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AMERICAN DISC GOLF MARKET ANALYSIS – CASE OBSIDIAN  
DISCS LTD.

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**Abstract**

This thesis analyzes the American disc golf market and business environment. The study is commissioned by a small-size disc golf company from Finland. The objective is to provide practical information and better understanding of the market for the company.

Data for this project was collected by applying mixed research methods and secondary data analysis. In order to gather quantitative data from consumers a web-based questionnaire was conducted. The sample consisted of 361 American respondents. Qualitative data was gathered by interviewing three online disc retailers through e-mail.

The study was able to find answers to the majority of the research questions. The United States is a complex market, and different locations can significantly vary in several factors. Consequently, it would be recommendable for the case company to identify and utilize different supporting organizations regarding internationalization.

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Appendix 1 Abbreviations

Appendix 2 Questionnaire for disc golf players

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# 1 INTRODUCTION

## 1.1 Case company

Obsidian Discs Ltd. is a Finnish micro-size disc golf company founded in 2014. In addition to designing and providing discs, the company offers also offers services such as the designing of disc golf courses, tee signs, course maps and score cards. The mission of Obsidian Discs is to deliver superior value to its customers by providing high-quality products that meet players' actual needs. The company aims to continuously find, invent and develop exquisite materials and new manufacturing procedures. The production is currently subcontracted to a plastic manufacturer in Finland.

An important value for the company is to be a consistent and reliable disc provider. For that reason, testing and quality control in all phases of product development are in an important role. In order to ensure that the products are designed to respond to needs, the company is in intense interaction with the disc golfer community. Disc prototypes are tested by local PDGA (Appendix 1) licensed disc golf players before launching disc models to the market. (Internal database of the company 2015.)

Splinter G5 putter disc is the only disc model manufactured at the moment. It is available on the company's e-commerce, which is testing free worldwide shipping at the moment. In the domestic market Splinter G5 is retailed by two online disc golf stores of which brick and mortar retail stores' product selection also include the disc model. Furthermore, a disc golf pro shop, an S Group's hypermarket and an international sports equipment chain's store also retail the disc model in Finland at the moment. International ventures have recently been initiated through an online retailer in Estonia, Germany and the United States. (Internal database of the company 2015.) As a new company with scarce resources, Obsidian Discs would like to receive more information about the American disc golf market. Hence, a market analysis is performed as a commissioned thesis.

## 1.2 Research questions and objectives

This thesis shall analyze American disc golf market and examine the business environment of United States. The objective is to provide useful information and better understanding of the market for the case company. This knowledge could be applied to the company's strategic decisions. The research questions can be summarized as follows:

- (1) What kind of issues must be considered regarding internationalization?
- (2) What are the characteristics of the disc golf market in the U.S.?
- (3) What is the profile of American disc golf players?
- (4) What kind of purchasing behavior occurs in the market?
- (5) How are the competitors positioned in the market?

## 1.3 Research methods

Both qualitative and quantitative research methods are utilized to find an answer to the research question "What kind of purchasing behavior occurs in the market?". A quantitative research method was also used for collecting primary data to solve the research question "What does the profile of American disc golf players look like?". Moreover, the study applies secondary data analysis in order to seek answers to the other three research questions as well as to provide complementary information to the other issues. Secondary data stands for information that is already available. It can be utilized either alone or as a combination with primary data which is gathered directly from first-hand experience. The advantages of secondary data are inexpensiveness and availability, however, its usefulness may be limited since it is collected for other purposes. (Kuada 2008, 103.)

Qualitative research can be described as exploratory research. It helps to understand, for instance, motivations behind the examined issue. (Wyse, 2011.) In this paper qualitative research method is used for collecting information about the buying behavior of online retailers. In order to gather qualitative data an

asynchronous interview (Appendix 3) was conducted to three online disc golf retailers from the United States. An asynchronous e-mail interview is a qualitative research method in which information is exchanged online between researcher and participant within a particular time frame (Ratislavová & Ratislav 2014, 1).

For quantitative research data objectivity, structuring, measuring, processing and describing data with the aid of numbers is typical. When matters regarding individuals are studied with quantitative research method, one must operationalize and structure the examined issue. It means that theoretical matters are transformed into such forms that the examinee understands them and the examined issues are standardized as questions and response alternatives. It is crucial for reliability and validity that every participant understands the questions in the same way. It is recommended that the minimum amount of respondents is 100 if statistical measures are applied. The objectivity of quantitative research process and results is supported by distant relationship of researcher and examinees during the process, so that the researcher has minimal impact on the results. (Vilkka 2007, 14-17.)

A web-based questionnaire (Appendix 2) was performed in order to gather quantitative data from end-users. As the data was collected online, there was no personal contact with the participants involved. The use of a questionnaire was motivated by the need of gathering primary data from numerous respondents in a distant location. The questionnaire was designed in online survey site SurveyMonkey and then distributed on the internet via the largest disc golf forums and social media. It was designed as short and simple in order to attract more respondents.

The questionnaire consisted of ten compulsory questions, of which one was open-ended and nine were closed-ended questions. The content and order of the questions were exactly the same for every participant. Three closed-ended questions included a section for additional comments. A total of 361 respondents attended the survey during one week time period on 08-15.04.2015. The results were first summarized in the SurveyMonkey site and then entered into Microsoft

Excel for further analysis. Open-ended responses were first coded by themes and then converted into statistics in Microsoft Excel.

#### **1.4 Outline of the thesis**

The content of this study consists of four main chapters, which are the introduction, theoretical framework, market analysis, and final conclusions. The theoretical framework creates a basis for the following market analysis by providing the most relevant literature on the subject. It will focus on the overall concept of internationalization of small and medium-size companies as well as on buyer purchasing behavior.

The third chapter assesses the American disc golf market. First, a PEST-analysis tool is utilized for analyzing the external factors in the foreign business environment. Second, Finnish companies operating in the U.S. market are reviewed through a SWOT-analysis. An industry overview is defined before analyzing competitors, consumers and business buyers.

In order to understand the market better, the purchasing behavior of consumers is studied by analyzing the data that is gathered through a questionnaire. Moreover, business buyers are discussed in terms of physical stores and online retailers. Chapter 3 will also briefly provide information about the American business culture. Finally, the last chapter consists of the conclusions, the limitations in the study, and recommendations for further research.

## **2 SME INTERNATIONALIZATION**

### **2.1 Processes and theories of SMEs' internationalization**

Internationalization can be interpreted as a way of thinking, a process, or a final result. A company becomes progressively internationalized as it increasingly commits to operating in foreign markets. It can be either a planned process or originate from possible new threats or opportunities. (Albaum & Duerr 2011, 24.) Nevertheless, even if a company is interested in internationalization through occasional foreign transactions, one should carefully deliberate committing to active internationalization operations and binding agreements.

The company's own readiness and preconditions demanded by foreign markets must be figured out. Moreover, one should be aware of the company's willingness and capability of encountering the unexpected risks caused by internationalization. The company should also invest in developing abilities and readiness and prepare to wait for the results of internationalization. Rushing or alternating interest towards internationalization can pose a risk for new operations. (Fintra 2001, 9-10.)

Companies can be classified as small and medium-size companies (SMEs), depending on their size. Micro-sized firms hold less than 10 employees, small sized firms 10-50 employees, and medium sized firms up to 250 workers. Turnover is considered also. (Ruzzier, Hisrich & Ruzzier 2013, 6-7.) E-commerce has strongly affected the development of business globalization, particularly when it comes to SMEs. With a plausible product or service, even small businesses can nowadays find potential distribution means and customers worldwide. However, competition in all markets has intensified due to new entrants attracted by the increased ease of entry. (Albaum & Duerr 2011, 8.)

Continuous globalization has resulted in inevitable international competition even in companies' home markets. Therefore, internationalization is a way to survive, stay competitive, attain competitive success and long-term lucrativeness not only

for large firms but also for SMEs. (Kubíčková, Votoupalová & Toulová 2014, 2.) However, the leading barriers to SMEs' internationalization are the lack of both financial and physical resources. In addition, lack of information for market analysis, international contacts, and necessary knowledge about internationalization are significant constraints. (OECD 2009 5, 10.)

The driving factors for internationalization can be categorized into proactive and reactive motives. Companies pushed by proactive motives usually want to exploit their unique competences or market opportunities. Other proactive motives can be profit and growth goals, managerial urge, and economies of scale. Reactive motives result from a firm's reaction to pressures or threats in their domestic markets or in foreign marketplace and passive adjustment to them by changing activities. Typical reactive motives are competitive pressure, extending the sales of seasonal products, and reacting to the small size of the domestic market. (Torkkeli 2014.)

There are several internationalization theories for SMEs. The Uppsala Internationalization Model suggests that companies intensify their commitment towards foreign markets as their experience grows (Torkkeli 2014). However, some companies are founded with a global view and are international from their founding, as with the case company of this study. These firms are called born-global. Being young, they typically lack extensive financial, physical, and human resources. "The most important business strategies utilized by born-global companies are global technological competence, unique product development, distinct product position, strong quality focus, and leveraging of foreign distributor competences." (Knight & Cavusgil 2004, 125, 127, 130.)

Another SME internationalization concept is the network theory. It implies that industrial systems comprise of companies in the manufacturing, distribution, and utilization of services and products. A company depends on resources under other firms' control; therefore, coordinating activities between enterprises in the network is necessary. (Torkkeli 2014.) One may suggest that companies internationalize due to other enterprises in their international network (Antoncic, Ruzzier & Hisrich 2006, 10).

## 2.2 International market research

Market research is a systematic process providing the knowledge, information, and understanding which companies utilize for strategic planning and decision making (Wenzel 2012, 3). When a company internationalizes it must map out potential markets and customers as well as consider local pricing and competitors by means of international market research. If success in international markets is strived for, other matters to factor in are for instance cultural differences and trends. (Hague 2002 4, 23.) International market research can be divided into eight main stages, as illustrated in Figure 1.

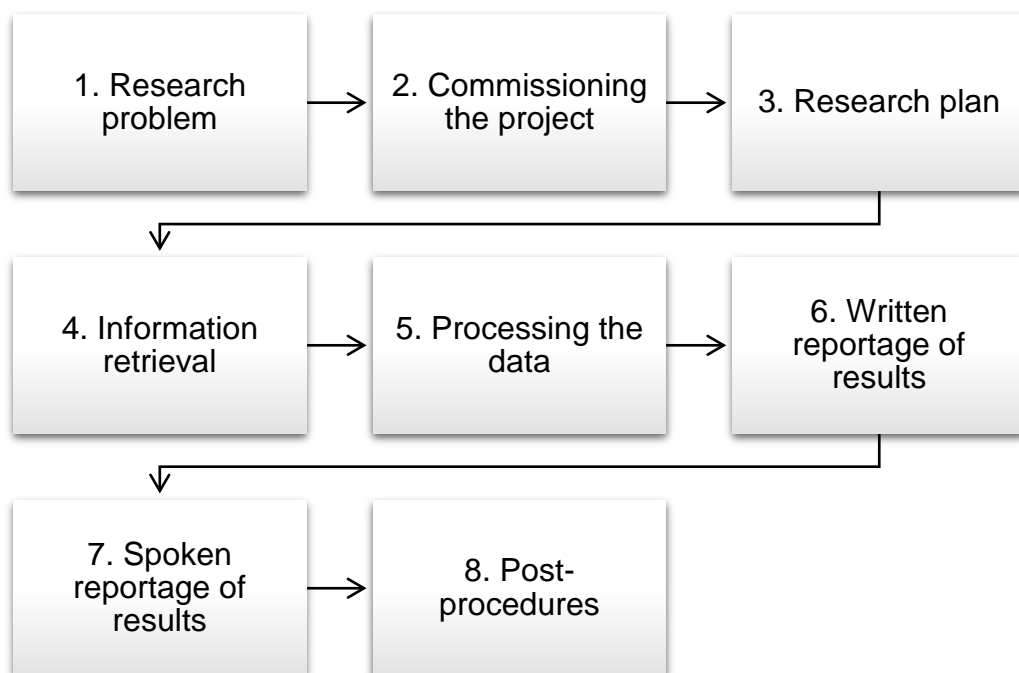


Figure 1. Market research process (Source: Fintra 1993, 78).

Each of the stages are equally as important since the success of one step is dependent on the performance of the preceding step. Carefully defined research problems and objectives create the basis for developing a research plan. The research plan and information retrieval stages define the quality of gathered data for analysis. (Fintra 1993, 78.) Usually both desk research and field research are used for information retrieval. Desk research refers to collecting existing literary material, i.e. secondary data, whereas field research stands for acquiring primary data directly from customers or relevant stakeholders.

Secondary data is explored before collecting primary data. Field research ought to be based on desk research and also complement and specify the gained information. (Fintra 1993, 80-81.) The importance of market information increases along with the complexity of the business environment (Kuada 2008, 18). However, it depends on the company's resources how much information is collected by oneself and how much by an external individual or organization. A small-size company usually cannot utilize expensive market research services; hence it must consider other less costly options. (Fintra 1993, 7.)

### **2.3 Buyer purchasing behavior**

Since a company's success relies substantially on customers' reactions to a marketing strategy, it is crucial to apprehend buying behavior. Potential responses to the strategy can be better predicted if one is aware of the issues impacting purchasing behavior. Buying behavior stands for the actions and decisions of individuals involved in purchasing and using products. This thesis discourses both the purchasing behaviors of business buyers and consumers. "The main differences are in market structure and demand, the nature of the buying unit and the types of decisions and the decision process involved" (Kotler et al. 2008, 291). While business buying behavior describes the buying products from manufacturers, retailers, institutions and governmental units, consumer buying behavior refers to the purchasing of products for household or personal use (Hughes, Kapoor & Pride 2009, 355).

**Business buying behavior.** In comparison to consumer markets, there are fewer but larger buyers in the business markets and they are more geographically concentrated. Business demand ultimately derives from the consumer demand. Consequently, companies may promote their products directly to consumers in order to augment business demand. Demand in business markets is not influenced as much in the short run by price changes. It also fluctuates more and faster. For instance, a large growth in business demand can result from a small percentage increase in consumer demand. (Kotler et al. 2008, 292-295.) Additionally, more buyers are involved in business purchases, buying decisions

are more complex, and the purchasing process is more formalized. As a result, buying decisions may require more time. Buyers and sellers tend to build long-term relationships since they are more interdependent. (Kotler et al. 2008, 303.)

The business buying process often consists of eight steps: need recognition, general need description, product specification, supplier search, proposal solicitation, supplier selection, order-routine specification, and lastly, performance review. Some steps may be skipped depending on the type of purchase. In a new-task buying situation where a product or service is bought for the first time, the business buyer carries out all the steps. (Kotler et al. 2008, 303.)

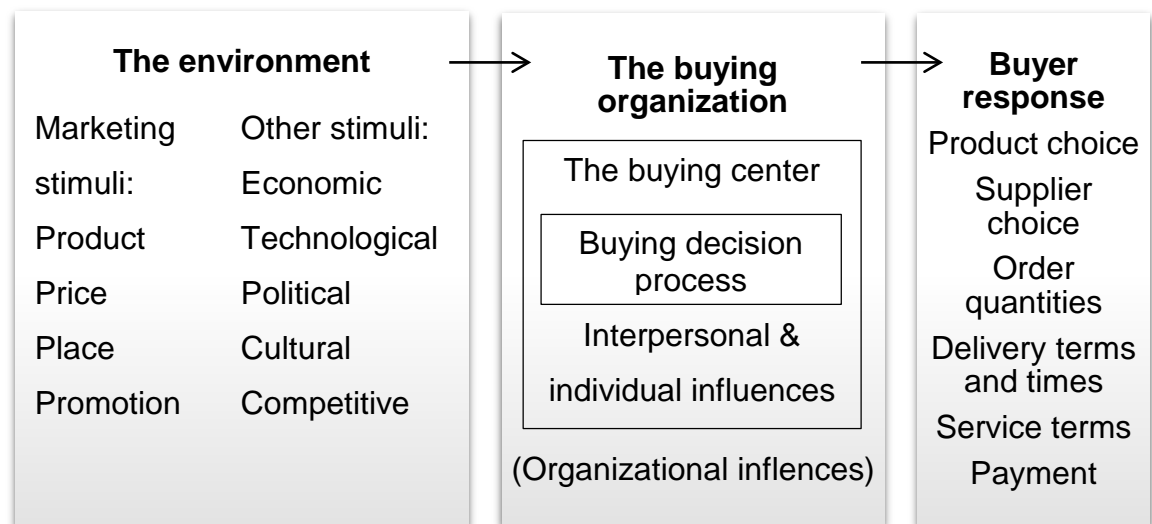


Figure 2. A model of business buyer behavior (Source: Kotler et al. 2008, 295).

Figure 2 demonstrates how marketing and other stimuli affect the buying organization and produce certain buyer responses. The marketing stimuli for business buying consist of product, price, place, and promotion which represent the four Ps of marketing mix. Other stimuli include major forces in the business environment: economic, technological, political, cultural, and competitive forces. Buying activity within an organization is composed of two main parts, the buying center and the buying decision process. The buying center is not a formal and fixed unit within the organization but rather a set of buying roles adopted by different people for various purchases. The buying activity is affected by internal organizational, interpersonal and individual factors, as well as by external environmental factors. For effective marketing strategies companies ought to

understand what happens within an organization when stimuli turn into buyer responses. Those buyer responses consist of product choice, supplier choice, order quantities, delivery terms and times, service terms and payment. (Kotler et al. 2008 295, 301.)



Figure 3. Major influences on business buyer behavior (Source: Kotler et al. 2008, 303).

When stimuli enter the organization, several factors influence business buyers before turning into a buyer response. The influencers are categorized into environmental, organizational, interpersonal, individual, and buyers, as illustrated in Figure 3. Business buyers react to both reason and emotion. When suppliers' propositions are similar to each other, business buyers do not have much basis for a strictly rational choice. Personal factors can impact more greatly a buying decision when a buyer can meet organizational goals with any supplier. In contrast, when competing products differ considerably, buyers are more accountable for their choices and inclined to place importance on economic factors such as costs, the level of primary demand, and the economic outlook. (Kotler et al. 2008, 302.)

**Consumer buying behavior.** The simplest model of consumer buyer behavior is the stimulus-response model shown in Figure 4. It implies that marketing and other stimuli enter the consumer's black box, i.e. the consumer's mind, and generate observable buyer responses. These responses are brand choice, product choice, dealer choice, purchase amount and purchase timing. (Kotler et al. 2008 239, 278)

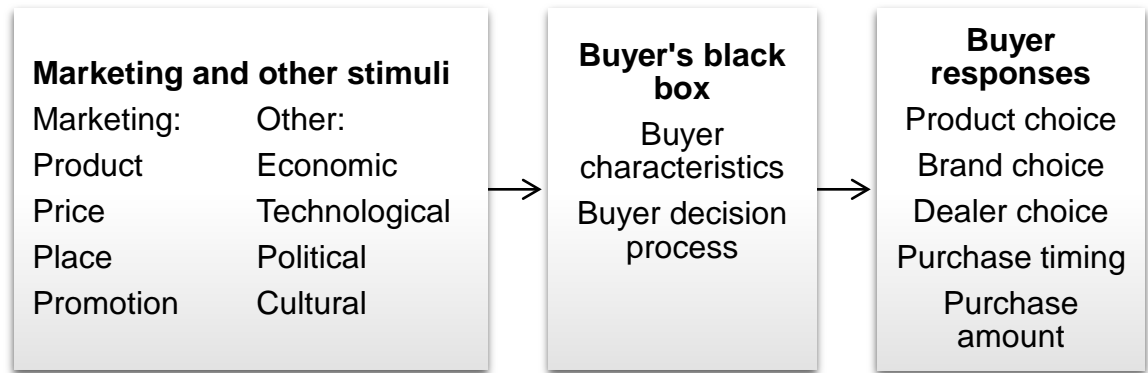


Figure 4. Stimulus-response model of buyer behavior (Source: Kotler et al. 2008, 239).

First, the buyer's characteristics influence how the stimuli is perceived. The buying behavior is affected by consumers' cultural, personal, social, and psychological characteristics. Although these matters cannot be influenced by companies, they are useful when identifying potential buyers. The most fundamental determinant of consumers' wants and buying behavior is culture which is comprised of the basic preferences, values, and behaviors that are learned from family and other strong influencers. (Kotler et al. 2008, 279.)

It is crucial to note that people with different cultural and subcultural features vary in product and brand preferences. A cultural subgroup is differentiated by lifestyles and values that are based on anything from ethnicity to age. Moreover, buyers' life-cycle stage, economic circumstances, occupation, personality, and other personal features impact on their buying decisions. Psychological factors such as perception, motivation, beliefs and attitudes also influence consumer buying behavior. (Kotler et al. 2008, 278-279.)

Second, the decision process itself affects the buyers' behavior. Complex buying behavior occurs when major differences between brands are perceived and the consumers are highly involved in a purchase. Conversely, in dissonance-reducing behavior only little difference among brands is seen while being highly involved. Habitual buying behavior occurs with low involvement and minor brand distinction, whereas in variety-seeking behavior remarkable differences among brands are perceived and low involvement in a purchase is included. (Kotler et al. 2008, 279.)

Finally, the buyer undergoes a decision process composed of need recognition, information search, evaluation of alternatives, purchase decision and post-purchase behavior. Once the consumer recognizes a need or problem that might be satisfied by a product or service, he or she is induced to seek. Then, the consumer utilizes the information to evaluate different brands in their choice set. From there, a buying decision is made and the consumer actually purchases the product or service. Due to either satisfaction or dissatisfaction the consumer takes action. (Kotler et al. 2008, 279.)

#### **2.4 Risks in international business**

Numerous risks regarding international operations must be considered. The potential risks can be divided into four main categories: country risks, political and legal risks, commercial risks, and exchange risks. Country risks stand for individual uncertainty factors related to foreign countries which affect companies' investment decisions. Such risks are, for instance, the strong development of inflation, changes in prices, exchange rates, and rapid variations in interest rate level in addition to environmental issues. Political and legal risks are also related to the foreign country; hence it is not possible to affect them. Unstable government, civil strife, and wars may disrupt markets. Political risks may be realized by legal actions, and new laws and regulations which impact negatively on the company's operations. Legal risks in business agreements must be considered also. (Pirnes & Kukkola 2002, 99.)

Commercial risks are typically the insolvency of the business partner or unwillingness to pay in customer relationship. They also include also delays and damage during transportation process, and uncertainty factors when estimating demand in new markets. Long distances and different business cultures complicate risk assessment and control, which is why international market research is vital. (Pirnes & Kukkola 2002, 101.) Exchange rate risks are the possible direct or indirect loss in a company's financial assets from an exchange rate move. The type of risk exposure ought to be figured out along with an appropriate hedging strategy. (Papaioannou 2006, 6.)

### 3 DISC GOLF MARKET IN THE UNITED STATES

#### 3.1 External business environment

Before creating a strategy for international markets one has to consider the nature and influence of macro-environmental forces on the operations (Analoui & Karami 2003, 75). In this thesis a systematic PEST analysis tool is implemented in order to assess the general external factors in the case company's business environment impacting performance and activities. PEST is an acronym for political-legal, economic, socio-cultural, and technological forces.

**Political-legal factors.** The United States consists of 50 states, which means that rather than being a single legal system, the country has about 50 different legal systems. The federal law provides national uniformity to a certain extent. The American legal system can be divided between the state governments and the federal government. As the federal government manages all matters that are related to the country as a whole, every state retains its own court system and legislature for passing laws, and also its own executive director, a governor. The U.S. Constitution is the highest law in the country. If a federal or state law conflicts with the Constitution, it can be posed as illegal. In a case of dissonance between state and federal law, the federal law reigns. (Frazier & Haigh 62, 165.)

When it comes to business contracts, the contract law in the United States is quite similar to most other Western countries' laws. The most critical divergence is the American approach to outlining and interpreting business contracts. The agreements are usually longer and also more detailed when compared to foreign contracts. The four main reasons for it are a common law approach, an obligation to protect oneself, deliberate obscurity and an absence of common assumptions. With this kind of approach it is easier for both parties to clearly understand issues. However, the downside is the propensity for needless or even dangerous obscurity. (Frazier & Haigh 2004, 173-174.)

**Economic factors.** Changes in the foreign economic can affect SMEs and their actions in a significant manner. Economic factors include trends in the total GDP, exchange rate, inflation rate, interest rate, investment, fiscal and monetary protocols, and banking policies. When SMEs are involved with international business, they ought to be aware of any variations in the exchange rate and measure its impact on business. (Analoui & Karami 2003, 76-77.)

The currency of the country is the U.S dollar. Since 2014 the appreciation of the U.S. dollar has been the leading trend on foreign exchange markets. It illustrates the increasing divergence of the monetary policies and economic performance between the euro area and the United States. The slumping economy and threat of deflation in the euro area is opposite to the growth forecasts and positive labor market trends in the U.S. The U.S. dollar is predicted to strengthen against the euro. While the dollar/euro exchange averaged 1.34 in 2014, it shall average 1.25 in 2015 and 1.21 in 2016. (UN 2015, 19, 33.)

A country's competitiveness and economic development substantially correlates to its gross domestic product (GDP) (Serenbetz & Frohlich 2014). The United States fell into recession in 2008, which was caused by not only the worldwide economic downturn, but also the mortgage crisis, the falling prices of homes, tight credit, and investment bank failures. However, the economy is predicted to improve during 2015 and 2016 when the GDP will increase by approximately three percent annually. The GDP's increase for 2014 was approximately two percent. The main driver for the GDP's improvement is an upturn in business investment, but also the household consumption is projected to strengthen alongside with employment improvement. (UN 2015, 21.) At present, the consumer confidence index is decent meaning that people trust in the current economic situation, which causes them to consume and invest (Nieminen 2015, 47).

**Socio-cultural factors** include such forces in the cultural environment that can impact on buying behavior. For instance, they can be consumer's values, geographical and age distribution of the people, demographic changes, and education level. (Analoui & Karami 2003, 76.)

The approximate population of the United States is 318,900,000. (Central Intelligence Agency 2015). The size of the population is growing annually by one percent (UNSD 2015). The annual income per capita has been assessed to be approximately \$28,155 in 2009-2013 (U.S. Census Bureau 2015). There is no official language on a federal level in the United States. However, 28 of the 50 states have listed English as an official status. The two most spoken languages in the country are English, with 79.2% of the speakers, and Spanish with 12.9% of the population speaking the language. (Central Intelligence Agency 2015.)

Circa 40% of the country's population is 25-54 years old. The total median age of the population was estimated as 37.6 years in 2014, the median age of males being 36.3 years and females 39 years. (Central Intelligence Agency 2015.) Contrary to the majority of other advanced countries, the number of young and working people rises continuously in the United States (Kotkin 2010). A method to classify groups of people with alike characteristics is generational cohorts. The following sections in the socio-cultural chapter describes the U.S. Millennials, whose birth years varies from 1980 to 1999. (Seppänen 2012.)

In 2013, the Millennial generation represents a third of the population in the United States. As the first group of Millennials are only in the beginning of thirties, the cohort shall comprise a vital engine for the country's economy in the future. They have had the internet as a part of their lives since their formative years unlike the previous generations. In addition, the cohort is the most diverse generation so far, as 42% identify themselves as other than non-Hispanic white. (Central Intelligence Agency 2015.) Approximately 61% of adults in the generation has attended college (The Council of Economic Advisers 2014, 3). The United States is a nation of immigrants and it may be called as a melting pot of different races and cultures (Nicks & Tomalin 2010, 315).

The Millennial generation is enormous, and with a large number of people comes significant buying power. Their direct purchasing power is estimated to be 200 billion U.S. dollars and 500 billion dollars in indirect spending. The most important issue when marketing is targeted for Millennials is that companies have to use and know social media. Over 75% of Millennials have a profile on social media

and majority of them utilizes it for connecting with brands. It is typical for Millennials that they impact other people by being vocal consumers and early adopters of new products. The generation trusts recommendations from friends and peers more so than experts when searching for information and making purchasing decisions. Mobile devices are common tools for information retrieval. (Seppänen 2012.)

**Technological factors.** Technological changes, particularly when it comes to e-commerce and information technology, significantly influence SMEs' performance (Analoui & Karami 2003, 76). American e-commerce sales lead the Western world with annual turnover of 349 billion U.S. dollars (PYMNTS 2015). The rapid pace of adopting mobile phones and tablets, and increasing comfort in online shopping on these devices drives the strong growth of mobile commerce (Fiegerman 2014). However, 73% of visitations to online shopping websites still originate from PCs in the United States (Petronzio 2014).

Technology in the disc golf industry continues to develop. Nowadays, the PDGA's technical standards for discs enables manufacturers to attach electronics to discs. Metal is allowed in the electronic components if it is not externally exposed. The new technical standards provide numerous new possibilities for manufacturers once the implementation is figured out. Some examples of the possible functions are GPS tracking, LED and perhaps eventually OLED lights for night and snow play. (Kennedy 2013.)

However, one challenge regarding implementing certain technology on disc designs is figuring out how to combine it with the conventional injection molding process. The declining costs of 3D printing is speculated to solve the problem when technology could be embedded during 3D printing. (Kennedy 2013.) 3D printing's role in disc golf has been for rapid prototyping and testing so far. For instance, a Swedish disc golf company has utilized 3D printing in their disc development process. (All Things Disc Golf 2014.)

### 3.2 Finnish companies in the United States

Different locations in the U.S. can greatly vary in legislation, culture, demographics, and other factors. The complexity and size of the U.S. market is hard to realize as a state can be equivalent to the size of Finland. The amount of required resources often surprise Finnish companies. (Nieminen 2015, 47.)

<p><b>Strengths of Finnish companies</b></p> <ul style="list-style-type: none"> <li>• Quality and design</li> <li>• Innovativeness and technology</li> <li>• Respect towards delivery times and contracts → a wanted business partner</li> <li>• Committed attitude</li> <li>• Competence of products/services</li> </ul>	<p><b>Weaknesses of Finnish companies</b></p> <ul style="list-style-type: none"> <li>• Low financial resources</li> <li>• Marketing knowledge</li> <li>• Market knowledge</li> <li>• Legislation knowledge</li> <li>• Underestimating the importance of networking</li> </ul>
<p><b>U.S. market opportunities</b></p> <ul style="list-style-type: none"> <li>• Constantly growing markets</li> <li>• Number of consumers</li> <li>• Rich natural resources</li> <li>• Advanced technology</li> </ul>	<p><b>U.S. market threats</b></p> <ul style="list-style-type: none"> <li>• Value of the U.S. dollar strengthens against the euro in 2015-2016</li> <li>• Defensive attitude towards foreign companies especially in difficult times</li> <li>• High competition</li> </ul>

Figure 5. Finnish companies and the U.S. market (Source: Nieminen 2015, 64).

The strengths, weaknesses, opportunities and threats for Finnish companies operating in the United States are illustrated through a SWOT-analysis in Figure 5. For Finnish companies the lacking knowledge of American culture has also posed a challenge, as the best way to understand foreign markets is first-hand experience. Marketing is efficient when customers' needs, preferences, and

wants are understood. However, when dealing with as diverse a population as in the United States, the understanding of consumers can remain low. Marketing skills and a strong brand are crucial in communicating to customers. Typically Finnish firms operate in niche markets providing high quality services and products with an innovative approach. Lastly, the interpretation of taxation structures and state laws, especially if operating in several states, can be difficult. It is highly recommendable to utilize external support for market entry to the United States. Common needs for Finnish companies are obtaining market and marketing knowledge, financial aid, juridical help, and networks. (Nieminen 2015, 47-50.)

### **3.3 Industry overview**

The U.S. outdoor sporting goods market has veritably high business potential sustained by a rising emphasis and participation rate on sports, citizens' increasing income and growing e-commerce operation (Daedal Research 2015, 3). The popularity of disc golf skyrocketed around 2007 and it is continuously growing. It took approximately three decades to set up 1,861 disc golf courses in the U.S., whereas during the following six years 1,319 courses were established. Membership of PDGA almost doubled during the short time span. "Disc golf is a multimillion-dollar industry at this point." (Morrill 2013.)

Rivalry within the disc golf industry is intense. In general, a new manufacturer enters the market every six months these days. Previously it used to be once each year and then every nine months. Hence, entry into the market is accelerating. (Retailer B 2015.) Although Innova is the market leader, various statistics indicate that smaller firms are making progress. (Hegemann 2014.) For instance, during 2012-2014 14 of the 27 brands which introduced a PDGA approved disc had never produced a disc before. More than half of the brands that create new disc models these days were not established before October 2012. (Infinite Discs 2014a.) The rate of new product release in 2014 and 2015 has skyrocketed compared to previous years (retailer B 2015). In the 2000's the average release rate of PDGA approved discs was 23.6 discs per year, while in the 2010's it has been 51.6 discs annually (Infinite Discs 2014a).

When it comes to upcoming trends in the disc golf industry, product-wise it appears that there is a significant push from manufacturers to develop new plastic materials. A new plastic material means that one can re-release existing disc models. Once the plastic material is perfected, companies can put out new discs without having to do much or any research and development. For instance, Innova released G-Star and XT plastic materials in 2014. The Trilogy brands released Frost and Snow plastics the same year. In 2015, MVP/Axiom has released four new plastics. (Retailer B 2015.)

### 3.4 Competitors

Information about competitors is necessary for the development of effective marketing strategies. A company must continuously compare its products, prices, distribution channels and promotion of competitors to find potential competitive advantages and disadvantages. (Kotler et al. 2008, 461.) In this thesis the selection of competitors is based on the case company's request for looking into specific disc manufacturers, which are Prodiscus, Latitude64, MVP, Dynamic Discs, Discmania, and Innova. After providing an overview of the companies the section will move on to a comparison between the brands.

**Prodiscus** is the first disc manufacturer in Finland. The company started disc production in 2010. At that time the firm also began to sponsor a few players and host and support European disc golf events. Nowadays, Prodiscus sponsors several disc golf players in European countries and the United States. The main objective of the company is to develop high quality products while expanding the brand globally. (Prodiscus 2015.) During 2015, the company plans to contact new retailers and pursue to increase the brand awareness in the United States. It is possible that a few female American players will join their sponsored team. (Reed 2015.)



Figure 6. Locations of physical U.S. stores retailing Prodiscus.

Currently the company's discs are retailed online by Infinite Discs, Sun King Disc Sports, Disc Nation and Marshall Street Disc Golf in the United States. (Prodiscus 2015.) All four online retailer companies also operate via a physical store. As illustrated in Figure 6, Infinite Discs' store is situated in Utah, Sun King Disc Sports' retail storefront in Florida, Disc Nation's store in Texas, and Marshall Street Disc Golf's pro shop in Massachusetts.

**Latitude 64** is a Swedish company founded in 2005. In order to obviate duplicating efforts in distribution, manufacturing, and at times design, the company works together with Westside Discs and Dynamic Discs. Although they are separate firms and they originate from different countries, the companies promote themselves as the Trilogy brands. When the companies are counted as one, the Trilogy's disc orders compete with Innova due to their recent growth. (Hegemann 2015b.) Sponsoring players is an integral part of Latitude 64's strategy. Discs are retailed in 37 U.S. states (Latitude 64 2015).

**MVP** is recognized for its unique disc design that stands out from competitors. Founded in 2009, the company continues to strengthen its position in the market by focusing on continuous technological advancement and innovation. (Hill 2012.) The company experienced its largest growth during 2014 when they established their first distance drivers and launched a sub-brand Axiom Discs. Business expansion is visibly evident as the firm has recently established new

headquarters to where all operations will be relocated. The headquarters was designed considering widely spread distribution. (Parcell 2015.) MVP supports a couple of influential disc golf players. Additionally, they have a testing program for players who want to provide feedback and write online reviews about new products. MVP follows and is present on numerous online disc golf communities. (MVP Discs Sports 2015.)

**Dynamic Discs** started in 2005 as an eBay based online retailer of other disc brands. The production of its own discs began in 2012; however, the design process is outsourced to Latitude 64 as the company is a member of Trilogy. (Dynamic Discs 2013.) Dynamic Discs has invested in marketing and developing a premium image in the disc golf industry. They are active in creating video material, for instance in form of release teasers and sponsoring weekly podcasts. (Hegemann 2014.) Customer service and increasing the popularity of disc golf as a sport are a top priorities for the company. In addition, Dynamic Discs sponsored players and tournaments are important regarding company's growth strategy. Their discs are distributed in 46 U.S. states. (Dynamic Discs 2013.)

**Discmania** is a European based company established in 2006. Currently the company has offices both in Finland and the United States. The production is carried out with Innova. The company aims to grow the sport with international clinic tours, disc golf events and course supply. Discmania provides products that conflate more than one characteristic. The design is timeless and all discs are exclusive in some way. The distribution of Discmania's discs covers 15 states in the U.S at the moment. (Discmania 2015.) In 2013, the company's revenue had tripled to over two million euros during the previous three years (Saarinen 2013).

**Innova** is the market leader in the disc golf industry. The company was founded in 1983 when it created the first disc that was designed for disc golf. Innova's disc designs of today are based on the patent developed over thirty years ago. However, since the patent is expired these days, the competitors have been allowed to copy the designs. The company is a sponsor of a three time world champion of disc golf. One of Innova's major competitive advantages is also its diverse distribution channels. For example, in the U.S over 3000 physical stores

retail the brand's discs. Products are available online, in specialized disc golf stores, and various sporting and department goods stores. Furthermore, the company does something new annually. For instance, in 2013 Innova started producing overmold discs when the next year it developed the G-Star plastic, as previously mentioned. (Hegemann 2014.)

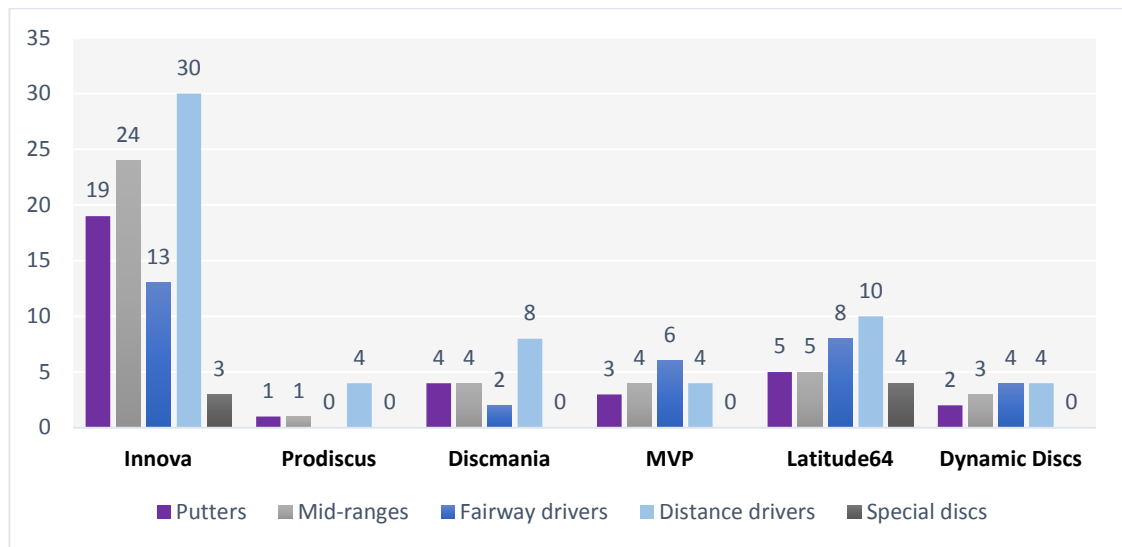


Figure 7. Product line widths of companies (April 2015).

Innova obtains the largest selection of disc models as represented in Figure 7. It has released 89 disc models from 1983 to 2015 (Innova 2015). Latitude 64 with 32 disc models comes in second. The company was founded in 2005; hence the pace for releasing new disc models is similar to Innova. The focus on drivers (Appendix 1) seems to be common among the brands since driver discs compose the largest share in all the disc brands' disc selection. In the industry it is also typical that companies obtain several plastic types for discs. They are divided into base and premium plastics. As mentioned before, there is a push from the disc manufacturers to create new plastic materials these days. All the brands in this comparison except for Prodiscus produce discs in four to five different plastics. The companies' premium plastics are all described as durable with excellent grip, similarly to the case company.

When it comes to pricing, it seems that the brands follow similar pricing patterns. The price range of premium plastic putter discs is from 17 to 19 U.S. dollars in terms of retail price. If discounts are applied, the discount price is usually approximately three dollars lower. (Infinite Discs 2014b.)

### 3.5 Consumers

In 2014 Infinite Discs surveyed 5,038 American disc golf players in order to gather basic information about them. About 94% of the respondents were males. (Salisbury 2014.) Approximately 23% of respondents were 30-35 years old and 35% had a Bachelor's Degree. Half of the participants were married. A quarter of the participants had approximately five to nine years of playing experience, and 45% positioned themselves as intermediate players. Over half of the respondents had also joined to a disc golf club. Only 6% of were loyal to one manufacturer, with 61% of them favoring Innova. Circa 18% of the respondents had bought 10 to 14 new discs in 2013. (Hegemann 2015a; 2014.)

The questionnaire created for this thesis provides further information about the buying behavior and social media usage of disc golf players in the United States. The majority, 99% of the respondents, were male and 54% were 25-39 years old. The Midwestern United States was the most popular region with 36% of the respondents, which is in line with the fact that the Midwest region holds the largest number of disc golf courses in the country. The Southeast inhabited 24%, the West 16%, the Northeast 14%, and the Southwest 10% of the participants.

The respondents were asked if they prefer purchasing golf discs from a physical store, online, or somewhere else. The majority, 55% of the respondents, preferred to purchase discs from a physical store whereas 35% would rather buy online. Ten percent chose the 'other' option; however, one out of the 37 answers was disqualified. Approximately 26% of the people who opted for 'other', did not obtain a specific preference over a physical and online store as they tend to purchase discs equally from both. However, 10% wanted to specify that they would rather utilize physical stores, but they are forced to buy discs online because the local suppliers lack variety in their disc selection.

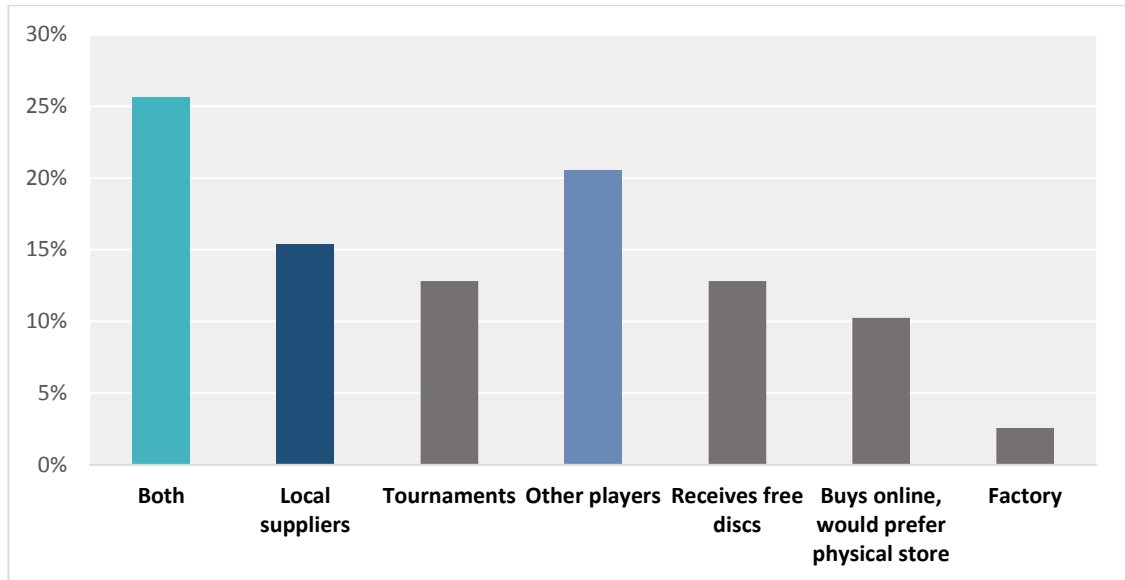


Figure 8. Other points of purchase or additional comments.

The preference to purchase discs from other players was the second most popular answer in the 'other' category with 20% of the responses. Local suppliers had 15% of the responses – the majority of the participants referring to their local disc golf club. Some of the participants favor disc golf tournaments for buying discs, but some of them stated that they do not buy discs because they receive free discs from tournament winnings or are sponsored players by disc companies.

Respondents were requested to estimate the importance of given factors regarding their purchasing decision on a scale from one to four: (1) not important at all, (2) a bit important, (3) important, and (4) highly important. As illustrated in Figure 9, the results indicated that the plastic type of a disc, followed by weight and stability (Appendix 1), was the most significant factor affecting the purchasing decision. They are all the kinds of disc characteristics that influence disc flight. Interviewed online retailer C stated that there has been a trend of people buying over-stable putters (Appendix 1) for driving. Also, over-stable drivers have been popular. Customers also have been looking for straight to slightly stable mid-ranges (Appendix 1).

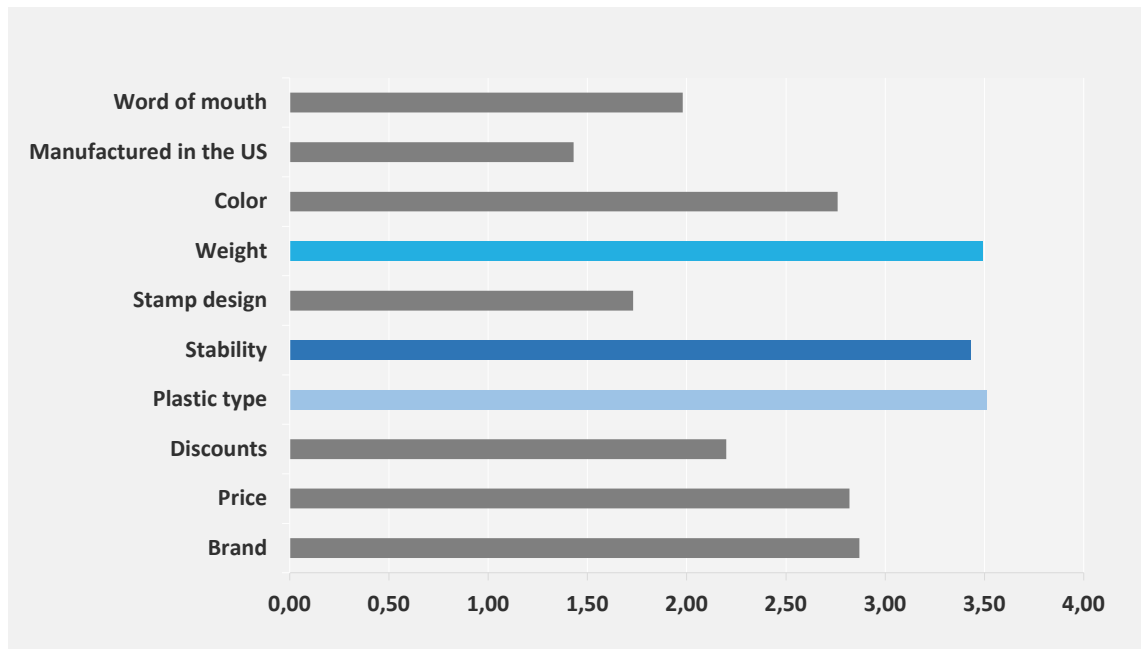


Figure 9. Weighted average on the importance of different factors.

Brand was the fourth most important factor among the respondents. However, although most players may have a favorite disc brand, they still give an opportunity for different ones as well (Hegemann 2014). Price was almost as a decisive factor as brand. However, the importance of discounts in the purchasing decision came after the price and color of the disc. On average, word of mouth is a bit important whereas stamp design does not have much influence on buying decisions. The least importance was placed on whether a disc is manufactured in the United States, which is positive for the case company.

About 16% of respondents wanted to note some other highly important factor regarding their purchasing decision. 5 out of the 58 responses were invalid and therefore not taken into account. Various factors turned up and they are individually ranked by their popularity among the responses in Figure 10. The factors can be classified into four main categories: product factors, retailer factors, customer factors, and independent factors.

The product factors consisted of 42% of the other highly important factors that affect respondents' purchasing decision. These factors describe the characteristics of the product including shape, features, ease of use, condition of used discs, limited or special manufacturing batches, durability, parting line

height, dome, and feel of the disc. The feel of the disc was mentioned distinctly more often than other factors. All of the respondents who perceived the feel of the disc as a highly important matter in their buying decision prefer to purchase discs from a physical store rather than online.

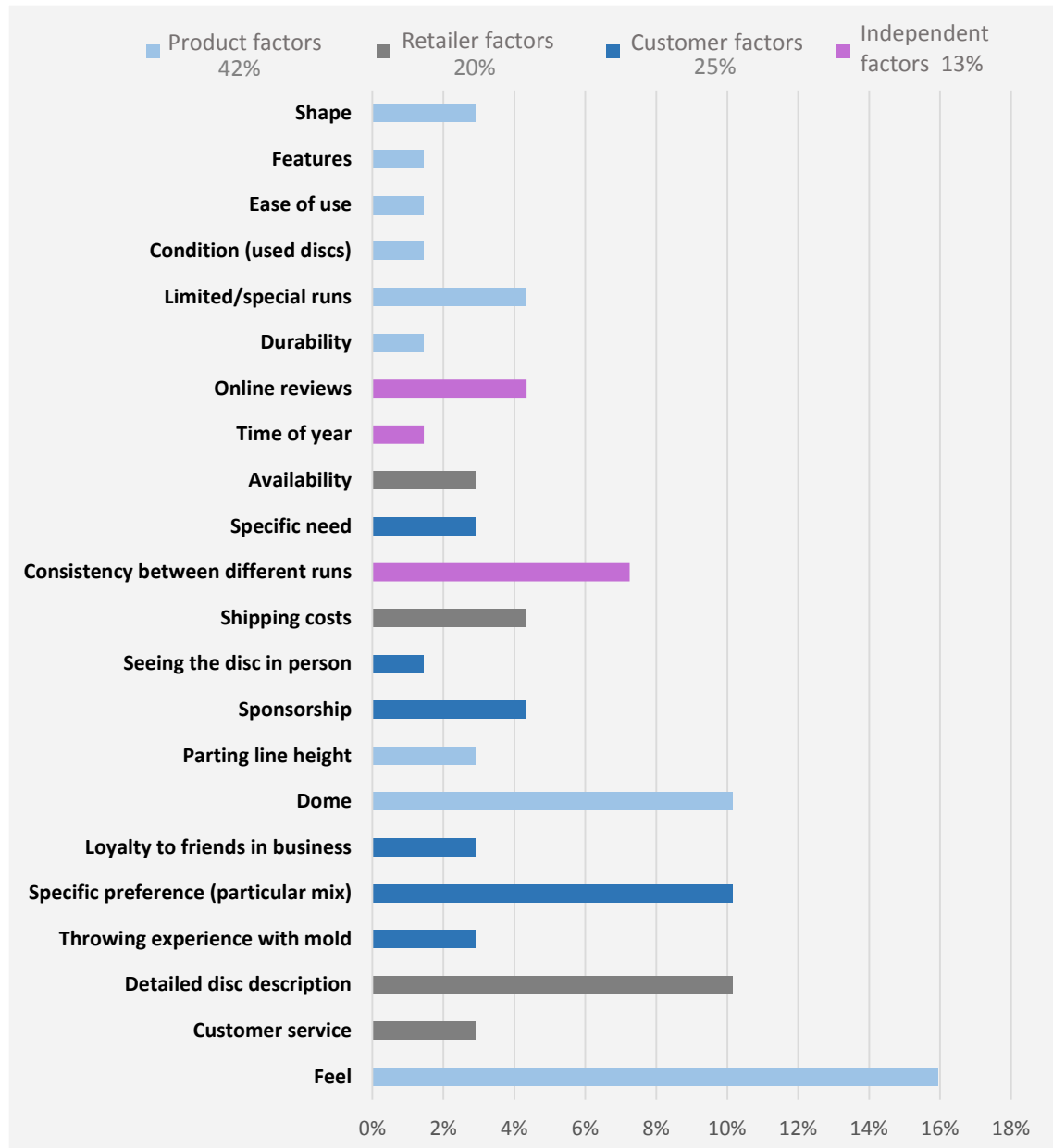


Figure 10. Other highly important factors impacting purchasing decisions.

Customer factors consisted of 25% of the responses, reflecting matters that vary by end-users or are dependent on them. Customer's specific need or preference, seeing the disc in person, purchasing discs from certain retailers because of loyalty to friends operating in the business, sponsorship and experimenting the

mold include in this category. About 10% of respondents stated that they have developed specific preference for discs through playing experience. It is often a certain mixture of various product characteristics. The respondents also noted that they rarely try a disc that does not correspond with their special preference. The retailer factors made up 20% of the other highly important factors affecting buying decisions. These factors either vary by the retailer or are dependent on them: availability, shipping costs, detailed disc description and customer service. Detailed disc description was the most often mentioned factor. When customer service was brought up, the respondents referred especially to receiving answers to their questions about products.

As mentioned before, some respondents stated that they would prefer to purchase from physical stores but use online stores because of the limited disc selection at the local supplier. Hence, availability has a significant effect on buying behavior and purchasing decisions. The market is saturated with online retailers, so it is also easy to switch the retailer based on the shipping costs or other factors that are important to the customer.

Finally, there were three independent factors that formed 13% of the other highly important factors: online reviews, time of year, and consistency between different manufacturing batches. One cannot influence these matters. Consistency between different manufacturing batches was mentioned distinctively more than others. When discs are produced from the exactly same mold and plastic in different manufacturing batches, differences between flight characteristics might exist among these batches because of several variables in the manufacturing process. Some end-users might perceive other brands more consistent manufacturers than others.

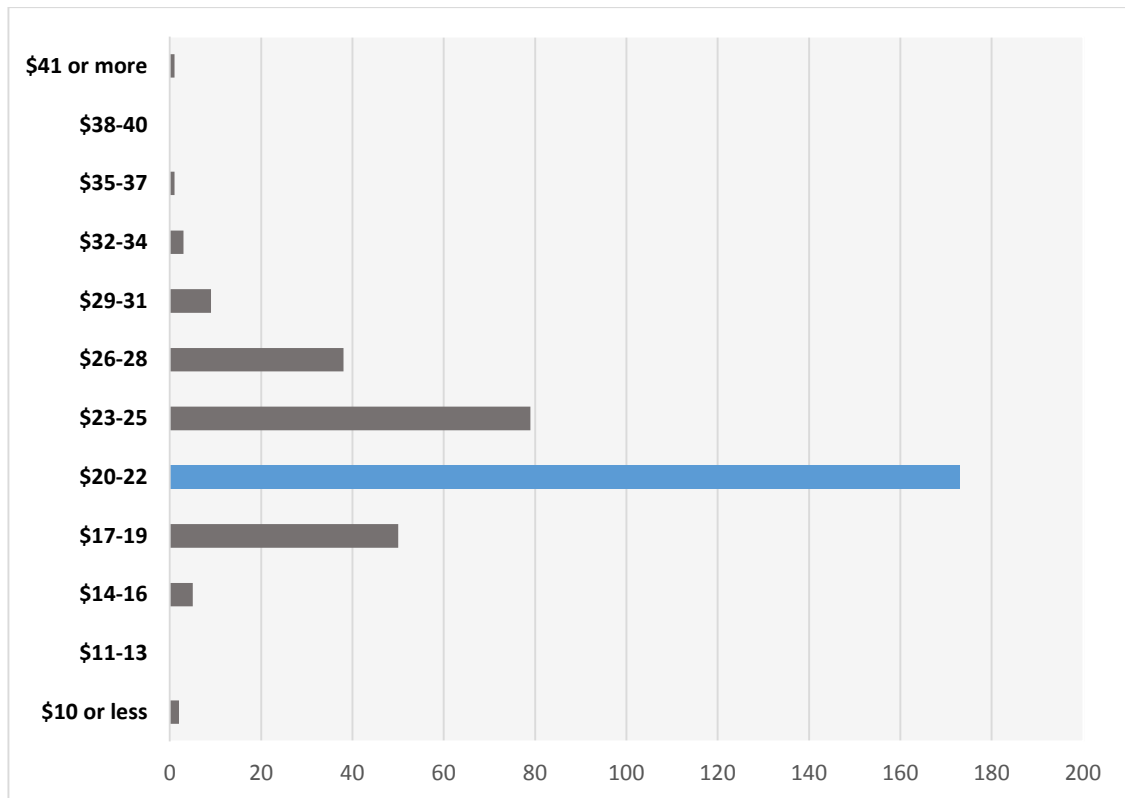


Figure 11. Perceived price limits for premium plastic discs.

Respondents were asked that at what price they would begin to think a premium plastic disc is too expensive to consider. The alternatives were illustrated in U.S. dollars in the survey. The results are tied to the average exchange rate of April 2015, which was one U.S. dollar for 0.92 euro (XE Corporation 2015). In the questionnaire it was not specified whether the disc would be a putter, midrange or driver disc since it usually does not have as significant an effect on the price as the plastic type. The majority, 48% of the respondents, set their price limit to 20-22 dollars which equated to approximately 18-20 euro. About 22% thought that 23-25 dollars was too high a price, when only 14% considered 17-19 dollar price as too expensive.

Interviewed retailer A and C stated that the price sensitivity of end-users varies – some are very price sensitive, but many customers only care about the product that they will receive. In contrast, retailer B notes that in most cases, customers are extremely price sensitive. Some customers can change retailers for even one dollar in savings and they expect value for their money. For example, fast shipping is crucial for customer satisfaction. (Retailer B 2015.)

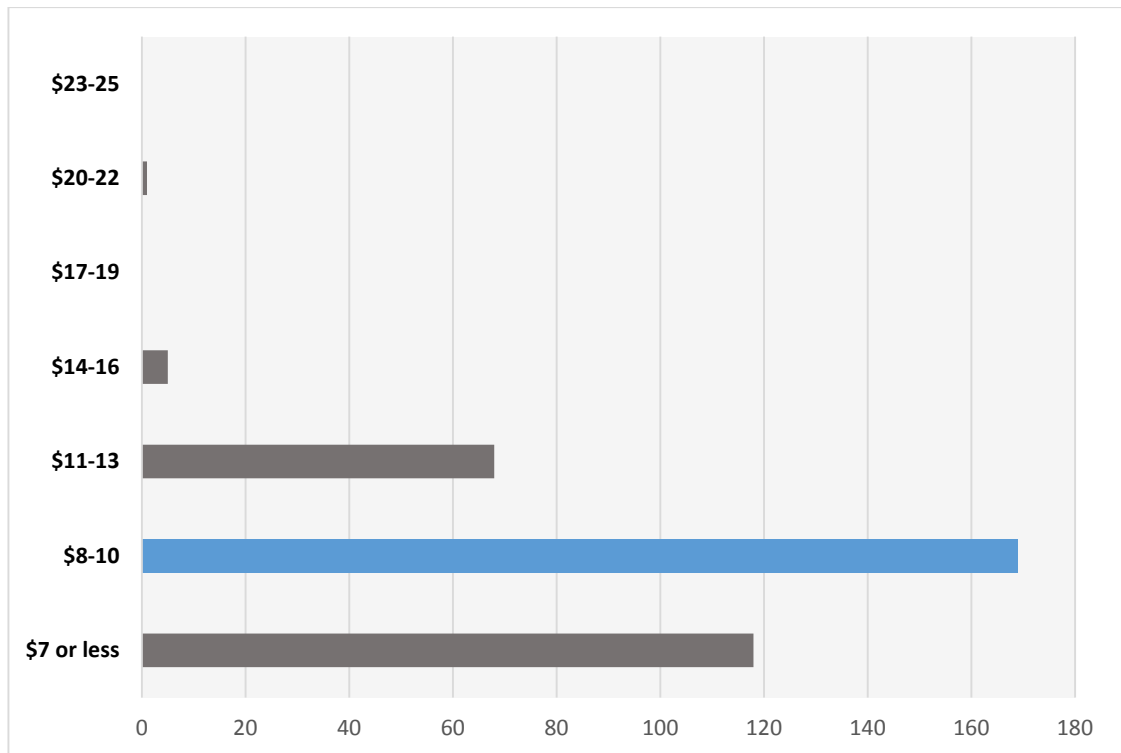


Figure 12. Too low price that impacts negatively on product image.

The questionnaire next examined the price point at which respondents would begin to think a premium plastic disc is priced so low that the quality could not be very good. Circa 47% of the participants answered 8-10 dollars, which equated approximately 7-9 euro. Surprisingly, 33% thought that only at seven dollars or less the quality of a premium plastic disc would have to be compromised. For 19% of the respondents 11-13 dollars was their price limit, equating to 10-12 euro.

When information about demographics, points of purchase, factors influencing the buying decision, and attitudes towards price and quality was collected, the following three questions dealt with information-seeking preferences and social media usage of American disc golfers. The participants were asked how they search for information about disc golf brands and discs. The question was open ended. 5 out of 361 responses were disqualified. Especially in this question one must take into account that the results might be biased since the questionnaire was distributed through social media; the sample represents a group of people using it.

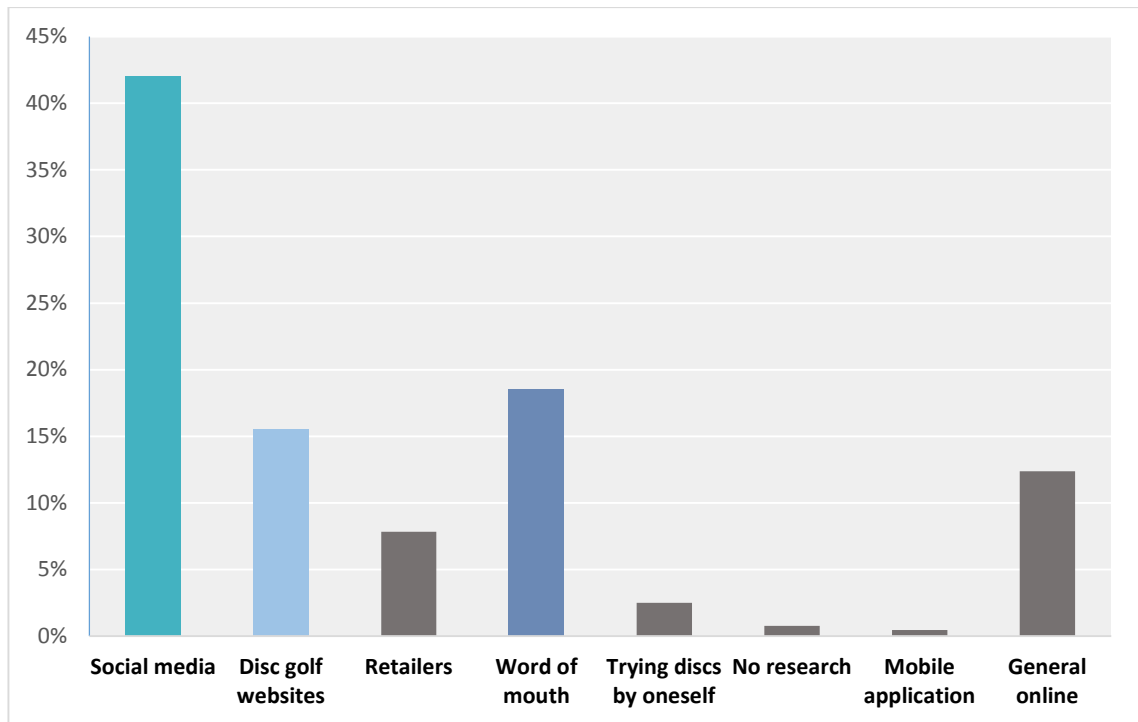


Figure 13. Preferred sources for information search.

As illustrated in Figure 13, social media appears to be the most commonly used mean of information retrieval when it comes to discs and disc golf brands. The mentioned social media sources included disc golf discussion forums, Facebook, Youtube, and other online video services, Twitter, Instagram, Reddit, podcasts, and social media in general. However, disc golf discussion forums turned out to be an overpowering source since it formed 35% of the responses in social media category. Facebook, Youtube, and online video services gained 2% of the votes and other sources a percent or less. When inquiring whether the respondents follow disc golf brands on social media, 60% of participants replied affirmatively. Facebook was the most popular channel followed by Youtube and Twitter. Majority of the other responses were disc golf discussion forums.

Word of mouth was the second most favored way to find out about disc golf brands and discs, with approximately 18% of respondents mentioning it. Asking from friends was stated by 12% of the participants followed by online reviews with 6% of the replies, and asking from pro players through social media with less than a percent of the votes. Some specified that they prefer word of mouth because they trust more in friends' and other player's reviews than marketing material provided by disc manufacturers.

On the other hand, disc golf websites composed approximately 15% of the responses when it comes to information retrieval. A disc brand's website, disc golf news sites and informational sites, disc flight comparison sites, fan sites and PDGA's website were classified as disc golf websites. A brand's website and disc flight comparison sites were the most popular replies in the category. Figure 13 shows that 12% of the participants did not particularize their way of seeking information; they utilize the internet and search engines in general. Retailers were mentioned by 8% of the respondents, online retailers' websites outweighing physical stores by 7%. According to results, seeking information online is significantly more typical than in person, for 83% of the responses refer to online sources.

### **3.6 Retailers**

**Physical stores.** Retailers are possible customers and competitors at the same time. This chapter provides general information about both physical and online stores that retail golf discs. In the case of online stores, more detailed information was managed to gather in the form of structured e-mail interviews. In the United States there are thousands of physical stores that retail discs. The five largest retailers according to their market share are Dick's Sporting Goods, Academy Sports + Outdoors, The Sports Authority, REI and Big 5 Sporting Goods. (DG Course Review 2015.) The companies operate also through their online stores. All of the companies retail Innova's discs through their online stores except for REI. However, it is possible that the disc selection is different in the physical stores when compared to e-commerce.

Dick's Sporting Goods possesses the largest market share with 6.2 billion U.S. dollars of revenue in 2014 (Market Watch 2015). The product selection covers branded sports equipment, footwear and apparel (Dick's Sporting Goods Inc. 2015). In the beginning of 2015, 612 stores operated in 46 states. The company utilizes a merchandising strategy prioritizing performance goods that are targeted towards sports enthusiasts, superior product selection and also brand presentations. To summarize, Dick's Sporting Goods focuses on high-quality

sports equipment and restrains competition by using mass merchants. (Swinand 2015.)

Academy Sports + Outdoors focuses on high-quality sporting goods. More than 185 stores operate in 15 of the Southeastern and Midwestern states. (Academy Sports + Outdoors 2014.) Their revenue was 3.9 billion U.S. dollars in 2013 (Statista 2015). The retailed disc brands in the company's online store include Innova, Millenium, Discraft and the company's own brand. (Academy Sports + Outdoors 2014.)

Sports Authority merges differentiation and price leadership strategies together. The company aims to differentiate itself with low prices, large product selection and strong focus on customers. (Katrichis 2002.) Their revenue was 3.5 billion U.S. dollars in 2013 (Statista 2015). Sports Authority operates in 450 stores located in over 41 states. (Sports Authority 2015.)

REI retails outdoor equipment of high quality (REI 2015). The company is privately held and organized as a consumer cooperative enterprise. The consumers choosing to become members of the venture own a share of the cooperative organization. (USLegal Inc. 2015.) The company has 140 stores in 30 states. It also possesses two online stores, of which one is an outlet. (REI 2015.) REI's revenue exceeded two billion U.S. dollars in 2013 (Statista 2015).

Big 5 Sporting Goods earns its highest margins from branded sporting goods made exclusively for its stores and sold at a discount, and by selling private label and discontinued products (Wikinvest 2012). In 2014 the company's revenue was 977 million U.S. dollars (MarketWatch 2015). The stores are smaller compared to Dick's Sporting Goods, which enables the company to operate in small suburban and metropolitan areas, especially in the Western states (Wikinvest 2012). The company has established 437 stores in the U.S. (Bloomberg Business 2015).

**Online stores.** Three online disc golf retailers from the United States were interviewed through e-mail. In order to minimize the possibility of any risks, it was agreed that the respondents would be presented as anonymous in this thesis. Hence, the companies are referred to as retailer A, B and C. Retailer A offers 30 different disc brands, although some of the manufacturers no longer produce discs. Retailer B carries 12 brands, whereas retailer C provides 14 brands.

The companies were inquired about their way of searching for information about potential suppliers and their products. Retailer A stated that manufacturers contact their company by sending e-mails with information about new products. Retailer B would ask their trusted customers about a new manufacturer or product and possibly use a manufacturer's website. Retailer B specifies that it does not have time to engage in message board discussions for information retrieval. The company often receives questions from customers about upcoming disc releases, of which the retailer may know nothing about. The company would like to gain information about new releases from the manufacturers sooner. Retailer C looks for new information from the PDGA website. They also follow disc golf discussion forums in order to see what end-users are talking about.

Which criteria the companies use when deciding on which discs and brands are retailed was asked about. For retailer A the main driver is consumer demand. "If a product is new, we will usually carry it; if it doesn't sell well, we will not re-order. For the popular disc models we re-order large quantities. If it is not popular, then we have limited supply." (Retailer A 2015.) In the case of Retailer B, adding a new brand to the selection happens only if rapid demand occurs. That kind of situation happened for MVP/Axiom in 2014 and Prodigy discs a year before that. Retailer C differentiates itself by providing something the other American retailers do not and concentrating on newer and international brands. The company looks for new releases and plastic offerings from these manufacturers.

The buying process of the respondents is rather simple. Retailer A states that they just fill out an order form provided by each disc manufacturer. Retailer B describes that manufacturers send an email announcing new products, most of them monthly. When the retailer is interested, they request manufacturer's sales

figures. Retailer C prefers to first contacting the manufacturer directly in order to receive information on releases and current pricing. Then, the company reviews the offerings and pricing. A purchasing decision is made based on possible gaps in the product selection which also impacts the quantity of discs ordered. Relationships with the suppliers are important for retailer C. The company feels that purchasing from a wholesale distributor does not allow developing personal relationships with manufacturers.

The responses were quite coherent when it was asked at what price the retailers would begin to think a premium plastic (a) putter, (b) mid-range, and (c) driver disc is too expensive to consider. Both retailer A and B think that 17-18 U.S. dollars as the retail price would begin to be too high. The type of a disc was not defined. Retailer C stated that for a premium plastic putter approximately 17 dollars or more would be too expensive. When it comes to mid-range discs, the response was about 19 dollars. The price limit for driver discs was 23 dollars.

The quantity of purchased discs at a time often depends on the disc manufacturer and the number of disc models that they have. Retailer A generally purchases approximately 500 discs at a time from large distributors. The company places a disc order once a week from large distributors, once a month from medium-sized ones and every six months on small brands. Retailer B tends to order from each of its major manufacturers monthly and generally 200 discs at a time. From smaller manufacturers 25-50 discs are ordered each month. Some brands are ordered only twice a year, but when there is a new release the quantity of discs increases. When a new release is announced, Retailer B places an order on the same day. As a small company, Retailer C prefers to purchase in low quantities and frequently, commonly about 25-50 discs per order.

The retailers were also asked what drives the quantity of ordered discs. As stated previously, for Retailer A consumer demand is the primary factor that affects the quantities. Retailer A specifies that the quantity of ordered discs used to be driven by quantity discounts. However, as the company has grown, the new disc models available and needing re-stocks of existing models have replaced the importance

of quantity discounts. In addition, limited storage space has influenced the quantity of ordered discs for Retailer A.

In contrast, for Retailer B it is the volume discounts that drive the quantity of ordered discs. According to the company there are typically discounts at 50, 100, 200, and 500-disc orders, which is for total the number of discs, not per-model. As for Retailer C there are several factors that drive the quantities. The small-sized company wants to be able to keep the latest offerings from multiple companies in stock. By keeping low quantities and not having an excess of inventory they are able to keep up to date with new plastic and discs. The company might start ordering higher quantities as the business grows, but they still would like to keep their philosophy of always having the newest discs available.

The most significant issue for retailers is finding the space for new products while managing the existing products, especially as the rate of new product release in 2014 skyrocketed compared to earlier years. For instance, at the end of 2014 Retailer B carried 50% more discs than a year before. Generally all profits go directly to new inventory while the sustainability of this model is questionable. There are negotiations with manufacturers about sending old stock back, which is common practice in all areas of retail but does not appear to be common in disc golf. (Retailer B 2015.)

### **3.7 Business culture**

Analyzing and understanding cultures is crucial in international business. Developing relationships with international business partners requires familiarizing oneself to foreign cultures and habits. This knowledge also shows respects towards the other party. Understanding the culture drives fluent partnership. (Paajanen 2011, 10.)

The American business culture is informal, it focuses on systems and tasks, it is strict on time and showing emotions does not have a place in business. Although

it is common that Americans may use first names quickly, it does not prevent them from subjecting one's proposals to tough questioning. The business culture is very much systems-oriented and always wants to see how much money can be made and when. (Nicks & Tomali 2010, 315-317.)

Showing flexibility and producing fast results are perhaps the most important matters when working with Americans. The national optimism implies that it is possible to solve all problems and reach all objectives. Mistakes are often expected and even tolerated, however, one must be open about them and have a clear plan for correcting the mistakes. Americans want to see commitment towards a project and that one tries their best. One can reassure their American business partner by contacting them regularly and sending preliminary material. (Frazier & Haigh 2004, 158-159.) Punctuality is regarded as crucial, because time is equated to money in American business culture. One should respond to emails preferably within 24 hours. (Nicks & Tomali 2010, 318.)

Americans highly value debate and argument since they are perceived as constructive. They can express disagreement frankly and the tough negotiating style can appear rude to foreigners. The negotiations often center on figures. One should avoid being overly submissive or modest. (Nicks & Tomali 2010, 318-319.) However, pointing out positive matters is important in the business culture. Providing and receiving feedback is pleasant for Americans. (Paajanen 2011, 29.)

Networking is crucial in the United States and the importance of it is often underestimated by Finnish companies. When compared to Finland, the American business culture is more hierarchical. Hence, contacting organizations people can appear difficult if no connections are established. (Nieminen 2015, 49.)

## **4 DISCUSSION AND CONCLUSIONS**

This chapter provides an overview of the study by discussing the final conclusions drawn from the research and the limitations related to the project. Furthermore, recommendations for further research on the subject are given to the case company.

### **4.1 Conclusions**

The study has analyzed the United States from various aspects. It is an attractive market for various companies which pursue gaining growth through new market opportunities. The United States is a fast developing economy. The consumers have trust in the current economic situation and are willing to consume. The increasing income of citizens, growing e-commerce and rising participation rate in sports drive positive development for the sporting goods industry.

On the other hand, attractiveness of the market has resulted into intense rivalry within the disc golf industry. New manufacturers enter the market every 6 months and the release rate of new discs has skyrocketed. Strong marketing skills are needed in order to survive in the highly competitive market. The analysis indicates that social media is a powerful marketing channel in the American disc golf market.

The case company must consider several threats and issues regarding international operations. The trend of appreciating U.S. dollar impacts negatively on Finnish companies importing to the United States. Moreover, as a huge country different locations in the United States can greatly vary in legislation, culture, and other factors. Therefore it is recommendable to utilize external support for entering the United States, for example in terms of financial aid and juridical help.

## **4.2 Limitations of the study**

Although the study was able to find answers to the majority of the research questions, there were some unavoidable limitations. Answers to all research questions were found except to “How are the competitors positioned in the market?”. Instead, the paper provides direction on how the selected companies operate in the market. Profound information about disc golf manufacturers in the United States is not available for the public. For instance, none of the manufacturers release their production figures or any financial information. Therefore, it was challenging to determine the market position of each competitor.

Because of the time limit, the quantitative research was conducted only on a small size of the population. Also, the distribution channels of the questionnaire may have an impact on the results by creating bias. Since most of the respondents found the questionnaire via disc golf discussion forums, the sample might share similar preferences and opinions on certain matters. Hence, one has to be careful in generalizing the results for larger groups.

## **4.3 Recommendations for further research**

Due to limitations in time and resources there are a few issues that were not discussed in this paper. One could study the market environment more closely in order to comprehend the regional differences. The case company could also examine other small size disc golf companies in the United States to see how they compete. Additionally, one could take a look at the issues regarding transportation, logistics and customs.

One of the most significant challenges that the case company faces in its process of internationalization is lack of resources. It would be recommendable to identify and utilize different supporting organizations that provide not only financial aid but also consulting services regarding internationalization.

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## ABBREVIATIONS

Driver	A disc that is designed for long-distance, high-speed flight. Drivers are usually divided into fairway drivers and distance drivers depending on their speed.
Mid-range	Typically these discs are not only faster, but also more stable than putters. They also obtain a longer range when compared to putters.
Over-stable	An over-stable disc usually does not turn while the flight when it is thrown flat. It also tends to resist wind well. (Cook 2015.)
PDGA	Professional Disc Golf Association is the official governing body of disc golf worldwide
Putter	A disc that is designed for stable and short-distance flight (Disc Golf Association 2008). Putters fly predictably, straight and in very slow manner when compared to drivers and mid-ranges.
Stability	The measurement of disc's propensity to bank laterally whilst flying. The stability ratings vary based on disc manufacturers.

## QUESTIONNAIRE FOR DISC GOLF PLAYERS

\*1. Gender

- Male
- Female

\*2. What is your approximate age?

- Less than 10 years
- 10-14
- 15-19
- 20-24
- 25-29
- 30-34
- 35-39
- 40-44
- 45-49
- 50-54
- 55-59
- 60 years or more

\*3. Please indicate the region where you reside in the United States

- Northeast
- Southeast
- Midwest
- Southwest
- West

\*4. From where do you prefer to purchase discs?

- Online
- Physical store
- Other (please specify)



\*7. At what price (USD) would you begin to think a premium plastic disc would be priced so low that you would feel that the quality could not be very good?

- |                       |                       |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$7 or less           | \$8-10                | \$11-13               | \$14-16               | \$17-19               | \$20-22               | \$23-25               |
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

\*8. How do you search for information about disc golf brands and discs? Please specify.

\*9. Do you follow disc golf brands on social media?

- No
- Yes

10. Which social media site(s) do you use for following disc golf brands? (Answer only if you responded "yes" to the previous question)

- Facebook
- Twitter
- Instagram
- Youtube
- Vine
- Tumblr
- Pinterest

Other (please specify

## **INTERVIEW QUESTIONS FOR ONLINE RETAILERS**

1. How many disc golf brands do you offer? What drives this? Are there exclusivity contracts?
2. Which criteria do you use when deciding which discs and brands you retail?
3. What are the typical steps in your buying process?
4. What kind of disc quantities do you purchase at a time?
5. What drives these quantities? a) storage space b) volume discounts c) seasonal variations d) other, please specify
6. Is there any specific time when you make purchases from suppliers?
7. How often do you order discs from suppliers? a) large quantities once/twice a year b) small quantities frequently c) other, please specify
8. At what price would you begin to think a premium plastic a) putter b) mid-range c) driver is too expensive to consider?
11. How do you search for information about potential suppliers and their products?
12. Can you foresee any upcoming trends in the disc golf industry?