk</a>	tel. 0191 536 7310 <a href="mailto:mariannefashions@gmail.com">mariannefashions@gmail.com</a>
SLC Fashion and Textiles	<a href="http://www.slc-slc.co.uk">www.slc-slc.co.uk</a>	<a href="mailto:sarah@slc-slc.co.uk">sarah@slc-slc.co.uk</a>
Lady Designerwear	<a href="http://www.ladydesignerwear.co.uk">www.ladydesignerwear.co.uk</a>	tel. 01942 820 600 <a href="mailto:info@ladydesignerwear.co.uk">info@ladydesignerwear.co.uk</a>
NHJ Style	<a href="http://www.nhjstyle.com">www.nhjstyle.com</a>	tel. 0845 430 9388 <a href="mailto:info@nhjstyle.com">info@nhjstyle.com</a>
Elephtheria Couture Fashion Clothing	<a href="http://www.elephtheria.co.uk">www.elephtheria.co.uk</a>	<a href="mailto:enquiries@elephtheria.co.uk">enquiries@elephtheria.co.uk</a>
Brackenonline	<a href="http://www.brackenonline.com">www.brackenonline.com</a>	tel. 01924 830002 <a href="mailto:office@brackenonline.com">office@brackenonline.com</a>
Mayadisa	<a href="http://www.mayadisa.com">www.mayadisa.com</a>	tel. 020 3532 9215 <a href="mailto:info@mayadisa.com">info@mayadisa.com</a>
My Vintage Look	<a href="http://www.myvintagelook.co.uk">www.myvintagelook.co.uk</a>	tel. 0798 055 6398 <a href="mailto:liane.dugal@myvintagelook.co.uk">liane.dugal@myvintagelook.co.uk</a>
East Ltd	<a href="http://www.east.co.uk">www.east.co.uk</a>	tel. +44 075 0084 2073 <a href="mailto:customercare@east.co.uk">customercare@east.co.uk</a>
GOGOLEGS	<a href="http://www.gogolegs.com">www.gogolegs.com</a>	tel. 0785 545 6472 <a href="mailto:enquiry@gogolegs.com">enquiry@gogolegs.com</a>
Style First	<a href="http://www.stylefirst.co.uk">www.stylefirst.co.uk</a>	tel. 0844 272 2301 <a href="mailto:info@stylefirst.co.uk">info@stylefirst.co.uk</a>

	URL	Contact information
Fabryan	<a href="http://www.fabryan.com">www.fabryan.com</a>	tel. 0208 144 4999 <a href="mailto:info@fabryan.com">info@fabryan.com</a>
Shallini Pierre	<a href="http://www.shallinipierre.co.uk">www.shallinipierre.co.uk</a>	contact form on a webpage
Kink Couture	<a href="http://www.kinkcoutures.com">www.kinkcoutures.com</a>	tel. 0794 329 2291 <a href="mailto:info@kinkcoutures.com">info@kinkcoutures.com</a>
Dapper-Don	<a href="http://www.dapper-don.com">www.dapper-don.com</a>	<a href="mailto:customercare@dapper-don.com">customercare@dapper-don.com</a>
Love Cashmere	<a href="http://www.lovecashmere.co.uk">www.lovecashmere.co.uk</a>	tel. 01450 377648 contact form on a webpage
My-shell me-shell	<a href="http://www.my-shell-me-shell.com">www.my-shell-me-shell.com</a>	contact form on a webpage
Mistral-Online Ltd	<a href="http://www.mistral-online.com">www.mistral-online.com</a>	tel. 01249 819 258 <a href="mailto:info@mistral-online.com">info@mistral-online.com</a>
TuTu-Topia	<a href="http://www.tutu-topia.co.uk">www.tutu-topia.co.uk</a>	tel. 07999 553021 <a href="mailto:creating@tutu-topia.co.uk">creating@tutu-topia.co.uk</a>
Greene and Clark	<a href="http://greeneandclark.com">greeneandclark.com</a>	tel. 01226 241 787 <a href="mailto:f.greene@greeneandclark.com">f.greene@greeneandclark.com</a>
A J Textiles	<a href="http://www.ajtextiles.shopfactory.com">www.ajtextiles.shopfactory.com</a>	tel. 01773 853552 <a href="mailto:ajtextiles@googlemail.com">ajtextiles@googlemail.com</a>
Captain Tortue & Miss Captain	<a href="http://www.captaintortuegroup.com">www.captaintortuegroup.com</a>	tel. 01403 754040 <a href="mailto:mimi.marchant@captaintortuegroup.com">mimi.marchant@captaintortuegroup.com</a>
Nancy Dee	<a href="http://www.nancydee.co.uk">www.nancydee.co.uk</a>	tel. 020 7183 3658 <a href="mailto:tellusmore@nancydee.co.uk">tellusmore@nancydee.co.uk</a>
Hannah Catherine Designs	<a href="http://www.hannahcatherine.com">www.hannahcatherine.com</a>	tel. 0114 247 4419 <a href="mailto:hl@hannahcatherine.com">hl@hannahcatherine.com</a>
Gio Goi	<a href="http://www.gio-goi.com">www.gio-goi.com</a>	tel. 0207 841 3786 <a href="mailto:marketing@gio-goi.com">marketing@gio-goi.com</a>

	URL	Contact information
Elegance Fashion and Design Ltd	<a href="http://www.elegance.co.uk">www.elegance.co.uk</a>	tel. 0844 557 5507 <a href="mailto:customerservices@elegance.co.uk">customerservices@elegance.co.uk</a>
Danielle Morgan London	<a href="http://www.daniellemorgan.co.uk">www.daniellemorgan.co.uk</a>	tel. +44 020 314 1467 <a href="mailto:info@daniellemorgan.co.uk">info@daniellemorgan.co.uk</a>