

Finnish Music Export to Germany. Case: Facelift.

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<p>This is a research-based thesis investigating Finnish music export to Germany. The report covers the most significant aspects that need to be taken into consideration when a band or an artist is determining whether to export music to another country or not. The research is conducted on a case study –basis for a Finnish pop-punk band called Facelift.</p> <p>The topic for this thesis came about when the author’s father started working with the band in question, after which discussions between the author and the band presented the idea to study how an up-and-coming band from Finland could get their music into the German music market. Later on, conducting research on music export and providing the industry with a feasible study on the matter turned out to be the goal of this thesis.</p> <p>In order to keep the research viable, the topic was delimited to concern only the German market from the perspective of one particular band, thus excluding other possible export markets as well as any kind of product development. The report is structured with a zipper-model, meaning that the theoretical viewpoints, research results as well as the case entity’s points-of-view are discussed together in the same chapter.</p> <p>The reasoning behind this structuring decision is that the research is of the qualitative sort and the topic itself offers very limited theoretical literature. Thus there is a need to inspect all perspectives simultaneously. The main research methods of this thesis were studying various theoretical concepts and interviewing professionals in the music industry, following a pre-determined schedule where the theoretical research took place prior to the interviewing process. This was due to the need of the theoretical basis to be sorted in advance in order to formulate the questions for the interviews.</p> <p>The main findings of this thesis were mostly established by combining theory with the results of the interviews. From the theoretical perspective, exporting music follows many of the regular lines of a standard export process, but once this information was interpreted alongside the experts’ statements, it became clear that music export is an entire branch of its own. Effective execution of music export depends greatly on the type of the music and the determination of the musicians. The consensus amongst the interviewees was that in order to successfully export Finnish music to Germany, the artist or in this case, the band will need to have a major partner backing them up.</p>	
Keywords Music Export, German Music Market, Internationalization	

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1 Introduction

This chapter will start off with the basics related to this thesis. It explains how the idea for the topic was first introduced to the author and how the objective of the thesis was defined based on the topic. After that, the research question is determined, alongside the investigative questions used to help solve the core issue, and the delimitation of the research is established.

In this chapter one can also find the general structure and key concepts of this thesis, as well as definitions to the terms used in this report that are the music industry's jargon. In addition to these aspects, in the end of the introduction, the case entity is introduced.

1.1 Background

The story behind the topic of this thesis derives from the author's background. The author has grown her whole life surrounded by music, since her father works in the industry. This has provided the author with a unique glimpse into the world of music through following her father on tours with artists and spending half of her days as a child at her father's studio. Through these connections the topic of this thesis turned out to be about exporting a Finnish band - one that the author's father is currently working with - into the German music market.

This topic is relevant in today's business because marketing works in a very unique way when it comes to the music industry compared to other fields of business. The international aspect of this topic should also aim to connect the German and the Finnish culture in a way that allows Finnish talent to be exported into other countries rather than just staying inside Finland's borders.

In terms of the band itself, this thesis shall bring about great benefits, considering that it is an up-and-coming group of young men with scarce resources to conduct this kind of research on their own. Also during the process of producing this thesis, the author will be in contact with professionals in the music industry, including a record company and this could generate beneficial connections between the band and the people that could potentially help them get more awareness and possibly access to a more global music market.

For the author personally, working alongside with this band in particular is a very important part of her plan for the future, and since she is approximately the same age as the members of the case entity, the understanding is very mutual.

This thesis plays a crucial role in terms of the author's plans for her professional future. She has aspired to work with music for a long time, and because where she may lack in the talent required to perform music, she makes up for with a sharp mind for marketing. Since the aspects of marketing in the music industry differ quite drastically, say compared to those of marketing a regular retailer, taking a deeper look into how it is done in practice in terms of music, will provide the author with the tools to potentially develop a career of her own in the industry.

1.2 Thesis Objective, Research Question and Investigative Questions

The vision behind this research-based thesis concerns the lack of written material in the music industry and the small amount of research done in this field, and through this vision, the thesis objective was formulated. The objective of this thesis is to conduct research about exporting Finnish music to Germany and thus provide a report that withholds a theoretical aspect to music export combined with views gathered from various experts in the field.

Applying the final objective of the thesis as a whole, the research question (RQ) needs to be defined in a way that fulfils that goal. The research question of this thesis is:

RQ: How to export Finnish music to Germany?

After determining the research question, additional investigative questions (IQs) can be formulated to aid in answering it. In this thesis the investigative questions are:

- IQ1: What are the different aspects of music export?
- IQ2: What needs to be taken into consideration from the exporting country's perspective?
- IQ3: What needs to be taken into consideration in terms of the target market?

All of these investigative questions are going to be answered through the research, and the different theoretical viewpoints. The following overlay matrix offers a more detailed depiction as to which theoretical concepts are used to establish an understanding to which IQ, and it explains where in the thesis the result of that question can be found, as well as the research method used to accompany the theoretical perspective.

Table 1. Overlay matrix

Investigative Question (IQ)	Theoretical Framework	Research Method	Results
IQ1: What are the different aspects of music export?	<ul style="list-style-type: none"> - Different channels - Different approaches to export - Measuring performance - Export strategies 	Primary research <ul style="list-style-type: none"> - interviewing experts Secondary research <ul style="list-style-type: none"> - studying relevant written sources 	5.2, 5.5, 6.2 & 8
IQ2: What needs to be taken into consideration from the exporting country's perspective?	<ul style="list-style-type: none"> - Current state of export - Export motive - Different entry modes - International marketing 	Primary research <ul style="list-style-type: none"> - interviewing experts Secondary research <ul style="list-style-type: none"> - studying relevant written sources 	5.1, 5.3, 5.6 & 6.1
IQ3: What needs to be taken into consideration in terms of the target market?	<ul style="list-style-type: none"> - Current market situation - Competitiveness - Market responsiveness - Target market segmentation - Cultural differences 	Primary research <ul style="list-style-type: none"> - interviewing experts Secondary research <ul style="list-style-type: none"> - studying relevant written sources 	4, 5.4, 7.1, 7.2 & 7.3

The research question itself will be answered with and through these investigative questions and discussed throughout the thesis, especially in the previously mentioned chapters for results, but more definitively in the final chapter.

1.3 Demarcation

In this research the demarcation, in other words the delimitation of the study will be tied to Germany. The reasoning behind this is that the German market is firstly the desired target market for the members of the band and secondly because the demand for this particular music genre already exists in Germany. Also Finnish musicians have previously successfully entered the German market, which has even further increased the demand for such bands. In addition to the German perspective, the report will entail basic theory related to international music export in general.

Another way to limit this research is through having one band as the case study. This is due to the fact that the music industry acts in such a way that the promotion of a certain artist or performer is always unique in a sense and it is something that cannot be generalized that much further.

The delimitation excludes for instance other European markets, such as the Swedish or the British market, which could have been an option for this band to enter into, but in this

research the style of music the band plays is not in optimal demand in Sweden, and the target is to reach as big of an audience as possible right from the get-go. For this purpose these markets are either too narrow or too difficult to reach.

Another aspect also excluded from this research is developing the product in any way, meaning the band and its music is created by the artists themselves and shall remain unaffected by this research. This is because the product in itself is not something that would need to be altered, and the band is responsible for the product and its aspects.

The demarcation will include the most common methods and channels of marketing and promoting a band, for example social media channels, because the objective is to create a theoretical basis for exporting a band.

1.4 Key Concepts and Industry-Related Terms

By definition **exporting music** means that an artist or a band gains access to a foreign market, either in terms of performing live, establishing a listener-base online or achieving record sales in said market. For Finland, music export is one of the growing fields of exported goods from Finland and it has increased drastically within the last 15 years and especially live Finnish music is in high demand outside of the country's borders (Ilmavirta & Muikku 2016).

The **German music market** consists of all the entities that define the culture of how this market behaves in terms of for instance listener-bases, competitors, demand for any particular genre etc. One of the reasons that the decision of the target country of this thesis was based on, was the fact that "Germany is the third largest recorded music market in the world" (Ifpi 2017), even though Germany is not even that big of a country compared to many others.

In addition to these basic concepts, this thesis will also handle some topics that may withhold some industry-related jargon. In order to fully comprehend the substance, the unusual terms are explained below.

Break, break through = To gain access to a music market.

Comeback = A musician that once stopped making music and starts again.

DJ = Disc jockey.

Fan, fanbase = An admirer or a group of admirers of a band or an artist.

Genre = A certain style of music.

Live-show, show = Music performed live, in-person.

Pop-punk = A fast-tempo genre of music.

Record company, record label = A company that makes contracts with musicians in terms of representing and managing them.

Record deal = A contract between a musician and a record company.

Tour = A series of live-shows, usually performed across a country or the globe.

1.5 General Structure of the Report

This thesis is structured with the zipper-model, meaning that the theory goes hand in hand with the experts' statements as well as the case entity's perspective. It starts off by first explaining in chapter 2 the theoretical framework that was used as a basis in order to find and utilize the most useful theoretical viewpoints related to music export. Followed by the research methods used to collect the data in this report, as well as the entire thesis process as a whole, including time management is described on a general level in chapter 3.

Chapter 4 entails a presentation of the target market which is Germany, in terms of the German music market, some cultural differences that may have an effect when exporting to Germany, as well as an opportunity assessment when considering exporting the case entity's music to that market.

The following chapters are all about the findings of this research. Firstly the state of Finnish music in other countries is defined alongside two different approaches to export. Then the report goes into the various motives and market segmentation methods related to export, followed by what needs to be taken into consideration in terms of the export strategy, and the various market entry modes are established in chapter 5.

After that, in chapter 6, the research goes into the marketing side of export activities, in terms of promotion, branding and social media, followed by a detailed analysis of the channels that can be used when exporting.

Chapters 7 and 8 of this research are about what needs to be taken into consideration in terms of the target market, when it comes to managing cultural differences, the competitive side of music export, and assessing market responsiveness. Lastly the report covers how a company, or in this case a band, can evaluate or measure their performance in their export activities.

The final chapter number 9 is a discussion about the results of the research from the RQ's point of view and suggestions for the case entity on whether or not they should start exporting their music to Germany. Also the reliability and validity of this research is assessed and the author describes her own professional learning gathered by executing this thesis.

1.6 Case Entity

The case entity this thesis will be conducted to is a Finnish pop-punk band called Facelift. The band consists of four men between the ages of 20 to 23 from Oulu in Northern Finland and they have been making music since 2008. So far they have toured only in Finland and held over a hundred performances all over the country. (Facelift, 2017)

The need for this thesis presented itself when the band started working together with the author's father and started to take the first steps in producing their first full-length album. This prompted discussion on whether or not the band wishes to expand their audience into other markets than just that of Finland, thus lead to the author starting to cooperate with the whole team in the endeavour to introduce the band to other markets as well.

Facelift's skills and competences include a firm passion towards making good music that appeals to the listener and they strive to keep growing as band continuously. Every member of the band is really talented when it comes to their own instrument and they all work together beautifully as a team. The band's goal is to conquer the world with their music and reach bigger and bigger audiences, and this is also the reason why the interest towards getting into the German market raised when the topic was first discussed with the author.

Although the band has been making music for nearly a decade now, they only recently - due to their young age - have started to focus more on their music, and as most artists and bands at the beginning of their careers, their resources are limited. The band members are all currently studying and/or working, thus the time they can spend on marketing the band is limited and the financial resources required to, for instance tour the country are not too vast either. The bands biggest competitors are other groups producing music in the same genre, and they all have a record company backing them up with their resources and the biggest names are already globally known.

2 Necessary Theoretical Viewpoints

Because this thesis is constructed with the zipper-model, this chapter only gives the framework for the theory used in this thesis, and the concrete theoretical concepts are discussed later on alongside the results from the interviews. In this chapter you can find the set-up for the different theories that will be applied in this thesis and the decisions concerning the order of the different theoretical elements is explained.

In this research, there are several different theoretical literature that one can learn from, but for the purposes of this thesis, the main sources of information turned out to be “International marketing and export management” by Gerald Albaum, Edwin Duerr and Alexander Josiassen, “Essentials of Global Marketing” by Svend Hollensen and “Integrated Advertising, Promotion, and Marketing Communications” by Kenneth Clow and Donald Baack. All of these sources of information were determined in accordance with the needs of the thesis, and through them, the theoretical framework was defined.

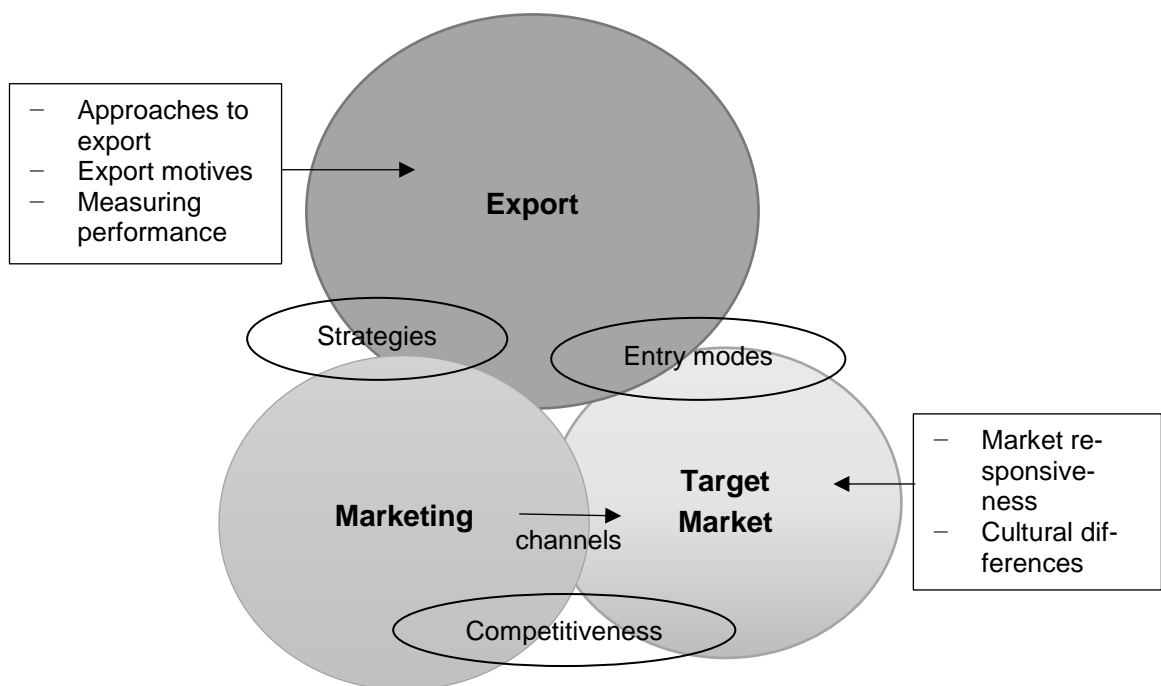


Figure 1. Framework for the necessary theoretical concepts

The figure above depicts the general build-up for the theoretical framework used in this thesis and how the different main theories are interlinked. The first key concept to be discussed is export in general. Through the general view of international export, one can interpret it in terms of music. All the theoretical topics discussed about export are first de-

defined with the traditional terms, models and concepts related to export, after which the same topic is explained as what it means in the world of music.

Important theories to take into consideration when it comes to export are the different approaches to it, motives as to why one would want to export and how to segment the targeted export market. The thesis will also look into how a company, or in this case a band, measure their performance if they decide to export, and how competition affects this type of export.

When it comes to exporting, marketing decisions need to be discussed as well, since the choice of an export strategy requires both decisions from an export perspective and a marketing point of view. When discussing marketing it is important to take into consideration the different types of processes and methods of marketing, such as the different channels an exporting company can utilize.

The final key concept that is discussed in this thesis is the target market itself. Through the marketing decisions one can investigate the competitiveness of the band in terms of the condition of the target market. The target market analysis also relates to the theory on export, since the choice of entry mode is strictly tied to the certain market one wishes to enter.

While assessing the target market, a very significant key concept to look into is the cultural differences between the exporting country and the targeted country. In this thesis as the target country is Germany and the exported product or service is music, the research also entails market responsiveness, in other words estimating the actual probability of the case entity to be able to break through into the German market.

The reasoning behind the order in which the different theoretical viewpoints are discussed in this thesis is simply because the whole research is about export, thus the need to clarify the theory base in terms of export first and foremost is clear. Without a clear understanding of the basics of export there would be no use to try to assess a target country or a feasible marketing regimen.

After one has grasped the concept of export, the theory behind export marketing decisions can be realized. The thesis does cover the basics of international marketing tactics but analyses and utilizes it from an export point of view, and also in relation to the target market, but mostly with an export-perspective.

Lastly the assessment of the target market in terms of how feasible it would be for a Finnish band to try to enter said market needs to be discussed from the export perspective as well, but in addition to that it requires knowledge of the marketing solutions available. This is because the export marketing varies from country to country, thus making it evident why a target market cannot be analysed without sufficient knowledge of different marketing activities.

3 Research Methods and Thesis Process

This thesis is based on qualitative research. The research was conducted through both primary and secondary methods and the results produced by the two were then combined to provide the optimal information that is based on both existing literature and the years of hands-on experience provided by the different experts in the music field.

3.1 Primary Research

Primary research means utilizing sources that have not been analyzed before, which in this thesis stands for the interviews the author conducted with three professionals in the music industry, all from different kinds of backgrounds and with different experiences. This kind of qualitative data Ghauri and Gronhaug (2005, 106) describes as *awareness and knowledge data*, meaning information that is known about a particular business activity.

In this thesis in particular, the need to conduct qualitative investigation was paramount. This is due to the fact that the topic does not include loads of written material and theoretical perspectives to look into, and the industry this thesis is in line with, is the kind where actual experience is more significant than what can be learned from literature.

The purpose of these interviews was to gain first-hand information on what it is really like in the music industry at the moment and how does the situation for Finnish music currently look like from different perspectives. Another reason behind the need to conduct these interviews was the lack of written material and theory on the subject, thus making it necessary to consult the people who have experience on the internationalization of Finnish music.

These individuals were chosen to be interviewed in particular, in order to get a comprehensive view of the industry from all perspectives:

- Interviewee 1: Musician, Producer, Entrepreneur
- Interviewee 2: Representative of Sony Music Entertainment Finland, a record company representing some of the biggest names in Finnish music
- Interviewee 3: Representative of KRMB Management, a music management company that aids musicians to sign deals with record companies and brands

The interviews conducted for the purposes of this report were executed in person at locations of the interviewees' choosing. This method was chosen according to the interviewees' preference. The interviews were based on *unstructured* questionnaires, in other words the questions were only roughly determined in advance (Ghauri & Gronhaug 2005,

123). This means that the author prepared some guiding questions individually for each meeting to fit that interviewee's particular field of expertise, and the questions were designed to be relatively broad and open-ended. The interview questions used can be found as Appendices 1 and 2.

Using these kind of questions ensured that the respondent had the possibility to share what they thought was relevant to theme of the question. The atmosphere of each interview was intended to be relaxed in order to let the conversation flow naturally, thus making sure that the ethics of interviewing were attended to. By allowing the interviewees answer under those circumstances that suited them the best, the answer can be considered to be genuine and not produced by pressure or misleading questions.

3.2 Secondary Research

For the purposes of this thesis, the secondary research was conducted by studying different written materials. The main source for the theory on export was literature, whereas the musical perspective and the assessment of the target country were achieved by studying various reports and country comparisons.

The most significant sources of information were defined in chapter 2, but in this thesis, it was also very important to use sources like online articles about music and the state of music in Germany at the moment, as well as various reports on the current state of Finnish music export.

3.3 Thesis Process and Time Management

The construction of this thesis began with a thorough planning of the whole process. This included determining the basic information that would be required in order to put together a feasible report.

After planning out the process the author started out by gathering and studying the necessary sources of theory and categorizing them in terms of what they were related to. Then the different theoretical views were combined.

Once the theoretical concepts were clarified the author was able to determine the questions to ask from the interviewees and conduct the interviews themselves. The interview phase was followed by executing the target country assessment.

After the theoretical parts and the interviews were completed, the information gathered from both were combined. The final step of the process was to fine-tune everything into a cohesive, clearly laid out report.

The timing of each step of the thesis process was designed in advance during the planning phase, but it was subject to changes if necessary. The reason why the theory collection was executed before the interviews was simply to give a basis for the interview questions, and the target country assessment could not have been executed without the expertise from the interviewees.

The time management of this thesis was executed by being flexible to changes but also sticking to the pre-set order in which the different steps were planned to be taken.

4 Target Market: Germany

This chapter looks into the target market of this thesis that is Germany. Here the state of the German music market will be discussed in terms of the music sales figures and the psychographic habits of the German public. Also the reasoning behind the past success of Finnish music in Germany is assessed as well as the cultural differences that may have an impact on music export between Finland and Germany.

4.1 German Music Market

The German music industry has been only growing for the past four years, marking at 3 percent in year 2016, and streaming has been the driving force behind this growth. On the other hand the sales of traditional CDs still covered 60 percent of all music sales in Germany in 2016 out of the 1.6 billion euros that sales of recorded music amounted that year. The German music market sees the rise of streaming as that it deceives the makers of music from their revenue options. In 2016 the share of downloaded music decreased by over 20 percent. Out of the whole music market share, the even-more-traditional vinyl had a 4 percent share in Germany. (Tjaben 2017.)

Germany is a good market for Finnish bands due to its strong structure to support bands at the beginning of their careers and it has a powerful and well-organized touring network full of venues and tour managers. In Germany a musician can earn a living quite early in their career simply from doing live-shows, since the German culture is very open and supportive to music. The German public is still very much into CDs due to their high value for the physical aspect of music, and they are very receptive to buying a band's music after seeing them perform live, regardless of the higher price point. This can be a result of certain distrust in the listeners to put all of their information in a digital platform. (Interviewee 3 31.7.2017.)

The German market lacks in broadband expansion, thus the popularity of purchasing physical products can also derive from the difficulty in mobile use of music due to for instance high prices in data transfer. In German top 20 lists majority of the songs are aimed at the 'older' generation of listeners, who are more willing to buy music compared to the younger population. Some of the most popular bands on these lists are Metallica and The Rolling Stones. (Tjaben 2017.)

Due to this high value towards music, Germany still remains as one of the biggest markets in the world. It is a great place to start, because Germans appreciate good music whether or not it is considered as 'trendy' or 'cool'. Germany has a well-functioning infrastructure,

for instance booking agents, to support and fund music. Since there are not only very small or very big venues, but there are abundant of the 'middle-ground' variety, a band can tour the country more easily and in a very affordable manner. (Interviewee 3 31.7.2017.)

“For a European act, all roads should lead to Germany.” (Interviewee 3 31.7.2017.)

There is no national radio in Germany, which opens a lot more doors to succeed via radio than in countries where a national radio determines which music gets played. This makes it possible to be hugely successful in Northern Germany, yet still be completely unknown in the South. (Interviewee 3 31.7.2017.)

The marketing of music is very different in Germany (Interviewee 3, 2017), but in a certain way the German music scene is very similar to that of Finland's. The German audience has sort of the same taste and sense of melody in music, and there are elements that resemble each in German and Finnish music. (Interviewee 2 28.6.2017.)

The German music scene is a lot more forgiving when it comes to things like grammar or pronunciation of the lyrics, and the scene thrives because it welcomes anyone who simply makes good music. In Germany an artist or band can quite easily become self-sustaining, meaning make a living out of making music, but if the desire is to scale up, one should get a good partner like a booking agent or a manager. (Interviewee 3 31.7.2017.)

MusicFinland (a central organization that aids and promotes Finnish music export) organized an Aus Finland project in 2015-2016, so far the biggest internationalization project conducted for Finnish music. The project was aimed at the German-speaking countries (Germany, Switzerland and Austria) and during the project Finnish music was widely present in these countries both on the radio and in live shows. Income from export for the music businesses involved in the project doubled and then some, and the amount of royalties collected from the target area grew by over 30 percent and the number of Finnish songs on the radio almost doubled. In the German-speaking Europe Finnish live-music reached over a million people and Finnish music makers were widely present in the German media. The Aus Finland project introduced a total of 203 artists, orchestras, composers and other music makers to the German-speaking public. (MusicFinland 2017)

4.2 Cultural Differences

According to Hofstede's six-dimensional model of assessing countries' cultural differences Finland and Germany are really similar in a majority of the different aspects. The biggest

differences are in the Long-Term Orientation and Masculinity, which show that Germany is a more masculine and pragmatic country compared to Finland. This means that Germany is culturally more focused on competition and achievement, and more adaptable to changes, whereas Finland values quality of life as an indicator of success and is more prone to holding onto traditions. (Hofstede 2017.)

The main thing to grasp onto from the results of the Germany-Finland –comparison is the vast amount of similarities the two countries have in terms of culture. They are both high on the scale when it comes to Individualism and Uncertainty avoidance, and low in terms of Power Distance. These countries are also almost on the same level of Indulgence. These factors mean that Finland and Germany share their cultural views when it comes to taking precaution with ambiguous situations and the distance between a basic worker and management, as well as the people’s self-image and the level of restraint and control of individual desires. (Hofstede 2017.)

An important factor to take into consideration when it comes to exporting music is what Hollensen (2008, 147) describes as *aesthetics* can vary a lot between different cultures. This means the people’s general understanding of what is considered good taste in music, art, drama and folklore can be very different in Germany than it is in Finland.

As a country Germany is even more low-context and individualistic than the Scandinavian countries. German culture is very explicit, direct and informal in terms of communication and interaction with others, and Germans are more about individual success than communal success. In the German culture people do not like to waste time, they value the young people of their community and independence greatly. In Germany rewards are based on achievement rather than seniority and it is normal to challenge authorities. (Hollensen 2008, 143.)

4.3 Market Opportunity Assessment

In order to determine whether or not Germany would be an ideal market to export the case entity’s music to, the market opportunity needs to be assessed first.

Cavusgil, Knight & Riesenberger (2008, 348-349) present an assessment style consisting of 6 different tasks and for the purposes of this research, the most relevant ones to look into are:

- Analyze organizational readiness to internationalize
- Assess the suitability of the firm’s products and services for foreign markets
- Assess industry market potential.

The organizational readiness of Facelift and the suitability of Facelift's product for other markets are defined later in this report, in chapter 5.2.1, thus the one to focus on is the *industry market potential*.

This assessment begins with by looking into the market's size, growth rate, competitive intensity and tariffs (Cavusgil et al. 2008, 348-349). Since the target here is to export music from one European country to another one does not need to worry about tariffs, and when it comes to the market size it is clear that with over 82 million people (Wikipedia 2017) it is a lot bigger market compared to that of Finland's. As stated in the previous chapter the German music market is growing and the competitive intensity though it might be higher than in Finland, it is still a very welcoming market to everyone.

Other factors in this assessment are trends in the industry, availability of local distribution, industry-specific market potential indicators and unique customer preferences (Cavusgil et al. 2008, 348-349). The industry-specific market potential indicators and the availability of local distribution were already identified earlier in the chapter, and the unique customer preferences - as will become apparent throughout this research – are very similar to those in the Finnish market. The German public is very open and receptive to all kinds of music, although the trends in the industry cannot always be predicted and the change happens quite rapidly, this research has shown that in Germany, there is almost always a demand for any genre of music.

5 Basics of Music Export

When starting to study exporting music, the process begins with establishing the basics of export. Export as a concept means sending goods to be sold in another country or putting something into use in another country that was created in a different country (Cambridge Dictionary 2017).

One of the first things to start off with is defining the exporting country's current situation in the music industry, and the different strategic choices and tactical decisions that have an effect on penetrating a specific market. After that one can discuss the various reasons why one would want to export, followed by the segmentation of the target market. After establishing these factors, this chapter discusses how an export strategy can be chosen in terms of music, as well as the different market entry modes.

5.1 Current State of Finnish Music Export

From a domestic point-of-view, according to Finland's non-profit organization that handles royalties in the music industry Gramex, digital sales of music are growing in Finland. The growth in consumer sales derives greatly from Spotify, and in 2016 these sales grew by 1.6 percent compared to the previous year. Wholesales of recorded music that year gathered a total of 36.7 million euros and the royalties musicians and producers received totalled at 17.8 million euros. The sales of physical music decreased by 31 percent, whereas the digital sales increased by 20.6 percent, raising the share of digital music services to 75 percent of the entire music market in Finland. From those 75 percent two-thirds came from streaming and the other third from downloaded music. The share of domestic music in consumer sales was at 39 percent in 2016. (Kaira 2017, 25.)

When it comes to exported Finnish music, the situation is also looking good. Music Finland and Digital Media Finland (a consulting company involved in digital business) state that in 2015, the market value of Finnish music export was 44 million euros. The sales of recorded music increased by almost a third, the royalties received from abroad by a fifth and the trade between Finnish music start-ups and foreign countries nearly doubled compared to the previous year. (Ilmavirta & Muikku 2016.)

At the moment, the representative Sony Music Entertainment Finland thinks that the state of Finnish music abroad is in fact better than, because for the past two decades there has been a lot more work being put into the actual export of music. The industry has come to a point where also technical knowhow is exported from Finland in addition to artists and bands, and after several success stories that have originated from Finland, foreign players

have started to take Finland more seriously when it comes to all aspects of music. (Interviewee 2 28.6.2017.)

“Exporting Finnish music cannot be accomplished based solely on the fact that it is Finnish, the music itself still needs to be good.” (Interviewee 2 28.6.2017.)

The tradition of Finland being the hub of heavy music has grown less distinct lately with the export of various producers, artists and DJs from different genres, which is most likely due to the fact that metal music is not at the centre of music at the moment. Instead the internationalization of all the people involved in the music making process is growing. (Interviewee 2 28.6.2017.)

The most significant sector of music export are different kinds of merchandise and music-related services. The second biggest sector are live-shows and the third one is recorded music. The amount of live-shows has decreased lately, but the number of merchandise and recorded music has increased. At the moment, Europe is the major area for Finnish music export, with over two-thirds of the whole music export. Around 15 percent of the export goes to North America and the rest to Asia and South America. Scandinavian countries have around a 15 percent share of the European export sales, but still the biggest amount of music export from Finland goes to the German-speaking countries, with roughly 25 percent of the whole music export. (Kaira 2017, 25.)

When it comes to the Scandinavian countries compared to, say the continental Europe, the musical preferences vary a lot. Finnish music might not be doing quite as well abroad as in the beginning of the millennium, but it does hold its place. Finnish pop-music might not be as visible but for instance Finnish dance music aimed at the youth and bands such as Nightwish and Von Hertzen Brothers are visible on certain charts, which the average listener may not even acknowledge. This is because there are some musicians who simply are not present in the media but are actively exporting Finnish music into other countries. (Interviewee 1 3.7.2017.)

5.2 Different Approaches to Export

In order to start creating a comprehensive understanding of music export, the different approaches to export in general should be discussed. There are two ways to approach export; strategic and tactical approach, and they both have their own impact on the other decisions to be made at a later point of the process.

5.2.1 Strategic Approach

The strategic approach to export includes aspects such as the choice of country, timing of entry and target segments. When it comes to the choice of country, what matters are various demographical issues, for instance the population and its structure in terms of people that belong to the target customer segments and cultural differences. Also, geography has an impact on the choice of country, since the geographical distance to the target country effects on the concrete delivery of the product or service. (Albaum, Duerr & Josiassen 2016, 28.)

In the case of Facelift, the choice of country is heavily based on the fact that some of the biggest groups of the band's targeted customers exist in Germany, thus providing sufficient demand for the product. The geographical distance is also a factor in this decision, because even though the demand for the band's music is alive and well in other countries like the United States, the distance between Finland and the US is too great an obstacle. Also, the competition in the music industry is massive in the US, making it extremely hard for anyone to break through there. This is the reason why the United Kingdom was not chosen as the target country either though there would have been an existing demand in the UK as well, but the entry to that market is a lot more complicated.

Another reason Germany is the chosen target market for the case entity is the fact that the *psychic distance* between Finland and Germany is relatively small. Where cultural distance is defined through the cultural level of a country and how the country's cultural values differ from those in another country, psychic distance means a more detailed differentiation between two countries' factors. These factors include for instance language differences and differences in the countries' cultural and political systems, that can get in the way or prevent a seamless flow from the company to the market, and they cannot be measured with factual indicators like cultural distance can. (Hollensen 2008, 55.)

The timing of entry is another important factor when making the decision to export, and it should not be taken for granted. Issues such as the demand at the given time, the competitive situation at the time and the company's readiness at the time of entry all influence the penetrating power of the company in the context of export. (Albaum et al. 2016, 28-29.)

If the demand at the time of entry is either too great or too small, a company can struggle with either supplying a sufficient amount of their services to satisfy the demand or on the other hand if the demand is too narrow, exporting to that country may not be feasible.

When it comes to the competitive situation in the market at the time of entry, it can be really challenging to enter a market that is close to being saturated with competitors, instead penetrating to a market where the competition is niche is relatively easier if the demand of the product still exists or if the product is innovative or unique. (Albaum et al. 2016, 28.)

Demand management is a significant point when dealing with a product like music, which relies so heavily on being demanded, and when the demand does not exist, rarely does the product exist either. A demand can be determined in terms of shortages of product, and these shortages are either temporary, periodic or chronic. The stage of demand can be either regular or irregular, depending on how the fluctuations in demand differ from those in supply. (Albaum et al. 2016, 30-32.) In the case of demand of the case entity's pop-punk music, the shortage of the product can be defined as periodic and irregular, due to the nature of the music industry, and the variation of the most popular genres at a given time.

The reasoning behind the present being the optimal timing of entry for Facelift has a lot to do with the new rise of pop-punk in the music industry, creating demand for the case entity's product. Across the Atlantic in the US, there are already bands - such as Blink-182 - in the said category that are making a comeback. They are finding their way to the European music market too which is why the case entity should get to Germany before the competition comes too great. The last instance when the pop-punk -type of music was at its peak was in the 1990s so it is only a matter of time before it hits its next peak.

Considering a company's readiness to enter a market, the biggest internal aspects to assess about the company, are things like resources, motivation and commitment, and competitive capabilities in the domestic market. Evaluating the company's strengths and weaknesses is crucial to be done as objectively as possible, and needs to also include factors such as experience and product readiness. For example, if the company's management lacks the appropriate motivation and experience to commit themselves to the act of export or if the company clearly does not entail the attributes it needs to be competitive in the domestic market, the chances of entering a brand-new market are quite slim. (Albaum et al. 2016, 28.)

In terms of music, the process of export starts off by determining the readiness of the artist or band. Establishing what are going to be the key pressure points and in which market that specific musician could succeed in. Only after that should one investigate how that particular target market functions, who are the players in that market and talk to the col-

leagues who know the market, and then based on these factors start building the export outlines. (Interviewee 2 28.6.2017.)

When it comes to Facelift entering the German music market, the members withhold the motivation and the required skills it would need, but the music industry is one of the most rapidly changing ones and also very volatile. Sometimes in this particular industry it is not enough to just produce good music and having loads of talent and unfortunately many talented artists and bands are left unnoticed due to one reason or another. Oftentimes it can be just about bad timing or luck. As previously stated, the timing could be on-point right now for Facelift, and if the band members have luck on their side they can be able to reach the German audiences before their competitors, thus minimizing the amount of resources required to enter a new market through the band's first-mover advantage.

5.2.2 Tactical Approach

The tactical approach to effective export starts off with defining the positioning of the product. Product positioning in simple terms means the marketing of the product in the way that the company wishes the product to be perceived as. Positioning a product needs to be established prior to new market entry, since different marketing decisions to be made rely on how the company wants their image to be seen as, and when it comes to an individual product, it can have multiple different attributes to it that should be identified and highlighted when introducing it to a new market. (Albaum et al. 2016, 28.)

The case entity's product positioning is based on the type of music the band makes whilst bearing in mind the key demographics they are targeting. The nature of pop-punk -music has a certain look and style to it as well as a particular "sound" that is identified as pop-punk. Therefore, the product can be positioned along the lines the music industry has already established to this type of music when it was first introduced to the world. When it comes to the music industry, each genre of music is already perceived by the public in a certain way, and in this case pop-punk has a reputation of being music for the rebellious youth and it can be defined as anti-establishment and anti-authority.

When considering the different elements that can be emphasized when positioning a product, they can be all sorts of attributes related to the product; either product traits or characteristics or related to the use or user of the product, or even a cultural symbol. The positioning can also occur through competitive products or the particular product class it competes in with some similar but not identical products. (Clow & Baack 2012, 113.)

Facelift positions the band's product in these same terms, producing music that fits the definition of pop-punk music and the outside appearance of the band has the same look that is associated with this type of music. The whole band in its entirety is the product that is offered, which is why it is crucial that the whole package works together as one concept, making it possible to brand the product to be exactly what the band wishes to deliver to the target audiences.

Another point-of-view in the tactical approach is product adaptation, specifically in the context of export, since the adaptation can vary drastically from country to country. Product adaptation stands for how a product is received by the target market after penetrating it, and how a company should possibly modify the product in order to fit into the requirements in that market. Once the product has been introduced to a new market, it is typical for cultural differences to cause the new audiences to perceive the product differently than in the country of origin, and this effect calls for the company to assess how adaptable the product is and whether or not it can be seen as desirable and useful in different markets. (Albaum et al. 2016, 28.)

A definite advantage for Facelift when it comes to product adaptability is the fact that the music industry paves its own way automatically for all kinds of music. This allows for customers to form clear and ready-made segments, to which the products do not need to adapt into in any way whatsoever, instead those segments tend to find the products they want as they are, in other words people who already want to listen to pop-punk do not want the music to be anything other than just that. In the case of Germany, as Interviewee 3 (31.7.2017) stated, the German audiences are really receptive and highly value all kinds of music and this means that the product here does not really need to adapt in order to enter the German market, but the band does need to understand the business behind it, though.

5.3 Export Motives

There are several different factors that cause a company to decide to export their products or services to another country, and they can be divided into two categories: internal and external.

Internal reasons behind a decision to export can be divided further into proactive and reactive factors. A proactive motive for Facelift is that they have a *unique product*. A unique product means that the product the company offers has an aspect to it that makes it like no other product available in the domestic marketplace and it has competencies that make it possible for the product to reach foreign markets as well. In the case of unique

products, the opportunity costs of exploiting those attributes of the product tend to be very low. (Albaum et al. 2016, 85; Hollensen 2008, 35.)

This is something that is almost a standard in the music industry. Although there can be multiple performers in the market for the same genre, typically all bands and artists have something to them that makes them one-of-a-kind in their own way. In this case, there are no other similar young, Finnish pop-punk bands in the music scene at the moment, making Facelift's product offering unique.

A relevant reactive internal motive could be determined to be *extend sales of a seasonal product*. Products are seasonal when the demand for them is not continuous and only occurs during certain seasons, thus creating an increase in the sales of that product. (Albaum et al. 2016, 85.)

This can be applied in Facelift's case as well, considering that the demand of different musical genres fluctuates greatly with time, creating different "seasons" and through this effect create increased sales for the genre that is in high demand.

Considering music, one of the main motives behind wanting to export it is that the band or artist feels limited in their home market, and Finnish bands might feel that there is a certain ceiling and they want to go beyond that. All musicians tend to have an ambition to reach as many people and as big of an audience as possible. (Interviewee 3 31.7.2017.)

These kinds of motives that also drive the case entity to markets abroad, are defined as external motives. *Foreign market opportunities* provide a company with an opening to enter a market that has shown the need for the company's product. These opportunities often are located in markets that share something in common with the domestic market, providing a company with a proactive external motive for exporting. (Albaum et al. 2016, 85; Hollensen 2008, 35.)

Small home market is a reactive external motive and in Facelift's case the Finnish market is in comparison to the German market very small and comprises of elements that do not create a lot of opportunity for a band like Facelift to actually achieve proper awareness. The German market has provided another external trigger by showing there is *market demand*. (Hollensen 2008, 35;44.)

Considering exporting music from Finland to foreign markets has a lot to do with the size of the Finnish market, but also with the new market opportunities abroad. The export of

Finnish music has been steadily increasing since the beginning of the 2000s, and in year 2015 the income from foreign markets showed a significant rise compared to the previous year, and this rise is expected to keep on growing in the future. (Vuorela 2016.)

The CEO of MusicFinland Tuomo Tähtinen states that as country, Finland is competing in the international music markets from an equal stance with other countries, with a slight exception when it comes to classical and heavy music, since in those genres Finland has established a certain brand for itself. Lately according to Mr Tähtinen independent music has diminished slightly due to the polarization of the music industry, but Finnish music has still been big in the past few years in Germany. (Vuorela 2016.)

In addition to the motives why a company should internationalize, there are also some barriers that can disrupt the act of export. Typically, these include insufficient knowledge of the target market or lacking financial resources to reach the market. Often the problem can be found in the lack of capacity from the company to dedicate themselves to the foreign markets or they do not possess the necessary foreign market connections. (Hollensen 2008, 46.)

Considering the case entity, since Facelift is comprised of four young men who do not have previous experience in exporting, they possibly lack the sufficient knowledge of how it is conducted, and since the whole export process is hoped to be achieved with minimal financial resources, reaching the desired market can turn out to be difficult. Also the band might have insufficient knowledge of the target market, because they have never conducted business in Germany, which can also have a big impact, since as learned from the interviewees; market connections are a must-have in order to make it internationally. It is also possible that since the band members all are studying and/or working at the moment, they might not necessarily have the time to dedicate themselves to these export endeavours, which according to Interviewee 1 (3.7.2017) is a huge factor when a musician wants to get into foreign markets.

5.4 Market Segmentation

In the concept of export, a significant factor to consider is the chosen target segments. A company shall determine these especially carefully, because if the segments are falsely established, all actions that are taken to reach the desired market can be executed in a manner that disrupts or at worst stops a successful market entry entirely. Designing an effective marketing campaign would be extremely difficult if the company does not know who they are targeting or if they target the wrong audiences, thus end up, for instance

using inappropriate methods and channels to reach the right segments. (Albaum et al. 2016, 28.)

In music export if one does not know the market they are targeting, exporting is very difficult, which is why a band or an artist needs to find the right partners, entities or people who know and manage that market in question (Interviewee 2 28.6.2017).

There are several factors to take into consideration when starting to segment the market a company is going to export into, mainly focusing on different aspects related to the company's internal possibilities and the segments' internal and external attributes. These can include for instance competitive patterns of the market, preferences and purchasing power of each segment as well as the company's strengths. (Albaum et al. 2016, 201.)

Another perspective to segmenting customers is to divide them by the recentness of their contact with the company. There are four different groups which they can be divided into: current customers, former customers, potential new customers and competitor's customers. (Clow & Baack 2012, 100.) This is why Germany is the optimal target market for the case entity, because there is abundance of potential new customers.

Target customers can also be segmented in terms of the profitability of reaching a certain market, and regarding the accessibility of the market, in other words the means of reaching the end user whilst avoiding difficulties that may arise from language skills, understanding foreign media systems and nationalistic attitudes. Also the extent to which a company can form effective marketing programs in order to attract and serve the desired customer segments can be used as a factor when determining the segments. (Albaum et al. 2016, 201.)

"You have to understand your audiences to really narrow down who your target audience are." (Interviewee 3 31.7.2017.)

All the different indicators influencing export customer segmentation can also be defined in terms of the country, customer and general level. The country level indicator in question here is the demographic build-up of the target country and on a general level the cultural formation of the country. Other indicators on the country level related to this specific product are market conditions, lifestyle characteristics and product-bound culture. (Albaum et al. 2016, 201.)

On the customer market level, what affect this case entity are the psychographic indicators, meaning the consumers' individual lifestyles, personalities and attitudes. From a

more customer-specific perspective the behavioral characteristics, such as loyalty and consumption patterns should be taken into consideration when segmenting, but also the benefits the customer seeks from a company. (Albaum et al. 2016, 203.)

For Facelift the targeted segments according to these terms are determined with, for instance as the current customers are the people currently listening to the band's music and the former customers are the ones that maybe previously listened to or stumbled upon their music. The potential customers are basically every individual who likes pop-punk music and the competitors' customers are the ones currently listening to other pop-punk bands.

In this research the target market being Germany, the competitive pattern of the German music market can be stated as not so much rivalrous, but more welcoming to all kinds of talent. The German audience's preferences seem to vary a lot so surely in some part of Germany there is demand for the case entity's music, and the purchasing power of the German audience, as Interviewee 3 (31.7.2017) mentions is very much alive regardless the higher price compared to other countries. Also the German personalities and attitudes can have an effect on the music export from Finland, but most likely, since the cultural gap between the two countries is relatively narrow, these should not pose an issue.

The customers within these segmented markets can be further segmented in terms of different RFM (recentness, frequency and monetary) factors assessed from the perspective of a company when it comes to the value each customer brings to it currently as well as potentially. Combining the RFM factors with a Customer Value Matrix (CVM) allows the amount of time and money spent on reaching a particular group to be inspected in more detail. (Marcus 1998, 494-504.)

Considering this aspect from the case entity's point-of-view, the recentness and frequency, in other words the time spent by each customer group can be either very fluctuating or more standard depending on whether or not the group in case is comprised of the band's fans who remain constant or individuals who just happen to come across Facelift's music every now and then. The monetary aspect and the amount of money spent by each customer can also vary drastically. It can entail both people who do not spend any money on music at all, meaning that they never purchase physical albums and only use the free-of-charge versions of the platforms offering music and people who are ready and willing to pay for their music. Another important thing to include in this determination is the *potentiality*. In an industry as volatile as that of music, different customer groups can quickly and easily slide back and forth between both sides of the picture.

For the case entity the key target markets can also be defined both domestically and globally. From a global perspective as previously stated Germany would be the most viable market for Facelift, but considering the geographical size of Finland, the most definite domestic markets for Facelift are Northern Finland – simply because that is where the band originates from, and Southern Finland. This is due to the fact that majority of the population is based in the capital and the surrounding cities, thus generating the biggest opportunity for domestic demand.

All these different target market segmentation styles taken into consideration, it can be stated that Facelift's target audiences in Germany are open, like-minded people who enjoy pop-punk music. Desirably they also have an access to any of the platforms on which the band's music is available and optimally they are also not reluctant to paying for music.

5.5 Choosing the Export Strategy

When a company desires to export their goods to another country, one of the biggest decisions to be made is choosing the right export strategy. Numerous things have to be taken into consideration when deciding what the best one is for that specific company. There are several different strategies and multiple factors that affect the choice.

5.5.1 Factors Affecting the Choice

These factors that influence the choice of export strategy which the company should take into consideration can be defined as product-related or environmental. Environmental factors can be aspects concerning the market situation at a given moment, for instance market size and growth, stability and uncertainty, and of course the competitive state of the market. Other environmental factors to take into account are the heterogeneity of the market, in other words the consistency of the market and the nature of the buyers in terms of loyalty. (Albaum et al. 2016, 221; Hollensen 2008, 206.)

According to Albaum et al. (2016, 221) the factors affecting the export strategy decision derived from the product itself are matters such as the volume and frequency, and standardization of the product. Also things like repeat purchase, product specialization and diversity as well as the product life cycle – the product's journey and duration from creation to the end of the product's life – have an impact on what can be considered the optimal strategy for market entry through export.

For music products what needs to be taken into consideration when exporting are the experience of the performers, quality and style of the music and the performers' artistic appearance. It requires a great deal of dedication and determination, if one desires to succeed internationally. (Interviewee 2 28.6.2017.) In addition to just being a good artist, one needs to be ready to take the leap, which can even mean moving to another country. Also one of the most important things to have under control when exporting music is the language no matter if it is English or the artist's mother tongue or some other language – the pronunciation and grammatical correctness of the lyrics needs to be on-point. (Interviewee 1 3.7.2017.)

“When the opportunity knocks, you need to be prepared to answer.” (Interviewee 1 3.7.2017.)

These aspects in mind it can be determined that in order to export Facelift's music to Germany, it requires a lot of dedication and meticulous inspection in terms of all aspects of the band. The product-related factors are difficult to define for music, since there is not really standardization in terms of exporting it, but the environmental factors from the perspective of Germany appear very positive, although there can always be slight market uncertainty.

Other external factors influencing the choice of entry mode are the sociocultural distance to the targeted country and the risk that particular country entails as well as the possible trade barriers that may disrupt the easy accessibility of the target market. Also the number of relevant export intermediaries available, meaning if there are not that many potential middlemen needs to be accounted for, because otherwise the market entry may require additional resources from the company itself. (Hollensen 2008, 206.)

Factors also worth considering when choosing the entry mode are transaction-specific behaviour. This means for example the opportunistic behaviour conducted by the company and its competitors in the target market, as well as the cost of transaction in that specific country. If the nature of the know-how of the exporting company is rather tacit, the export mode should also be chosen accordingly, keeping in mind the desired characteristics for the company's chosen mode, for example whether the company wishes for a risk-averse tactic or if they prefer a flexible mode where the controlling of the entry is mainly in the company's own hands. (Hollensen 2008, 206.)

Often, since the music export is conducted by a record company, the risk from the band's perspective is automatically smaller, and as became apparent from the interviews, there

are abundant export intermediaries available, the musicians just need the connections to find them.

From the Finnish music's perspective one of the biggest attributes when it comes to export, is that Finnish performers are internationally competitive and those who have succeeded in the past have done so by working hard and sticking to their own music (Interviewee 2 28.6.2017). This has also occurred in Germany a lot of the times, which is one of the reasons why Germany could be an ideal breaking ground for the case entity as well.

5.5.2 Export Strategy

When beginning to design a working export strategy, there are five different elements that need to be determined, starting with defining the goals and objectives in terms of the target market. These can be anything the company wishes to accomplish once it has penetrated a new market area, for instance a certain number of customers, creating brand awareness or increased sales. (Albaum et al, 2016, 278.)

After the company has a clear idea what it wants to achieve in the target market, they can design a resource and policy allocation regimen. Meaning which resources are going to be used and how, and how they will be managed and monitored. A fitting time schedule also needs to be established within reasonable limitations and in a realistic way, as in what the company is actually capable of doing carefully and without haste and in what timeframe. (Albaum et al. 2016, 278.)

The company shall as well establish a control system which will be used prior, during and after the initial market entry. This includes distinguishing all the performance indicators that will play the biggest role in terms of the company's success. Still there is the biggest decision yet to be made in addition to all of these determinations; the choice of the mode of entry. (Albaum et al. 2016, 278.)

Considering creating the export strategy in terms of what would be the most feasible for musicians, some of the biggest decisions differ depending on whether the band or artist has a record contract or not, and the interviews showed that major international success is not possible for a band or an artist without representation.

“What bands must never forget is that you can never break globally without a major label behind you. It is a myth and a lie. What you have to understand is what are the record companies looking for and how does your music suit that. It's not about changing your music, it's about understanding what's necessary.” (Interviewee 3 31.7.2017.)

As stated by Interviewee 1 (3.7.2017) it is possible for a band or an artist to go straight to the foreign market, but they all usually desire to make it in the domestic market first. This, for instance could be one the musician's own export objectives; to succeed in the home market through the export activities. Oftentimes still because the export process is typically conducted by another entity than the band itself, the other entity manages the decisions on what the strategy is going to be in the end, and this includes the goals and objectives.

Interviewee 2 (28.6.2017) thinks that the choice of strategy depends greatly on what the goals and objectives of the export are, but oftentimes if the goal is to sell music in bigger terms, one would most likely need a record company backing them up.

Considering these statements, if the case entity wishes to export to Germany, the most convenient and probable strategy would be by getting a record deal, but in order to determine if it is necessary, Facelift needs to clarify their own objectives in terms of internationalization.

5.6 Different Entry Modes

In order to choose the most suitable entry mode when exporting to a new country in terms of a specific company, the factors affecting that decision need to be discussed.

Company considerations in terms of choosing the right entry mode include factors like financial strength and management's international capability and know-how. Also if a company is fairly new to international marketing activities it needs to be taken into consideration, along with the size of the company and its product line. After this it is necessary to assess the product itself and think about its attributes when it comes to choosing an entry mode. (Albaum et al. 2016, 285.)

These factors from the case entity's point-of-view can be established through the product itself in terms of the entry mode. Since music can be exported electronically there is not necessarily even a need to enter the market physically, but the interviews made it clear that in order to actually break through to a new music scene, the musician needs to be present in the market. Facelift's know-how, financial strength may not be that high and they are quite new to international marketing, but their capability to make it internationally definitely exists.

“When exporting music, the point of break-through is not just sending music to another country, it is more about entering the market through some kind of connections or contacts, often pursued by the record companies or managers.” (Interviewee 2 28.6.2017.)

Another factor affecting the choice of the market entry mode is the target market. Albaum et al. (2016, 285) define the market to be assessed in terms of:

- nature, economic development and existing structure for distribution
- size, needs and preferences
- geographical distribution of customers and their requirements.

Considering these factors when it comes to the target market Germany, it clearly ticks off most of the boxes. The nature of the market is receptive, the size is big enough, and the needs, requirements and preferences of it are very similar to Finland. The market is economically stable and customers are distributed fairly evenly throughout the country, and as learned from the interviews, there is a great existing infrastructure in Germany that supports music.

After defining all the factors regarding the entry mode, it can actually be chosen. The modes are generally either direct – where the entry is handled by an integrated channel without any intermediaries - or indirect, where companies usually take advantage of the home country's existing marketing organizations. There are three different modes to choose from: export modes, intermediate (also known as contractual) modes and hierarchical (also known as investment) modes. (Albaum et al. 2016, 280; 285.)

These modes vary in terms of the level of risk and control and flexibility. Export modes are typically low in the level of control and risk, and very flexible, whereas the hierarchical modes have very low flexibility and high risk, but high control. The intermediate modes are the most suited for smaller businesses generally, because in these modes the risk is shared along with the control, but the ownership of the company also needs to be split. (Hollensen 2008, 210; 216; 228.)

When it comes to choosing an entry mode from these options for the case entity and Germany, the decision mostly depends on whether the band is going to export with a record company or independently – most likely with a partner of some sort, meaning that the mode would be a contractual one.

“Musicians need to have business acumen and understand marketing in order to enter a new market. They should start a conversation that can be measured by the record companies, since these companies do not want to work with someone who has no numbers to show in order to prove that they are a serious contender in the music field. Most importantly bands should stop kidding themselves and understand that music is still a business, albeit sometimes the business of music can get in the way of the emotional connection between a band and a fan.” (Interviewee 3 31.7.2017.)

Nowadays one of the common methods how companies - and in this case musicians - can export intangible products to new markets is through electronic commerce (e-commerce), which means delivering products via internet without the need of physical distribution. Internal drivers for a company to use this method are for example the e-commerce assets, in other words the allocated technological and human resources that serve e-commerce platforms, and the online transferability of a product. From an external point of view, the infrastructure of the export market's e-commerce – affordable and reliable access to all parties enabled by resources – can drive a company to start working through e-commerce. Additionally, if there is clear demand for e-commerce present and the parties involved are devoted to the pursuit of it, a company could consider taking part in e-commerce. (Albaum et al. 2016, 281.)

Considering music as a product, it can be delivered to customer both as a tangible and an intangible product. Nowadays the amount of physical CDs sold may not be quite as high as it was almost two decades ago, but some customers still prefer to have their music in a physical form, for instance, according to Interviewee 3 (31.7.2017) “In Germany, people still appreciate the physical aspect of music.”

The more common way though, is through e-commerce. Customers can download music for a certain price on platforms such as iTunes and SoundCloud, which are most likely a closest tool to traditional record-selling, but using a platform like Spotify allows the user to access millions of different songs in one place for a simple per-month -payment. Using these digital platforms gives artists and bands a chance to have their music easily heard all over the world and the use of these means is either free or very low-cost. The different platforms are determined more in-depth in chapter 6.2.4.

6 Marketing and Distribution

Within the realm of export, other key things to focus on are the marketing decisions that need to be made in terms of international markets, and these include decisions related to the band's or artist's promotion and branding, as well as their social media presence. After the marketing of the export goods is handled, the actual distribution of the goods is discussed in terms of the various channel decisions one needs to make when it comes to both distribution and communication with the desired audience.

6.1 International Marketing

A company's preparedness for internationalization can be determined by assessing the personal and strategic skills, experience and resources the company has. The strategic skills mean the company's capability to implement a designed strategy successfully in international marketplace, and in this process the manager's international experience plays a crucial role. Also other personal skills, such as cultural sensibility and language skills of the company should be evaluated, in addition to the financial resources. (Hollensen 2008, 5)

Hollensen (2008, 5-6) says that after establishing the fact that the company is prepared to internationalize, they can start to develop an international marketing plan through five steps:

1. Make the decision to internationalize
2. Decide which market the company wishes to enter
3. Determine which strategy of market entry shall be used
4. Develop an international marketing program
5. Implement the marketing plan and coordinate it appropriately.

In this research numbers 1-3 have already been discussed, and number 5 is not relevant, so the focus is on step number 4.

In order to design the international marketing program in step 4, the company can use Clow and Baack's (2012, 25) eight steps of an integrated marketing communications (IMC) plan. For the purposes of this research, the necessary steps are the first two: current situation analysis and marketing objectives.

The first step is *current situation analysis*, meaning to identify and analyse all the various business factors and activities that are affecting the company at present time. To aid in this determination, a *SWOT-analysis* is helpful. This analysis entails analysing all of the company's existing strengths and weaknesses, as well as potential opportunities and

threats in the table below, and its purpose is to clarify the case entity's different attributes. (Clow & Baack 2012, 25.)

Table 2. SWOT-analysis of the case entity

<p>Strengths</p> <ul style="list-style-type: none"> - Musical talent - Motivation - Communication skills 	<p>Weaknesses</p> <ul style="list-style-type: none"> - Lack of experience in export - Lack of know-how
<p>Opportunities</p> <ul style="list-style-type: none"> - Market demand due to new rise of genre - Good timing - Industry's rapid change 	<p>Threats</p> <ul style="list-style-type: none"> - Lot of competition - Get lost in the masses - Industry's rapid change

After defining what the situation is at the moment, a company can determine the *marketing objectives*, and at this stage it is important to understand how marketing objectives can differ from a company's overall objectives. Marketing objectives vary according to what the company is looking to achieve through their marketing program, for example brand awareness, increased sales or encourage customer retention. Other possible objectives can be to increase category demand or to enhance the company's image and the marketing communication objectives can be any kind of a combination of these. (Clow & Baack, 2012, 25.)

For the case entity's endeavours to reach the German music market, the marketing objective could be set as for example, 'raising awareness and creating conversation with the German audience'.

Generally speaking, if a company wishes to succeed internationally, they should create a borderless marketing plan, but in this case, since there is only one target market, the company needs to form local partnerships and determine solid objectives for an open line of communication with all potential partners. (Clow & Baack 2012, 123.) This need for local partnerships and connections became very evident from the interviews.

Considering international marketing from the music's point of view, one of the main things to realize is that one should not just go up to their fans and tell them to buy their album. Nowadays it is far more important to build a relationship with the audience and have them feeling emotionally invested in your band in particular. The band or artist needs to appear relatable. (Interviewee 3 31.7.2017.) One should also choose marketing activities that

make their export activities easier. The beauty of today's music industry is that the next big hit can come from anywhere around the globe as long as it touches people in some way. (Interviewee 2 28.6.2017.)

For the case entity in this research, the most useful methods to market themselves can be distinguished through the concepts of *piggyback marketing* and *lifestyle marketing*. Piggyback marketing means using existing distribution facilities (Albaum et al. 2016, 318). In terms of music this means using those same channels that the biggest players are using as well, in other words the way the competitors have already paved. In Facelift's case this would mean studying for instance how do other pop-punk bands like Green Day or Blink-182 do their marketing, and ride that same wave, thus ensuring that the audiences reached are already at least interested in this genre of music. In Germany, the existing infrastructure for music also presents a lot of opportunities for a new band to easily market themselves through.

Lifestyle marketing means utilizing various marketing methods that are somehow adjacent to the recreational habits and venues of the targeted audience, in other words reaching them in their own environment (Clow & Baack 2012, 281). For the case entity this means marketing themselves to the German audience through the music venues they have and getting in contact with them through the places where music-minded people have organize their hobbies, such as clubs and clubrooms.

6.1.1 Promotion and Branding

When a company decides to export their services abroad, they need to also create a promotional strategy suited for the purpose of exporting their services. Planning this strategy starts from the same place as designing any general marketing strategy; setting the goal that the company wishes to achieve through the export activities. The company should define what the promotional objective is and it can be for instance setting a certain image for the company in the target country or creating general awareness of the company. (Albaum et al. 2016, 598.)

The next step is to make the decisions regarding what kind of a message the company hopes to convey to the target audience. This includes determining what is the type of their promotional message and what do they want to bring about through their advertising activities. After this the appropriate communications media can be chosen, decided based on the message types. Also, the management needs to determine how much time, effort and/or money they are willing to spend on the promotion of their product in the foreign market. (Albaum et al. 2016, 598.)

Considering these factors from the case entity's perspective, the promotional objective in Germany could be creating general awareness of the band. The message the band wants to people to get is that they are simply a good pop-punk band from Finland with the same anti-establishment –attitude and energy as all the older pop-punk bands, but they add their unique twist to their music.

Promotion of a company or product can be divided into a few different components in terms of the platform the marketing activity is pursued upon. The first two are the most tangible ones and more traditional; database marketing and direct response marketing. These two are mainly concrete marketing including, for example advertising and other activities that reach the customer directly. Also through sponsorship marketing the touch-point with the customer is fairly concrete and tangible. (Clow & Baack 2012, 24.)

The next level includes the more 'modern' or more recently occurred methods of marketing; E-active marketing and social media marketing, which reach the customer through electronic channels. The last two components of promotion are alternative marketing and public relations. Alternative marketing means all additional ways to convey the company message to the consumer and public relations or PR stands for the management of the company's public image. (Clow & Baack, 24.)

From these different marketing methods, the most viable ones for the case entity to use in order to reach the German public are social media marketing, PR and based on the interviews, sponsorship marketing could not hurt either.

After establishing the basic steps of promotion - considering the case entity – the promotion of music needs to be discussed. In the beginning the company should be alert constantly and follow the different media outlets they are looking to be promoted via, after which the band can begin to formulate a feasible entry plan into those outlets and create a schedule for the release of their music. Especially in the music industry, it is crucial to be flexible in terms of the schedule, since you can never know for sure how fast or slow the breakthrough will be. (Asikainen 2015.)

Next steps in music promotion have to do with the band publishing a bulletin on their website and/or social media page announcing the release of their new music. After this they can actually start sending out - with a carefully scripted cover letter, of course - their promotional records or the links through which the song(s) can be listened to. After releasing

their new music, the band needs to make sure they do proper follow-up on all the media outlets and people they contacted during the promotion. (Asikainen 2015.)

All promotional activities can be made easier and more effective if the branding of the product is on-point and clear to all stakeholder groups.

There are different ways to branding, and for a band or an artist, a big factor is *sync*, meaning getting their music to be used in movies or games, or otherwise align themselves with brand partners, since if they can manage to get their music into, for example a brand's marketing strategy, they can get a whole new demographic through that association. After all, every musician needs a major partner if they wish to scale up and go global, because they are the ones who have the existing global 'machinery' required in order to reach the global markets. (Interviewee 3 31.7.2017.)

A company can be branded, for instance with a private label or through so-called co-branding (also known as ingredient branding). Branding with a private label means that the company is itself responsible for all branding related activities and they bear their own risks and control themselves and the brand is known only by its own name and entity. Co-branding is used when a company brands itself through an existing brand, and in a way has its own name and brand that operates under another bigger brand and is associated with both. (Hollensen 2012, 315.)

In the case of Facelift, the branding has so far been executed in a similar manner as a private label, since the band has been responsible for creating their own brand from scratch without that much assistance from anyone else. The band's goal is to get a record deal at some point, and through that the branding decisions would be made in the same way as in the co-branding method, meaning together with a record label.

The way a company is branded can have a significant impact on the marketing and promotion of a product. This effect occurs through what are called *brand communities*. These communities can have either a positive or a negative impact on a company's perceived image, because the individuals involved expect the affirmation of a buying decision from the community, and they encourage a certain social identity amongst community members. (Clow & Baack 2012, 293.)

In these communities people from different customer groups of the company can bond and swap stories. They find that they can relate to others in the community, and give ad-

vice and help each other, as well as compare each other's feedback about the product and generate new ideas together. (Clow & Baack 2012, 293.)

In the context of the German music market, these brand communities can be for example people on Facebook or Instagram who follow the same brand or even the different genres of music can form their own communities. In order to get Facelift into the German music market, one of the key aspects is to reach Germany's pop-punk –communities.

6.1.2 Social Media Marketing

Social media marketing can be used in order to influence both individual users online as well as different kinds of collectives. The value of different social networks can be defined in terms of how free the members are to form groups within them and how the network supports sharing and collaboration. Another important factor related to social media is the overall consensus on it, which means the common understanding a collective has of an issue, and this kind of thinking can be very scattered or fleeting as well, meaning only some collectives think in the same way, or even if the 'whole' network agreed about something, the consensus will end eventually. (Evans 2012, 78; 80.)

“On the social web, your absence is conspicuous. Failing to participate retards the advancement of trust. In fact, it can increase the likelihood of mistrust.” (Evans 2012, 81.)

On social media the act of giving and receiving feedback is very different compared to the traditional means. Back in the day, feedback was given anonymously, but now people are no longer afraid of using their own persona to bring about their opinions of a certain company or product and this is why a company needs to be able to create and manage a functioning social feedback cycle. (Evans 2012, 92.)

Another important perspective on social media marketing is the identification and analysis of touchpoints. This analysis distinguishes all the points where a customer comes across a company or its message on social media and determines how the customer is affected by it and what could be improved upon when it comes to the company's social media existence. (Evans 2012, 110-111.)

Considering the case entity, the possible touchpoints are Facebook and the band's presence there, Instagram, others 'tagging' them into posts, as well as when a person hears the band's music. All of these situations give the customer a sense of what type of a band Facelift is.

Social networks enable both the company and its customers to participate easily and directly, whilst increasing the company's success due to increased transparency by partaking in social activities online. Although taking part in social media is mainly a positive aspect for a company's image, if not done with care it can cause more harm than good. Also all the various social media platforms provide their own challenges, for example on Twitter there is limited amount of room for characters in a single post which makes it very important to think carefully before posting anything so the message would not be misunderstood. (Evans 2012, 211; 226.)

When it comes to social media presence for artists and bands, the image they want to give people should be defined from the start, since once it is established it is very difficult to change.

“You value your music, so why would you diminish it?” Interviewee 3 (31.7.2017.)

This also goes for the case entity's social media presence. The look and style of it needs to remain constant and true to their own style, in order to create a solidified fan base in Germany. If the message people get is not in tune with the band's other attributes, the whole 'package' can be a mess.

6.2 Distribution and Communication Channels

From all the aforementioned decisions, selecting the right channels is probably the most important one for the case entity, because of the nature of the industry the band is competing in. The music industry has changed a lot throughout time, and keeps on changing as we speak, and the channels through which music can be delivered to consumers are numerous nowadays compared to how audiences have been reached in the past.

In the beginning of delivering music without the requirement of the listener going to where the performer is, before the technological advances started to occur, music was listened to on vinyl records, which was followed by the invention of CDs after which moving onto digital platforms. Currently the biggest channels through which audiences listen to music are through the internet, and purchasing traditional albums has diminished significantly, which has changed the industry in terms of how business is conducted, but has also opened the door for almost any musical performer to have their music heard anywhere in the developed world.

The next step in the export process is to identify the necessary communication channels that are particularly appropriate for the previously determined target markets. This process

is called *micro-marketing* and the use of this kind of thinking has increased vastly in the past few years, due to the realization that there is no one media that can reach the ultimate amount of targeted customers and instead marketing needs to be more customized for each segment. (Clow & Baack 2008, 30.)

6.2.1 Communication Process

The designing of successful export communication begins from the holistic concept of what a communication process is. In order to pursue effective communication and conveying a clear message between a sender and the audience, the sender shall understand the purpose of the message and to what kind of an audience they are sending it to. Through determining the type of the audience the sender can then estimate how the audience will most likely interpret and respond to the message. (Hollensen 2008, 368.)

After identifying these aspects about the audience the sender needs to consider the means of reaching the targeted audience and prepare for certain obstacles that they may come across during the process. The most typical disruption is so-called “noise” from rival companies, meaning the competitors’ messages getting mixed with the company’s own, but also factors like language barriers or differences in the sender’s and the audience’s economic state or sociocultural aspects can disturb a clear flow for the message from start to finish. Also in the case of some countries there can be legalities and regulations to be taken into consideration when sending a message, for instance in order to not to offend the target country’s cultural values. (Hollensen 2008, 368.)

6.2.2 Channel Decisions

The decision which channels a company should use in their communications activities starts off with distinguishing some of the external factors influencing the choice, for example the characteristics of the customers and the nature of the demand. Customer characteristics can include any factors related to the target audience in terms of, for instance age, gender and individual preferences. These characteristics define the nature of the demand only partly, additionally the demand includes the geographical location and the dividing of the population. (Hollensen 2008, 354.)

The nature of product and the local business practices and regulations factor in as well, depending on the characteristics of the product such as how it can be distributed and delivered, and all transnational business activities need to be conducted within the legal limits of each target country. Another factor that needs to be taken into consideration when

choosing the distribution and communication channels is the nature of competition in the marketplace. (Hollensen 2008, 354.)

For the case entity's entry to Germany, the customer characteristic -factors can be defined as young, open-minded men and women who understand and appreciate good pop-punk music, and who most likely live in or near some bigger cities. For a product like music moving within the European borders, there are not really any regulations involved. In terms of the nature of the competition in the marketplace, since Germany is one of the most evolved countries in the world, there are numerous channels to be used, and those players that manage to use the most of them in the most effective manner, have an upper-hand over the whole market.

After a company has established the outside aspects that affect the channel decisions, they can begin to look into the internal issues in terms of the possible channels to be used.

Firstly the company can examine the structure of the different channels in terms of the intermediary type and market coverage, length of the channel, degree of integration, and control and cost. Market coverage means either a certain geographical area reached through different types of intermediaries - alternative distribution channels - or the number of retail outlets, and it is defined in terms of how many intermediaries the company wants to use in the area. If the marketer wishes for an intensive market coverage, they use the largest number of intermediaries available to use, if they aim for an exclusive coverage they should only choose one intermediary, or if they want to reach a selective market, they choose some of the intermediaries to be used. (Hollensen 2008, 354.)

Next part of the channel structure to analyse is the length of the channel, in other words the amount of middlemen used in the channel to aid the distribution of the product, and the control and cost of each channel. The costs include, for example the carrying of the inventory and the physical distribution of the product, and the control aspect means the ability to generate demand, after-sales activities and the level of credit extended to the customer in every channel option. (Hollensen 2008, 354.)

The degree of integration when it comes to the different channels means, in simple terms, from which level of the channel the company wishes to seek control from. If they prefer for the control of the channel members to come about from the same level as them, meaning the same level with the competitors, the company should choose a *horizontal* channel. In

vertical channels though, the control is sought at different levels of the channel. (Hollensen 2008, 354.)

After evaluating the structure of the various channels, the focus can be turned to how the distribution channels and logistics can be managed. Hollensen (2008, 361) provides a useful guide to how a company can avoid major difficulties and complications in terms of the chosen channels. A company should focus on being its own 'boss' and not let the distributors be the ones calling the shots and be in charge of the cooperation and decide on their own how the business will be conducted between the two companies. Also if at all possible, if there are multiple national distributors used in the market, the company should create linkages between them.

When the partnerships have been created they should be nurtured and not used just as a temporary means to access a new market, and the company should make sure that the marketing strategy they create is controlled right from the start. A distributor should be chosen based on its capability to develop the markets further, excluding the ones with just a few contacts. The process of using the appropriate channels will require commitment from the management in terms of marketing ideas and money, which is why the company should ensure that the distributor is transparent in their activities and provides the required data to the company. (Hollensen 2008, 361.)

6.2.3 Distribution Channels for Music

When determining how a band can enter the German music scene from Finland there are a few different ways to achieve it, and all of these ways have their advantages and disadvantages.

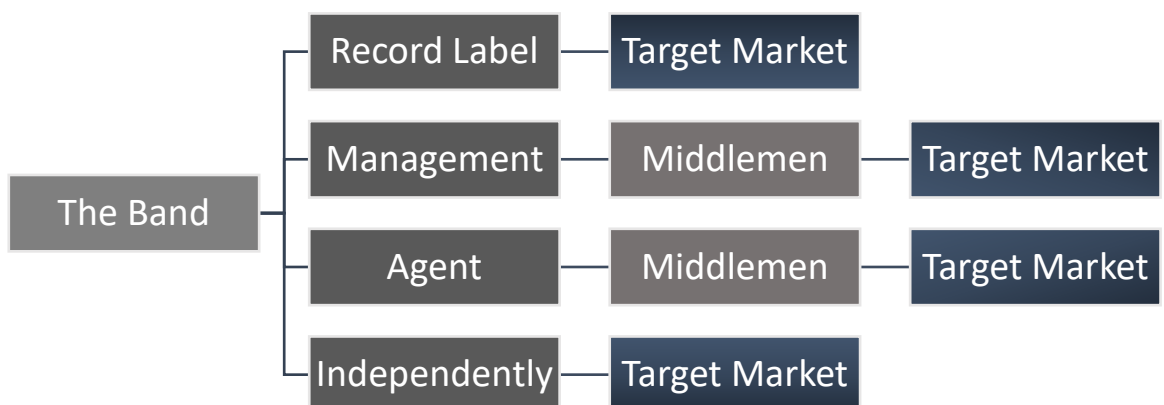


Figure 2. Simplification of music distribution

In the figure above is depicted how music distribution to another country can be executed. The easiest way is by having a record company backing the band up. Record companies already have an existing distribution system and network, and the label takes care of everything for the band in order to reach the target market. The advantage to this method is the easiness of one not having to do it by themselves, but also the fact that this method does not require knowhow from the band or artist themselves. The disadvantage is that a lot of power is lost at the same time from the band's point of view, but the truth in today's music business is that "It's difficult to go beyond just surviving without a good partner." (Interviewee 3 31.7.2017.)

When a record company wants to export music from Finland to another country, they contact their colleagues in that target country and those people take care of introducing that music to their audience. Another option is to hire a publicist or a marketing company to execute the promotion of that band or artist in another country. (Interviewee 2 28.6.2017.)

Other possibility to get directly into the target market, in this case Germany, is by independently doing all the work. The advantage to acting independently is that the band can decide on everything themselves and they are not responsible to anyone. This method is not recommendable though, due to the amount of financial resources and expertise music export takes.

The distributing of music into other countries can also be executed by signing with a management or an agent. These are sort of managing entities that act between the band or artist and the desired audience, and by utilizing all of their existing contacts and connections, aim to get the performers to the target country. The advantage in working with managers or agents is that the musician does not give up quite as much of power as with a record label, but on the other hand they do not possess quite as big of a network or infrastructure as a record label.

6.2.4 Media Selection

There are various objectives that a company wants to achieve through media selection, such as reach, meaning simply how many people in the target audience were reached, or the number of times the message reached them, in other words the frequency. Another objective can also be availability, meaning how far a certain medium can be used and in what way. The objective can also be the amount of space or time the message employed on the medium or the continuity of the message delivery. (Albaum et al. 2016, 593.) For the case entity the objective is simply to reach as many people in Germany as possible, so the band can start growing their fanbase.

One of the possible media a company can use is radio. There are some advantages as well as disadvantages to using this means of communication. One of the disadvantages is that so-called *radio plugs* hinder the accessibility to certain radio channels and many of the bigger record companies use that to their benefit (Interviewee 1 3.7.2017).

The upsides of radio media are for instance narrow target markets and high segmentation potential, meaning that since different radio frequencies offer different style of programming, the listener-base of each one is already narrowed down to the target audience. Another advantage when it comes to using radio is its flexibility and mobility, because it can be listened to almost anywhere. There are also several creative opportunities considering the relationship with the disc-jockeys and other radio personnel, who can contribute to the advancement of new talent. (Clow & Baack 2012, 229.)

On the other hand there are some disadvantages to the use of radio channels as well, for example the short exposure time and low attention due to the narrow target markets. Via radio it can also be challenging to reach bigger, national audiences, because a certain frequency only operates in a certain geographic location, in addition to the possible information overload that can occur on the radio. (Clow & Baack 2012, 229.)

In addition to the radio being a very optimal distribution channel to reach the German market, online platforms such as Spotify, Facebook, YouTube and Apple's different dimensions such as iTunes should not be dismissed. There are also certain country-specific channels that can be used (Interviewee 2 28.6.2017).

Spotify's advantages are its popularity at the moment and the possibility to choose either a free-of-charge version or a paid version, and being able to create your own playlists, and also the fact that the artists and bands can get a small retribution whenever someone listens to their music. The service itself is programmed to suggest the listener other songs and performers that are related to the ones the listener plays the most. The downside of Spotify is that there is a lot of competition for musicians. It also measures only a quite a narrow line of the music market (Interviewee 2 28.6.2017).

"The possibility of streaming music helps, although it can also hinder differentiation from the huge masses." (Interviewee 2 28.6.2017.)

When it comes to the use of Facebook, a disadvantage is that if one does not know how to use it effectively, it is easy to get lost in the masses. Facebook does have some really huge things coming up that will end up surpassing YouTube (Interviewee 3 31.7.2017).

“The great thing about Facebook is that you can pick up statistics on where every single person in the world is viewing your site. Then you can start to understand your demographics.” (Interviewee 3 31.7.2017.)

iTunes is platform where people can buy music online even one song at a time, differing from the traditional sense of having to buy a whole album of songs. The disadvantage of iTunes is the fact that numerous listeners are reluctant to pay for music nowadays.

YouTube is mainly used for videos and it is a good platform for a band to release their music videos onto, but the disadvantage of it is that its popularity as a channel to access music is diminishing, and from the musician’s point of view there is no direct payback for using it.

Since the target market is Germany (which is a country with no *national* radio as found in chapter 4), most likely either radio or Spotify would be the media for Facelift to use, in order to reach the most customers.

7 Factors Concerning the Target Market

This chapter looks into the different aspects of Finnish music export that need to be taken into consideration from the target market's perspective. The first factor to assess is the state of competition and the competitiveness required from the band or artist, followed by how to assess the market's responsiveness. The last issue to address is how to manage the cultural differences between the exporting country and the target country.

7.1 Competitiveness

Competition is one of the biggest obstacles a company faces when trying to export their goods to a new market. Competition in its simplicity means all of the different players in the same field of an industry that provide either the same product or something similar.

When it comes to export in terms of competition, often the focus point of a company's resources can be misguided towards trying to obtain knowledge in a too broad range of categories, rather than focusing on the company's existing core skills. The focus should be on two things when it comes to the competitors: their actions and how they are structured, meaning realistically how many competitors exist in the market and what type of a competitor they are or how they are determined in terms of the company. (Albaum et al. 2016, 149.)

The actions the competitors take are an important aspect to look into, mainly because an up-and-coming company can learn a lot from the existing actors in the same field. These actions include for instance the product they offer and the channels they use to reach their customers. In general the competitors' actions entail all of the tools they have available for promoting their product as well as a big factor impacting the purchasing decision; price. In the case entity's situation it is crucial that they utilize this already existing information effectively, in other words obtain a tactical competitive advantage. (Albaum et al. 2016, 149.)

A competition analysis includes factoring in the market competitors, suppliers, buyers, substitutes and new entrants. For the purposes of this research, the one to concentrate on are the *market competitors*. The market competitor assessment entails several aspects to take into account that can ascertain the state of rivalry in the industry, for instance a slow rate of the market growth and high exit barriers indicate that the rivalry is greater and more intense, whereas a high degree of differentiation in the market exhibits a sign of a lower state of rivalry. The concentration of the different competitors, for example if there is a clear market leader and less equally sized companies, thus a lower concentration of

players leading to less rivalry, or the structure of costs in the industry can be used to describe the rivalry. Also the switching costs in the industry affect the rival state, stating that with high switching costs there is less rivalry and vice versa. (Hollensen 2008, 78.)

Most of musical products though, can be described as substitute products. A substitute means a product offering in the market that is not exactly the same as the company's own product, but can be used for the same purpose and does not diminish the customer's satisfaction even though it is a slightly different product. New entrants to the industry can turn the whole rivalrous state of it upside-down. They can lower or raise the switching costs, create high rivalry with a positive brand identity, or require increased capital to be put into production. New entrants can gain access to the existing distribution channels, thus taking space from the companies that have existed earlier in the market, and they can affect the economies of scale. (Hollensen 2008, 78.)

In the German music market the competition is fierce and rarely would all customers be loyal to just one band or artist. There are so many options available – something for everyone, and there are musicians of all kinds.

The way how a Finnish musician can often make it despite the competition is by finding their own niche, something that makes their music theirs and appeals to the listener. Finnish performers have succeeded internationally in the past, because they have stayed true to their own style of music instead of changing their music to fit the frame of the time's popular music. (Interviewee 1 3.7.2017.)

When a small band without a record deal is competing with the bigger players in the music field they should familiarize themselves with the idea that even though music is art and they might pursue values greater than money, it is still an international business scene. In order to understand the music market, an independent band can for instance look into how people in their target market act in terms of what is the most profitable way for them. Another option is also to get to know how and with what kind of goals does a record company's financial side operate. (Interviewee 2 28.6.2017.)

The truth still remains that the music itself needs to be good, and in this industry, that can cost a lot money, but like said, when a 'smaller' musician is competing with the bigger ones, it takes a great deal of investment into the music itself. "You need the good guys to get the big sound" (Interviewee 3 31.7.2017), and that is how the smaller players will eventually make themselves big as well.

In order to be competitive internationally, a band needs to have certain *substance*, meaning it is still about the music, and one can only make it so far with appearance or other

eye-catching factors. The standards of what is good music and the overall structure of music have changed drastically, but after all every song needs to have a factor that appeals to people. In the music industry there are those who are only looking to produce hits and then there are those who are in it to make music. (Interviewee 1 3.7.2017.)

7.2 Market Responsiveness

One indicator of a company's capabilities to succeed when exporting to international markets is market responsiveness, in other words how easily accessible is the market in terms of the company's product. Market responsiveness is influenced majorly by cultural differences, with differences in aspects such as personal values of the consumers and general assumptions related to how business is conducted in a certain country. (Hollensen 2008, 14.)

In music export, it is not wise to send people to markets that are a dead-end, instead the process needs to be done with caution. One should gather people they can trust around them and through that build up a network and after that one can go to the *gatekeepers*, meaning the people who carry the music where it needs to go, in the hopes that they will want to carry the band's music. (Interviewee 3 31.7.2017.)

Another factor to consider is regionalism and through that protectionism. Due to globalization, protectionism does no longer appear only within country borders, but instead countries are grouped into regional clusters based on the similarities between them, thus causing protectionism to reappear around the clusters and not individual countries. (Hollensen 2008, 14.) As has become apparent in this research though, Germany is not exactly a very protectionist country – more the opposite, but still “Music is such an emotion-driven art-form that it cannot be put into a box” (Interviewee 2 28.6.2017), it is still possible that there are clusters in Germany that are protective of their own music, due to the strong emotional connection.

Considering exporting pop-punk music into Germany one needs to take into consideration that even though rock music is coming back, it won't come back as it once was. For every rise and fall of different genres they have all evolved in one way or another at the point of the next big wave. Pop-music has always evolved in a very rapid manner, which has led to the older generations disapproving of it, because the change is so fast that they are not keeping up with it anymore. (Interviewee 2 28.6.2017.)

7.3 Managing Cultural Differences

In order to assess potential cultural differences in international business, the different layers of culture need to be defined to aid the understanding of the differences. The layer that withholds all the other layers inside it is the national culture of a country, providing the general way of acting of the population and it entails things like bigger cultural concepts and factors determined by the country's legislation. Within the national layer, the next biggest layer is the cultural perspectives defined by the business or industry environment; this means the generally understood framework of conducting business in terms of competition and industry. (Hollensen 2008, 142.)

The second deepest level is company culture, going deeper into detail about the values and beliefs workers share as well as the different behaviours and meanings behind those behaviours among all members of an organization. Inside all of these three layers is the very core of the cultural appearance; the individual culture. This level is affected by all the aforementioned layers and it shapes how different individuals perceive the world. (Hollensen 2008, 142.)

Managing these differences is crucial and should be planned in advance to avoid any major damage being caused by them. For a company to be able to establish a plan for the management of cultural differences they shall begin with identifying the differences in the home country's and the foreign country's culture, norms, habits and traits. Then the problem or goal can be defined first in terms of the home country, after which from the foreign country's point of view. After the problem identification, the self-reference criterion (SRC) – the factor that affects the perception of a foreign country because of an individual's own views – must be excluded from the problem and its effect on the problem can be examined. Lastly the problem or goal can be redefined without the SRC and solved using simple standard problem solving tools. (Hollensen 2008, 154.)

8 Evaluating Performance

After a company has managed to export to its desired target market, the process should be finished off by evaluating and measuring the performance of all the executed activities as a whole in terms of certain performance indicators the company defined as a part of the export process. These measures can be divided into objective and subjective measurements, where objective measures include for instance export sales and sales volume (Albaum et al. 2016, 342).

Subjective measures evaluate the performance for example, in terms of how well the company managed to build awareness in the market and the subsequent reputation the company ascertained through exporting, as well as whether or not they achieved the objectives they defined in the beginning of the process. What can also be measured is the perception competitors have of the company, the level to which they met the expectations set out for them and how big of a foothold the company established in the market, whilst not forgetting customer satisfaction. (Albaum et al. 2016, 342.) Other indicators can be for instance redemption rates, brand awareness and brand loyalty. (Clow & Baack 2012, 413.)

What a company can also assess is the level of affection in the way the public responds to the company, in other words how they feel about the company and if they have a positive or negative image of the brand, as well as the emotional reactions that appear in the customers afterwards. For the company's online activities there are their own metrics when it comes evaluating a company's online presence, for example on social media. (Clow & Baack 2012, 413; 422.)

Other additional indicators to use as an assessment of the performance of the company are behavioural evaluations. These mean the direct sales accumulated through the export communication process activities, how well the test markets of the product responded and response rates in general, the results of purchase simulation tests as well as customer redemption rates. (Clow & Baack 2012, 423.)

All of these measures mentioned are called Key Performance Indicators (KPIs) and when it comes to determining the relevant ones for a music product, the starting point is also through the objective measures.

From music the main sales numbers are derived from the music and ticket sales, in other words the sales received from people coming to the shows and purchasing the music ei-

ther in a physical or digital form. Other revenue streams can come for instance from licensing the music to be used in movies or from selling additional merchandise such as the band's T-shirts and accessories. (Borzon 2015.)

In today's music world though, the subjective measures are nearly more significant than the objective ones. These include aspects like social media, networking and honorable mentions. Tracking the amount of visits to the band's social media sites, the number of "likes" to each post and the overall engagement with the fans are crucial statistics to keep an eye on. (Borzon 2015.)

Networking and honorable mentions are also important factors to take into consideration when it comes to measuring performance. This means assessing the amount of new connections and relationships made with other performers in the field, and paying attention to whether they are saying positive things about you or not, if they are mentioning you in any way whatsoever. (Borzon 2015.)

There are so-called *influencers*, meaning personalities that appeal to the public, on Facebook and Instagram, who have built up a huge audience of people that trust their word, therefore if one can get a recommendation from one it helps to get a lot of eyes on them. The ratio as to how many real fans a band can get from that is still small but still the publicity the band gets from that is important, and after all if the ratio is 10000 fans from 3 million views it is still 10000 more fans than the band had before. (Interviewee 3 31.7.2017.)

9 Discussion

This chapter concludes the research. Here one can find the key conclusions about the most important aspects to music export that were made during this research. The different topics are discussed in terms of the findings from both the theoretical viewpoints as well as the experts' statements in order to answer the research question. The discussion entails determinations concerning the reliability of this research, as well as the author's suggestions to the case entity in terms of the defined target market and the author's own professional learning through this thesis process.

9.1 Results

From what was gathered from the research, the current state of Finnish music export is quite good and it seems to be even improving compared to previous years. Considering the research question and the different approaches to export, it is apparent that when it comes to music, the concept of export cannot be approached from just one perspective, instead it requires a great deal of expertise in multiple areas. For bands and artists it depends greatly on whether or not they have a partner of some sort.

In terms of the first investigative question, this research shows that there are numerous different factors to consider in music export. The entire process contains both internal and external issues from the musician's perspective, in addition to several basic concepts that need to be understood in order to export music. The information gathered from the interviews pointed out that the 'business' aspect of music is increasing its importance if a band or an artist wants to succeed internationally.

When determining how to export music to Germany, probably the most important factor is segmenting the target market. As learned from the interviews, one cannot engage with their audience properly if they do not really know them, and this engagement with the fans is crucial in the music business. Diminishing the gap between the musician and the fan is what marketing music is all about.

Even in music, the target country needs to be chosen with care, and the decision is based on various differentials, and one should not dismiss the timing of the entry either. Also, as a product, music is difficult to position in simple terms and it is often defined by the industry itself, but if a band or artist succeeds to position themselves in a way that differs from the masses, they can be able to get a record deal, for instance.

From an international perspective, social media sites such as Facebook and Instagram are the key tools for bands and artists to use, and in order to export music to Germany particularly, getting onto their radio can possibly open a lot of doors for up-and-coming performers there. There are several different distribution channels between the Finnish and German music markets, but in general all the interviews came to the same conclusion; in today's music industry, every band or artist will need some kind of a partner if they wish to internationalize.

Oftentimes the motive for export for musicians is simply that they want a bigger audience – one that their home market may not have. When it comes to exporting Finnish music, these foreign market opportunities are abundant, but as the interviews showed, the target market should be chosen with care. The markets are usually segmented in many different ways and for musicians it depends on their internal and external attributes as to which market they would suit in. In the music industry, one should also segment the market in terms of profitability and purchasing power since the structure of the industry is changing.

All of the interviewees agreed that competition is extremely tough in the music industry, but it can be dealt with by the band or artist by finding their own uniqueness.

Considering the second investigative question, what is important to grasp is that, as learned from the interviews, the image of Finnish music has changed, and the Finnish music export has expanded beyond just exporting artists and bands. One of the most important theoretical factors influencing the export of Finnish music in particular is simply the geographical distance.

If a band wants to export their music from Finland to Germany, the strategy and the entry mode to be chosen depends highly on the fact if they have representation from a management, an agent or a record label. Also as stated in the interviews, it depends greatly on the objectives the band or artist has set for themselves.

The international marketing of music heavily relies on the emotional connection between a performer and a fan, and the consensus with the interviewees was that social media is the best way to engage with your target audience. In this the case of this research, with the German public this could be done by connecting with various communities for example.

Branding of musicians should most likely be done as a cooperation between a musician and a brand or a record label, also known as co-branding, in order to receive a bigger demographic.

In order to study the market responsiveness of a given market in terms of music, the easiest way is through evaluating the live shows that have been performed in that market, but it can also be done by acknowledging the number of gatekeepers one has managed to gather into their network. When it comes to the last investigative question, the biggest factors concerning the target market are, from the theoretical perspective sufficient demand, and according to the interviewees, the receptiveness of the target audience.

In music - as said by the interviewees - an artist or band is competitive when they make good music, but also manage to keep in mind that music is an international form of business. Exporting Finnish music to Germany is easier when the musician understands marketing and has business acumen according to the interviewees, but from a theoretical point-of-view, understanding all aspects of the business of export is the key to successful entry to a new market.

When exporting music, the band or artist needs to take into consideration the cultural differences that can either help or hinder the entry, and ultimately in the end of the export process one should be prepared to evaluate their performance with the most suitable indicators.

In conclusion Finnish music export should preferably be executed by the professionals that have significant experience in internationalizing music, but still nothing in music export is ever black and white. Each individual involved in the music making process is exported in the manner that best suits them and their style, and finding the right partners to work with is the most important thing a band or an artist should do.

9.2 Suggestions

This research should, in its entirety provide the case entity with the basics of what they need to know about music export. As understood from all the interviews, understanding the business side of music is something that is much needed, and it would be very beneficial for this band in particular. Facelift is still an up-and-coming group, and if they play their cards right now, they can assure themselves and their band a very comfortable future.

When it comes to exporting their music to Germany, the case entity should determine their motives for export clearly, in order to be able to differentiate what their goals and objectives concerning the target market are. Only after that, they should start thinking about which entry mode to use. The most convenient one is definitely also the hardest one; waiting to get a record deal. Surely the band will get one eventually, but as was found in this

research, nowadays record companies want to see concrete numbers before signing anyone.

Overall, the music export process is possible to be conducted independently as well, but in a very small scale. If the band is ready to commit to internationalizing, they should contact local radio stations or small venues around Germany, and get things started.

One key thing is the band's online presence. If Facelift wishes to succeed in big terms, they should establish a clear image for themselves, something that people can respond to and that is easy to remember. Generally speaking, if the band wants to export their music to Germany, they simply have to stay persistent and work hard, and once the opportunity presents itself, they ought to be ready to take it.

From a general point-of-view regarding the entire thesis, what one should do after inspecting this preliminary theoretical basis for Finnish music export, is to actually start formulating a feasible export plan. In terms of the case band in question; the next step would be to assess their internationalization capabilities from an objective perspective as well as starting to gather the financial resources music export will take.

9.3 Reliability and Validity

In short, reliability means that a certain measure is only so stable, and validity means understanding something as close to what it is and what it is supposed to be (Ghauri & Gronhaug 2005, 80-81).

The reliability of this research lies heavily on the information received from the interviewees, and since they all have years of experience in the industry one can say that the information they have provided can be considered very accurate. The music field is in its nature very fickle, thus nothing can be said with a hundred percent certainty when it comes to music, but the basic idea of export is still a constant phenomenon. In conclusion, this research can be considered reliable for the time being, but shall not be taken for granted since the industry in question is so rapidly changing.

In terms of the validity of the research one must consider that there were three interviewees, even though they all represented different perspectives of the music field, there can always be opposing views. On the other hand this research can be considered very valid, because after all the first-hand experience the interviewees provided is - in this type of a study - far more valuable than existing literature.

9.4 My Professional Learning

Throughout this entire thesis, I feel that I have learned to combine theory with concrete experience. Prior to this research project, typically the studies I have completed have been quite strictly tied to only written theory, but here I feel I managed to tie together the topic from both perspectives.

This process has also taught me how to conduct qualitative research on my own. For the first time, there was no team to rely on, instead I had to trust my own judgment. Additionally this was the first time I have conducted a *qualitative* research, which I found to be actually really useful. I feel that this report would not have had any definitive findings or results if it were not for the group of experts I had the privilege to interview.

Possibly what I could have improved upon, would be the time management of the whole thesis process. It did take me longer than I originally would have wanted, but I do think in terms of timing the theoretical research and the interviews I had the right idea. The process was never really too stressful, but mainly because I enjoyed studying this particular topic.

In general, I personally feel that since this topic is something I find very interesting and something I would like to work with in my professional future, and this thesis process put me one step closer to having my own career in the music industry.

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Appendices

Appendix 1. Interview Questions for Interviewees 1 and 2

1. How would you describe the current state of Finnish music abroad?
2. Are there some particular features to Finnish music that appeal foreign audiences?
3. What are the aspects of Finnish music that can help a new talent to break abroad?
4. Current top genres. Does Sony/Do you do research and/or how do you spot current trends?
5. Can Sony/you easily tell when it comes to new artists and bands, who can make it abroad and who should stay in the domestic market?
6. How does the system of exporting an artist or band to another country work in a record company? (Only for Interviewee number 2)
7. Are there any channels that have proven to be especially effective at reaching desired audiences at the moment?

Appendix 2. Interview Questions for Interviewee 3

1. What are your thoughts on Finnish music?
2. Are there Finnish players currently in the UK market?
3. What are some of the top genres to work with at the moment?
4. What are the competencies an artist or band needs in order to make it internationally?
5. Can you easily detect who can make it globally?
6. What drives a musician to expand to bigger, more international markets?
7. What do you think it takes for a small artist or band to succeed?
8. How does Studio X organize the marketing/promotion of new talents?
9. Are there any particular channels that are more effective than others?
10. Any other tips, thoughts or recommendations?