

# ESTABLISHMENT OF A CLOTHING COMPANY IN FINLAND BASED ON A UNIVERSITY BRAND

Case: LAMK Apparel Company

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Case: LAMK Apparel  
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ABSTRACT

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This thesis aims to assist LAMK Apparel Company in its entry into the clothing market, in Finland. Based on country analysis of the two target countries (Russia and Finland), its original business idea is developed together with innovative concepts. Accordingly, the business plan is created to describe an applicable development way for the idea. The authors focus on the process of establishing a clothing company in Finland based on a university brand through the implementation of a business plan. The advanced business plan would require additional studies in future.

The theoretical framework of the research combines four analytic tools implemented when building the business idea. The PESTEL analysis is used with the purpose of exploring appropriate countries for the company's operations. The SWOT analysis is used in order to examine the case company's strengths, weaknesses, opportunities and threats to adopt the existing business environment. The 7S Framework is conducted in order to open up the company's inner structure. The initial business plan, named Business Model Canvas, is represented as the core part of the business.

The qualitative research method is applied to this thesis. During the whole research process, paper reviews and interviews are taken into consideration. Origins used in the congregation of the research data for the theoretical part are written sources such as articles, books, journals and information collected from various internet sources.

Finally, the main issues of the company's establishment have been solved, target market has been chosen and investigated, target group has been analysed, business idea has been accepted and the business plan has been completed. Certainly, the business might require time and investments as well as challenges to complete, but it is decisive for the case company to accept it, develop and enter the market.

Key words: business plan, company establishment, clothing, Finland.

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# 1 INTRODUCTION

This chapter introduces the reader to the background of the thesis and discloses the methods used to complete the research work. The overall research ideas of the objectives and data collection methods are given and research questions are presented and disclosed.

## 1.1 Research background

Being students of Lahti University of Applied Sciences (Lahti UAS) Faculty of Business and Hospitality Management, the authors have always been interested in entrepreneurship. And especially with the popularity of student clotheslines with university logos, as in for example, the United States. On the purpose of promoting the Lahti UAS brand, the authors decided to create their own brand - the LAMK Apparel (and will be referred as such throughout the thesis), which symbolises the university logo and the connection to the university community.

Starting from September 2015, the authors have participated in the NY Start Up course and successfully completed it with their own business idea. This resulted in the business establishment support, where authors have been mentored by of the course, headed by Mattila. (NY Start Up aloitusinfo 2014) According to Mr. Mattila, own companies in nowadays are established by active, innovative and creative people. Following qualities have demand on the labor market.

Moreover, the idea is also connected to the authors' love and passion for clothing. The authors have noticed the popularity of clothing development in Finland. These encouraged them to research and get through this field. Figure 1 describes the development of the textile and clothing industry in Finland.

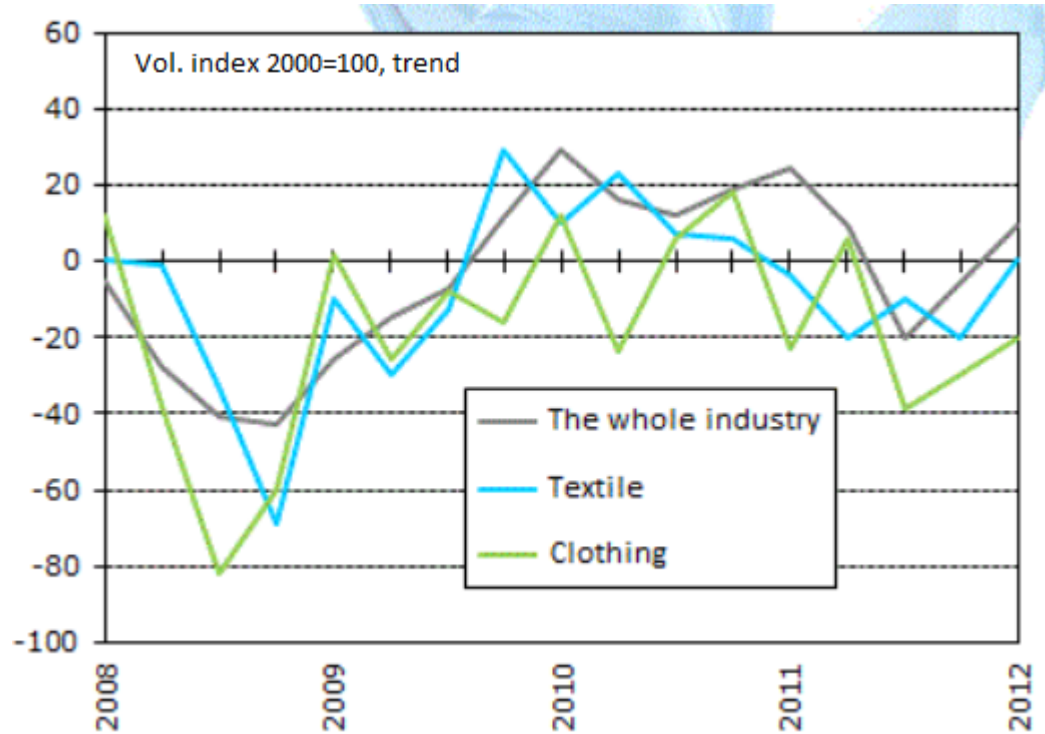


FIGURE 1. The development of the textile and clothing industry in Finland (modified from Confederation of Finnish Industries 2017)

As can be seen from Figure 1, the Finnish clothing industry is volatile. The volume of clothes produced for different purposes has a tendency to rapidly increase, after a fall. The volatility index reached its peak in the year 2011.

However, the Finnish textile sector is nowadays very limited due to the outsourcing process caused by low-cost policies in Eastern Europe, Russia and Asia. The textile volatility index has been growing only since year 2012. The Finnish textile manufacturing could not rapidly react and adapt to quick market changes and the flexible demand level of the whole industry. Thus, it is obvious that these sectors of apparel industry are developing efficiently and play a main role in the Finnish business sector. (Flanders Investment & Trade – Helsinki 2012.)

Becoming private businessmen in Finland has not always been a top priority for the thesis authors. A chance to succeed with your business

idea and the concept of being self-made entrepreneur encourages moving on. The authors have been analyzing working processes in various clothing companies and the opportunity to collaborate with people from many countries. Based on the information above, the idea has become more attractive to implement.

Being Russian people, who have been living and studying in Finland for a long time, the authors definitely have an in-depth understanding about the value of clothing in this market. Moreover, studying, living and working in various European countries provides the authors with a concrete view of the European clothing style, so as to use it as an advantage with the purpose of the case company. The thesis is comprised by assembling the features mentioned above and built up on the most valuable related factors. They are business plan, business model canvas and idea, concepts, and research and risk management.

## 1.2 Objectives and research questions and limitations

### **Research Objective**

The authors gained a great interest in establishment private clothing company. In order to successfully start the business, a theoretical research is required. As a result, the main objective of this thesis is to research and investigate the factors which influence the relative feasibility of establishing a clothing company in Finland on the example of the case company: LAMK Apparel. Market potential and threats, as well as strengths and weaknesses will be analysed.

### **Research Questions**

The core part of the thesis is the empirical part. It will reveal whether there is a market place for such clothes and whether there is a chance of success for this type of clothing business. After all the outcomes that will rise in the process of creating this thesis, authors will understand how to continue with the created business plan and how to improve it. The main research question for this study is:

- How can a student establish a clothing company in Finland based on a university brand?

In order to resolve things mentioned above, the authors have made a list of sub-questions:

- What key resources do the authors need?
- How will the authors' identify the most useful country market?
- How to reach distribution channels?
- What are the key activities?
- What are the possible ways of promotion?

There are always limitations and issues to be taken into consideration when completing a research. The limitation of this research is that it relates only to the target group customers and may not provide valuable information relating to other potential customers. As the company's occupation is clothing, the results and recommendations for the case company may not be applicable for other companies and other industrial sectors. The last limitation is that this study closely focuses on the clothing industry and, because of this, does not determine suggestions for organizations working in industries differing from the target industry.

Due to the fact that on the moment of completing this research and the company's establishment, the LAMK Apparel Company did not have main competitors on the market, the competitors' analysis is excluded from the conducted research.

As mentioned above, the purpose of this thesis is to research and congregate key factors, influencing the feasibility of establishing a clothing company in Finland. The authors of this study have decided that the initial point of the research is that the company has already created the business plan. Even though, what is important to this thesis is declaring only the key



information on the topic for the purpose of confirming feasibility of the idea in the target market.

### 1.3 Theoretical framework

The research in the thesis is mainly comprised of describing process of the companys' establishment which demands in-depth research in the European market. For a market research, the study considers both external and internal factors that affect feasibility of the business idea for the case company.

The theoretical part begins with main concepts congregating this research: business structure approaches, marketing and logistics aspects and the nine stage business model canvas. Other theoretical parts, which explained in the thesis present supplier-manufacturer relations and the target market explanation. The reason for implementing these approaches is to create a solid base for the second part of the thesis, empirical research. Figure 2 demonstrates the theoretical framework of this study.

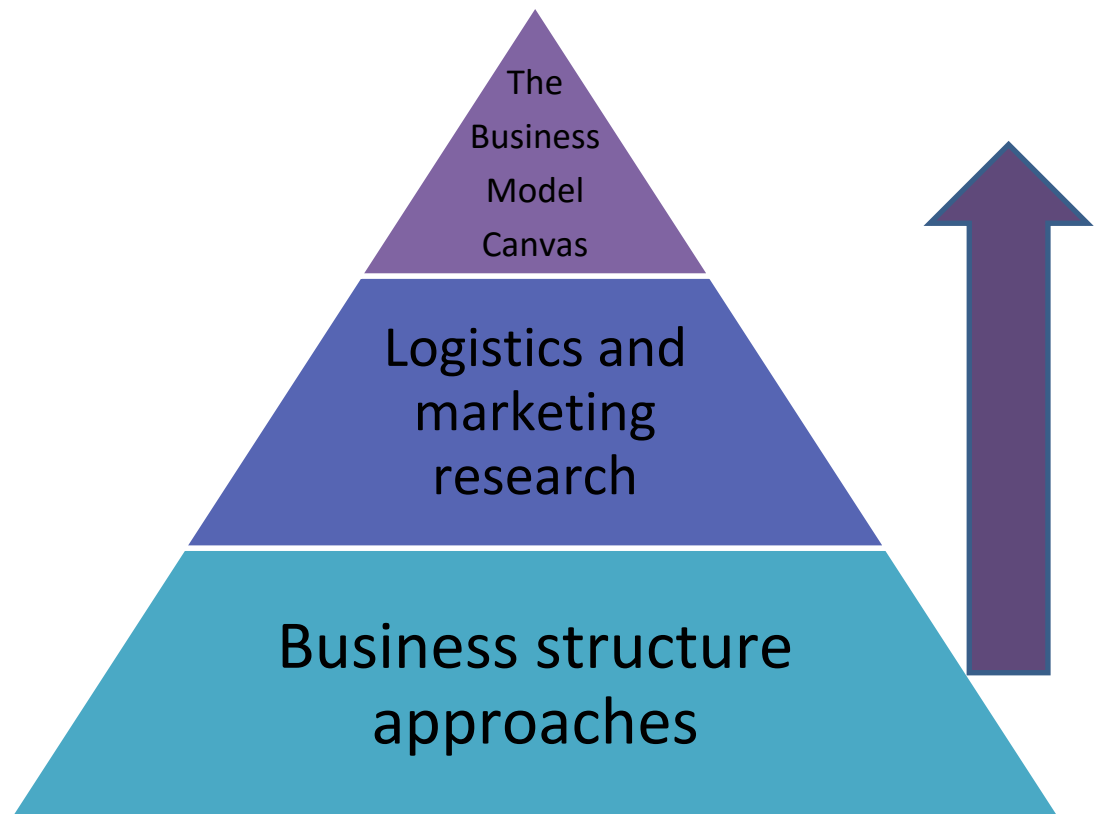


FIGURE 2. Theoretical framework

The theoretical parts assemble the base for the empirical research with the final improvement expressed by the business model canvas.

#### 1.4 Research methodology and data collection

Figure 3 describes the research methodology.

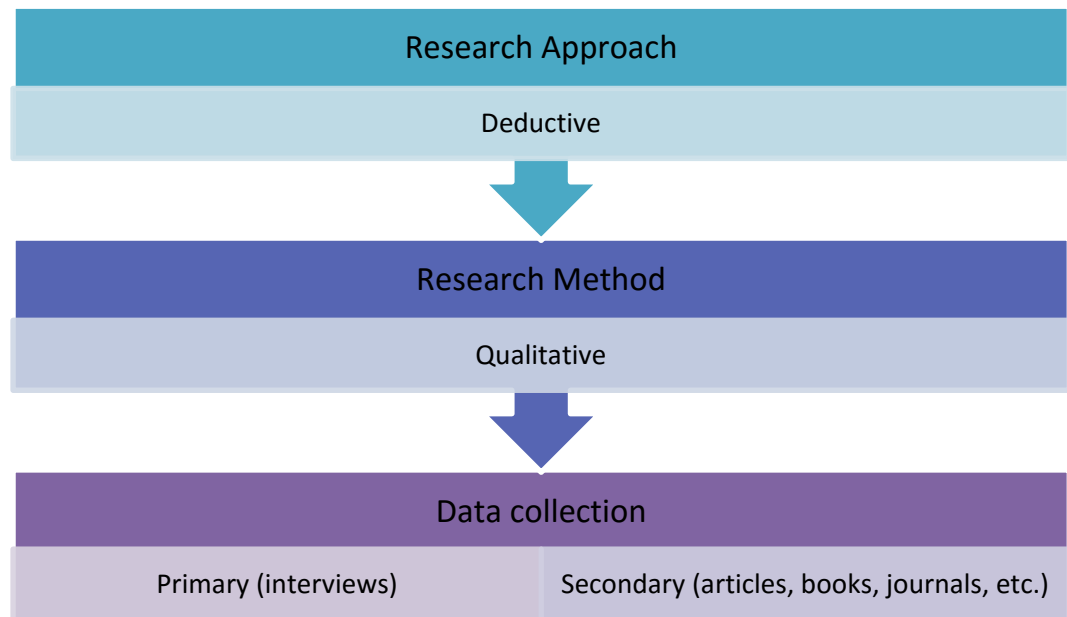


FIGURE 3. Research methodology

### Research Approach

Fudge (2015) states that there are various ways of explaining information when writing and comprising inductive and deductive reasoning.

Inductive approach moves from data to theory which means that collected data is examined correctly in order to build up the new theoretical framework. Deductive approach, on the other hand, proceeds from theory to data which means that essential data is congregated to assess suggested hypothesis that reflects actual theories. (Burney 2008.)

The key point to take into consideration, when choosing an approach is firstly the purpose of the study; and secondly, the methods that are the most valuable to either examine the hypothesis, analyse new or developed area within the control, or to answer stated research questions (Gabriel 2013). Deductive approach is confirmed as the most efficient research approach for this study.

### Research Method

The qualitative research method is accepted for this thesis for the reason that the use of qualitative research methods is competent for increasing development of measurement and distribution of approximate certified reports. “Target groups” and “subjective interviews” are becoming a basic part of the improvement of valid and reliable research instruments (Sofaer 2002).

### **Data Collection**

During the whole research process, paper reviews and interviews are taken into consideration. Origins used in the congregation of the research data, for the theoretical part, are written sources such as articles, books, journals and information congregated from various internet sources.

### 1.5 Thesis structure

The following figure demonstrates the thesis structure which includes six chapters:



FIGURE 4. Thesis structure

The thesis is divided into two parts: chapters two and three are the theoretical part and chapter four, is the empirical part. Authors begin with describing the process and starting up a business and the explanation of the inner business structure. The third chapter discloses the main elements of the business process that are considered as marketing and logistics.

The empirical part of the thesis is the fourth chapter. This chapter will show the business plan for the company and the core difficulties as well as restrictions that companies are facing while advertising their goods to the customers. These will be defined and confirmed by authors as interviews. Chapter five will explain all findings and results of the thesis. Chapter six summarizes and concludes the thesis.

## 2 BUSINESS STRUCTURE

Based on the research background of the idea, the authors have figured out the importance of developing business structure for the company. The structure is the core part of every business, without which successful business cannot be completed. In this chapter the authors will explain who is an entrepreneur and what qualities entrepreneur should possess. Also the authors consider the main options of good business plan and based on these options, describe their business idea. The following purposes is the next stage of the company establishment process.

### 2.1 Entrepreneur

In order to start private business, it is necessary to begin with self analysis. Each successful entrepreneur should possess specific characteristics and get enough experience in order to understand what kind of challenges business may face.

According to the article "Good characteristics of an entrepreneur" (Page 2017), there are important qualities that are needed to become a successful entrepreneur. Self-motivation is the most important things that influence on perspectives of business, because entrepreneurship requires much patience, motivation and passion to move through many difficulties. Then, it is important to have strong leadership skills to be an entrepreneur. According to Bowser (2017), entrepreneur must have the ability to motivate employees to work together towards their goals, which requires earning their trust and respect. Entrepreneurs must also have excellent communication skills as they will work with a variety of types of personalities in dealing with employees, clients and investors. The next point is about the risk-taking. Based on Hadzima's (2005) article "Seven Characteristics of Highly Effective Entrepreneurial Employees", entrepreneurs must be able to "operate effectively in an environment filled with risk". This requires well-developed decision-making skills, even in the face of failure, as well as being flexible enough in tough times. (Hadzima 2005.) Also, it is important to provide as innovative products as possible in

order to attract your customers. It is also about the step-by-step improvements of the product and its further development. Being innovative is an essential characteristic of a good entrepreneur. The last one is that successful entrepreneurs must know basic ethics and integrity when dealing with customers or partners. Frequently, good relationship save the business when everything went wrong. (Page 2017.) These kinds of characteristics are very common and relate to every person who wants to start their own business. In the authors' case, these were the first steps to begin with, while the next step is to analyze the business idea.

## 2.2 Business idea as a concept

In order to understand how the business idea is feasible and commercially attractive, it is necessary to conduct market research. Characteristics of a good business idea are presented in Figure 5.

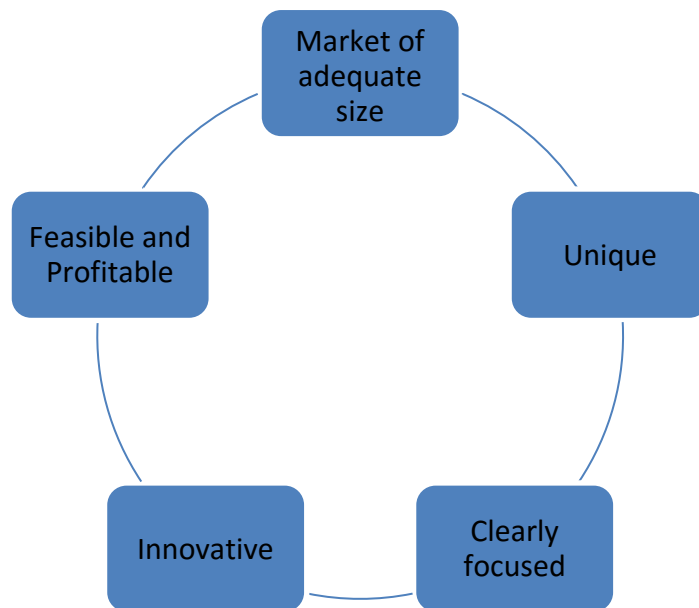


FIGURE 5. Business idea characteristics (McKinsey& Company 2000, 9)

The benefits that the business idea offers to consumers are also important. The benefit is not only about high quality or service, but also

about reduction in costs - lower price. The idea, which is focused on reducing costs, has a better chance of being profitable in the long run. (Persy & Persy 2015.)

The business idea is addressed to an investor and, therefore, must be formulated with the investors' perspective in mind. In general, there are three key points that are mostly important for an investor. Firstly, customers' benefit, which describes the main reason why a customer should buy a product as well as the need that will satisfy customer. It is also called Unique Selling Proposition. Secondly, the market, which shows how large it is for the product or service and for which target group it is offered. In general, it shows the main competitive advantage on the market. Finally, the revenue mechanism - shows how much and how the money will be earned and how profitable a business could be in the long term. In other words, it is about the business model of your business. (Venture 2014.)

The profitability and the acceptance of the idea by investors often depends on how innovative it is. Being innovative means using production factors and business resources, so that they have not been used before. At the same time, innovation can not be only a product or a service, but also a business system as such.

The following questions help to analyze the business idea much better:

- How unique is the business idea?
- What exactly is innovative about your business idea?
- Who is the customer?
- Why should the customer buy the product? What need does it meet?
- Why is the product better than comparable alternatives?
- What are the competitive advantages of the new product, and why



can a competitor not simply copy them?

- How does the product reach the customer?
- Can you make money out of the product? (Venture 2015.)

### 2.3 Business planning

A business plan is a document which describes specific business idea and possible ways for its realization. The main function of this document is to analyze the possibility of implementation of the business idea and the profitability of the project and what risks it may face. In this and following four sub-chapters, the authors consider the most important steps of a business plan, identify the main reasons and goals as well as understand what the target group of business plan is. After that, the authors focus on the business plan implementation, preparation of the theoretical background and presenting the authors' business plan at its best. With the purpose of opening up the companys' inner structure, later in the empirical part, the 7S Framework will be disclosed on the example of the case company – the LAMK Apparel. As Waterman, Jr. & Peters (1980) concluded, the McKinsey 7S Framework, comprised of skills, style, strategy, systems, structure and shared value is responsible for evaluating and adopting alterations of the internal side of the company. Split into a pair of parts, the McKinsey 7S Framework includes four soft elements and three hard elements. The four soft elements: staff, skills, style, shared values. The three hard elements: structure, strategy, systems. (Peters 2011).

Work on the business plan is carried out in several stages and presented in Figure 6.

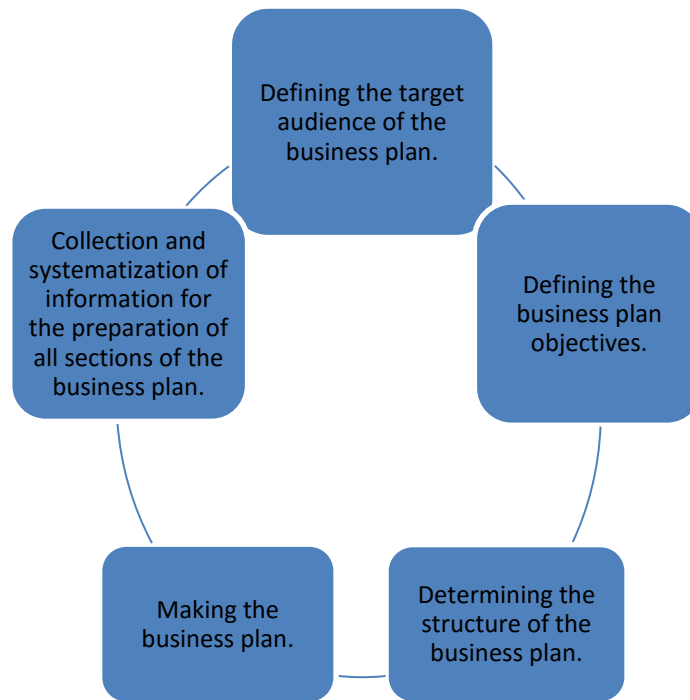


FIGURE 6. Basics of business planning

There are also many other things that depend on business plan: outside funding, credit supply from suppliers, operations and financial management, business development and marketing and the realization of the company's mission.

Additionally, every business plan has its own special type for a special objective. In Figure 7 you can see the types of business plans:

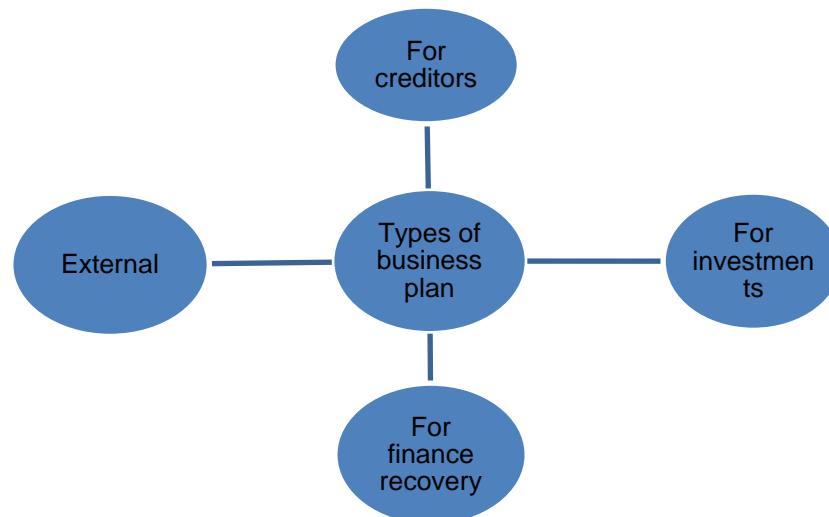


FIGURE 7. Types of business plan (Bank Explorer 2015)

In general, an effective business plan should be concise, accurate, accessible, logical, clear, objective and structured.

#### 2.4 Reasons for business plan

Often you can hear that the main task in the preparation of a business plan is to attract financing in one form or another. However, the business plan is limited to the value of the need to convince investors that the company has a business idea. It is important for the management of the company personnel, as it accurately defines the objectives of the enterprise, as well as the terms and methods of achieving them.

Kennedy (2008) pointed out in his article that the reason for writing a business plan is the ability to anticipate and correct problems before they arise. While working on the business plan, constitute forward-looking statements, comparing actual performance with planned, analyzed market trends, which allows to anticipate some of the problems that may be expected in the future. Also, there is an ability to attract investments that are necessary for the realization of the business idea as well as positioning of the brand - defining companys' role in the market. This definition allows briefly describing the business and positioning the brand

to customers, investors and partners. Then, creating the business plan helps to analyze the competition on the market. All companies have competition in the form of either direct or indirect competitors, and it is critical to understand your company's competitive advantages. In addition, according to Kennedy (2008), business plan is the “face of the company”, which attracts attention at first. And the last important reason is that it is possible to use the business plan as a tool for monitoring and control of the internal activities in the company. In general, there are a lot of important reasons for writing a business plan, and it relates to each business idea differently but, based on Kennedy (2008), we found out the main and common reasons, which brings us to the next step – what goals does the business plan have.

## 2.5 Goals of business plan

The main objective of developing the business plan is business planning of the organization in the short and long term, in accordance with its capabilities and the needs of the market. However, a business plan can be carried out for other purposes.

According to Zinger (2017), the business plan focuses mostly on the importance of a new product or service in the consumer market and its qualitative differences from the products of competitors, analysis of production, economic and financial activities, taking into account the pros and cons of the enterprise, as well as studying the mistakes and achievements of competitors and finally search for ways of achieving the goals.

There are also other goals that could be pointed out in the business plan such as formulation of the company's long and short-term goals, strategy and tactics of how to achieve these goals as well as to identify the responsible persons for implementing the strategy. Another important aim of the business plan is determination of the marketing activities of the firm, studying the market, advertising, sales promotion, pricing, sales channels. (MyTopBusinessIdeas 2017.)

In addition, the business plan will also help in solving strategic and tactical tasks such as assessment of the management organization and the availability of a financial base at a given time, search for new ways of enterprise development, taking into account strengths and weaknesses and determining whether investors are required to grow profits. (Bizyou 2017.) Identification of business goals allows preparing the business plan in the right form and with necessary information for your target group, which we consider in the following chapter.

## 2.6 Target group of business plan

In general, there are four groups on which business plans focuses, they are presented in Figure 8.

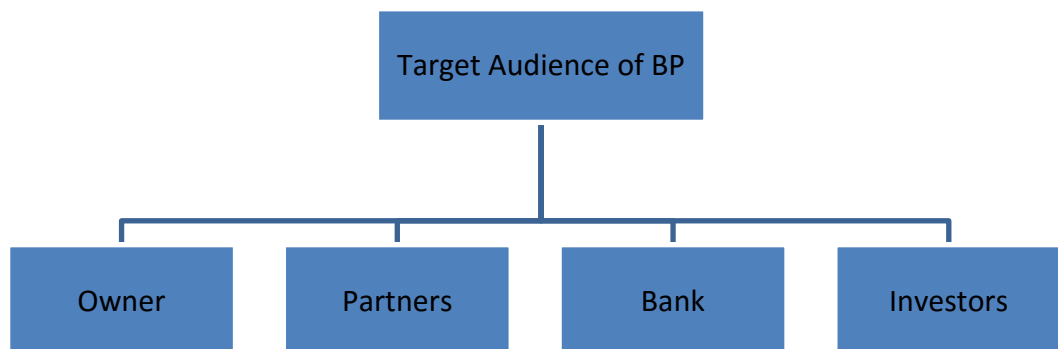


FIGURE 8. Target Audience of Business Plan (Bank Explorer 2015)

This scheme shows that, basically, a business plan is needed for the owner of a business in order to have an overview of the company and its product and services, about the market and all operations that should be done in future. The main task is to understand the schedule of further work and how much time it will take to get the profit. Moreover, a successful business plan may help to get the financial support from the bank and for

investor, who decides, based on business plan, whether to put his or her money into your business or not. (Bank Explorer 2015.)

In addition, each project is divided into two groups. These can be either internal or external customers. Under internal customers we consider persons who either invest their own funds in the implementation of business plan or who just participant in its implementation. External customers are stakeholders, who do not participate in the implementation of the business plan, but investing in it anyway.

Regardless of specialization, all external customers of business plans have two common features:

- They are looking for projects with maximum profitability of investments;
- They realize the direct relationship between investments and risk – As higher the return on investment, then the risks are higher that there will be no profit. (Chernobrivets 2017.)

## 2.7 Implementation of business plan

The implementation phase of the business plan contains a time period from the investment decision to commercial production. It is necessary to plan this crucial stage of the business planning, as deviations from the initial design of information could put under threat the entire business plan. The main goal is the establishment of a technical role and financial contribution of all stages of the implementation of the business plan. (Ashe-Edmunds 2017.)

The implementation program should reflect the costs of the project, as well as the final cash in order to establish the necessary inflows of funds that are needed for financing (Ashe-Edmunds 2017.)

Planning for the implementation of the business project and budgeting have the following tasks:

- Establish the chronology of events in the working tasks;
- Preparation of the implementation schedule, establishing the position of workloads, time adjustment required for the completion of all individual tasks;
- Finding the resources and the detection of the relevant costs;
- Preparation of budget implementation and flow of funds needed to finance a business project during its implementation phase and operation;
- Documentation of all information on the implementation of the plan, which adjust plans. (Popov, Lyapunov, Kasatkin 2003.)

In other words, business plan is an important and necessary document for any organization and individual entrepreneur. The development of a business plan will provide an opportunity to assess the enterprise, identify its weak and strong sides, and determine what will be required to carry out its activities, assess the perspectives, anticipate possible difficulties and find ways to eliminate them. If the business will not be profitable, then work on the plan will help to find it out.

## 2.8 Business Model Canvas

One of the most convenient and effective tools for managing business activity is the Business Model Canvas, created by the famous entrepreneur and innovator in the field of business modeling - Alexander Osterwalder.

The unique design of Osterwalder is a scheme that allows to see a complete model of business in just a few minutes and analyzing it. The main purpose of using the Business Model Canvas is to determine as accurately as possible the strengths and weaknesses of the business. (Osterwalder & Pigneur 2010.)

Currently, such model has found wide application among companies that want to improve their activities through careful analysis of business models for their products or services. In this case, the Canvas helps to check how effective and useful a particular business idea is. (Cowan 2017.) This development includes nine blocks representing important parts of the organization:

- **Value proposition – What do you do?**

It is necessary to determine which values of organization have the greatest interest to consumers – the main point. In this case, it is important to focus not so much on the description of the product as on its main distinctive features and advantages. What is the main benefit and value for the customer using your product of service?

- **Customer segment - Who do you help?**

In this block, it is necessary to give a detailed answer to the question of who your customers are: to what categories belong, what they are interested in, what they seek to receive from life, in what professional fields they are involved, etc.

- **Distribution channels – How do you reach them?**

After that, you can start analyzing the main distribution channels, through which your products are delivered directly to consumers. At this stage, it is necessary to focus on following: initial contact with consumers, persuading customers to make a purchase, delivery options, quality after-sales service, use of promotional tools. Here you can not miss a single detail, which affects the sale of products to consumers. It is important to analyze whether everything is fully satisfied with the customers. If there are any shortcomings - they need to be corrected.

- **Customer relationship – How do you interact?**



Here you need to carefully analyze the business relationship with customers belonging to each of the segments described in the customer segment block.

- **Revenue stream – How much will you make?**

The main task at this stage is to determine which types of income are the most important and promising for the company. This will help to move in the right direction in the future.

- **Key resources – What do you need?**

The next block of this scheme is devoted to identifying key resources that are necessary for effective operations such as human; intellectual; financial (material); intangible; raw materials and other resources.

- **Key activities – How do you do it?**

Key activities of the company - to describe in detail the production process, advertising campaigns, delivery organization and other activities.

- **Key partners – Who will help you?**

Next, you need to determine which of your partners provide the most significant support to your business - play a key role.

- **Cost structure – What will it cost?**

It is needed to create a clear cost structure for the company. It should indicate which of the costs are the most important and the highest one. (Osterwalder & Pigneur 2010.) Figure 9 illustrates the business model canvas:

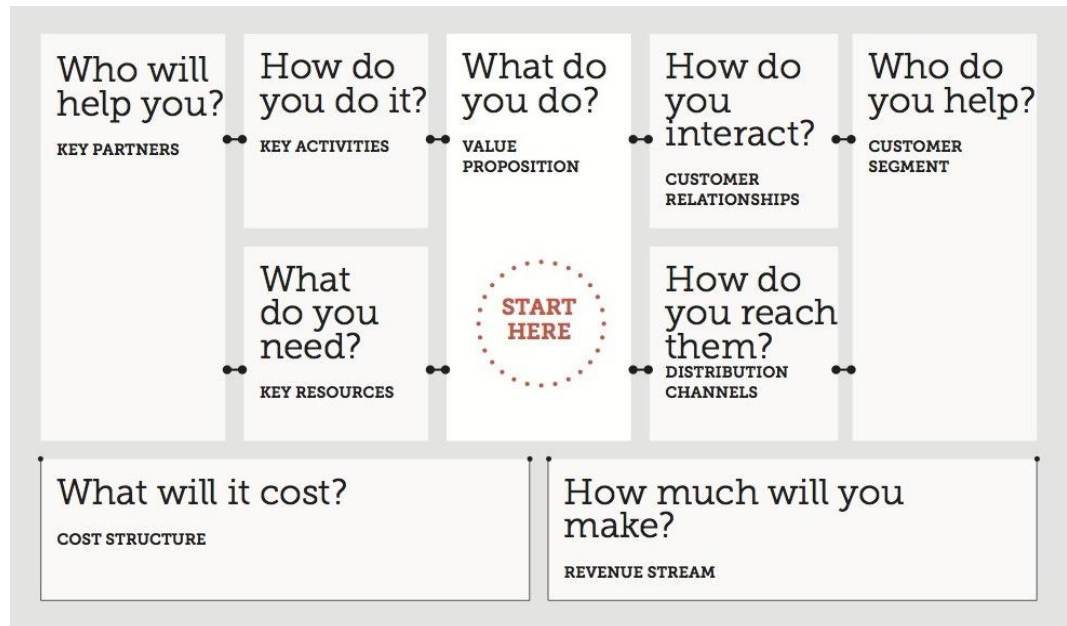


FIGURE 9. Business Model Canvas (Osterwalder & Pigneur, 2010)

Business Model Canvas is a simple and effective tool for entrepreneurs. It helps to identify strengths and weaknesses and to improve business and its successful development for the future.

### 3 KEY ELEMENTS OF BUSINESS PROCESS

After the stage where authors have figured out the key business establishment issues during the NY Start Up course, they continued their operations by the process of brand promotion and ways of transporting. For this purpose, authors combine the explanation of both marketing and logistics theory and as a result exploring the vision for the reader. Synergy between two theoretical blocks will open up the part of the research process and is followed by the empirical study.

#### 3.1 Marketing

This chapter firstly describes the history of the clothing industry. Then, based on the idea, theories of marketing channels and management team will be introduced to explore the vision. In the following parts, theory of market segmentation will be examined in coordination with the features of customer service. Later, in details, to apply the development will be researched. Authors do not forget to mention company sales strategies to lead the business in the right direction.

##### 3.1.1 History of apparel industry

Apparel, clothing, fashion and the approach of determining by the clothes, tailored in a way of echoing one person or an association has remained for a number of years. According to Horn and Gurel (1975), "clothing, along with food and shelter has been recognized as one of the primary needs of mankind". Concept of putting on clothes is an exclusive aspect of human beings and a differentiating element of various societies. Apparel illustrates natural or functional perspective such as demand for defense or a uniform and is important in expressing lifestyles, status, position and character (Horn & Gurel 1975; Calefato 2004; Ross 2008). We determine ourselves; we determine our participation to a concrete association while differentiating ourselves from other associations. Apparel is a transporter of definition and benefit, giving structure to a system of items (Calefato 2004; Barthes 2006; Fletcher 2008; Wolfendale & Kennett 2011). There is

a variety of theories as to why, when and how apparel and fashion came to be, how we use it up, and the connected language and studies of signs as elements of communication (Langener 1959; Winakor 1969; Bell 1979; Barthes 2006; Ross 2008). There are only two solid declarations as to its use by humans: "This is the person I am"; "This is what I am doing" (Ross 2008). At the time, when apparel and fashion may appear as unimportant to someone, its importance among worldwide society, the arts, science, and the economy must not be underestimated.

Clothing and clothing usage in terms of history has not been concerned as an item disclosed to concrete academic inquiry in the very same way chemistry or mathematics are. Even in modern society it can be disclosed as an academic subject, and an aspect of nowadays life. By the way, it has taken the concentration of various academics over the years. Philosophers Smith (1759/2002), Kant (1798/2006), Sartre (1993), Simmel (2003), Svendsen (2006), Barthes (2006) and Wittgenstein (2004) have discussed its social definition, particular actions, as an idea of taste, its real definition and the differentiation between apparel and fashion. Lipovetsky (1994) votes for the democratization of fashion and its value to capitalism, on the other hand, Veblen (1899/2009) - is an influential author on obvious and important usage.

Over the last twenty years customers in the clothing industry have become far more aware of fashion, which was connected to their ways of life. To please the developing consumer demand, companies did not accept the mass manufacturing. Despite the fact that they used to manufacture regular styles that were not modified very often due to limitations applied by industries, they now began to research other possible methods to regularly create exclusive and fresh commodities. This became a reason for the growth of seasons, reflecting the time which fashion goods are sold. Struggle between companies began to increase, due to which manufacturers found the optimal cost advantage in changing supply chains from item compelled to buyer compelled type which meant expanding cooperation with suppliers. The generally accepted trend in the industry has started here; manufacturing and processes moved away from

low labor costs (Bhardwaj & Fairhurs 2010). Not to mention that technological breakthrough takes its place in the renovation of the apparel industry. The exciting growth in knowledge in new trends and brands have contributed a lot to the expansion in the consumer needs, but, at the same time, improved retailers and manufacturers potential to share information and therefore make better business agreements (Nenni, Giustiniano & Pirolo 2013).

### 3.1.2 Marketing channels

According to Christopher (2006), practically, there are a few natural distribution channels that can be adopted to transport the commodities from the producer to final customers. Additionally, Rushton (2007) recognizes alternative marketing channels:

- Industrial supplier – channel for industrial consumers
- Direct channels – straight to end user channel

Nevertheless, the authors will not focus on channels mentioned above due to the limitations.

Eight additional marketing channels have proved their existence (Rushton 2007):

1. Straight producers' delivery to the retailers' store. The supplier transfers the commodities directly from the point of manufacturing to retail shop through its personal logistics resources. Bicheno (1991) considered that this particular marketing channel is only functioning, when all possible logistics resources are being used, therefore, we can barely meet this method nowadays.

2. Usage of manufacturers' activities in the manufacturer to retail shop method. This particular marketing channel has been one of the most knowledgeable for years. Gubbin (2003) focused contradictory to the

previous channel that the supplier maintains the commodities in finished goods stock, central distribution center or local distribution centers. Goods are kept in huge containers, then packed and shipped subdivided to orders that transported to retail shops by the way of shipping transport. In this case the logistics chain is manipulated by the producer. These days, such type of transferring is commonly used by the beverage industry.

3. From the producer to retail store through the retailers' distribution center. This particular channel is comprised with manufacturers, yet they do not provide their products to national or local (regional) distribution centers for the final delivery to retail shop, or transport them to Consolidation Centers, where commodities are consolidated from various producers and after this, transported to the national distribution center or the local distribution center for the final shipping. By Gattorna (2006), such centers are controlled by the retail associations or equal contractors. Thereafter, these retailers or their associates transport fully-loaded trucks to their shops.

4. Producer to merchandiser to retail store. Producers have been the negotiators over the years, which link the producer and retailer in the marketing channel network. Still, the combination of new factors such as negotiating companies or volunteer chains has lately changed this type of channel. From the consideration made by Heskett (1973) and Lowe (2005), those negotiating associations are progressed due to their price difference by purchasing in large amounts from the suppliers. As a consequence, the physical marketing channel is enhanced for the reason that negotiators use their personal logistics resources.

5. Producer through cash-and-carry merchandiser to retail store. In accordance with McGinnis & LaLonde (1983) theories, cash-and-carry type of businesses is considered as one of the most extraordinary enhancements in the marketing history. Mainly, they are organized over

the merchandiser. As a substitute to transporting the orders, they are comprised of sequences of small private stores which assemble the orders from local dealers. The availability of the cash-and-carry structure helps the company in struggling with the problem of small amount of orders in small stores rather than the straight transporting. By the way of explanation, producers are not obliged to delivering small amounts of orders received from small stores.

6. Producers to third-party distribution company to retail shop. The legal aspects of the distribution process have been changed lately and essentially, what made them more limited (Rushton 2007). Additionally, rapid increase in worldwide distribution cost is as well an important factor that leads to a challenging time for the worldwide network. As a consequence, third-party distribution became a highly effective and urgent solution for producers and also merchandisers (Langley, Capgemini 2005).

7. Producer to small packages carrier to retail store. This particular type of marketing channel is very much alike third-party retailers. They provide the competent retailing service in which the goods are carried in small packages (Rushton 2007).

8. Producer through wholesaler to retail shop. Practically, such type of channel is apparently extraordinary nowadays. A wholesaler takes its place as a negotiator between the retailer and the supplier. Nevertheless, it is related to the distributing area, thus, it often makes the agreement with the third-party channel (Rushton 2007).

### 3.1.3 Management team

Generally, leading authorities in groups, have a very quick evolving significance since companys' structures are adjusting and the employment of working teams is getting more ordinary in various business spheres.

Usually, the key purpose of a teams' loss is incompetent leadership and, thus, it is crucial to realize the role of leadership. These days, efficient leadership is a solid base for a team, concentrating on cooperation between a leader and a team more than on a leader and an assistant. Leadership activities can be subdivided between team branches, which have been confirmed as an improvement to solutions for the team problems. (Northouse 2013.)

However, leadership is often determined as the development of a future statement, a vision that strives to be comprised of all parts of an association or a community with its network. Consideration has been focused on typical attitudes of the leadership management. A leader is affected by the vision, communicates with this vision and motivates people who believe or those, who have interest. It is appropriate to mention that leadership corresponds to the growth and the explanation of symbols and meaning which is pointed out in a structured approach to the team management development. This is marked in organizational approach, which point out that the administrative stage in companies reflects the institutional stage, where leadership is accomplished (Jacobsen & Thorsvik 2002).

As opposed to leadership, management is considered as organizational management. Essential function of managers is to guarantee that strategies are made, liabilities diversified, obstacles are passed, and targets accomplished. Managers are, by way of explanation: "responsive association considered as conventional and temporary projects" (Bryman 1986). Executives manage with manufacturing, conventional work, coherence, and the development and it is crucial for executives to deal with these parts effectively. Such administrative role of executives, with an emphasis on accomplishing targets, corresponds to modern view of companies and how they function, as executives are the companies "instruments" for guaranteeing that the job is done coherently and effectively. Jacobsen & Thorsvik (2002) identified that management is usually executed on lower stages of the company or department. It reflects the executive stage, which is a decisive branch on the functional stage of



the company. From this point of view, management considers dealing with activities and aims, as long as leadership includes the development of the vision, strategy and goal. When it has confirmed challenging to determine that leaders and executives have diversified tasks, it can be declared in the idea that the approach of a company demands the improvement of symbols and definition, and routine labor to accomplishing targets on both middle and administrative stages of the company's structure (Colbjornsen 2004). Authors consider this, when they mention that both management and leadership are reflected in this thesis. Despite the fact that executives of the case company under close supervision perform on the stage of middle management, this does not define, that they are dealing with administrative tasks by themselves. It is also crucial for the middle stage executives in the social communication process with their assistants to perform leadership by including significant meaning and advantage to the functions of the company and its branches. The word management itself is mainly applied when reflecting the fact under analysis during the whole thesis, where it then also comprised of symbolic and explanatory parts which usually are connected to leaders who execute leadership in companies.

#### 3.1.4 Market segmentation

As a result of huge, extensive or various markets, there is no opportunity for associations to interest all consumers. As a substitute to dividing their market efforts, companies are favoring to target marketing. This means concentrating on the buyers, who have more interest in the valuations they produce best. (Kotler 2008.)

Divided into particles; a market is humans or companies who have the accessibility to buy market contributions, when in fact a segment of the market assigns to a number of individuals collectively that has more than one universal features that brings about the representative of the segment to have the equal product or service required. Market segmentation is the procedure of splitting a market into various groups of buyers, analyzing

various ways to segment this market and evolve profiles for the segments. (Education Portal 2003; Kotler 2008.) In accordance with the explanation of The Economic Times (2014), segmentation plays an important role in nowadays' messy marketplace. Realizing the segmentation in a right way will lead to a greater effect on the accomplishment of the company.

Additionally, to assess the markets, it is preferable to focus on three main factors: dimension and development of the segment, fundamental allure of the segment, goals and elements of the company. After the assessment, objective market segments can be chosen. They can be comprised of more than one segment. Objective marketing strategies are: mass (diversified) marketing, segmented (undiversified) marketing, concentrated marketing, and local (individual) marketing. (Kotler 2008.)

Furthermore, there are four dimensions that are usually used to split the market into particles (segments) (Sinclair Marketing Australia 2014):

- Psychographic segmentation – subdividing the market into parts based on social status, way of life or personal features.
- Geographic segmentation – subdividing the market into terrestrial units, for instance, cities, countries or regions.
- Behavioral segmentation – subdividing the market focusing on customers' mental approach, abilities, feedback to all offers that a market can demonstrate.
- Demographic – subdividing the market focusing on the following dimensions: income growth, size of the family, education, race, religion, age, gender, nationality or generation.

### 3.1.5 Sales promotion

Sales promotion is actually defined as an appropriate trading attempt that may be implemented as specific reason demands (Kotler 2008).

Sales promotion is communication and non-communication marketing demand implemented for a fixed, defined period of time on the purpose of enhancing purchases, enlarging customer demand or making better commodities quality (Nagar 2008).

There is a huge number of definitions for sales promotion. According to Kotler (2008), sales promotion is a practice comprised of differed group of motivating instruments, mainly limitedly planned to quicken purchase of different commodities or services by customer or market flows. On the purpose of development of advertisements, trade places and marketing promotion tools are usually created to involve illustrations, messages, sounds or symbols that are used in advertisements.

Sales promotion methods are divided into four key sectors and presented in Figure 10.



FIGURE 10. Sales promotion methods (modified from Kotler 2003)

However this research is focused on the sales promotion approaches that are applicable to new products in the market. There are a huge number of sales promotion tools that can be applied when promoting new goods.

Moreover, most commonly used are: refunds, sample tries and discount coupons, they are presented in Figure 11.

Refunds	Sample demonstrations	Discount coupons
<ul style="list-style-type: none"> <li>• sales volume increase</li> <li>• requires multiple purchases</li> <li>• offers good value of a product</li> </ul>	<ul style="list-style-type: none"> <li>• to enhance tries of commodities</li> <li>• to enlarge number of sales</li> <li>• to achieve beneficial distribution</li> </ul>	<ul style="list-style-type: none"> <li>• product tries</li> <li>• increase number of proper customers</li> <li>• to attract old clients</li> </ul>

FIGURE 11. Sales promotion methods (Kotler 2003)

Promotion is a message that motivates and stimulates buyers to make right decision concerning the product or service in the market. Promotions are mainly applied to increase attractiveness in shopping various products or services by consumers, at the same time, the organization applies promotion to gain confidence among consumers. (Ogeniy 2009.)

### 3.2 Logistics

In case of starting a business, it is necessary to consider the core element for every business – logistics and supply chain management. This chapter will be divided into two parts. At the beginning, the authors consider logistics as a concept which, also, involves another significant term - supply chain management. In the second part, the authors focus mainly on relationship between Russia and Finland as our case countries, including customs clearances and necessary procedures for exporting/importing goods, and main logistics routes in Finland.

### 3.2.1 Concept of logistics

There are many definitions for the concept of "logistics", which indicates the lack of knowledge of all sides and depths of its concept. On the other hand, the simultaneous existence of several definitions provides a more complete understanding of the nature, content and the importance of this field of activity. In that case, the authors consider the most used concept, according to Lambert and his book "Supply Chain Management: Processes, Partnerships, Performance".

Logistics is the process of planning, implementing and controlling the efficient, effective flow and storage of goods, services, and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements (Lambert 2008). Figure 12 demonstrates logistics goals.

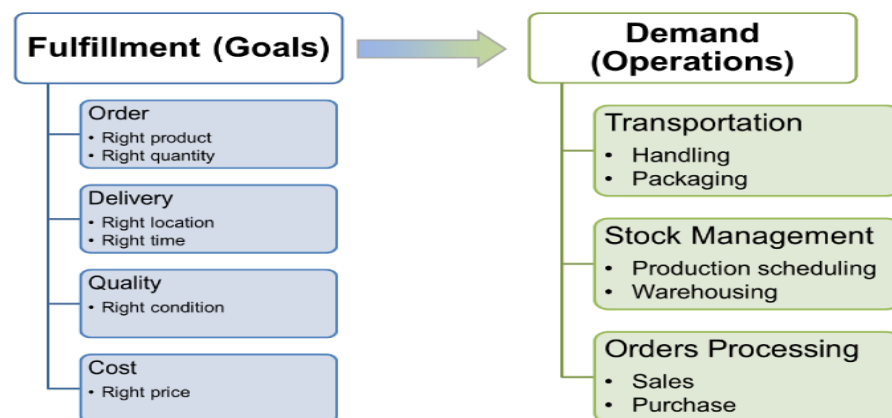


FIGURE 12. Logistics goals (Lambert 2008)

Logistics aims at the fulfillment of four basic requirements:

**Order fulfillment:** Implies that the transaction between the supplier and the customer is being satisfied with the specified product provided in the agreed quantity.

**Delivery fulfillment:** The order must also be delivered at the right location and at the right time. Both involve the scheduling of transportation and freight distribution activities.

**Quality fulfillment:** The order must be provided intact (in good condition), implying that any form of damage must be avoided during transport and delivery. This is particularly important for products that are fragile, perishable or sensitive to temperature fluctuations.

**Cost fulfillment:** The final costs of the order, including manufacturing and distribution costs, must be competitive. Otherwise, other options will be considered. (Hofstra University 2017.)

The subject of the study of logistics is the optimization of resources in a particular economic system when managing the main and associated flows.

Logistics also includes the procurement logistics, associated with the provision of production of materials, industrial logistics, marketing logistics (marketing or distribution). With each of the listed logistics are connected the transport logistics and the information logistics. (Multichannel Merchant 2006.)

### 3.2.2 Supply Chain Management

Logistics management involves a very significant term – supply chain management (SCM). This is the management of a network of interconnected enterprises that provide products and packages of services to end-users in the supply chain. The supply chain management covers the movement and storage of raw materials, work in progress and finished products from the point of origin to the point of consumption.

The SCM system consists of two subsystems:

- SCP (Supply Chain Planning) - a system for planning supply chains.

- SCE (Supply Chain Execution) is a supply chain execution system. (Mentzer, DeWitt, Keebler, Min, Nix, Smith, Zacharia 2001.)

Implementing the supply chain means managing and coordinating the movement of materials, information and money in the supply chain. This flow is bidirectional.

The supply chain management system includes managing the movement of raw materials in the organization, certain aspects of internal processing of materials into finished products, as well as the movement of finished products from the organization to the final consumer (Ballou 2006).

The goal of the supply chain management system is to increase the confidence and improve the cooperation among supply chain partners, and, consequently, improve the visibility and increase the inventory turnover.

## 4 EMPIRICAL PART

Based on the theoretical research, the authors have implemented their knowledge on the practical study. In this chapter, the authors apply the Business Model Canvas, which was described in the theoretical part. On the base of interviews that were made, the necessary information has been composed and conducted into the Business Model Canvas, which has been assessed as a business tool for the companys' establishment.

For the future prosperity of the company, the SWOT analysis has been conducted in combination with the 7S Framework, which has been assessed as the tool for the analyzing the inner structure of the company and its further development. In this chapter, two focus countries (Russia and Finland) have been analysed with the help of PESTEL analysis.

### 4.1 Interviews

Eight people, including six Lahti UAS authorities and two business people, participated in the interviews. While conducting structured interviews, different questions have been asked according to the different purposes of the meetings.

Interview history is provided in Table 1. The question list is not attached to this research work as the information was confirmed as fluctuating and changeable, therefore, main results of the meetings have been disclosed.

TABLE 1. Interviews

Date	Interviewee	Result of the meeting
25 September 2015	H. Metso (Marketing and communication management at Lahti UAS)	Presentation of the idea. First opinion.



27 September 2015	A. Mattila (Head of the NY Start Up Course)	Business establishment issues.
5 October 2015	L. Koivula (Organizational Studies, Marketing, International Education at Lahti UAS)	Registration of the company.
19 November 2015	H. Metso (Marketing and communication management at Lahti UAS)	Presentation of brand-new hoodies. Making the decision on the possible store place. First order placed.
1 December 2015	K. Peltonen (Entrepreneurial Economics, Business Ethics, Organizational Studies at Lahti UAS)	Issues of business management under NY terms.
20 January 2016	H. Metso (Marketing and communication management at Lahti UAS)	Promotion issues. Opening ways of university promotion channels.
12 February 2016	T. Saarinen (NY-yrittäjyys at Lahti UAS)	NY Start Up members contract signing.
1 March 2016	M. Kyle (head member of the LADEC organization)	Presentation of the business idea.

15 April 2016	M. Kyle (head member of the LADEC organization)	Development of business model under the guidance of LADEC authorities.
26 April 2016	H. Metso (Marketing and communication management at Lahti UAS)	Future plans discussion.
18 May 2016	H. Metso (Marketing and communication management at Lahti UAS)	Discussion about the product quality used in the future by LAMK Apparel.
9 September 2016	P. Mustilla-Mäkinen (LADEC Authorities)	Registration of the company.
30 September 2016	P. Mustilla-Mäkinen (LADEC Authorities)	Registration of the company.
13 October 2016	S. Kunnarus (LADEC Authorities)	Filling the documents for the companys registration.
23 March 2017	O. Makeeva (Senior Advisor at FinPro)	How to internationalize your business in Finland.

Based on the theory disclosed in Chapters 2 and 3, the clothing business concept was given to each of the interviewed persons having experience in the business establishment sphere. Eight interviewees are Finnish persons living and working in Lahti, Finland. They were requested to share their experience about the same topic with diversified questions to analyse the main steps of establishing a clothing company in Finland. Each of

these 15 interviews have been conducted face-to-face starting from September 2015 to November 2016.

## 4.2 Country analysis

In this chapter, the authors analyse both focus countries – Russia and Finland. At first part, the authors will consider Russia and its economical situation and clothing industry nowadays. Then, the authors focus on economic relationship between Russia and Finland. And, finally, they take a look at the business environment of Finland and the main steps of how to start business in this country. In addition, the authors make PESTEL analysis of both countries.

### 4.2.1 Russia

The official name of Russia is the Russian Federation. The state is located in Eastern Europe and North Asia. Russia is the largest state in the world. Its area is 17,075,400 km<sup>2</sup> (11.46% of the total land area) with population over 146 million people. It takes 1<sup>st</sup> place in the world in the terms of territory, 6<sup>th</sup> - in terms of GDP and 9<sup>th</sup> in terms of population.

Russia borders 18 countries such as Norway, Finland, Estonia, Latvia, Lithuania, Poland, Belarus, Ukraine, Abkhazia, Georgia, South Ossetia, Azerbaijan, Kazakhstan, China, Mongolia and North Korea. There are sea borders with the USA and Japan. (International Association of Tourism 2017.) Figure 13 illustrates the map of Russia.



FIGURE 13. Map of Russia

Russia is the resource-rich country. After a turbulent political and economic transition in the 1990s, Russia experienced over a decade of high and almost uninterrupted economic growth, driven largely by high oil prices. (World Bank 2016.)

At the moment, the structure of Russia's modern economy is at the stage of transformation. From raw material orientation there is a transition to innovations and high technologies. This contributes to the high cost of energy resources, for the total exports of which Russia ranks first among all countries. As a result of the reforms, external debts were repaid and significant financial reserves were formed. But this process overshadows the high level of inflation - over 10% per year, which significantly reduces the standard of living of fellow citizens. (Ramazanova 2017.)

The main task of Russia economy is to find a new quality of the economic growth, to form an economy that will be based on the maximum realization of human potential (Lobacheva 2017).

#### 4.2.2 Russian clothing industry

Fashion industry in Russia has been growing fast over the recent years. Russian retail market is the largest one in the Eastern Europe. Sales in 2015 equal 1,290,600 items. (Fashion Industry Statistics 2016.)

The clothing market in Russia is one of the most dynamic sectors of the economy. This is manifested in the form of frequent modifications in manufacturers' product range and continuing innovation in new products. The potential capacity of the Russian clothing market is estimated at \$ 2.3 - 2.5 billion, increasing by 20-30% annually, but, nonetheless, nowadays, the textile industry is still undeveloped, therefore the volumes of production are very small in Russia and the value of imported goods accounts for about 80% of the total market. On average, about 65% of the apparel import across all categories of clothing comes from China and South-East Asia. Today, even large-scale Russian clothes companies do not place orders for collection production within Russia but in the South Asian region. (New Cloth Market 2011.)

The Russian fashion market growth potential is also limited by the ongoing negative trend of the current standards of living and the crisis mood of the customers, including negative anticipations regarding their material status and the decrease of the real income due to the convenience goods prices increase. There is no point in exaggerating the influence of sanctions on import to Russia, as there were no any restrictions related to fabrics, apparel or footwear. (Fashion United 2014.)

The size of the Russian fashion market in 2013 has increased by 4,8% comparing to the 2012. Thus, apparel, shoes and accessories equal 2,448 billion rubles all together. The apparel segment equals 1,503 billion rubles and remains the largest one (61,4%), shoes - 27% (661 billion rubles) and accessories - 11,6% (284 billion rubles). (Fashion United 2014.)

Due to these facts, the prices for wholesale are quite low, which gives an opportunity to operate with a small number of production for the beginning without big risks for first investments made into the project.

### 4.2.3 Finland

Finland is located in Northern Europe. In the west, it borders with Sweden (586 km border), in the north - with Norway (727 km border), in the east - with Russia (1,269 km border). In the south and south-west it is washed by the waters of the Finnish and Botnic Gulfs of the Baltic Sea (1,100 km of the sea border).

The largest length of the country from north to south is 1,160 km, from west to east - 540 km. The structure of Finland includes the Åland Islands (Ahvenmanna archipelago). (International Association of Tourism 2017) Figure 14 illustrates the map of Finland.



FIGURE 14. Map of Finland

Finland belongs to the highly developed small industrial countries. International studies of recent years show that Finland is one of the most developed and competitive countries in the world. Its advantages are

political stability, highly developed infrastructure, accessibility and reliability of telecommunications, freedom of bank competition, a well-established system of cooperation between enterprises and universities, including the development of new technologies, a high educational level of the workforce and management apparatus, and the ease of organizing business. (Scribd 2014)

Finland is one of the leading countries in the world in terms of GDP per capita - according to the data for 2014, GDP per capita (in current prices) reached 37,600 euros. (Statistics Finland 2014)

The volume of GDP in Finland in value terms in current prices in 2013 amounted to 193.4 billion euros (in 2012 - 192.4 billion euros). According to the results of 2013, the preliminary data of the Statistical Center of Finland show a 1.4% fall in GDP compared to 2012 (the GDP of the EU countries increased by 0.1% in 2013), the reduction of the main macroeconomic indicators: industrial production 3,4%, turnover of goods and services - by 0,6%, investments - by 4,6%. (The Trade Representation of the Russian Federation in Finland 2017.)

Traditionally, the main market for Finnish goods is the European countries, in particular, the member states of the European Union. By the end of 2013, the EU accounted for 55.2% of Finland's exports in value terms, 31.1% of supplies are concentrated in the euro area. In 2013, the negative balance in the foreign trade in goods amounted to 2.3 billion euros. The difficult economic situation in the EU countries had a negative impact on the dynamics of exports of Finnish goods. The turnover of foreign trade in goods and services is more than 80% of the GDP of the state. The main factors that allow to show one of the highest growth rates in the economy among EU countries are large share of exports of goods and services in relation to GDP (40%) and a significant share of investment goods in the structure of Finnish exports (more than 30%). (The Trade Representation of the Russian Federation in Finland 2016.)

#### 4.2.4 Business in Finland

According to Mr. Kyle 2016, there are all conditions for the development of small business in Finland. In addition, the rules of opening the business are equal for both Finns and foreigners. Visiting citizens can establish their own independent company in the country or a subsidiary. The main option for a foreigner is the existence of a permanent residence permit and the number of social insurance in the country in which he intends to develop entrepreneurial activity.

Also, according to Mr. Kyle 2016, organizational and legal forms of firms allowed for opening on the territory of Finland are:

- Private entrepreneurial activity;
- Closed company of shareholders, whose liability is limited;
- Open Society of Shareholders with Limited Liability;
- Affiliate form of the organization;
- Cooperative form of organization.

As soon as an entrepreneur decided about the type of activity, there are certain steps to go through for its legal registration:

Obtain permission for commercial activities in Finland. It is issued by the Ministry of Trade and Industry of the country.

- Copy of the passport of the founder;
- The version of the name of your company;
- The transfer of various activities of the organization;
- Pay the state fee and submit all the necessary documents to the Bureau of Patents and Registration.

In general, due to the effective interaction of education, science and real sector of the economy, highly developed infrastructure, Finland is an



excellent platform for the development and commercialization of new businesses. The territorial closeness of Russia and Finland in the EU together gives the possibility of reaching the Central European markets for goods and services.

#### 4.2.5 Economic relations between Russia and Finland

Russia retains the status of Finland's largest trading partner with a 13.9% share in Finland's foreign trade turnover, including 1<sup>st</sup> place in imports and 3<sup>rd</sup> place in exports. Finland accounts for 2.2% of Russia's foreign trade turnover, which is the 15<sup>th</sup> place among Russia's trading partners, including Russia, 7<sup>th</sup> place is in the EU. Finland occupies the 8<sup>th</sup> place in the trade in services among the partner countries of the Russian Federation. (The Trade Representation of the Russian Federation in Finland 2014.)

As of January 1, 2014, Finland was on the 16<sup>th</sup> place in terms of accumulated foreign investment accumulated in the Russian economy, ranking 10<sup>th</sup> among the EU countries. According to the Trade Representation of the Russian Federation in Finland, the total accumulated volume of direct investment from Finland to the Russian economy as of January 1, 2014 was 4.0 billion euros. The bulk of Finnish direct investments are concentrated in the North-West and Central Federal Districts. Russian investments in the Finnish economy are insignificant (as of January 1, 2014, Russian investments amount to 842 million euros). There are about 3,000 companies with the participation of Russian capital, most of which are functioning in the sphere of trade and intermediary and consulting services, tourism, transport and logistics. (The Trade Representation of the Russian Federation in Finland 2014)

Finnish officials, experts, business groups believe that against the backdrop of crisis phenomena in the EU zone and the global economy as a whole, Russia, with its markets and the potential for economic development, taking into account accession to the WTO, is increasingly

becoming important as a factor for the growth of the economy of Finland. (The Trade Representation of the Russian Federation in Finland 2014)

#### 4.2.6 Logistics relations between Russia and Finland

Russia is the leader among the trading partners of Finland, with a share of 13.9% of the Finnish foreign trade turnover. The share of Finland in the trade turnover of Russia is 2.2%. This is the 15<sup>th</sup> largest indicator. (Eliseeva 2016.) Businesses from both countries are actively involved in the process of establishing the profitable economic relations. Despite the significant differences in scale and structure of Russian economies, Finland is one of the most important partners in northern Europe and in the European Union.

The most potential sectors for exporting goods from Russia to Finland are energy sector, transport and ship building, innovations and IT sector, forest industry and pharmaceuticals (Trade Representation of Russia 2017).

With Finnish export to Russia, there was a decline of around 13% in 2014. Exports of all product groups to Russia fell dramatically. The steepest decline in 2014 was in exports of foodstuffs (-67%), transport equipment (-56%) and industrial machinery (-38%). Figure 15 shows the import/export to/from Russia.

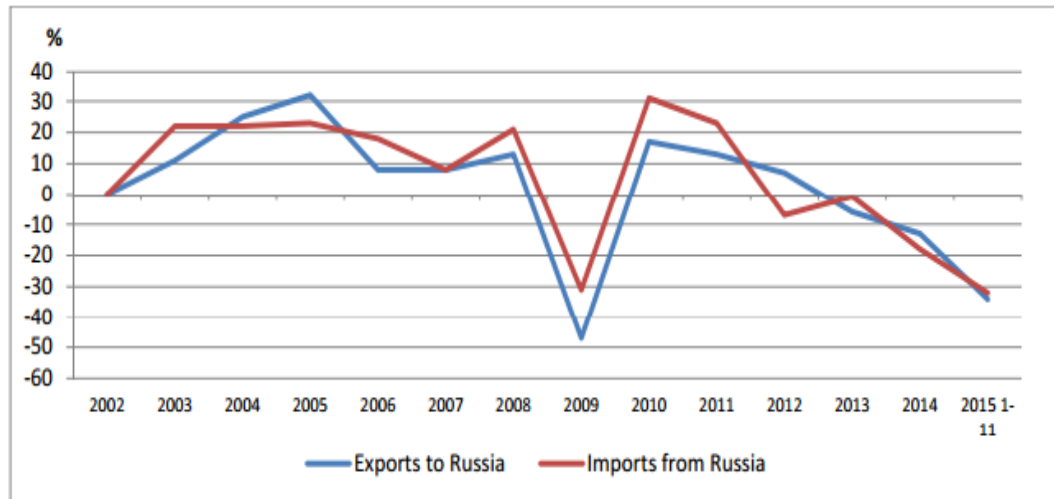


FIGURE 15. Export/Import to/from Russia

Imports from Russia took a negative turn in 2014: the decline was at 32%. This is more than in 2009, when imports fell by 31%. More than 73% of imports from Russia in 2014 were energy products, and almost 60% of this was made up of oil and oil products. The fall in the price of oil had particularly caused the decrease in the value of imports from Russia. There was also a decline in imports of gas and coal, whereas imports of electricity went up. Imports of metals and metal products also saw a rise. (Tulli 2015.)

#### 4.2.7 Customs requirements

In case of exporting goods to Finland, there are necessary steps to go through the Finnish custom. First of all, each participant of foreign trade activity (importer, exporter, carrier, owner of a warehouse), operating in EU, receives an "EORI" number. In order to get the "EORI" number, it is necessary to fill in an appropriate document in English and send it to the customs officials of Finland.

Filling general declaration of arrival is the next step, which is made by the carrier or the representative not later than one hour before the arrival of the goods to the customs territory. When submitting a declaration, the

electronic system informs to the declarant the identification number ("MRN"), on the basis of which the declaration will be found at the first border post of Finland.

When you import goods, - you have to provide a customs declaration. The customs declaration must be written or electronically filled in. The declaration must be submitted within 20 days from the date of importation of moving goods by road or rail and within 45 days when moving by sea.

After the goods arrive in Finland, one of the following customs declarations is needed:

- Import customs declaration (submitted by the importer or his representative). Based on the import customs declaration the value of the customs duty and other charges is calculated;
- Notification of unloading of goods to the warehouse (submitted by the owner of the warehouse or his representative when customs duties are not paid immediately, and the goods are placed in the warehouse at the same time);
- Transit customs declaration (submitted by the carrier or his representative in case of transit transportation of goods through the territory of Finland).

The declaration contains information on the name of the goods for customs nomenclature, its customs value, quantity, information about the origin of the goods, as well as, if necessary, the data on import license, permission to import.

As soon as customs procedures are completed, the customs decides about the amount of duties and taxes. The owner of the good is responsible for its payment.

Transit transportation of goods through the territory of Finland is carried out under the control of customs. If the import or export of goods is prohibited, its transit transportation may be carried out on the terms,

determined by the customs authorities of Finland. (The Trade Representation of Russian Federation 2014.)

#### 4.2.8 Best logistics routes in Finland

Transport and transport infrastructure occupy an important place in the economy of Finland. According to the Ministry of Transport and Communications of Finland (2017), the transport complex traditionally has about 10% of the country's GDP; more than 15% consumed energy and about 40% of the total consumption of petroleum products.

The transport and logistics market in Finland has a number of characteristic features. These include the transit position of the country in transportation of goods and passengers between East and West, the dependence of economy from foreign trade, long distance transportation, relatively low intensity of traffic flows, compared with other European countries, as well as significant construction and maintenance of transport highways and other facilities in a cold climate. (Borisovna 2013.)

Due to the fact that transport routes between Russia and Finland, do not fully ensure bilateral trade turnover between both countries, as well as the transit of goods in the direction of East-West-East, in the transport and logistics field there is a significant potential for its development. In recent years, Russia and Finland have been reduced transport costs, first of all, improving compatibility of various modes of transport, increasing efficiency of transport market and the use of information technology. At this moment, in the Russian-Finnish direction there are also projects realized for organizing cargo shipments, as well as road and rail communication, in order to make the transportation easier and chipper.

Logistical advantages of Finland open for Russia as new opportunities (for goods turnover and transit of goods, as well as tourism), as creates conditions for the growth of competition. A significant amount of trade flows increased the demand for the ports of St. Petersburg, Helsinki,

Turku, Kotka-Hamina, and Tallin, and increased their capacity of cargo flows. (Transport and Transport Infrastructure 2017.)

#### 4.2.9 PESTEL Analysis of Russia and Finland

PESTEL – analysis is a framework or a tool that is used to analyze the external marketing environment factors that may influence on a business. The PESTEL consists of 6 factors such as Political, Economic, Social, Technological, Environmental and Legal Factors.

##### PESTEL Finland

Table 2 describes the PESTEL analysis of Finland:

TABLE 2. PESTEL Finland (Scribd 2014)

Political factors	<ul style="list-style-type: none"> <li>- The Member of EU since 1995</li> <li>- No corruption</li> </ul>
Economy factors	<ul style="list-style-type: none"> <li>- Currency – Euro since 1999</li> <li>- World leader in business freedom and trade</li> <li>- High level of taxes</li> <li>- Low rate of unemployment</li> <li>- Fiscal, monetary, financial, investment freedom</li> </ul>
Social factors	<ul style="list-style-type: none"> <li>- High level of education</li> <li>- 0% of population living below</li> </ul>

	poverty level
Technological factors	- The aim of the country is to enhance the competitiveness of industry and and well-being of society, and to attract foreign investments
Environmental factors	- Caring about environment and its protection.
Legal factors	- The quality of judiciary and civil service is high

According to Pestel analysis, authors found out that Finland has a very stable and developed economy system. Mostly, it because the country is the member of the EU and the currency is Euro. There is a high level of business freedom and no corruption in the country. Private entrepreneurship is very popular type of making business and government give a huge support to every entrepreneur to get to the domestic or foreign market. There are also a high level of education system and low unemployment rate in the country. In addition, due to the great care of the environment in the country by the government, Finland is one the most ecologically and environmentally friendly countries in the world.

#### PESTEL Russia

Table 3 describes the PESTEL analysis of Russia:

TABLE 3. PESTEL Russia (PESTEL Analysis of Russia 2016)

Political factors	- Stable government
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	<ul style="list-style-type: none"> <li>- High rate of corruption</li> </ul>
Economy factors	<ul style="list-style-type: none"> <li>- Corruption leaves bad impact on the economy of the country</li> <li>- Depends on natural resources( gas and oil)</li> <li>- Government supports effective tax system and monetary policy</li> </ul>
Social factors	<ul style="list-style-type: none"> <li>- Big difference between rich and poor people</li> <li>- Big cultural heritage</li> </ul>
Technological factors	<ul style="list-style-type: none"> <li>- A leader in space science and technology in the world</li> <li>- Developed IT sphere</li> <li>- Chemistry, math, earth and airspace sciences are at very good level in the country</li> </ul>
Environmental factors	<ul style="list-style-type: none"> <li>- Effective system made by the government for protection of the environment</li> <li>- Government controls the the noise and water pollution as well as carbon emission.</li> </ul>
Legal factors	<ul style="list-style-type: none"> <li>- Strong juridical system</li> <li>- The need in new laws to</li> </ul>



	control the corruption
--	------------------------

Russia is the biggest country in the world. The economic system is not very stable, due to high dependence on export of natural resources. Due to this, other sectors of economy are not on the good level. Concerning the political factors, it has a stable and, unfortunately, highly corrupted government. Russia is one the leaders in space and technology in the world, the level of education, historically, has always been on an appropriate level. (Teamvadim 2013)

### 4.3 Development

The information will be presented in the development plan for the case company: the LAMK Apparel. The plan will be comprised of the SWOT analysis, in which the strong and weak sides, as well as the opportunities and threats will be revealed and the 7S Framework analysis, which discloses the inner companys structure.

#### 4.3.1 SWOT Analysis

According to Trehan & Trehan, Jain (2010), SWOT analysis is an instrument, which is often used by merchandisers, on the purpose of assembling the internal information of the enterprise and the external information from the market.

The SWOT analysis consists of four components: Strengths, Weaknesses, Opportunities, and Threats. Internal determinants are: Strengths and Weaknesses, however, external determinants are: Opportunities and Threats. (David 1993.)

In order to build the marketing development plan, - it is time to put the SWOT analysis into action.

The figure below presents the LAMK Apparel companys' SWOT analysis.



FIGURE 16. SWOT analysis of the LAMK Apparel Company

First of all, authors took into consideration the internal factors of the company. In accordance with the results, which are presented in the figure above, strengths of using social media marketing is very useful for the LAMK Apparel Company not just because of the non-cost factor of social media web services, but also because the company can start social media marketing campaign, locating far from their future potential customers and before opening their shops in other countries.

In addition, from the interview it is clear, that the LAMK Apparel Company had a successful practice in the social media. Also, in the Company work young and ambitious students, who are familiar with all the lifestyles that a company promotes within their clothes in the social media sphere and are ready to take their place on other markets.

Moreover, the Company has already analyzed the existing market and confirmed a lack of straight competitors. This is the reason, why the Company's workers are confidently looking forward to taking their place on the clothing market.

Nonetheless, the case company also has weaknesses. The key issue here is that they do not have the diversified web content, and the plan to promote their clothes with the help of exclusive web content. Not to mention, that the LAMK Apparel Company does not have accounts on popular social networks, such as Twitter and LinkedIn. Furthermore, using social networks is an easy way to have a direct contact with potential customers and exceptionally important, when the company is entering new markets.

However, when structuring the SWOT analysis, it is necessary to pay attention to threats the company can face. As it was said before, contact with customers and their feedback plays a huge role in the decision-making process. The company can face negative reviews on their products from customers that are using social media networks. Negative feedback could become a future threat for the company's position on the market.

According to Evans (2010), negative review is not always an unacceptable thing. From time to time, it can become a golden opportunity to demonstrate the activity of the organization and consequence of the appeared problems. The last threat is that no one can predict the availability of future orders. Nowadays there is a need in fashionable clothes for students and the university workers, but everything is volatile. The LAMK Apparel Company should be prepared for the constantly changing market conditions.

#### 4.3.2 LAMK Apparel sales strategy (7S Framework)

According to Aaby & McGann (1989), a sales' strategy is a component of a company's strategy, which reflects the aim, responsibility, conception and the aspiration of the firm. The case company, the LAMK Apparel, has already occupied its niche on the Finnish clothing market for a small season. In this manner, all strategies are acknowledged.

As Waterman, Jr. & Peters (1980) concluded, McKinsey 7S Framework, comprised of skills, style, strategy, systems, structure and shared value is responsible for evaluating and adopting alterations of the internal side of the company. Split into a pair of parts, the McKinsey 7S Framework includes four soft elements and three hard elements (Tom 2011).

- Four soft elements:

#### Staff

For now, the Company has two full-time employees. They are the CEO and the marketing manager, responsible for financial procedures. The exact amount of the employees is taken into consideration excluding authentic promotion persons engaged into the promotion campaign.

#### Skills

Presently, the LAMK Apparel is attempting to expand the business through the participation in seminars or university meetings, arranged by the entrepreneurship society of the university and cooperating with partners such as sport clubs and student communities. On the purpose of the company, two full-time employees are arranging pop-up shops in the university hall. Not to mention, that the first investments taken out of the sales profit, have been put into the improvement of the brand with the help of media agencies, collaborating with the university.

#### Style

The LAMK Apparel is a type of the authentic company, supplying their workers with ecologically friendly, pleasant and dynamic working conditions. Fresh plans and concepts are necessarily discussed and warmly appreciated because the company is accessible for each of the inspired contributors on the purpose of bright future.

#### Shared values

Basically, the firm focuses on the quality and attractiveness of the style that is being promoted through the product and the image of the company, just like many Finnish companies are doing nowadays.

- Three hard elements:

#### Structure

Practically, structure is comprised of subdivision of the assignments and the further regulation (Robert H. 1980). There is no challenge in realizing the strategy of the LAMK Apparel Company that strives to broaden and develop its business as well as the brand. Table 4 describes the structure of the LAMK Apparel activities.

TABLE 4. Structure of the LAMK Apparel activities

September 2015	Building up the brand and starting negotiations with the university authorities
October 2015	Launching the brand and beginning of the marketing campaign via social media
November 2015	Opening pop up shops, launching the order/deliver system
December 2015	The collection is updated, including sweatshirts and t-shirts
January 2016	Availability of the products in stock

From the year 2015, the LAMK Apparel has been developing the assortment of the products and improving the production line through the regime without capital accounting. Apparently, the whole market of the LAMK Apparel is concentrated on the Finnish retail sector. Figure 17 represents the LAMK Apparel companys' structure.



FIGURE 17. Structure of the LAMK Apparel

### Strategy

The associations' strategy is the path that the company focuses on in order to enhance its attitude through activities or plans therefore manage the structure of the company (Robert H. 1980). There is no challenge in recognizing the strategy of the LAMK Apparel Company, which strives to broaden the business and make the brand familiar to every youngster, at the same time supporting and encouraging the image of the university.

In the current situation, these are the intermediate goals of the Company:

- Resisting the current amount of orders and management the payment procedures

- Lowering the production costs and simplifying the delivery system
- Collaboration with Finnish famous media persons
- Improving the status of the brand among student communities all over Finland

### Systems

On the purpose of building up the business correctly, numerous schemes in the internal part of the company, for example, financial procedures, future shareholders management, human resourcing will be reflected in the company's' functioning each and every day.

#### 4.4 Business Model Canvas

This research is conducted with the main focus on the Business Model Canvas where it is considered as a main instrument for the establishment of a company. Authors explained the in-depth meaning of the Business Model Canvas in the theoretical part and empirical part is based on the implementation of the Business Model Canvas on the example of a case company – the LAMK Apparel. Table 5 shows the Business model Canvas applied to the LAMK Apparel Company.

TABLE 5. Business model Canvas

<b>Value proposition</b>	<ul style="list-style-type: none"> <li>• Popularization of the Lahti UAS brand</li> <li>• Direct sales</li> <li>• Belonging to the student community</li> </ul>
<b>Customer segment</b>	<ul style="list-style-type: none"> <li>• Students</li> <li>• Youngsters, who belong to any street subculture</li> </ul>

<b>Distribution channels</b>	<ul style="list-style-type: none"> <li>• Direct sales (Refunds, sample demonstration, discount coupons)</li> </ul>
<b>Customer relationship</b>	<ul style="list-style-type: none"> <li>• Social media networks (Instagram, Facebook)</li> <li>• Student events</li> </ul>
<b>Revenue stream</b>	<ul style="list-style-type: none"> <li>• Usage based</li> </ul>
<b>Key resources</b>	<ul style="list-style-type: none"> <li>• Production line</li> </ul>
<b>Key activities</b>	<ul style="list-style-type: none"> <li>• Selling clothes</li> <li>• Organizing student parties</li> </ul>
<b>Key partners</b>	<ul style="list-style-type: none"> <li>• Lahti UAS</li> <li>• LADEC</li> </ul>
<b>Cost structure</b>	<ul style="list-style-type: none"> <li>• Transportation</li> <li>• Purchasing</li> <li>• Production</li> </ul>

### **Value proposition**

In the authors view, this is the essential component that discloses the reason for the consumer to buy the commodities.

The main component of the LAMK Apparel clothing business possibly reveals the main value proposition of the process of selling clothes. The main value proposition in the authors' first example, popularization of the Lahti UAS, is unrelated to the process of selling clothes. Definitely, aspects of selling clothes process allows the LAMK Apparel to increase its benefit among its straight on-purpose substitutes. Direct sales, lack of resellers and retailers leads to increase in the range of companys activities, lower investments and responsibilities, and prospectively decreased price.



The value proposition is basically distinctive in the next example, the support of the student and street lifestyle. Here, selling clothes is precisely increasing the efficiency of brand awareness among its customers and is expanding out of the company's activities borders. The LAMK Apparel, in other words, bring the epitome of style to its target group.

### **Customer segment**

In the Business Model Canvas, 'customer segment' are the groups of consumers that the organization satisfies. It is the element of the LAMK Apparel structure that this could generally be any youngster, not simply student community. In the case of managing the LAMK Apparel business operations, authors have to classify the average student and the one who belongs to any street subculture. This is, apparently, appropriate in the case of the company's main activity – selling clothes.

On the other hand, the LAMK Apparel also considers potential client as anybody, who, randomly, becomes attracted by design and quality or popularization of the particular lifestyle.

### **Distribution channels**

Value propositions are distributed among consumers by the way of distribution, promotion and sales channels as well as the process of social integration.

Usually, the process of selling clothes based mainly on self-service direct sales, but the actual business environment is way more different. The LAMK Apparel particularly creating additional collaborations. Potential collaborations that are figured by the LAMK Apparel as efficient are presented in Table 6.

TABLE 6. The LAMK Apparel potential collaborations

M.IDEA	LAMKO	Tivoli	Lahti Basketball
			

The average selling clothes solution cannot be accomplished in a short-term. Another profitable element of the LAMK Apparel structure is sales promotion. Theoretical aspects of the sales promotion as a concept have been explained in the theory part.

The LAMK Apparel focuses on three main methods that can be applied to the production of the brand-new commodities on the market. Main sales promotion tools are:

### **Refunds**

In case when customers are not satisfied with the size, color, quality issues or their personal reason – money can be refunded within 30 business days on their bank account, or, if payment was made by cash-money can be given straightaway to the customer at the moment of return with the saved invoice.

### **Sample demonstration**

Installation of the pop-up shops in the Lahti UAS hall made the sales promotion tool more visible for the authors. Every customer who is not sure, whether he or she wants to buy the clothes, - can come and try on every available size and the color inside of the pop-up shop gallery.

### **Discount coupons**

Those who consider themselves as the part of the Lahti UAS society can be offered a discount in exchange for an appropriate confirmation. Event

discounts are also available at seasonal university events or parties organized in collaboration with the student union.

The main LAMK Apparel channels, thus, are direct sales, and available e-commerce, for example, website shop or the market events organized by the Lahti city authorities.

### **Customer relationship**

Customer relationship is organized and supported by each particular consumer.

The attractiveness of the straight selling clothes process is that the seller can have a way more close relation with the consumer than it is probable with other solutions. In more concrete words, the seller can probably see every feedback from the buyer. This made real bigger companys structure implementations and changes. It is not impossible for the LAMK Apparel to evolve the idea of selling clothes to a big customer feedback sector inside of the companys' structure.

On the other side, this can lead to the conflict between customer and the seller, due to the fact that the buyer can interact with the product and the seller in the actual selling place without using qualified selling personnel.

Customer support if usually easier, when it is being made through online forms, such as customer feedback forms on the university website of the social networks such as Facebook and Instagram.

Figure 18 shows the LAMK Apparel Instagram page: @lamkapparel.

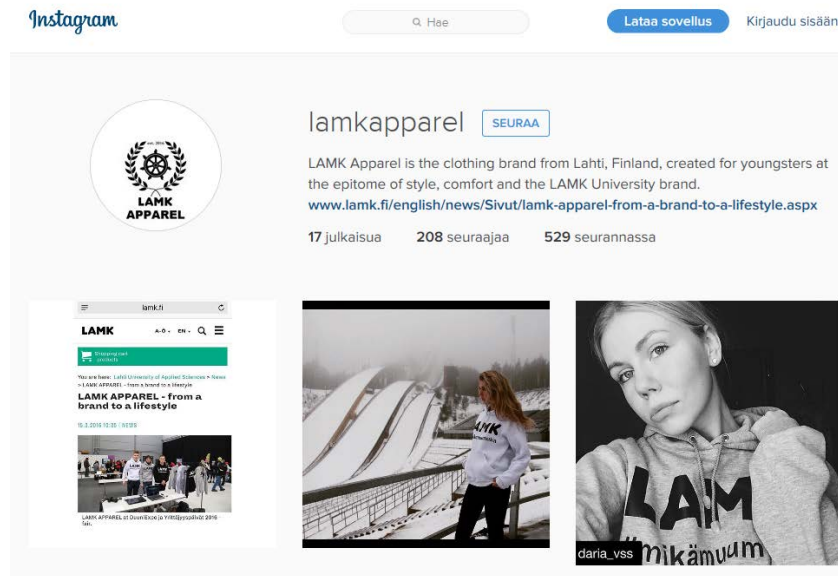


FIGURE 18. The LAMK Apparel Instagram page

Figure 19 shows the LAMK Apparel Facebook page: lamkapparel.



FIGURE 19. The LAMK Apparel Facebook page

These social networks are used by the LAMK Apparel on the purpose of promoting their products and interaction between customers and the seller.

### **Revenue stream**

Revenue streams are the outcome of value propositions that are favorably suggested to consumers.

The model of revenue stream is where selling clothes disinctes from other alternatives. Selling clothes companies are originally focused on licensed certificates that they get from the Trade register. The LAMK Apparel operates under the NY Start Up terms and are not obliged to pay taxes on their activities, however the company is responsible for annual tax reporting on their financial activities to the VERO SKATT office.

Selling clothes companys' models are based on the usage, and are strictly connected to the value that is examined by the consumers. Services such as organizing pop-up shop demonstrations or e-mail delivery are more frequently paid by the transactional method, rather than the basic cash payment.

### **Key resources**

Key resources are defined as assets demanded to present and distribute the following elements: value proposition and customer relationship.

The key asset of a clothing company is considered as its product range, its vision of consumer needs and activities that the personnel do. For the LAMK Apparel, this is improved with actual university brand promotion campaign and realizing the consumers needs.

From the inside view it can be seen as an unimportant, implementing your cloth line and the way a consumer sees it. But the involved parties are different, depending on the case.

The LAMK Apparel considers their product line as a benefit concerning other alternatives. The following production line (Figure 20) describes the wide range of brand-new products.



FIGURE 20. The LAMK Apparel production line

The company bravely presents the quality of the products as a key feature and the possible attempt to occupy future markets.

The design and the quality created in accordance to the university authorities voting and feedback collected from the analysed target group of personnel, students and teenagers.

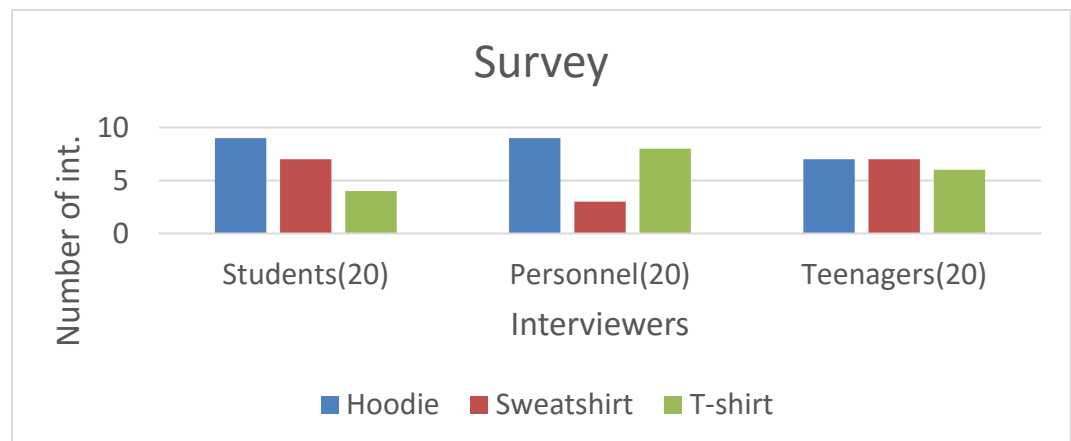


FIGURE 21. Product preferences survey

According to the product preferences graph in Figure 21, among three types of potential customers, the majority of Students joining the survey are more attracted by hoodies with the amount of 9 votes. The number of Personnel preferred the hoodies with the amount of 9 votes, but the t-shirt option was also preferable with the vote's amount of 8. With equal popularity of hoodies and sweatshirts, - T-shirts are seen to be the least popular type of clothes for Teenagers.

### **Key activities**

The main activities of a company are accomplished by key resources.

The actual key activity in a clothing company is: selling clothes. In the future perspective this should be comprised by the increasing value of clothing production line. For the LAMK Apparel, thus, delivering clothes to customers as a service is an additional stage of the business process.

To be the well-recognized clothing company and satisfy the target groups needs and requirements of the modern clothing market the LAMK Apparel, in collaboration with the LAMKO student union and the Lahti UAS, organizes parties. Parties are, in the authors implementation, is the way of spreading their lifestyle vision to the potential customers and at the same time, supporting the University brand.

### **Key partners**

Some activities are outsourced and particular resources are gained outside the company.

An important choice for every clothing company is control of the development process of the company as the importance of these is of the strategic decisioning. That is why big clothing companies are usually having their personal developing centres. For the LAMK Apparel, business

development centre was based on the LADEC organization. The authors have been guided and supported with the help of modern business instruments and tools, as well as qualified staff and simplified legal aspects have been disclosed during this process. The main development tools for the LAMK Apparel are a source of not only a strategic risk, but also the strategic advantage. As the industry has evolved, the LAMK Apparel business model becomes more of an open source model.

### **Cost structure**

Features mentioned in previous sections such as key activities, key partners etc, influence the cost structure.

In most clothing business models the revenue stream are connected to the cost structure. The LAMK Apparel business idea is also about this connection.

In clothing, revenue streams are mostly separated from the cost structure. Eventually, when clothing business model is built, delivering has a slightly low cost, except customer servicing. For the clothing business there will be costs that relate to companys inner structure or obtained from other partners. Mainly, for the LAMK Apparel Company most of the development cost is about satisfying needs of future customers, not only nowadays customers. A possible exclusion can be the accounting service, that is surely following the tax rules of VERO SKATT, but the authors are dealing with the accounting themselves. Furthermore, main source of costs for the LAMK Apparel - is transportation, due to the fact that the company is tending to grow as well as the purchasing and production of materials costs. Pay-back period is calculated for two years from the moment of establishment.



## 5 FINDINGS AND CONCLUSION

### 5.1 Answers to research questions

During the thesis research, a necessary amount of primary and secondary data is collected to disclose valuable answers for the proposed research questions and therefore achieve the main objective of the thesis. Key findings of this study are briefly presented in the Table 7. First, the authors consider answering the sub-questions, as it assisted the creation of the core part for the empirical research. Second, the main research question has been answered in accordance to the thesis needs and the thesis topic – Establishment Of A Clothing Company in Finland Based on A University Brand.

TABLE 7. Answers for the research questions

Research questions	Findings
What key resources do the authors need?	<p>Establishment requirements (or key resources) for the clothing company are considered as tangible and intangible assets.</p> <p>In the sub-chapter 4.4, the necessity of establishing clothing company of the base of the LADEC guidance is proved.</p> <p>In sub-chapter 4.4, it is obvious that tangible assets for the authors are all sources of costs that include production, purchasing and transportation of materials costs.</p>

<p>How will the authors' identify the most useful country market?</p>	<p>On the base of country analysis, the most useful market for the companys' operations is considered as Finland. There is a high level of business freedom and no corruption in the country. Private entrepreneurship is very popular type of making business and government give a huge support to every entrepreneur to get to the domestic or foreign market.</p>
<p>How to reach distribution channels?</p>	<p>The LAMK Apparel focuses on three main methods that can be applied the production of the brand-new commodities on the market. Main sales promotion tools are:</p> <p>Refunds,</p> <p>Sample demonstration</p> <p>Discount coupons.</p> <p>In addition, collaboration with potential partners such as LAMKO, Tivoli, M.IDEA and Lahti Basketball can be considered as a way of reaching distribution channels.</p>
<p>What are the key activities?</p>	<p>The actual key activity in a clothing company is: selling clothes. In the future perspective this should be comprised by the increasing value</p>

	of clothing production line. For the LAMK Apparel, thus, delivering clothes to customers as a service is an additional stage of the business process.
What are the possible ways of promotion?	For the LAMK Apparel, main ways of promotion are made through the social networks, such as Facebook and Instagram. These social networks are used by the LAMK Apparel on the purpose of promoting their products and interaction between customers and the seller.
Main research question:  How can a student establish a clothing company in Finland based on a university brand?	A student can establish a clothing company in Finland based on a university brand, by combining the theoretical knowledge, comprised by authors during the process of studying in the Lahti UAS under the guidance of LADEC as well as personal experience, self-confidence and the inner inspiration.

With the main finding above, the authors are able to confirm the possibility of establishing a clothing company in Finland based on a university brand.

## 5.2 Reliability and validity

Every time we consider reliability and validity as two separate criterias, but on the purpose of satisfying the research objective, they are considered as

related to each other. The figure below describes situations that can occur when trying to measure the target and the person.

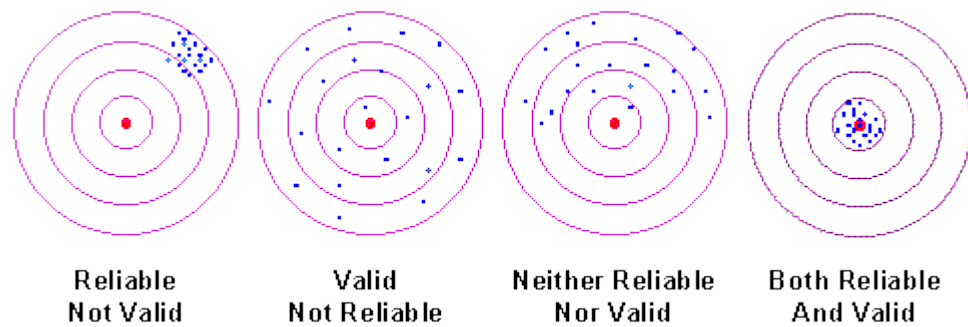


FIGURE 22. Reliability and validity concept (Trochim 2006)

First situation, when you pushing into the target constantly, but you are excluding the center of the target. It means, you are constantly measuring the false value for respondents.

Second situation is when hits incoherently spread over the target. You barely reach the center of the target, but, generally, you are receiving the appropriate answer mostly for the group, not for single person. For this circumstance, you receive a right group, but you are contradictory. In this case, you can obviously see that reliability is strictly related to the fluctuating measurement.

Third situation represents an example, where your attempts are spread over the target and you are constantly missing the center. For this situation, your measurements are not only unreliable, but invalid.

Fourthly, you are constantly hitting the center of the target. In this case, your measurements are reliable and valid. (Trochim 2006.)

To satisfy the thesis objective, a huge amount of primary data was comprised by using various instruments besides a large amount of secondary data, which was obtained from reliable and trustworthy sources. In the following thesis, qualitative research method has been successfully applied to receive efficient data required for this study.

In qualitative research, 14 interviews were conducted with seven people, including five Lahti UAS authorities and two business people, participated in the interviews. All these seven are neither friends nor relatives of the authors, and, therefore, they do not have any purpose of giving preconceived opinion concerning the establishment of a clothing company in Finland on a university base. As a substitute, their advice and point of view towards the research objective is strictly reliable. Not to mention, that during interviewing, all questions were clarified and made to be answered distinctly. Unclear points were explained carefully, before finishing the interviews. Additionally, the compositions of interviews were restructured and recorded carefully. Therefore, all data comprised from the interviews was correctly defined and transferred into valuable information paraphrasing all what the interviewees had said. As a result of this, the validity of the interviews is significantly improved. In addition, building structured interviews, which refers to the fact that prepared questions were used for various interviewees with different occupation, the result of diversified responses concerning the establishing of a clothing company in Finland based on a university brand again confirms the reliability of the interviews' results.

### 5.3 Suggestions on further research

On the purpose of increasing the profitability of the authors' business idea, some further studies are needed.

During the process of creating the business idea, the authors had to analyze the large amount of domestic and foreign suppliers, which was hard and the information was diversified and unreliable. Therefore, further research about the suppliers and the manufacturing procedures from foreign and domestic countries would be effective.

Research regarding company registration issues, should be completed. This assists to establish the company in the right and the most efficient way and benefit the company in the long-term.

Last but not least, a competitor's analysis needs to be done for the company's development. A detailed competitor's analysis helps to improve the business plan and assist the company in developing the market entry strategy.

## 6 SUMMARY

The key objective of this thesis is to research main issues of establishing a clothing company in Finland based on a university brand. Therefore, the second objective is put as creating the business plan. Apparently, the Business model Canvas is implemented to develop the business plan and explain the main company's operations.

On basis, the thesis is spread into two parts: chapter's two and three are the theoretical part and chapter four, is the empirical part. The authors begin with describing the process of starting up a business and the explanation of the inner business structure. The third chapter discloses the main elements of business process that are considered as marketing and logistics.

The empirical part of the thesis is the fourth chapter. This chapter shows the business plan for the organization and the core difficulties as well as restrictions that companies are struggling while advertising their goods to the customers, this is defined and confirmed by the authors as interviews. Chapter five explains all findings and results of the thesis.

In conclusion, this thesis provides theoretical and empirical data on establishing a clothing company in Finland based on a university brand.

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