
**FUTURE MARKET OPPORTUNITIES IN THE FINNISH
ALCOHOL INDUSTRY**



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ABSTRACT

The purpose of the thesis was to find future market opportunities in the Finnish alcohol industry. The client of the thesis, a Finnish-owned company called Vienti DBM, S.A. located in Spain, was interested in exploring trade opportunities in the Finnish alcohol beverage market. The initial idea was to offer new and exotic products that originate from South America as the owner of the company had personal background and work experiences from that part of the world. Vienti DBM, S.A. had already been in contact with Finnish importers but considered it necessary to investigate the future market opportunities before making the next strategic move. The objective therefore was to provide information about the future trends and industry changes in order for the client company to plan its product portfolio to respond to the future customer needs.

The required information was gathered firstly by investigating the current situation in the Finnish alcohol market through existing literature, statistics and research reports. The current market analysis was then used as a basis for designing expert survey questions in order to conduct a Delphi research to gain primary information on future pathways of industry development and trends. The expert survey results were extremely interesting as the interactive discussion between the experts was made possible by Real Time Delphi method concept that enabled the experts to remain anonymous and at the same time engage in discussion with each others. Added value for the research was obtained by conducting a consumer survey in order to add a more quantitative approach to support the qualitative side of the research domain.

Research results demonstrated that the main driving forces of the Finnish alcohol industry are health awareness together with the wellness trend, ecological production methods, and tightening of the alcohol regulation. For Vienti DBM the next step is to find a reliable strategic partner to proceed with the B2B business plan that was suggested in the light of the four different future scenarios that were identified from the research results.

Keywords

Futures studies, foresight, alcohol industry, product concept, market entry strategy

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TIIVISTELMÄ

Opinnäytetyön tarkoitus oli löytää tulevaisuuden markkinatilaisuuksia Suomen alkoholitoimialalta. Opinnäytetyön asiakas, suomalaisessa omistuksessa oleva ja Espanjassa toimiva yritys nimeltä Vienti DBM, S.A. kiinnostui mahdollisten markkinatilaisuuksien löytämisestä Suomen alkoholimarkkinoilta. Alkuperäinen idea oli tarjota uusia, Etelä-Amerikasta peräisin olevia eksoottisia tuotteita, koska yrityksen omistajalla on henkilökohtaista taustaa ja työkokemusta kyseiseltä alueelta. Vienti DBM, S.A. oli jo aiemmin ollut yhteydessä suomalaisiin maahantuojiin, mutta piti erittäin tärkeänä tehdä markkinoilta löytyviin mahdollisuuksiin liittyvää tutkimustyötä ennen strategisten päätösten tekoa. Työn tarkoitus oli siis kerätä tietoa tulevaisuuden trendeistä ja toimialamuutoksista, jotta asiakasyritys voisi suunnitella tuoteportfolionsa vastaamaan tulevaisuuden asiakatarpeita.

Tarvittavan tiedon kerääminen aloitettiin tutustumalla Suomen alkoholitoimialan ja –markkinoiden nykytilanteeseen kirjallisuutta, tilastotietoa ja tutkimusraportteja hyödyntäen. Markkinoiden nykytilan analyysia käytettiin pohjana asiantuntijakyselyn kysymysten suunnittelussa, jotta voitiin suorittaa Delfoi-tutkimus tuottamaan ensisijaista tietoa tulevaisuuden trendien kehityspoluista ja toimialakehityksestä. Lisäarvoa tutkimukselle tuotti kuluttajakysely, joka suoritettiin tuomaan kvantitatiivista tietoa kvalitatiivisen tiedon tueksi.

Tutkimustulokset osoittivat, että Suomen alkoholitoimialan voimakkaimpia tulevaisuuden muutosvoimia ovat terveystietoisuus sekä hyvinvointitrendi, ekologiset tuotantomenetelmät ja alkoholilainsäädännön tiukkeneminen. Opinnäytetyö esittelee neljä tutkimustuloksiin perustuvaa tulevaisuuden skenaariota, joiden perusteella Vienti DBM:n tulisi löytää luotettava strateginen partneri voidakseen edetä liiketoimintamallin suunnittelussa.

Avainsanat Tulevaisuudentutkimus, kaukokatseisuus, alkoholitoimiala, tuotekonsepti, markkinoilletulostrategia

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“The best way to predict the future is to create it!”
 - Abraham Lincoln

1 INTRODUCTION

1.1 Background

Organic products are the biggest trend in today's food and beverage market worldwide. The trend is only becoming more popular and there are various studies that have indicated the environmental benefits of growing organic food. (Organic Trade Association, 2011) The alcohol beverage market has also been overtaken by organic wines, spirits, and beer. The question of the moment is whether this trend will exist in 10 years from now or will there be another dominating trend in the alcohol market? It can be argued that the alcohol industry is perhaps one of the most trend and fashion conscious industries in the world. Nothing is permanent and newness of the products keeps attracting consumers. In order to succeed in the alcohol market it is necessary to identify the trends that come and go, but also the values that are constant and never-changing.

The overall consumption of alcohol in Finland has reached a level that is considered high even in the European level. (Ministry of Social Affairs and Health, 2006, 37) This means that there are business opportunities; it is only a question of finding them. This study aims to investigate future trends of the alcohol beverage industry in Finland in order to make suggestions for the best possible product concept for the future market needs. Based on the outcome of the study the purpose is also to make suggestions for a market entry strategy for the proposed product concept.

The client of the study is a Finnish-owned company called Vienti DBM, S.A., located in Spain and interested in the possibility of doing trade in the alcohol market by offering new and exotic products to the Finnish alcohol industry possibly through a Finnish importer. The owner of Vienti DBM, S.A. has a personal background and work experiences in South America and the idea to introduce new spirits and alcohol beverages to the Finns came from the local markets in South American countries as the offered variety is much greater there. The owner has alcohol producer contacts in Argentina, Brazil, Colombia, Chile, Guatemala, Mexico, Uruguay, and Venezuela, so it can be argued that the contact network has already been established and information on transport and customs procedures have been thoroughly investigated. Vienti DBM, S.A. has also been in contact with Finnish importers and obtained valuable information from them, but considers it necessary to investigate the future market opportunities before making the next strategic move.

1.2 Objectives and research questions

1.2.1 Objectives

The long-term objective of the study is to provide valuable information for Vienti DBM, S.A. with regards to the future market trends of the alcohol beverage industry in Finland. This information will allow the company to plan its product concept to respond to the future customer needs and will also allow the company to successfully sell its products to the Finnish alcohol importers during the following decades.

The short-term objective of the study is to forecast future market opportunities by building possible future scenarios that the experts of the industry have identified through participation in the Delphi research of this study. In addition to expert views an important part in the scenario building comes from the consumers' opinions as there will be a consumer survey to ensure that the consumers share, or do not share, the experts' views. By obtaining this valuable information about the future market opportunities it is possible to proceed to making suggestions for a suitable product concept and a successful market entry strategy.

1.2.2 Research questions

As the client of the study, Vienti DBM, S.A. has no previous experience of the alcohol beverage industry and is hesitant to take the next step before thoroughly investigating the market opportunities it is necessary to conduct a market research on the future trends of the industry. Based on the analysis of the future market opportunities it is easier to determine the best possible product concept and market entry strategy.

The research questions can be divided into three parts as detailed below:

1. What is the current market situation?
 - What kind of competition exists in the market?
 - What are the current market trends?
 - What is the consumer behavior like?
 - What is the operating environment like?
2. What are the future trends of the market and the possible changes in the industry?
 - What are the market trends of the future?
 - What are the industry changes of the future?
 - What are the product features of the future?

- What kind of competition / cooperation will exist in the future?
 - What are the marketing and market entry methods of the future?
3. What is the best possible product concept and market entry strategy?
- What kind of a product concept should Vienti DBM have?
 - What is the best possible market entry strategy for the proposed product concept?

The research question 1 will be answered through existing information from literature, articles, and statistics. Investigating the current operating environment is quite an extensive task, but it is considered necessary in order to proceed with the planning of the survey questions. The research question 2 will be answered through gathering of new information by conducting a Delphi research for the experts of the Finnish alcohol industry and a consumer survey for the Finnish alcohol consumers. The research question 3 will be answered through analysis of the outcome of research questions 1 and 2. The main conclusion should be a Business Model Canvas for Vienti DBM, S.A. making suggestions for key partners, key activities, key resources, value propositions, customers, channels, cost structure and revenue streams. This part of the research will be somewhat direction-giving, and not too specific, so that Vienti DBM, S.A. can take its own decisions regarding product portfolio and market entry strategy based on the research data and the suggestions provided based on the research results.

1.3 Key concepts

This chapter describes the key concepts of the research.

Futures research. Futures research is gathering of information related to the future and critically analyzing it. (Seppälä, 1993) It is a new field that involves systematic and explicit thinking about alternative futures. It is commonly used to support decision-making processes and to identify different futures that can be divided into three categories; possible, probable, and preferable. (Bell, 2000) Futures research aims to describe what kind of events are to occur in the future. It seeks to influence general thinking, values, and decision-making in order to make choices that are suitable for the probable future scenario. Futures research should not be mixed with forecasting because futures research always has its basis on the present situation and on the present information. The principles of futures studies can be described as follows; 1) future is not predictable, 2) future is not determined, and 3) future is a consequence of our actions and choices in the present. In order to make those choices correctly it is important to know what is possible, what is probable and what is preferable. (Rubin, 1995)

Foresight. The Oxford dictionary (2012) defines foresight as ability to predict something that will happen in the future and also as ability to predict what will be needed in the future. In other words foresight is ability to prepare wisely for the future. The Business dictionary (2012) defines foresight as knowledge into a future event. Sense of foresight can also be developed through current knowledge, past experiences and also through intuition.

Alcohol beverage industry. The US Legal (2012) defines alcohol beverage industry as a term referring to brewers, vintners, distillers, importers, distributors, and retail and online outlets that sell or serve beer, wine or spirits. Also the International Center for Alcohol Policies (2006) describes alcohol industry to consist of the different actors in the supply chain; producers of agricultural and raw material, transportation, producers of alcohol, retailers, wholesalers, hotels, restaurants and cafes (HoReCa). The alcohol industry functions around production and distribution of alcohol, which in turn generates employment and is an important source of tax revenue for the government.

Product concept. Product concept is a vision of the product and it should answer the following questions; 1) What is it?, 2) Who is it for?, 3) What unmet needs it fulfills?, and 4) How is it distinguished? (Haine, 2008) Often the product concept also emphasizes the problem rather than the solution. According to Haine (2008) it is important to define the vision in terms of the problem in order to obtain a better understanding of how the product will meet the consumer needs and how it will solve the existing problem. A product concept defines the idea and the story of how the product will benefit customers.

Market entry strategy. Market entry strategy is a company's plan to enter foreign market. Different strategies to go abroad are the low investment and low risk strategies of exporting, using agents, licensing and franchising. These strategies require representation of a third party in the target country and are usually contractual deals. Contractual joint venture and equity joint venture are different forms of co-operation and include moderate risk and moderate investment. Establishing a subsidiary in the foreign target market is the market entry strategy with highest risk and highest need for investment as it means automatically making a foreign direct investment. (Döhl, 2012)

1.4 Theoretical framework

The theoretical framework of the research deals with foresight as a basis for business and strategy planning. Sherin (2010) points out that foresight in business planning has become extremely important in today's changing markets. Sherin (2010) also mentions that having scenarios and being able to do planning around resource allocation are the key issues. It is important to allocate capital based on the future growth projection and to have

an alternative ready in case the scenario does not unfold as it was expected to. Sherin (2010) mentions that having a view of the future is crucial when taking decisions related to resource allocation and also being able to deal with uncertainties when they arise are the success factors for many companies.

Theoretical framework will also concentrate on product concept creation and market entry strategy planning as the final outcome of the thesis project should be suggestions for suitable product concept and market entry strategy. The concept should be designed for the future since the research question is related to forecasting the future trends of the market and designing a product concept for the future consumer needs. The market entry strategy should also be designed specifically for the future success products but should be implemented already in the present in order to obtain good partnerships and contacts for entering the market already in the near future. Future success products should be introduced to the market as soon as possible in order to create consumer awareness and to prepare peoples' mindsets for the new products.

Alcohol beverage industry is included as an integral part to the theoretical framework and to the key concepts of the thesis. This is due to the fact that foresight in business planning and design of product concept and market entry strategy are throughout the thesis constantly reflected to the Finnish alcohol industry. Also the research results at the end are applied to practice in order for the client company to succeed in the Finnish alcohol industry. Figure 1 demonstrates the four different areas of theory and also graphically communicates the fact that in this research they are interlinked and together create the basis for the theoretical framework.

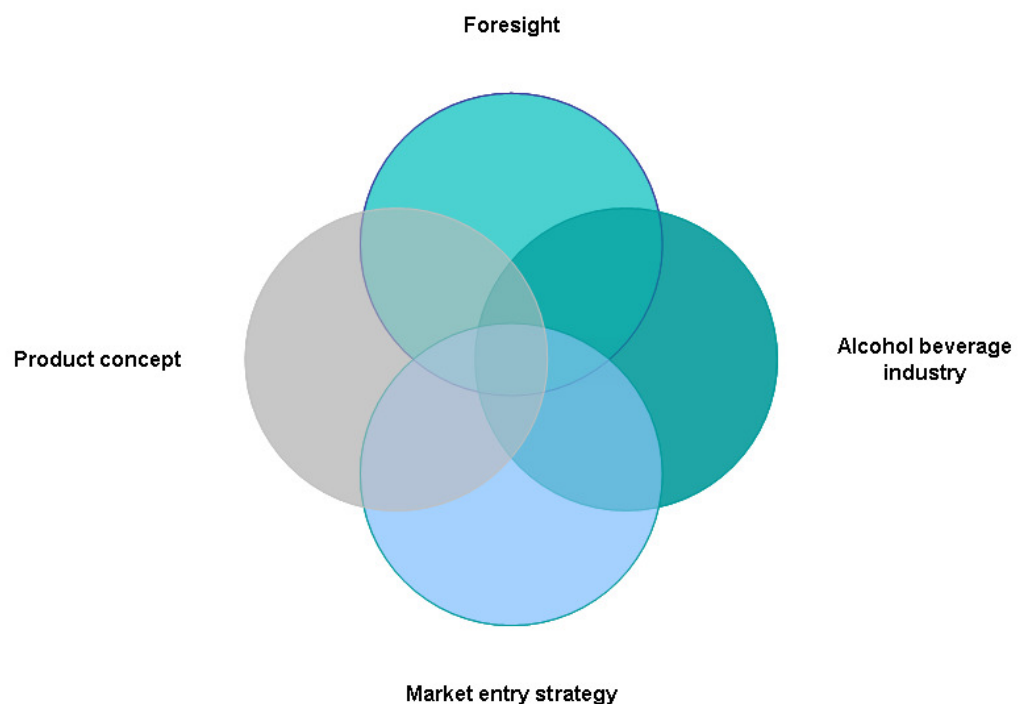


Figure 1. Theoretical framework.

The main sources of information for the theoretical framework are futures studies related literature from international and from Finnish authors, and strategic planning related literature. One important source of information is the Finnish Society for Futures Studies that in cooperation with the Finnish Ministry of Education organizes the monthly held Delphi workshops where futures studies are being introduced and where it is easy to obtain guidance and information from professionals of the futures studies field.

1.5 Research design

1.5.1 Research plan

The research has been divided into three parts according to the previously described research questions; 1) investigating the current market situation, 2) investigating the future industry development and market trends, and 3) providing suggestions for a product concept and a market entry strategy. These three research questions can be found from the research design model demonstrated in the Figure 2.

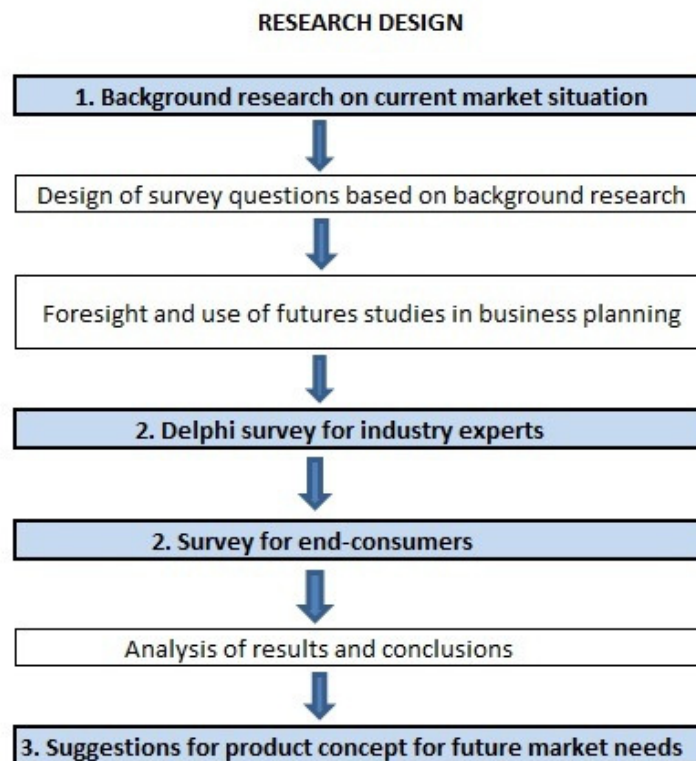


Figure 2. Research design.

The background research on the Finnish alcohol industry includes analyzing the competitors, consumer behavior, and trends, as well as conducting an analysis on the operating environment. This part of the research will be performed by studying the existing information on the alcohol beverage industry from literature, articles, and statistics. The background information will then be used for designing the survey questions for both expert panel and consumer panel. In this stage the theoretical framework of foresight in business planning will be studied in order to understand how the Delphi survey would best serve the client company's interests.

The second part of the research is identifying the future trends of the market and possible changes in the industry. This part will be examined through the Delphi method where experts of the industry answer to different kinds of future hypothesis, and through a consumer survey where Finnish consumers provide their outlook on the experts' views. Both survey results will be thoroughly analyzed in order to draw clear conclusions on the future market and industry behavior.

To conclude the research and to use the information gathered from the first and the second part it is necessary to provide suggestions for a suitable product concept and market entry strategy. This part of the research will not be too specific as the emphasis on the research is on finding out about the future market needs and it is then up to the client company to take strategic decisions on product portfolio creation and market entry strategy. The study will only propose ideas for a suitable product concept and make suggestions on how to enter the market.

1.5.2 Role of Delphi method in the research

As the research will be used as a basis for making strategic decisions and in the planning of business strategies it is necessary to use a research method that provides valuable information for this purpose. The Delphi method has been widely used in companies as a tool for strategic planning and decision-making as it provides information about the driving forces of the industry and helps companies to build different future scenarios based on the probability of these driving forces. (eDelfoi 2009)

The role of Delphi method in the research is significant, not only as a research method but also as a way to gather all industry experts together and to establish new relationships and contact networks for the future business. The experts participating in the Delphi research are the same people who the client of the study wishes to engage with in the future business opportunities. Gathering of expert knowledge is crucial for the research as it gives good insight into the industry development and provides an excellent basis for planning the end-consumer survey. The Delphi method therefore is closely linked to each part of the thesis project.

1.5.3 Importance of Delphi workshop for the research

Through Delphi workshops that are held on a monthly basis by the Delphi Developers Community it is possible to receive guidance, assistance, technical support and feedback on the different research phases. Through this community it is also possible to use the eDelfoi –web tool for the execution of the Delphi research. For these reasons the importance of this contact network for the success of the selected study is very large.

The Delphi Developers Community has existed in Mikkeli since the 1990s and is today one of the leading communities of Delphi development in the world. This is due to recognizing in an early stage the importance of Internet and social media in the actual execution of the research. (Kuusi, 2012) Otavan Opisto has done remarkable work with developing the eDelfoi tool and with giving guidance to researchers on how to use the method and how to get the best out of it. (Linturi, 2012)

It is also important to hear comments and suggestions from people who already have performed research by using the Delphi method. Through that feedback and knowledge it is easier to plan a specific study and to try to avoid the mistakes made in the previous studies. According to Kuusi (2012) the Delphi workshops are in fact a unique institution in the whole world and are the best forum to learn about the method. He mentions that the Delphi method has experienced such rapid development that the literature has not been able to follow and therefore in order to learn about the method one should not rely only on existing literature and Internet sources, but to join the Delphi Developers Community to keep oneself updated regarding the new variations and possibilities of the research method. (Kuusi, 2012)

2 CURRENT MARKET SITUATION AND OPERATING ENVIRONMENT

As mentioned previously, it is necessary to describe the current market situation and the operating environment even though it is quite an extensive task. The selected research method, Delphi method, requires knowledge of the present situation since the future hypothesis of the expert survey need to be based on the current situation. The Delphi method, even when it deals with future development as far as 20 years ahead, is always based on the present situation as the future views are expressed as per today's situation.

2.1 Current market situation

Current market situation in all industries requires the companies to be proactive in developing their products and adapting to rapid changes in the operating environment. The traditional approach of “don't touch it if it's not broken” just does not apply anymore. Constant development and innovations are required in order to maintain the market position. (Mäntyneva, 2012) In this chapter the Finnish alcohol industry is being observed from the points of view of competition, consumer behavior and trends.

2.1.1 Competition

Competition is a cruel word for many companies as they are not able to survive due to high levels of aggressive competition in the market. Constantly we are reading from the news about profit warnings, stock market fluctuations, accounting frauds, and about massive lay-offs in companies. According to Stähle et al (2002) knowledge as a competitive advantage is extremely important for companies. The market is expanding through globalisation and there is less regulation in the worldwide operating environment. The modern information technology also creates pressure to compete with new advanced methods as complete industries can die upon new technological inventions. The market uncertainty is also creating difficulties for companies to compete as consumers are becoming more individual-oriented and their purchases can no longer be monitored as something that could be referred to as mass behaviour. This is why it is more and more difficult to forecast consumer needs and consumer behaviour and to use that information as a competitive advantage. (Stähle et al, 2002, 9)

There is aggressive competition in the Finnish alcohol industry as well, even though there is a clear division between the monopoly and others. The Finnish monopoly, Alko, is the sole right holder of retailing alcohol beverages that contain more than 4,7% ethyl alcohol by volume. Alko acts independently but is completely owned by the state and operates under the Ministry of Social Affairs and Health. (Alko, 2012) Alko has a somewhat contradictory aim in trying to sell, but at the same time trying not to promote sales. According to a research report by Örnberg & Olafsdottir (2008) in *Nordic Studies on Alcohol and Drugs* the Nordic countries are some of the rare countries with a state-owned alcohol monopoly. They argue that it is not very likely for monopolies to exist in the future as free trade is the ideology of today's world.

In addition to Alko, there is another state owned company called Altia that is a leading Finnish wine and spirits producer, distributor, and seller. Altia sells its own and also its suppliers' brands. Altia's main customers are the monopoly, wholesalers, restaurants, and grocery stores. (Altia Finland, 2012) Altia's market share in Finland in 2011 for spirits was 55% and for wines 27%. (Altia corporation, 2012) In addition to Altia, there are other Finnish alcohol producers, such as Oy Hartwall Ab, Olvi Oyj, Oy Sinebrychoff Ab, and Nokian Panimo that all belong to the Federation of the Brewing and Soft Drinks Industry that promotes the interests of the Finnish producers and cooperates with Finnish food and drink industries. (Federation of the Brewing and Soft Drinks Industry, 2012) The smaller breweries, that usually operate attached to a restaurant, together form the Federation of Small Breweries that today has 22 breweries as its member. (Pienpanimoliitto, 2012) According to Hakanen (2004) a change of structure has happened in the Finnish alcohol industry where large companies succeed by eating the smaller ones. Hakanen claims that only by having a full selection of alcohol beverages or by specialising in a niche product it is possible to operate in the alcohol market in Finland.

2.1.2 Consumer behaviour

The total consumption of alcohol beverages in Finland remained at the same level in 2011 as it was in 2010. Wine, beer and long drink consumption increased while spirits, strong wines and cider consumption decreased. (Valvira, THL & Tilastokeskus 2012) This development in the consumer behavior tells us about the decreasing consumption of strong spirits and shows signs of decrease in the binge drinking behavior that has dominated the Finnish drinking culture for decades. However, there is a noticeable increase in the unregistered consumption of alcohol beverages due to travelers' imports, legal and illegal domestic alcohol production, alcohol consumption abroad while travelling, and alcohol smuggling. (Valvira, THL & Tilastokeskus 2012) This development in the consumer behavior tells us about the increasing habit of bringing alcohol from abroad and consuming it at home.

The buying behavior experienced a slight change in 2011. The alcohol purchases from Alko stores decreased by 1,6% and the alcohol purchases from retail outlets increased by 2,1% compared to 2010. During 2011 40% of the alcohol sold was purchased from Alko, 46% from convenient stores and 14% from restaurant sector. (Valvira, THL & Tilastokeskus 2012) According to an article in Yle News (2012) the sales of clear spirits are falling in the Nordic countries and in the Baltic area. According to the article this trend is expected to continue. Finns are buying more wines and milder drinks which is causing the sales of clear spirits to decrease.

According to Lampikoski & Lampikoski (2000) the Finnish foodstuff industry is experiencing changes in consumer behavior and trends. Finns are looking for products that are of high quality, good for health, fresh and pure. On the other hand Finns are also looking for exotic products; this can be seen in the success of ethnic restaurants in Finland and in the demand of foreign exotic products in the supermarkets. Consumers prefer functional foods that serve two purposes; they taste good and are also good for one's health. According to Jussi Simpura from the Finnish Foundation for Alcohol Studies (in Lampikoski & Lampikoski 2000, 248) Finns are still lacking the dining tradition with few classes of wine whereas the sauna drinking has been increasing constantly over the years. Finland is a beer-drinking country as 60% of all alcohol consumed is beer. "If prices were to fall and trade was to become less regulated we would quickly witness new consumer behavior", comments Simpura.

The consumer behavior of eating has become polarized according to Lampikoski & Lampikoski (2000, 237). From the traditional opposites "eating at home" vs. "eating out", the foodstuff industry has become polarized in many different dimensions. It can be observed that the same has happened to the drinking behavior. The polarization of drinking behavior is illustrated in Table 1.

Table 1. Polarisation of drinking behavior

Drinking at home	Drinking outside home
"Sophisticated" drinking	Binge drinking
"Gourmet" – drinking	Drinking cheapest
Specialties	"Always the same"
Ethnic variety	National drinks
Time oriented drinking	Unregular drinking hours
Drinking in parties and in events	Drinking when depressed
Alcoholism	Teetotaller

There exist complete opposites of people in terms of how to drink alcohol. Drinking at home is becoming more popular due to high prices of alcohol in restaurants. (Kauppalehti, 2011) Another reason for people not going out to nightclubs anymore is the fact that online dating services have replaced the need of going out to meet new people. (Iltalehti, 2012) The health trend has created a more sophisticated way of drinking but according to an EU survey of alcohol consumption in 2007 binge drinking continues to dominate the drinking behavior of Finns. (Fox News, 2007)

Quality is also increasingly important for some people while the heavy consumers always buy the same cheap products that they have bought for years. On one hand there is a demand for a variety of exotic products from abroad whereas the national drinks, such as vodka and beer, remain popular. (Jääskeläinen & Virtanen, 2010) There is a consistency of drinking whenever there is a social event but there are also people who enjoy their drink whenever they feel like having a drink. Some people drink alcohol mainly in positive events and in parties while others drink especially when they are depressed. It has also become more popular to abstain oneself from alcohol use while the complete opposite is the condition of being an alcoholic and needing treatment in order to recover.

Even though the worldwide response to over-production and over-consumption is the trend of downshifting with all kinds of slow- and flow-movements, the total amount of alcohol consumption still keeps increasing. (Mokka & Neuvonen, 2009, 29)

2.1.3 Trends

There are some strong already existing trends in the alcohol market. The following trends have been identified through a thorough analysis on the current alcohol beverage industry. The trends are universal and therefore can be considered to apply for the Finnish alcohol industry as well.

Quality products. According to a report published by Eurocare (2009) there is an increasing consumer demand for quality products. This is partly linked to the “green” trend and ecological thinking in such a way that people are looking to buy quality products that actually last longer so that there will not be as much burden to the environment with regards to waste.

Ready To Drink beverages. Another growing trend in today’s market are the Ready To Drink (RTD) beverages. These usually are beer, cider, long drinks, or different kind of low alcohol products that are extremely popular among young adult women who consider RTD’s to be their party drink. In the wine market bottles are getting smaller to attract younger consumers and to increase the number of drinking occasions in general. The key consumer drivers for RTD’s are 1) consumer’s desire for healthier products with low levels of alcohol, 2) consumer’s desire to socialize, 3) consumer demand for more flavors, especially sweeter and fruitier, and 4) growing consumption of alcohol by young women. (Eurocare 2009)

Healthier alternatives. The female market is being targeted by other producers as well. Especially in Western Europe the distillers are increasingly looking to the female market for growth and are building product concepts on the growing reputation of spirits as a healthier alternative to beer. However, traditional beer, niche products and craft beer will continue their steady growth. There is a noticeable trend of “healthy products”, drinks

that have functional benefits. Those kinds of products can be for example mixes of alcohol with health-related ingredients. (Eurocare 2009)

Lighter drinks. According to the Yearbook of Alcohol and Drug Statistics 2011 published by the National Institute for Health and Welfare (2011) a growing trend in the Finnish alcohol market is the shift from strong to lighter drinks. This also speaks about the growing number of female drinkers. Another observation in the yearbook is the fact that having alcohol at meals is still rare and regardless of the shift from strong to lighter drinks binge drinking still remains popular .

Organic products. The organic trend in the alcohol industry continues its steady growth. According to an article in Erie Times News (2008) the organic alcohol is appealing especially to vegans and to people who are moving towards the environmentally-friendly way of consuming. High quality is often associated to organic alcohol due to its very strict production methods and it helps to increase sales of organic beverages.

Colors. According to Rislakki (2004) the color-thinking has arrived from Japan to Europe. In Japan it is a common belief that one should, on a daily basis, enjoy something with each of the following colors: blue, green, white, red and yellow. Rislakki (2004) mentions as an example the product family of Finlandia Vodka that offers different flavors according to these colors. It is a matter of providing a color for each feeling and situation.

Customized products. Aaltonen (2012) believes that in the future the corporate world and the consumers have a common dream in creating products and services that serve both sectors as much as possible. The corporate business men have to work together with the consumer in order to create the product that is needed and in some cases the customization process can even be left for the consumer to handle. Aaltonen (2012) also points out that the customization will possibly become impossible to handle as people are requiring so many different things that the end result of the product almost always has to be different. This leads the companies to produce somewhat unfinished products so that the consumers can finish the product themselves.

2.2 Operating environment

The operating environment of the alcohol industry is described in the following chapters through economic, political, technological and social environment.

2.2.1 Economic environment

World economy is in the middle of great changes. Nothing is permanent and as easily understandable as it used to be. The world has become unstable and we are living confusing and unpredictable times. The information overload is constantly increasing and time is no longer a concept of events that follow each others, but many events occurring at the same time in different parts of the world. The difficulty is to understand the interrelations of these different events. For this reason, it is becoming more and more important to forecast future changes and to identify the driving forces behind those changes in order to maintain competitive advantage. (Rubin, 1995) According to a report published by Eurocare (2009) the key drivers of growth are 1) the increasing number of world's young adult population, 2) emergence and growth of middle class with good income levels, and 3) consumer desire to change to more premium quality products.

Anderson & Moro (2008) have studied the consumption of alcohol during economic downturn. They have observed that the alcohol consumption can change heavily during depression and recession. People start drinking at home where the consumption is not regulated at all in terms of closing hours and strenght of drinks. They have also made the observation that even though consumption of other goods decreases during depression people still spend money on alcohol as they find relief by enjoying drinks during difficult times. Considering that the world economy is, in fact, experiencing difficult times, it is probable in the light of Anderson & Moro's research that alcohol consumption will increase.

2.2.2 Political environment

Finland has one of the most regulated alcohol industries in the world. For example the advertising of alcohol is permitted only for mild alcohol beverages (below 22% ethyl alcohol by volume) and has many limitations regarding the timing and place of the advertisement. The government is currently proposing a change in the existing alcohol legislation (1143/1994) to forbid the advertising of alcohol almost completely. The only acceptable advertisements would be for mild alcohol beverages and after 11 pm at night. The advertisements would need to show the product information and would not be allowed to show anything else. (Government proposal, 2012) According to the government proposal to the parliament for changing the legislation about alcohol promotion, there are various research indicating that alcohol advertisements increase alcohol consumption among young people.

In European Union the member countries are allowed to decide their own alcohol policies. Some countries, such as Germany and Greece, have no limitations whatsoever regarding the advertising of alcohol products and

some countries, such as Norway and Sweden, have even stricter regulation than Finland. The Finnish government is pointing out that the consumption of alcohol has quadrupled in Finland during the past 40 years and according to a research conducted by the World Health Organisation limiting alcohol advertising is the second most efficient way to reduce consumption. The most efficient way is to increase alcohol taxation. (Government proposal, 2012)

However, in countries of high level of alcohol regulation the results have not been positive. According to a press release of the Federation of the Brewing and Soft Drinks Industry (2010) Sweden has experienced a rapid increase in traveler imports, in grey trade, in underage drinking and unemployment in the restaurant sector as well as closing of breweries because of high alcohol taxation. The Federation points out that the Finnish and Swedish alcohol policies are quite similar and therefore the same kind of development is expected to happen in Finland. Instead of limiting availability and distribution even more, the government should focus on long-term alcohol education through marketing and advertising methods.

2.2.3 Social environment

One of the biggest future-shaping forces in Finland during the following decades is the ageing of the population. As the aged population will be the dominant group it will also to some extent dictate the market needs that changes consumer behavior of alcohol consumption. According to Haarni & Hautamäki (2008) alcohol has taken a larger role in the lives of the aged population. In general though the consumption remains below the consumption levels of the working aged population, but it is important to realize that the alcohol consumption among aged population has become more regular. Haarni & Hautamäki (2008) also point out that the aged population in general has learned how to control their alcohol consumption and are quite satisfied with their occasional zips of alcohol.

Another strong driving force of the social environment in the Finnish alcohol industry is the health and wellness trend. People are already making healthy lifestyle choices due to increased awareness of health and wellness. Consumers have understood that not everything that is being sold in the supermarket is actually clean and healthy and therefore they feel empowered to influence their own wellbeing by taking the initiative to purchase organic and closely produced clean products. According to Siitonen (2007) the health trend can heavily be seen in the beverages as well. People are consuming more tea and flavoured health-promoting waters, and the trend will quickly move also to alcohol beverages. Siitonen (2007) claims that organic, exotic and multiple taste layered drinks are the success drinks of the future.

Strongly related to the health and wellness trend is the development of ecological thinking. According to Bialy (2008) the organic trend and environmentally friendly production keep changing the markets. The ecosystem is increasingly being considered in all production models as the global climate change has reached alarming stages and is obvious to the eyes of the consumers as well. People and businesses are adopting the lifestyle of living green and helping the environment in order to slow down the climate change and to avoid damage and contamination to air, water and land. Social environment of all consumer behavior includes also the trend of personal branding. An individual lifestyle gets emphasized and it includes certain kind of drinking and eating habits as well as clothing and branding oneself. According to Schawbel (2009) personal branding is not only for celebrities, but for all individuals who are interested in promoting and communicating about their personal lifestyle choices and achievements. The social media tools have made it easy for people to enter into discussion about different kinds of lifestyles and partly influenced the importance of online personal branding.

2.2.4 Technological environment

The technological environment in the Finnish alcohol industry is also changing according to the global technological development. Availability and distribution of alcohol are transferring to the virtual world. The Norwegian alcohol monopoly is already offering home deliveries and the Swedish alcohol monopoly Systembolaget is considering of doing the same in Sweden. Turun Sanomat (2011) describe the operating model that Systembolaget is designing; two days delivery time and additional cost for home delivery. The representatives of Systembolaget (Turun Sanomat 2011) mention that this change is about adapting the operating model to the reality in which people are living today. Consumer behavior is drastically moving towards online shopping and home delivery system.

Another driving force of the technological operating environment is the forming of clusters and networks. New technologies and the disappearance of national and industrial borders create new ways of organizing production, networking and building better value chain. The Finnish Ministry of Employment and the Economy (2010) describes how Finland has gained global competitive edge by adapting the cluster-based operating model in different industries. There are various strategic centers for science, technology and innovation, as well as regional competence clusters that all help to improve the innovation environment in Finland and to make it more attractive to foreign investors. The main idea is to form clusters where companies and organizations are both competing with each other and also cooperating to increase regional or industry-wide success. A good example presented by the Finnish Ministry of Employment and the Economy (2010) is the forest industry in Finland that has joined forces in re-

search and development in order to strengthen regional competitiveness. This kind of cooperation and network-based operating model could be very interesting in the Finnish alcohol industry as well.

As it has been demonstrated in chapter 2, the current situation of the Finnish alcohol industry is quite multi-dimensional. There is a lot of political discussion, many problems with alcohol related harm, ethical issues, changes in consumer behavior and trends that are already becoming stronger and influencing the operating environment. Due to the volatile nature of the Finnish alcohol industry, it is necessary to perform an analysis of the future market opportunities before taking strategic decisions on business model of the company. Foresight methods, and especially futures studies, are needed in order to obtain a reliable view on the future industry development.

3 FUTURES RESEARCH AS A BASIS FOR BUSINESS PLANNING

3.1 Futures research

Futures research, or futures studies, is a relatively new area of science. It is becoming popular in today's world of rapid changes as the future is more and more difficult to manage. Futures research aims to take views and facts of today's situation as the basis for forecasting the future. The past and the present have already been determined but future is an open concept that can turn out to be very different from the present. People have always been intrigued by the future as it is full of opportunities and possible pathways and only some of them will turn into reality. It is a question of finding the most probable future possibilities but also preparing for the other possible future scenarios. (Niiniluoto 2002, 7) Forecasting the future at least to some extent helps people to focus, to motivate themselves, to save resources and to choose appropriate tools and strategies for future situations. (Kamppinen, Malaska & Kuusi 2002, 20)

3.1.1 History

Throughout the times people have tried to guess the future outcome of certain things and to interpret patterns and cycles in such a way that it would help them to understand the future behavior of the object being observed. What has varied, and still does, is the perception of time. Depending on the culture, on one's social status, and on many other variables, people look at the future with different mindset and some like to look much further than others. According to Wendell Bell (2000) the history of futures studies can be traced down to ancient cultures, as far as the ancient Greece where prophets used different methods in order to understand and to forecast the future. Söderlund & Kuusi (2002) mention that the first futures studies were related to societal change in regional and in national level. Today it is the technological development what interests many companies and societies. Another area of interest for futurists in Asia and in developing countries today is the future of cultures. What still today remains under debate is whether the science of futures studies was born in Europe (France) or in the United States. Either way it was born during the World War II. (Söderlund & Kuusi 2000, 251)

Mannermaa (1993, 19) mentions that some scientists completely deny the existence of futures studies as a science as they claim that future can not be studied because it does not exist. This approach however, according to Mannermaa (1993, 21), is not considering the many successful studies that have been performed with the help of research methodology of the futures

studies. Mannermaa mentions that futures studies might not be a science as such, but it certainly is an area of research that has its own characteristics, own research problems and partly also its own research methods. Futures studies is scientifically larger than any forecasting methods that belong to other sciences. Bell (2000, 70-71) also argues that the field of futures studies has established its place in the scientific field and has an important role in helping to shape the fore coming human future.

3.1.2 Purpose

Futures studies does not rule other sciences out, but uses their data to produce new aspects and different kinds of future oriented views from that specific data. (Söderlund & Kuusi 2000) Therefore futures research is always based on the current situation. According to Bell (2000, 70-71) the main reason for futures studies is to improve decision-making and also consequently improve the action-taking. The three dimensions that all futurists seek to find are 1) the possible future (what could be), 2) the probable future (what is likely to be), and 3) the preferable future (what ought to be). Through this kind of a prospective thinking futurists seek to explore different futures and that way contribute to the well-being of living people and of future generations. (Bell, 2000, 73)

According to Osmo Kuusi (2012), the original term Future Studies has recently been transformed into a plural form, Futures Studies. He mentions that nowadays even the grammar-correcting programs recognise the word futures (in plural) as people have come to realize that there are more possible futures than just one. The basic dimensions of future research that Bell (2000) mentions (possible, probable, preferable) also speak on behalf of believing in various different kinds of futures.

3.1.3 Research methods

The futures studies science has a large variety of research methods;

- Pragmatic prediction of variables
- Extrapolation of trends using time series analysis
- Cohort-component methods
- Survey research techniques
- The Delphi method
- Simulation and computer modeling
- Gaming
- Monitoring
- Content analysis
- Participatory future praxis

- Social experimentation
- Ethnographic future research
- Construction of scenarios (Bell, 2000, 239)

Many of these methods aim to investigate preferable futures but some of them include social design and engineering in order to improve social conditions. While some methods are highly mathematical and statistical, others are easy to analyse and understand. Some methods, such as the Delphi method, can be used mainly for futures studies as they have been specifically planned for that purpose, and some can be used in various sciences. One common thing however can be found in the research methods of future research; scenario building. Whether it is used in planning a military operation or in creating a sustainable economy, scenarios are always there. (Bell, 2000, 240-242)

3.1.4 Futures research in Finland

Lampikoski & Lampikoski (2000) mention that the increasing futures research has made it easier for companies to focus more on future scenario building. Many organisations in the public sector in Finland, such as Government Institute for Economic Research, National Institute for Health and Welfare, Ministry of Finance, Ministry of Trade and Industry are doing futures research on different topics. In addition to these organisations futures research is being done in the Research Institute of the Finnish Economy, organisations of marketing research such as TNS-Gallup, Risk International, and University of Turku. Sitra, the Finnish Innovation Fund, and Academy of Finland have also financed futures research projects. (Lampikoski & Lampikoski, 2000, 12-13)

One of the recent ongoing studies is the Parliament of Finland's research that is being conducted by the Committee for the Future. The Committee (2012) defines in its operational plan for 2011-15 the studies that will be made to be able to use the results as a roadmap in the global unpredictably changing world that has multidimensional uncertainties. The four research domains are 1) sustainable growth, 2) inspired society, 3) acquiring new knowledge, and 4) ensuring the welfare society. One of the research questions deals with skills and knowledge needed in 20 years and on how to make Finns the most competent people in the world by year 2020. (CR 2012)

Futures research can today be seen in the private sector as well. There are different commercial variations of future research, one of them being a Finnish organization called Fountain Park, a consulting company of future leadership and strategy work. (Fountain Park, 2012) This indicates that futures research in the different Finnish industries is gaining more importance and is being considered in various organisations as a strategy tool to gain information about the future.

According to Aaltonen (2012) the futures studies is still a science dominated by men and it has not yet been opened fully to women and to the younger generation. He believes that it would be important to include as many different people and organisations to investigate future in order to establish different scenarios and not to rely on the scenarios described by scientists and researchers. According to Aaltonen (2012) science fiction is a good example of creating future scenarios without necessarily having academic or scientific background.

3.2 Use of futures studies in business and in strategic planning

3.2.1 Foresight in business

Trying to forecast future is like throwing a dice; sometimes you get lucky, sometimes not. However, if one never plays, one never gains. The largest gains go for companies and organisations that are able to identify growing trends and also yet-to-be-discovered trends that haven't been commercialised. In a way, forecasting and researching the future can serve for many purposes:

- As a guide map to show unexplored and undiscovered areas
- As an imaginatory simulator to awaken thoughts about the future
- As a fact generator to guide future research
- As a prophet to guide actions towards the preferable future
- As an alarm to give warning signs about future problems and threats
- As a routine detector to demonstrate whether operations are too routine-like (Lampikoski & Lampikoski 2000, 18)

In an article in Forbes magazine Brown (2012) describes today's business world as navigation in the uncertainty. However, he mentions one group of people that are masters in taking advantage of the uncertainty and navigating their way to success; entrepreneurs. In his words "In the face of the unknown, entrepreneurs act." It is a question of figuring out what one wants to accomplish, then taking steps towards making it reality and most importantly learning something from each step and transforming that knowledge into something valuable in the following step. This means that adjustments are sometimes needed and one should not be afraid to make them.

Rolf Jensen (2005) mentions that futures studies are to be used in the here-and-now. The futures research is meant for inspiring important decisions in the present. According to Jensen the regular time horizon for the strate-

gic planning in companies is from 3 to 5 years, but this time frame does not enable companies to shape their future and to identify crucially important trends. It is necessary to look way ahead, up to 25 years from now, in order to understand the future challenges in a larger perspective.

3.2.2 Scenario work in business

According to Tuomi & Sumkin (2010) future is defined by the decisions and action taken today. In other words, future is now. Building scenarios is important for an organisation and requires a “helicopter view” of one’s company and observation of the trends and industry development in order to understand the possible future scenarios. Tuomi & Sumkin (2010) mention that successful scenario work creates different stories about the organisation’s possible futures. These scenarios are often written down as short stories of the future. Once the scenarios have been defined, the process should be taken to a more concrete level by utilising the scenario matrix to observe the scenarios in the light of the following questions:

- In what business are we in?
- For whom we exist?
- What is our core competence?
- What actions need to be taken in order for the scenario to turn into reality?
- What resources are needed?

This is an excellent start for any organisation to begin strategy work and to analyse one’s own work, knowledge and competences from the future perspective. (Tuomi & Sumkin, 2010, 42-44)

Mannermaa (2004) has studied the scenario methods used by Finnish companies and mentions that working to identify weak signals and megatrends can be done very systematically as long as the company is willing to adopt the method as part of its strategy work. An example of the systematic method for monitoring weak signals and trends is described in Figure 3.

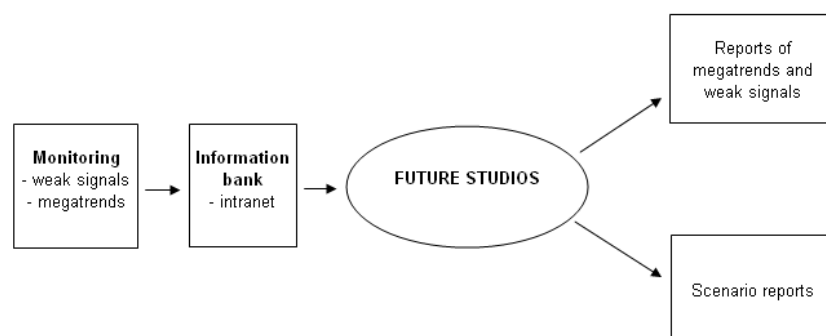


Figure 3. Monitoring of megatrends and weak signals.

According to Mannermaa (2006, 204-205) the process begins by the company establishing a tool in the intranet where all levels of organisation can insert information about the weak signals and trends that they have observed. All that information is then systematically analysed in future studios that need to be organised no less than on a quarterly basis. In these studios the signals and trends that have been inserted to the system are evaluated and analysed and then transformed into updates to the scenarios that the company has identified for the future. This kind of studio work in addition to the regular scenario work helps to keep the scenarios up-to-date and does not require the heavy scenario process to be performed more than once.

3.2.3 Forecasting consumer behavior

According to Lampikoski & Lampikoski (2000) the success of an organisation is often defined by its ability to direct its operations to respond to the changing needs and expectations of the customers. Therefore it is important to investigate and analyse consumer behavior and the factors that influence the changes behind them. Some of these factors can be changes in income level, demographic changes, age and family structure, changes in education level, and the fact how consumers use their time. (Lampikoski & Lampikoski 2000, 13-14) When investigating consumer behavior one should focus on the following questions:

- What kind of needs arise and when?
- How consumers search for information?
- How the purchasing decision is being made?
- From where and how do the consumers buy?
- How the consumers consume the goods?
- How satisfaction / dissatisfaction is born and what effects does it have? (Lampikoski & Lampikoski 2000, 29)

These above mentioned questions, in addition to information related to the operating environment, can be used when forming more specific questions for market research in order to gain future oriented responses. (Lampikoski & Lampikoski, 2000, 30)

According to Fogelholm (2009) the consumers are often against new products that are introduced to the market because they are familiar with the existing products and are not so willing to give up on the safe and secure traditional products. In other words the newness of the product does not guarantee success since the consumer behaviour needs to change in order to gain any profit. For this reason it is important to make market research and obtain information about the customer needs of the future in order to avoid failure.

According to Jensen (2005) there are various trends of the future that can be identified already in the present. The findings presented in Jensen's re-

search are based on international surveys as well as on visits and cooperation with innovative corporate leaders and institutions. Some of the most important trends that are related to operating environment of the alcohol industry are:

The happiness index: World is moving towards post materialism, meaning that the quality of life gets emphasized and the product that contributes most to the person's happiness becomes successful. Also the product that has a certain story sells better than regular mass produced products.

Customization: The Nordic countries are among the farthest advanced in the demand for personalized products. Technology has enabled companies to include their customers in the design process and can offer a variety of specially customized products.

Value driven organizations: New form of organizations where story, values and mission are what hold people together. These story-telling communities are so-called ambassadors of consumer involvement in the story. In the future one form of reporting company assets will be to report brand value and intellectual capital instead of presenting only the traditional type of calculations.

Emergence of C2C market: People are willing to do things for other reasons than profit. This can be seen nowadays in blogs and in different forums where consumers are doing trade with each others. In the future this will most likely expand to the same level as B2B and B2C trade.

Growth of peripheral areas: In Europe the Nordic countries will experience high growth whereas the traditional ruler countries of high economic growth will experience a set-back. This is called the catch up –effect. (Jensen, 2005)

Huber & Steinle (2005) have also made a research on future consumer trends. These include the following:

- *Easy access:* Availability at all times, communication technology innovations (e.g. jacket with integrated telephone)
- *Cool convenience:* Products that enhance comfort but are also easy to acquire (e.g. fresh and ecological fast-food)
- *Deep support:* New service culture that increases free time and at the same time allows people to be care-free (e.g. renovation of the house while owners are travelling)
- *Retro:* Originality (e.g. coffee with traditional taste)
- *Selfness:* Wellness is not enough anymore, pampering oneself becomes part of personal health-care
- *Neo nature:* Paradise at one's front door, nature is being brought closer to oneself in the form of garden, flowers, greenhouse etc.
- *Downshifting:* Simplicity becomes luxury
- *Female shift:* Men are also starting to look for style tips in department stores

- *High touch*: Customer is always considered as family member or as VIP
- *Casual gaming*: Virtual world is mixing with real world and people of all ages are starting to use computer games as part of their daily lives
- *New family values*: Family brings stability to uncertainty
- *Identity consumption*: Extreme sports and other experiences help to form one's identity
- *Mobile markets*: Mobility of people increases and all products designed around it will succeed
- *High-end design*: Wealthy people require highly customized luxury products
- *Creative consumption*: People will increasingly participate in the product development through brainstorming, networking and customer – enterprise dialogue. (Huber & Steinle, 2005)

Both studies are extremely interesting and provide different points of view for understanding the future market and consumer behaviour. Jensen's findings are larger concepts of future trends that can be observed while Huber & Steinle go into more detail by defining future trends for actual services and products. Together these two studies provide valuable data for the client company of the thesis and give good insight on consumer behaviour of the future.

3.2.4 Previous research

Scenario work has been used in many Finnish companies and organisations as part of strategy work. There are various and quite recent research on industry changes. The Finnish Transport Safety Agency (Trafí) has made research on the future trends of sea transport in the Baltic. Mäkelä et al (2011) have investigated the megatrends of the Baltic operating environment and then through expert interviews proceeded to identifying five different future scenarios in order for Trafí to be able to respond to future changes more proactively. Meristö et al (2008) have conducted a research for the Federation of the Finnish Technology Industries regarding the skills and development needs required in the technology industry until year 2020. The research was conducted by a survey and it included three different future scenarios. Kivelä (2010) has worked on a project called Uusi Kunta 2017 for the Association of Finnish and regional authorities (Local Finland). Scenario work has been used for identifying the driving forces of the operating environment of the Finnish municipalities and describing the four different future scenarios. The project also dealt with identifying what exactly needs to happen in order for the scenarios to turn into reality and what are the main challenges in case each scenario turns into reality.

3.3 Competitive advantage through strategic foresight

It has already been demonstrated that foresight is extremely important for the survival of a company. Foresight can be referred to as creative business thinking and visioning. Forecasting should not be mixed with foresight as it differs from foresight in such a way that instead of creative thinking and visioning the basis is often a group of calculated results of past and present events that are used for predicting a future occurrence. (Merriam Webster dictionary, 2012) Future studies, then again, is a science that can be applied to foresight activities. It provides methods for identifying different future scenarios and therefore helps companies to use foresight as a competitive advantage.

According to Conway (2007) strategic foresight is something that emerges in an organization when individuals with foresight capacity work together to build strategic processes on a long term focus. Conway claims that often this is not the case as people naturally expect continuity, they trust data and not their intuition, they have closed minds and they might think that it is not politically correct to say that the future might not be looking too great. Conway also mentions that strategy is only possible through people and that organizations should use futures tools to practice foresight skills. The futures tools that Conway (2007) points out are:

- 1) Discover (e.g. Delphi method)
- 2) Think (e.g. scenarios)
- 3) Embed (e.g. strategy development process)

The ultimate goal of strategic foresight is to create a sustainable competitive advantage. This is closely linked to the goal of the thesis project and to the long term goal of the client company of the thesis. The purpose of practicing futures work in companies is always to discover something new, to analyze how to use it, and to put it into practice by applying it to the company's strategy work. In this specific research the goal is to investigate the future market opportunities in the Finnish alcohol industry in order to discover the future trends and industry changes and proceed to building the respective scenarios. By obtaining this valuable information about the trends and industry behavior, it is possible to take strategic decisions on product concept and market entry strategy.

4 PRODUCT CONCEPT AND MARKET ENTRY STRATEGY

4.1 Product concept

Building a product concept of the future for the Finnish alcohol industry is not an easy task. It requires foresight skills and research in order to identify the future consumer needs. Berner (2007) writes about the key success factors of restaurant concepts and mentions that it is necessary to create a concept that responds to the call of a megatrend and also evolves with the sudden changes of the trend. The alcohol market and restaurant industry are on a constant move and consumers can feel the beat. People are becoming more globally aware and therefore the requirement level is experiencing exponential growth. By identifying the trends it is possible to build a concept for the consumers that is following those trends. The process of creating a product concept of the future is described in the following chapters.

4.1.1 Definition of a product concept

A product concept is a draft that can be tested. It is not only the new product that will be launched to the market, but it includes the technological solution in addition to an understanding on the customer needs and requirements. A product is the physical item to be sold, but a product concept is everything surrounding the product in such a way that together the solution will add value for the customers. (Mäntyneva, 2012) Rislakki (2004) presents an example provided by Heikkinen regarding the product concept of Finnish restaurants. The main product obviously is food and drinks, but restaurants have a well designed product concept surrounding the main product. Having a table, chairs, walls, ceiling, and lights is not enough anymore; it is necessary to have a concept that can be for example luxury, casual, sport, wellness, ethnic, etc.

Mäntyneva (2012) mentions that if possible in the concept development stage it would be very beneficial to have the future customers provide feedback on the concept that is being developed. Comments from potential customers on such subjects as what is really important, what features should be included, and what would be nice to have, are always extremely beneficial in the concept development stage. Rislakki (2004) mentions that alcohol producers in Finland test their new products in restaurants as it is much cheaper than to do testing through retail. This way the producers obtain valuable information on whether the concept is functioning and if something should be changed in order to enhance sales.

According to Haine (2008) the components of a product vision can be divided into two groups; 1) product concept – the idea of how the product will benefit customers, and 2) business model – the idea of how the product will benefit its owners and sponsors. These two go together because a product concept is nothing without the business model surrounding it. Figure 4 demonstrates the product vision divided into two parts.

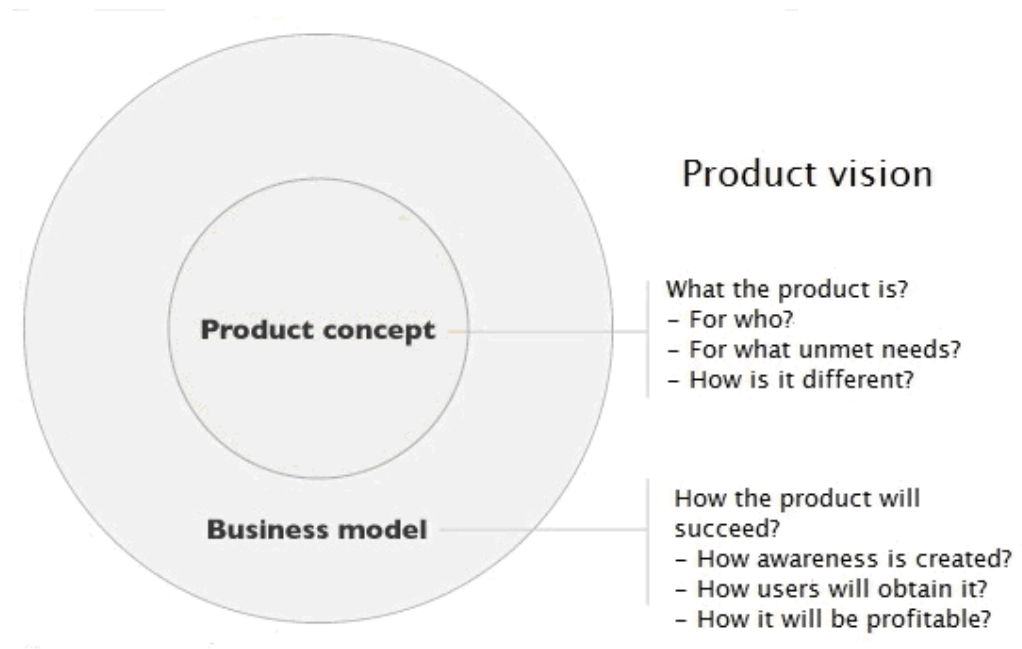


Figure 4. Product vision.

According to Haine (2008) the product concept should describe who the customers are, what are their needs and how does the product respond to those needs. It should also include a competitor analysis focusing on how the competitors are failing to meet those specific customer needs. Fogelholm (2009, 84) however mentions that one should not be too keen on observing only the customer needs as the customers might not be able to express what kind of features or services they need from a product that they have never seen before. For this reason there should be a balance between providing a product that to some extent satisfies existing customer needs but also satisfies needs that have not been discovered yet. Henry Ford, a successful business man from Ford Motor Company, has allegedly once said “If I had asked people what they wanted, they would have said faster horses.” This clearly demonstrates the customers’ inability to communicate their unmet needs for innovative products. (Vlaskovits, 2011)

4.1.2 Product concept creation

According to a Product Concept Handbook (2007) of Kajaani University of Applied Sciences (Kajak) the creation process of a product concept includes the following phases; a) finding the core purpose of the product marketing-wise, b) optimizing profitability of the product and defining the additional value for the potential customers, c) answering the questions “Why would the customer buy?” and “Why would the customer buy again?”, d) further developing the market understanding, e) establishing the product brand and discussing what kind of images it brings to people’s minds, f) establishing a clear understanding of the pricing strategy to use, and g) creatively using different kinds of innovation tools, such as workshops, interviews, and mind-mapping for generating ideas.

According to Rislakki (2004) the most important part of the concept creation process in the alcohol industry is the creation of the brand. Rislakki argues that no other industry, apart from the telecom industry, uses as much money, time and energy on product development as the alcohol industry. New alcohol products, branding and design are the tools by which the alcohol industry aims to reach the consumers. The traditional criteria of selecting alcohol beverages to a restaurant’s product selection have been “does it taste good and will customers order it?” Nowadays the questions that are asked are the following: a) Is the beverage targeted for the correct segment? b) Is the beverage for pioneers, for the mainstream or for nostalgia-seekers? c) Does the beverage have a unique feature that separates it from other products?

Kajak’s Product Concept Handbook (2007) describes the beginning of the concept planning process as being the initial phase in which certain critical choices are made to determine the future competitive advantage. Choosing the product concept strongly defines what kind of a product will be designed in the future. According to the handbook a future product concept is a somewhat unclear description of the product but it answers the basic questions. It describes how to deliver certain value and brand to the customer and it goes hand in hand with the actual business planning. The different alcohol brands in the Finnish alcohol industry, in addition to their own concept creation processes, are actively participating in the restaurant concept creation as well. Rislakki (2004) presents Heikkinen’s perspective on how the alcohol brands are providing products for the restaurant decoration and concept creation; there are ash trays, posters, carpets, water jars and glasses with the brand name. The important thing is to create an atmosphere that provides an experience for the customers and at the same time promotes the brand and enhances sales.

According to Williams (2011) from American Institute for Innovation Excellence the innovation portfolio management requires an equal amount of weight on strategy development and on development of new concepts. The strategic leaders of the company can determine where the organisation should be in the future and how to get there. The focus should be on market and environmental trends, and consumer preferences and behavior. By observing these activities the strategic leaders then develop different re-

sponses to various potential future scenarios. Williams (2011) also strongly emphasizes the fact that companies must be able to see into the future and recommends the following strategy work to be followed:

- Define purpose, mission and goal
- Analyze trends and current events
- Build scenarios
- Develop tactics and measures for reaching the goal

From the concept development point of view Williams (2011) points out that the people involved in this part of the work should analyze trends, study scientific developments, and develop new features, but they should do it independently from the strategic development work in order to not be limited by what is planned from strategic point of view. This way, by following the approach presented by Williams, the innovation can flourish.

4.1.3 Product concept of the future

Kokkonen et al (2005) describe how to create a product portfolio of the future. According to their theory the following steps need to be taken:

- Identifying the driving forces of change
- Building scenarios
- Identifying consumer needs
- Creating a business concept for the future

PESTE analysis is an appropriate tool for analyzing the driving forces of the operating environment that create pathways in the future. PESTE analysis covers political, economical, social, technological and environmental factors. In addition to the factors that can be identified through PESTE analysis there are surprising elements, so-called wild cards, that no one is aware of. When making an analysis of the driving forces it is very important to consider also the so-called taboos that might be a blind spot for the company but can actually reveal something very crucial for the future development. Futures research, and specifically the Delphi method, provides a good method for identifying driving forces of change and for finding weak signals and wild cards that are not yet visible. (Kokkonen et al 2005, 72)

According to Kokkonen et al (2005) product concept planning can be divided into two categories. The future-oriented category includes 1) visioning concept planning and 2) emerging concept planning. Kokkonen et al (2005) argue that future-oriented planning that goes 10+ years into the future is a very good planning process that can be useful for any company since it usually reveals possibilities that the company has not recognized having been too concentrated on the here-and-now situation. They also mention that since future products do not exist yet, it is necessary to do visioning to be able to recognize possible product concepts of the future in

order to plan business strategies around them. The visioning product concept planning is a long-term planning level to establish an understanding of the company's and the products' future and investigating the development of the whole industry. Kokkonen et al (2005) argue that concept planning can be just direction-giving and the products might never be transformed into reality. However, these future concepts provide concrete information for decision-making having analysed the operating environment with a larger time frame than a normal product life cycle length. As opposed to traditional type of concept planning the visioning product concept planning can be performed in cooperation with other institutions and organizations of the industry as competition and business secrets are not seen as confidential in such a distant future. The product concepts that are planned for the future are not very specific at the planning phase and the ideas can more freely be passed on between rivals of the industry. (Kokkonen et al 2005)

Berner (2007) mentions that in the alcohol and restaurant industry a concept will become successful only by managing all of its diverse dimensions, such as creativity, innovation, continuous development, experimentation, fearlessness, and just plain madness. Without a concept, a clear strategy, it is not possible to succeed. Berner (2007) emphasizes the fact that all dimensions of the concept need to support the concept and consequently support also the strategy. Eerola (2011) then again presents Björck's, a successful restaurant owner's, views on a concept having nothing to do with the success of the restaurant. Björck mentions that the success of small companies is directly related to hard work and on putting one's heart and soul into the business. However, in the restaurants owned by Björck it is obvious that the goal is to provide customers with an experience of a foreign culture through unforgettable flavors and atmosphere. Therefore it can be argued that a well-functioning concept has been created there as well.

4.2 Market entry strategy

Planning a market entry strategy of the future for the Finnish alcohol industry is challenging due to the very regulated nature of the industry. In Finland all alcohol producers, importers, wholesalers, retailers, and restaurants serving alcohol must have a license granted by Valvira, the National Supervisory Authority for Welfare and Health. (Valvira, 2012) It is not very simple for small companies to get an importation license due to the requirements that Valvira has set for becoming a license holder. It is necessary to demonstrate the liquidity of the company and to deliver 12 different clarifications informing about the specific professional and technical requirements in order to qualify as a license applicant. (Alkoholijuoimien tukkumyyntiluvan hakuohje, 2007) Fortunately there are other methods to enter the Finnish alcohol beverage market and the process of making these strategic plans for market entry is described in the following chapters.

4.2.1 Definition of a strategy

Strategy tells how to get from point A to point B. It defines where one is going, why and how to get there. A good strategy at its best creates feelings of security in an ever-changing world, makes decision-making easier, inspires people, is a source of innovation, and creates possibilities for success. A good strategy is simple and clear, and it lives and changes constantly according to the requirements of the operating environment. (Åhman & Runola 2006, 25) However, there is one point that often gets forgotten when talking about strategy. In the process of getting from point A to point B, it is crucially important to define point A, the current situation. According to Dr. John Ball this is the biggest mistake that many companies make when planning strategies. They fail to understand current situation and therefore fail in their strategic moves as well. (Ball 2012, lecture)

According to Stähle et al (2002, 191) the strategic goal of a company is to create and obtain such resources that help to increase competitive advantage. Having competitive advantage often leads to an increase in profit and to an increase in the value of the company. Stähle et al (2002, 191) point out that a good strategy is difficult to measure and therefore the measuring can be performed by observing competitive advantage and company value as demonstrated in the Figure 5.

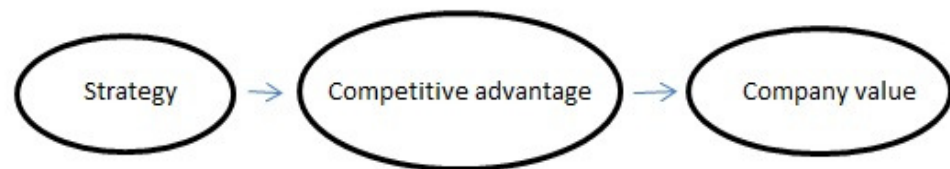


Figure 5. From successful strategy to an increase in company value.

Another definition of strategy according to Levonen (2012) is the three-fold question that should be answered in order to understand the long-term direction and goal of the organization; 1) Where are we now?, 2) Where do we want to be?, and 3) How do we get there? Each question is equally important and should be considered in terms of business status, economic results and strategic results. Kohtamäki (2005) mentions that the company's strategy should always be based on its critical success factors, its core competence, and its core capability. Both Levonen (2012) and Kohtamäki (2005) mention that terms such as vision, mission, goal, policy, procedure, and objective are closely linked to the strategy work. Levonen (2012) and Kohtamäki (2005) both emphasize the fact that an organization should understand the meaning of each term in order to define a clear strategy that would then support the organization's vision and mission.

4.2.2 Different market entry strategies

Market entry strategy is a planned method of delivering goods or services to a new market. It is critical to choose the correct market entry strategy in order to reach long-term success. When considering a target market in a new geographical area the different forms of market entry strategy are exporting, use of agents, licensing, franchising, alliances and joint ventures, as well as establishment of subsidiary. (Taylor 2011)

Döhl (2012) describes the four core pre-requirements to enter new markets abroad; 1) investment required, 2) human resources required, 3) management tools required, and 4) country-specific expertise required. Depending on the entry strategy that the organization chooses, there is a variable amount of each pre-requirement needed.

Export / Agent / Licensing / Franchising. According to Döhl (2012) the simplest forms of entering foreign markets are exporting, using agents, and licensing and franchising agreements. These all require representation by a third party and are contractual agreements. The investment and resources required are relatively low depending on the industry.

Joint venture / Strategic alliance. According to Taylor (2011) regardless of where the target market is located, it is always good to obtain local knowledge. One of the most common market entry strategies is the use of partnerships and alliances so that the local contacts have strong market presence in their own country and can provide existing distribution channels and customer relationships. Döhl (2012) also describes the use of joint venture as a commonly used strategy due to its moderate level of risk and investment. It goes somewhere in the middle of contractual agreements and foreign direct investment and is an excellent form of cooperation. Kunglin & Hook (2002) define the critical success factors for strong strategic alliances:

- Strong vision for the alliance
- Strong message that the alliance is communicating to others
- Strong commitment level to the alliance partner
- Adventurous mind without fear of failure
- Knowledge of how to partner
- Willingness to stick with alliances through good times and bad times
- Ability to recognize when to partner up and when to let go

It can also be argued that one of the success factors could be willingness of both partners to learn from each other. The cooperation and common goals drive them towards selected objectives but the partnership can show another side of itself if only the companies realize the value of learning from each other and learning together while working in the alliance.

Subsidiary. Establishing sales, service or a production unit, or establishing a totally integrated subsidiary in the foreign market is the market entry method with highest risk and investment need. (Döhl, 2012) However, es-

establishing a subsidiary abroad can have many advantages as well. Lash (2012) mentions that the company can obtain savings in labor cost, it can have tax breaks, it can avoid trade tariffs, and it can be closer to the customer. A separate business unit also means a separate earning opportunity that can be sold independently from the mother company. Lash (2012) also points out that companies should do proper risk assessment when establishing a subsidiary in foreign country and plan their exit strategy in case something goes wrong.

The Finnish alcohol industry, due to its highly regulated nature, arguably prefers foreign companies to sell to existing alcohol importers in Finland instead of establishing a company in Finland and applying for an importation license. According to Karhu (2002, 58) a company has a good opportunity in succeeding in a foreign market when it is offering a completely new product. The risk can even be minimized by operating as an agent in such a way that the actual deal, delivery and payment happens between the producer and the buyer. An agent only gets the corresponding commission for the deal made. (Tuontiopas, 2002) Vaateri (2009, 37) presents Jokinen's views about successfully entering the Finnish alcohol market. According to Jokinen it is necessary to find the correct channels in order to obtain a place in Alko's product selection. Another important issue is to closely work together with the wholesalers because restaurants and bars buy their alcohol from wholesalers knowing that they get annual discounts and it is possible for the restaurants to purchase other products, such as cigarettes and sodas, from the same wholesaler.

4.2.3 Market entry strategy of the future

Before taking any large decisions in life it is common sense to stop to consider the positive and negative sides and impacts of the decision. Especially in business life the risks can be very big and therefore it is good to invest time in doing research beforehand. Martin Callingham describes in his book *Market Intelligence* the reasons and methods in which companies do market research. According to him predicting the future is impossible but it pays off to be prepared for the different future scenarios. The trends, whether they are social or economic, need to be identified. He also mentions that it is necessary to generate speculative ideas and explore the vitality of trends to see which ones have most impact on the future. (Callingham, 2004)

According to Toivola (2006, 5) the operating environment has transformed into global, knowledge-emphasizing, and customer-oriented playground and it makes companies depend on other companies' knowledge and inter-company cooperation in order to survive. She mentions that this kind of a network-based operating model creates challenges for companies in establishing new roles and knowledge requirements. It also often forces companies to change their whole business models. This applies to operations in domestic markets and even to operations in foreign markets. Therefore

it can be argued that the market entry method of the future would be very network-based and reliant on cooperation and joint projects.

Toivola (2006, 113) also points out that operating in a network-based cooperation requires strong core competence from the company so that it can build the supporting network around it and can better attract other companies to partner up with one's company. Fried & Hansson (2011) provide tips for market entry and product launch. They mention that one should not take the planning phase too seriously; they recommend companies to think what would be left out if the product needed to be in the market in two weeks time. This kind of thinking forces one to focus on the essential and clears one's thoughts. Fried & Hansson (2011) also emphasize the importance of providing free samples of one's products; if the product is good enough, people will come back to buy more. Fried & Hansson (2011) encourage companies to learn new business methods from places and sources where people would not normally turn to; drug dealers are excellent in doing business. They know that their product is good enough in such a way that by investing in giving out free samples they gain huge "market share". From such an extreme example surely something can be learned; one should be curious about learning from everything that surrounds us.

A future market entry strategy could be a mix between network-based cooperation and a constant search for improvements in the joint ventures and in the business models. According to PRWeb (2012) companies in the alcohol industry need to team up to join their product families, to do re-packaging and re-branding in order to get "new products" to the market. Innovating with reducing bottle sizes to increase the number of drinking occasions and designing attractive labels can just be the key factors in overcoming the economic crisis that has affected also the alcohol industry quite heavily.

4.2.4 Timing of market entry

Lilien & Yoon (1990) mention that one of the most important decisions a company can make is the timing of the market entry. The risks between premature entry (too early) and missed opportunities (too late) needs to be balanced and the company must consider whether it wants to be a pioneer or a follower. A pioneer sees all advantages and disadvantages as it is the first one in the market. For example a pioneer needs to bear the risks and costs of developing the product and most importantly preparing the market for the specific product. According to a study described by Lilien & Yoon pioneering is one of the major issues that determine the long-term success of the product as pioneers tend to have good quality products, wide product range and strong distribution channels. A pioneer however must invest in market research and planning, product development, consumer education, distribution channel development, and promotion of the product launch. Even though pioneering requires a lot of work, it has been demon-

strated in various studies that consumers tend to prefer the first entrant even if followers appear. (Lilien & Yoon, 1990) Vaateri (2009, 37) presents Jokinen's views about pioneering in the Finnish alcohol market. Jokinen argues that due to the global recession companies now need to bring completely new products, specialties, to the market in order to succeed. Jokinen also mentions that those new specialty products should be first promoted and tested in different events and only then offered to wholesale and retail.

Considering the fact that the client company of this thesis project wishes to be a pioneer in offering new and exotic products to the Finnish alcohol market, it can be argued in the light of the previous chapters that the company should first concentrate on finding an excellent partner with an importation license and then begin to negotiate on organising a test / promotion tour in different events and restaurants.

5 RESEARCH METHOD

5.1 Delphi method – qualitative approach

5.1.1 History and main characteristics

The Delphi method was named after a place called Delphi in the ancient Greece where oracles gave information about the future. In futures research the Delphi-method was first used in 1950's in a secret US military technology research. It is a method for collecting expert statements and opinions about future development possibilities. (Kuusi 2002, 204) In today's research the Delphi-method is best suitable for a panel of experts of 20-50 members.

The research has three important characteristics; anonymity, iteration, and feedback. The anonymity factor separates the Delphi method from other expert methods but it has its advantages and disadvantages. (Kuusi, 2012) According to Anita Rubin (2012) the main principle that should always be present in Delphi research is the anonymity characteristic. Turoff & Hiltz (1996) have also described the anonymity as being one of the most important factors when performing a Delphi research. The members should preferably know who is participating in the study in order to enhance motivation but the expression of views and answering of the questions should remain anonymous. The goal is to obtain genuine opinions and ideas without the experts feeling pressure from their employer or from their competitors. This can normally be reached when:

- Experts can freely modify their answers (it can sometimes be difficult for an expert to change his point of view if he has done it publicly)
- Strong leader types can not influence the opinions and comments of the other experts
- New ideas can be obtained also from experts with yet not so high status
- New ideas are expressed by experts with different orientation and view points (Turoff & Hiltz 1996, 61)

Kuusi (2002) writes about the anonymity factor in a sense of obtaining as honest and as truthful opinions as possible. If the panel of experts was not to remain anonymous, the research would be at risk since some experts might be influenced about what other experts say. Kuusi (2012) also mentions that the anonymity factor has recently started showing a new more problematic side as the virtual world has been experiencing identity-

related crimes. Nowadays it is easy to move around in different forums and present oneself with a false identity and this phenomenon can cause problems in the Delphi research as well. People are not afraid of getting caught and they can express their opinions almost too freely by causing harm to others and by saying negative comments about the competition. It is also difficult in the virtual world to control and monitor the point-of-view from which the experts should answer the questions as it might be that they work for some organisation but secretly are against it.

There are normally multiple research rounds that enable the experts to correct their statements. If one expert's opinion differs greatly from the median opinion, it is recommended to provide arguments to support the statement. The experts receive feedback from the previous round(s) and can add or modify their previous round comments after seeing the feedback. (Kuusi 2002, 206) Previously the goal was to reach a group consensus to obtain the most probable future view, but nowadays the goal is to get many different views with explanations and arguments. (Kuusi 2002, 210) According to Kuusi (2012) the Delphi method has experienced rapid growth from the 1990s and the literature has not been able to follow. For this reason most of the literature, and even Internet sources, that tell about the research method are very old-fashioned and are lacking the updated information about the different variations of the method. He mentions that almost all sources still describe the Delphi method as a method aiming to reach a consensus among the experts, when in fact there are two different main versions of Delphi;

- Survey-based classical model where consensus is to be reached (for large panels in order to reach statistical information)
- Modern policy-Delphi model based on argumentation and on obtaining different kinds of views (for small panels in order to reach qualitative information) (Kuusi, 2012)

Kuusi (2012) also mentions that the information technology and possibilities created by the Internet have enabled the research method execution to evolve as well. Instead of having multiple rounds (iteration), there is a new Delphi method concept called Real Time Delphi, where the multiple rounds happen during one round. This is possible due to an interactive environment, where experts can freely view and comment other experts' opinions and the conversation lives within the survey.

When forming the questions, the future hypothesis, the goal is to present statements that generate discussion and divide opinions. In that way the disagreeing opinions can be argued and later on opened for discussion to reach a genuine synthesis that collects different views. (Kuusi 2002, 213)

The Delphi method is one version of a survey analysis that aims to predict alternative future possibilities, their probability and their preferability. (Bell, 2000, 262) Most of Delphi studies are action-oriented aiming to ease the decision-making process. (Scheele, 1975) Nowadays, in addition to predicting probability and preferability of certain events, it is common

to include the aspect of predicting the timing of those specific events. (Bell, 2000, 264) Like any other research method, the Delphi method has its positive and negative sides, but it has survived and is a commonly used method because of its quick and inexpensive way of finding the needed information to support decision-making. In other words, the Delphi method helps to fill in the gaps. (Bell, 2000, 272)

One important aspect of the Delphi method is the learning aspect that is often forgotten while trying to gather research results. According to Anita Rubin (2012) from Finland's Futures Research Centre one of the most important principles of the Delphi method is the fact that the experts participating in the research learn new things while creating new information together.

5.1.2 Reliability of Delphi method

To successfully carry out the Delphi research it is necessary to focus on the following issues that Kuusi points out as the important six pack when evaluating the research:

- Successful selection of expert panel
- Successful selection and forming of the questions
- Anonymous argumentation that is not only expressing views but responding to relevant questions with facts and ideas
- Conversation where relevant topics are being evaluated with selected criteria; importance, probability, desirability
- Relevance of the research results for successful decision-making
- Ability to systematically gather relevant future hypothesis from different experts (Kuusi 2000)

There is also a direct connection between the selection of the expert panel and the successful argumentation process. By preparing the questions carefully in order to provoke "with or against" – opinions and to create motivation to participate is the key to fire up the conversation and to reach the research goals. (Kuusi 1999, 178-186)

According to Kuusi (1993) a good panel of experts can be selected by gathering as many different actors in the related subject as possible. It is important that the panel includes researchers, activists, decision-makers from governmental institutions, executive directors, crazy scientists, and entrepreneurs willing to try almost anything. These kind of members, in addition to the subject experts, bring fresh ideas to the research and enable the experts to sense and to see the signs of weak signals. Kuusi mentions that the Delphi method is a tool for making the future, and not so much a tool for predicting the future. (Kuusi, 1993, 139)

5.1.3 Critique against the Delphi method

The Delphi method has not been free of heavy criticism. Perhaps the most notable critique came from Harold Sackman in 1975 in his book *Delphi Critique*. According to him the three major criticisms of Delphi research were;

- Conformity pressures and problematic emphasis on consensus
- Reliance upon something that is basically just educated guessing work
- Absence of formalized scientific basis for legitimating Delphi outcomes (Sackman, 1975)

Sackman (1975) also describes in his book that people turn to Delphi method when there is no superior theory-based alternative to solve the problem or to provide the needed information. According to Osmo Kuusi (2012) this critique from Sackman is still valid and should be checked in each Delphi research by the researcher himself whether the critique applies for the specific research and whether the researcher can defend his research against Sackman's critique. A successful Delphi research easily defends itself against this above mentioned critique.

5.1.4 Delphi method for market research

Market research is related to forecasting the future. It involves the process of finding out whether a certain product has potential for sales in a particular market. (Lehmann 1989, 784) Since the goal of this particular research is to forecast future market opportunities and to make suggestions for planning a market entry strategy based on the outcome, it is simply not enough to perform a market research, it is necessary to perform a thorough market analysis based on today's market situation and on the probable future scenarios of the market. Therefore the Delphi method is the only suitable method for this purpose. The idea is to gather expert opinions in order to gain primary information on future market opportunities and trends. According to Osmo Kuusi the Delphi method is in fact a tool for obtaining information on weak signals, megatrends, and future scenarios. This kind of information is obtained when a panel of experts of a certain field provides their opinions anonymously. (Kuusi 2002, 212)

Mannermaa (1999, 154) mentions that in business world the Delphi method has been popular due to the anonymity-factor because experts from competing companies prefer not to give their comments knowing that the competitors will know the origin of those statements. Åhman & Runola (2006, 163) also mention that using futures research in strategic planning is important because the traditional strategy work focuses mainly on one specific future vision, and in today's constantly changing markets and operating environments it is necessary to see many different futures in

order to prepare oneself for each one of them and to minimize strategic risk. Analysis of various possible future situations helps companies to identify and understand business opportunities and to analyze the effects of trends and megatrends.

Aaltonen (2012), a well-known Finnish futurist and a professor of foresight and complexity, mentions in a radio interview that futures science to some extent preaches philosophy of hope as it describes different future scenarios and developments that each include new business opportunities that are just waiting to be discovered. Also Rubin (1995) writes that the ultimate aim of futures research is to influence the process in such a way that out of all possible futures the best one for humankind is the one that actually occurs.

Stähle & Laento (2000, 17) write about the new requirements for successful companies. According to them the only businesses that succeed are the ones that are able to create future and to awaken the consumer needs associated to that future. It is important to see the future possibilities and to transfer them into interesting products. This is the core purpose of selecting the Delphi method for conducting a market and industry analysis. According to Rowe & Wright (2001, 125-144) the Delphi method is often used for forecasting when there is no previous research data and the problem domain is completely new. Delphi method when conducted in an orderly manner can have members of different organisations addressing industry-wide problems or forecasts. In this specific case Delphi method will be used to obtain a market and industry-wide analysis of the future market behaviour.

Merisalo (2010, 12) argues that in order to lead companies it is necessary to understand future possibilities instead of concentrating on past statistics and numbers. Even if the whole industry were to grow and the company's market share increased there can still be an unmet demand in the market that no one sees. This kind of an unmet need can be identified by observing the market and reading the weak signals within. Markets keep changing constantly and they are tied to the surrounding cultural and societal development. Therefore in order for a company to succeed it needs to understand that its vision and strategic plan should be based on maximizing the possibilities observed and obtained from consumer feedback instead of passively repeating past success stories.

5.2 Survey – quantitative approach

5.2.1 Main characteristics

According to Holopainen & Pulkkinen (2002) survey as a research method is a systematic empirical research via statistical techniques. A survey can be a questionnaire or an interview, but in both the data collection is performed by using structured questionnaire formats so that the collected data is easy to analyze even if there is enormous amounts of data. Survey as a research strategy is intended for finding answers to the following questions; who, what, where, when, how much? Heikkilä (2004) claims that survey is a cost-effective and an efficient way of gathering information when the sample population is large.

Vehkalahti (2008) points out that a survey is an excellent way of finding out about opinions, attitudes and values. These types of research objectives however are very multidimensional and complicated and therefore it is extremely important to focus on preparing the questions carefully. Survey study is part of quantitative research methodology where collected data is numerical. Questions are expressed verbally, but answers are expressed numerically. The foundation of quantitative research according to Vehkalahti (2008) is the process of measurement. In order to study a certain phenomenon statistically it is necessary for the data to be measurable by different indicators.

In survey studies the questions are specific and very narrow in such a way that the answer can be given by providing a number. The researcher analyses the collected data with the help of statistics and aims to find the numbers giving a result that can at least to some extent be generalized to some larger population. Heikkilä (2004) describes the different question types as open-ended questions, closed-ended questions and a mix of the previous ones. Open-ended questions are open in such a way that the respondent needs to provide an answer to the question in his or her own words. Closed-ended questions are closed in such a way that the respondent can respond by saying “yes” or “no”. These closed-ended questions are often formulated to multiple choice formats. It is also common to use a mix of open and closed-ended question types by providing multiple choice options and including a field where the respondent can express opinions in his or her own words.

Survey studies have many advantages of which Vehkalahti (2008) mentions the following ones; they are relatively easy to administer and can be very cost-efficient especially when performed as an online survey. It also means that the survey is not dependent on any geographical distances when conducted online and a large amount of respondents can participate at the same time. Because of the surveys’ systematic, standardized and structured nature the results are also fairly easy to analyze.

5.2.2 Data collection and reliability

Data collection in survey studies can be performed by telephone, mail, or by online questionnaire / interview, or as a personal at-home or on-the-street interview. Naturally the study can be a mix of the previously mentioned as well. The decision regarding the data collection method is often influenced by cost structure, and target population's size, location and willingness to participate. (Heikkilä, 2004) When conducting the survey by personal interviews it is quite challenging to find the time to perform all interviews and to write down the respondents' answers. Heikkilä (2004) mentions that there can be numerous mistakes in the interview process that ultimately influence the results. Online survey is an efficient method but requires the sampling unit to have access to Internet in order to obtain a valid research result.

The validity and reliability of a survey study depends on various factors. Vehkalahti (2008) describes the most important ones in today's research settings being the following ones; 1) respondents' motivation and ability to respond (inaccurate answers and low response rates), 2) question design (multiple choice answers can be difficult to interpret), 3) choice of sampling unit (inaccurate representation of the target population), and 4) choice of data collection method (selection of a method that does not reach all sampling unit respondents).

6 RESEARCH EXECUTION

Research was conducted in two parts; 1) Delphi survey for experts of the Finnish alcohol industry, and 2) a survey for end-consumers. The first part of the research, the expert panel survey, was focusing on futuristic outlook on the industry changes and market trends. The second part of the research, the end-consumer survey, was focusing mainly on topics that arose from the expert panel answers and that were lacking an end-consumer point of view in order to fully establish an understanding on the subject. In the following chapters both parts of the research, expert panel and end-consumer panel, are described in detail.

6.1 Expert panel

6.1.1 Selection of experts

The panel members were all to have expertise, experience, and knowledge regarding the alcohol beverage market and industry in Finland. According to Kuusi (2012) the important factor in Delphi research is the quality of the experts and not the number of participants. For this reason the experts were selected carefully and by using the snowball effect in which experts recommend other experts to participate in the research. This was considered a good recruitment method as the alcohol related research in Finland is quite a limited field judging from the number of organizations that perform alcohol research. For this reason in the public sector it was easy to get recommendations from experts as they have been working with each other in different projects and they know who is familiar with the field and who is not. In the private sector however, it was not so easy to get experts to recommend other experts as they work in competing companies and do not cooperate on a regular basis if ever. The private sector experts were selected from the largest and most traditional companies in Finland in such a way that all expertise areas were covered. At the end, the final number of experts invited to participate to the Delphi survey was 49.

The expert panel members represent different expertise areas in the Finnish alcohol industry. Experts who were selected from alcohol importer organisations are product and portfolio managers who have years of experience in maintaining products in the market and successfully offering them to different organisations in Finland. Naturally this research had to include experts from the Finnish alcohol monopoly Alko since all retail sales of strong alcohol in Finland goes through them. Another alcohol retailer selling directly to the end-consumers are the supermarkets that are allowed to sell alcohol beverages with less than 4,7% ethyl alcohol by

volume. The experts from these retailer organisations represent the alcohol product selection managers. From duty free trade the experts represent alcohol selection managers of the biggest cruise lines operating in the Finnish seas. The selected experts from the brewing industry represent directors of associations and product managers of breweries. From alcohol wholesaler organisations the experts participating are purchase managers who select the products to be purchased and offered to their clients. It was also important to include the research and development sector. The experts participating from that area have experience in studying consumer behavior and keeping alcohol industry related statistics.

In addition to private sector it was decided to include also the public sector to get as many different actors in the alcohol industry as possible. Public sector in Finland is responsible for alcohol legislation, taxation, supervision, and guidance and licensing. It also monitors the health and welfare of the Finnish population and is heavily involved in the alcohol policy regulations. (Ministry of Social Affairs and Health, Substance abuse and harm prevention, 2012) Some selected experts participating are members of the Finnish parliament and they have experience in the government's future committee and are therefore capable of providing valuable information for any futures research related to the Finnish industries. There are also experts from the Ministry of Social Affairs and Health and from the National Supervisory Authority for Welfare and Health.

To bring even more variety to the expertise level of the participants it was decided to include also the third sector; clubs, associations, societies and unions that are established in the alcohol industry. These associations and clubs have experts from bartending area, from welfare, alcohol activist and lifestyle sector. This guarantees a very large variety of expertise in the selected research and undoubtedly awakens discussion between different experts. Throughout the times the best innovations come from teams and groups of people with different backgrounds and this is exactly what was to be expected from this specific Delphi research as the expertise areas differ greatly even though the industry is the same.

The expert panel was selected to include the following experts:

Alcohol beverage importer organisations

- Arja Liimatainen – Category Director – Altia Corporation
- Joachim Kurten – Portfolio Director – SkyCellar Oy
- Lea Kaikkonen – Product Manager – Oy Hartwa-Trade Ab
- Marika Rekola – Product Manager (spirits) – Norex Spirits Oy
- Petteri Heikkilä – Sales Director – Fondberg Oy
- Philip Aminoff – Product Manager (spirits) – SkyCellar Oy
- Ville Mäkelä – Brand Ambassador – Beverage Partners Finland Oy

Alcohol wholesalers

- Jukka Niemi – Director – Ravintolatukku Lounais-Juoma Oy
- Jukka Larimo – Product Manager – Heino Juomat Oy
- Lauri Pennanen – Product Manager – Heino Juomat Oy

- Petri Markula – Purchase Manager – PM-Juomatukku Oy

Alcohol retail outlets

- Jesper Aberg – Purchasing Director (Processed Foods) – Kesko
- Kari Häsä – Category Manager (Brewery products) – SOK

Alcohol monopoly Alko

- Marjo Pelkonen – Category Manager (spirits) – Alko
- Mika Kauppinen – Category Manager (mild drinks) - Alko

Tax free alcohol retailers

- Aimar Pärna – Director Duty Free & Retail – AS Tallink Grupp
- Carl Mörn – Controller Tax Free – Viking Line Abp
- Jukka Routala – Director Travel Retail – Oy Hartwa-Trade Ab
- Monica Isaksson – Key Account Manager Travel Trade – SkyCellar Oy

Alcohol-related clubs and associations

- Antti Valtanen – Wine Coach – Altia Academy
- Mikael Karttunen – Wine Coach – Altia Academy
- Olavi Kaukonen – Director – A-Clinic Foundation
- Tanja Raunio – Director – Finland’s Bartender and Supporter’s Club

Restaurant industry

- Marika Mäkelä – Restaurant Manager – Helsinki Ice Hall
- Christer Nieminen – Key Account Manager HoReCa – SkyCellar Oy

Alcohol marketing organisations

- Tiina Salomaa – Director – Flowine Marketing
- Susanne Kumenius – Marketing Director – Altia Oyj

Press

- Santtu Palm – Chief Editor – Shaker

Research and development sector

- Anna Kirveennummi – Project Researcher – University of Turku
- Anu Katainen – Professor – University of Helsinki
- Jussi Simpura – Alcohol Research Professor – National Institute of Health and Welfare
- Mika Pantzar – Research Professor – National Consumer Research Centre
- Risto Karmavuo – Lecturer, Hotel & Restaurant education – Haaga-Helia University of Applied Sciences
- Tomi Lintonen – Researcher - The Finnish Foundation of Alcohol Studies

Brewing industry

- Elina Ussa – Director – Federation of the Brewing and Soft Drinks Industry
- Harri Nylund – Director – Lignell & Piispanen
- Jari Vaara – Chairman – Finnish Beer Federation

Public sector health officials

- Esa Österberg – Alcohol Researcher – National Institute for Health and Welfare
- Jaakko Ellisaari – Chief Inspector (promotion of welfare) - Ministry of Social Affairs and Health
- Kristiina Kajaniemi – Inspector – Valvira *
- Natalia Lumme – Lawyer – Valvira *
- Timo Rokka – Chief Inspector (alcohol permits) – Valvira *
- Viveca Arrhenius – Counsellor (promotion of welfare) – Ministry of Social Affairs and Health

* Valvira – National Supervisory Authority for Welfare and Health

Wellness and lifestyle sector

- Marja-Riitta Kottila – Director – Pro Luomu ry
- Mervi Melasniemi – Food Editor – Umami lifestyle-magazine
- Sari Aalto-Matturi – Director - Association for Healthy Lifestyles
- Vertti Kiukas – Secretary - Finnish Society for Social and Health

Members of parliament / Ministers

- Alexander Stubb – Minister for European Affairs and Foreign Trade – Ministry for Foreign Affairs of Finland
- Sanni Grahn-Laasonen – Member of Parliament (Kokoomus) - Parliament

In Table 2 the experts are gathered in the expertise matrix depending on their expertise and main interest area. The numbers in the cells represent the number of experts from that specific expertise area. The experts are primarily situated to the matrix according to their main expertise and main interest (number of experts in the table **without parenthesis**) and are also situated to the matrix according to their secondary expertise areas and interests (number of experts in the table **with parenthesis**). For example an alcohol retailer's main expertise surely is selling, but he can also have secondary expertise in promoting and in consumer behavior research.

Table 2. Expertise / Interest matrix.

	Selling	Regulating	Educating	Promoting	Monitoring	Lifestyle & consumer behavior
Wholesalers	4			(4)		
Restaurant sector	(5)			(6)		2 (1)
Import / export	7			(7)		
Retailers	2			(2)		
Tax free trade	4			(4)		
Monopoly Alko	2			(2)		
Brewing industry	1			2	(2)	(1)
Marketing				2		
Press				1		(1)
R&D		1	1		2	3 (1)
Public sector officials		2 (3)	(5)		3 (2)	
Health / wellness		2		(3)	(3)	4
Clubs & associations						4

6.1.2 Motivating the experts to participate

Considering the high number of selected experts it was likely that not all of them were to participate. In the Delphi research it is up to the Delphi manager (the one conducting the research) to motivate the experts to participate. According to Osmo Kuusi (2012) the motivating phase is the single most challenging task in the research execution. He mentions that the experts need to feel that they are participating and contributing to something important for their own work and for their own field of expertise. In this case, considering the interesting topic and the fact that all selected experts most likely were intrigued by the results that were to be obtained, it was considered fairly easy to motivate them to participate. The Delphi manager made personal contact with each expert before sending the invitation to ensure the participation. In addition to that, the manager mentioned

in the invitation email (Appendix 1) that during Autumn 2012 there would be an event for presenting the research results. All experts who participate would be invited. This event is important for the client of the study, Vienti DBM, S.A. as it will be able to get new contacts, to gather new information and to create relationships with possible strategic partners. The event will also be important for the participating experts as they will learn the results of the study and will be able to use the information for their companies' strategic planning and decision-making.

6.1.3 Forming of the questions

The questions, or future hypothesis, were formed according to Kuusi's (1993, 133) theory of optional future strategies:

- *Observer's point of view* where one's own expectations are to remain separate from the evaluation about the most probable future development
- *Action point of view* where the most desirable future development possibilities are expressed
- *Preparing to face the possible threath point of view* where future development possibilities are the most negative ones but by identifying the threats it is possible to turn them into opportunities
- *Possibility point of view* where technology and other development offers endless possibilities that can become reality if one dares to explore the opportunities (however there is a high risk for this future development to not happen)

The main themes of the questions were selected to cover issues related to changes in consumer values, in operating environment and in the whole industry. They were also designed to lead experts to enter into discussion and to produce innovations. At the moment one clear sign of future industry development is the rise in environmental values. According to Merisalo (2010, 14) it alone is not enough to lead companies to creating competitive advantage in the future decades. In addition to ecological values it is necessary to identify other factors that are guiding consumer behaviour. These factors and values should be the basis for future investments, production and decision-making of successful companies and therefore the main themes for the expert survey were selected to be the following:

- Industry changes
- Market trends
- Competition vs. Cooperation
- Product features (organic vs. chemical vs. genetically manipulated)
- Market entry and marketing

These topics gather together the most important information and help to uncover industry-wide issues. It is necessary to look at the alcohol industry from all the different perspectives in order to understand the future development. The economy and markets are in the middle of big changes and economic crisis. It is crucial to identify the driving forces between these changes as they will affect almost all areas of life. In order to design the questions for the Delphi survey it was necessary to investigate the current market and industry situation. Based on the literature and statistics regarding current and past development of the industry, the driving forces of change were identified as follows;

- **Ageing of the population:** changes the consumer behavior related to alcohol
- **Virtual world:** distribution and availability of alcohol will move to the virtual world
- **Ecological thinking:** organic and fair trade trend and environmentally friendly ways of operating will continue to shape the market
- **Mobility of people:** Finns travelling abroad and on the other hand foreigners moving to Finland will force the market to experience changes
- **Wellness and health awareness:** physical and mental health gets emphasized and alcohol consumption behavior changes
- **Branding:** individual lifestyle gets emphasized and includes a certain type of eating and drinking behavior as well as clothing and branding oneself
- **Clusters and networks:** new technologies and the decreasing national and industrial borders create new ways to build better value chains
- **Legislation:** possible changes in the alcohol legislation and import regulation would cause an enormous development in the industry

Questions were decided to be formed in Finnish instead of English as all participants are Finnish speaking and the phenomenon in question is also in Finland. This was hoped to increase the participation level as it is quicker to respond to the questionnaire if questions are in one's native language. The questions were planned to provoke discussion and opinions. There were ten questions in the expert survey.

6.1.4 Time perspective

Futures research is always based on the present situation. The strategic decisions for the future are always taken in the present. Due to this reason the current situation of the Finnish alcohol market was described in the chapter 2.

Delphi research is normally conducted when it is necessary to see beyond ten years from now. The time perspective for this specific research was selected to be 13 years from the present due to the following reasons: 1) it is necessary to recognize future trends and changes in the alcohol industry, and 2) still keep the time perspective as close as possible so that Vienti DBM, S.A. can benefit from the research results. If the time perspective was even larger, 20-30 years from now, it would be difficult for the company to benefit from the results since the owner would be retiring when the research results would be of any use. Also it is important to remember that the further the time perspective is taken, the more difficult it is to forecast different future pathways, and the less reliable the research becomes.

6.1.5 eDelfoi web tool

The expert panel survey was conducted through eDelfoi web tool. It is a web based programme especially designed for Delphi research. It can also be applied for technological development foresight (technological forecasting), in educational planning, and for organisational decision-making. In the eDelfoi environment it is possible to design, conduct, document, and report surveys, discussions and studies. The method consists of iterative processes where experts deeply analyse and discuss different subjects. It is also possible to select a Real Time Delphi method concept in which all iteration happens during the first round as experts are able to comment each others' opinions and enter into a discussion interactively. (eDelfoi, info, 2012) The Delphi manager of this specific research entered into contact with the Delphi Developers Community and was able to get training and guidance for the usage of eDelfoi web tool. In this specific research the application that was chosen was the Real Time Delphi. The expert panel survey (Appendix 2) remained open for three weeks. During this time it was possible for the panelists to visit the survey various times to give or read comments and to modify their answers in case their opinion was changed. This interactive environment created an open atmosphere for communication and the discussion was indeed very intense as the future hypotheses were provoking and opinion-dividing.

6.1.6 Expert survey

The expert panel survey in eDelfoi environment was opened for participants in Week 18/2012 and was initially planned to remain open until end of Week 19/2012 allowing two weeks time for the experts to answer. The invitations were sent to the experts by email indicating the link and user credentials in order to enter the survey. As the eDelfoi tool was designed for Delphi research one of its features is the anonymity factor. Therefore it

was not possible during or after the survey to identify which experts had answered and which had not. For this reason the Delphi manager kept sending reminder emails to the experts about the survey and was able to obtain confirmations about the experts having answered the survey.

In the eDelfoi survey the experts were to allocate themselves in the expertise / interest –matrix illustrated in Table 2. That way it was easier for the Delphi manager to have information about the expertise areas of the experts who had participated. This feature enabled the Delphi manager to identify which expertise groups had not answered yet and to encourage them to participate. After two week's time the number of experts who had answered the query was 23, which gives a response rate of 47%. It was decided to keep the survey open for one more week (20/2012) to obtain answers from experts who were travelling or experienced technical problems in the process of entering the survey. This decision turned out to be a good one as the number of experts who had answered the query after one additional week was 32, which gives a response rate of 65%. According to Osmo Kuusi (2012) an expert panel that has more than 30 respondents can already be considered also statistically significant and the results can be analysed quantitatively in addition to analysing them qualitatively. Since there were more than 30 experts who participated in this specific research it can be considered to have statistical significance as well.

6.1.7 Analysis of expert survey results

According to Hirsjärvi et al (2001, 209) the analysis of research results is best to perform immediately after conducting the research and gathering the data. Therefore the results of the expert panel survey were extracted from the eDelfoi environment and analysed thoroughly immediately after the survey had closed. This analysis happened during Week 21/2012. Hirsjärvi et al (2001, 208) also mention that in qualitative research the process of organising the research data is very demanding and varies depending on the research strategy and method. In this particular research the gathered qualitative data was saved in a very organised way in the eDelfoi web tool and was easy to be extracted from there. The results were presented in graphs and tables, but in addition to that there were open comments from many experts to each one of the questions. The themes that most raised discussion had as many as 20 open comments and this can be considered an excellent result because the purpose of Real Time Delphi is to create discussion between the experts in order to discover weak signals of the future megatrends. The analysis of the different open comments was performed in such a way that the comments were first divided into “with” or “against” –groups to determine what was the majority opinion and then analysed also individually to determine whether any weak signals can be spotted from “between the lines”.

Hirsjärvi et al (2001, 210) also point out that in order to analyse research data it is necessary to determine which analysis method best provides an answer for the research question. The analysis method often used in qualitative research is the understanding approach whereas in quantitative research the explaining approach applies better. In this particular research, considering that the approach was qualitative and the intention was to obtain an understanding on the future industry development the analysis method applied was the understanding approach. The results were presented and interpreted to the best possible understanding of the researcher.

6.2 Consumer panel

6.2.1 Objective

According to Vehkalahti (2008, 11) a survey research is an important method for collecting information about different societal phenomena, actions, opinions, values and attitudes. This particular survey research was designed for obtaining information about consumer opinions and attitudes. The purpose in more detail was to include end-consumers to the research in order to gain primary information on consumer needs of the future. As the expert panel dealt with industry-wide development and market related issues, it was necessary to obtain an end-consumer point of view so that Vienti DBM, S.A. would be able to plan its B2B business model by always having in mind the end-consumer (B2C) perspective. Experts of the Finnish alcohol industry were able to provide up-to-date information on the industry development and describe the future views based on their professional experience in the field. Consumers, having a more objective view-point, can provide information on the consumer wishes and requirements. Consumers, at the end of the day, are the ones who dictate the future development of the Finnish alcohol industry by their alcohol consumption and behavior. Both of these groups are important for the research as the goal is to design a B2B business model by always keeping in mind the consumer needs. It is also a one-of-a-kind research in a sense that very rarely the expert and consumer views both are taken into consideration in the same research.

6.2.2 Selection of the participants

The consumer panel is observing the research problem from a further distance than the experts. As private, public and third sector are all operating in the alcohol industry and dealing with the subject on a daily basis they are closer to the research problem as the end-consumers. However, it was decided to include consumer panel to the research because the expert panel is most likely interested in the consumer panel's opinions considering that the end-consumers have the final say in the success of the products.

The consumer panel was to include end users with following criteria:

- different age groups
- different genders
- different ethnic background
- different educational background
- different income levels
- from different parts of Finland
- with different relationship to alcohol

The consumer panel survey was designed to be an open survey in such a way that anyone would be able to answer the questionnaire without any specific user credentials. The goal was to reach more than 500 consumers and they were to provide background information about themselves in the survey in such a way that the panel manager could filter answers by using different criteria.

6.2.3 Motivating the end-consumers to participate

With all surveys it is always a challenge to obtain high participation levels. Regarding the consumer panel it was decided to include a price that would be drawn between all participants. According to an article "Five Actions to Achieve Higher Response Rates in Online Research" by Anika Herrgard (2011) in the official Webropol blog using an incentive is a good and commonly used method to obtain higher response levels. Information about the draw was included to the invitation letter (Appendix 3) as well. Since the goal was to obtain a very high number of participants it was decided to use social media to inform about the survey. A Facebook profile was created for the survey and a link to the survey was posted to the Facebook wall. The panel manager sent the link to all existing Facebook contacts and also used email to inform people about the survey. Information about the survey was also sent through HAMK University of Applied Sciences' communication channels Moodle and Oscar in order to obtain answers from Master's level students in HAMK. A lot of work was invested on motivating the participants and in informing about the survey

because the sufficient response rate in any survey is what affects the reliability and validity of the research as a whole. Contact was also taken with various website administrators in order to publish the survey link in different alcohol related websites, but it was not possible to do that due to internal regulation of those specific organisations. Survey link was then published in online blogs and chat rooms related to food and drinks.

6.2.4 Forming of the questions

The questions for the consumer panel originated from the expert panel answers in such a way that the themes that were most lacking an end-consumer perspective were selected for the consumer survey. Questions were again formed in Finnish instead of English as the research question deals with Finnish alcohol industry and with Finnish alcohol trends.

The questionnaire (Appendix 4) was formed in such a way that in the beginning the respondents were to fill in a background form with information about their age, gender, living environment, education, ethnicity, income, and relationship to alcohol. Then respondents were asked to select from various options which were the strongest driving forces and trends of the industry. In the third part of the questionnaire there were six themes that each included three statements. Respondents were to answer by using the Likert scale. McLeod (2008) has defined Likert scale to be an interval-based multiple-choice question type commonly used in questionnaires. The 5-point scale that was chosen for this particular research has in one extreme “strongly disagree” and in other extreme “strongly agree”. In the middle there is the option “neither agree nor disagree”. This option was decided to be included in the consumer survey due to the fact that the research topic might not be too familiar to all respondents. In an expert survey this option would not be necessary as it can be concluded that all experts of one area can respond with expertise to all questions related to their expertise area. However, consumers might not have sufficient knowledge on all themes of the survey.

The respondents in the consumer survey were asked to define in the Likert scale their degree of agreement with each hypothesis related to the probability of the industry changes of the following kind:

- strong alcohols
- ageing of the population
- distribution
- competition
- cooperation
- marketing of new products

Finally the respondents were requested to answer by defining in the Likert scale the degree of preferability of each hypothesis. This way the two dimensions of probability and desirability that were present in the expert survey appeared in the consumer survey as well. The time perspective for the consumer survey was selected to be similar as in expert survey, and therefore the statements were presented in the format “In year 2025...”.

6.2.5 Webropol

According to Heikkilä (2004, 69) an online survey research is the fastest and most cost-efficient way to gather data. This particular research was conducted through Webropol web tool that is an online survey and analysis tool that was provided for this research by HAMK University of Applied Sciences. Webropol is being used by 40.000 people in more than 2.000 organisations worldwide. The software has a variety of different question types and features, flexible reporting tools and it is possible to combine different surveys to one single report. (Webropol, kyselyt, 2012) The researcher could have performed the consumer survey with eDelfoi web tool that was used for the expert survey, but wished to change the application in order to learn about both softwares and in order to design a more consumer-friendly questionnaire that would be easy to read and simple to construct. The decision to use Webropol also involved the decision to use a price that would be drawn between the participants. In the eDelfoi web tool it is not recommended to have the participants leave their contact information as the process should be carried out anonymously. In Webropol it was very easy to design a contact detail page where all respondents were able to leave their names and phone numbers.

6.2.6 Consumer survey

The consumer panel survey in Webropol environment was opened for participants in Week 22, to be exact on June 1st 2012. The survey was to remain open until end of June. However, by June 30th there were only around 200 responses received and it was decided to keep the survey open for one more week in order to obtain more answers. The survey link was again sent to contacts in Facebook as a reminder. It turned out that it was a good decision to keep the survey open for one more week as there were 50 responses more received during that additional week. Through the Webropol survey results tool it was possible for the survey manager to follow up the responses received and to identify through background information which groups had not responded yet. As it was identified early in the sur-

vey phase that 20 year old and minor had not participated, it was easier for the survey manager to direct the promotion of the survey to forums that are popular among teenagers and young adults. It was also clear from the beginning of the survey that 60+ age group would not be very active participating and therefore it was decided to contact site administrators of forums where the elderly often visit, such as Martat.fi and Studio55.fi, but due to internal regulation of those organisations it was not possible to publish or send the survey link to the members and visitors of the site. The consumer survey was closed on Sunday July 8th 2012 and in total there were 251 answers received. Since the goal was to obtain as many as 500 responses, the final response rate was 50%.

6.2.7 Analysis of consumer survey results

Results from the consumer panel survey were extracted from the Webropol environment and analysed thoroughly during Week 28/2012. The gathered quantitative data was saved in a very organised way in the Webropol tool and was easily accessible in such a way that different kinds of reports were easy to be extracted. According to Hirsjärvi (2001, 210) the analysis method often used in quantitative research is the explaining approach. In this particular research, considering that the approach was quantitative and the intention was to obtain statistical data to support the expert views on future industry development the analysis method applied was the explaining approach. The results were presented in graphs and tables. However, Hirsjärvi et al (2001, 211) point out that even though the results are presented in graphs, correlations, and numbers it is extremely important to interpret the data in such a way that the reader understands what was the outcome and what is the understanding of the researcher in the light of the whole research setting. Therefore the consumer survey results were also analysed thoroughly by aiming to interpret the relation of the consumer survey results with the expert survey results and by keeping in mind that both results are equally important for the client company of this particular thesis project.

7 FINDINGS AND OUTCOMES

7.1 Expert panel results

In the following chapters the results of the expert panel survey are presented in such a way that the future hypothesis is always followed by the corresponding results.

7.1.1 Probability of driving forces

Organise the alcohol industry related driving forces in such a way that 1. is the strongest and most probable force and 8. is the weakest and most improbable force. The results regarding the probability of the driving forces of the industry were quite straight forward in a sense that ageing of the population was considered to be the strongest force shaping the industry and the alcohol market in year 2025. The respondents also clearly did not believe in any liberalisation of the alcohol regulation as 53% believed that alcohol policy will only get stricter than it already is today. The virtual world, or technological development, together with ecological thinking and mobility of people were believed to be the second strongest forces shaping the industry in year 2025. Detailed results can be observed in Figure 6 where the relation between the number of respondents and the probability is presented in one color. For example there were in total 15 respondents who selected the ageing of the population to be the strongest force affecting the industry.

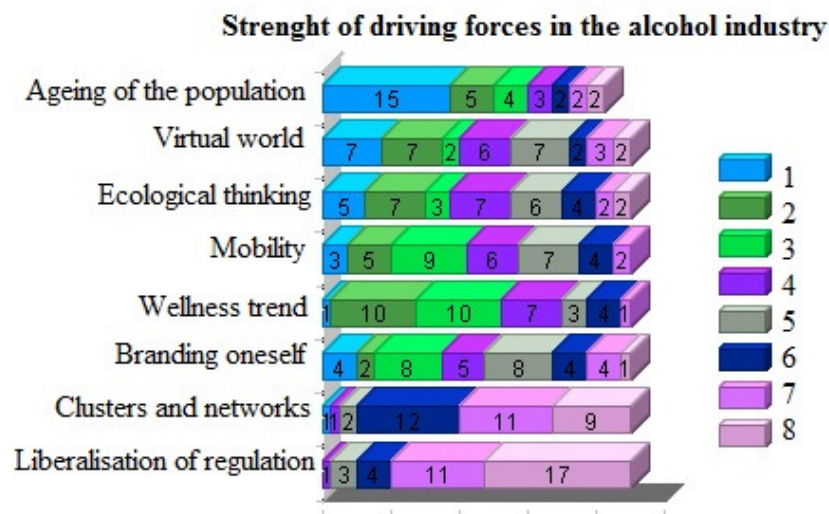


Figure 6. Strenght of driving forces of the industry.

The individual comments were easy to divide into two groups; one that believes the alcohol policy to get stricter in the future, and other that believes the regulation and limitations not being the answer for the problems caused by alcohol use. This division between these two groups can well be observed from the following comments that were written to the open comment field;

“...As long as alcohol remains the biggest cause of death, the alcohol sales will be strictly regulated...”

“...As long as alcohol is the only issue that’s adverse effects are highly monitored in statistics, it will never be freed from the burden of “biggest cause of death”...”

“If the problems related to the Finnish drinking culture could be solved by legislation and regulation we would not have this problem in the first place. The time has come to change the approach...”

It can be concluded that the majority of the respondents believe the alcohol legislation to get even stricter than it is today. However, there were many comments questioning this approach and mentioning that perhaps something else should be done as in the light of past industry development it can be argued that the traditional methods might not be effective. Poley (in Kiukas & Mikkonen, 2009) writes about the principles of Portman Group that coordinates social responsibility campaigns in Great Britain. These principles are; 1) the problem is alcohol abuse, not alcohol consumption, 2) alcohol abuse can best be reduced by influencing the alcohol culture and drinking behaviour, and 3) education is the best method for reducing alcohol related harm. According to Portman Group using methods such as limiting distribution and availability and increasing taxation are poor decisions in the alcohol policy. Kiukas & Mikkonen (2009) mention that Finland should look into this approach and analyse whether it could be applied at least to some extent in the Finnish alcohol industry as well.

7.1.2 Industry changes

The survey included three different questions regarding industry changes in year 2025; 1) alcohol monopoly vs. free alcohol trade, 2) significance of the ageing population, and 3) significance of Internet for the distribution channels of alcohol.

Alcohol monopoly

In year 2025 Alko is no longer in a similar kind of monopoly position as it is today. Strong liquors are available in supermarkets, private stores and in online stores. Regarding alcohol monopoly the opinions were divided quite heavily. Majority of respondents believe that it is neither probable nor preferable for the Finnish alcohol monopoly to be elimi-

nated. However, there were respondents who answered in a completely opposite way claiming that it is highly probable and highly preferable for the alcohol retail of strong spirits and wines to be moved to supermarkets and specialty shops. The detailed results can be observed in Figure 7 where the size of the round figures represent the number of respondents for each option. The X-axis is the probability and the Y-axis is the desirability.

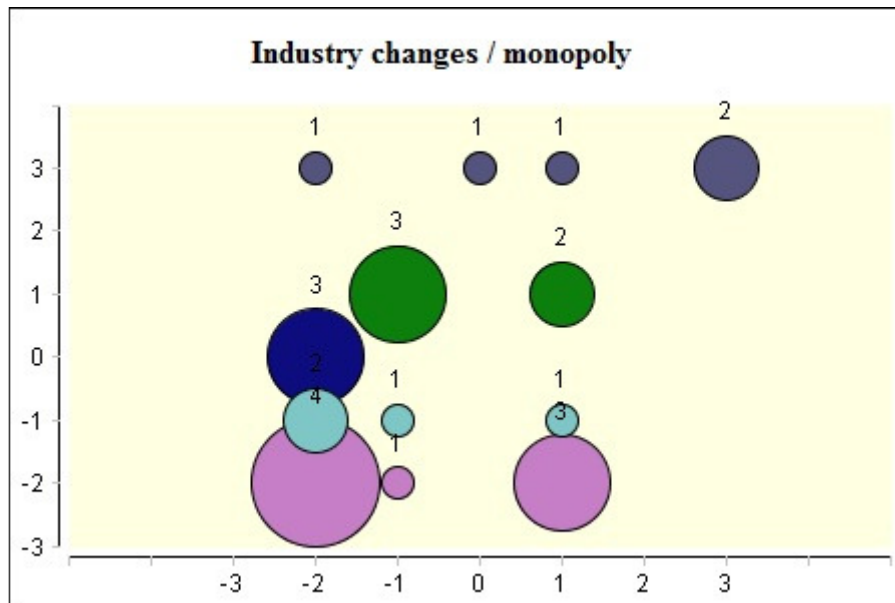


Figure 7. Industry changes regarding the Finnish alcohol monopoly.

In the comment field the subject received 19 comments from the respondents and it can be observed that the majority of the comments dealt with the monopoly position being slowly diminishing as the traditional competitive advantages of Alko, such as product range and knowledge, good distribution chain and customer service, are beginning to lose their appeal as the enormous product selection and over supply are making it difficult to have expertise and knowledge covering the whole available product range. Many of the comments also dealt with the traveler's imports from abroad and it having a permanent effect on Alko's position as government is losing tax revenue on alcohol sales in Finland. It was mentioned in many of the comments that Alko, in order to survive, needs to change its strategy towards a more agile and customer oriented way. It should heavily invest in competing against the traveler's imports and "virtual liquor" by opening an online service and home delivery system.

Another interesting group of comments talked about the monopoly disappearing and having an immediate effect on driving the small and medium-sized alcohol importers to bankruptcy. According to the open comments this type of development would be due to the fact that the grocery business in Finland is dominated by two large supermarket chains, S-Group and K-Group, both of them having a product selection dominated by their own brand. It is very difficult for small companies to get their products to these chains as the cost of campaigns is too large for them.

“...Even though the monopoly is considered a negative and limiting factor in the Finnish alcohol industry, it still is a guarantee of quality in a sense that in the product selection it is possible to find many products of small importer companies that would not have a chance of getting their product to the market if there was free trade instead of monopoly...”

“...The opposite of monopoly is not necessarily free trade. Sales can still be monitored and only the unprofitable monopoly disappears from the background.”

“Grocery chains will have Shop-in-Shop stores inside of their installations so that the alcohol sales remain highly monitored but are still available in supermarkets.”

Ageing population

In year 2025 the aged population (60+) is the biggest consumer group of alcohol that dictates the success of the products in the market. Regarding the significance of the ageing population the results were in favor of the 60+ population not being the most significant alcohol consumer segment in year 2025. There were some respondents who believed the ageing population to change the consumer behavior of alcohol and the drinking problems among the aged population to increase. The majority of comments however dealt with the volumes of alcohol sales coming from the “heavy users” and it being independent from age groups. Detailed results can be observed in Figure 8 where X-axis represents probability. The dimension of preferability was not considered valid in this specific question.

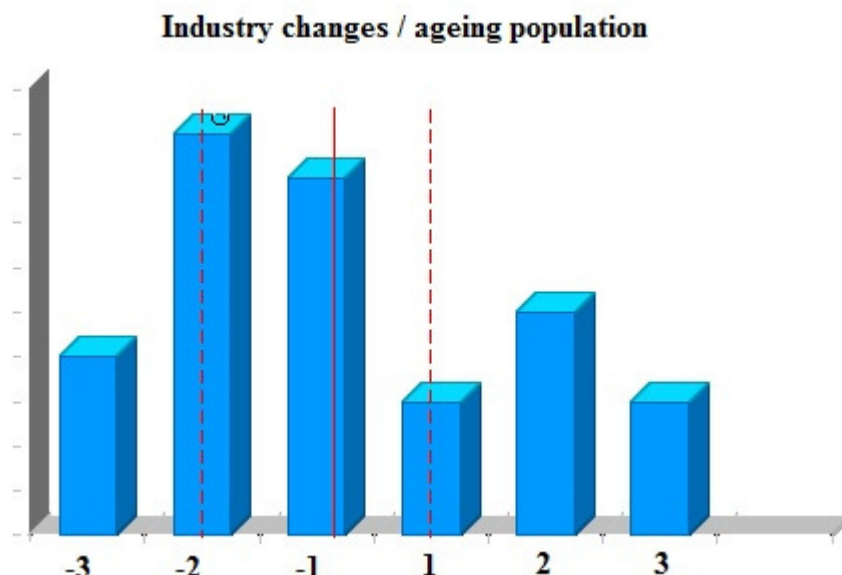


Figure 8. Industry changes regarding the ageing of the population.

There were also some open comments of the following kind:

“The drinking culture will get more sophisticated and the differences between age groups will reach balance. The generation that experienced the

“liberalization of alcohol” after the prohibition period no longer exists in year 2025.”

Distribution

In year 2025 the main distribution channel of alcohol is Internet. Alcohol products can be ordered online and delivered to one’s front door (service can be compared to pizza-taxis). The majority of the results were in favor of not probable and not preferable to have online sales and home deliveries. Some respondents however were in favor of preferable and probable that can be observed in the following open comments as well;

“If age limit control can be managed (requires a stricter version of the existing delivery system, educated distributors and own legislation) it is an excellent solution.”

“Alko has already tried this with corporate sales and the experience has been a positive one. In Sweden this kind of a model has been considered as well.”

“Will happen. In the other Nordic countries this has already started.”

The comments against online sales and home delivery system were quite strong as can be observed from the following;

“This is basically the same as disappearance of monopoly. Will not happen and would mean an enormous increase in the availability of alcohol that absolutely no one in the parliament will support.”

“Will not happen by year 2025 – would be an extreme and highly significant, not-preferable change in the alcohol policy.”

Detailed results can be observed in Figure 9 where the size of the round figures represent the number of respondents for each option. The X-axis is the probability and the Y-axis is the desirability.

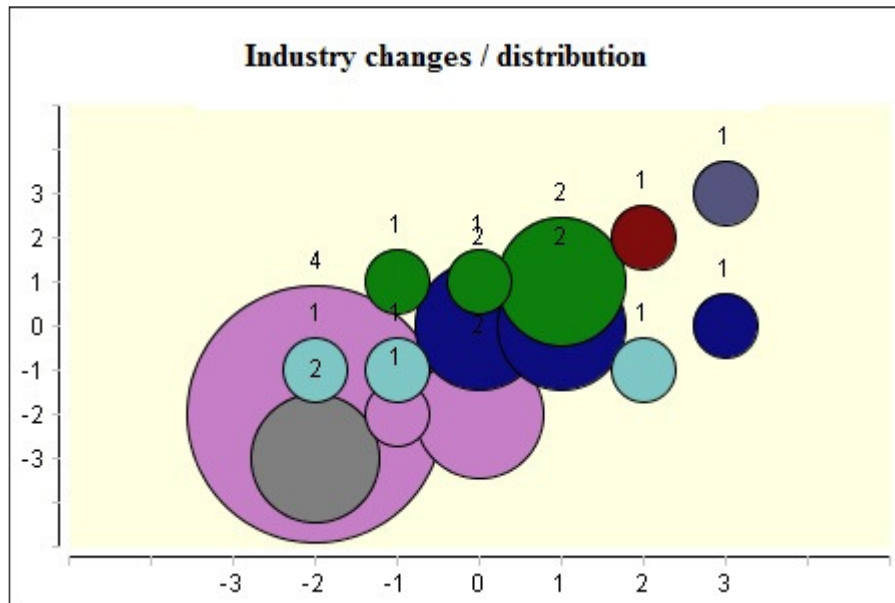


Figure 9. Industry changes regarding the distribution of alcohol.

By analysing the figure it can be concluded that a strong majority responded on behalf of the online sales and home deliveries not being probable nor preferable in the future.

7.1.3 Market trends

This section describes different hypotheses of market trends in 2025. Select the options that you consider probable. The results regarding market trends were quite straight forward in a sense that two trends were selected to be much stronger than the others. These two market trends in year 2025 were considered to be health consciousness and domestic production. Only a few respondents believe that genetic manipulation will be a commonly used production model in the alcohol industry and that the foreigners in Finland require products from their country of origin. Detailed results can be observed in Figure 10 where the blocks represent the number of respondents who selected the specific option out of the five available options.

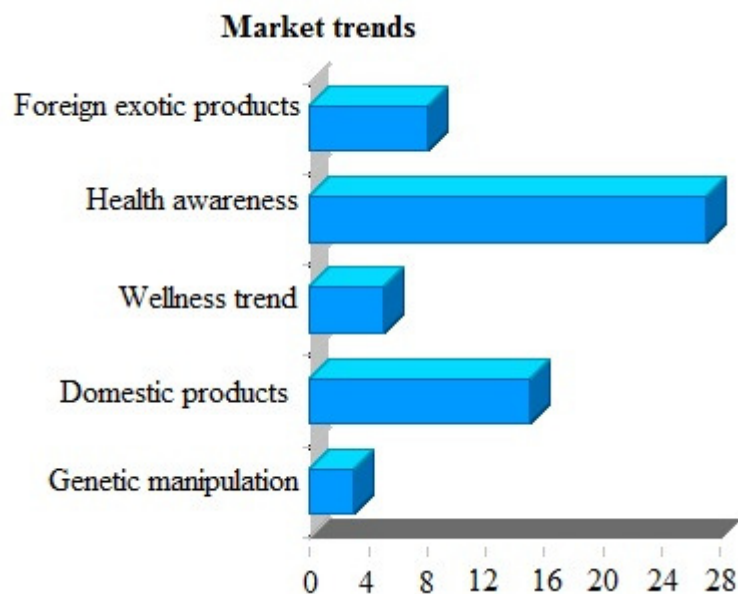


Figure 10. Market trends.

From the open comment field it can be observed that many respondents believe in the health and wellness trend in year 2025 and in the increase of domestic brewing production as well as in a general increase in quality consciousness.

7.1.4 Competition vs. Cooperation

The survey included four different questions regarding industry competition and cooperation in year 2025; 1) competition from abroad, 2) traveller’s imports and grey economy, 3) cooperation between public and private sector, and 4) cooperation between all actors in the Finnish alcohol industry.

Competition from abroad

In year 2025 Finns direct their "liquor search" travels to the following countries / places: Organise the following options in such a way that 1. is the most probable and 8. is the most improbable. Regarding the competition from abroad the results were in favour of Finns preferring to buy their alcohol products from Finland instead of travelling abroad to bring cheaper liquor from there. The second biggest place for alcohol purchases in year 2025 was considered to be the cruise traffic to Estonia. Other significant places were believed to be the border cities of Russia, the cruise traffic to Sweden and the border cities of Sweden. The majority of respondents did not believe the “alcohol purchase travels” to Central Europe and Mediterranean countries to be a significant competitor for the Finnish alcohol sales. Detailed results can be observed in Figure 11 where the relation between the number of respondents and the probability is presented in one color. For example there were in total 18 respondents who

selected the option “Finns buy from Finland” as the most probable future development.

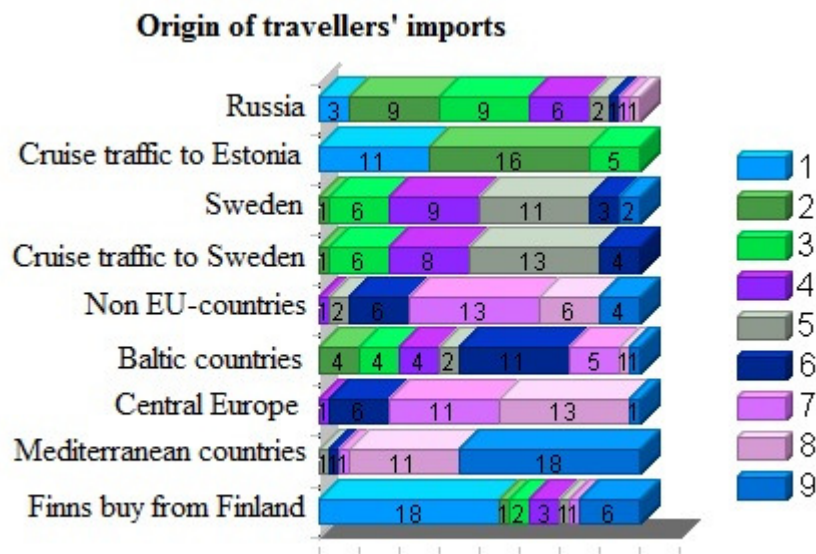


Figure 11. Origin of travellers' imports.

From the open comment field it was possible to observe that majority of respondents believe Russia to open up its borders significantly in the near future and it having an enormous impact on traveller's imports to Finland. At this moment the border crossing to Russia is quite time-consuming and difficult due to visa requirements, but in year 2025 this is believed to change and Russia is considered to become a serious competitor for the domestic purchases and for the cruise traffic to Estonia.

“The traveller's imports are already bigger than domestic consumption of alcohol in restaurants and this unfortunately will not experience positive development.”

“The traveller's imports will increase due to strict regulation in Finland. Our neighbouring countries know something that we don't – keep the tourism alive.”

Traveller's imports and grey economy

In year 2025 the grey economy and alcohol imports from abroad have caused the alcohol industry to face recession. The results regarding the traveller's imports and grey economy driving the Finnish alcohol industry to recession were in favour of not probable. The majority of respondents did not believe the increasing grey economy and alcohol imports from abroad to drive the market into a downturn in 2025. Some respondents however believed this to be an exact description of what will happen; the unemployment in the restaurant sector will increase, breweries will be closed, and government will lose tax revenue due to tight alcohol regulation as people rather buy their alcohol from abroad and enjoy it in their homes. The detailed results can be observed in Figure 12 where X-axis

represents probability. Preferability was not seen as a valid dimension in this specific question.

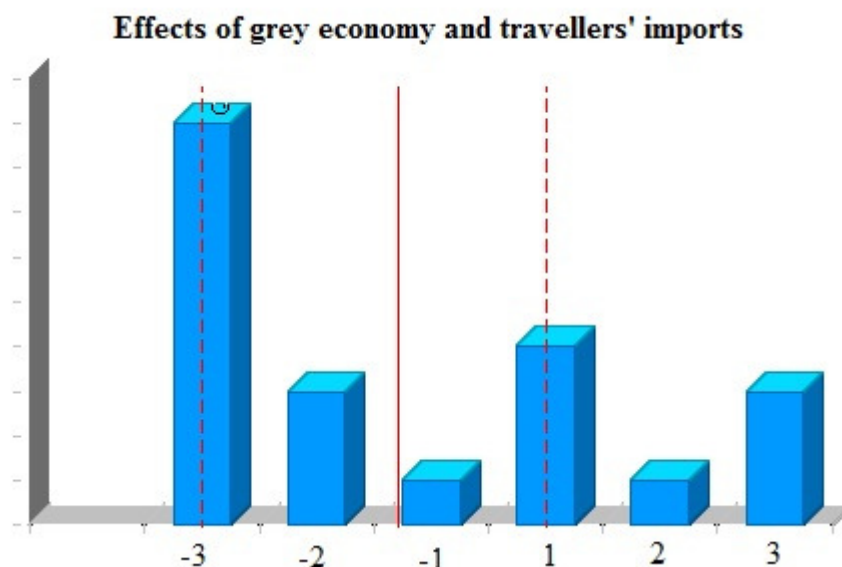


Figure 12. Effects of grey economy and travellers' imports.

The discussion in the comment field was fierce. There were comments from complete opposites of opinion.

“Complete non-sense. Nothing like this will happen.”

“I completely agree with the hypothesis.”

“Unfortunately this is already a reality. A year ago Kauppalehti published an article about Sinebrychoff laying off 60 employees from the Kerava brewery due to a decrease in domestic consumption.”

“Every restaurant’s worst enemy is the sofa. Home entertainment centres and Internet attract people to stay at home enjoying alcohol that they have brought from abroad.”

Some comments were against the statement but the majority believed that the domestic consumption will decrease in the future and that homes will become competitors for restaurants. According to a recent study by Pasonen & Wallenius (2011) the overall consumption of alcohol in Finland has doubled in the past two decades, but alcohol consumption in restaurants has almost decreased by half during the past 20 years. The study also points out that the alcohol that is consumed at home is often bought from retail outlets or brought from abroad, mainly from Estonia. This research results indicates that the industry development is already moving towards increased traveler’s imports and unemployment in the restaurant sector.

Cooperation between public and private sector

In year 2025 there is a cooperation in the alcohol industry between private and public sector in order to increase the domestic purchases of alcohol and to encourage people to enjoy their alcohol with moderation. The results regarding the possible cooperation of public and private sector in year 2025 were very scattered around the scale. There is not an obvious majority of respondents agreeing on anything, and this question raised discussion between the respondents. The detailed results can be observed in Figure 13 where the size of the round figures represent the number of respondents for each option. The X-axis is the probability and the Y-axis is the preferability.

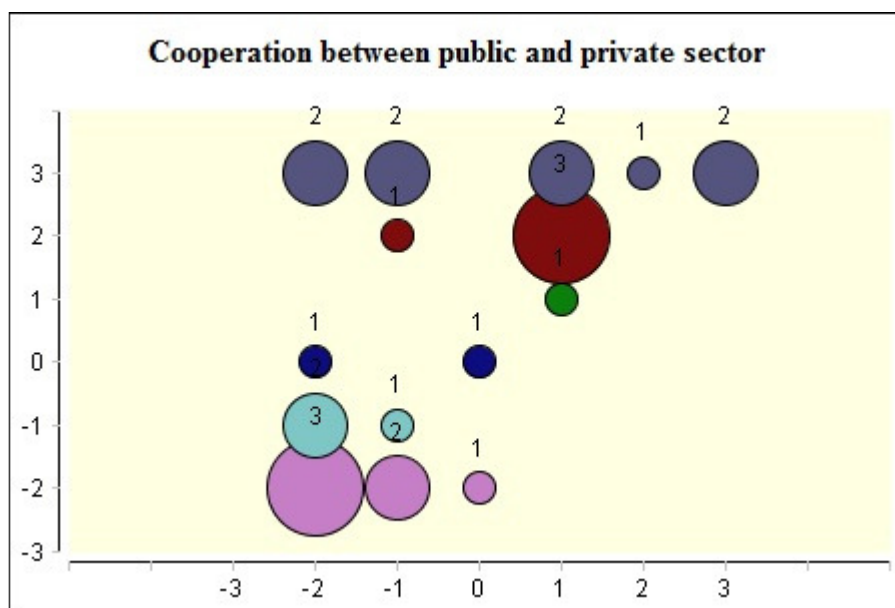


Figure 13. Cooperation between public and private sector.

There were numerous open comments related to this question:

“It would be excellent if this would happen. The employment effect would be significant.”

“I hope this will happen. We are all playing in the same sandbox and everybody gains from keeping the tax revenue in Finland.”

“Public sector is interested in decreasing alcohol consumption, and the producers are interested in selling as many products as possible. This ultimate conflict prevents a deep cooperation between these two sectors from happening.”

“We need to understand that the problems caused by alcohol consumption will not disappear even if domestic production does. Responsible and moderate drinking will be more heavily included in marketing as binge drinking is considered a negative thing for the whole industry as it only leads to stricter regulation.”

“It could also be possible that the use of agents and managers increases if marketing methods are very limited. Then we could follow the example of agency practises in creative industries...”

Cooperation between all actors in the Finnish alcohol industry

In year 2025 there is cooperation in the alcohol industry between three different sectors; public sector (officials), private sector (companies) and a third sector (clubs and associations). The question regarding cooperation between all actors in the Finnish alcohol industry dealt with possible new commercialised service concepts between different sectors, one example being alcohol education together with wellness services in the leisure sector. The answering method was to locate an alcohol industry related activity to the corresponding box depending on which sector would perform the specific action in year 2025. It was also possible to locate the same activity under various sectors, this way obtaining an understanding about activities that could be performed in cooperation between the different sectors.

In the open comment field some surprising comments were;

“I would hope the private and third sector to participate in preparation of alcohol laws in such a way that a commercial perspective would be considered when presenting new suggestions for alcohol legislation.”

“The roles of these three sectors will remain as they are today unless politics experience a drastic change in this country.”

The detailed results can be observed in Figures 14, 15 and 16 where numbers around the round table represent the number of respondents who believe that the specific task could be, in 2025, performed by public sector (figure 14), by private sector (figure 15) or by third sector (figure 16) .

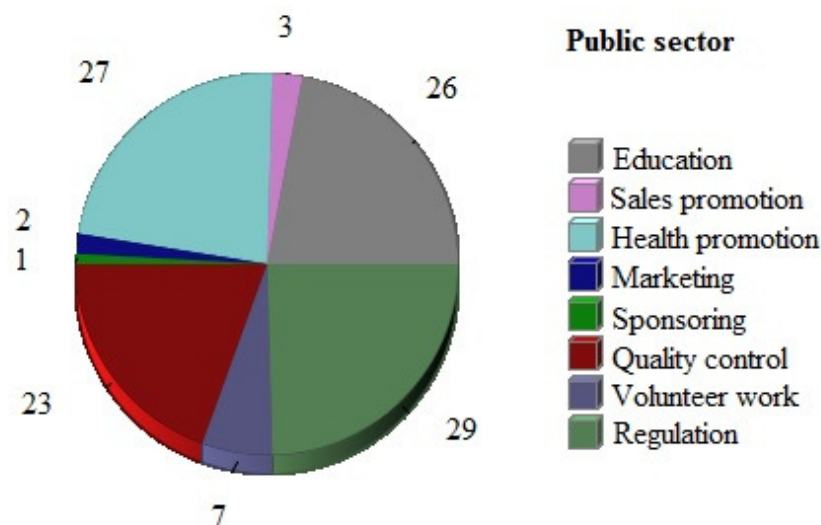


Figure 14. Different actions of public sector in the alcohol industry.

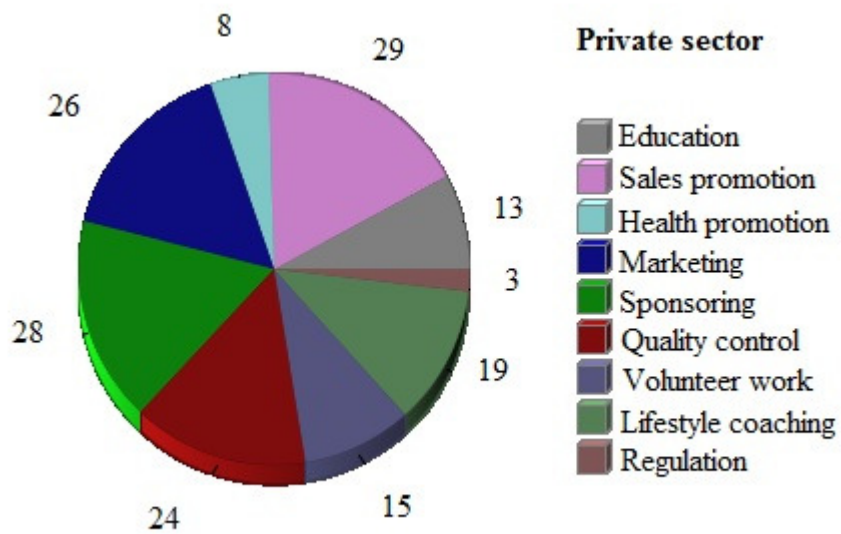


Figure 15. Different actions of private sector in the alcohol industry.

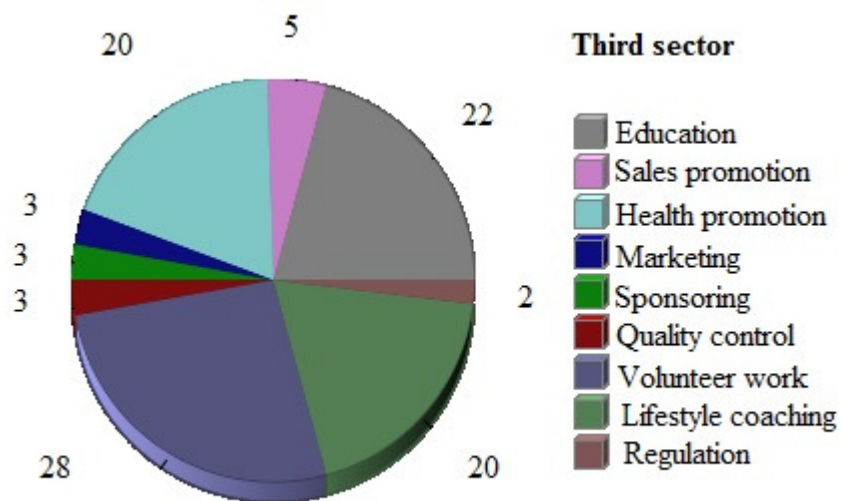


Figure 16. Different actions of third sector in the alcohol industry.

It was surprising in the analysis of the results that according to the respondents all activities could actually be found under all three sectors; public, private, and third sector. Roughly speaking this means that cooperation would actually be possible at least to some extent in all areas of alcohol industry.

7.1.5 Market entry

Organise the following actions related to the market entry of the products in such a way that 1. is extremely important for the success of the product and 6. is less important or completely irrelevant for the success of the product. The answering method regarding market entry of the alcohol products was to organise different activities in an order in such a way that first one has great significance to the success of the product and the last one has no or least significance to the success of the product. The results were in favour of finding an existing partner who already has good distribution channels and contact networks as the most important thing when entering the market. Others with great significance were use of social media in the marketing of the product, use of psychological advertisements that create a mental image of a pleasant experience, and use of innovative packaging. Offering the product only to the monopoly’s product selection was considered as having least significance for the success of the product. Detailed results can be observed in Figure 17 where the relation between the number of respondents and the probability is presented in one color. For example there were in total 11 respondents who selected the option “Finding an existing partner” as the most important action to be taken when introducing new products to the market.

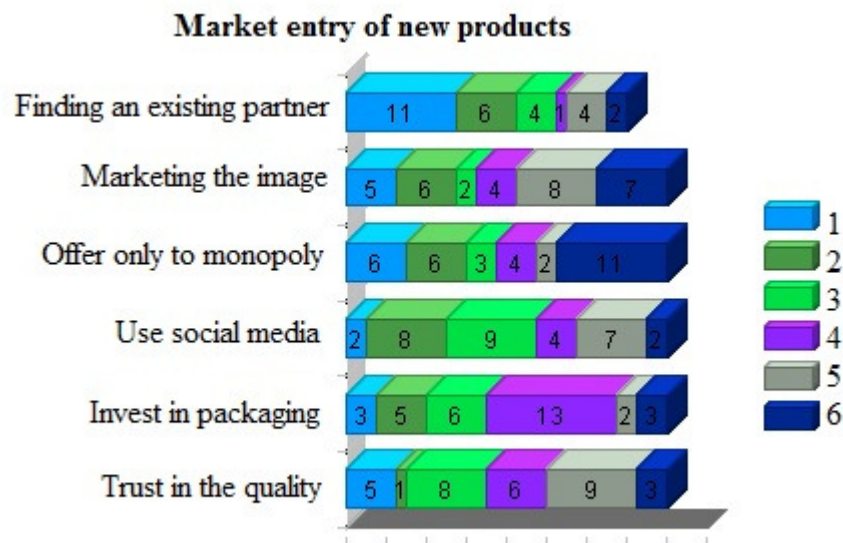


Figure 17. Market entry of new products.

The discussion again was fierce as can be observed from the following;

“Number 1 is to get the product to Alko’s selection. Without that the product has no life.”

“It makes no sense to offer the product only to Alko as HoReCa is the only place to do marketing.”

“Wide distribution channel is the best guarantee for sales volume.”

7.1.6 Expertise matrix

The objective of the expertise matrix was to have the experts participating in the survey to define their own area of expertise. In this way it was possible to control whether all expertise areas were covered or if answers from some specific expertise area were lacking. Another objective of using the expertise matrix was to analyse the results by expertise areas. In the eDelfoi environment it is possible to filter answers per expertise area if the expertise matrix is being used. The results of the expertise matrix can be observed in Figure 18 where it is quite obvious that expertise was scattered well around the scale and participants covered the expertise needed in obtaining a reliable research result.

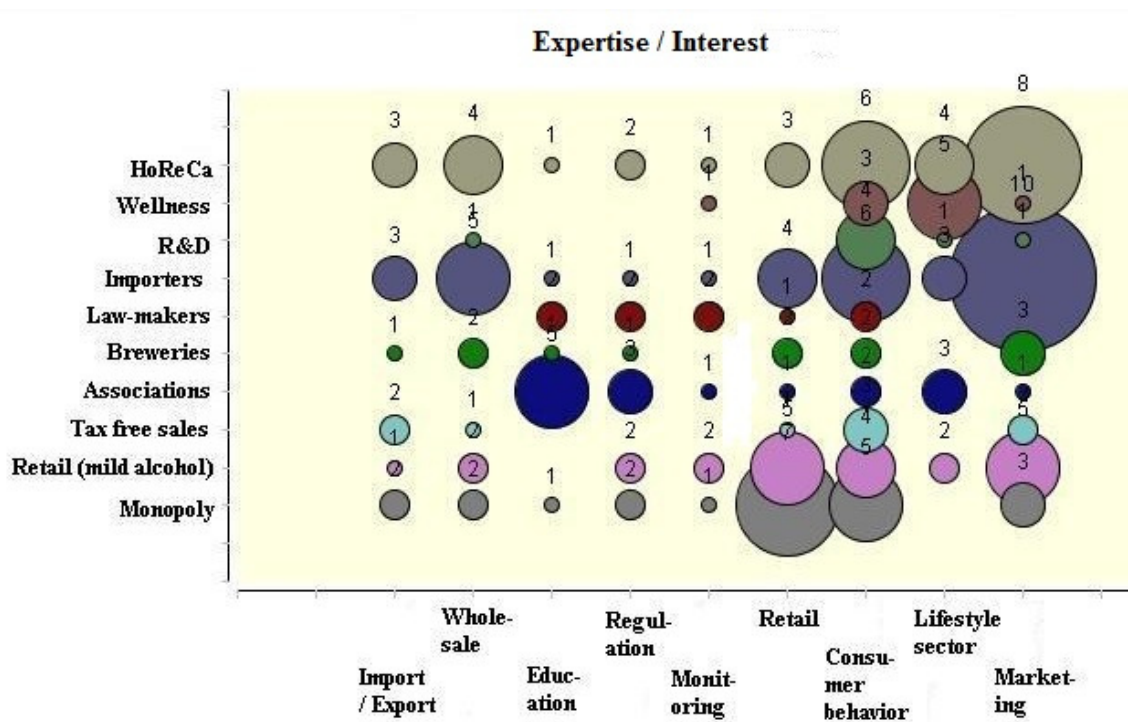


Figure 18. Expertise / Interest matrix.

In the Figure 18 the size of the round figures represent the number of experts per each expertise and interest area. The majority of respondents situated themselves to the marketing, consumer behaviour and retail sectors. It was possible for the experts to choose various expertise areas according to their skills and perhaps that is the reason for so many marketing experts when there were only two experts invited from the marketing sector. Perhaps retailers, wholesalers, and importers consider marketing as their secondary expertise and therefore the majority of the experts situated themselves to the marketing expertise area in addition to their primary expertise.

7.2 Consumer panel results

7.2.1 Background information

The consumer survey included questions regarding respondents' backgrounds. The respondents were asked about their age, gender, living environment, nationality, educational background, employment status, monthly income, use of alcohol and relationship to alcohol. Total number of respondents was 251 people.

Age. 73% of all respondents were from age group 21-40 and 21% of respondents belonged to age group 41-60. A clear minority of respondents were from age group 61 and older with only 4% participation. Another minority were the 20 years and minor having only 2% response rate as can be observed from Figure 19 below.

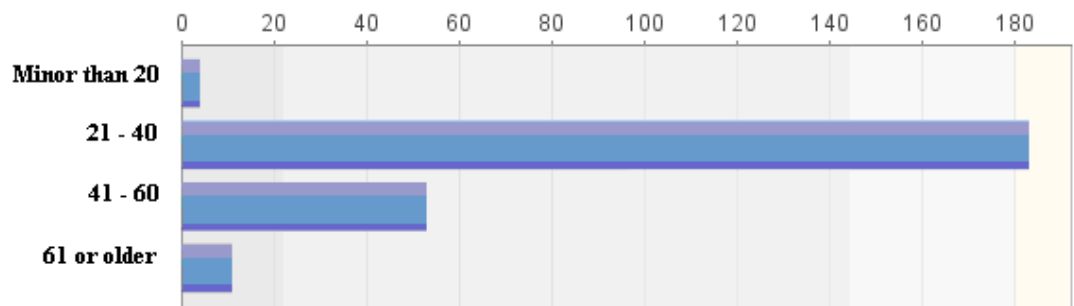


Figure 19. Age.

The reason why 61 and older age group did not provide more answers is the fact that the link to the survey was promoted and sent through social media tools. Aged population today is not very familiar with the latest developments of IT and social media. Therefore the information about the survey did not reach the elderly. In order to attract more respondents from age group 61 or older the researcher contacted various websites and magazines directed to the elderly to find out if it was possible to publish the link in their web page, but in most of the cases it was against the principles of the organisations and it was not possible to promote the link in those forums. It can be concluded though that in 13 years time, in 2025, the elderly that are now in the age of 65+ will perhaps not consume significant amounts of alcohol due to their high age of 78+.

The reason why the age group 20 and minor did not provide more answers is the fact that the teenagers and young adults might not be so interested about responding surveys and perhaps the price, wine glasses, was not very attractive to them. A different type of price, for example movie tickets, might have been more appealing to this age group. The 20 and minor is also considerably smaller sampling group because children and young

teenagers obviously are not supposed to answer to alcohol related surveys because of the legal drinking age limit of 18 years. It can be concluded though that underage drinking in Finland is a reality and therefore the intention was to get responses also from the age group 15-17. The survey was therefore promoted in online chat rooms and conversation blogs directed to young people.

The reason why the age group 21-40 was so dominant in participating in the survey is the fact that social media is part of their daily lives and it is easy to reach them by posting the survey link to one's Facebook wall and simply letting it be spread around to own contacts and to contacts' contacts. The researcher herself belongs to this age group and therefore the majority of her Facebook contacts are from that age group as well.

It can also be concluded that the lack of responses from age group 65+ is not a significant loss in the reliability of the research as the age group 41-60 is actually the respondent group that in 13 years time will partly form the age group 65+. According to a population projection for 2010-2060 (Statistics Finland, Population statistics, 2009) over a quarter (26,1%) of the Finnish population by year 2030 will belong to age group 65+.

Gender. 61% of all respondents were female and 39% were male as can be observed from Figure 20 below.

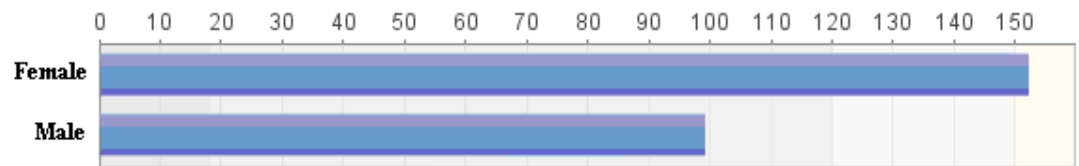


Figure 20. Gender.

Perhaps the only reason for having more female participants is the fact that the researcher herself is a female and has more female contacts in social media than male contacts. Also the wine glasses as a price were perhaps more appealing to women than to men.

Living environment. 56% of all respondents live in large cities while 32% live in mid-sized cities. Only 12% of respondents live in small towns or in the countryside as can be observed from Figure 21 below.

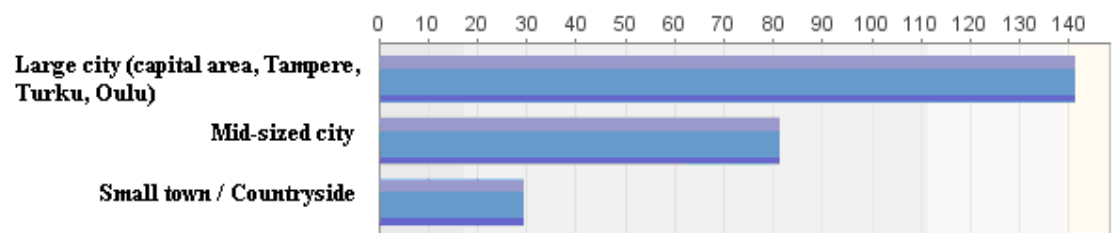


Figure 21. Living environment.

The reason why the majority of respondents live in large cities is perhaps the fact that most respondents were young (from age group 21-40) and therefore in the beginning phase of their careers or in the process of finishing their studies. Universities and most of the jobs in Finland can be found in large cities which would explain the high percentage of respondents who live in larger cities such as the capital area, Tampere, Turku or Oulu.

Nationality. 96% of all respondents were Finnish. Only 1% were Finnish with foreign background and 3% were foreigners living in Finland. This can be observed from Figure 22.

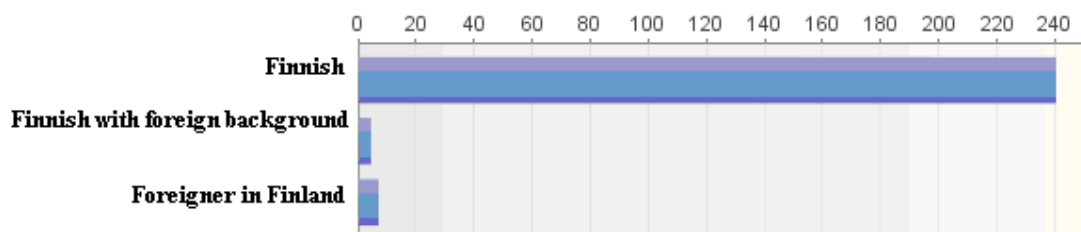


Figure 22. Nationality.

The reason why Finnish were such a dominant group to participate in the survey is the fact that the survey was in Finnish language, it was dealing with a Finnish phenomenon and the respondents were to be Finnish or foreigners living in Finland. In order to attract more respondents with foreign background the researcher contacted universities and organisations that give Finnish classes to immigrants in Finland. However, even though those organisations were willing to cooperate in sending the link to students with foreign background, it did not result in much of a help as the survey was conducted in the summer and there were no classes held during that time. The link was however sent to a few foreign professors who live in Finland.

Educational background. 2% of the respondents had only finished elementary school and had no further education. 16% of respondents had graduated from high school but had no further education. A clear majority of respondents, 49%, had a Bachelor's level degree while 29% of respondents had a Master's level degree. 4% of respondents had a Doctorate degree as can be observed from the Figure 23.

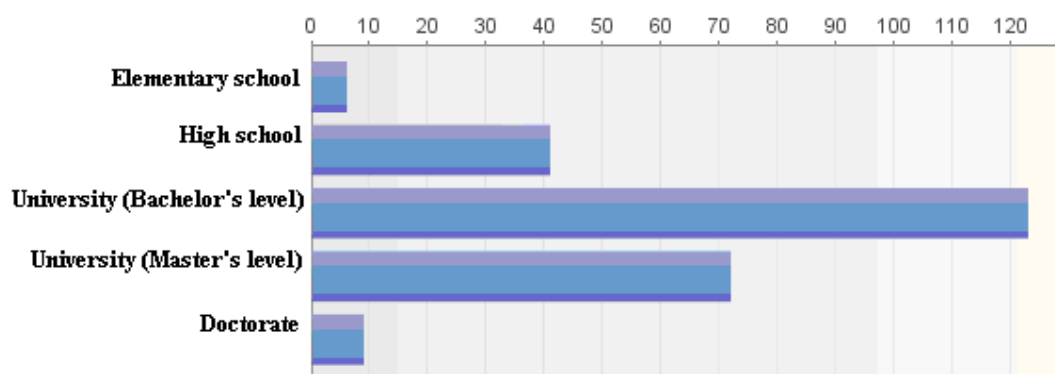


Figure 23. Educational background.

The reason why majority of responses came from people with Bachelor’s level degree is perhaps the fact that the survey was promoted through HAMK University of Applied Sciences’ communication channels Oscar and Moodle and directed to Master’s degree students who obviously have a previous Bachelor’s degree as their most recent degree.

Employment status. 82% of all respondents were employed while only 4% were unemployed. 14% of all respondents were either retired, studying or on a leave. This can be observed from Figure 24.

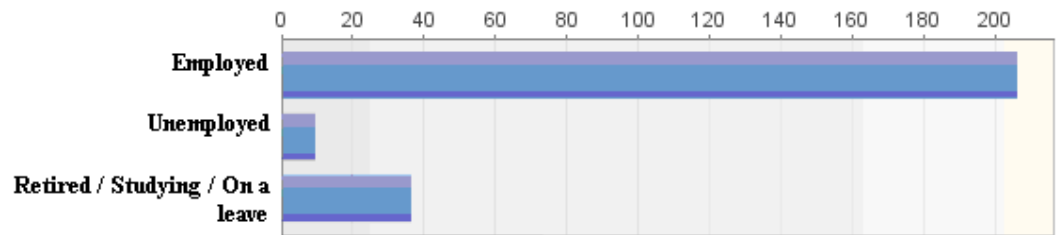


Figure 24. Employment status.

The reason why most of respondents were employed is perhaps the fact that the unemployment rate in Finland in 2011 was only 7,8% (Statistics Finland, Labour Force Survey, 2012). The number of respondents that were either retired, studying or on a leave was somewhat high perhaps because the majority of respondents were from age group 20-40 when it is likely to find a percentage of people studying or on a maternity leave.

Monthly gross income. 15% of respondents informed their monthly gross income to be less than 1500 Eur while 25% of respondents informed to be gaining 1501 – 2500 Eur per month. A clear majority with 41% were respondents who informed their monthly gross income to be 2501 – 4000 Eur. Also, 19% of all respondents informed to gain more than 4001 Eur per month. The division of responses can be observed from Figure 25.

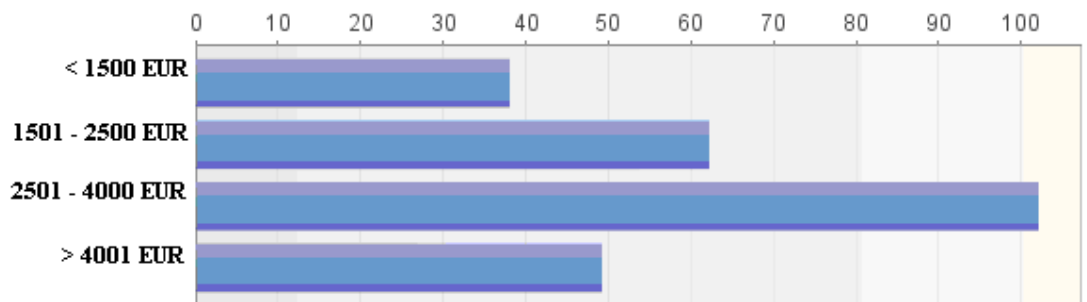


Figure 25. Monthly gross income.

The reason why majority of respondents informed to gain 2501 – 4000 Eur on a monthly basis is perhaps the fact that the median salary in Finland in 2010 was 3040 Eur per month. (Statistics Finland, Wage and salary statistics, 2012) A notable percentage of respondents informed to gain more

than 4001 Eur per month which partly tells about the high percentage of highly educated respondents.

Use of alcohol. 4% of all respondents informed never to drink alcohol. 31% of respondents informed to drink alcohol once a month or less. The majority of respondents, 45% informed to drink from 2 to 4 times a month while 18% informed to drink as much as 2-3 times a week. 2% informed to drink more than 4 times a week as can be observed from Figure 26.

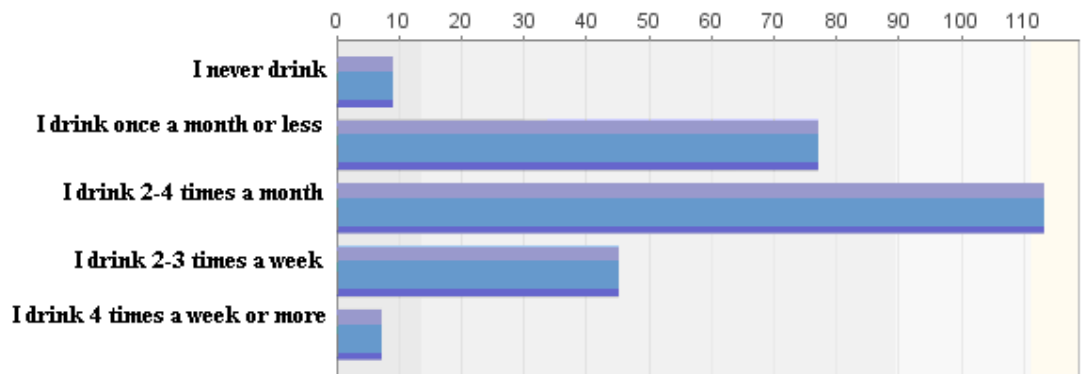


Figure 26. Use of alcohol.

The reason why the majority of respondents informed to drink alcohol 2-4 times a month is perhaps the fact that the majority of respondents were from age group 21-40 and therefore a strong percentage of respondents might have small children and might not have so many opportunities for leisure time. Another reason might also be the fact that respondents did not answer honestly by counting also the smallest alcohol servings that they might enjoy during the week.

Relationship to alcohol. 5% of respondents informed never to drink alcohol. A clear majority, 49% of respondents, informed to use alcohol mainly in social events while 43% informed to use alcohol mainly at home to relax. Only 3% informed to use alcohol mainly to get drunk. The division of responses can be observed from Figure 27.

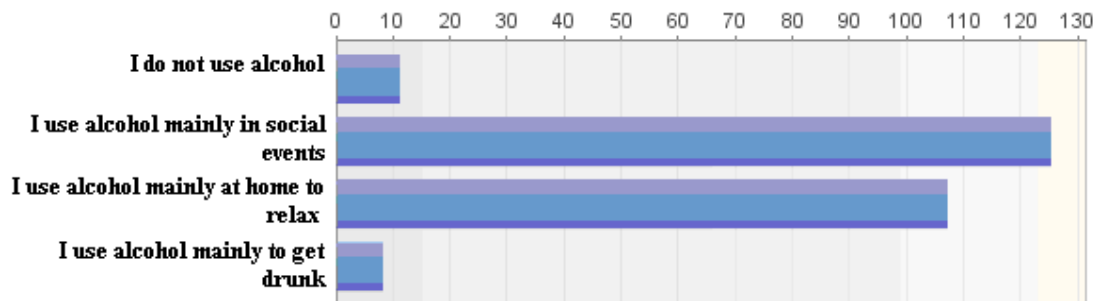


Figure 27. Relationship to alcohol.

The reason why majority of respondents informed to use alcohol mainly in social events is perhaps the fact that the majority of respondents were young people that might be still finishing their studies or in the beginning phase of their careers when it is important to socialize in order to build

networks. A high percentage of respondents informed to use alcohol mainly in their homes in order to relax. This percentage is perhaps coming from the respondents who have small children and are not able to go to social events as much as they did during their studies or before they had children.

7.2.2 Probability of driving forces

When asked about the probability of the different driving forces of the industry, respondents organised the forces to the following order (1 being the strongest force and 10 being the weakest force);

- 1) Wellness trend
- 2) Tightening of alcohol regulation
- 3) Quality and brand
- 4) Ageing of the population
- 5) Mobility
- 6) Virtual world
- 7) Ecological thinking
- 8) Easening of alcohol regulation
- 9) Something else, what?
- 10) Clusters and networking

Respondents were to choose three of the most probable forces and they were also given the opportunity to name a force that in their opinion would affect the Finnish alcohol industry in 2025. Figure 28 demonstrates the differences between the probability of each force.

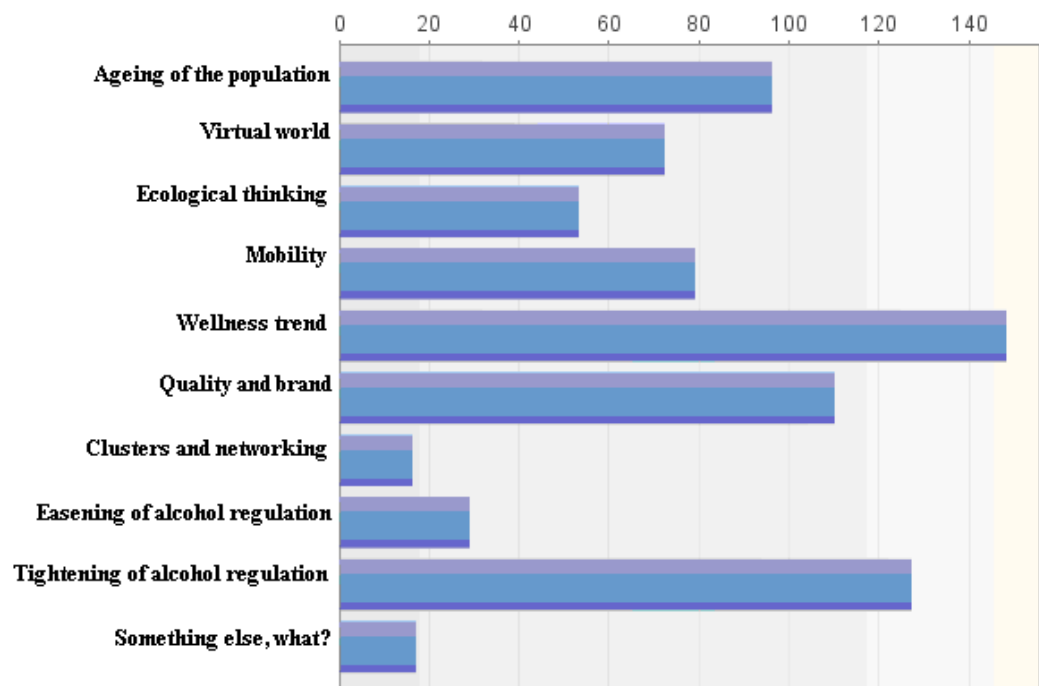


Figure 28. Probability of driving forces.

The open answers to the option “Something else, what?” were the following;

- Troubled society (recession, unemployment, problems of welfare and elderly care, etc.)
- Social problems
- More liberal attitude towards alcohol
- Finnish alcohol policy taking example from other European countries
- Patronizing society
- Taxation decisions
- Free time, increase in income levels
- Values of the Y-generation
- Social development of the society
- General attitudes towards use of alcohol
- Decrease in idolization of alcohol
- Attitudes
- Sense of community
- Peer pressure
- Increasing leisure time (unemployment, increasing standard of living)
- Letting go of the old myths
- Persistence of independent organisations and entrepreneurs

The majority of open comments dealt with social and health care related issues. There were also some comments regarding the possible change (or lack of change) in consumer as well as government attitudes.

7.2.3 Market trends

When asked about the most probable market trends in 2025 the respondents organised the different options to the following order (1 being the strongest trend and 7 being the weakest trend):

- 1) Health awareness and wellness
- 2) Branding oneself and one’s lifestyle
- 3) Organic products
- 4) Exotic products from abroad
- 5) Domestic beverages
- 6) Something else, what?
- 7) Genetic manipulation as a production model

Respondents were to choose only one option that was in their opinion the most probable market trend in 2025 and they were also given the opportunity to name some other trend that they think would affect the Finnish alcohol industry in 2025. Figure 29 demonstrates the differences between the probability of each trend

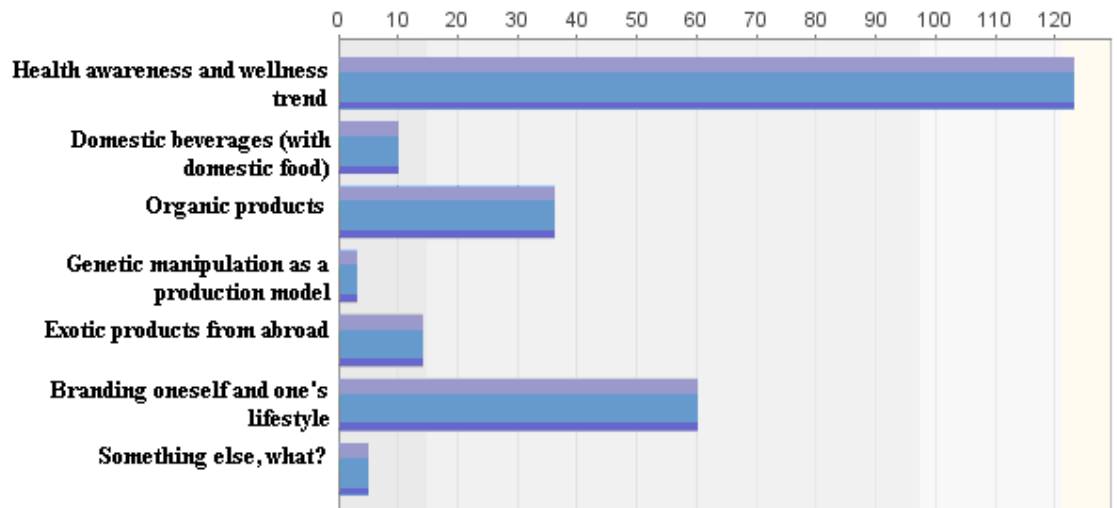


Figure 29. Market trends.

The open answers to the option “Something else, what?” were the following:

- Alcohol legislation
- Change of price levels according to regulation
- Tightening of alcohol policy
- Wide product selection
- Bad alcohol policy

The open comments that were provided are not directly related to market trends because most of them deal with alcohol policy. It can therefore be concluded that the comments do not need to be included to the analysis of the research results.

7.2.4 Industry changes regarding strong alcohols

Hypothesis 1. *Finland is ready for free distribution of alcohol (disappearance of monopoly) by year 2025.* 13% of respondents strongly disagreed while 27% tended to disagree. 14% strongly agreed while 35% tended to agree. 11% did not agree nor disagree. The mean answer was 3 (neither agree or disagree) as opinions were roughly divided in two separate points of view.

Hypothesis 2. *Strong alcohols are increasingly brought from abroad as mobility and travelling increase by 2025.* 6% of respondents strongly disagreed while 21% tended to disagree. 20% of respondents strongly agreed while 40% tended to agree. 13% did not agree nor disagree. The mean answer was 3 (neither agree or disagree) as opinions were roughly divided in two separate points of view.

Hypothesis 3. ***Strong alcohols are being sold at supermarkets by year 2025.*** 33% of respondents strongly disagreed while 35% tended to disagree. Only 8% of respondents strongly agreed and 13% tended to agree. 11% of respondents did not agree or disagree. The mean answer was 2 (tend to disagree) and therefore it can be observed that the majority does not believe in the possibility of strong alcohols being sold at supermarkets in year 2025.

To summarize, consumers were not expressing neither agreement nor disagreement regarding the possible disappearance of alcohol monopoly and regarding the increasing liquor search to abroad. The consumers however expressed their disagreement with strong alcohols being sold at supermarkets.

7.2.5 Industry changes regarding the ageing population

Hypothesis 1. ***60+ population has selected its favorite drinks and is therefore not looking for new products.*** 7% of respondents strongly disagreed while 25% tended to disagree. 15% of respondents strongly agreed while 45% tended to agree. 10% of respondents did not agree or disagree. The mean answer was 3 (neither agree nor disagree) as opinions were roughly separated in two different points of view.

Hypothesis 2. ***Drinking behavior in 2025 is influenced more by geographical location than by age group.*** 10% of respondents strongly disagreed while 34% tended to disagree. 4% of respondents strongly agreed while 28% tended to agree. 24% of respondents did not agree or disagree. The mean answer was 2 (tend to disagree) and therefore it can be observed that the majority does not believe in drinking behavior being influenced more by location than by age.

Hypothesis 3. ***Drinking culture becomes more reasonable by 2025 and the differences in alcohol use between age groups disappear.*** 6% of respondents strongly disagreed while 31% tended to disagree. 6% of respondents strongly agreed while 39% tended to agree. 18% of respondents did not agree or disagree. The mean answer was 3 (neither agree nor disagree) as opinions were roughly separated in two different points of view.

To summarize, consumers were not expressing neither agreement nor disagreement regarding the 60+ population having already selected their favorite drinks and regarding the disappearance of differences of alcohol use between different age groups. Consumers did however disagree with the drinking behavior being influenced more by location than by age.

7.2.6 Industry changes regarding distribution

Hypothesis 1. *In 2025 it is possible to order alcohol online and it is delivered to one's front door (can be compared to pizza-taxi).* 19% of respondents strongly disagreed while 24% tended to disagree. 14% of respondents strongly agreed while 31% tended to agree. 12% of respondents did not agree or disagree. The mean answer was 3 (neither agree nor disagree) as opinions were roughly separated in two different points of view.

Hypothesis 2. *The largest distribution channel of alcohol in 2025 is Internet.* 25% of respondents strongly disagreed while 35% tended to disagree. 8% of respondents strongly agreed while 17% tended to agree. 17% of respondents did not agree or disagree. The mean answer was 2 (tend to disagree) and therefore it can be observed that the majority does not believe in Internet being the largest distribution channel of alcohol.

Hypothesis 3. *In 2025 wines and strong alcohols can be bought from Shop in Shop stores that operate independently but inside supermarkets. This way sales of alcohol will remain regulated and monitored but much more customer-oriented.* 4% of respondents strongly disagreed while 13% tended to disagree. 15% of respondents strongly agreed while 48% tended to agree. 20% of respondents did not agree or disagree. The mean answer was 4 (tend to agree) and therefore it can be observed that the majority believes in wines and strong alcohols being available in Shop in Shop stores inside supermarkets in year 2025.

To summarize, the consumers did not express neither agreement nor disagreement regarding possible online alcohol sales and home deliveries. The consumers did disagree with Internet being the largest distribution channel of alcohol but they did agree with wines and strong alcohols possibly being sold in supermarkets (in integrated Shop in Shop stores).

7.2.7 Industry changes regarding competition

Hypothesis 1. *Home and family-centred lifestyle will increase by 2025. Homes with entertainment centres become a serious competitor for restaurants in terms of choosing where to spend time.* 9% of respondents strongly disagreed while 30% tended to disagree. 9% of respondents strongly agreed while 38% tended to agree. 14% of respondents did not agree or disagree. The mean answer was 3 (neither agree nor disagree) as opinions were roughly separated in two different points of view.

Hypothesis 2. *In European level alcohol prices rise by 2025 and therefore people find it no more necessary to bring alcohol from abroad as there is no money savings involved.* 9% of respondents strongly disagreed while 40% tended to disagree. 4% of respondents strongly agreed while 26% tended to agree. 21% of respondents did not agree or disagree. The

mean answer was 3 (neither agree nor disagree) as opinions were roughly separated in two different points of view.

Hypothesis 3. *Grey economy and travellers' imports have driven the Finnish alcohol industry to recession in 2025.* 27% of respondents strongly disagreed while 38% tended to disagree. Only 1% of respondents strongly agreed while 12% tended to agree. 22% of respondents did not agree or disagree. The mean answer was 2 (tend to disagree) and therefore it can be observed that the majority does not believe in the Finnish alcohol industry being in recession in 2025 due to grey economy and travelers' imports.

To summarize, the consumers did not express neither agreement nor disagreement regarding homes becoming competitors for restaurants or regarding consumer needs to go abroad for liquor search due to money savings. The consumers also disagreed with grey economy and travelers' imports driving the Finnish alcohol industry to recession.

7.2.8 Industry changes regarding cooperation

Hypothesis 1. *Cooperation between public and private sector in 2025 is impossible due to the main interest conflict of government being "against" alcohol and private sector aiming for highest possible sales.* 7% of respondents strongly disagreed while 31% tended to disagree. 5% of respondents strongly agreed while 21% tended to agree. 36% of respondents did not agree or disagree. The mean answer was 3 (neither agree nor disagree) as opinions were roughly separated in two different points of view.

Hypothesis 2. *Responsible consumption is important for the whole industry as binge drinking only increases regulation. For this reason public and private sector are working together to promote responsible consumption of alcohol.* 2% of respondents strongly disagreed while 10% tended to disagree. 13% of respondents strongly agreed while 54% tended to agree. 21% of respondents did not agree or disagree. The mean answer was 4 (tend to agree) and therefore it can be observed that the majority believes in the possible cooperation between public and private sector in the promotion of responsible consumption in 2025.

Hypothesis 3. *Third sector (clubs and associations operating in the alcohol industry) become equally important for the Finnish alcohol industry in 2025 as public and private sector.* 6% of respondents strongly disagreed while 22% tended to disagree. 5% of respondents strongly agreed while 29% tended to agree. 38% of respondents did not agree or disagree. The mean answer was 3 (neither agree nor disagree) as opinions were roughly separated in two different points of view.

To summarize, the consumers did not express neither agreement nor disagreement regarding interest conflict of private and public sector cooperation or regarding third sector becoming equally important for the Finnish alcohol industry as public and private sector. The consumers however agreed with responsible consumption being an important issue for the whole industry and public sector cooperating with private sector in the promotion of responsible consumption.

7.2.9 Industry changes regarding marketing of new products

Hypothesis 1. ***Alko has an important role in the distribution of alcohol still in 2025 but there are other important distribution channels as well.*** 5% of respondents strongly disagreed while 15% tended to disagree. 8% of respondents strongly agreed while 58% tended to agree. 14% of respondents did not agree or disagree. The mean answer was 4 (tend to agree) and therefore it can be observed that the majority believes in other significant distribution channels existing in 2025 in addition to Alko.

Hypothesis 2. ***When launching a new product, package is more important than taste.*** 14% of respondents strongly disagreed while 36% tended to disagree. 8% of respondents strongly agreed while 29% tended to agree. 13% of respondents did not agree or disagree. The mean answer was 3 (neither agree nor disagree) as opinions were roughly separated in two different points of view.

Hypothesis 3. ***Limitations in the alcohol promotion prevent many new products from entering the market.*** 9% of respondents strongly disagreed while 29% tended to disagree. 12% of respondents strongly agreed while 32% tended to agree. 18% of respondents did not agree or disagree. The mean answer was 3 (neither agree nor disagree) as opinions were roughly separated in two different points of view.

To summarize, the consumers did not express neither agreement nor disagreement regarding the importance of packaging when launching a new product or regarding the alcohol promotion limitations preventing new products from entering the market. The consumers did agree with Alko having an important role in the distribution but also with the important role of other significant distribution channels that can be explored when making new market launches.

7.2.10 Preferability of industry changes

When consumers were asked about the preferability of the industry changes, the responses were given in the scale 1-5 (1 being “not desirable at all” and 5 being “very desirable”). Table 3 describes the different hypotheses, the total amount of answers received and the mean answer of each hypothesis.

Table 3. Desirability of industry changes.

	Answers total	Mean
Wines and strong alcohols can be bought from supermarkets in 2025.	249	3
In 2025 alcohol can be bought online.	251	3
In 2025 alcohol education is a common project of public and private sector.	250	4
In 2025 alcohol can be freely promoted as long as it is done according to ethical principles.	249	3
The majority of alcohol products available in 2025 are organically produced.	250	4
The majority of alcohol products available in 2025 are domestically produced.	249	3
In 2025 functional drinks are very popular (for example alcohol beverages made of health-promoting ingredients)	250	3
In 2025 alcohol producers have customers participating in the product development. Custom-made drinks and beverages are very popular.	247	3
In 2025 the most common packaging is 0,33 l plastic bottle due to its "easy to carry, easy to drink" nature. One litre glass bottles disappear.	249	3
Even though mobility and travelling increase by 2025 the travelers' imports decrease as people get bored of bringing alcohol from each trip that they make.	250	3

This question was related to peoples’ desire for certain changes in the Finnish alcohol industry. Most of the answers provided for the desirability of industry changes were 3 (neither desirable nor undesirable) and therefore it can be concluded that the respondents were equally hoping for the change and not hoping for the change. The only questions in which the mean answer was 4 (desirable) dealt with alcohol education being a common project of public and private sector and alcohol products being organically produced.

7.3 Differences between expert and consumer panel answers

The consumer survey was conducted in order to find out whether the consumers agree with the experts’ views about the future of the Finnish alcohol industry. Even though experts have a more thorough background for making forecasts and looking ahead to identify the future success products, it is necessary to hear the consumers as well in order to learn their point of view. The experts and consumers responded to the future hy-

pothesis quite similarly by selecting the same driving forces and trends but in a slightly different order. This indicates that the consumers to some extent share the expert views; they only see some of the driving forces and trends to be more dominant than the experts have predicted.

Regarding the driving forces of the industry, the experts in fact named ageing of the population as the strongest and most powerful force whereas consumers named the wellness and health trend as the most powerful one. Surely these two driving forces can be linked to each other as the ageing population will most likely seek healthy lifestyle choices in order to live as long as possible in good condition and health. It has already been mentioned that a current trend in the alcohol beverage market is drinks with health-promoting ingredients. In the light of this already existing trend and future development according to the research results it can be concluded that health will become important in alcohol use as well. Beverages, such as red wine that according to various research (Stöckli, 2011) has been proven to prevent cancer and sunburns when consumed moderately, will most likely become even more popular than they are today.

Experts considered the virtual world and online business to affect the future of the industry quite heavily whereas consumers did not see it being a strong force. Experts also considered ecological issues and organic products to shape the future whereas consumers named quality and brand as more powerful forces. However, these two can obviously go hand in hand, as organic products are often of extremely high quality. Consumers also saw alcohol regulation getting stricter in the future and it being the second strongest force shaping the future of the industry. Experts did not name the strict alcohol policy as one of the forces shaping the industry, but it was mentioned in almost every single open comment and the majority believed that the legislation will move towards more highly regulated alcohol policy.

Regarding the future market trends, the experts as well as consumers named the health and wellness trend as being the dominating trend still in 2025. Expert opinions were more leaned towards the trend of domestic products while consumers pointed to foreign exotic products before domestic ones. Consumers again named branding oneself and one's lifestyle as a dominant trend in 2025. In the light of these research results it can be concluded that wellness, even to the extent of pampering oneself in search of luxury and enjoyment, will be present in the alcohol market as well. Products of high quality, regardless of their country of origin, will most likely be more successful than cheap, chemically flavoured products. Consumers are likely to have a certain type of brand loyalty but also a strong interest to discover new quality brands to explore "the unknown" of the alcohol beverage market. On top of all, consumers will also probably be willing to share the lifestyle choices that they have made and social media will be an excellent tool for doing just that.

There were no extremely surprising differences or anything unexpected other than the high level of participation in both surveys and the amount of open comments especially in the expert survey. Alcohol policy seems to

be a hot topic in Finland and it will continue to be so during the following years. These surveys pointed out the obvious issues that should be addressed and tackled;

- Changing the approach: alcohol related harm does not disappear with high regulation
- Keeping the tourism alive: make Finland attractive for tourists and stop Finns from taking their money abroad in search of cheaper liquor
- Keeping the restaurant business alive: battle against people staying at home and encourage them to go out instead
- Breaking the ice between public and private sector: cooperate as much as possible since everybody gains from keeping the tax revenue in Finland

These issues however are not for Vienti DBM to solve. These are industry-wide issues that can be considered as significant factors in the operating environment analysis when making strategic plans to enter the market.

8 CONCLUSIONS

The main goal of the research was to investigate future market opportunities in the Finnish alcohol industry and to identify the driving forces of change as well as market trends in year 2025. In the light of the main goal of the research, it can be concluded that the research results presented in chapter 7 provide a good basis for proceeding to define different future scenarios and to making suggestions for the client company's product concept, market entry strategy and business model in general. In addition to reflecting whether the research results actually respond to the research question and are in line with the main goal of the research, it can be argued that there are other significant factors that should be mentioned before proceeding to present any conclusions. Both surveys had excellent response rates and most importantly the expert survey participants represented different expertise areas covering the whole alcohol industry. The number of relevant open comments in the expert survey also made the results more meaningful as the experts answered with written arguments enabling the researcher to process high quality data. All these factors are in favour of the research results presented in chapter 7 being an excellent basis for strategic planning.

8.1 Scenarios for 2025

The main theoretical framework of this research was foresight as a basis for strategic planning. The foresight method that was used in this research was the Delphi method. With the research data obtained from the expert and consumer survey the researcher clearly identified four different future scenarios that are described in detail in the following chapters. These scenarios cover the three dimensions of possible, probable and preferable future and therefore provide a thorough analysis of the future of the Finnish alcohol industry. The four different future scenarios towards year 2025 are named in the fourfold table in Figure 30.

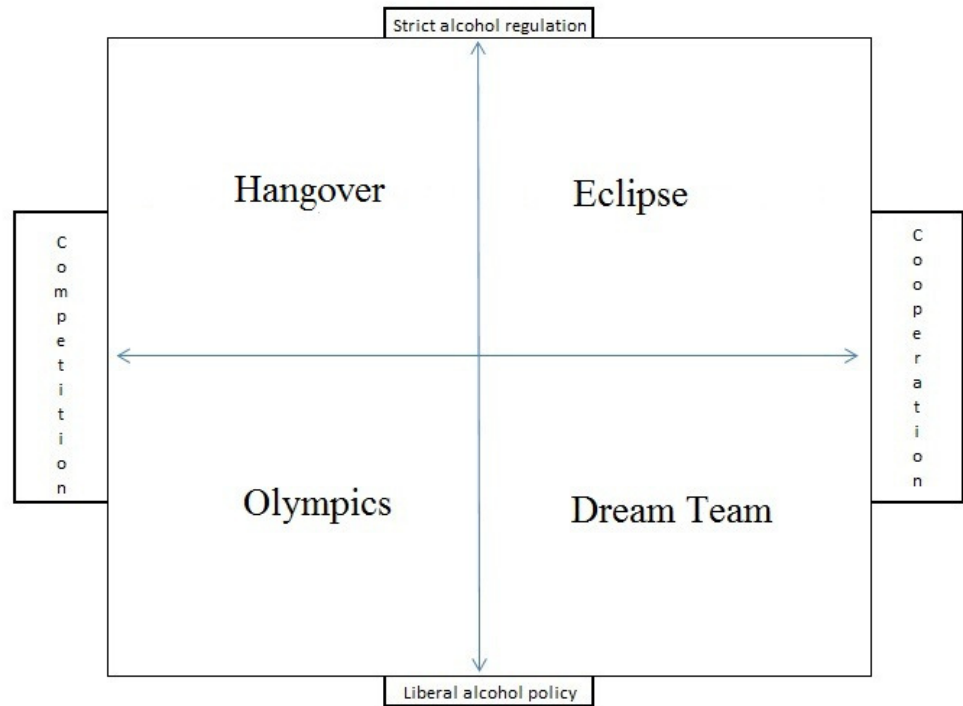


Figure 30. Fourfold table of different scenarios to year 2025.

On the upper left there is the scenario 1) Hangover: *Death of the Finnish alcohol industry* where alcohol regulation is extremely strict and there is no cooperation in the industry. On the upper right there is the scenario 2) Eclipse: *Difficult times with high hopes* where alcohol regulation remains strict but cooperation has taken place between different organizations of the industry. On the lower left there is the scenario 3) Olympics: *Each man for himself* where alcohol policy is more liberal but competition and conflicts of interest prevent cooperation from happening. On the lower right there is the scenario 4) Dream Team: *Super industry* where alcohol policy is liberal and there is network- and cluster-based cooperation in the industry to promote joint responsibility of health as well as industry development.

8.1.1 Scenario 1: Death of Finnish alcohol industry (Hangover)

In year 2025 the Finnish alcohol industry has slowly died due to various reasons starting from extremely strict alcohol policy. The monopoly continues to operate, but the restaurant industry is facing severe problems with unemployment due to people's desire to consume alcohol products in their homes because of high prices in restaurants. Consumers direct their liquor search to abroad whenever they have the chance and the Finnish population envies the alcohol policies of foreign countries as people seem to be much happier and relaxed in countries of more liberal alcohol regulations. Illegal alcohol products are popular as they can be obtained with relatively low price and they are often products that differ from the selec-

tion available in the Finnish market. Grey economy flourishes and domestic production dies. Finns continue to drink heavily and there are numerous alcohol related harm and problems that only cause the alcohol policy to be regulated even more.

There is a group of people that hopes for joint responsibility in health and in industry development and therefore they continue living their alternative life style while mass consumption and binge drinking continue to dominate. Competition is harsh, between private and public sector as well as between companies. Cooperation in saving the Finnish alcohol industry is a distant dream when foreign products keep selling best –illegally.

This scenario is called Hangover due to its symbolic meaning of unpleasant consequences that are following some previously made poor decisions. In this scenario the industry is suffering from previously made decisions on alcohol regulation and the recession experienced in 2025 is a consequence of the heavy drinking culture and the even heavier regulation that was started in an attempt to control it.

8.1.2 Scenario 2: Difficult times with high hopes (Eclipse)

In year 2025 the Finnish alcohol industry is highly regulated but there exists cooperation in aiming for responsible consumption and for industry development as long as the strictness of the alcohol policy is not compromised. Monopoly continues to function but it is finding new ways to operate in joint projects with other retailers and in close relationship with stakeholders. The existing cooperation in the industry however is not on the “let’s solve all problems of the world” –level but concentrating more on solving the local problems and helping the local industry. The new form of networking and forming partnerships requires people to have competences to motivate others to cooperate. It is important to manage in these difficult times and the relationship between companies and individuals becomes closer as both realize that they need each other.

Alcohol products are expensive due to high taxation. Binge drinking remains popular but there is a consistency on consuming more quality products. This development is due to an increase in general consciousness as people quickly learn about the production methods of cheap mass products in developing countries. By learning this through social media or Internet people learn to appreciate domestic and quality products. In addition to quality products, experiences become a commodity and any alcohol beverage that reminds one of an experience is bound to find success. These are difficult times in terms of strict regulation and continuous alcohol related harm but there is hope in coming out of the situation as winners as long as the industry works together to promote joint goals.

This scenario is called eclipse due to its nature of temporary obscuration of the industry that can be compared to a solar eclipse that happens when

the Moon's shadow crosses the Earth's surface. In this scenario the situation of the industry is quite dark and domestic producers, restaurants, and public sector officials among others find themselves pondering upon whether to continue the work that never seems to pay off.

8.1.3 Scenario 3: Each man for himself (Olympics)

In year 2025 the Finnish alcohol industry is less regulated due to liberalisation of alcohol policy and taxation. The monopoly breaks down and completely new ways of operating appear. Home deliveries, 24/7 opening hours, online liquor stores, and supermarket liquor sales break way for a "Mediterranean" alcohol policy in Finland. Lower alcohol taxation has enabled domestic producers to survive the difficult times and Finnish breweries enter into high competition against each others. Restaurant business is doing quite well as the restaurants are more free to operate in whatever way they see best and people go to bars and restaurants to enjoy affordable drinks.

Even though the industry appears healthy, there is a lack of joint responsibility on health promotion and industry development. Each man for himself describes the situation where companies in private sector are not collaborating and public sector refuses to engage in any cooperation with the private sector due to a conflict of interest.

This scenario is called Olympics due to its competitive spirit that can be compared to sports and in the specific situation where each individual is trying to score instead of playing as a team. In any sports, during the season, players play in their regional teams that are highly competing. When the Olympics are coming, the best players of the regional teams are put together into the national team and they are supposed to play together when they just recently were playing against each others. This kind of a phenomenon can be found in the Finnish alcohol industry in this scenario. The producers, importers, restaurants, public sector, and other players in the industry find themselves in the situation of having competed against each other for so long that it is difficult to suddenly understand how to play together to reach a common goal.

8.1.4 Scenario 4: Super industry (Dream team)

In year 2025 the Finnish alcohol industry is very little regulated and network-based cooperation and clusters are the operating trend of the day. Product development is innovative and enables companies to invest in custom-made products. This, together with cooperation and joint projects of the public and private sector, creates a feeling of everyone working to-

gether to help the Finnish alcohol industry to bloom. Sustainable development is being considered in all operations and ecological thinking has enabled the domestic production to grow. Finnish power-beverages made of health-promoting ingredients such as cloudberry, blueberry, and buckthorn are popular abroad and the Finnish alcohol exports are rising.

The joint responsibility on alcohol education has had a positive employment effect as new professions and jobs open through cooperation in the alcohol industry. Peoples' health and positive development of the industry are important for public and private sector, and therefore alcohol regulation and laws are being discussed between both parties. The 65+ population is increasingly participating in the alcohol education and in the promotion of moderate drinking as they want to continue working and taking a more serious role in their communities instead of retiring and settling down. There is a trend of belonging to a certain group but still being an individual and people are more keen on building their own brand as well as promoting the brands related to their lifestyles.

This scenario is called Dream Team due to its symbolic meaning of an excellent form of team work. Everyone in the industry has understood that by working together to not only save the Finnish alcohol industry but to produce excellent products for exports, increase the role of the Finnish alcohol products in tourism related services, increase the number of restaurants, and to promote health together with all actors in the industry, it is necessary to take joint responsibility on alcohol related issues as they deal with the whole Finnish society.

This scenario of the Finnish super alcohol industry also holds its threats. History has shown that when things go well for a certain time, there is always a downfall ahead. In order for the industry to survive the fore coming crises it needs to innovate to compete and it needs to allow new kind of side-by-side development of public and private sector to happen. Combining and joining forces, it is possible to move mountains - even mountains as big as binge drinking, alcohol related harm, recession, and grey economy.

8.2 Product concept of the future

Based on the research results and on the different scenarios that were identified it is possible to analyze which kind of products and services would be successful in the future. However, it is important to remember that there are different directions of development and each one of the scenarios can become reality. Companies need to have plans for each possible future in order to survive. Within this Master's thesis project the focus was on identifying future trends and based on the information acquired from the research Vienti DBM, S.A. should have a product selection of the following kind:

- Exotic alcohol beverages
- Alcohol beverages made of health-promoting ingredients
- High quality products
- Organically produced alcohol beverages

The market will surely be offered similar kind of products from competitors and the main value proposition should be focused on the fact that Vienti DBM, S.A. has existing contact networks in various South American countries, has the skilled professionals to find new producers and contacts there and can therefore bring some Latin flavours to the Finnish alcohol beverage market. The customer segments that Vienti DBM, S.A. should pursue are organisations that have alcohol importation license in Finland. These organisations can include wholesalers, retailers, producers, breweries, monopoly, and some large restaurant and hotel chains. It will be difficult to gain market share from the existing players and therefore Vienti DBM, S.A. should focus on promoting the factors that make the company and the products that it represents different from the existing variety in the Finnish alcohol market.

8.3 Market entry strategy of the future

Based on the research results and specifically on the expert survey answers, it can be concluded that one of the main factors in offering a new product to the alcohol market in Finland is to find a local partner with existing distribution channels. In the light of this outcome, Vienti DBM, S.A. could consider options such as partial acquisition of an existing alcohol importer organisation in Finland, strategic alliance, or acting as an agent. The agents operating in the Finnish alcohol industry do not seem to have a wide variety of alcohol products from South America other than wines. Vienti DBM, S.A. aims to focus on spirits and on other alcohol beverages from South and Central America that can not be found from Finland yet.

Vienti DBM, S.A. should set its target to high but realistic heights. Acting as an agent, offering the products to a Finnish alcohol importer with strong presence in the market, Vienti DBM, S.A. should aim to have the products for sale in land, air and sea. By selecting the correct network of partners and sponsors it is possible, perhaps one day, to proceed to making an acquisition to gain more market share.

8.4 Suggestions for business model

In the light of the four different scenarios identified for the future of the Finnish alcohol industry, it is possible to identify the direction of the industry development and to begin making plans for a successful future-oriented business model. Osterwalder & Pigneur (2009) have designed a business model canvas that can be used in designing and evaluating a new business idea by defining each one of the nine building blocks of 1) key partners, 2) key activities, 3) key resources, 4) value propositions, 5) cost structure, 6) revenue streams, 7) customer relations, 8) customer segments, and 9) channels. The business model proposition for Vienti DBM, S.A. is described in Table 4.

Table 4. Business model canvas for Vienti DBM, S.A.

<p><u>Key partners</u></p> <p><i>Partner network</i> with;</p> <ul style="list-style-type: none"> * alcohol importers * wholesalers * producers * retailers <p>→ also with ecological and fair trade labels</p>	<p><u>Key activities</u></p> <p>Bringing together the producer and the seller (acting as an agent)</p> <p>Finding and promoting quality products from abroad</p>	<p><u>Key resources</u></p> <p>Access to alcohol producers abroad</p> <p>Access to Finnish partners and distribution channels</p>
<p><u>Value propositions</u></p> <p>Knowledge and contact of South American exotic alcohol beverage producers</p> <p>An intermediary between the producer and the seller that are interested in high quality products made in the respect of the environment</p>	<p><u>Cost structure</u></p> <p>Customer acquisition costs</p> <p>Logistics / Customs</p> <p>Legal costs (exclusivity contracts etc.)</p> <p>Administration costs</p>	<p><u>Revenue streams</u></p> <p>Commission charged to buyers</p> <p>Royalties per unit sold (through exclusivity agreements)</p> <p>Revenue from possible derivative products</p>
<p><u>Customer relations</u></p> <p>Key account management</p> <p>Personal and customized B2B service</p>	<p><u>Customer segments</u></p> <p>Organisations that have alcohol importation license;</p> <ul style="list-style-type: none"> * producers * breweries * monopoly * wholesalers * retailers * restaurants 	<p><u>Channels</u></p> <p>Online channel</p> <p>Personal contact</p>

Osterwalder & Pigneur (2009) point out that a beginner entrepreneur should make three different versions of the business model canvas; 1) most preferred situation for oneself (what kind of customers would one

like to have), 2) most preferred situation for the customer (how the customer would like to order, receive and pay the products), and 3) typically preferred situation (how the competitors are operating). The key to success is to join the version 1 and 2 (own and customer perspective) and to make sure that the mix is different from the version 3 (to have competitive advantage to the already operating companies).

In the case of Vienti DBM, S.A., the business model canvas in Table 4 is a suggestion for the future business model. As the company is a beginner in operating in the alcohol industry it carefully needs to consider which partners would benefit the company most, and then begin to build the relationships. The cost structure for a company operating as an agent is not very heavy and there is not much investment needed. The difficult part in gaining business is to take personal contact with possible partners, have an excellent business model in place, and to make sure that the value proposition is constantly being met and further evaluated for future development.

As last advice to the client company of the thesis project, it is worth to mention that it is important to believe in the future, but it is also important not to forget to work for that future.

9 REFLECTION

9.1 Own reflection of the research and its results

9.1.1 Answers to research questions

When considering the research as a whole and identifying the main outcomes, it is important to evaluate whether the research results and outcomes actually respond to the research questions that were named in the beginning of the research process. (Hirsjärvi et al, 2001, 243-245) Therefore, coming back to the research questions, the main goal was to 1) investigate the current market situation in the Finnish alcohol industry, 2) to identify future trends and industry changes, and 3) to make suggestions for the client company on what kind of future product concept and market entry strategy would best respond to the future market needs.

The current market situation was investigated through existing literature, reports and statistics. It was necessary to investigate the present in order to plan the questions for the future research. The author needed to familiarize herself with the industry structure, historical development, consumer behaviour, and operating environment in order to proceed to the following phase of the research, the Delphi survey. On the basis of the current market situation it was fairly easy to identify the “hot” topics, the so-called taboos and other interesting issues that were necessary to include to the expert survey.

On whether the expert and consumer surveys actually provided valuable information about the future development of the industry and of the future market trends, it can be concluded that it is up to the author, or any other person who wishes to use the research results, to take the full advantage of the results and to genuinely use them for further research or for whatever objective they might have in the Finnish alcohol industry. The research results as such are quite unique as there are not many studies done regarding the future of the alcohol industry and especially ones that would include both expert and consumer point of view.

On the third research question, the author admits that within the Master’s thesis project it was not possible to fully concentrate on the creation of a suitable product portfolio or market entry strategy as it was initially planned. The Master’s thesis project would have been too extensive in case of creating an actual business plan on the basis of the future research. Instead the author had to limit the work by agreeing to include only suggestions for Vienti DBM on how to proceed to creating the suitable prod-

uct concept and on how to enter the market. It is then up to the client company to take the strategic decisions.

9.1.2 Added value for industry development

It has already been discussed how much added value the research results provided to the client company, but it is important to recognise the value that the research adds to the whole industry development. Different actors of the Finnish alcohol industry have been interested about the project and they have been specifically eager to find out the research results. Many organisations have pointed out that they are extremely interested about the consumer point of view and surely the experts are interested about how the expert survey finally turned out in terms of the results. The discussion in the expert survey was very active which tells about the importance of performing such research where experts can give opinions about industry-wide issues anonymously.

The author hopes to have created discussion that would lead to actions, at least in the individual level. Surely some of the experts will initiate a discussion in their organisations about some of the research results and about issues that genuinely need to be battled against in order to save the Finnish alcohol industry from leaning towards the worst-case scenario identified in chapter 8.1.1. Perhaps one of the most significant outcomes would be to have people think about the possible cooperation between public and private sector. Even though their goals might be the complete opposites, it is possible to find ways to jointly promote things that are important for both and things that would ultimately lead to a better industry development. In addition to thinking about possible cooperation within the alcohol industry, the author also hopes for the readers to open their minds for the possible cooperation between different industries. Alcohol industry can create something unique and unexpected together with tourism, food and drinks, restaurant, leisure, wellness, and other industries as long as possibilities are seen as challenges that need to be pursued and competitors are seen as one of the most important stakeholders in creating added value for the organisation, for the industry, and ultimately for the Finnish economy.

9.1.3 Author's learning diary

Learning-wise the Master's thesis project has been extremely rewarding for the author. Considering the fact that the author is very hard-working and ambitious in everything that she puts her mind into, it is clear that the personal objectives were met during the process and it was possible to carry out a large project in a relatively short time frame. The most difficult phase of the Master's thesis project was to identify the topic. Once it was

done properly, with the guidance of the thesis supervisor, it was easy to set the goals and get to work. During the process the author joined the Delphi Developers Community and through various workshops learned about the field of futures studies and received excellent guidance for conducting the expert survey. Through the seminar procedures it was also possible to get valuable feedback from fellow students and from supervisor.

If the author were to do something differently it would be to concentrate more on the research question 2, on identifying the future trends and industry changes, and to touch the research questions 1 and 3 only on the surface. The only regret that the author has about the process is to not have persuaded the experts even more in order to have a better response rate in the survey and also to not have informed about the consumer survey in all possible forums in order to receive more answers and from a more wide variety of backgrounds. However, the author feels that everything possible was done considering the time frame and considering the simultaneously ongoing Master's degree courses and other factors, such as the author's 1-year old son. The final learning outcome for the author was worth every single hour spent by the computer working on the thesis. It provided the author with a group full of new contacts, possible career opportunities, and many new and fresh ideas for future endeavours.

9.2 Reliability of research

In all research it is important to try to avoid mistakes in order to obtain a reliable and valid research result. However, according to Hirsjärvi et al (2001), mistakes and other problems often occur and therefore it is important to evaluate the true reliability of each research as soon as it has been conducted. A valid research studies exactly what it was supposed to study and therefore also the results undoubtedly respond to the research question that was set in the beginning of the research process. A reliable research then again means that the research results are accurate and that the same results would be obtained by conducting the same study in another occasion. (Hirsjärvi et al, 2001, 213)

In this particular study the researcher was able to objectively design the survey questions for both expert and consumer survey and to openly communicate to the participants about the purpose of the study as well as the usage of the survey answers. The research was effectively carried out in the planned time schedule and without any additional costs. The problem that was faced during the research process dealt with inadequate response rate in both surveys. That problem was solved by contacting the experts in various occasions and requesting them to participate and to give their opinion on the industry-wide issue that was being studied. The wide variety of industry experts guaranteed a reliable research result and provided an extensive basis for any further research on the research topic. In the consumer survey the researcher would have liked to reach a response rate sufficiently adequate to be able to generalize the results to the "Finns

consider” –level. However, such a high response rate was not obtained even though the researcher contacted various organisations and people in order to attract more participants for the consumer survey. However, since the main focus of the research was to investigate the expert opinions and to have the consumer survey only in a supporting role, it can be concluded that the objective was reached.

When evaluating the validity, reliability, generalizability and utility of the research findings, it is necessary to point out the limitations of the study. Some factors that might have influenced or impacted the interpretation of the research results can be technological problems in cross-tabling of the Webropol survey results and in extracting filtered results from the eDelphi tool. However, as the consumer survey again was only in a supporting role in the research, the researcher did not see necessary to analyse the consumer survey results with the cross-tabling technique. The filtered results per expertise in the expert survey were also difficult to extract and within this Master’s thesis project it was not considered necessary to include different opinions of wholesalers, retailers, monopoly etc. as the general results were extensive and provided a good basis for analysis of the results.

It can also be mentioned that the author has succeeded in communicating the different research phases to the readers and the research could be conducted again with the help and instructions that can be found in this thesis. However, since the author herself might be blind to her own text, it was necessary to obtain outside evaluation and comments before submitting the final paper. This enabled the author to correct some phrases to a clearer format to improve the readability and understandability of the research.

To thoroughly analyse and evaluate the research done, the author must also respond to the critique that Sackman has presented towards the Delphi method described in chapter 5.1.4. The main problems that Sackman saw in the Delphi research were conformity pressures and problematic emphasis on consensus. In this particular research the Delphi method worked well; it provided an opportunity for the industry experts to express their views anonymously that clearly enhanced the discussion and enabled excellent discussion between experts of different areas. The main goal was not to reach consensus but to observe the different opinions and to try to catch information about possible future megatrends. Sackman also has criticized the fact that the Delphi research is reliant on educated guessing work. The researcher however believes that there is no better way to investigate the research domain than by having experts express their views on an interactive situation where they still remain anonymous. Surely it is possible that the experts are simply trying to guess what will happen in the future, but who would be better at guessing what the industry development will be like than the experts who have decades of experience on the topic. Therefore Sackman’s critique does not apply in this case and the author has also realized that a high quality research is like an investment to the future and repays itself rapidly.

9.3 Further research possibilities

Certainly there are numerous possibilities for further research. For future studies however, it would be good to approach the experts even more in order to make them commit themselves to the research process. In this particular research the researcher used email and phone to contact the experts that were invited to the expert panel. Perhaps it would be more effective to organise a gathering before the survey where the experts would meet each others in order to identify in how great of a crowd they actually are in order to guarantee high levels of participation, commitment and discussion. The Delphi method is an excellent expert method for generating discussion about something as uncertain as the future.

Further research topics could be related to a network-based cooperation in the Finnish alcohol industry and on how to form functional and success-generating clusters to the alcohol- and related industries. In this particular case the list of what Vienti DBM, S.A. can further research on the basis of the current research results is quite extensive. It can concentrate on further and in more detail defining the product portfolio by studying the product groups that exist in the market and their success. It can perhaps proceed to making a competitor analysis to thoroughly investigate what the competition is doing and how to be different in a large way. Needless to say, the current research results surely function as a basis for other alcohol related future studies. It is also possible to take today's situation, compare it to the results of this particular study to get a futuristic view until year 2025, and to go even further by throwing year 2050 on the table to continue generating ideas and discussion regarding the uncontrollable future of the Finnish alcohol industry.

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INVITATION LETTER TO REAL TIME DELPHI SURVEY

Finnish alcohol market 2025

Dear recipient

Finnish alcohol market 2025 is a research for Master's Thesis and its intention is to spot weak signals of the industry development in order to reveal signs of future megatrends and changes. The research is conducted by using the Delphi method that is part of futures studies. The main goal of the method is to produce expert views with arguments about possible future pathways and industry development.

The experts of this research have been selected from various organisations operating in the Finnish alcohol industry. To guarantee the success of the research it is important that the participant group includes actors from all sectors in the alcohol industry. You are one of the 49 experts selected for this research and the results will surely benefit also your organisation.

Confidentiality

The research is conducted through eDelfoi web tool by using a Real Time Delphi –method concept. In order to answer the survey it is necessary to log in by using user credentials provided by the eDelfoi environment. It is not necessary to provide personal information at any stage. Even the survey manager will not be able to identify the experts who have participated in the survey.

Answering the survey

It takes approximately 15 minutes to answer the survey. Please proceed through the following link:

<https://edelfoi.fi/suomen-alkoholimarkkinat-2025>

Please use the following user credentials to log in:

User name:

Password:

Delphi is on Real Time -state, so at any time you can return to the survey, check other experts' comments and provide your own feedback. Delphi will be closed on May 13th at 23.55.

Thank you in advance for your participation!

Delphi manager

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REAL TIME DELPHI SURVEY FOR EXPERT PANEL

Page 1 – Introduction

Driving forces

World economy is in the middle of great changes. It is becoming more and more important to forecast future changes and to identify the driving forces behind the changes in order to maintain competitive advantage. Tracking these driving forces is one of the most important areas of future research that aims to analyse trends, megatrends, weak signals, and wild cards. These driving forces fold the pathways for all life's occurrences. In this research important driving forces in the Finnish alcohol industry are:

1. Ageing of the population → changes the consumer behavior of alcohol consumption
2. Virtual world → Availability and distribution of alcohol are transferring to the virtual world
3. Ecological thinking → Organic trend and environmentally friendly production keep changing the markets
4. Mobility → Finns travelling abroad and foreigners coming to Finland force the industry to change
5. Wellness and health trend → People's physical and mental health gets emphasized and it changes the consumer behavior
6. Branding → An individual lifestyle gets emphasized and it includes certain kind of drinking and eating habits as well as clothing and branding oneself
7. Clusters and networks → New technologies and the disappearance of national and industrial borders create new ways of organising production, networking and building better value chain
8. Regulation → Possible changes in the alcohol laws and easing of import regulations towards a more liberal policy would cause a breakthrough in the industry

Finnish alcohol market 2025 is a research for a Master's thesis and its intention is to find weak signals about the megatrends of the future. That way it is easier to identify the successful products of the future already in this moment.

Thank you in advance for your participation in the survey! The results will be published in a separate occasion during autumn 2012.

Page 2

Probability of driving forces

Organise the following alcohol industry related driving forces in such a way that 1. is the strongest and most probable force and 8. is the weakest and most improbable force.

1. Ageing of the population



2. Virtual world
3. Ecological thinking
4. Mobility
5. Wellness trend
6. Branding oneself and one's lifestyle
7. Clusters and networking
8. Changes in the alcohol regulation

Page 3

Industry changes

In year 2025 Alko is no longer in a similar kind of monopoly position as it is today. Strong liquors are available in supermarkets, private stores and in online stores.

This argument describes one large industry change related to alcohol regulation in year 2025. The response technique is a slider for two Delphi parameters. One is probability and other is desirability. Value of both decreases when moving towards left end and increases when moving towards right end.

Probability

-3 -2 -1 0 1 2 3

Desirability

-3 -2 -1 0 1 2 3

Page 4


Industry changes

In year 2025 the aged population (60+) is the biggest consumer group of alcohol that dictates the success of the products in the market.

This argument describes one large industry change related to the ageing of the population. The response technique is a slider for two Delphi parameters. One is probability and other is desirability. Value of both decreases when moving towards left end and increases when moving towards right end.

Probability

-3 -2 -1 0 1 2 3



Desirability

-3 -2 -1 0 1 2 3

Page 5

Industry changes

In year 2025 the main distribution channel of alcohol is Internet. Alcohol products can be ordered online and delivered to one's front door (service can be compared to pizza-taxis).

This argument describes one large industry change related to the availability and distribution of alcohol in 2025. The response technique is a slider for two Delphi parameters. One is probability and other is desirability. Value of both decreases when moving towards left end and increases when moving towards right end.

Probability

-3 -2 -1 0 1 2 3

Desirability

-3 -2 -1 0 1 2 3

Page 6

Market trends

This section describes different hypotheses of market trends in 2025. Select the options that you consider probable.

- The foreigners in Finland require the market to introduce products from their country of origin
- Health awareness has turned strong liquor consumption to downfall
- The wellness trend has gotten people to turn from high calorie drinks to strong liquors
- Finns want to buy alcohol that has been produced in Finland
- Genetic manipulation is a commonly used production model in the alcohol industry



Industry competition

In year 2025 Finns direct their "liquor search" travels to the following countries / places:

Organise the following options in such a way that 1. is the most probable and 8. is the most improbable

- Russia (especially Saint Petersburg and border cities)
- Cruise traffic to Estonia
- Sweden (border cities of north)
- Cruise traffic to Sweden
- Countries outside EU
- Baltic countries
- Central Europe
- Mediterranean countries
- Finns buy their alcohol from Finland

Industry competition

In year 2025 the grey economy and alcohol imports from abroad have caused the alcohol industry to face recession.

The increasing grey economy and alcohol imports from abroad are the reasons for the downturn in the market. The increasing unemployment in the restaurant sector, the closing of breweries, and tax revenue losses for the government are direct effects of tight alcohol regulation and taxation as people rather go abroad to buy their alcohol and they rather enjoy it in their homes instead of spending money in restaurants.

Define the probability in the slider below.

Probability

-3 -2 -1 0 1 2 3



Industry cooperation

In year 2025 there is a cooperation in the alcohol industry between private and public sector in order to increase the domestic purchases of alcohol and to encourage people to enjoy their alcohol with moderation.

This argument describes one large industry change related to the cooperation, networking and clusters in 2025. The response technique is a slider for two Delphi parameters. One is probability and other is desirability. Value of both decreases when moving towards left end and increases when moving towards right end.

Probability

-3 -2 -1 0 1 2 3

Desirability

-3 -2 -1 0 1 2 3

Industry cooperation

In year 2025 there is a cooperation in the alcohol industry between three different sectors; public sector (officials), private sector (companies) and a third sector (clubs and associations).

New commercial clusters are born, one of them being alcohol abuse prevention together with wellness related services in the leisure industry.

Organise the following actions (left side) in the alcohol industry in 2025 to the correct box according to your view on which sector would / could perform the specific action. (Please notice that one option can be selected for various sectors).

Actions:

- Alcohol abuse prevention
- Alcohol sales promotion
- Health promotion
- Marketing of the alcohol products
- Sponsoring
- Quality control
- Volunteer and charity work
- Lifestyle-coaching
- Regulation



Public sector
sector

Private sector

Third

Page 11

Market entry of the products

Organise the following actions related to the market entry of the products in such a way that 1. is extremely important for the success of the product and 6. is less important or completely irrelevant for the success of the product.

1. Finding an existing partner who already has good distribution channels and contact networks
2. Advertise the product as a mental image of a pleasant experience
3. Offer the product only to the monopoly's selection
4. Use social media for advertising
5. Invest in innovative packaging
6. Trust in the quality of the product and the mouth-to-mouth marketing

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Define your area of expertise

Expert matrix

Y-axis (areas of expertise);

Marketing

Lifestyle-sector

Consumer behavior

Retail

Alcohol abuse awareness

Regulation

Alcohol abuse prevention

Wholesale

Imports and exports

X-axis (interest groups);

Monopoly

Retail (>4,7%)

Tax free sales

Associations

Breweries



Officials
Importers
Research and development
Wellness
HoReCa
Clubs & organisations

Page 13

Thank you for your participation!

Delphi will be closed on Sunday May 13th at 23.55.

INVITATION LETTER TO WEBROPOL CONSUMER SURVEY

Dear participant

Your opinion is very important in this study concerning the future of the Finnish alcohol industry. Finnish alcohol market 2025 is a research for Master's Thesis and its intention is to spot weak signals of the industry development in order to reveal signs of future megatrends and changes. The research is conducted in two parts: 1) expert panel through Delphi research method, and 2) consumer survey through Webropol survey.

The experts of this research have been selected from various organisations operating in the Finnish alcohol industry. The expert survey was conducted in May 2012. The questions of the consumer survey have been designed based on the expert survey answers in such a way that included are those themes that would benefit from obtaining a consumer point of view.

Answering the survey

It takes approximately 5-10 minutes to answer the questionnaire. The consumer survey will be closed (date & time). The research results can be read from the Master's thesis and they are published also in a separate event during Autumn 2012.

Confidentiality

The research is conducted through Webropol web tool. Answering the survey does not require providing user credentials, and it is not necessary to provide personal information at any stage unless willing to participate in the raffle. Even the survey manager will not be able to identify the people who have participated in the survey, and personal information will not be used in anything else than the raffle that will be celebrated on (date) between all respondents who have provided their contact details. The winner of the raffle will receive six (6) wine glasses (45 cl) from Iittala Essence collection. The value of the price is approximately 90 euros. Thank you in advance for your participation!

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WEBROPOL CONSUMER SURVEY

Section 1: Background information

Age

- Under 20 years
- 21 – 40
- 41 – 60
- 61 or older

Gender

- Female
- Male

Living environment

- Large city (Capital area, Tampere, Turku, Oulu)
- Mid-sized city
- Municipality

Nationality

- Finnish
- Finnish with foreign background
- Foreigner in Finland

Educational background

- Elementary school
- High school / Vocational education
- Polytechnic
- University
- Further studies

Situation in the labor market

- Employed
- Unemployed
- Outside of work-life (retired, student, maternity)

Gross income per month

- < 1500 Eur
- 1501 – 2500 Eur
- 2501 – 4000 Eur
- 4001 Eur >

Use of alcohol

- I never drink
- I drink once a month or less

Future Market Opportunities in the Finnish Alcohol Industry

- I drink 2 - 4 times a month
- I drink 2 – 3 times a week
- I drink four times a week or more

Relation to alcohol

- I don't use alcohol
 - I mainly use alcohol in social events and gatherings
 - I mainly use alcohol in my own home in order to enjoy and relax
 - I mainly use alcohol to get drunk
-

Section 2: Multiple choice

Theme 1: Driving forces of the future in the Finnish alcohol industry

Select THREE of the following driving forces of the operating environment that most affect the Finnish alcohol industry in year 2025:

- Ageing of the population
- Virtual world
- Ecological thinking
- Mobility of people
- Health and wellness trend
- Quality and power of brand
- Clusters and networking
- Liberalisation of the regulation
- Tightening of the regulation
- Something else, what?


Theme 2: Market trends in the Finnish alcohol industry

Select ONE of the following trends that most affects the Finnish alcohol industry in year 2025:

- Health awareness and wellness
 - Domestic drinks (in addition to domestic food)
 - Ecological issues and organic products
 - Genetic manipulation as a production model
 - Exotic products from abroad
 - Branding oneself and one's lifestyle
 - Something else, what?
-

Section 3: Claims

The following claims come from the results of the expert panel



Instructions for answering:

Select one of the following options for each claim:

- 1 – Strongly disagree
- 2 – Tend to disagree
- 3 – Neither agree nor disagree
- 4 – Tend to agree
- 5 – Strongly agree

Theme 3: Industry changes regarding strong alcohols

- Finland is ready for free distribution of alcohol (disappearance of monopoly) in year 2025.
- Strong liquors are increasingly brought from abroad in year 2025 as mobility and travelling increase.
- Strong liquors are being sold at supermarkets in year 2025.

Theme 4: Industry changes regarding the ageing of the population

- 60+ population has selected its favourite drinks by year 2025 and is therefore not looking for new products.
- Drinking behavior is in year 2025 more influenced by geographical location than age group.
- Drinking culture becomes more reasonable by year 2025 and the differences in alcohol use between age groups disappear.

Theme 5: Industry changes regarding the distribution

- In year 2025 it is possible to order alcohol online and it is delivered to one's front door (can be compared to pizza taxi).
- The biggest distribution channel of alcohol in year 2025 is Internet.
- In year 2025 wines and strong liquors can be bought from Shop in Shop stores that operate independently but inside supermarkets. This way sale of alcohol will remain regulated and monitored, but is much more customer-oriented.

Theme 6: Industry changes regarding the competition

- Home and family-centred lifestyle will increase by year 2025. Homes with entertainment centres become a serious competitor for restaurants in terms of selection of location.
- In European level alcohol prices will raise by year 2025 and therefore it is no longer necessary to bring alcohol from abroad as the savings effect is non-existent.
- Grey economy and travellers' imports have driven the Finnish alcohol industry to a recession in year 2025.

Theme 7: Industry changes regarding cooperation



- Cooperation between public and private sector in year 2025 is still impossible due to the main interest conflict of government being "against" alcohol and private sector aiming for highest consumption possible.
- Responsible consumption in year 2025 is important for the whole industry as binge drinking only increases regulation. For this reason public and private sector are working together to promote responsible consumption of alcohol.
- Third sector (clubs and associations operating in the alcohol industry) in year 2025 will become equally important for the Finnish alcohol industry as public and private sector already are.

Theme 8: Industry changes regarding the marketing of new products

- Alko has an important role in the distribution of alcohol still in year 2025 but there are also other distribution channels.
 - When launching a new product package is more important than taste.
 - Limitations in the alcohol promotion prevent many new products from entering the market.
-

Section 4: Desirability of driving forces

The following claims represent possible industry changes in the Finnish alcohol industry and your task is to express how desirable those changes are.

Instructions for answering:

Select one of the following options for each claim:

- 1 – Not desirable at all
 - 2 – Not very desirable
 - 3 – Neither desirable nor undesirable
 - 4 – Quite desirable
 - 5 – Very desirable
-
- Wines and strong liquors can be bought from supermarkets in year 2025.
 - In year 2025 alcohol can be bought online.
 - In year 2025 alcohol education is a common project of public and private sector.
 - In year 2025 alcohol can be freely promoted as long as it is done by ethical principles.
 - The majority of alcohol products in year 2025 are organically produced.
 - The majority of alcohol products in year 2025 are domestic production.
 - In year 2025 the so-called functional drinks are very popular (for example alcohol beverages made of health-promoting ingredients)
 - In year 2025 the alcohol producers have customers participate in the product development. Custom-made drinks are popular.
 - In year 2025 the most common packaging is 0,33 l plastic bottle due to its "easy to drink, easy to carry" benefits. One litre glass bottles disappear.
 - Even though mobility and travelling increase by year 2025 the travellers' imports decrease as people get bored of bringing alcohol from each trip they make.

Section 5: Contact details

Please leave your contact details if you wish to participate in the raffle.

Name:

Email address:

Street address:

Phone number:

Thank you for participating in the survey and good luck for the draw!