



Marketing Plan for Urheiluareena Oy

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ABSTRACT

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Abstract

The role of marketing is an essential part of any enterprise. Marketing is the key element that seeks to meet customer's demand for a good or service to the supply of the good or service. Without Marketing a customer would not know of the product that would satisfy their need or demand for a product. It is this connection of meeting the desires of the customers with the capabilities and competences of the business that is the very core of the strategic marketing process.

These two key factors must be relevant in order for the marketing strategy to be effective.

Marketing's role however doesn't just lay there it is also the key agent in stimulating demand for a certain good or service. Stimulating demand is the marketer's goal whereby the marketer creates demand for the good or service that was not originally there. It is these two marketing components that I strive to create solutions for Urheiluareena by making those aware and supplying the products that will solve their demand and by tackling the problem of stimulating demand for Urheiluareena products.

These two key components of marketing are coupled together and implemented by the master blue print which is known as the marketing plan. Marketing plans are not only a vital strategic element of any new company but can be created at any stage in a company's lifespan for a number of reasons.

Key words: marketing plan, marketing strategy, sport, sportswear

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1 INTRODUCTION

Urheilutareena is a sportswear manufacturing company situated in Tampere. The company manufactures specialist sportswear for a variety of different sports such as athletics, cycling, skiing, equestrian sports through to more specialist genres such as rowing. Urheilutareena had been trading for some 15 years when it was purchased by Mia Tuote a dancewear manufacturer in Tampere during 2010. Urheilutareena continues to operate in the same way, only now it has the added resources of Mia Tuote. The products are designed and manufactured in a small factory in the center of Tampere using local raw materials and also materials sourced from China and Italy. The finished articles are then sold either directly to customers, to large national sports chains or to private organizations and societies such as sports clubs.

Demand for sportswear products is naturally somewhat seasonal and this with the recently very unpredictable snowfall and the unpredictably high levels of precipitation in Finland makes conditions for business very difficult. The recent downturn in the economy coupled with the increased availability of cheaper Asian products has also impacted demand for specialist sportswear. Urheilutareena has therefore been looking into new approaches in its marketing strategy to help generate increased revenue and perhaps a more stable and predictable sales pattern.

1.1 Aim of the Thesis

The overall aim of this work is to devise a practical strategy for Urheilutareena that will help them not only to increase revenue and profitability but to also create a more stable flow of business that will counteract the seasonality of sportswear demand and the ever changeable Finnish climate. I aim to provide the reader with an understanding of the processes involved in examining market conditions, identifying opportunities and apply the knowhow of how to convert these opportunities into results on the income statement.

1.2 Methodology of the Study

For this work it will be split into two sections. The first section will focus on the theoretical elements of marketing strategy that are closely related to the case of Urheilutareena. I will demonstrate how marketing strategies are formulated based on the research techniques and theories that I will present. I will show techniques of how to scan the internal and external environments of Urheilutareena and how to develop a strategy based in this information that will be applicable to Urheilutareena requirements and be realistically implementable given the limitations of Urheilutareena's resources as it is a small company.

The second section will be based on information gained from analysing Urheilutareena's product portfolio, sales performance in individual product areas and retail outlets and also the competitor's products and the market climate in sportswear retailing. I will endeavour to analyse a calendar year of sales from Urheilutareena and try to compile all this information into a clear and realistic strategy that is not only written in a language that is understandable and clear for the client but is also a variable strategy given the amount of limited financial and human resources at Urheilutareena disposal.

1.3 Constraints and Scope

There are however constraints associated with such work. The financial and sales data that had for analysis from Urheilutareena was from the calendar year of 2010 and by the time of completion of this piece of work it will be naturally not be the most up to date of data available. However using data from over the period of a calendar year will give enough indication of current trends in sales so that reasonable conclusions can be drawn.

Other constraints associated with this work are to do with the available resources to Urheilutareena. Any marketing recommendations that I may make in conclusion to this research have to be realistically implementable by Urheilutareena with their limited amount of financial and human resources.

Another potential constraint is the possibility in the conflict of interest between the entrepreneur has for their products that are very personal to them vs potential business

strategies that may in some way require the entrepreneur to make changes to their products or business that maybe beneficial for the business but on a personal level be very unappealing. Businesses often start with some kind of personal knowledge or skill which may make any change in direction or product difficult to accept.

The final constraint is to do with the nature of the academic resources available for the theoretical part of the work. Most of the resources are aimed at students of business and written in a way that maybe complicated to the non academic reader, so bridging the gap between fulfilling the requirements to make this of the professional standards required Tampere University of Applied Sciences and making it understandable and practical for the client may be problematic.

To counteract this, the book by Dee Black called *The Ultimate Small Business Marketing Book* was used as a references point to help me understand the perspective of marketing from a non business academic point of view.

2 Strategic Marketing Process

Urheilutareena has a somewhat complicated marketing procedure in that for a small company it has a remarkable number of sales outlets. Firstly the company sells its products directly to individual customers through the factory shop, by telephone and through the web store. The next level of sales come from direct sales to Sports societies and clubs. These are often large bulk orders with a long lead time due to often complicated work of fitting each garment to an exact size with often custom detailing to the garments. The third level of Urheilutareena sales arises from sales to retail outlets, which can be divided into two types. The first type of sales is to individual specialist sports shops throughout Finland, for example small bike, golf and equestrian retail businesses. The 2nd type of outlet is to large national chains such as Topsport, Intersport and Prisma which naturally purchase products in larger numbers. These very varied channels of very different products require a great deal of organization when it comes to selling the products and this is where Strategic planning comes into action.

2.1 Role of the marketing strategy

The role of marketing is an essential part of any enterprise. Marketing is the key element that seeks to meet customer's demand for a good or service with the supply of the good or service. Without marketing a customer would not know of the product that would satisfy their need or demand for a product, it is the meeting of these two elements of the desires of the customers with the capabilities and competences of the business that is the very core of the strategic marketing process.

Marketing's role does not just reside with meeting demand with supply however; it is also the key agent in stimulating and creating demand for a certain good or service. Creating demand is the marketer's goal whereby the marketer creates demand for the good or service that was not originally there. It is these two marketing components of meeting demand with supply and stimulating demand that I strive to create solutions for Urheilutareena. These two key components of marketing are coupled together and implemented by the master blue print which is known as the marketing plan. Marketing plans are not only a vital strategic element of any new company but can be created at any stage in a company's lifespan for a number of reasons.

2.2 Stages of Creating a Marketing Plan

The marketing plan is a concise blueprint that looks at all aspects of the marketing process from internal company strengths and weaknesses to external opportunities and threats and then aligns these with mission of the company to formulate a strategy plan of who to exploit the found opportunities.

In the book Marketing Management the writers Philip Kotler and Kevin Lane Keller (2011, 48) describe the steps the strategic planning process (figure 2.3).

The format will follow these steps:

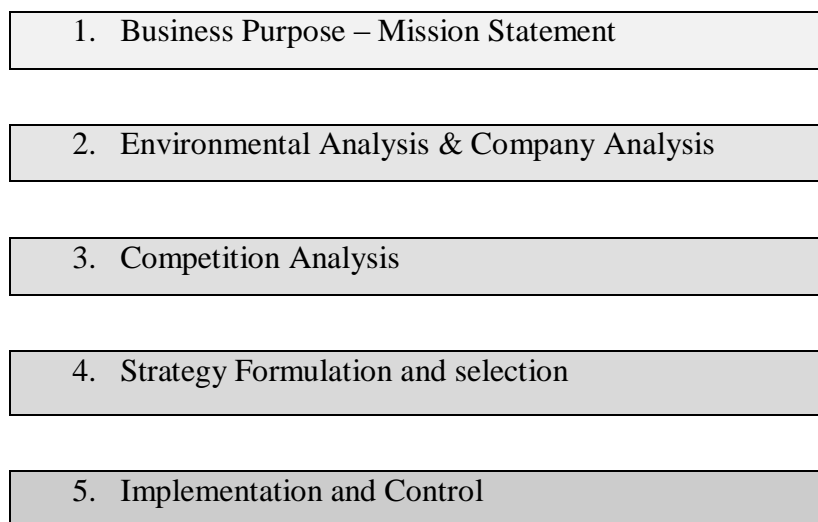


Figure 1 Stages of Marketing Plan

In addition to the Strategic research and planning Mariaan Burk Wood In her book Essential Guide to Marketing Planning furthers these steps to add a action plan based on marketing research may include the following elements:

1. Mission, Direction and Objectives
2. Targeting and Positioning Decisions
3. Products and brand Decisions
4. Pricing Decisions
5. Logistics Decisions

(Burk Wood 2010, 275.)

2.2.1 Mission Statement

The mission statement is not usually considered to be part of a marketing plan; however it provides a useful base from where to begin as it should reveal the intended direction in which the company seeks to take in its marketing activities.

The mission statement is where all marketing activity begins it is the initial spark behind the reason of economic activity. In the book *Marketing Strategy and Competitive Positioning* written by Graham Hooley, Nigel F. Piercy and Brigitte Nicoulaud they describe the questions that Levitt in 1960 used to define the mission statement:

“What Business are we in?” and “what business do we want to be in?” (2008, 31). By answering these questions Levitt demonstrated that the mission statement was an important recognition of the direction in which the organisation is trying to follow as opposed to a basic statement of present activity (2008, 31).

The mission statement is often thought of as a statement intended for external parties, investors, creditors and customers etc. The statement has a very important internal role which is to unify the actions of the organisation. The way in which it achieves this is that the statement works as to communicate the message of the direction of the business to all its members so that they are clearly aware of all type and direction of firm they are working for. In order to accomplish this aim of direction the statement should embody the following elements highlighted.

Firstly the strategic intent of the organisation should be conveyed by explaining the vision of where the company sees itself in the future. An example of this can be seen in example in Google’s statement their vision of strategic intent is very clear “Google’s mission is to organize the world’s information and make it universally accessible and useful” (Google, 2012).

The next element in construction of the mission statement is the inclusion of the company values (Hooley et al. 2008, 33). In an ever increasing world of environmental concern company values and ethics are a crucial part of any company’s mission. In the case of Google this is highlighted in their mission statement where they draw attention to “Advertising on Google is always clearly identified as a “Sponsored Link,” so it does not compromise the integrity of our search results”. The integrity of Google’s search

results is the fundamental backbone of their enterprise and thus a vital element of their statement. (Google, 2012)

In the context of Urheilutareena values and ethics would be aimed the working conditions of staff, procurement of sustainable and ethical materials and perhaps the element of locally produced garments.

The third element of the mission statement is to define the competencies of the company (Hooley et al. 2008, 33). Competences are often the reason behind beginning of an enterprise so these should be clearly highlighted to define why the company is good at what it does and why is it better than the rest. At Urheilutareena this is clearly evident in the vast skill and knowledge at hand when designing and producing the garments.

Defining the market in which the company intends to serve is the fourth element of the company's mission (Hooley et al. 2008, 33). An example of this in practice can be seen in Nikes mission statement which reads "To bring inspiration to every athlete in the world" (Nike, 2012) by this statement we can only assume that Nikes target market has no boundaries.

In the case of Urheilutareena the products are priced at the high end of the market in due to the sheer vast economies of scale that its competitors (such as Nike) possess allowing the competitors to sell higher branded products at a comparatively lower price point.

2.2.2 Mission Vs Vision

In the examples of mission statements was presented in the above examples it can be seen that the boundary between an internal mission statement and the vision of company starts to become blurred. A company vision is a description of where and how the company wishes to operate in the future. The vision of the company is both aimed at internal and external audiences as both a motivational and directional tool like the in the mission statement, but also as an element of promotion to external audiences. On the other hand the company mission statement is a more matter of fact statement of the present situation of in which business the company and which direction it is heading in.

2.2.2 Situation Analysis

After establishing the nature and direction of the business with mission statement the next step is to develop these ideas further into a realisable strategy and plan of how to achieve these ambitions in the market place. The situation analysis aims to reveal what is the current climate in within the market we wish to enter and what are the competences of our company, its products and resources.

2.3 Macroeconomic Environment

The first stage of the situational analysis is to examine the macroeconomic environment. The macroeconomic environment defines the overall climate at which the company operates in, it is not merely limited to business but takes on a more holistic approach. Kotler and Keller (2011, 844 table 22.10) in their table define the macroeconomic environment components as a mix of the following factors.

- Demographic environment
- Economic Environment
- Social cultural Environment
- Natural environment
- Technological environment
- Political and Legal Environment

These factors of the macro economy play a pivotal role in the current and futures level of demand for products and services and must be accurately examined if any marketing action is to be a success. Monitoring these components of macroeconomic environment will help disclose potential threats to the chosen market or potential opportunities.

2.3.1 The Demographic Environment

The Demographic characteristics of the potential market are vital element when planning for marketing strategy if we are to market the right product to the matching groups of people that have sufficient demand. The Demographic Macroeconomic environment should be broken down into its counterpart groups of Population growth, Age mix, and

Ethnicity and Educational groups in order to achieve an accurate portrayal and to precisely identify potential barriers and openings to the chosen market.

2.3.2 The Economic Environment

The economic environment dictates overall demand within the economy as it has a direct effect on the purchasing power of consumers. In times of a decline in the economic environment products with a high price elasticity level of demand will feel a sharp drop in their sales. Conversely times of economic recessions will provide opportunities for lower priced products that possess a lower level of price elasticity. (Anderton 2000, 53) Downturns in economies may also provide opportunities for investment as when the economy begins to decline then usually the government adjusts interest rates accordingly making the cost of investing and expansion and potentially more attractive proposition.

Kotler and Keller mention that economic factors have caused a rising trend in the “migration of manufacturers and service jobs offshore.” (2011, 100). This trend is often brought about by more attractive cooperation tax rates and more flexible and favourable employment law. In the case of Urheilutareena this is highly relevant due to the near total market domination of the multinational sportswear manufactures that have chosen to migrate their operations to Asian countries (2011, 100).

2.3.3 Social Cultural Environment

The social cultural environment aims to group people into like sets that share the same interests and beliefs. Kotler and Keller note that at the heart of our social and cultural behaviour lays a set of core beliefs such as vegetarianism, religion and marriage and these beliefs are on the whole non flexible. In spite of these fixed core beliefs as secondary level of beliefs and interest are open to manipulation and it's that marketers will seek to study when examining the microenvironment. (2011, 79)

In the world of textile marketing subcultures that form from groups of young people with similar interests and beliefs are a target for marketers. This is due to the psychology of necessity to be part of the current trend amongst the subculture for example

skateboarding fashions in the 1980's and hip hop fashions in the 1990's through to the latest Angry birds essential T shirts in the present period.

2.3.4 The Technological Environment

Technological developments are happening at an exponential rate and getting left behind in the technological race should be avoided at your peril. Kotler and Keller point out that Tower records a large international music retailer had plenty of notice about the development of the download industry but failed to act in time leading to the company being liquidated of all its physical stores in 2006. (2011, 81)

When considering the situation in the technological environment with regards to product one must not fail to consider complementary goods too. Products that are not technological such as textiles might be influenced by complementary goods that are constructed of technology or are greatly influenced by developments in technology. An example of this was seen when Nike embraced technology developed by Apple to produce a range of Nike+iPod products that were designed to work with the new technology developed in apple's iPod. (Nike, 2012)

2.3.5 The Natural Environment

The natural environment is more important than ever in terms of analysing the macro-economic situation for a business. The Natural environment provides both opportunities and constraints for the strategic marketer. The world is a closed finite source of raw materials. These resources are continually being depleted so as their scarcity increases then so do the cost of the raw materials. Opportunities to market products which are more environmentally friendly are generated as the world becomes more aware to the damage that pollution and over production causes. The increased consumer awareness of these problems intern generates demand for more environmentally friendly products and provide the marketer with opportunity to meet consumers demand with more organic environmentally friendly products.

2.3.6 The Political and Legal Environment

The Legal and political environment consists of a maze of laws, regulations and pressure groups such as unions and environmental agencies. The boundaries between the political environment and natural environment can somewhat become blurred. Political opinion, pressure groups and governmental politics will often seek to protect the natural environment. Groups such as Greenpeace will seek to raise public awareness in the use of political incorrect techniques, business practices, materials and labour etc and when enough exposure has been created then governments will often seek to legislate to create a political boundary to protect against the exploitation.

The Legal Environment should be seen as both a potential barrier to market entry and also as a protective tool to be used against competition if necessary.

Legal Barriers in the textile industry will include areas such as fire resistant materials and claims of water resistance which will need to be backed up by approved testing methods. Trademarks and copyrights will protect the marketer but can also act as a legal constraint.

2.4 Competition Analysis

All markets have varying degrees in the levels of competition from mature saturated markets with many different companies vying for customers to the newly created blue ocean markets. In the world of marketing the fewer the competitors that there are in a market then the greater the opportunity the product has of succeeding.

The identification of competitors of which it is possible to gain an advantage over is what forms the central component of marketing strategy. (Hooley et al. 2008, 34).

2.4.1 Collation of information on Competitors

Collecting data on competitors is extremely difficult since most managers will not want to disclose sensitive performance information to potential competitors. However there are 3 areas that Swain in 1993 highlights as the main focus of collecting data on potential competitors.

- Published sources such as company reports and accounts, commissioned surveys by third parties, consumer reviews as should be the first port of call
- Data sharing through contacts equivalent positions in competitive businesses. Many managers may have personal relationships with managers in similar positions in competitive companies. Through the personal relationship managers are able to gain insights into the competitor's activities and performance levels.
- Interview data is the final source of competitor information that Swain mentions and it derives from process of literally interviewing consumers, former employees, suppliers, distributors, and logistics to gain information on the competitors activities and performance levels. (Hooley et al. 2008, 118.)

2.4.2 Identifying Competitors

When choosing to enter a particular market the emphasis should not only be on identifying a group of consumers for who we will supply their demand but also to identify the potential competition in the market. Competition is not necessarily a negative aspect and conversely competition can provide some degrees of advantage if chosen correctly. Competition can improve industry structure, increase market development and expansion and also provide a deterrent barrier to market entry for further competing brands (Hooley et al. 2008, 134).

2.4.3 Competitor Analysis

In 1970 Dixon stated that "The inability of commanders to obtain and use military intelligence is one of the major reasons for displays of military incompetence." (Hooley et al. 2008, 134). This statement made by Dixon is also true about marketing. Take for instance the case of Nokia that was referred to earlier. In 2005 Nokia was riding high being the market leader in the smart phone market. Shortly after Apple unleashed their iPhone with a completely new style of user interface and large touch screen. It was this single act of competition that took Nokia from being a market leader in smart phone technology to being one that is known for its basic and budget models. This instance of not focusing on competitors' actions and developments highlights the need for comprehensive knowledge of the competition and their actions regardless of the industry.

Whilst examining the competitors actions the focus of the research shouldn't just be limited to comparative or complementary products as the threat may come from completely newly developed substitute products. Substitute products may create entirely new processes and products that can potentially completely render present products and processes redundant, such as the fate of the type writer in the advent of the home computer and to Vinyl records with the release of the Compact. An example of this kind of substitute goods directly related to the case of Urheilutareena products was the development of padded seats in the long distance rowing boats. Seemly as small development but it made the market for Urheilutareena's padded rowing shorts disappear in an instance.

Competitor analysis is therefore an extremely important element no matter what position the company holds within the market. In order to gain a thorough an accurate portrayal of the competition the analysis should focus on the following 3 areas:

1. Competitors current and future objectives
2. Competitors Current strategies
3. Competitors Resources

Once these three areas of analysis are complete, the knowledge gain on the competition should be compiled together with all the information from the situation analysis (as described in chapter 2). On the basis of this information future strategies will be designed based on the disclosed advantages and. (Hooley et al. 2008, 123).

2.4.4 Benchmarking Against Competitors

Benchmarking is the process of comparing one's own processes against a class leading competitor's processes in order to identify the more successful processes or practices so these can be applied to your own company's procedures. Since benchmarking focuses on a comparison between performances in comparative processes from two different companies, the information that is desired from the process is "what is it that they do differently to us that gives them this competitive advantage?"

2.4.5 Evaluating the Competition

When examining the competition Michael Porter came up devised his five forces model which helps to analyse the long term attractiveness of the market by evaluating the potential threats from competitors. (Kotler & Keller 2011, 232)

Threat of Intense Rivalry

A Market becomes less attractive the greater the number of competitors there are. This is especially true of markets that are in their later stages of the life cycle and are therefore in decline. These markets require high stakes due to the huge costs required to gain a competitive edge and therefore are very high risk.

Threat of New Entrants

The most appealing market to enter is one that has very high barriers of entry which dissuades competition and very low barriers of exit which in turn allows the easy exit of failed competitors from the market.

When both entry and exit barriers are low then the market is often one where the competition regularly changes due to the lower risk of failure caused by the ease of exit from the marketplace. Low Barriers and high exit barriers are markets which are the least attractive. The ease of entry to market creates a mass of competition; however the high level of the exit barrier makes failure in this market segment extremely risky.

In the model of Clothing production the market can be best defined by its high entry and high exit barriers due to the large costs of equipment required for production.

Threat of Substitute Products

Especially in difficult economic times the consumer will always seek to pay the least they can for a product or service and it's this basic economic desire that will lead consumers to seek out alternative substitute products. Substitute products will therefore play an important role on the pricing of the product.

Threat of Increased Bargaining Power of Consumers

In markets where consumers have a great deal of choice of comparative products and the cost of these products is relatively low the power the consumer has begun to make the market less attractive, especially when the products are undifferentiated.

Kotler and Keller suggest (2011, 232) that sellers are able to protect themselves against the bargaining power of the consumer by selecting a target segment where buyers have the least amount of purchasing power.

Threat of increased bargaining power of suppliers

The bargaining power of suppliers is increased when competition between suppliers is low and there are little or no substitutes. In this case Kotler and Keller describe the best defence as developing a “win-win” strategy with suppliers to create a mutually beneficial business relationship which would defuse the desire of suppliers to exercise its increased bargaining power (Kotler & Keller 2011, 232).

3 The Internal Analysis

Having studied the external climate of the business the next stage would be to look internally at the organisation. The SWOT analysis is a quick check tool that is used to expose a company's strengths, weaknesses, opportunities and threats (Stimpson 2002,62). Due to the small scale of the operation of Urheilutareena the boundaries between an individual marketing strategy and overall business strategy become blurred. This is due to the limited resources available for Marketing campaigns, product development and product launches etc therefore, marketing events or strategies will affect the whole of the company.

<p style="text-align: center;"><u>Internal Strengths</u></p> <p>What are we good at doing? What are our unique expertise and resources?</p>	<p style="text-align: center;"><u>External Opportunities</u></p> <p>Macroeconomic environment providing new opportunities? Competition exiting the sector?</p>
<p style="text-align: center;"><u>Internal Weaknesses</u></p> <p>What are we bad at? How can we improve? Do our weaknesses make us vulnerable?</p>	<p style="text-align: center;"><u>External Threats</u></p> <p>Macroeconomic environment pose a threat? Threats from competition?</p>

Figure 2 Swot Analysis

As can be seen from the diagram The Swot analysis presents a quick snapshot of the strategic position with the current market segment and should give the reader a guide on which strategic direct the business should be take in. The external element of the SWOT analysis has been covered in my previous chapters on the macroeconomic environment and competition but now we will focus on the internal elopements of the analysis.

Internal strengths and weaknesses can be uncovered from all areas of the business operation for example below I will give some examples of weaknesses but all of these can be identified conversely as internal strengths if found to be the opposite:

- Unreliable suppliers of raw materials
- Delays in logistics processes

- Poor locations of retail outlets in comparison with competitors
- Underutilised staff, wasted intellectual and skill capital
- Under trained staff
- Long lead times
- Weak branding compared to the competitors

These potential weaknesses and strengths of the business operation may not be directly associated with the marketing of products but in a very small business these factors can greatly add or detract from the marketing mix of the products. For example if Urheiluaareena were to have unreliable lead times then for clients that order sportswear designed specifically for a team competing in a competition on a set date, this would greatly damage the reputation of the Urheiluaareena's products and service. The same goes for the other internal strengths and weaknesses of Urheiluaareena, in such a small company they all need to be considered in the marketing process to be able to provide the absolute best product for the consumer.

When examining the internal environment businesses may uncover many internal weaknesses and strengths however the skill is in the judgment of matching which strengths will best match the opportunities available and which internal weaknesses pose a real threat and need to resources to be allocated so to be corrected.

Once the internal strengths and weaknesses have been analysed we can then add them to the external opportunities and threats to form our SWOT analysis. This information is then used to help align external environmental factors in the market with company resources and expertises.

The result often highlights what is called the strategic gap (picture 2).

This is the difference between where the company seeks to be to in reality where the company actually is.

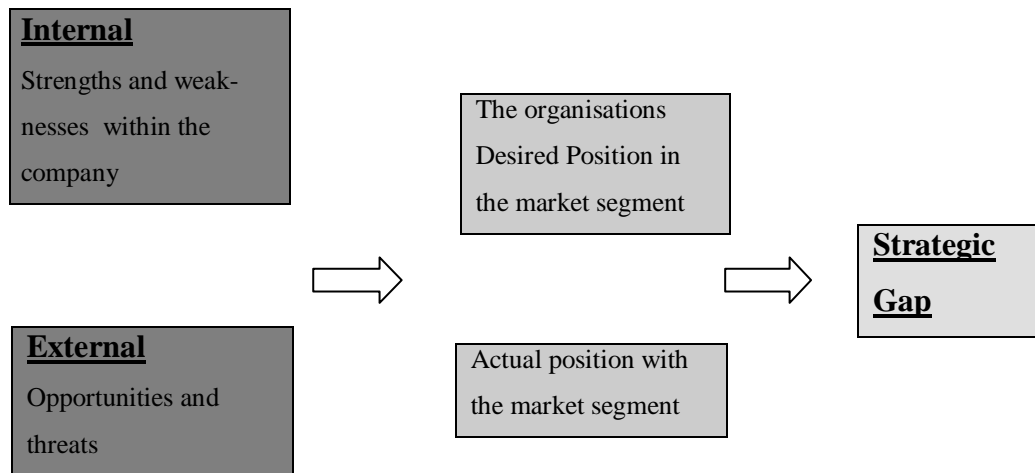


Figure 3 The Strategic gap.

Closing the Strategic gap is in essence the reason behind strategic marketing planning, the key to which is the art of matching external opportunities to the company's internal strengths.

3.1.1 The Boston Matrix

Before beginning to devise a marketing plan we must fully understand the company's present product portfolio. The Boston Matrix is a very useful tool that helps to illustrate the product portfolio and the products various positions with the market (Stimpson 2002, p.172).

The Principle behind the matrix is to divide the company's products into their appropriate segment of the matrix according to its market share and the level of the markets growth. Once this is complete it is then easy to get an overall snapshot of how well balance or unbalance the product portfolio is.

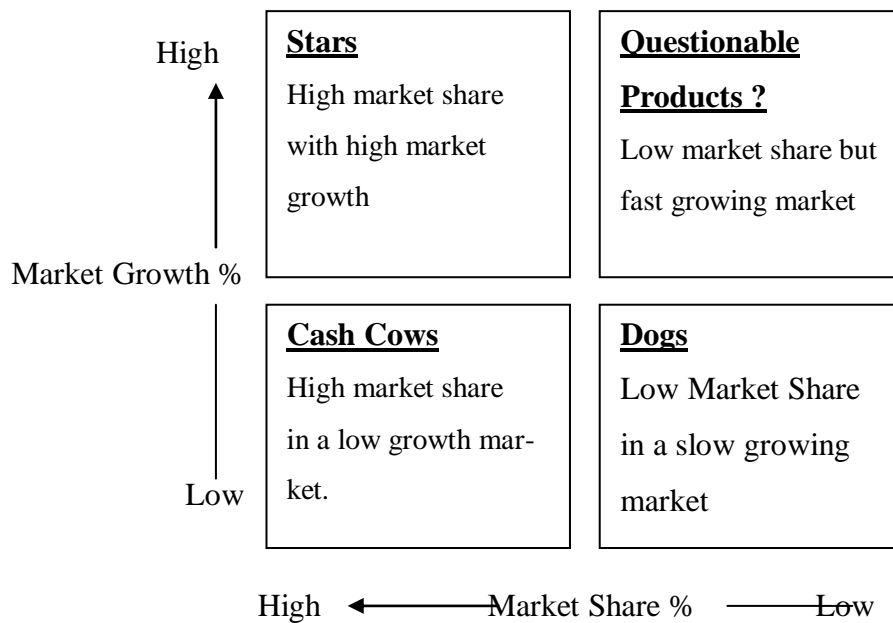


Figure 4 The Boston Matrix

Star Products are those that every company strives to produce. These products attribute their success to highly expanding market with already holding a large share of the market. Cash Cows are also an important part of a product portfolio in spite of the low growth of the market; the high market share will offer valuable reliable revenue streams. Questionable products are thus due to their fast and expanding market but only hold a small amount of the total market share available. Question mark products however may provide the future cash cow or even star products of the future and should be nurtured. Dogs are problematic products with little future due to their slowly growing or stagnant markets coupled with a very low share of the market.

3.2 Marketing strategy

Having completed the internal and external situational analysis the next stage in strategic marketing planning is to analyze what options are available and which would best suit the company's resources and utilizes any potential external opportunities available in the market. Returning to my original brief which is to "increase sales and profitability" for the company I will therefore examine both the external marketing strategies and also internal productivity processes.

Firstly to increase turnover there are two principle growth methods. Either The market size needs to be expanded or Increase the company's market share.

- Expanding the Market can be done in a variety of ways such as finding new uses for existing products, new product development, increase the amount of products that are used or by attracting new users to your products.
- Increasing your market share is often the result of either winning customers from rival businesses, purchasing or merging with competitors or forming strategic alliances with competitors and suppliers

The second part lies within improving internal processes to reduce leakage of waste and improve profitability and productivity. This again is a twofold process of either increasing profit margins or by reduction of costs.

- Increasing profit can be achieved by manipulation of the retail price or reducing the costs of products to leave a higher level of contribution to fixed costs and profit. In large product lines removing the weaker selling products will also stimulate a greater profit margin.
- Reduction of costs can be achieved by focusing on the fixed and variable costs of business and trying to eliminate non essential expenditure

When trying to reduce internal costs there is however always a contradictory element in process as nearly in every case standards and quality suffer as a result.

3.2.1 The Ansoff Matrix of growth

Since the focus of this work is largely to stimulate growth for Urheilutareena the Ansoff Matrix shown in Figure 4 provides the marketer with a extremely useful checklist tool. The Ansoff matrix aims to disclose potential areas of growth for the business within the market segment by examining existing and futures products by expanding established markets or by developing new products and thus creating new markets

	Current Products	New Products
Existing Markets	Market Penetration	New Product Development
New Markets	Market Development	Diversification

Figure 5 The Ansoff Matrix (McDonald 2007, 280 Figure 6.4)

Market Penetration is a growth strategy centred around using existing products in already established markets to stimulate growth and gain a bigger share of the whole market. Market Penetration uses the least amount of company resources and therefore provides the least amount of risk in its implementation. The strategy is most effective in a growing market where simply maintaining the company's share of the market will lead to growth; however the strategy is ineffective in an aging market where consumers are seeking newer developments and solutions. Market penetration has been largely the focus of Urheilureena's strategy so far due to its limited resources in being able to develop new products.

Market Development is the second strategy identified by Ansoff using existing products. The focus of Market development aims to use existing products to expand into new markets. A typical scenario in market development would be marketing existing products into new geographical regions. Sometimes it is also possible to find different uses for established products, in this instance it is then possible to grow into different markets.

New product development strategically focuses on bringing new products to existing markets of the business. This strategy is often successful with strong brands as customers already have an expectation of the standard of product that they will receive from a particular brand and are often driven by brand loyalty. New product development is however a costly and more risky process than the previously mentioned Market development and market penetration strategies.

The final growth strategy put forward by Ansoff is the Diversification strategy which involves developing completely new products for completely new and unfamiliar markets, essentially removing the company away from its core competences. This is an extremely risky and costly strategy as unlike the other three of Ansoff's strategies in diversification the company may require completely new skills, equipment, processes and premises. (McDonald 2007, 280)

3.2.2 Porter's Generic Strategies

After having decided upon which market would be most appropriate to enter the next stage is to decide on how we wish to strategically position the products within the chosen market. Porter states that a strategy is "the creation of a unique and valuable position (within the market) involving a different set of activities" and therefore a successfully strategy is one that "performs different activities from its rivals or performs similar activities in different ways". (Kotler & Keller 2011, 51)

It's this act of differentiation within the chosen market segment that sets your products off from the competition and gives the company the edge over its rivals. To simplify the process Porter devised his set of generic strategies as can be seen in figure 6 these strategies are generic in that they are applicable regardless of the industry.

3.2.3 Cost Leadership Strategy

Positioning your products as a cost leader within the market involves selling your products at low prices relative to the competition so to increase revenue or at a loss leading rate for a particular product so to increase market share in the market. The difficulty arises with this strategy when competing firms reduce their prices further entering into a price war. In the case of a price war when price is your focal point in your marketing the business is left very vulnerable if competing firms should have deeper resources that would allow them to soak a greater loss than your resources allow.

Ultimately the market price of products will diminish as products get older and enter a more mature phase in their lifecycle there for it is imperative that the company functions with the greatest possible economies of scale to achieve the greatest market share. (Kotler & Keller 2011, 51)

3.2.4 Product Differentiation Strategy

Product differentiation is the method of designing a product that has certain characteristics or properties that makes it clearly distinguishable from the rest and therefore more attractive to the consumer. The uniqueness of the product allows the firm to charge a premium price and in turn this price will generate the desired levels of revenue for the firm. Increases in the cost of raw materials or manufacturing costs can be passed onto the consumer provided that the product is significantly more desirable and different than the competitions offerings.

The differentiation approach to marketing requires a great deal of innovation which usually requires a sizable investment. Therefore protecting the unique product from imitation through patents provides some degree of security. However, the strategy does carry a high degree of risk simply due to the high levels of investment in development necessary. (Kotler & Keller 2011, 51)

3.2.5 Focus Strategy

The Focus strategy uses either the properties of the differentiation strategy or the low pricing of the cost leadership strategy but directs its products at a narrow area of a particular market, essentially focusing its products directly at a particular group of consumers. The key to successes with a focus strategy is in the degree to which the marketers know and understand their chosen focus segment of the market.

	<u>Compete on Price</u>	<u>Compete on Product Uniqueness</u>
<u>Broad Scope Industry Wide</u>	Cost Leadership Strategy	Differentiation Strategy
<u>Narrow Scope Market Segment</u>	Focus Strategy On Competing on price	Focus Strategy On Product Differentiation

Figure 6 (Kotler and Keller 2011, 51)

3.3 The Four P's

After deciding which market to enter it is now important to focus onto the product and its attributes. The four Ps is the popular title for the 4 basic but essential elements of the product that must be taken into consideration when designing a marketing plan (Zikmund 2001, 9).

Product, the first of the P's represents the Clothing that Urheilureena manufactures. The different varieties of clothes, Sports and levels of quality and product specification are amongst the variables that can be modified in the product area of the marketing mix.

The Price asked for the product is the second element of the mix. The price must represent a fair exchange for the consumer in order to make the product sufficiently desirable. Prices are initially decided by the company however ultimately it is the consumer that will have the biggest impact on the price, as products that are overpriced will always have a large impact on demand (Zikmund 2002, 13).

Place in the 4 P's refers to the distribution of the product and where it can be purchased. Urheilureena would need to consider if the distribution channels are suitable and convenient for the customer and are they reaching the full extent of the market available. How are Finished Garments shipped to the customer? Is it an attractive element of the mix for the customer to make the purchase through the net or visit a bricks and mortar outlet? It's these questions that typify the decisions of placement within the marketing mix.

Promotion is the final element of the 4 P's which defines how the product is promoted and advertised to the customers. It is the marketing literature, the TV adverts, the brochures which seek to increase the awareness and desirability of the product.

3.4 Market Segmentation

Grouping potential customers together into groups who have one or more of the same characteristics is the process of market segmentation (Soloman, Bamossy, Askergaard & Hogg 2006, 9). Soloman identifies (2006, 9) Demographics, Geographic, Psychographic and Behavioural are the 4 main categories of consumer characteristics that dif-

ferentiate between each market segment. Within each Category there are many variables to identify segments of the market, for Urheilutareena relevant will include attributes such as: Age, sex, sport, location, lifestyle, membership of clubs or societies and perhaps loyalty to Finnish produced products. The purpose of segmenting markets is to aid the marketer to supply the exact group of people that they believe to have demand for the product.

3.5 Implementation and Control

After the strategy has been decided upon then it must be monitored in its implementation to ensure that it is firstly being implemented in the correct way and secondly that it is achieving the desired results.

When monitoring the performance of the marketing plan it is important to focus on the implementation on a revenue basis and a market performance basis. Market performance encompasses areas such as market share and customer perception of the brand whereas the financial performance measurement of the implementation is more focused on more concrete financial statistics such as increased turnover for the particular products or increased levels of contribution to fixed costs generated.

Tim Ambler, an expert in the study of the effectiveness of marketing believes that the focus of the control and monitoring process of marketing strategies should fall on the monitoring of select metrics and short intervals. Metrics such as Distribution and availability, Customer satisfaction, customer loyalty and degree complaints should be examined in comparison to forecasts and competing businesses to help attain the level of performance of the marketing strategy. (Kotler & Keller 2011, 115)

4 The External Analysis of Urheilutareena Markets

The next section of this work will use the theory described in previous chapters to help to try to answer the original brief which is to devise a practical strategy for Urheilutareena that will help them to increase revenue and profitability.

4.1 The Economic Environment

The Present economic environment in the final quarter of 2012 is somewhat typified by uncertainty. The recovery of the economy since the global economic crises 2007 has been steady in comparison with the larger economic areas in Europe. Finland has a small population of only just over 5 million inhabitants, so the potential overall market is small in comparison to other European countries. Finland's population however, still provides ample opportunity for expansion for Urheilutareena.

With such a comparatively low population to countries with similar productivity levels Finland is reliant on its export markets for its products which account for some 47% of the GDP. Due to this heavy reliance on the export markets Finland is vulnerable to non domestic Economic problems which will impact on demand for Finland's exports.

Total GDP of Finland is around 195 billion Euros which places Finland at 56th position in the world in terms of GDP (CIA 2012).

Since 2010 GDP in Finland has been growing at a steady rate of between 0.4% and 5.6% per quarter however the rate slowed since q4 in 2011 to 0.8% growth (Suomenpankki 2012).

Finland has managed to steer clear of the crushing effects of high debt that countries like Ireland and Greece have faced. Even during times when the economy is receding Finland has kept its borrowing levels under check due ensuring that government expenditure does not exceed tax revenue levels. With just small levels of growth Finland is able to keep any debt repayments properly service where as countries like Greece they should see any growth they will struggle to be able to meet the repayments on interest alone. So on the whole the Finnish economy is one of the Brighter prospects within Europe.

4.2 The Demographics of Finland

Finland's population of 5.4 million is spread out over a vast area of land. The majority of Finns (64%) live in built up urban areas with over 1 million living in the capital region made up of the cities Helsinki, Espoo and Vantaa.

The age structure of Finland's populations is as follows:

- 0–14 years - 16,5%
- 15–64 years - 65,4%
- Over 65 years - 18,1%

(Tilastokeskus)

The majority of the population of Finland is mainly in the 15 – 64 year age bracket which is ideal as this is the demographic group which is most likely to need to purchase Urheilutareena's products and also have the financial means to do so. Urheilutareena has always segmented its target markets by sport genre however, as the data shows below there is a rapidly growing potential target market of older people that might have been missed due to the present targeting.

	1990	2000	2005	2006	2007	2008	2009	2010	2011
Over 64 years	5.4%	15%	16%	16.5%	16.5%	16.7	17%	17.5	18.1%

Figure 7 Finland's aging population

The amount of people in Europe that are over 65 years of age has doubled in the last 40 years from 38 million in 1960 to 74 million (Solomon et al 2006, 466) this massive growing segment holds great potential as this group of over 65's often have the great amount of disposable income due to having paid off their mortgages and no longer bare the financial burden of supporting their Children.

4.3 The Social and Cultural situation

Finland has a very active and sporting population. The Finnish Sports Federation has over 1.1 million members with its mandates to improve fitness and promote a healthy and inspirational Finland. Amongst these members there are over 500,000 voluntary workers that organise various sporting clubs and societies. Of these clubs there are some 76 different sporting varieties. When we consider the fact that over 20% of the population belong to the Sports Federation this provides Urheilutareena with a very large base of potential customers. (Finnish Sports Federation.)

Finns take a great pride in Finnish made products. Finns appreciate the quality of Finnish made products and take pride in using them know that they are supporting their country's various industries. One very important scheme for Finnish Products is the "avainlippu" scheme which is designed for any Finnish business that wants to portray the message that it is made in Finland with Finnish quality and values and to also differentiate from competing non Finnish products. Once accepted to the scheme the manufacturer is able to display the Finnish flag and key symbol on their products.

The final element of how the social and cultural environment can affect Urheilutareena is through sporting trends that come and go caused by sporting events. For instance the recent Olympic Games in England stimulated massive increases in sales of sporting equipment. (The Guardian 2012.)

Such events are not only great places to sell and promote the brand but close evaluation of how the event may stimulate demand for a particular sport drawing completely new consumers to the market.

4.4 The Natural Environment

The natural environment affects sport a great deal, especially those sports that rely on the weather such as windsurfing and winter sports like skiing. Also sports that don't directly use the weather can also be affected by unexpected weather patterns such as a particularly high amount of precipitation in the summer that may impact or stimulate demand for certain cycling products. Usually the weather in Finland is fairly predictable in that athletics, tennis and cycling will be popular during the summer months and win-

ter sports during the winter. But in recent years with the impact of global warming it has become far harder to predict when the winter will arrive and how long it will last for, which creates great difficulty when marketing products that are aimed at seasonal sports.

When examining Urheilutareena's sales figures the extent of the seasonality of sports impact on Urheilutareena's revenue streams can be seen. The data expressed in the revenue chart was selected to represent the most fluctuating revenue streams to create the following graph of sales of the year.

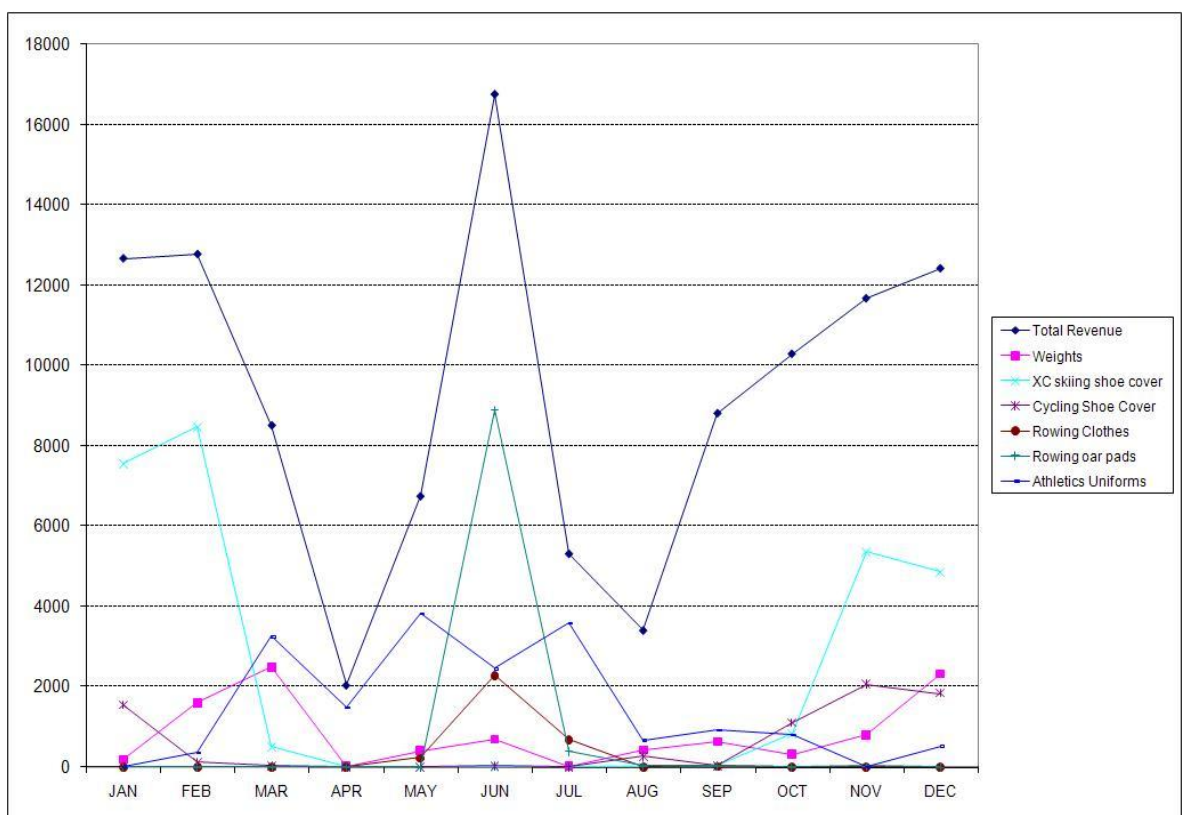


Figure 8 Seasonality of Urheilutareena's sales

As can be seen in the picture 5 the seasonality creates wild fluctuations in the monthly levels of revenue from a minimum of 2000 Euros to maximum of 17,000 Euros. From examining the graph I am able to draw the following conclusions:

- Demand for winter products is only from October to February
- Cycling shoe covers have a very short season of demand that lasts just 2 months
- Urheilutareena has a 2 very pronounced areas in spring and autumn, between seasons where demand for these products is very low

- Combating the seasonality of the nature of the products and climate change should be a priority to create a more even stream of revenue.

4.5 Competition Analysis

For the competitor analysis it was important to use companies that offered the same products and service as Urheilutareena. By the same products it is meant that the company should manufacture at least part of the garment to the customer's specifications.

There are many companies and stores in every city that offer generic "off the peg" sportswear but it is important to distinguish at this stage is that the emphasis is on the market for tailor made customisable sportswear.

The following companies were chosen through my own research of searching the internet, discussions with personal contacts and also with the product and marketing manager of Urheilutareena.

4.5.1 Domestic Competition

Noname

Noname is a Scandinavian sportswear retailer that provides clothes for a range of activities such as Cross country skiing, orienteering and athletics. The clothes are tailor made to the specification of the customer; however they are manufactured overseas and thus endure long lead times from order to delivery. In spite of their factories being overseas they have a Finnish office situated in Oulu with a regional outlet in Tampere and therefore are direct competitors to Urheilutareena in local and national markets. (Noname)

Competitive strengths in relation to Urheilutareena are

- More recognisable branding
- Greater economies of scale
- Cheaper Production costs due to overseas manufacturing plant

Weaknesses of Noname in relation to Urheiluaareena:

- Varying degrees of quality due to separation from manufacturing process
- Very long lead times of up to 6 months
- Products focus on athletes body sizes with little scope for less athletic body shapes

Karhu

Karhu is a long standing member of domestic sportswear manufacturers, originally established in 1916 in Helsinki as Ab Sportartiklar Oy the company changed its name to Karhu in 1920. Karhu Specialises in athletics kit and is the main supplier to the Finnish national athletics team. (Karhu 2012.)

Competitive strengths of Karhu are:

- Being the national supplier to the Finnish athletics team provides fantastic branding and advertising for their product
- Prices are around 10% cheaper than Urheiluaareena's

Weaknesses of Karhu:

- The kit is only very marginally customisable with offering a choice of 6 different colours for pre determined designs.
- Fairly long lead times of up to 2 months
- Karhu only offers simple designs in comparison to Urheiluaareena.

T-Tossu

T-Tossu Is a Finnish cross country ski shoe cover manufacturer. Ski shoe covers is one of the cash cow products of Urheiluaareena's portfolio and therefore any competition in the market should be stringently analysed. Based in Rovaniemi T-Tossu also retails skiing equipment. (T-Tossu)

Strengths of T-Tossu are:

- Situated in Rovaniemi they have great access to all the major skiing centres in Finland

- Their products are cheaper than Urheilureena's

Weaknesses are:

- The materials used in their ski shoe protector are of poorer quality than Urheilureena's resulting in reduced durability and value for money for the consumer.
- They have no website and very little advertising exposure.
- Not available in shops, only ski centres
- Out dated designs

4.5.2 Multinational Sportswear Manufacturers

The final competitor to Urheilureena comes in the form of huge multinational companies such as Nike, Adidas and Puma. The massive companies enjoy unrivalled success and manufacture clothes on a huge, scale this in turn gives them massive economies of scale. Nike's revenue for the fiscal year ending in 2011 was some \$20.9 billion. (Nike 2012.)

With such great revenues it allows companies such as Nike finance for highly elaborate marketing campaigns and to be able to create production plants wherever in the world that strategically suits them. Due to the huge economies of scale these super sportswear manufacturers are able to offer highly desirable branded products at a price that undercuts all but the biggest manufacturers.

Due to their huge scales it would be impossible for Urheilureena to begin to try to compete against these multinationals on either Price or fashion branding/advertising. However, in spite of their industrial mite there are some limitations to their products.

Firstly companies as large as this need to plan very far ahead, in fact the likes of Adidas and Nike have to design their respective clothing ranges 2 years in advance of their high street release. This makes their ranges of clothing very ridged with little flexibility for change should an external force create a situation where a change in design is require it is practically impossible for them to reverse. An example of this was when the England football team failed to qualify for the European Championships in 2008, a month later shops were overloaded with cheap England fan Merchandise.

Secondly the sportswear that these multinationals produce is generic in their nature with only a couple of different designs for each sport available there is practically no room for any kind of customization for team differentiation.

The Third and final weakness in the sportswear giants is that their products are only available for a limited period only. If for example a team or society decides upon a Nike Kit and after a few years gain new members then the likelihood is that the same matching products are no longer available.

5 The Internal Analysis of Urheilutareena

To begin to put together a marketing strategy for Urheilutareena the first step will be to detail the present structure of the company and describe its primary business activities.

5.1 Ownership

Urheilutareena is owned by a parent company Mia-Tuote OY that specialising in making dancewear. Urheilutareena operates from the same factory a Mia-Tuote and therefore enjoys economies of scale when it comes to purchasing, logistics and overhead costs.

5.2 Mission Statement

The first step in formulating the marketing strategy for Urheilutareena is to take a look at the present situation of the company and the best place to begin to understand Urheilutareena and its direction is by examining the mission statement. The Mission Statement was written in Finnish so I have translated it to English below;

Urheilutareena is a high quality, sport, leisure, rehabilitation clothing and equipment specialist manufacturer.

Our different sports equipment is used by a continually growing group of satisfied athletes to leisure users.

The products are designed and manufactured by our professionally skilled cutters and sewers from start to finish in our Tampere factory. Our products are made with the highest possible standards in materials.

Urheilutareena's Sportfire products are on sale in highly equipped sports and department stores.

The mission statement identifies the following characteristics and aspirations of the company:

- The products are aimed at specialist markets and consumers
- The products are designed and made locally
- The company employees have great expertise
- Urheilutareena brands its products under the name Sportfire



Figure 9. Urheilureena's Sportfire-logo

5.3 Company Vision

Urheilureena aims to be a major provider in the provision of sportswear in the Finnish market. It seeks to do this by providing the unique service of hand made to measure products in Finland where it can best serve its customer base. Urheilureena greatly values its Finnish heritage and believes strongly in its handmade Finnish products to be of a superior quality in comparison to its international rivals. Urheilureena believes that having its facilities situated in Finland provides the customer with a more personal and satisfying experience.

5.4 Company structure

Urheilureena employs a small workforce that work in the 350m² factory located in the center of Tampere. As can be seen in Figure 9 most of the business is run by just 2 members of staff although dealing with walk in outlet matters and phone sales and enquiries is dealt by all employees except for the trainees.

Managing Director and Owner	Financial matters <ul style="list-style-type: none"> • Pay • Billing • budgeting Marketing decisions New Product development decisions Packing Products Serve outlet customers Phone orders / enquires
Product Manager	New product development design Creating Advertisements Purchasing raw materials All sales to all outlets Web store maintenance Day to day production management Serve outlet customers Phone orders / enquiries
Model Maker	New product patterns New product development Cutting fabrics Serve outlet customers Phone orders / enquiries
Fabric Cutter	Cuts and sews fabrics Serve outlet customers Phone orders / enquiries
Sewer	Sews clothes Serve outlet customers Phone orders / enquiries
Sewer	Sews clothes Serve outlet customers Phone orders / enquiries
Trainee	Sew clothes Pack finished items
Trainee	Sew clothes Pack finished items

Employee Structure

5.5 Materials procurement

The raw materials used by Urheiluaareena are procured from either:

- Small items such as zips, Velcro and elastic are brought from suppliers within Finland and are delivered by the Finish postal system

- Fabrics are sourced mainly from Italy although some are also sourced from France, Germany and also Finland. The logistics for the fabrics which are purchased in large rolls is carried out by Matkahuolto (Matkahuolto). The lead time on fabrics is usually 4 weeks so a certain amount of the more popular fabric is held in stock.

5.6 Retail Channels

As Shown in Figure 9 the Company then markets its products through a fairly complicated range of outlets. It has four channels where the products are sold directly to the consumer and then two channels the products are distributed through a third party. When the products are sold to retailers and not the end consumer this obviously creates a loss of revenue to Urheilureena as the products are sold a discounted rate.

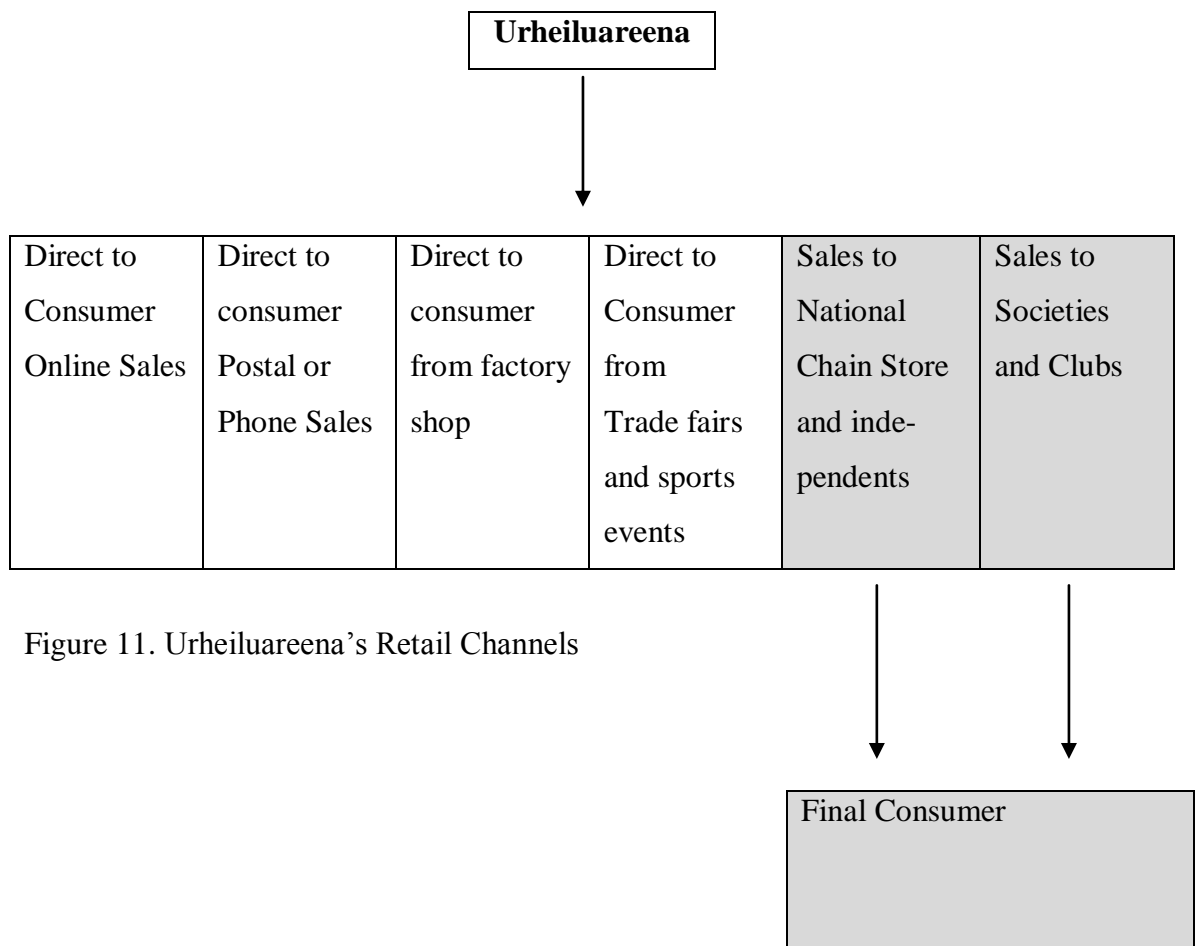


Figure 11. Urheilureena's Retail Channels

5.7 Product Range and Sales

The range of products is very wide and when we bring into consideration all the options of colour and size option for each garment the range of variants would run into the thousands. During the calendar year of 2010 I collated the sales data and constructed this spreadsheet to show firstly the variety of products sold and also the quantity. Due to the extremely wide range of products (some only selling a few pieces in the year) I therefore decided to group the products into categories making the data easier to handle for instance, rowing accessories and XC skiing clothes as groups of products.

(APPENDIX 1)

The spreadsheet (APPENDIX 1) was also used to calculate the total revenue for each product for the particular month and also the total revenue for all products for each month as this will help to show how well the products are performing in relation to total revenue.

5.8 Internal Strengths

The internal strengths of Urheilutareena are largely concentrated in and around the actual manufacturing processes. The clothes are extremely skilfully created by hand and are faultless due to the great levels of care taken in the design, manufacturing and quality control processes.

The staff that work there have worked in their industry for tens of years and are extremely knowledgeable about every aspect of their job. When problems arise they are always able to find solutions or ways to get around the problem. The staff at Urheilutareena is a great source of intellectual capital for the company and add a great deal of value to the products through their expertise.

Urheilutareena's products are designed and hand made from start to finish by Finns in Finland, this is a great asset that is widely appreciated as Finnish made products are renowned for the high quality and also people get pleasure in supporting the local economy.

Urheilutareena is also a long established name in the specialist sportswear market, this highly regarded name adds strength to the company by creating a very strong return customer base. In addition to the return customers the long duration that Urheilutareena has been in operation for has created a very reliable and efficient collective of suppliers. These relationships are of great value to small companies like Urheilutareena with greatly varying demand for its products as they are often able to fill demand for raw materials at short notice.

Having Mia-Tuote is also a great strength of the company, it allows strategic synergies to function between the two companies such as bulk purchasing of raw materials, savings on logistic costs and also sharing of the fixed and variable costs of the manufacturing plant.

The greatest single strength is in the specialist service of customisable sports kits that Urheilutareena provides to sports clubs and societies. This service really sets Urheilutareena apart from all of the competition since very few manufacturers offer this service, or if they do, it is extremely limited with unreasonably long lead times.

5.9 Internal Weaknesses

Weaknesses in Urheilutareena's operations fall into two categories firstly products and secondly marketing planning and strategy.

The weakness in the products derives from two main points. First the brand Sportfire that Urheilutareena markets all of its products as is somewhat confusing in that non customers that see products branded as Sportfire would not know that they are manufactured by Urheilutareena. Branding products under a different name is fine when your products are very widely available but in the case of Urheilutareena 90% of the products are only available directly from Urheilutareena so the brand Sportfire doesn't effectively increase customer awareness or exposure of the products and I feel that it probably has a negative effect on growth within the sportswear market.

The second weakness in Urheilutareena's products is that there are simply too many to be able to effectively market and promote them with the limited levels of human and financial resources available. Also having such an extreme level of products gives con-

sumers an impression of a more generic, company rather than a highly specialised company which Urheilureena is.

The final weakness falls to the marketing strategy of the company. Urheilureena has very little in the way of advertising and promotion, especially when compared to products that are sold in large chain sportswear stores such as Topsport. Competing against these brands that have huge TV and magazine marketing campaigns is just not viable.

The marketing strategy of Urheilureena needs more direction. The emphasis could be to focus on supplying retail stores, competing on price, quality or concentrating on a narrower field of products and consumers. By trying to supply every conceivable type of product as many different types of customers imaginable hinders Urheilureena's performance from making significant inroads into the market. A more concise and narrower approach to the marketing strategy would be far more successful path to follow.

5.10 Swot Analysis

Having completed the internal analysis I will use the information to create a SWOT chart to collate both internal and external analyses to help formulate my conclusions and business planning recommendations for Urheilutareena.

<p><u>Internal Strengths</u></p> <p>Intellectual Capital - Extremely experienced and knowledgeable workforce</p> <p>Finnish made products enhances branding</p> <p>Long established and respected name in the market</p> <p>Efficient network of Suppliers</p> <p>Mia Tuote provides economies of scale</p> <p>Highly Customisable products provides unique sports kits for teams ad clubs</p>	<p><u>Internal weaknesses</u></p> <p>Lack of marketing direction and strategy</p> <p>Confusing branding with use of Sportfire</p> <p>Too many products</p> <p>Cost of products</p> <p>Time to manufacture products vs. of the peg readymade generic products</p>
<p><u>External Opportunities</u></p> <p>Competition for designing bulk kits to clubs and organisations is virtually non existent</p> <p>Potential market size of over 1.1 million that are members of the Finnish Sports Federation</p> <p>An aging population may provide new markets for Urheilutareena to examine</p>	<p><u>External Threats</u></p> <p>Multinational companies designing ranges of team wear</p> <p>Impact of global warming having direct effect on demand for winter sports wear</p> <p>Expansion of established Finish competitors into the customisable team kit markets</p> <p>Economy falling back into recession impacting sales of luxury goods such as sports wear</p>

Figure 12. SWOT Analysis

6 Conclusions drawn from the internal and external analysis

Urheilutareena needs to focus its business on particular area of Sportswear manufacturing. The most attractive market segment is by far manufacturing clothes for clubs and organisations. To implement this new strategy the mission statement should be amended to read along the lines of

“Urheilutareena strives to be the leading manufacturer of team sportswear in Finland”

With this new change in direction Urheilutareena is able to drop some of its products from its range that fall into the Dogs category in the Boston matrix. As mentioned earlier these products are a hindrance to Urheilutareena and occupy a tiny share of a very slow growing market. Urheilutareena should concentrate on the more successful products like the ski and cycling shoe covers which have a large share of the market and provide a valuable regular source of revenue to fund new products.

As highlighted in the environmental analysis the Sports club market in Finland is huge, with a potential of over 1.1million customers. This provides Urheilutareena with the greatest opportunities especially in comparison with trying to compete with the ever growing multinational manufactures such as Nike.

To promote this new direction in strategy Urheilutareena should attempt to forge some kind of alliance with the Finnish Sports Federation in order to gain access to its huge 1.1 million members. Urheilutareena should aim to advertise in any of its membership material and offer member clubs and organisations discount on its orders. A good relationship with the Finnish Sports Federation could be the key to a very large supply of customers and secure the future of Urheilutareena’s success.

In addition to creating a strategic relationship with the Finnish Sports Federation Urheilutareena should concentrate on relationship marketing with its already established club and organisation member customers. A database should be constructed with information on existing sports club customers which should be developed to include the contact information of every possible sports club and society in Finland. This database information should be used to forge relationships and market Urheilutareena’s expertise and products periodically.

By narrowing Urheilutareena's product range and concentrating on marketing to clubs and societies this will also help to stabilise Urheilutareena's revenue stream. The varied seasons and the ever unpredictable changes that are happening to weather in Finland by focusing in larger orders Urheilutareena will be able to spread out the distribution of the work load and income streams by offering discounts to orders with longer lead times or in the closed season.

This change will lead Urheilutareena's marketing strategy to develop into a focus strategy. The key to success with the focus strategy as mentioned on p26 is by having in-depth knowledge of the customers. Urheilutareena already has a very in-depth knowledge of the products, materials and manufacturing processes but to help achieve the focus strategy it should work on its relations and communication with its customers.

Urheilutareena should drop the brand Sportfire. The brand name Urheilutareena is quite good enough it is well know and having the garments labelled with Urheilutareena instead of Sportfire will reinforce the brand recognition and tell the unknowing customer where the garments can be purchased from.



Figure 13. The Urheilutareena Logo

The final focus of my redesigned strategy will be in promoting the home grown nature of the products. Urheilutareena should use to its advantage the fact that the products are Finnish. It is a distinct advantage that Urheilutareena has over its international rivals. They way to implement this would be to add “ made in Finland” labels to the clothes or perhaps joining the Avainlippu scheme to add their logo to the clothes. When I have visited the factory during the writing of this thesis I was always struck by how talented the workers are to create something so complex from basic raw materials. Watching them create these clothes by hand is an extremely intricate process and one which I think most consumers would find both surprising and fascinating. These images should be used to promote Urheilutareena, at trade shows demonstrations could be given, Photos in the marketing brochures and on the website should also be utilized to show the quality behind the products and promote that these products are not made in cooker cutter factories by machines but by hand by Finns in Finland.

7 Marketing action plan

In order to achieve the objects outlined in my conclusions Urheilutareena will need to design an action plan which will provide a realistic framework as to action time implementation and when. This will particularly seek to address the internal weaknesses highlighted in the SWOT analysis of Urheilutareena's relatively limited marketing actions.

7.1 Product Actions

In order to achieve the focus strategy Urheilutareena should drop marginal product lines that sell very little and are very time consuming just to make 1 or 2 items when compared with larger batch runs. Product groups such as orienteering, basketball and football registered such little sale that they are a hindrance just to make a few individual products each year when the human resources would be better served working on larger bulk more profitable orders from clubs and societies.

Products should be rebranded with the Urheilutareena logo and also have the made in Finland 'key added to the garments as well. The products may also have a tag added to the products that reinforces the garments made by Finns in Finland quality.

7.2 Sales Channels Actions

In spite of the new focus strategy to concentrate on clubs and organisations, sales to third party retailers should be maintained as they are a valuable supply of steady revenue. Retailers are also an important outlet for low cost cash cow products like shoe covers so there is no need to disturb this process.

7.3 Marketing Actions

As discussed to achieve a successful change in strategy to a focus based marketing technique Urheilutareena needs to understand what the customer requires. To achieve this Urheilutareena should undertake a number of actions. Firstly begin to build a database of previous customers. The database should include what they ordered, their contact details and any useful notes about the transaction for example how often a club might compete in a certain competition where they may require new kits. This database

will serve twofold, firstly as a direct marketing directory and secondly it will give the customer reassurance when dealing with them in the future that Urheilutareena fully understands their requirements, remembers them and in turn forms the grounding blocks of good customer relationship marketing.

The second action is to participate at the GoExpo trade show in Helsinki. The GoExpo exhibition should be used to showcase and launch the new branded Urheilutareena products and their hand made in Finland properties. To show off the products in addition to the product displays there should be a display of the design and manufacturing process. Customers don't see what goes into the products, the quality materials the expert know how and above all the craftsmanship; they just see a price for a product. Showing the customer all the quality that has gone into the manufacturing of the garment will help reinforce the new made in Finland quality strategy and also draw a great deal of interest to the Urheilutareena stand at the exhibition. (GoExpo)

In addition to the exhibition Urheilutareena needs redesign its website to include information on just how the products are made, showing the quality and skill behind them. This is best expressed with pictures so the customers can see for themselves, the quality and Finnish brand they are buying into. By promoting these qualities of Urheilutareena's products it increases the brand value for the company.

Tackling the seasonal slump in demand of Urheilutareena's products as seen on page 33 Figure 8 can be achieved in 2 ways. Firstly advertisements placed in periodical Sports magazines, placed strategically 2 to 3 months before the fall in demand. These adverts should offer perhaps a price reduction for orders placed during the off season. The second marketing action to tackle the seasonal slump is to utilise the database mentioned above to contact and directly market to clubs and organisations well in advance of the demand slump. Urheilutareena could offer a discount to these organisations based on quantity ordered and also for the out of season purchase. This strategy would work to counteract the slump by providing a more stable revenue stream.

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9 APPENDIX

Appendix 1

PRODUCT	JAN	JAN	FEB	FEB	MAR	MAR	APR	APR	MAY	MAY	JUN	JUN	JUL	JUL	AUG	AUG	SEP	SEP	OCT	OCT	NOV	NOV	DEC	DEC	
	pcs	eur	pcs	eur	pcs	eur	pcs	eur	pcs	eur	pcs	eur	pcs	eur	pcs	eur	pcs	eur	pcs	eur	pcs	eur	pcs	eur	
Total Revenue		12671		12778		8517		2049		6752		16753		5321		3415		8819		10298		11676		12423	
Rehab. Weights	20	141	19	133	27	297	1	23	38	412	28	267	1	9	63	424	55	402	29	195	18	133	43	373	
Weight Vests	0	0	13	1304	14	1000	0	0	0	0	3	270	1	28	0	0	1	89	1	123	4	402	16	1697	
Add-In weights	22	48	15	160	97	1192	0	0	0	0	28	158	0	0	0	0	26	144	0	0	45	270	36	251	
Wrestling uniform	12	380	2	66	11	355	1	42	39	991	15	627	1	28	2	98	7	299	4	143	24	740	0	0	
Tech. Underwear	40	900	2	51	0	0	0	0	0	0	27	610	0	0	0	0	50	1125	2	34	0	0	0	0	
skiing shoe cover	302	7556	329	8485	15	513	0	0	0	0	0	0	0	0	0	0	1	38	34	833	214	5360	188	4868	
Cycling Shoe Cov.	38	1550	7	114	1	36	0	0	0	0	1	30	0	0	8	267	1	39	36	1111	64	2071	56	1842	
Cycling Access.	3	89	2	37	3	58	2	75	4	115	19	205	1	29	9	127	17	264	19	243	24	286	26	457	
Cycling Tops	0	0	0	0	2	102	0	0	1	47	0	0	0	0	0	0	0	0	0	0	0	0	0	10	392
Cycling jackets	0	0	0	0	0	0	0	0	2	205	1	106	0	0	9	655	26	2779	9	1067	1	97.7	2	264	
Cycling Shorts	0	0	0	0	0	0	0	0	1	40	4	161	1	40	12	513	0	0	0	0	0	0	0	0	0
Cycling Trousers	1	119	1	77	0	0	2	112	0	0	0	0	0	0	8	355	3	215	9	590	6	446	0	0	
Rowing Tops	0	0	0	0	0	0	0	0	0	35	602	5	75	0	0	1	22	0	0	0	0	0	0	0	
Rowing Shorts	0	0	0	0	0	0	0	0	10	229	33	1094	16	418	0	0	0	0	0	0	0	0	0	0	
Rowing jumpsuits	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Rowing oar pads	0	0	0	0	0	0	0	0	0	752	8891	26	398	2	28	2	28	2	28	0	0	1	16	0	
Rowing Accessories	0	0	0	0	0	0	0	0	0	99	603	43	194	1	9	0	0	0	0	0	0	0	0	0	
Skating Clothes	6	297	0	0	33	1184	0	0	0	0	0	0	0	0	0	0	13	655	13	691	1	33	8	198	
Athletics Uniforms	0	0	26	358	169	3254	70	1480	201	3828	134	2452	155	3588	40	661	42	925	39	801	0	0	19	511	
Horse Riding Cloth	0	0	2	61	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18	431	9	336	
Bowling Tops	0	0	0	0	0	0	0	0	12	370	2	63	0	0	0	0	43	1353	63	2008	0	0	0	0	
Bowling Bottoms	0	0	0	0	0	0	0	0	1	34	2	74	0	0	0	0	0	0	2	68	0	0	0	0	
XC Skiing Clothes	15	161	12	66	0	0	1	17	0	0	0	0	0	0	0	0	0	0	17	1083	0	0	7	332	
Safety Vests	0	0	56	625	0	0	0	0	0	0	0	0	0	0	0	0	0	0	15	150	0	0	0	0	
Balaclavas	113	682	40	38	50	255	0	0	0	0	0	0	0	0	0	0	1	10	1	10	182	1063	14	111	

Appendix 2

Urheiluareena on korkealuokkaisten, urheiluun, vapaa-aikaan ja kuntoutukseen liittyvien erikoisvarusteiden ja asusteiden sekä välineiden valmistaja.

Eri urheiluvälineillämme on koko ajan kasvava joukko tyytyväisiä käyttäjiä huippu-urheilijoista kuntoilijoihin.

Tuotteet suunnitellaan ja valmistetaan alusta loppuun toimitiloissamme Tampereella ammattitaitoisten leikkaajien ja ompelijoiden käsissä. Tuotteissamme käytetään parhaita mahdollisia materiaaleja ja työmme laatuun kiinnitetään suurta huomiota.

Urheiluareenan valmistamia Sportfire-tuotteita on myytävänä hyvin varustetuissa urheiluliikkeissä ja tavaratalojen urheiluosastoilla.

