

MARKET ENTRY PLAN FOR FRONTIER HOCKEY

Case: Player sticks in Finland

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Teemu Setälä

Lahti University of Applied Sciences
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ABSTRACT

Ice hockey is a very popular sport in Finland and there is a huge number of registered and unregistered players playing the sport. Having lots of players means also there is a big market for ice hockey sticks. Estonian ice hockey stick manufacturing company, Frontier Hockey, wants to increase its sales of player sticks in Finland, as it sees a big potential in the market.

The main objective of this study is to advise the case company whether or not it should enter Finland and if yes, how it should be done. In order to help the case company in its goal, the author designed this thesis to be a market entry plan, giving the case company information on how it should design its player stick sales in the target country.

This study is using qualitative research methods and it is proceeding with a deductive approach. The data is collected from primary sources, which include the author's own experience and knowledge and interviews, and from secondary sources, which include books and internet-based sources.

The study includes theory about entering new markets with explanations of the different market entry modes, internal analysis of the case company with a SWOT-analysis and analysis of the product portfolio and external analysis of the target market Finland, with Porter's Five Forces Analysis and a PEST analysis being conducted.

Findings from this research show, that Finland is a potential market for the case company, which has some competitive advantages especially in Finland when comparing with competitors. By using the market entry plan developed by the author, the case company should be able to increase its sales of player sticks in Finland.

Key words: Marketing, market entry plan, entry modes, ice hockey, customer segmenting, customer decision-making

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TIIVISTELMÄ

Jääkiekko on erittäin suosittu urheilulaji Suomessa, missä on valtava määrä sekä rekisteröityneitä että ei-rekisteröityneitä pelaajia. Iso pelaajamäärä tietää myös isoa markkinaa jääkiekkomailoille. Virolainen jääkiekkomailoja valmistava yritys, Frontier Hockey, haluaa kasvattaa mailojensa myyntiä kenttäpelaajille Suomessa, sillä yritys näkee Suomessa potentiaalisen markkina-alueen.

Tämän tutkimuksen päätavoite on selvittää, onko Suomi sopiva markkina-alue Frontier Hockeylle, ja jos se on, niin miten yrityksen pitäisi pyrkiä Suomen markkinalle. Auttaakseen kyseistä yritystä, tutkimuksen kirjoittaja suunnitteli tästä opinnäytetyöstä markkinoillepääsusuunnitelman, antaen yritykselle tietoa, miten sen pitäisi suunnitella pelaajanmailamyyntinsä Suomessa.

Tämä tutkimus käyttää kvalitatiivista tutkimusmenetelmää ja etenee deduktiivisesti. Tieto on kerätty primääreistä lähteistä, joita ovat kirjoittajan oma kokemus ja tieto aiheesta sekä haastattelut, ja sekundäärisistä lähteistä, joita ovat kirjat ja internetistä peräisin olevat lähteet.

Tämä tutkimus sisältää tietoa miten uusille markkinoille voi siirtyä, sisältäen selitykset erilaisista tavoista joilla kyseisen siirtymän voi suorittaa, yrityksen sisäisen tutkimisen, johon kuuluu SWOT-analyysi ja tuotekatalogin tutkiminen sekä ulkoisen analyysin Suomesta markkina-alueena, johon sisältyy Porterin Five Forces-analyysi sekä PEST-analyysi.

Tämän tutkimuksen löydökset osoittavat, että Suomi on potentiaalinen markkina-alue Frontier Hockeylle, jolla on joitain kilpailullisia etuja etenkin Suomessa kilpailijoihin verrattaessa. Käyttämällä kirjoittajan luomaa markkinallepääsusuunnitelmaa, Frontier Hockey pitäisi pystyä kasvattamaan pelaajanmailamyyntiään Suomessa.

Asiasanat: Markkinointi, markkinallepääsusuunnitelma, markkinalle pääsyn tavat, jääkiekko, asiakas segmentointi, ostopäätösten tekeminen

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1 INTRODUCTION

This chapter provides the framework of this research. First, it discusses the background of this research and the topic. After this, it introduces the objectives, research questions and limitations regarding this research. The final parts of this chapter present the theoretical framework of the research as well as the research methods and data collection used in the study.

1.1 Background

Estonia is in no ways considered to be an ice hockey country, but there still exists a company which produces ice hockey equipment and not that many people know about this. This company is called Frontier Hockey and it was established in Võiste, Estonia in 2001 (Frontier Hockey 2016). It has been producing ice hockey products for 15 years now and has already had some success abroad as well, but the company wants to keep on growing. It has had success especially in Russia, in the KHL, with its goalie sticks, which has been their most selling product by far. These goalie sticks are handmade in Estonia and with a lot of customization opportunities available; these sticks have attracted the attention of lots of top level goalies around Europe. Surprisingly, Frontier Hockey has not yet had success in Finland, which is a highly respected ice hockey country all over the world. The company wants to change this situation and get more market share in the Finnish ice hockey market with its products. The author of the study has played ice hockey in Finland his entire life and completed his internship with Frontier Hockey. With both parties being interested in ice hockey, ice hockey products and ice hockey business in Finland in general, the author of the thesis and the management of Frontier Hockey came up with an idea of a topic which benefits both parties, studying how Frontier Hockey should enter the Finnish market with player sticks.

The main product Frontier Hockey would want to make more success in Finland is composite player sticks. The most of the money in ice hockey business nowadays is made with composite player sticks, mainly because

of the huge number of stick consumption per season. Like mentioned before, Finland is highly respected country in the ice hockey world and not only because of its national team success with lots of medals from the World Championships and Olympic Games in both junior level and men's level. Also, Finland is currently 3rd country in the 2016 IIHF World Ranking, only behind Canada and Sweden (IIHF 2016). There are also 74 150 registered ice hockey players of all levels in Finland, which is a great number when considering the size of the country and more than 38 000 of these players are junior players. There are even more registered players than in Sweden, which is also considered as a hockey country and has almost double as many people as in Finland (IIHF 2016). These are some of the major reasons why Frontier Hockey thinks Finland as an exciting opportunity for growth.

Even though there are lots of registered players in Finland, getting the players to buy Frontier Hockey sticks is not as easy as one might think of. There are lots of different aspects both in men's level and junior level which have an effect on new brands entering new markets in the ice hockey business, for example strong already existing brands in the industry.

One big factor in Frontier Hockey's interest of Finland is the location of these countries. Finland and Estonia are considered as neighbour countries even though there is no common border between the countries. These two countries are separated only by about 100 kilometres of Baltic Sea and the traffic between these two countries is quite big. Finland and Estonia have also got similar cultures, living style and also their languages are a bit similar. Because of these aspects and the constant interaction between these two countries, Frontier Hockey thinks Finland might suite them well.

1.2 Objectives, Research Questions and Limitations

This thesis is a case study focusing on Frontier Hockey, its player sticks and the Finnish ice hockey market. Like mentioned in the previous

chapter, there are lots of possible customer in Finland for Frontier Hockey, but for some reason the company has not yet had success with its products.

This thesis is trying to find out and understand the interests of the Finnish players and junior players' parents regarding ice hockey sticks and based on this information, build possible solutions for Frontier Hockey on what could be done to improve the success of the company regarding player stick sales in Finland. The study is exploratory and descriptive, and it is approached from the Frontier Hockey's aspect.

Frontier Hockey has wanted to expand its sales in Finland for a few years now. In order to create possible solutions for Frontier Hockey to get bigger sales amounts on player sticks in Finland, this study aims to:

- form a general understanding of Finnish ice hockey market
- study opportunities on how to make the situation better for Frontier Hockey
- provide insight on what are the main characteristics the players and junior players' parents look for when buying sticks
- create a valid plan for Frontier Hockey on how to enter the Finnish market with player sticks

In order to reach the objectives of the study, the following research question is formed:

How should Frontier Hockey enter the Finnish market with player sticks?

To answer the research question, the following sub-questions are created:

- a) Is there potential for Frontier Hockey in the Finnish market?*
- b) What should be the target group of Frontier Hockey in Finland?*
- c) What advantages does Frontier Hockey have in comparison to competitors?*
- d) What is the brand awareness of Frontier Hockey in Finland?*

e) What are the main reasons behind the purchasing decisions of player sticks in Finland?

This study only concentrates on the Finnish ice hockey market regarding player sticks. People interviewed for the study are players, junior players' parents, coaches and employees of the local ice hockey organization in Kouvola, Finland.

There are always some limitations in every research conducted. The main limitation of the study is the fact that people have different kind of opinions on different issues, which makes the variety of answers quite wide. This makes it harder to create a general understanding on each issue studied. In addition, this study focuses only on the Finnish ice hockey market, thus the study might not be completely applicable on every other ice hockey market in the world. The main reason for this is the changing number of players in different countries and also the changing number of teams contracted to different brands on different levels.

1.3 Theoretical Framework

The aim of this research is to give information to Frontier Hockey on how they should enter the Finnish market with player sticks, making the number of player sticks sold bigger. This means the study is both a market study and a market entry plan. This research studies the different factors, from both internal and external aspects, which may have an effect on the proposed export process to Finland by the case company, which makes the market study part. For the other part of the study, the market entry plan, this research studies different options on making the export process of the desired product as efficient and economical as possible. In order to make these findings, the author has decided to use Hollensen's Five-Stage Decision Model as one of the key sources of information for the thesis framework. The thesis will mainly concentrate on the first three stages of the Hollensen's model, emphasizing more the questions where and how. Also, some other business analysing tools, such as SWOT-

analysis and PEST Analysis, are used in some parts of the thesis. These tools will also be explained and opened up in these specific parts.

The internal factors which will be studied include for example the products of the case company, the current situation of the company and the competitiveness of the company in comparison to other brands. The external factors studied in this research include for example a general view of the target country Finland, information about the ice hockey industry, competitors and potential customer base to be targeted. This thesis also goes through different market entry strategies, including for example entry modes and distribution channels in order to make the best possible solutions to be used by the case company in entering Finland with player sticks as efficiently as possible.

1.4 Research Methodology and Data Collection

A research can be conducted in multiple different ways. The first step of starting a research is deciding the research approach and there are two options for that: deductive reasoning and inductive reasoning. Deductive reasoning starts with some general knowledge and ends with more detailed information on the issue. Inductive reasoning starts with focusing on the topic first ending up with a general understanding on the issue, making it the other way around when comparing to deductive reasoning. (Myers 2013, 23.) In this research, deductive reasoning is used because the aim of the study is to form understanding on the topic by starting with some theory and ending up with a research strategy to test the theory.

The next step is to decide the research method most suitable for the research. The most common research methods are quantitative research and qualitative research. Quantitative research focuses more on testing and verification emphasizing more numbers and cold hard facts. The researchers often use some sort of statistical tools to analyse the data. Usually the research questions in quantitative research are started by for example “how many?”, “how often?” and “how much?” and there are usually lots of people included in the research and those are divided in

different sub-groups, formed for example by age or gender. (Keegan 2009, 11-12.)

Qualitative research focuses more on understanding the big picture and why people behave the way they do and it includes for example interviews, observation and questionnaires. The research questions in qualitative research are started by for example “why?”, “what?” and “how?” and unlike in quantitative method, the qualitative method does not include that many people in the research for data collection. Also, in qualitative method, the research is even more focused in some specific group of people, for example people with certain nationality living abroad in another country. These two methods differ from each other quite much, but both of these can be used at the same time in one research. Often the researcher has to use both of these methods in order to be able to answer the research questions. (Keegan 2009, 11-14.)

In this study, qualitative research method is used, since some of the goals of the study are to understand what the reasons behind the purchasing decisions of player sticks in Finland are, and how the current situation of Frontier Hockey player sticks sold in Finland could be improved.

When the research approach and research method are decided, the suitable data collection methods must be chosen. In a research, data means the information collected for the research project. The collected data will help the researcher in creating a bigger picture of the issue being studied and completing the study. (Quinlan 2011, 4-5.) In this study, primary data was collected with two different methods. The first one is the already existing knowledge of the author about the Finnish ice hockey market, gathered by almost lifelong attending in the Finnish ice hockey community as a player and as a junior coach. The other data collection method used was interviews. Several persons, including adult level players, junior coaches, parents of junior players and employees of the local ice hockey organization, were interviewed in order to get their viewpoints on the studied issue. All of the interviews were done face-to-

face. The questions of the interviews were open end questions, allowing the person interviewed to answer freely.

Secondary data was also used in this research and it was an important source of information too. Secondary data was mainly collected through literature and internet-based information. The secondary data supports the primary data collected through interviews and the already existing knowledge of the author about this issue. The next figure shows the research methods used in the study.

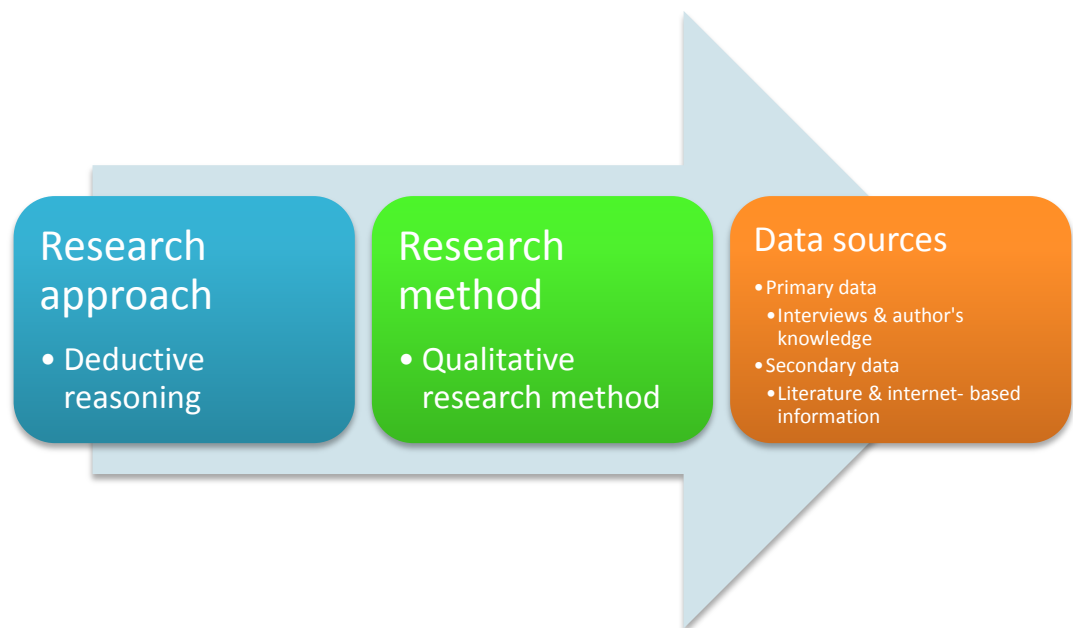


FIGURE 1: Methods of research

This research uses deductive approach and mainly qualitative research method. Data is collected through primary and secondary sources. The primary data is collected via interviews and already existing knowledge of the author and the secondary data is collected through literature and internet-based information.

1.5 Thesis Structure

The structure of this research is a combination of both theory and empirical parts. Firstly the theory around the issue studied, entering a new market, Finland, with Frontier Hockey player sticks, is explained and later

on supported with empirical findings.



FIGURE 2: Thesis structure

The first chapter is introduction, which explains the background of this research, along with detailed research questions and framework. After this, theory about entering a new market is studied, with the addition of examining Frontier Hockey, its products and its operations in more detail. This is followed by examining Finland as a target market. These are followed by the empirical part, which introduces the data collection and interviews with more detailed information. The data collected is also presented and analysed in the Empirical Research Chapter. The following chapter introduces the suggested actions and solutions for Frontier Hockey on how to enter the Finnish market with player sticks. The final chapters provide the key points of the research and a brief recap of the study for the reader.

2 ENTERING NEW MARKET

“The increase in world trade, an increasing integration of world’s major economies and the onward march on globalization will mean that the global marketing strategy of the firm will continue to be an important issue” (Hollensen 2012). As Hollensen stated, companies are more and more willing to try their capabilities to operate abroad, but there are always certain issues which the companies have to take a deeper look into before starting international operations. For these purposes, Hollensen has developed a system which has five steps the companies should consider through before expanding overseas, and this specific system is largely used in multiple professional studies regarding entering a new market and also in real life business.

This chapter will take a deeper look at the theory regarding entering a new market, which will give important information for the purpose of the study: creating a market entry plan for Frontier Hockey. Also, a situation analysis is presented, which includes theory about PEST-analysis, Porter’s Five Forces Analysis and SWOT-analysis. The main reference for this theory is Hollensen’s Five Stage Strategy, and like the title says, this strategy regarding entering a new market consists of five different stages. Due to the current situation of the market entry process of Frontier Hockey to Finland, the study will only concentrate on the first three steps: the decision to internationalize, deciding which markets to enter and market entry strategies.

2.1 Situation analysis

This chapter provides the theory regarding the market analysing tools used in this study, which are the PEST-analysis, Porter’s Five Forces Analysis and SWOT-analysis. These analysing tools are used, because it is compulsory for a company to understand the microenvironmental and macroenvironmental factors of the market they are operating in. These analysis tools help companies in understanding the internal and external issues having an effect on their operations. Internal issues include the

company's current situation and external issues include the state of the target market and competitive situation in the target market. For internal analysis, a SWOT-analysis is conducted, while PEST-analysis focuses on the state of the target market and Porter's Five Forces Analysis focuses on the competitive situation. (Blythe & Megicks, 2010; Mongay, 2006) These three analysis methods are now introduced in more detail.

PEST-analysis

When a company wants to start making business in a foreign country, it will most likely face some environmental differences between the new market and the home market. These are described as the macro-environment factors, which mean factors which the company itself cannot control, usually providing the company some opportunities and also threats. (Kotler & Keller 2009, 114.)

PEST-analysis is a common analysing tool used to examine these macro-environment factors in a specific market. This analysis gives companies help in understanding possible future difficulties in the new market and how the effect of these difficulties could be minimized. The PEST-analysis will also help the company to figure out the opportunities the new market may bring with and how the company could benefit from these.

Like Kotler and Keller state, the PEST-analysis is a combination of Political, Economic, Social and Technologic factors in the target market.

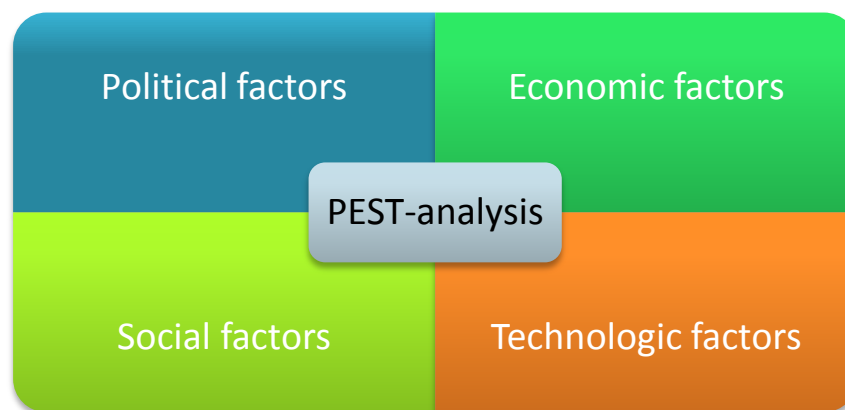


FIGURE 3: PEST-analysis structure (Kotler & Keller 2009)

These factors have to be examined with the latest information and statistics in order to create a realistic picture of the market. The Political factors include such issues as governmental issues, legal factors and trading policies, while economic factors include such issues as home economy situation & trends, taxation and industry factors. The social factors include such issues as lifestyle trends, demographics and consumer attitudes and opinions, while technologic factors include such issues as technology development, maturity of technology and innovation potential. (Grant 2004, 304.)

Porter's Five Forces Analysis

Porter's Five Forces Analysis is designed to examine the potential development of a product or service in a new market while simultaneously searching for competitive advantages for it. The Porter's Five Forces Analysis consists of five different factors and by examining these five factors, the competition state of the industry can be defined. These five factors are supplier power, threat of substitutes, buyer power, threat of new entrants and industry rivalry.



FIGURE 4: Porter's Five Forces Analysis structure (Grant 2010)

The main reason for using Porter's five forces analysis is to figure out if the target market actually is attractive for the company or not, making it possible to call the Porter's Five Forces Analysis also as a competition analysis of an industry in a specific target market. (Grant 2010)

SWOT-analysis

SWOT-analysis is a very popular tool for analysing a company for different purposes and it is mainly used as a help when creating marketing strategies for companies. SWOT-analysis covers both internal and external issues which have or may have an effect on the company's operations. A company can control its internal components, for example workforce and money, but it does not have control over the external components, for example competition and demographic factors. (Kotler & Keller 2009, 50.; Jain, Trehan & Trehan 2010, 7.)



FIGURE 5: SWOT-analysis structure (Chermack 2011, 108)

SWOT-analysis consists of four different components: strengths, weaknesses, opportunities and threats. Out of these four, strengths and weaknesses are formed according to internal components and

opportunities and threats are formed according to external components of the company. (Chermack 2011, 108.)

All of these three analysis methods will be put into action later on in the thesis in order to create an understanding on the target market in general, competition in the target market, and the case company's features in general.

2.2 Hollensen's Five-Stage Decision Model

Hollensen's Five-Stage Decision Model is defined as *"a systematic process which involves the assessment of market opportunities combined with the internal resources, the determination of marketing objectives, and the plan for implementation of the international marketing mix"* (Hollensen 2010, 19) and it is widely used method for designing global marketing plans. Hollensen's decision model aims to give anyone studying and using this method comprehensive information for developing and carrying out a suitable global marketing plan. Like mentioned before, the decision model consists of five different steps which can be found in the figure below. All of these steps will be opened up, even though the main focus of the study will be on the first three steps.



FIGURE 6: Hollensen's Five Stage Decision Model (Hollensen 2012, 5)

Stage 1: The decision to internationalize

This stage helps and gives tools to companies to evaluate their internal operations and current market positions in comparison to its competitors. A company should understand its competitive advantages in order to succeed in globalizing its operations. Also, deep knowledge about the industry in the global perspective is needed to analyse the market to be entered. After this stage a company should know if it should enter new markets or not. (Hollensen 2012, 3.)

Stage 2: Deciding which markets to enter

This stage takes a deeper look into different external factors that may have an effect on the internationalization process of a company. These factors can be divided into three main groups: the political/legal environment, the economic environment and the sociocultural environment, all of which are something the company cannot change, meaning the company has to adapt to these special characteristics the specific market has. Taking a look at these factors, a company should be able to decide which markets are the most suitable for its operations. This process is called the International Market Selection process. (Hollensen 2012, 117.)

Stage 3: Market entry strategies

This stage gives information about the most common entry modes used and also explanations for when a certain entry mode is usable. There is no ideal market entry mode which should be always used in a specific market, rather different companies can use different modes in the same market. Companies also often combine different entry modes to enter new markets. Different entry modes also have a different degree of risk, control and flexibility. (Hollensen 2012, 216-217.) By studying these different options carefully, every company about to internationalize its operations should find one or more suitable entry modes to be used for different markets.

Stage 4: Designing the global marketing programme

As the name of this stage indicates, this stage will go through the different aspects a global marketing programme should include. This stage is mainly based on the traditional 4P marketing mix: product, price, promotion and place. Also, in order to reinforce the marketing mix, an alternative framework is introduced. This framework is Booms and Bitner's 7P mix, which adds participants (people), physical evidence and process into the 4P marketing mix. (Hollensen 2012, 311.)

Stage 5: Implementing and coordinating the global marketing programme

While the four first stages discuss about the preparation phases of an internationalization process, the fifth stage will concentrate on the implementation and coordination parts. This stage goes through how the company should cope with different cultural background of its partners and customers, as well as how the company can transfer its knowledge and learning across borders within the company and also to its partners in order to maximize its success in the foreign markets. (Hollensen 2012, 441.)

2.3 Implementation of Hollensen's Model

Hollensen's five stage decision model is used in the thesis to give essential information on the decision-making process of entering a new market. As discussed earlier, due to the current situation of Frontier Hockey's market entry to Finland with player sticks and the limited research area in the thesis, only the three first stages of this decision model are essential and used for this study. These three stages and the theory included in these stages are opened up in the following paragraphs of this chapter.

2.3.1 Internal Analysis

In the first stage of this decision model, the decision to internationalize, the company must assess its internal operations and factors in order to find out if internationalization is worthwhile or not. Many times a company trying to internationalize should have just stayed in the home country due to not having the required competences to operate internationally. This is why the internal factors, such as resources and capabilities, are critical information for the company and those must be studied, analysed and evaluated when entering a new market in order to develop a good plan. (Hill & Jones 2008, 22.; Hollensen 2012, 3.) If a company does not know what their strengths and weaknesses are, it is possible that the internationalization process will fail due to lack of knowledge and using a marketing strategy which is not suitable for the company.

For the internal analysis of the case company the product portfolio is opened up and analysed, and a SWOT-analysis, which is an effective and very popular tool to analyse companies, is conducted.

2.3.2 External Analysis

When the decision to internationalize is done, it is time for the second stage of this decision model - deciding which markets to enter. In this stage, the company has to assess the external forces which might have an effect on the company's operations in the specific country to be targeted. These factors include such issues as political and legal issues and competition. Most companies are not able to have an influence on the market they are targeting, making it important for the company to evaluate carefully the political, legal and economic environment in the target country to make the right decisions regarding marketing strategies. (Hollensen 2012, 143.)

The external factors are usually divided into two categories: macro-environmental dimensions and micro-environmental dimensions affecting the market. The macroenvironmental factors include a bigger picture about

the market, such as the political, and economic and sociocultural factors. Micro-environment is usually considered to be the competition in the industry and the target market, making it more focused than the macro-environment. Competition usually includes forces which may have a big impact on the company's competitiveness in the specific market, both short- and long-term. (Hollensen 2012, 71.; Hollensen 2012, 117-171.; West, Ford, & Ibrahim 2010, 78.)

For the purposes of the thesis, some analysing tools are used to examine the external factors regarding Frontier Hockey's internationalization process. These tools are PEST-analysis for analysing the macro-environment and a Porter's Five Forces analysis for analysing the competition situation of the target market. These both will be opened up later on in the study.

2.3.3 Market Entry Strategy

"An international market entry mode is an institutional arrangement necessary for the entry of a company's products, technology and human capital into a foreign country/market" (Hollensen 2012, 216). Like Hollensen states, market entry strategy and market entry modes have a huge impact on a company's entry process to a foreign country. Therefore this part will introduce the different market entry modes with more in-depth look and also take a look at some factors which have an effect on the decision of which market entry mode to use.

2.3.3.1 Market Entry Modes

Market entry modes can be divided into three main groups: export modes, intermediate modes and hierarchical modes, which can be found on the figure below.

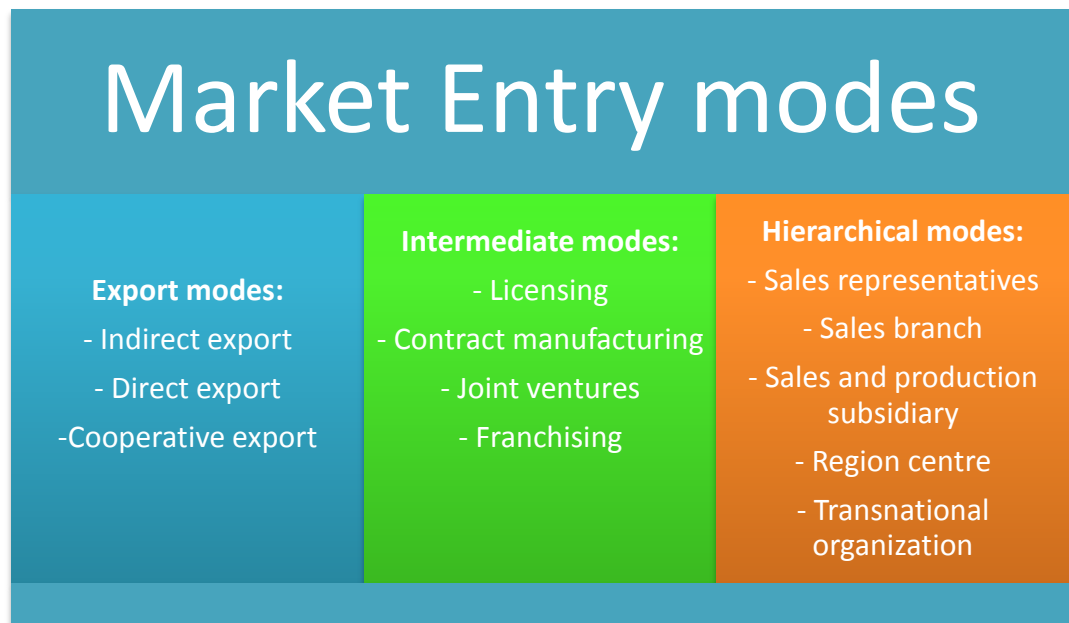


FIGURE 7: Market entry modes (Hollensen 2012, 233-258)

Each of these groups has its different characteristics and these groups include different kinds of entry modes, which will be opened up later on in this part. (Hollensen 2012, 233.)

2.3.3.1.1 Export modes

“The firm outsources the local marketing activities to an external partner (typically an agent, importer or a distributor)” (Hollensen 2012, 233). Like stated by Hollensen, the idea of export modes is to have an external partner, who handles the local marketing and sales activities in the specific market. Export modes are the most common choices for first entries to foreign markets and in these modes the products are manufactured in the domestic market or third countries and then later on transferred to the specific markets either directly or indirectly. Export modes are also simply-controlled, low resources and the least risky types of entry modes.

When building up export channels a company has to figure out what functions of the process will be the responsibility of the external agents and what the company wants to do by itself. One thing companies have to consider alongside the amount of responsibility given to the exporting agent is partner mindshare. Partner mindshare means the strength of the

relationship in terms of trust, commitment and cooperation. It is important to maintain a good relationship to the partner, because this will likely make the partner more efficient regarding sales. The manufacturer has to understand the partners' business models, goals, their value to the manufacturer and what it would cost to replace them in order to make the partnership work. (Hollensen 2012, 234-235.; Johnson & Turner 2003, 115.)



FIGURE 8: Export modes (Hollensen 2012, 235-244)

The different export modes can be divided into three main types, divided largely by the amount of responsibility the exporting agent has. These three main types are called indirect export, direct export and cooperative export, all of which will now be opened up. (Hollensen 2012, 233.)

2.3.3.1.1 Indirect Export

Indirect export means that a “*manufacturer uses independent export organizations located in its own country (or third country)*” (Hollensen 2012, 235). In indirect export the company is not really engaged in global marketing, because the sales are like domestic sales and the products are carried abroad by other parties. Indirect export modes are usually suitable for companies who have limited international expansion objectives. These

modes are also suitable for companies with limited resources who want to enter global markets step-by-step, testing out the markets first before making any big investments in export organizations. (Hollensen 2012, 235-236.; Albaum, Turner & Strandkov 2005, 282.; West, Ford, & Ibrahim 2010, 317.) There are five main entry modes for indirect export:

Trading company

Trading company, as the name states, is a company which trades goods and plays a central role in such areas as shipping, warehousing, finance, technology transfer, planning resource development and deal making in general to name a few. These also manage some counter-trade activities, which means that the sales into one market are paid for by taking some other products from that market in exchange for the goods. The most important job for the trading company is to find a buyer as fast as possible for the products that have been taken in exchange. These can operate both domestically and internationally. (Hollensen 2012, 238.)

Broker

Broker is based in the home country of the exporting company and its main job is to bring the seller and buyer together. In other words, it is a specialist regarding the contractual functions but does not actually handle the products being bought and sold. Broker is usually paid a commission for its services and it can act as an agent for either the seller or the buyer. (Hollensen 2012, 236.)

Export buying agent

Export buying agent is “a representative of foreign buyers who is located in the exporter’s home country. The agent offers services to the foreign buyers, such as identifying potential sellers and negotiating prices” (Hollensen 2012, 236). These work in the interests of the buyer, making the buyer the one paying the commission for the agent rather than the seller. These eventually become also domestic buyers. In these cases, the manufacturer of the products is not directly involved in negotiating the

terms of purchases, which is done between the agent and the buyer overseas. (Hollensen 2012, 236.)

Piggyback

In a *piggyback*, the exporting company does not have experience or the resources to handle the export process itself. Thus it decides to cooperate with a more experienced and larger company which already exists in the specific market with their operations. The inexperienced company is called the rider and the more experienced company the carrier in this mode. The main idea is that the carrier agrees to handle the export process in exchange to a commission paid by the rider, or the carrier buys the products from the rider, thus acting as a distributor of a sort. (Hollensen 2012, 238.)

Export Management Company

Export management companies (EMC) are specialist companies who act as an “export department” for multiple companies. The EMC does business in the name of each of the represented manufacturing companies. EMC’s are paid a commission and these may specialize in specific geographical areas, types of products and customer types which makes it important for a company to decide the right kind of EMC to partner with. (Hollensen 2012, 237.)

When using these modes the company has little or no control over the marketing actions in the specific markets, which may cause bad reputation. Also, the company has no contact on the foreign market and gets limited information on the potential of the specific market. On the other hand, these entry modes have the least cost and risk of any entry mode and these give companies with limited resources and knowledge of foreign markets a chance to try internationalization. (Hollensen 2012, 235-236.)

2.3.3.1.1.2 Direct Export

Direct export means that the “*manufacturer sells directly to an importer, agent or distributor located in the foreign target market*” (Hollensen 2012, 239). When company starts to understand more about the exporting process and build more confidence regarding handling the process, it may start its own exporting task. This process includes building up contacts overseas, conducting market research, handling all the documentation and transporting and also designing marketing strategies. Direct export is handled via independent agents and distributors based overseas. The agents and distributors are often considered to be the same even though these carry some differences. Agents are paid by commission while distributors are paid by the difference of selling and buying prices. Distributors also carry some risks with their operations, while agents do not. (Hollensen 2012, 239.; West, Ford & Ibrahim 2010, 314.; Johnson & Turner 2003, 116.; Terpstra & Sarathy 2000, 385.) Like mentioned, there are two modes of direct export:

Agent

Agent is an “*independent company that sells on to customers on behalf of the manufacturer. Usually it will not see or stock the product. It profits from a commission (typically 5–10 per cent) paid by the manufacturer on a pre-agreed basis*” (Hollensen 2012, 240). There are three types of agents: exclusive, semi-exclusive and non-exclusive. Exclusive agents have exclusive rights to specific sales territories and only handle the exporter’s goods, semi-exclusive agents handle some non-competing goods from other manufacturers alongside with the exporter’s goods and non-exclusive agents handle an abundance of different goods including also some competing goods from other manufacturers. Exclusive agents have usually some sub-agents helping them in the specific market and in these cases the agent and the sub-agent share the commission paid by the exporter. The amount of commission paid to the agents can vary depending on multiple variables, but is usually considered to be somewhere between 5% and 10% of the profit. (Hollensen 2012, 240.)

Distributor

Distributor, also known as an importer, is an “*independent company that stocks the manufacturer’s product. It will have substantial freedom to choose own customers and price. It profits from the difference between its selling price and its buying price from the manufacturer*” (Hollensen 2012, 239). Distributors usually have the exclusivity of being the sole importers and representatives of the company in their specific markets. Being appointed with the exclusivity often comes as a return for a capital investment needed by the distributor. Like mentioned earlier, distributors also carry some risks due to a need to finance the inventories. Distributors are independent companies who buy the products on their own accounts and these have a right to choose their own customers, prices and other requirements in the sales. Distributors usually have a right to find some retailers and dealers to sell the goods in the specific market it is working in. (Hollensen 2012, 239.)

When making the decision of which to use, agent or distributor, the exporter has to figure out what it wants and also estimate the candidate companies from multiple different angles, such as knowledge of the products and local markets, experience, expertise and credit ratings. When the exporter has selected the intermediary to be used, a contract must be negotiated and signed between the two parties to form a basis for the relationship. Usually these contracts include information on exclusivity, competitive lines and termination of the contract. In order to keep the relationship good, usually some motivation and support is needed for the intermediary. This can be for example financial rewards due to good sales amounts or visits and phone calls from the exporter to name a few. (Hollensen 2012, 240-242.)

2.3.3.1.1.3 Cooperative Export Modes

Cooperative export modes or *export marketing groups (EMG)* are usually small or medium sized enterprises (SME) who work in traditional, matured and highly fragmented industries like clothing and furniture, and also some

recently established small high-technology companies share the same characteristics. In practice, this export mode means that two or more companies have their own production processes but combine their powers to cooperate in the exporting functions via a common agent overseas. Most of the times this is done in order to broaden the product range to suit more customers. This can mean for example that a t-shirt manufacturing company, an underwear manufacturing company and a hat manufacturing company combine their powers in order to attract more customers. This arrangement can be tight or loose, in tight arrangement often results as a creation of a new exporting company, whereas in loose arrangement separate companies in the arrangement each sell their own goods under their own brands through the common agent. There are multiple advantages in these arrangements, such as lower transportation and selling costs, as well as standardisation of product grading, but due to possible conflicting views of how the operations of this kind of arrangement should be like, the EMG's are not that popular. (Hollensen 2012, 243-244.)

2.3.3.1.2 Intermediate modes

Intermediate entry modes include multiple different kinds of contractual agreements, such as franchising and licensing, which are available in the figure below. The main idea behind intermediate entry modes is that a company has some sort of competitive advantage but for example does not know how to utilize it or does not have the resources to use it properly.

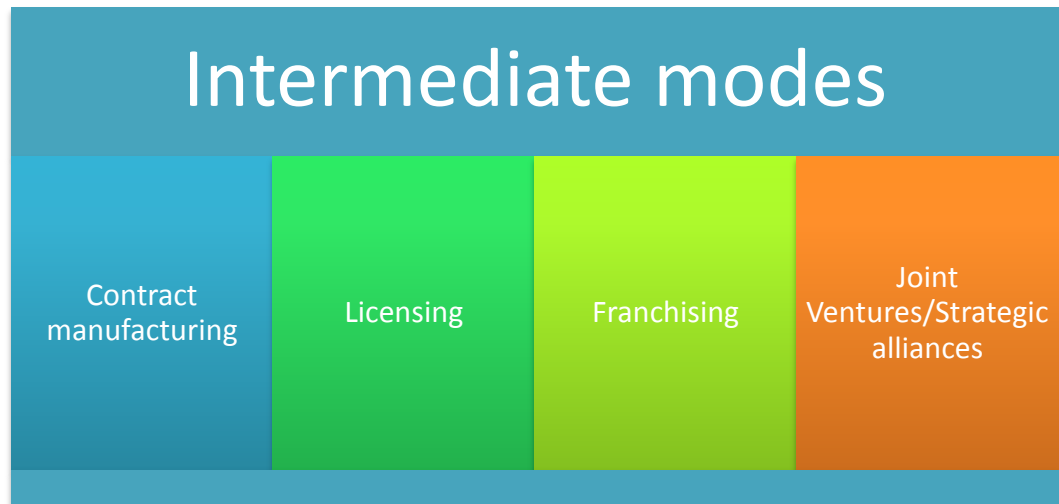


FIGURE 9: Intermediate modes (Hollensen 2012, 244)

In these cases the company might be able to transfer this advantage to other parties, establishing agreements where intermediate goods, such as skills and knowledge, are transferred between partner companies in different countries. These agreements aim for long-term cooperation between the partner companies. (Hollensen 2012, 244.) There are four main types of widely used intermediate entry modes:

Contract manufacturing

Contract manufacturing means that “*Manufacturing is outsourced to an external partner, specialized in production and production technology* (Hollensen 2012, 246). In other words, a company is able to establish production in a foreign country without having to make any final commitments, keeping the opportunities open for possibly opening own production facilities abroad in the future. Contract manufacturing comes into case when a company does not have resources, or is unwilling to invest in own production units, making it reasonable to make a contract with a manufacturing company already existing abroad. There are multiple reasons why a company wants to start manufacturing its products in another country, for example desire of being close to customers or the production costs being lower. Contract manufacturing gives companies possibilities to improve and develop its functions regarding international markets while the responsibility of production is transferred to a local

company. Payment from the contractor to the contracted party (the manufacturing company abroad) is usually done by per unit basis and the requirements regarding quality and specification are really important. The contractor can sell the products in its home country, in the country of production or also some other foreign markets. Good examples of companies who use contract manufacturing are IKEA and Benetton. Contract manufacturing gives also flexibility for the contractor, deepening on the length of the contract of course. If the quality or some other aspects of production do not please the contractor, or if the contractor decides to exit the specific market, it does not face any financial losses due to production units becoming excessive. (Hollensen 2012, 246.; Terpstra & Sarathy 2000, 387.)

Licensing

Licensing means that “the licensor gives a right to the licensee against payment, e.g. a right to manufacture a certain product based on a patent against some agreed royalty” (Hollensen 2012, 246). In other words, licensing gives a company a possibility to start local production overseas without capital investment. Licensing has some differences when compared to contract manufacturing. First of all, licensing is usually for longer term than contract manufacturing and licensing also includes bigger responsibilities to the licensee, since more value chain functions are given to the licensee. The licensor can give the licensee for example a patent regarding a product or technical assistance, advice and manufacturing know-how. The payment licensee pays to the licensor is usually committed in one of the following ways: a lump sum not related to output, a running royalty or a minimum royalty. The lump sum is usually paid at the start of the agreement in exchange for knowledge and machinery to name a few. A running royalty is normally a percentage of normal selling prices or a fixed sum of money for units of output. A minimum royalty means that the licensor is guaranteed at least some minimum sum each year. (Hollensen 2012, 246-247.; Zekiri & Angelova 2011, 577.)

Franchising

Franchising means that “the franchisor gives a right to the franchisee against payment, e.g. a right to use a total business concept/system, including use of trade marks (brands), against some agreed royalty” (Hollensen 2012, 248). Franchising suits really well for example service and people-intensive fields of business. Usually these have a need of having a big number of outlets dispersed around the world serving the local customers. Franchising has become more and more popular form of business due to popularity of self-employment and a decline in the traditional manufacturing industry. Good examples of companies who use franchising are for example restaurant chains, such as McDonald’s, KFC and Burger King. Franchising can be described as a marketing-oriented method of selling an existing business concept, usually sold to investors who have the capital, but don’t have the experience and knowledge needed. Franchising can be divided to two main types of franchising: *product and trade name franchising* and *business format “package” franchising*. The first one of these is usually a distribution system, where contracts are made between suppliers and dealers to buy or sell products and/or product lines. In this form of franchising the dealer uses the product line, trade mark and trade name and good examples of this form of franchising are Pepsi and Coca-Cola. The latter one of these two means that the franchisor transfers a whole business concept that it owns and has developed to the company in the new host-country under a contract. The company in the host country can be either a franchisee or a sub-franchisor. This system can be either direct or indirect franchising. In direct franchising the franchisor coordinates, controls and communicates with the franchisees directly while in indirect franchising the franchisor appoints a sub-franchisor who handles its own group of franchisees under its own sales territory. The direct system offers more control over the franchisees than the indirect one when looking from the franchisors point of view, offering also knowledge and access to local resources to name a few advantages. In return for the franchising license given to the franchisee, the franchisor usually gets an initial payment and/or continuous franchising

payments which are most of the time based as a percentage on the annual turnover of the franchisee. Franchising is usually considered a more complete business format than licensing even though these two entry modes share a lot of similarities. (Hollensen 2012, 248-252.; Daniels, Radebaugh & Sullivan 2009, 687.)

Joint ventures/Strategic alliances

Joint venture means “an equity partnership typically between two partners. It involves two ‘parents’ creating the ‘child’ (the ‘joint venture’ acting in the market)” (Hollensen 2012, 253). In other words, a joint venture or a strategic alliance is a relationship between two or more companies and in international joint ventures these companies are based in different countries, making the management of the relationship harder. There are lots different reasons why joint ventures are created. These include such issues as speeding up a market entry, complementary skills in management and technology that other companies have, attempting to restrain foreign ownership especially in the less developed countries and the expensiveness of research and development and production in global operations, aiming for lower costs per company. The slight difference between joint ventures and strategic alliances is that strategic alliances are normally non-equity cooperation, meaning that the parties do not invest or commit equity into the alliance. A joint venture can be formed in two ways: contractual non-equity joint venture and equity joint venture. In contractual joint venture, there is no new enterprise established with a separate personality and the costs, risks and long-term profits are shared equally between the contracted parties. In equity joint venture a new company is created in which the ownership and control is shared between foreign and local investors. In order to make this kind of alliance work, the parties included in the alliance need to have economic interest which exceeds the potential costs created by managing the alliance. These kinds of alliances usually last for about seven years, normally ending up in a sale by one of the parties included. (Hollensen 2012, 253-255.; Branch 2006, 490.; Zekiri & Angelova 2011, 577.)

2.3.3.1.3 Hierarchical modes

In hierarchical modes, the company exporting owns the organization in the host country completely. This means also that if the company does not own 100% of the host country organization, it is considered to be either export mode or intermediate mode. When deciding to use hierarchical entry modes, the company usually wants to have better control and influence in the target market than what export modes and intermediary modes give to it. In these cases, the company normally creates own new companies in the target markets to operate in the host countries. This of course means that investments are needed, unless the new company in the target market is only sales representatives, which is usually considered to be operational costs rather than investments. There are multiple different ways on how to conduct a hierarchical entry mode and these can be found in the figure below. The different hierarchical modes will also be explained with more detail later on in this part.

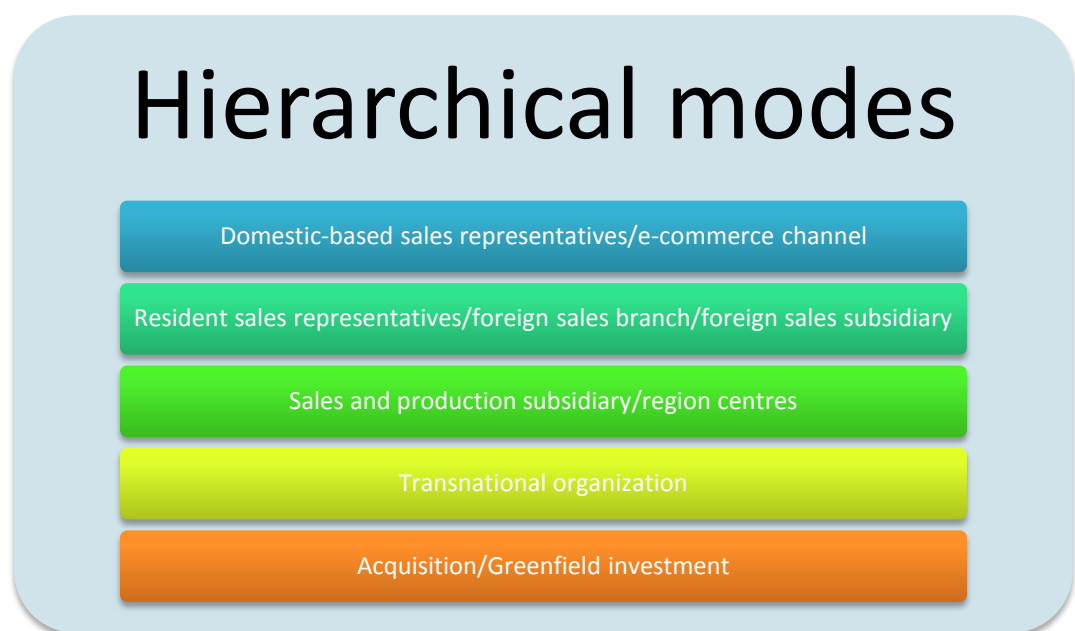


FIGURE 10: Hierarchical modes (Hollensen 2012, 271)

With different hierarchical entry modes a different amount of responsibilities is transferred to the local management teams of these companies. These modes also have different internationalization stages,

which are ethnocentric orientation, polycentric orientation, regiocentric orientation and geocentric orientation. Ethnocentric orientation is represented by the domestic-based sales representatives, who transfer the same marketing methods used in the home country to the other countries too. Polycentric orientation is represented by country subsidiaries, which use an adapted marketing mix in each country, due to the assumption of each market being so different from each other that it is necessary. Regiocentric orientation is represented by the different regions of the world and geocentric orientation is represented by transnational organizations, in which the company thinks that all the markets in the world share similarities and it is possible to create a transnational marketing strategy taking advantages on these similarities between markets. (Hollensen 2012, 258-259.) The different ways to conduct hierarchical entry modes are:

Domestic-based sales representatives/e-commerce channel

Domestic-based sales representative means “a sales representative who resides in the home country of the manufacturer and travels abroad to perform the sales” and *e-commerce channel* means that “the firm sells directly to foreign customers via the Internet” (Hollensen 2012, 259). The sales representative is an employee of the company in question, enabling greater control of sales activities than with someone outside the company. Usually these are used in industrial markets, where close contact to supplier is not needed and the large orders justify the expenses created by travelling abroad. If the order amounts are not big enough, the company can use e-commerce, which can act as a substitute for the actual sales forces having also ability to sell products through multiple channels. (Hollensen 2012, 259.)

Resident sales representatives/foreign sales branch/foreign sales subsidiary

Resident sales representatives are similar to domestic-based sales representatives with one exception: resident sales representatives are

placed permanently to the target countries. Foreign sales branch means *“an extension of and a legal part of the manufacturer (often called a sales office). Taxation of profits takes place in the manufacturer’s country”* and subsidiary means *“a local company owned and operated by a foreign company under the laws and taxation of the host country”* (Hollensen 2012, 259). In all of these ways of hierarchical entry modes the whole sales function is transferred to a foreign country, allowing greater customer commitment. Foreign sales branches are extensions and legal parts of the company in question. These usually hire also local people as salespersons. If the company sees positive direction in sales development, it may establish sales subsidiaries, which are local companies operating under the laws of the local country. These provide complete control over the sales function in that specific country. One of the main reasons why sales subsidiaries are created is that it offers more responsibilities and autonomy to these smaller units of the company operating closer to the local customers. Subsidiaries may also offer tax advantages to the company, if the company headquarters operate in a high-tax country. (Hollensen 2012, 259-260.)

Sales and production subsidiary/region centres

Sales and production subsidiaries offer production process into the operations performed by the foreign sales subsidiaries. This kind of hierarchical mode may be a result of local demands for production if sales operations are to be continued, thus creating more value to the local market. In order to make this happen, the company needs to have belief in long-term potential of the market, making the use of sales and production subsidiaries useful, due to the level of control needed to fulfil the strategic objectives of the company. This mode requires big investments, as production units are needed, creating also risks regarding financial issues and company reputation. (Hollensen 2012, 261.) *Region centres* are also considered as regional headquarters and these *“will usually play the role of coordinating and stimulating sales in the whole region”* (Hollensen 2012, 262). The attempt with these is to serve the special needs of particular regions of the world. Establishing region centres involves creation of

regional headquarters or appointment of a lead country in the region. This usually acts as a coordinator and simulator for the subsidiaries. As a coordinator, the region centre has to ensure that the country and business strategies are mutually coherent, one subsidiary do not harm others with its actions and that suitable synergies are completely identified and used across business and countries in the region. As a stimulator, the region centre has to ease the translation of global products into strategies suitable for local markets and to support the development of local subsidiaries. Region centres could be described as some sort of supervisors for subsidiaries of the company. (Hollensen 2012, 261-264.)

Transnational organization/region centres

Transnational organization means “*integration and coordination of operations (R&D, production, marketing, and sales and services) across national boundaries in order to achieve synergies on a global scale*” (Hollensen 2012, 264). In other words, the company combines aspects of different markets in order to create marketing strategies applicable globally with a goal of creating synergies between companies and markets. The main goal of transnational organizations is to achieve global competitiveness by realizing market differences and similarities, combining the potential capabilities of the organization regarding cooperation between different nations. Common features of transnational organizations are common research & development and continuous geographical trading of human resources over national borders. (Hollensen 2012, 264.)

Acquisition/Greenfield investment

Acquisition means that a company decides to acquire an already existing company. This enables rapid entry to the market and usually provides also access to for example distribution channels and customer base.

Sometimes the existing management remains in the company after the acquisition, providing experience on the local market and how business is handled there. Acquisition is usually done when a company wants to enter a market where already exists high competition or there are major entry

barriers which mean little room for a new entrant in the market. Thus acquisition makes it easier to enter the market by acquiring an already existing player in the industry and market. Acquisition can be done in multiple ways depending for example on the fields of business of these two companies in question and if those are similar or not. Anyways, no matter what the style of acquisition is, the coordination and different styles of management between a foreign investor and the local management team can cause some serious problems. (Hollensen 2012, 265.)

Greenfield investment means that the company builds up its operations in the target country from scratch. This is usually the case when the company willing to enter a certain market highly appreciates successful production logistics and when the acquisition targets are too expensive or there are no appropriate acquisition targets available. Even though building up production units takes more time than just acquiring those, the ability to determine direction for future international expansions serves as a key motivation for establishing these kinds of operations from scratch. By using Greenfield investment the company is able to use the latest technology and equipment, while also avoiding the troubles caused by an attempt to try to change the practices of an already established company. A new plant means always a fresh start and a chance for an international company to make the local company operate under the requirements and image that it already has. (Hollensen 2012, 265.)

As we can see, there are multiple different entry modes for companies to choose from when deciding on how to enter a new market. Each of these come with different advantages and disadvantages and with different factors influencing the successfulness of each mode, which the company in question has to think through in order to find the suitable mode for the market entry attempt.

3 CASE COMPANY PRESENTATION

This chapter goes through the basic information of the case company Frontier Hockey, the current situation of the company and detailed information on the product portfolio of Frontier Hockey.

3.1 Company Overview

Frontier Hockey is Estonian based brand owner and ice hockey product producer. Frontier Hockey was created 15 years ago, in 2001 and has been producing ice hockey sticks from that point forwards. The company took over a production unit in Võiste Estonia, near Pärnu and about 170 kilometres from the capital city Tallinn. Frontier Hockey started its production with wooden ice hockey sticks, replacement blades and goalie sticks. Composite ice hockey sticks and accessories were brought into the product portfolio of Frontier Hockey in 2007. The knowledge for manufacturing ice hockey sticks Frontier Hockey has is from Finland. During the early stages of the company, a Finnish ice hockey stick expert Arto Hämäläinen, gave his knowledge to the personnel of Frontier Hockey and that knowledge has been well used ever since. Frontier Hockey has also bought the machinery for stick making from Finland, from old KOHO factory. (Taveter 2016)

Frontier Hockey was accepted as a member in the IIHF Official Supplier Pool in 2006 and has been a part of the supplier pool ever since. As a member of the IIHF Supplier Pool, Frontier Hockey is allowed to equip players with its products under every IIHF event, including the World Championships and Olympic Games. This situation has enabled Frontier Hockey to get national team players to use its products, for example goalie Edgars Masalskis from the Latvian national team and goalie Alexander Yeryomenko from the Russian national team have used Frontier Hockey sticks for a long time now. (Taveter 2016)

At the moment, Frontier Hockey's best-sellers are PU-foam goalie sticks, sledge hockey sticks and performance sets. There are over 400

professional goalies using Frontier Hockey sticks throughout Europe. Frontier Hockey's goalie sticks have been considered as one of the top goalie sticks in the world by their quality, durability and puck handling features by multiple pro level goalies. The stick recipe Frontier Hockey uses has a Finnish background, modified with innovations by Frontier Hockey's engineers after many years of experiments and investigations.

Frontier Hockey produces wooden player sticks, PU-foam goalie sticks, replacement blades and sledge hockey sticks in its own production unit in Estonia. All of these products are hand made one-by-one by the professional staff of Frontier Hockey. Composite sticks, accessories and apparel are manufactured abroad by factories specialized in these specific products.

Frontier Hockey's main intention is to serve all hockey minded people equally well – from the grass root level outdoor hockey players to the highly dedicated pro level athletes who make their living out of playing the sport. In order to succeed in this goal, Frontier Hockey offers a variety of different products, designed for different kinds of use. The sticks Frontier Hockey produces can be divided into six different groups: junior, intermediate, senior, beginner level, semi-pro level and pro-level sticks. From this variety, a suitable stick can be found for everyone regardless the age or skill level of the player.

Frontier Hockey has increased the amount of different products in its product portfolio step-by-step. There have already been talks and tests for creating an own line of goalie gear: blockers, catching gloves and pads. Also, one newcomer in the product portfolio is practice jerseys, which has received a good response from test groups using the jerseys. Potential new products could be skates and gloves, but adding these products to the catalogue needs a lot of time, effort, specialized knowledge and investments. Also, constant development on the existing products is happening all the time in order to create new solutions and to stand out from tough competition on the international ice hockey market. (Frontier Hockey 2016; Taveter 2016)

3.2 Current Situation

Currently, Frontier Hockey has altogether 22 employees. Five persons out of these 22 work in the front office as a general manager, sales manager, purchase and logistics manager, accountant and product manager. Rest of the staff is working in the factory manufacturing sticks and replacement blades.

The business side of Frontier Hockey is going better step-by-step. At the moment Frontier Hockey is well ahead in sales profit when comparing to the previous year, when they had some small troubles with some customers. If this momentum keeps on going for the rest of the year, the company is making a nice sum of profit. The complete sales amount has dropped a little from the year before, but there has been improvement on making all the other activities much more efficient.

The sales have been affected by changes in some big market areas. There has been significant growth in the USA and Canada, both of which are huge markets in the ice hockey world. At the same time, business in Russia has slowed down, partially because of the economic situation going on in Russia at the moment. Previously, Russia has been one of the biggest markets for Frontier Hockey, but with the improvement in other big potential markets, the significance of the decrease in sales in Russia is not that big as it would be without the improvement in other markets. (Taveter 2016)

3.2.1 Distributors

At the moment, Frontier Hockey has official distributors in 27 different countries all over the world. These countries include the most known ice hockey countries; such as Canada, Sweden, Finland and USA, but there are also some countries in the mix which are not that known for their ice hockey, such as Turkey, Spain and Iceland. (Frontier Hockey 2016) Most of the distributors have exclusivity in their contracts with Frontier Hockey, which means these distributors have the full rights for pricing the products

and for finding potential retailers to sell the products. Exclusivity in these contracts also means that Frontier Hockey cannot sell directly to the customers in these countries, so the products have to go through the distributor. In Some countries though, the distributor may have exclusivity for example only on goalie products, meaning that Frontier Hockey can sell their products in these countries directly to customers from Estonia, which is the case in Finland at the moment. (Taveter 2016)

3.2.2 Partners

Frontier Hockey has some co-operation partners they have been working with for some time now. The most known of these is the International Ice Hockey Federation IIHF, of which's official supplier pool Frontier Hockey has been part of since 2006, giving Frontier Hockey the right to equip players with their products in World Championships and Olympic Games. Other long-time partners include the Estonian Ice Hockey Federation Eesti Jäähokiliit, a Finnish ice hockey summer camp Gold in the Net and an Estonian ice hockey store and event organizer Hoki.ee. Also, both Gold in the Net and Hoki.ee organize junior camps and tournaments under Frontier Hockey name. (Frontier Hockey 2016)

3.3 Product Portfolio

Frontier Hockey produces and offers a large variety of different kind of ice hockey products ranging from sunglasses to sledge hockey sticks. Some of these products are manufactured at Frontier Hockey's own production unit in Võiste, Estonia and some products, such as clothing, are produced for Frontier Hockey by other companies and imported to Estonia. This chapter takes a deeper look at the different kind of products Frontier Hockey has in its portfolio. Even though this thesis focuses only on the player sticks of Frontier Hockey, the entire product portfolio is opened up, because there might be demand for the other products later on in Finland too.

3.3.1 Ice Hockey Sticks

Ice Hockey sticks is the number one product for Frontier Hockey, and the company is most known as a hockey stick producer. Frontier Hockey produces both player and goalie sticks. There are multiple different kinds of sticks in the product portfolio of Frontier Hockey, some of those being hand-made in Võiste, Estonia and some being produced for Frontier Hockey in other countries. The company has got some top-level players to use its sticks, especially goalies in the Russian league, KHL.

4.3.1.1 Player Sticks

Frontier Hockey's player sticks can be divided into two different kinds of sticks: wooden sticks and composite sticks. The demand of wooden sticks has decreased massively year by year, but there are still hockey enthusiasts who like the originality and feeling of wooden sticks. Frontier Hockey is nowadays included in the rare group of ice hockey companies who still produce wooden sticks.

Composite sticks came into the product portfolio of Frontier Hockey in 2007. Nowadays Frontier Hockey produces a few different kinds of composite sticks, manufactured with different methods. From this variety, one can find a composite stick suitable for beginners, hobby players, semi-pro and pro players.

4.3.1.1.1 Wooden sticks

Frontier Hockey produces its wooden sticks at its own production unit in Võiste Estonia. These sticks are hand-made by the skilled staff of Frontier Hockey. Frontier Hockey offers four different lines of wooden sticks, each with its own specifications and features. The sticks are made out of high quality materials from Estonia and its neighbouring countries. The machinery used to make these sticks was bought from KOHO factory in Finland when it was closed due to transferring production into cheaper countries than Finland.

9950 Classic

Frontier Hockey 9950 Classic is the top wooden stick produced in Võiste. The stick has carbon fiberglass laminate reinforced wooden shaft, 5-laminate fiberglass reinforced ABS blade and it comes with eight different blade pattern options. With a durable and stiff ABS-core blade, the stick is built for outdoor hockey. This does not mean the stick is only for outdoor use, this stick is also used by some professional players who like the feel of a good old wooden stick, such as a Slovakian ice hockey legend Jozef Stümpel. This stick comes only in senior size. (Frontier Hockey 2016)

8040 Front Line

Frontier Hockey 8040 Front Line has a plywood shaft reinforced with fiberglass laminate. The stick has a solid ABS core in its blade with fiberglass fabric reinforcement and it comes with six different blade pattern options. The stick is optimized for use in tough weather conditions and hard surfaces and it is mainly used in outdoor hockey. This stick comes only in senior size. (Frontier Hockey 2016)

ABS Series

The ABS series sticks are divided into four different categories: senior sticks, junior sticks, youth sticks and kid sticks. All of these categories have two different models of sticks. The construction of these sticks is similar, and the only difference between two sticks in the same category is the design. All of these sticks have a plywood shaft and a blade which has a solid ABS core and fiberglass fabric reinforcement. The senior and junior sticks have two different blade pattern options but the youth and kid sticks have only one option. The ABS series sticks have gained popularity among street and outdoor hockey. (Frontier Hockey 2016)

500 Kid

Frontier Hockey 500 kid is designed for young children as their first ever hockey stick to be used. The stick is completely made out of wood and it has no blade pattern. This decision allows the child to discover whether to

play left- or right-handed in the future. This stick comes with two different designs: natural wooden look and a painted version. (Frontier Hockey 2016)

4.3.1.1.2 Composite sticks

At the moment, Frontier Hockey produces three different kinds of composite sticks and also one composite shaft. These sticks are manufactured with two different methods and the sticks are made by two different factories in China and Vietnam. The reason for these sticks being made in Asia is simply the costs: the sticks are expensive to manufacture and at the moment it is cheapest in Asia. When the company is able to produce sticks with lower costs, it is also able to sell the sticks with a bit cheaper price, which attracts more potential buyers. Most of ice hockey players nowadays use composite sticks, so having different varieties of sticks is very useful for Frontier Hockey too.

F17.0

Frontier Hockey F17.0 is the top-level composite stick Frontier Hockey offers. It is made with true one-piece technology and it is made out of 100% carbon. True one-piece technology means that the whole stick is made in one single mold. The stick is fully covered with 24K carbon weave. The stick has two carbon stabilizers in its blade, making the blade durable and stiff. The stick also has low kick point, meaning that the shaft bends right above the blade when shooting, giving the shot a quicker release and more power. The stick is covered with flat rubber grip and it is light weight: the senior stick only weighs 425 grams.



FIGURE 11: Frontier Hockey F17.0 (Frontier Hockey 2016)

The Frontier F17.0 comes in three sizes: senior, intermediate and junior. The senior stick has four different blade pattern options and three different flex options, but the intermediate and junior sticks only have one blade pattern and flex option. The F17.0 is designed for advanced and pro-level use and it is the newest and most advanced stick in the Frontier Hockey line-up. The stick is used by for example Latvian Elite league player Vitalijs Hvorostinins. (Frontier Hockey 2016)

F11.1

Frontier Hockey F11.1 is another of the two top models of Frontier Hockey composite sticks. This stick is made with fused one-piece technology and it is made out of 100% carbon. Fused one-piece technology means that the blade and the shaft are made in different molds, and the parts are attached together in a separate procedure. The stick is fully covered with 12K carbon weave. The blade of the stick has a stiff 3-bridge foam core, which dampens the vibration of the blade while shooting. This stick also

has low kick point and it is covered with flat rubber grip and it is slightly heavier than the top model F17.0: the senior stick weighs 440 grams.



FIGURE 12: Frontier Hockey F11.1 (Frontier Hockey 2016)

This stick comes also in three sizes: senior, intermediate and junior. The senior stick has three different blade pattern options and four different flex options, but the intermediate and junior sticks have only two blade pattern options. The intermediate stick has one flex option and the junior stick has two flex options with a recent addition of a more flexible 40 flex stick. This stick has been especially popular among junior players in Sweden and Finland, mainly due to the stiffness of the blade and the lightness of the stick, which is a rare combination in junior sticks. (Frontier Hockey 2016)

F8.0

Frontier Hockey F8.0 is a fused one-piece stick designed for semi-pro and hobby players looking for a durable stick with reasonable price. The stick is only available in senior size with two different flex options and three

different blade pattern options. It is the heaviest of the three composite stick models Frontier Hockey offers, weighing 460 grams.



FIGURE 13: Frontier Hockey F8.0 (Frontier Hockey 2016)

The shaft of the stick is made of 90% carbon and 10% of composite. It has a flat rubber grip and a mid-kick point, meaning the stick bends from the middle of the stick while shooting. The blade of the stick has a durable foam core, which is reinforced with 12K carbon weave. (Frontier Hockey 2016)

F8.0 Shaft

Frontier Hockey F8.0 Shaft is made of 80% carbon and it weighs 300 grams, making it relatively light. The shaft comes with three flex options, all of which are for senior players. The shaft has flat rubber grip, but non-grip shaft is also available when requested. The shaft is designed for ice hockey, roller hockey and ball hockey players. Replacement blade needs to be attached to the shaft before use. (Frontier Hockey 2016)

4.3.1.2 Goalie Sticks

Frontier Hockey is most known for being a goalie stick brand and has gained good reputation in pro leagues around the world. At the moment, multiple pro goalies in KHL and European leagues are using Frontier Hockey goalie sticks. The goalie sticks are divided into three categories: Polyurethane foam sticks, wooden sticks and composite sticks. The PU-foam sticks are hand-made from high-quality materials in the Frontier Hockey's own production unit in Võiste, Estonia and the composite stick is made in Asia.

4.3.1.2.1 PU-foam sticks

PU-foam goalie sticks are the most popular goalie sticks Frontier Hockey produces. These sticks have a softer feel when the puck hits the stick than the composite sticks. One downside for these sticks when comparing to composite sticks is the weight of the stick, which is a lot heavier, but most of the goalies like a bit heavier feeling in the stick.

9985G Classic

Frontier Hockey 9985G Classic is currently one of the lightest PU-foam sticks in the market. This is one of the two versions of this top model of Frontier Hockey goalie sticks. The shaft of the stick has a lightwood core and it is reinforced with carbon fiberglass laminate. The paddle of the stick has a PU-foam core which is reinforced with carbon fibre laminate. The exterior of the paddle is 100% carbon fabric.



FIGURE 14: Paddle construction of Frontier 9985G Classic (Frontier Hockey 2016)

The blade of the stick has a light and extra thin PU-foam core and it has a unique texalium coating. These features enable optimal stiffness to the stick, great shock absorption and good anti-vibration features. The stick has four different blade pattern options and six different paddle height options. Frontier 9985G Classic comes also with availability of custom colors, allowing the customer to design its own colour scheme to the stick. In these cases the minimum quantity to be ordered is 12 sticks. This stick is used by lots of pro goalies in Europe, for example by Latvian national team and KHL goalie Edgars Masalskis. The stick has also been described as the best ever goalie stick by a number of KHL and national team goalies around Europe. (Frontier Hockey 2016)

9985G Carbon

Frontier Hockey 9985G Carbon is an updated version of the 9985G Classic stick. The stick is manufactured the same way as 9985G Classic, but this version of the stick has an extra layer of carbon fabric on the

blade, making the blade extra stiff. The stiffness of the blade helps the goalie in puck handling and with rebound controlling. This version of the 9985G stick comes with 4 blade pattern options with a possibility of a custom blade pattern by sending a sample blade to the factory.



FIGURE 15: Blade construction of Frontier 9985G Carbon (Frontier Hockey 2016)

This stick has six different paddle height options and due to the extra carbon layer on the blade, it is slightly heavier than the Classic version of the stick. This version of the stick comes also with availability for custom colours with a minimum order quantity of 12 sticks. The 9985G goalie stick line is specially designed for pro players and both of these versions are used by top goalies around Europe. (Frontier Hockey 2016)

9975G

Frontier Hockey 9975G is a PU-foam stick designed for active goalies and it is known for its durability. The stick is a bit heavier than the 9985G stick line, but despite the weight, it is used by some pro goalies too, for example by Russian national team and KHL goalie Alexander Yeryomenko. The

shaft of this stick has a lightwood core with carbon fiberglass laminate reinforcement. The paddle of the stick has an armour-like laminate exterior and the thin-shaped blade has PU-foam core reinforced with inner carbon laminate and fiberglass exterior. The reinforced PU-foam blade gives the stick extra durability and structure of the stick enables great vibration dampening features. This stick has four different blade pattern options and four different paddle height options. Custom colours are not available for this stick. (Frontier Hockey 2016)

9950G

Frontier Hockey 9950G PU-foam stick designed to be a high-quality stick with reasonable price. This stick comes with eight different paddle height options, including also junior sticks. The senior and intermediate sticks have a lightwood core with carbon fiberglass laminate reinforcement and the junior sticks have a lightwood core with fiberglass laminate reinforcement. The paddle and blade of all of these sticks have a PU-foam core with fiberglass laminate exterior. This stick comes with five different blade pattern options and the stick is well balanced and light in hand. The stick is especially designed for hobby and active level players. (Frontier Hockey 2016)

4.3.1.2.2 Wooden sticks

Frontier Hockey produces only one wooden goalie stick at the moment. The stick is specially designed for goalies starting their career in front of the net.

1500 Kid

Frontier Hockey 1500 Kid is a wooden goalie stick designed for small goalies starting their journey in front of the net. The shaft of the stick is made out of durable plywood and the paddle of the stick has a wooden construction with fiberglass fabric exterior. The blade of the stick has wood and fiberglass layers with fiberglass fabric exterior. The stick is designed to have a great balance and the wood and fiberglass combination gives

the stick durability to last until the goalie grows out of the stick. The stick comes with one paddle height option and three blade pattern options. (Frontier Hockey 2016)

4.3.1.2.3 Composite sticks

Frontier Hockey produces also composite goalie sticks, but the popularity of these is not nearly as high as the popularity of PU-foam sticks. The main reason for this is the shock absorption, which is massively better with the PU-foam sticks.

G11

Frontier Hockey G11 composite goalie stick is the only composite goalie stick Frontier Hockey produces at the moment. It is designed for semi-pro and pro level goalies who like a lightweight stick with good puck handling features. This shaft of the stick has a traditional geometry and the paddle of the stick is relatively thin for a better balance. The paddle also has carbon and Kevlar for making it extra durable. The blade of the stick has lightweight outer carbon walls, a 12K carbon weave exterior and a centered PU-foam bridge surrounded by carbon walls. The stick comes with one blade pattern option and one paddle height option. (Frontier Hockey 2016)

3.3.2 Replacement Blades

Frontier Hockey produces replacement blades for hockey sticks in its own production unit in Võiste, Estonia. These replacement blades are hand-made from high-quality materials. Frontier Hockey offers currently four different kinds of replacement blades. These replacement blades have been popular especially in roller hockey and ball hockey because of the durability of the blades. All of the replacement blades are available either with tapered or regular hosel, which is the part of the blade which goes inside the shaft. The tapered hosel is thinner than the regular hosel and tapered hosel only fits tapered shaft.

F-Xover

This blade has a construction of a mixture of natural ashwood and stiff ABS plastic. The natural ashwood inserted in the blade makes it about 10% lighter than a full ABS blade. The construction gives the blade a solid puck feel with good durability. The hosel of the blade is carbon laminate reinforced. This blade comes only in senior size and with eight different blade pattern options.

F-Blue

This blade has a construction of a solid ABS plastic which is reinforced with fiberglass to make the blade stiffer. The hosel of this blade is reinforced with fiberglass laminate. This blade comes in senior and junior sizes and with 12 different blade pattern options.

F-Ashwood

This blade has a solid ashwood core which is reinforced with fiberglass sock exterior. The hosel of this blade is reinforced with carbon fiberglass laminate. This blade is available only in senior size and it comes with eight different blade pattern options.

F-Black

This blade has a wooden core which is reinforced with 100% carbon fabric. The hosel of this blade is reinforced with carbon fiberglass laminate. The Frontier Hockey F-Black comes only in senior size and with eight different blade pattern options. (Frontier Hockey 2016)

3.3.3 Sledge Hockey Sticks

Frontier Hockey is one of the rare brands in the world who produce both ice hockey sticks and sledge hockey sticks. Frontier Hockey sledge hockey sticks are used by multiple national team players around the world as by being a member of the IIHF Supplier Pool, Frontier Hockey sledge hockey sticks are a popular sighting in sledge hockey World

Championships and also in Paralympic Games. Frontier Hockey produces currently three different kinds of sledge hockey sticks and two different replacement blades. Especially the composite sledge hockey sticks have increased popularity massively during the last year.

4.3.3.1 Player sticks

Frontier Hockey has got one composite sledge hockey player stick and one wooden sledge hockey player stick in its product portfolio. Especially the composite stick has been a huge success and it has become one of the best-sellers of the company.

SL PRO

Frontier Hockey SL PRO is 100% carbon composite sledge hockey stick. The stick is lightweight, weighing only 225 grams and together with the durability the stick offers, it has become really popular among multiple national team players across the world. The stick has a foam core and it is reinforced with full 12K carbon weave exterior. The stick comes only in senior size and with one blade pattern. The stick is used by the national teams of Italy, South Korea and Japan to mention a few. (Frontier Hockey 2016)

SL 95

Frontier Hockey SL 95 is a wooden sledge hockey player stick which is hand-made at the Võiste factory in Estonia. The stick has a lightwood shaft and it weighs 305 grams. Extra durability is added to the blade by adding fiberglass reinforcements and the shaft is reinforced with a fiberglass sock. This stick comes in senior size only and with two different blade pattern options. This stick is also used by multiple national teams around the world. (Frontier Hockey 2016)

4.3.3.2 Goalie sticks

At the moment, Frontier Hockey produces only one sledge hockey goalie stick. This stick is hand-made in the Frontier Hockey's own production unit in Võiste, Estonia.

SL-95G

Frontier Hockey SL-95G is a wooden sledge hockey goalie stick manufactured from carefully selected lightwood. The stick weighs 370 grams and it has fiberglass sock reinforcement in the shaft. The blade of the stick is reinforced with fiberglass fabric. This stick comes only in senior size and with one blade pattern option. The stick is popular among national team goalies all over the world. (Frontier Hockey 2016)

4.3.3.3 Replacement blades

Frontier Hockey produces two different kinds of replacement blades for sledge hockey with different features.

Carbonic

Carbonic is a lightweight replacement blade with hybrid construction. It weighs only 140 grams and it is fully covered with carbon fabric. The multilam hosel of the blade is reinforced with carbon fiberglass laminate. This blade comes with one blade pattern option. (Frontier Hockey 2016)

Sponic

Sponic is a fiberglass fabric reinforced 7-lam replacement blade for sledge hockey. The blade weighs 150 grams and the hosel of the blade is made of 12-multilam plywood. The blade is made to be extra durable, with the addition of fiberglass fabric. This blade comes with one blade pattern option. (Frontier Hockey 2016)

3.3.4 Bags

Frontier Hockey offers three different kinds of hockey bags for its customers. One of those is designed for goalies and two are for players. These bags are made by a specific bag making company in Asia for Frontier Hockey.

Goalie Wheel Bag

Frontier Hockey goalie wheel bag is designed to fit a complete set of senior goalie gear in it. The fabric used in this bag is strong 1680 denier nylon with rip-stop nylon reinforcements. The bag has three large XC-type of wheels and strong #10 zippers. The opening of the bag is U-shaped for ease of use and the bag has three internal storage pockets. The bag has lift handles on both ends of the bag and also ventilation holes. The bag is available in two different colour combinations: black and black with red details. (Frontier Hockey 2016)

Player Wheel Bag

Frontier Hockey player wheel bag is designed to fit a complete set of a senior player gear in it. This bag is made of 840 denier nylon fabric and it has a PVC plastic coating. This bag is equipped with three 92 millimetre wheels with stiffening rails on the bottom of the bag. The opening of the bag is U-shaped for ease of use. The zippers used in this bag are strong #10 zippers and the bag has three lifting handles on the ends of the bag and a telescopic handle on one end. There is a separate skate pocket and an extra pocket on the inside of the bag for accessories. This bag also has ventilation holes and it is available in three different colours: black, blue and green. (Frontier Hockey 2016)

Player Carry Bag

Frontier Hockey player carry bag is a North-American type of hockey bag made out of strong 1680 denier nylon fabric. This bag has strong #10 zippers and the bag opens all the way from end to end. There is an extra pocket for accessories inside the bag and there are lift handles on both

ends. The bag has ventilation holes and it is available only in black colour. (Frontier Hockey 2016)

3.3.5 Accessories

Frontier Hockey is an ice hockey company and accessories play a big part in every ice hockey company. These items are not the most expensive ones, but the consumption is really high. At the moment Frontier Hockey offers six different kinds accessories for its customers.

Tapes

Frontier Hockey hockey tapes are imported from USA. The tapes are made by Howie's Hockey Tape and these are high-quality pro-level hockey tapes. There are two available colour options: black and white. Grip tape is also available and it is made by Howie's Hockey Tape too.

Laces

Frontier Hockey offers waxed skate laces in multiple different colours. The laces are 12 millimetres wide and there are four different length options: 180, 240, 270 and 310 centimetres.

Pucks

Frontier Hockey branded pucks are made by a puck manufacturing company Gufex and the pucks are made in EU. There is a Frontier Hockey logo printed on the pucks. These pucks are official game pucks thus allowed for use in official games.

Water bottles

Frontier Hockey water bottles are made in EU and there are multiple different colour combination options available. The capacity of the water bottle is one litre and the bottles are made of plastic.

Sunglasses

Frontier Hockey offers sporty sunglasses which are CE-certified and have an anti-fog coating on the lenses. The frames of the sunglasses are black and the lenses are blue REVO-coating. The sunglasses are offered with a bag to protect the lenses when the glasses are not being used. (Frontier Hockey 2016)

Goalie neck protector

Frontier Hockey goalie neck protector is made out of clear polycarbonate and it has CE certification. The protector has a curved design to make the protector slide on the jersey without blocking head movement. The package includes fitting laces and the protector is available in senior and junior sizes. This product is made in EU. (Frontier Hockey 2016)

3.3.6 Apparel

Frontier Hockey has a few different kinds of ice hockey lifestyle apparel in its product portfolio. These include padded sets, hoodies, t-shirts, hats and a performance set. The Frontier Hockey Performance Set has already become one of the company's best-sellers, even though it has only been on the market since August 2016. All of these products are imported from companies in Asia, which are specialized in the clothing industry.

Padded Set Atte

Padded Set Atte is new product in Frontier Hockey's product range and it is designed for use during winter time. The shell and padding of the set are polyester, while the lining is thermoregulation polyester. The set comes with multiple pockets in the jacket and pants, removable hood in the jacket and it has reflective elements in both jacket and pants to keep one safe and visible in darkness. The set is available in six different sizes: XS, S, M, L, XL and XXL. The colour of the set is black with red details. (Frontier Hockey 2016)

Padded Jacket Fredrik

Fredrik Padded Jacket is a warm and light jacket with water resistant surface. The shell of the jacket is polyester and it has breathable PU coating. The padding and lining are from polyester. The jacket has multiple pockets and it has a removable hood with zipper. This jacket is completely black with reflective elements on the sleeves and back of the jacket. This jacket is available in five different sizes: S, M, L, XL and XXL. (Frontier Hockey 2016)

Hoodie Set

Frontier Hockey Hoodie Set is a new product and it has been available since March 2016. The hoodie set is made of 70% cotton and 30% polyester. It is available in two colour combinations: red/grey and blue/grey. In both options the pants are completely grey. The hoodie has a Frontier Hockey logo embroidered in the chest and it is a classic cut zippered hoodie with pockets on both sides of the zipper. There is also a small printed Frontier Hockey logo on the back. The pants have deep pockets, a printed Frontier Hockey logo and inner rubbers in leg ends. The hoodie set is available in six different sizes: XS, S, M, L, XL and XXL. (Frontier Hockey 2016)

Performance Set

Frontier Hockey Performance Set is another newcomer in the Frontier Hockey product portfolio and it has been available since August 2016. This product has become one of the best-sellers of the company in really short time. The performance set is technical underwear set for active sports, made out of thermoregulation fabric including 37% polyester, 57% polyamide and 6% spandex.



FIGURE 16: Frontier Hockey Performance Set (Frontier Hockey 2016)

This product wicks away moisture from skin and it has flat lock seams to prevent irritation. The shirt has stretch areas on armpits for improved breathability. This set is available in one colour combination, black/turquoise, and it has Frontier Hockey logo on the chest of the shirt and on the waistband of the pants. The performance set is available in two different sizes: M/L and XL/XXL. (Frontier Hockey 2016)

T-shirts

Frontier Hockey offers T-shirts with three different designs. The shirts are made out of cotton and there are five different sizes available: S, M, L, XL and XXL. All of the shirts have reinforced necklines and weaved neck and sleeve labels. The three different designs available are a black shirt with

no printing, a black shirt with white-red design elements and Frontier Hockey logo and also a white shirt with black Frontier Hockey print on the chest. (Frontier Hockey 2016)

Hats

Frontier Hockey has four different caps and one knitted hat recently added to its product catalogue. The knitted hat and three of the four caps are made out of acrylic and one cap is made of cotton. The available hat designs are a red/blue snapback cap with Frontier Hockey text, a yellow/green snapback cap with Frontier Hockey logo, a white/grey mesh cap with 3D Frontier Hockey embroidery, a grey baseball cap with dark grey 3D Frontier Hockey embroidery and a black/grey/red knitted hat with Frontier Hockey text. The grey baseball cap is the one made of cotton and the rest are made of acrylic. The caps have adjustable size and the knitted hat is a “one size fits all” hat. (Frontier Hockey 2016)

4 FINLAND AS A TARGET MARKET

Frontier Hockey wants to expand its player stick sales to Finland, so this chapter examines Finland as a target market. First, some market analysis tools are used to get a big picture of Finland: PEST-analysis will take a broader look about the features of Finland as a target market and a Porter's Five Forces Analysis will examine the competition features of the Finnish market. After this, a deeper look at the Finnish ice hockey market is taken, considering also competition and market segmentation in this specific industry.

In this study, the case company is a player in the sports equipment business and to be more precise, the ice hockey equipment business. Even though some of the products of Frontier Hockey can be used in also other sports than ice hockey, the main actions of the company are around ice hockey. Therefore, the main focus will be on the Finnish ice hockey market, rather than the sports equipment industry in general.

4.1 PEST Analysis

Like mentioned earlier in the study, PEST-analysis is a common analysing tool used to examine these macro-environment factors in a specific market. This analysis gives companies help in understanding possible future difficulties in the new market and how the effect of these difficulties could be minimized. The PEST-analysis will also help the company to figure out the opportunities the new market may bring with and how the company could benefit from these.

As Kotler and Keller (2009) state, the PEST-analysis is a combination of Political, Economic, Social and Technologic factors in the target market.

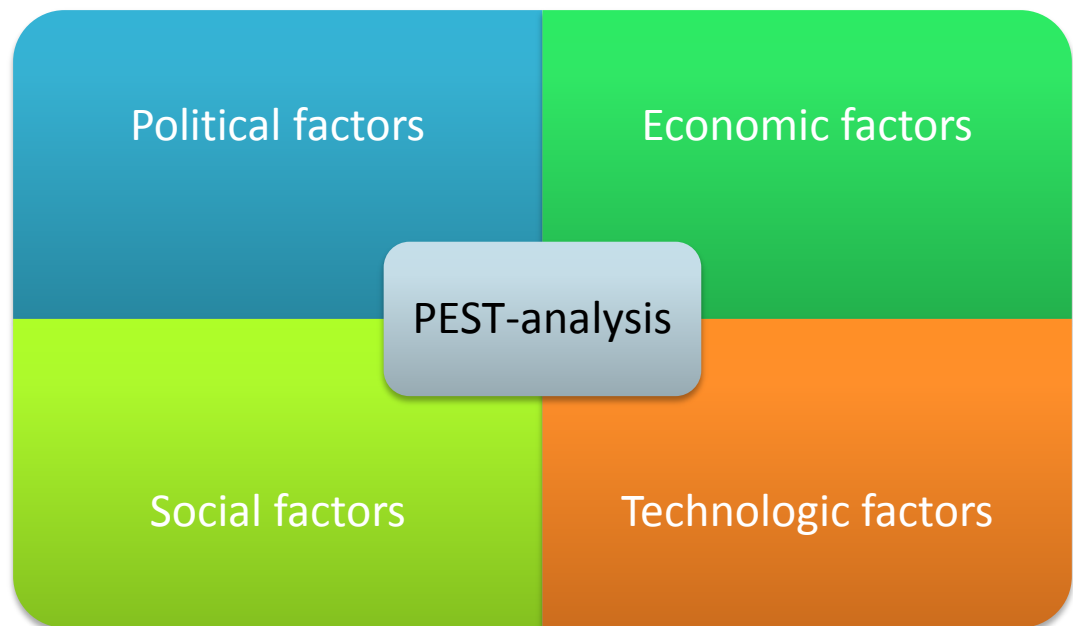


FIGURE 17: PEST-analysis structure (Kotler & Keller 2009)

These factors of the target country Finland will now be discussed in a general level with some points on how these affect the ice hockey market and the case company. Deeper investigation about the ice hockey market will be done later on in the study.

Political factors

Finland became a member of the European Union in January 1995 together with Sweden and Austria and has been a member ever since. Finland adapted the common currency, EURO, in January 1999, being only one of the Nordic countries to do so until this day. Finland is also one of the most sparsely-populated countries in the whole European Union,

The political system in Finland is parliamentary republic and Finland has been part of the Schengen area since March 2001. Being a member of the European Union, all the regulations and laws of the European Union apply to Finland too. This means also that Finland belong to the free trade area, where people and goods can be transferred between the EU countries freely.

Corruption is not a problem in Finland and because Finland has been a member of the European Union for over 20 years now, its trade policy is pretty much the same as with other EU countries. The government in Finland treats foreign and domestic investors equally and the tariff rate in EU countries, also in Finland, is about 1 percent in average. This applies for countries making business to Finland, which are not part of the EU and do not have a trade agreement with the EU. (European Union 2016; Heritage 2016)

As the case company is from Estonia, which is also part of the European Union, it can do business freely to Finland without any tariffs or customs procedures. This makes it easier for the company to sell its products, as it does not have to increase the prices of its products due to these earlier mentioned factors. Both of these countries also have the same currency, EURO, which makes the handling of the cash flow easier.

Economic factors

Finland has a largely industrialized free-market economy and its GDP per capita is almost as high as Austria, Belgium and Sweden. Trade is important for Finland and nearly third of its GDP has consisted of exports during the recent years. When looking back into history, Finland has been highly regarded competitively in manufacturing, excelling in such industries as wood, technology and engineering. Nowadays the biggest export industries of Finland include such as technology for mobile phones, gaming, promotion of start-up companies in information and communication technology, and biotechnology.

Finland depends heavily in import regarding raw materials and energy, with the exception of timber and several minerals. The cold climate of Finland limits the agricultural possibilities to maintaining self-sufficiency in basic products, but as a land of forests, forestry is an important export industry for Finland and it also provides secondary occupation to the rural population of Finland.

Finland was one of the best performers financially wise in the EU before 2009 and the banks and financial markets avoided the absolute worst of the global financial crisis. Still, the slowdown in the world economy reached to Finland also, having a huge effect on exports and domestic demand, pushing Finland's economy to contract. These affected the governmental finances in general and the debt ratio.

TABLE 1: Economy Statistics of Finland 2015 (CIA 2016)

GDP official exchange rate	\$232.1 billion
GDP real growth rate	0,2%
GDP per capita	\$41,100
GDP by sector	Agriculture 2,5% Industry: 26,8% Services: 70,6%
Inflation rate	-0,2%
Unemployment rate	9,3%
Budget	Revenues: \$127,6 billion Expenditures: \$134 billion
Exports/Imports	Exports: \$61,29 billion Imports: \$58.5 billion
Exports partners	Germany 13,9%, Sweden 10,1%, US 7%, Netherlands 6,6%, Russia 5,9%, UK 5,2%, China 4,7%
Imports partners	Germany 17%, Sweden

	16%, Russia 11%, Netherlands 9,1%, Denmark 4,1%
Taxes	55,6% of GDP
Public debt	62,5% of GDP

As we can see from the table above, over half of Finland's GDP consists of taxes and the unemployment rate is rather high at the moment. At the moment the biggest countries of export for Finland are Germany, Sweden and USA, while the biggest countries of import for Finland are Germany, Sweden and Russia. The GDP per capita in Finland is rather good, being 41st country in the country comparison of the world regarding GDP per capita. Like we can see, there is an estimation of a deficit of 2,8% in the budget of Finland in 2015.

The top export commodities for Finland are electrical and optical equipment, machinery, transport equipment, paper and pulp, chemicals, basic metals and timber, while the top import commodities are foodstuffs, petroleum and petroleum products, chemicals, transport equipment, iron and steel, machinery, computers, electronic industry products, textile yarn and fabrics and grains.

The main challenges for Finland in the coming years will be reducing the high labor costs and boosting demand for exports. The population of Finland is also aging rapidly and the productiveness in the traditional industries is decreasing, which threatens the competitiveness of Finland. Finland has also suffered from the economic situation in Russia and the exports to Russia are decreasing due to the exchange rate of the ruble and the slowdown of the Russian economy in general. (CIA 2016)

As the GDP per capita states, Finland has a quite good situation, even though the situation in Russia has affected Finland negatively. This means there should be potential buyers for ice hockey sticks too. Finns are also

used to doing business with other EU countries, so adding Estonia into the mix should not be a problem.

Social factors

Finland has been considered as one of the best countries in the world to live in multiple different studies during the recent years. Some main reasons for this is the high quality of education, promotion of equality and the national social welfare system. Some important facts and numbers about Finnish society are available in the table below:

TABLE 2: Social Statistics of Finland 2016 (CIA 2016)

Population	5,498,211
Population growth rate	0,38%
Age structure	0-14 years: 16,42% 15-24 years: 11,6% 25-54 years: 37,9% 55-64 years: 13,42% 65 years and over: 20,66%
Religions	Lutheran 73,8%, Orthodox 1,1%, other or none 25,1%
Ethnic groups	Finn 93,4%, Swede 5,6%, Russian 0,5%, Others 0,5% (2006)
Languages	Finnish (official) 89%, Swedish (official) 5,3%, Russian 1,3%, other 4,4%
Life expectancy at birth	total population: 80,9 years

	male: 77,9 years female: 84 years
Urbanization	urban population: 84,2% of total population

As we can see from the table above, there are 5,5 million people in Finland and almost 85% of these live in urban areas. Finland has two official languages: Finland and Sweden, and in addition to these, most of Finns can speak English as well, as it is compulsory language for everyone at school in Finland. Unfortunately for Finland, the population growth rate is not very big and at the same time the population is aging. As the table indicates, over third of Finns are over 55 years old. The life expectancy of Finns is in a good shape as the general expectancy is 80,9 years. Most of Finns are Lutheran, but other religions are found in Finland too. Also, some years ago there was a massive boom to resign from the church, explaining the high percentage of people having no religion.

Finland has also great internet connections, and in fact over 90% of the Finnish population has access to Internet. Finland is also known for mobile phones, and almost every Finn owns one. In fact, there are over 7 million mobile phones possessed by the Finnish population nowadays. In addition, there are still over half a million users of fixed phone lines. (CIA 2016)

In regarding social factors' effect on the case company's operations, the biggest concern is the aging population in Finland. As people get older, they are more likely to decrease the amount of money spent on for example sports products, than what they might spend while being younger. On the other hand, like stated in the first chapter, Introduction, there is a huge mass of both registered and unregistered players in Finland, which effectively decreases the impacts the aging population has on the case company's operations.

Technologic factors

The Finnish technology industry consists of five sub-sectors: electronics, metals, mechanical engineering, information technology and consulting engineering. In 2015 the turnover of all of these five sectors together was a whopping 68,2 billion euros and these sectors employed almost 300,000 people, the mechanical engineering sector being the biggest money-maker and employer.

Nowadays 75% of the private sector investments in R&D goes into the technology industry and companies in Finland invest about 5,5 billion euros annually in this industry. Like mentioned, almost 300,000 people are directly employed by the technology industry, altogether employing about 700,000 people, which equals about 30% of the whole labor force in Finland.

At the moment, Finland is facing changes in the structure of technology sector and the development between companies is uneven. In order to make this industry better, the renewal of the industry should be supported, taxation should support growth and investment in Finland, decision making in companies regarding compensation and working times should be supported and no new European or national burdens should be set on companies. All in all, the technologic industry plays a vital role in Finland's future success and the industry has got all the prerequisites for success: strong industrial traditions, innovative design and product development operations, skilled people, state-of-the-art technology – including what is needed to minimise environmental effects – and digital competence are all found in Finland. (Technology Industries of Finland 2016)

Ice hockey sticks were produced in Finland by many brands for a long time. There is a lot of knowledge and technology created for ice hockey stick making in Finland, and the case company has already had a share of this experience. The case company might also be able to utilize these factors more, by connecting with the people who once were developing

the ice hockey stick business in Finland and possibly cooperate with some Finnish technology companies in order to develop their products more.

4.2 Porter's Five Forces Analysis

Like mentioned earlier in the thesis, Porter's Five Forces Analysis is designed to examine the potential development of a product or service in a new market while simultaneously searching for competitive advantages for it. It consists of five different factors: supplier power, threat of substitutes, buyer power, threat of new entrants and industry rivalry, and by examining these factors, the competition state of the industry can be defined.

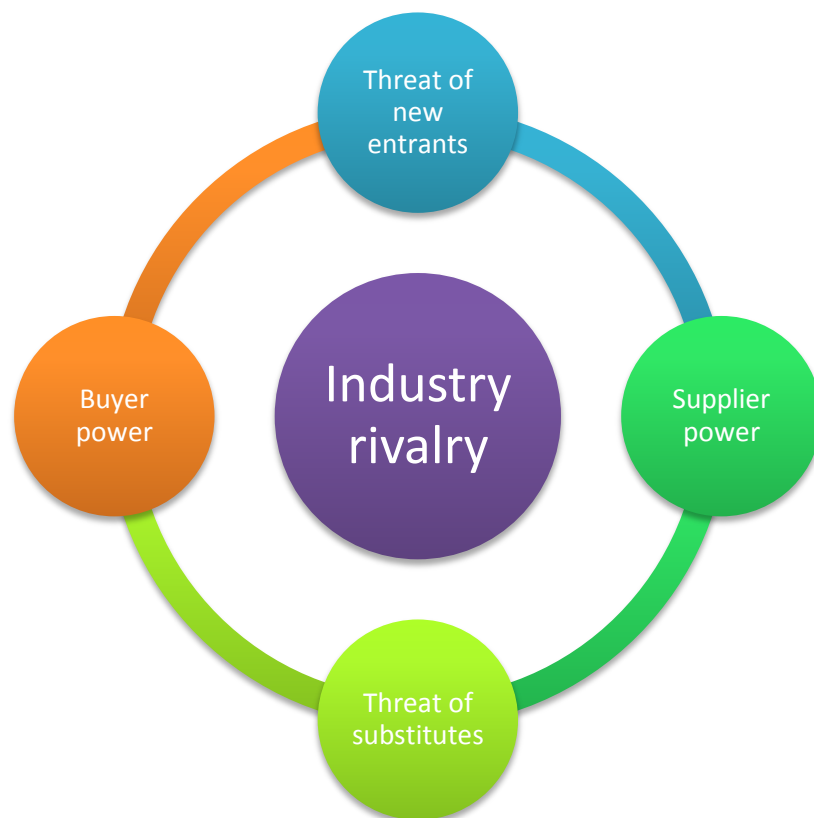


FIGURE 18: Porter's Five Forces Analysis structure (Grant 2010)

The following part will conduct a Porter's Five Forces Analysis on the Finnish ice hockey market, generating an overall view on the competitive situation at the moment in the industry.

4.2.1 Competition analysis of Finnish ice hockey market

This part will analyse the competition situation in the Finnish ice hockey industry by implementing the Porter's Five Forces Analysis. The competitiveness levels of each section of the analysis will be analysed on a range from low to high. Based on these factors, it is easier to determine if Finland is suitable market for the case company competition wise. The competition analysis of Finland and the results of each factor can be found on the figure below and the reasons behind these will be opened up in the following sections.

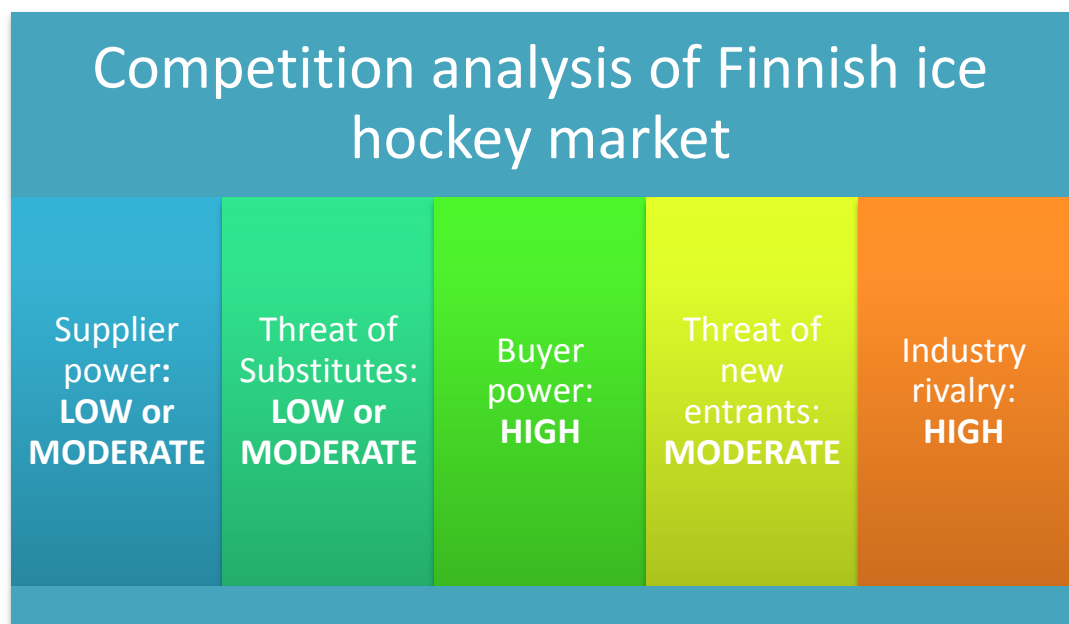


FIGURE 19: Competition analysis of Finnish ice hockey market

Supplier power: LOW or MODERATE

The material suppliers in the ice hockey industry are facing some challenges also in Finland. The first issue is that the suppliers are located all over the world, which means there is low concentration and these suppliers do not communicate with each other's regarding information sharing. Another issue is that even though each supplier has some special features in their products, the basic idea behind each product is the same between every supplier. This means that the products have a little

differentiation when comparing to competitors' products, only some little details. These issues lower the bargaining power of the supplier.

On the other hand, even though ice hockey is not as big of a sport globally as for example football, there are new markets emerging all the time, due to the fact that the International Ice Hockey Federation is constantly supporting the growth of ice hockey in smaller ice hockey countries. Also, in the biggest ice hockey countries, the amount of possible customers is so huge, that there should be potential customers for multiple brands.

Based on this information, the supplier power can be described to be something between low and moderate.

Threat of substitutes: LOW or MODERATE

Even though the differentiation of products between the producers is quite low, there is no big concern of any materials being substituted at the moment. It is not that long ago when wooden sticks and leather skate boots were replaced by carbon and composite.

There is still a possibility that due to the constant development of technology, a new material for manufacturing these products could be developed. The main point in this is that even though carbon and composite are lightweight and more durable than leather and wood, it is expensive. So if a cheaper material with the same features would be developed, there is a change that the current products and the materials used in those could be substituted.

When regarding substituting the actual products used in the sport at the moment to some other products, the risk is extremely small. The sport is designed to be played with the specific equipment used at the moment, so a change in this would require huge changes.

Based on this information, the threat of substitutes is somewhere between low and moderate.

Buyer power: HIGH

The supplier power was determined to be something between low and moderate, making it easy to assume that the buyer power is high.

In the ice hockey industry, the purchasing amounts are usually pretty low at once, especially when dealing with end customers. When this is added to the fact that there are multiple brands offering goods with pretty much the same features, the power of purchase is heavily trending towards the buyer rather than the supplier.

Another issue related to the amount of products available is the price. Ice hockey products in general are expensive, making the price a relevant factor for the buyer. If the buyer has the possibility to buy a similar product cheaper from “Brand A” than from “Brand B”, the purchasing decision tends to go towards buying the “Brand A” product, weakening the bargaining power of the supplier.

One thing which favours the suppliers is the fact that there are very few brands, which actually produce ice hockey products in Finland, due to the expenses of manufacturing. This means that the foreign brands are pretty safe when considering the possibilities of their positions in the supply chain being changed.

Based on this information, the bargaining power of buyers can be described as high.

Threat of new entrants: MODERATE

If an industry is profitable, it will always face interest from companies outside the industry. In order to protect themselves, the profitable industries usually have some sort of barriers for entering the industry. (Grant 2010)

In the case of ice hockey industry, the first barrier is the expensiveness of production. Huge investments are needed in building up factories, purchasing expensive materials and also in the R&D sector when trying to

improve the products. Creating ice hockey products requires also lots of knowledge about the sport in general and also about the equipment. In addition, the already existing companies have created research advantages and operating experience, while also having established a brand reputation and a loyal customer base, which are important factors in the ice hockey industry.

There is other side of the coin too. Because the products share the same basic idea and there is little differentiation apart from some details in the products, it is rather easy to create a similar product and try to enter the market. Also, finding distribution channels in ice hockey is quite easy and by for example offering products to pro players for testing, a reputation for good products can move on quite rapidly.

When considering this information, the threat of new entrants can be described as moderate.

Industry rivalry: HIGH

The most important force in the Porter's Five Forces Analysis is considered to be the industry rivalry. If the rivalry is extremely intensive, there will be a price war between the players in the industry, which could end up as a downfall of the whole industry, this being the worst case scenario. Usually if the competition has stayed extremely low for a long period of time, it may be a consequence of for example extreme barriers denying new players in an attempt to enter the industry. (Grant 2010)

In the ice hockey industry, no company has superior competitive advantage in products when compared to other brands, due to the small differentiation. In addition, because the fixed costs of manufacturing are rather high, the companies thrive towards competing against each other's. The amount of different brands available also intensifies the competition and usually the customer chooses the cheapest option of the similar kind of products, like mentioned before.

On the other hand, the competitors of the case company are all international companies which have their operations all over the world. This means these companies have low concentration, which lowers the competition a bit.

Based on this information, the industry rivalry can be described to be high.

Conclusion of the competitive situation in the ice hockey industry

As we can see from the competitive analysis, the most competitive forces in the ice hockey industry are the bargaining power of the buyer and industry rivalry. In order to have success in this industry, the company should be able to differentiate somehow from the competitors and maybe try market concentration more than the other suppliers, by possibly creating certain products available only in specific markets.

4.3 Finnish Ice Hockey Market

Like mentioned already in the Introduction chapter, Finland is one of the most famous ice hockey countries in the whole world with lots of success in international hockey in all levels. Also, the number of registered players in all men's, women's and junior levels are huge when looking at the population of the country and when compared to bigger ice hockey countries population wise. In addition to the registered players, there is a huge amount of potential customers in people who play for example just in outdoor rinks. This part will take a deeper look into the features of Finnish ice hockey market. The information is gained via interviews and the author's own experiences and knowledge.

The Finnish ice hockey market is quite complex for a product manufacturer in many ways. There are multiple different brand and product options available for every player no matter the age or level of playing. There are also multiple different channels where these products can be bought. The biggest brands have already gained good brand awareness and reputation, creating a loyal customer base. These brands are also seen used by the pro players in TV and internet, which makes the popularity of

these brands higher. This is due to the fact that a young player has some idols, and the young player is very likely to choose the same equipment the favourite player is using. In order to make changes in this culture of buying products based on the products used by admired pro players, the young players and their parents need to be educated about the products and their pros and cons. (Setälä 2016)

Even though the number of potential customers is pretty huge, it is not possible for the case company to gain access to all of these at the moment due to reasons which will be opened up in the following parts.

First of all, in men's hockey, basically all teams in the three highest levels of Finnish ice hockey are contracted to some other supplier of ice hockey equipment. This means that the players have to use the products of this specific brand which the team is contracted to. These contracts are usually three to five years long and include usually every single piece of equipment one can see when the players are on the ice: helmets, gloves, pants, sticks and goalie gear. (Setälä 2016) This creates a sort of a problem for Frontier Hockey, because out of these different products, Frontier Hockey produces only sticks at the moment, while goalie gear is under development. Even though there would be players who would want to use Frontier Hockey sticks, they would have to paint over the Frontier Hockey name in the stick because of these contracts.

This leaves Frontier Hockey a couple of options: lower level players and juniors. These players are usually not contracted to any specific brand by the team, giving them freedom to choose their equipment by their own will. Usually these players, or parents of the junior players, buy their own equipment from sport stores or order online from abroad, whereas higher level players get the equipment from the team which handles the purchases. The problem in this situation is that Frontier Hockey does not have their products available in Finnish sport stores at the moment, which makes it hard for the players to find about this brand and try the products.

Ice hockey equipment is a big expense already at junior level, and the expenses grow while the player grows: adult equipment is almost twice as expensive as junior equipment. While the young player is constantly growing, new protective gear and skates are needed almost every year. This is not the case with adult players, since the growth of the player has stopped, but some protective gear and also skates need to be bought every once in a while. The biggest expense though comes from the sticks. Even at junior level, one player might consume more than five sticks per season, depending on how durable the sticks are. This amount usually grows the older the player gets and the higher the level of playing goes. The top models of top brands' junior sticks in Finland can cost up to 180 euros, and if one junior player uses more than five sticks per season, the costs for only one product can grow up to almost thousand euros per player. The top models for adults can cost up to 275 euros, which is quite a big sum of money even for an adult with a job. Thus, price is most of the times the most important feature when sticks are bought. This means that parents and also lower level adult players are willing to sacrifice some features in the sticks in order to get the sticks cheaper. This always has an effect on playing and practicing, which is even bigger with junior players. When the price goes down, the features of the sticks go lower as well. The cheaper sticks consist of cheaper materials and the stick manufacturing technology is different when comparing to the top models. The sticks are not only heavier, but usually the blades of the sticks give up when shooting and handling the puck. While the child, and the lower level adult player, wants to use better sticks, the parents or the players are not willing to spend huge amounts of money for products which might break after a short use or it may be left short while the child grows, making the stick unusable. (Setälä 2016; Junior coaches 2016; Parents of junior players 2016)

An opportunity lies in this situation for Frontier Hockey. With the current situation regarding the Finnish market, Frontier Hockey is able to offer high-quality sticks for reasonable price. The sticks have been proved to be durable and all the other features have pleased the users who have tried

the sticks until this moment. The distributor has exclusivity only on goalie products in Finland, like it has been mentioned a couple of times already. This means there is one intermediary less in the distribution chain, when the company can sell the player sticks directly to customers or retailers from Estonia. This results as a cheaper price for the customer, possibly being able to buy two top-level sticks from the case company with the same price as only one stick from a bigger brand. The features of the top sticks of the case company have been compared to similar sticks from bigger brands, and there are not that many differences regarding materials, weight and manufacturing technology. This creates big potential customer bases in junior and lower level adult players with the right actions, like it will be shown with more detail a bit later on. (Setälä 2016; Taveter 2016)

Some work has already been done by co-operation between the author and Frontier Hockey to introduce these sticks to junior level players in Kouvola, Finland with some success as well. This has mainly been done by having test sticks, educating the coaches, parents and players about the products and also by having some coaches use sticks of the case company. Until this point, the feedback from the Finnish junior players has been encouragingly good and interest in the brand and the sticks is in constant growth, giving Frontier Hockey good basis for future actions in Finland.

4.3.1 Competition

Competition in the ice hockey industry is really tough and this applies also in Finland. There are three really big players leading the market, while smaller brands appear every now and then trying to break the fort build up by the three biggest brands. These three brands are Bauer, CCM and Warrior. There used to be one more brand in this equation, Easton, which is now owned by Bauer after a takeover in the beginning of 2016. All of these have long traditions in equipment manufacturing and these are the most visible brands when watching pro players play, which is the favourite

thing of young hockey players. In Finland, these are the brands to one of which basically every ice hockey team in the top three levels in Finland is contracted.

Behind this big three, a number of smaller brands are trying to make a name for themselves, such as Sher-Wood, STX, Graf, True Hockey and Frontier Hockey. These do not quite have the same brand awareness, customer loyalty and resources as the three biggest companies, but each of these brands is doing their own job in their own ways in trying to gain more market shares. There are also multiple smaller brands pushing up to the surface all the time, such as Cannon Hockey, Zeal Hockey and Tac-Stick.



FIGURE 20: Brand competition in ice hockey market

The best way for the smaller brands to fight against the big three is to offer more flexibility, adaptability and to be closer to the customer. The three biggest brands are very big companies, and it is not that easy for those to adapt into situation fast, or be flexible. The big brands may also see very distant for a customer when for example making complaints, while smaller

companies are able to react faster and show more affection to every single customer. Even though it is not easy to grasp some market shares out of the big three, it is possible with the right strategies and hard work.

4.3.2 Market Segmentation

The ice hockey market can be segmented in a few different ways, depending on how to look at the customers. The potential customers can be divided by age groups or playing level. It is important to do the market segmentation in order to find out the most potential target customers.

The first way to do the market segmentation is dividing the potential customers by age groups. This means that there are three different levels of hockey when looked from the age perspective: adult hockey, junior hockey and youth hockey. Adult hockey includes basically every player above 16 years old. The reason for this is that at the age of 16, most of the players are already using senior equipment, even though they might be playing in a junior team. Junior hockey means players about 7-15 years old. These players use mostly either junior or intermediate equipment. Of course there are always exceptions, due to the differences in growth of the players, some might have to use senior equipment for example already at 14 years of age. The third category, youth hockey, means players under 8 years old. There is specific youth equipment for these players, designed for use at the start of the little player's playing career. Of course, some 7-8 year olds may use junior equipment too.

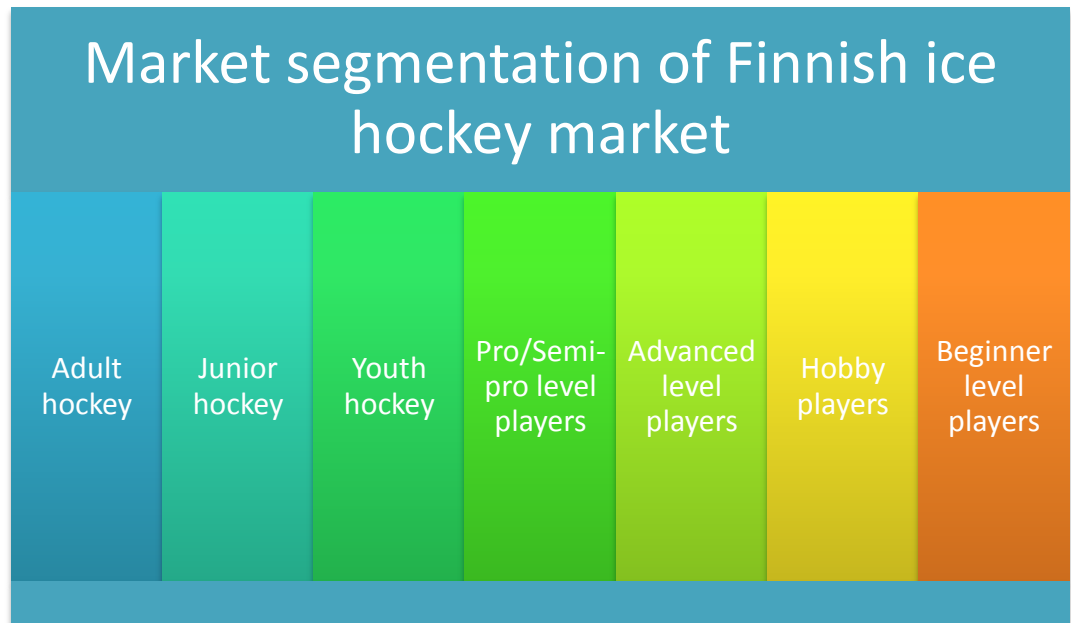


FIGURE 21: Market segmentation of Finnish ice hockey market

The other way for market segmentation in the Finnish ice hockey market is dividing the players by the level they play at. There are basically four different categories for this: pro/semi-pro level players, advanced level players, hobby players and beginner level players. Like mentioned earlier, getting into the pro-level in Finland is extremely difficult for a smaller company and the same goes with semi-pro level. Pro level means that the player gets its living only for playing hockey, while in semi-pro level the player has another job also, but gets paid for playing too. Advanced level players mean players who play ice hockey with some goals for playing but do not get paid for playing. In Finland, these are for example who play in the lower level men's leagues, where there are usually 2-3 practices in a week in addition to games. Hobby level players means players who want to have fun and go and sweat on the ice every once in a while. This is a huge group of players in Finland and there are even leagues for hobby players where mostly retired players and those who don't want the game to be too serious play. Beginner level players mean players who have just started or are about to start playing the game. These players do not have the knowledge about product differences or the skills yet to play at a higher level.

When looking from the case company's perspective, the most potential target groups are advanced level and hobby level adult players, in addition with junior players. There are multiple reasons for these choices. First of all, it is not possible for the company to get to the pro or semi-pro level players at the moment, due to not having all the required equipment in the product portfolio. However, the quality of the sticks is really high and the pricing of the sticks the company offers is competitive, meaning there is potential in the advanced level, where the quality of the products is highly regarded in addition to the price. Hobby level players have a huge potential when looking from the case company's perspective. There are thousands of hobby level players in Finland, and most of these have the experience about different equipment, meaning the quality of the products matters too. But the main issue for these players is the price of the sticks, and currently Frontier Hockey can offer sticks at a very competitive price. Another big potential target group is junior players. As discussed earlier, the parents of the players are the ones buying the sticks, and the price is really important when making the decision. Based on some experiences with junior players in KooKoo Kouvola organization, the players who have tested the stick have really liked the product too. The sticks are lightweight and the blade is stiff enough so it does not give up when shooting, making the practicing of shooting more efficient. When the parents are correctly informed and the product is marketed efficiently, these characteristics make junior level players extremely potential customer base.

5 EMPIRICAL RESEARCH AND ANALYSIS

This chapter of the study makes the reader familiar with the empirical research done for the thesis and explains how the study is formulated and designed. Firstly, the research methods are introduced, followed by the data acquisition and data analysis.

The empirical part consists of the experience the author has gathered from the studied issue by playing and coaching the sport and from an interview conducted to the CEO of the case company. Also, 15 persons related to the ice hockey industry in Finland were interviewed. All the results gained from the interviews are used as a valid source of information with no need for further analysis. Interviews are based on the basic information regarding Finnish ice hockey market and reasons behind purchasing decisions of player sticks. Company information and needs and wants were discussed with the CEO of the case company. Based on these interviews, the suitability of Finland as a target market for the case company and the potential to sell player sticks in Finland was found out, as well as how the potential customers are familiar with the case company.

5.1 Empirical Research Design

Empirical research is based on observations and experiences gathered, not on the theory. Like mentioned in the first chapter, Introduction, there are two ways to conduct the empirical research: qualitative and quantitative. Qualitative method was used in the study, because there is no quantitative data collected during the research.

As stated before, the empirical part is based on the interviews conducted and on the author's own experiences and knowledge. Interviews were mainly done face-to-face, but emails were also exchanged with the CEO of the case company. The main focus on the interviews was the case company information, the current state of the Finnish ice hockey industry from the perspective of people working around it and the reasons behind purchasing decisions of player sticks. The author found out that the case

company wants to increase its sales of player sticks in Finland, but the brand is not very known in the target country. However, after a review, it was found out that there is potential in the market for the case company and its products, based on the interviews conducted to the persons working around the industry in Finland.

5.2 Data Collection

Data collection was quite a long process, starting in January 2016, when the author started his internship in the case company. Most of the information about the case company was gathered during that three month period from January 2016 to April 2016, with some information added later on during summer and autumn 2016. All of the other interviews were conducted in November 2016 and the results were written down immediately. The following figure shows the different stages of the data collection.



FIGURE 22: The data collection process

The writing process started in late September 2016 and the first step was to collect the existing theory about entering new markets. Interview and conversations with the CEO of the case company had existed for a long

time before this point, making it easier to choose the theories to be used in the study. After the theoretical information was written, it was time to conduct all the other interviews. The information gathered from interviews was used as sources of information in the thesis. After this, it was time to reflect on the information gathered from the theory and interviews in order to be able to generate a market entry plan for the case company.

5.3 Data Analysis

This chapter analyses the data collected from the empirical research. Firstly, the interview with the case company CEO is analysed in order to open up the thoughts behind the willingness to increase player stick sales in Finland, as well as the current situation of the company. This is followed by analysing the interviews conducted to the head of junior coaching in KooKoo organization and six junior coaches in the same organization. Lastly, interviews conducted to eight parents of junior players in Kouvola are analysed.

5.3.1 Company Interview Analysis

Interview and conversations with the case company CEO gave more insight to the company operations and the current situation of the company. Also, reasons from the company perspective on why they want to target especially Finland with player sticks are found out. This helped the author in generating an overall view of the company, its products and what the current situation is regarding sales in Finland. The interview and conversations were mainly done face-to-face, but some information was also exchanged via email. The discussions and interview were partly pre-planned, and the questions were open-ended questions regarding the overall actions of the case company, and about the Finnish market from the case company perspective. The answers are used in examining the Finnish market and also in conducting the market entry plan.

5.3.2 Head of Junior Coaching & Junior Coaches Interview Analysis

The head of junior coaching and six junior coaches from KooKoo organization were interviewed in order to have another point of view on the Finnish ice hockey market and the current characteristics of the player stick situation going on at the moment in Finland.

All of these interviews were conducted face-to-face and the questions were open-ended questions, allowing the interviewee to answer freely. Even though the questions for the head of junior coaching were a bit different than the ones for the junior coaches, the area of discussion was the same. The questions included issues regarding the general state of the Finnish ice hockey market, what are the main characteristics of a good player stick and what are the main reasons behind purchasing decisions of player sticks.

The answers were pretty much similar regardless of the interviewee. It was found out that the main reasons for buying player sticks are price and quality, in that order. Also, it was found out that there is lots of potential for high-quality sticks for reasonable price in the Finnish market. All of the answers were used to create an understanding on the Finnish ice hockey market and to create a valid market entry plan for the case company.

5.3.3 Parents of Junior Players Interview Analysis

Eight parents of junior players in Kouvola were interviewed in order to get yet another view point on the studied issue. The main reason for this group being chosen to be interviewed was that the parents of junior players are the ones who purchase the sticks for the juniors. These allowed the author to gain more insight on what goes on behind the purchasing decisions of junior players' sticks and what are the main motivations for these decisions.

All of these interviews were conducted face-to-face and the questions were open-ended questions. The questions asked were what are the main reasons behind the purchasing decision of a certain player stick, how often

do you have to buy sticks and why and what are the yearly costs of sticks per junior player? The answers gained through these interviews strengthened the viewpoints of the ones gathered from the earlier interviews.

It was once again found out that the main factors when deciding which player stick to buy are price and quality, in that order. Also, the number of sticks bought per season changes by the age of the player and the level of playing, but it can be said that even junior players have to buy one to five sticks in average per season. Also, the yearly costs depend heavily on how often one has to buy sticks, but it was found out that the costs can go even as high as 700 to 800 euros in the worst case scenario. All of these answers were used in creating the market entry plan for the case company, as well as adding value to the study about the Finnish ice hockey market by giving information on how and where the sticks are usually bought.

6 ENTRY STRATEGY FOR FINLAND

Since the goal of this study is to find out how Frontier Hockey should enter the Finnish market with player sticks, an entry strategy is created. The author of the thesis, who has worked at the case company, creates this plan with the help of theory about entering new markets and empirical research. First, a SWOT-analysis of the case company is conducted, which is followed by the chosen entry modes being presented and the reasons behind the decisions explained. After that, information on what should be the target customers for the case company in Finland is presented, followed by a deeper look on how to connect with the potential customers in the Finnish market.

6.1 SWOT-analysis

As mentioned earlier in the study, SWOT-analysis is a very popular tool for analysing a company for different purposes and it is mainly used as a help when creating marketing strategies for companies. It covers both internal and external issues which have or may have an effect on the company's operations and it consists of four different components: strengths, weaknesses, opportunities and threats.

This SWOT-analysis gives information regarding the strengths, weaknesses, opportunities and threats regarding the case company Frontier Hockey, and its plan for entering Finland with ice hockey player sticks. The SWOT-analysis is based on the author's knowledge of the Finnish ice hockey market and the case company, the theoretical and empirical research done for the study, and also interviews made for the CEO of the case company and people working closely with ice hockey in Finland. Below is a table showing a SWOT-analysis for Frontier Hockey, which is followed by more detailed description of each part of this analysis.



FIGURE 23: SWOT-analysis of Frontier Hockey regarding Finnish ice hockey market

Strengths

The case company Frontier Hockey has lots of strengths when thinking about the Finnish ice hockey market. First one of these is that the company headquarters and production unit is located just a few hours away from Finland. This means that the company is able to deliver goods to Finland with a short delivery time, which other brands may not be able to do. Other strength is competitive price, especially regarding player sticks, which is the topic of the study. Due to the fact that the distributor in Finland has exclusivity only on goalie products, the case company is able to sell directly to customers from the factory, which means lower prices. The quality of the products and the materials used in the products is also extremely high. The personnel in the case company have got the experience and knowledge for manufacturing ice hockey products from a true pioneer of ice hockey stick manufacturing, making the expertise really high. The case company is also rather small player in the industry,

meaning it is able to adapt more regarding products and orders when comparing to bigger brands.

Weaknesses

First of the weaknesses is brand awareness. The brand awareness is not where it should be at the moment, mainly due to the fact that the products have not been really within the reach of potential customers. Being a small company also means that the resources are a lot smaller than what the bigger brands have. This has an effect for example on product development and marketing operations. Also, there is no person in the staff at the moment handling marketing with special expertise on this subject. Having a possibility to hire one is of course a case of also resources: a will to hire one is not enough itself. Another issue which separates the case company from bigger brands is the diversity on product portfolio. At the moment the product portfolio is quite limited to ice hockey sticks, while other brands have the whole package of equipment. This brings us back to the resources of a small company, which is the main reason behind this. However, new products, such as complete goalie gear, are under development and testing.

Opportunities

Being a rather small player in the industry, taking advantage of possible opportunities might be crucial for the success of the company. One huge opportunity for the case company is junior players in Finland. With good pricing and high-quality products, the brand awareness could be improved via junior players. The juniors' parents are the ones buying the products, so if the parents can be convinced about the products, the huge potential in junior players could be utilized. When a player is used to some brand as a junior, it is more likely for them to use the same brand when growing up. Another opportunity lies in the emerging smaller ice hockey markets. If the case company can get its foot between the door in these markets and get a big market share, the sky is the limit. Also, due to Estonia being a member of European Union, the case company is allowed to free trade

around the EU countries. It is also possible to get financial support from the EU.

Threats

Being a small company, there are always threats. First one of these is dependence on foreign manufacturers. This only applies to certain products, which are manufactured overseas, such as composite sticks and apparel. With these products, the case company has to trust the quality of work and materials of the manufacturing company. Usually the faults in some processes can be seen only when the products arrive to the hands of the case company. In these cases the production time of these specific items will be longer due to the need to claim compensation from the foreign manufacturer, which has to start production all the way from the start. Another big threat is the high competition in the industry. There are three extremely big and well-known brands: CCM, Bauer and Warrior, which have most of the market shares in every ice hockey country. There is always a possibility to get stuck behind these big players, but with the right kind of actions and products, everything is possible.

6.2 Choice of Entry Modes

Like explained earlier in the study, there are multiple different entry modes for a company to choose from. The decision depends on what the company is planning on doing in the new market, what are the resources and what kind of level of control over the foreign actions does the company want to keep to itself. It was mentioned that export modes require only little capital and in these the company has the least amount of control over the actions, while when using hierarchical modes, large resource investments are needed and the control over the actions in the foreign market are a lot higher.

The idea behind Frontier Hockey's desire to enter Finnish market with player sticks is only to sell the sticks, not manufacture those in Finland. The resources are also limited regarding this action and there is no need

to have huge amount of control over the actions, which eliminates the hierarchical modes and intermediate modes from the available options. This means that the most suitable entry mode for the case company is export modes. Like explained earlier, export modes are divided into two categories: indirect export and direct export. In indirect export the exporter is operating in the home country of the exporting company, while in direct export the exporter is operating in the target country.

In order to decide which one of these export modes is more suitable for this market entry, the characteristics of both of these modes are presented in the following table. When this information is combined with the current desires of the case company, the correct entry mode can be decided.

TABLE 3: Characteristics of direct and indirect export (Gilbert, Churchill & Peter 1998, 369)

Entry mode characteristics	Direct export	Indirect export
Resources needed	Minimal capital – effective managing of resources important	Very little
Potential risks	Low risk of loss	Low risks
Experience	Experience in foreign market	Limited
Return on investment	Good	Limited
Host government reaction	Limited	None
Control over the foreign market actions	Possibility to lose control over marketing actions	Limited

Other considerations	Good first step towards international business	Easy way to try international business
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When taking into consideration the nature of the Finnish ice hockey market and the desires of the case company, to sell sticks, the author chooses direct export modes as the most suitable one for the case company. Working in the ice hockey market requires experience and knowledge about the characteristics of the specific market, which in this case is Finland. Also, the company already has a distributor in Finland, making it natural to continue the work already done with small modifications. Since the distributor only has exclusivity on goalie products, the case company is able to sell directly to the customers from Estonia. This means that some sort of intermediate is needed and as there already is a distributor who concentrates on goalie products, using agents is a valid option.

When choosing agents to be utilized in the exporting process, it is important to pay special attention on the knowledge and experience of the agents regarding the Finnish ice hockey market. With right kind of agents, the case company is able to sell its player sticks directly to the customers with cheaper price than its competitors. There can be multiple agents working at the same time on different regions in the target country, making it easier to connect with the customers and sell the sticks.

To conclude the decision of entry modes to be used, the author has decided to use export modes, focusing on using agents to sell the player sticks in Finland. However, this can change in the future if the case company continues to grow and if there are changes in the market.

6.3 Target customers in Finland

In order to make the sales functions as effective as possible, the case company should determine the target customers in the foreign market. Like mentioned earlier in the study, it is really hard to get into the pro-level hockey as a new brand at the moment in Finland. Thus the most potential

customers are people who buy their sticks from sport stores or online stores themselves. These potential customers include lower level and hobby level adult players as well as junior players. These segments of the Finnish ice hockey market have the most potential for the case company at the moment regarding player stick sales. The reasons behind this decision are explained in more detail in Chapter 4.3.2 Market Segmentation.

6.4 Connecting with Customers

When the entry mode to be used is decided, it is time to focus on how to connect with the customers in the Finnish market in order to make the stick sales grow. These ideas are based on the authors experiences about the Finnish market and also on the interviews conducted for the study.

At the moment, the brand awareness of the case company is not really high in Finland. This means that there is a need to get the products to be seen by the potential customers. When using an agent, there are some potential options for this.

First one of these is to go to the field and organize test days for the players. Most of the time when a new stick brand is introduced, the players want to test the products before making any purchasing decisions. This includes both junior level and adult level players. The test days are a great opportunity to get the players to know the brand and the products and especially to educate the parents of junior players about the brand, its products and ice hockey sticks' differences in general. Once a player gets to feel the stick in its hands and possibly to test it on the ice, a positive purchasing decision is more likely than without this opportunity. Also, when being able to educate the parents who buy the products for the junior players, it might be possible to make changes in the existing attitudes towards different brands and the reasons why products are bought. This means changing the culture of buying the junior player the most expensive stick on the market only because the idol of a young player is using the

same stick, while a technically similar stick can be bought much cheaper. Test days are also a good opportunity for direct selling of the products.

Another option is to try to get the sticks into the product catalogues of sports stores which are specialized in ice hockey. Most of the time the sticks are bought from a retailer and if the retailers do not have the products of the case company available, it is hard to sell any. The personnel in these stores have usually got lots of experience in the sport and the products. This means that these people are able to influence the purchasing decisions of the customers by letting the customers know about the specifications, differences and prices of the sticks. Retailers are also usually able to keep more products in stock than a singular agent, making the products more visible.

When these two options are combined with effective use of social media in marketing the products, connecting with customers should be easier and also the growth of sales is more likely. Social media offers also possibilities to interact with customers in for example with issues regarding feedback of products and operations of the agent.

6.5 Conclusion of the market strategy

To conclude the market entry plan created by the author, the characteristics of the plan are presented in the following figure:

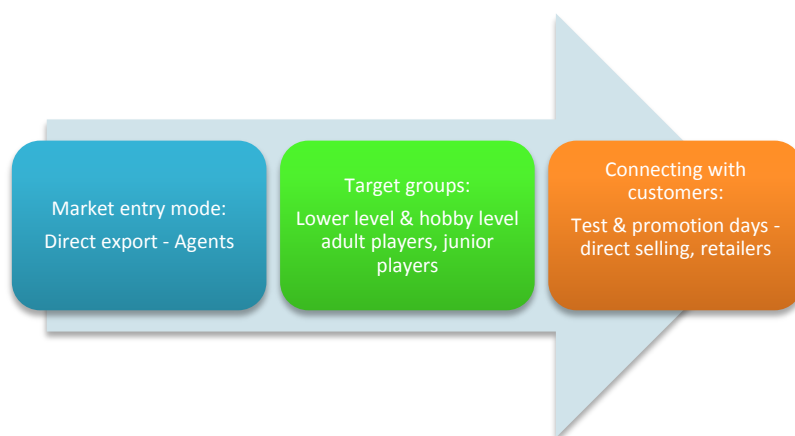


FIGURE 24: Conclusion of market entry plan

As the figure shows, the author has decided to use direct export, agents to be more precise, as the market entry mode to be used in the study. Some options are given on how to connect with the customers: organizing test & promotion days and also using retailers as a help in sales. The test and promotion days also offer a good opportunity for the agent to educate the potential customers about the products, the case company and also the differences between products of different brands regarding specifications and prices. The author generated also potential target groups for the case company regarding their export of player sticks to Finland: lower level and hobby level adult players, as well as junior level players.

If the case company continues to grow and if changes are happening in the Finnish ice hockey market in the future, some changes may need to be done to this plan, mainly regarding on how to connect with the customers and what are the target groups. At the moment, the author sees these options as the best ones for the case company, based on the author's experience on the market and interviews conducted for the study, as well as the theory regarding entering new markets.

7 CONCLUSIONS

This chapter provides conclusion on all the information collected during this research and also on the findings based on this information. Answers to the research questions are presented as well as validity and reliability concerning this research. In addition, suggestions on further research are introduced.

7.1 Answers to Research Questions

This study focused on the Finnish ice hockey market and especially on the player stick situation at the moment. The case company wants to grow its player sticks sales in Finland and this is why the main research question was: **How should Frontier Hockey enter the Finnish market with player sticks?** In order to be able to answer to this research question, the author created sub-questions, which are answered first.

Is there potential for Frontier Hockey in the Finnish market?

Yes, Finland is potential market for Frontier Hockey. This is based on the huge number of both registered and unregistered players, which is explained in more detail in Chapter 1. Also, based on some interviews conducted for the thesis, there is demand for high-quality sticks with reasonable price, which the case company is able to offer.

What should be the target group of Frontier Hockey in Finland?

Based on the market study made for the thesis and the interviews conducted for the purposes of the study, the most potential customers for Frontier Hockey player sticks in Finland are lower level and hobby level adult players as well as junior players. Thus the target groups of Frontier Hockey in Finland should be lower level and hobby level adult players and junior players.

What advantages does Frontier Hockey have in comparison to competitors?

Based on the experiences and knowledge of the author of the thesis, as well as the interviews conducted for the thesis, some advantages can be named for Frontier Hockey. The first one is ability to offer high-quality products for cheaper price than competitors, mainly due to the fact of being able to sell the player sticks directly from the factor to the customers with minimum amount of intermediates. Another advantage is that the case company is able to be more flexible than the bigger brands. The case company is also located close to the target country Finland, making the delivery process faster than what other brands are able to offer.

What is the brand awareness of Frontier Hockey in Finland?

Based on the interviews conducted for the thesis and also on the knowledge and experience of the author of the study, the brand awareness of Frontier Hockey is currently quite low. The brand was quite unknown to the interviewees before being introduced by the author of the thesis. This is an issue which requires a lot of work in order to succeed in the purpose of selling more player sticks in Finland.

What are the main reasons behind the purchasing decisions of player sticks in Finland?

The main reasons behind the purchasing decisions of player sticks in Finland are firstly the price of the stick and secondly the quality of the product. This means that if it is possible to offer a high-quality stick with the same price as a low-quality stick, there is a good chance for the high-quality stick being bought. The price of the sticks is such a big factor mainly due to the fact that usually a player has to buy multiple sticks during one season, making the sum of money used on sticks per season extremely high, if high priced sticks are bought. This information is based on the knowledge of the author of the thesis and also on the interviews conducted for the purposes of the thesis.

How should Frontier Hockey enter the Finnish market with player sticks?

In order to answer the main research question of this study, theory around entering new markets was studied, and the target market was analysed. The products of the case company were also examined, and relevant people were interviewed in Finland in order to create a useful plan. With all of this information gathered, the author came in to a conclusion that the case company should enter the Finnish market with player sticks by using direct export modes, and especially using agents for the sales actions. The agent should be able to increase the brand awareness of Frontier Hockey in Finland, and the author came up with the following solutions for this issue: organizing test and promotional days and also trying to get the sticks to ice hockey product specialized retailers' product catalogues. Also, education about the products of the case company is to be performed to the potential customers. This can be done for example during the test and promotional days and by the retailers' experienced personnel in the stores.

7.2 Validity and Reliability

The main purpose of the study was to look for answers on the research questions created by the author. In this research, these objectives were met, as the author was able to answer all the research questions. Information for the study was gathered by using primary and secondary sources. Primary information was gained through the author's already existing knowledge on the issue studied as well as through interviews conducted for the purposes of the study. Secondary information was gathered from official books, journals and internet-based sources. Based on these facts, the research can be stated as valid and reliable.

7.3 Suggestions on Further Research

As this research is only focusing on ice hockey player sticks and how the case company should enter the Finnish market with its player sticks, it might be good to study if the same strategies could be applied to the other

products of the case company too. Wider research on how different products could be successfully exported to Finland would help the case company in understanding the different features of the specific market and also its products when compared to other brands' similar kind of products.

8 SUMMARY

The main purpose of this study was to provide deeper knowledge for the case company on how new markets could be entered and what the Finnish ice hockey market is like. The final target was to use the knowledge gained through the research in creating a market entry plan to Finland for the case company regarding player sticks.

The study started with some background information regarding the study, before starting the examination of how to enter new markets. In this part, the different market entry modes were introduced in more detail. This was followed by a deeper look into case company, its operations and products. A SWOT-analysis of the case company was also conducted.

Chapter 4 provided an in-depth look into the Finnish ice hockey market. Some market analysis tools were used in order to create a picture of Finland as a target market in general, as well as the competition in the industry. Interviews were conducted and the author's earlier experience was used in determining the current situation in the Finnish ice hockey market in order to be able to create a valid market entry plan for the case company. Market segmentation was also made in order to find out potential target customers, which were found to be lower level and hobby level adult players and junior players.

The final chapter provided a market entry plan for the case company regarding the export of player sticks to Finland. The market entry plan was created by utilizing the information gathered from literature, internet and interviews conducted. The market entry plan is based on the theory regarding entering new markets and the empirical study on the Finnish ice hockey market.

The findings made during the study stated, that the main factors behind purchasing decisions of player sticks in Finland are price and quality. Also, based on the information gathered, the author came into a conclusion that the most suitable entry mode for the case company in Finland is direct export, and using agents to be more precise.

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APPENDICES

APPENDIX 1. Interview with the company CEO.

1. Tell freely about the company background?
2. What is the current situation in the company?
3. How many employees does Frontier Hockey have?
4. Are there any plans to create new products?
5. What are the most selling products of Frontier Hockey?
6. What is the current situation regarding player sticks sales in Finland?

APPENDIX 2. Interview with the head of junior coaching of KooKoo juniors.

1. Tell freely about the Finnish ice hockey market, especially player sticks from your perspective?
2. What are the main issues when considering of buying junior player sticks?
3. Do you see potential on Frontier Hockey to succeed with player sticks in Finland? If yes, why?

APPENDIX 3. Interview with junior coaches of KooKoo juniors.

1. What are the most important characteristics of a junior stick?
2. Does the attributes of a stick have an effect on the practicing and playing of a junior player?

APPENDIX 4. Interview with parents of junior players in Kouvola.

1. What are the main reasons behind the purchasing decision of a certain player stick?
2. How often do you have to buy sticks and why?
3. What are the yearly costs of sticks per junior player?