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A MARKET ANALYSIS FOR NORDIC MEAT EXPORT

Atria Scandinavia Private Label and Export

Business Economics

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Vienti on ollut nouseva trendi jo pitkään ja on samalla yksi keskeisimmistä kansantalouden indikaattoreista. Lihan laatu Suomessa ja Ruotsissa on verrannollisesti loistavaa tasoa, ja tätä voisi hyödyntää viennin kasvattamiseen molemmissa maissa. Lihatalous on kokemassa muutoksia tulevaisuudessa ilmastonmuutoksen kiihtymisen ja eettisyyskysymysten myötä. Onkin siksi tärkeää huomioida markkinoiden suunta eri maissa ja kuinka sitä voisi parhaiten hyödyntää. Atria Skandinavia etsii laadukkaan ja eettisen lihan vientipotentiaalia ensisijaisesti Iso-Britanniasta.

Ensimmäiseksi esitellään kirjallisuuskatsaus, jotta voidaan ymmärtää viennin ja markkinaosuuden hankkimisen peruskäsitteitä. Tätä seuraavat linkittyvät teoriat, jotka ovat olennaisia tutkimus tuloksen ymmärtämisen takia. Näitä teorioita käytetään tutkimustulosten analysoimiseen, jotta voidaan määrittää Iso-Britannian vientipotentiaali Atria Skandinavialle. Auttaakseen lukijan ymmärtämään, mitä vienti on teoriassa ja kuinka markkinoita tulisi lähestyä, tässä opinnäytetyössä tehdään kysely, joka perustuu aikaisempaan tekemääni makromarkkinatutkimukseen. Kolmannessa kappaleessa esitetään lyhyesti tutkimuksen keskeisiä havaintoja ja tuloksia sekä keskeisiä johtopäätöksiä ja tulkintoja.

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1 INTRODUCTION

Meat products have been around for a long time, and they have evolved a lot during their existence. It has taken a lot of work to make products as safe to use as they are now. The meats are tested frequently for salmonella and other serious bacteria, to secure that the meat is safe to eat. The production and slaughtering methods have changed into more ethical direction of making sure that the animals don't suffer when they are breeding or when they are putted down.

The methods of producing meat are something that vary a lot depending on the country and continent. One of the biggest reasons for these differences are in the climate, which influences many factors in the breeding process. The simplest way to reason it would be that the colder it gets the more natural and antibiotic free the meat is. Therefore, there exists a good potential in the Nordic meat export, since it is mainly antibiotic free and the food production policies are very strict in comparison to many other countries. Quality has been proven to be very high standard and the treatment of animals is as ethical as it can be, which gives a good image about the products as well. In this thesis the focus will be on the export potential of Swedish and Finnish meat products. These countries will be referred as the Nordic countries (Scandi Standard, 2017).

1.1 Background

Working for Atria Scandinavia in Sweden during the summer of 2017 gave the great perspective to the export and macro market research. My foreface was to carry out an external mapping process and discover new markets for the company's products. The options were narrowed down to the United Kingdom and Germany, but these countries had different reasons why they would have been the most optimal countries for export. The research focused on the macro factors as the country selection was meant to first scan the possibilities that could be researched further with a micro research and consumer analysis.

One of the tools used was PESTLE-analysis which stands for Political, Economic, Social, Technological, Legal and Ecological. The model originates from the PEST-model. The creator of this model is not verified, but it is highly suspected to be Aguilar Francis J. (Frue, 2017). The model weights the biggest macro-economic factors and helps the user to identify the major differences between countries.

After this the SWOT-analysis (created by Albert Humphrey) was applied, which resolved to determine the strengths, weaknesses, opportunities and threats of the different countries (Thakur 2010). This helped the observing of the macro factors from different perspectives and compared the positive and negative sides of each factor. For example, Brexit can be seen as an opportunity or a threat, but then there is the process of considering if the factor has more positive than negative features. This analysis helped to conclude what factors had the most benefits and were counted as opportunities.

1.2 Research Questions and Objectives

The aim of this research is to find out the university student preferences (as a consumer group) in the United Kingdom. When these preferences are established it is possible to conclude, if the United Kingdom is an optimal country to export meat products produced in Finland or Sweden.

The earlier research was conducted in summer 2017 and it focused on a specific market, this being meat toppings for pizzas. The questions in the questionnaire (appendix 1) are designed to measure consumer preferences in this area, which includes for example animal welfare issues.

This research aims to:

- a) Find out the consumer preferences regarding meat products
- b) Define if the UK is suitable for export
- c) Demonstrate the importance of making a comprehensive plan before entering any new markets.

1.3 Atria Scandinavia

Atria Scandinavia is a company which has its operations in Sweden. The company is a part of Atria corporation which is based in Finland. The company produces many types of meat products, but also does a lot of private label manufacturing such as potato salads and salad toppings. Atria Scandinavia has its head office in Stockholm, where the professional training also took place.

Atria Scandinavia started operating in Sweden in 1997 when Atria bought Lithells AB and Sibylla companies. These brands still operate under the Atria Scandinavia concept. In addition to these there are several other brands that belong to the concept which are Lönneberga, Ridderheims, 3-Stjernet, Pastejköket, Arbogapastej, Charkdelikatesser, Geas, Onsalakorv, Norrboda, Lindbergs, Husmorspastej, Gourmet Service, Dagens Rätt Fisk, Dagens Rätt Grönt, Atria, Aalbaek Specialiteter, Samfood (Atria, 2017).

1.4 Core findings of the earlier work

It is important for this thesis to acknowledge the results of the earlier work, and briefly explain the process leading to the micro market research. The starting point was to narrow down the options by finding out the existing company preferences. Since Atria Scandinavia was taking its first steps with new products into the new markets, it was rational to start with countries that are in the European Union (EU). This was because of the ease of trade through the documentation and regulation policies.

The next step included the countries that the company had preselected and some others to give comparison. The gathered data was cross analyzed to see which countries met the company preferences and had the most suitable business environment for export. The analysis of the countries was done through a basic quantitative analysis of comparing the numbers, for example the GDP and the purchasing power of the working population. The PESTLE-analysis was done after the

quantitative analysis. This was followed by the SWOT-analysis for seeing as many aspects of the markets as possible.

After these steps, it was concluded that the United Kingdom and Germany have a lot of good features and both are quite stable economies. However, based on the company's previous market knowledge about Germany, it was decided that the United Kingdom is more suitable for micro market research. The consumer preference is something that is very important for the sales and for the development. It can offer a good direction when choosing an entry strategy, or at least it would give great amount of consumer knowledge that could be utilized in other ways as well.

1.5 Scope and Limitations of the Thesis

This thesis follows the research done about the macro environment factors one specific company and it does not cover the whole meat product section. Meat products which are referred to in this thesis are pork, chicken and beef; therefore, it does not cover the whole section that can be included as meat products.

There are a lot of references to my earlier work in this thesis, but I cannot reveal all of the facts discovered during that time. This is because that information is from Atria's private sources and the mentioned documents are a corporate secret and therefore protected by the law.

As mentioned earlier this thesis focuses more on to two different main markets which are meat toppings for pizza and organic meat wholesalers. This means that the focus in this research aims to find information primarily about these two markets. There are various other markets that could focus on different elements and therefore this thesis does not fully cover all the export markets in these countries.

This thesis includes literature about market entry strategies and market approach in international context. The thesis does not include any export strategy books specifically about meat products, nor the certifications needed for food export or production. I will, however, refer to necessary information in form of articles and reliable web sources.

2 THEORETICAL FRAMEWORK

Exporting is a very fascinating topic, because it is ever changing and country dependent topic. Exporting includes many activities like finding out the correct strategies and approach styles to the markets. It requires cultural knowledge and knowledge about the laws and procedures. These are all very vital elements for export among many other variables and, therefore, every aspect needs to be thought through before making any final decisions. There are many theories written about market penetration tactics and export, because it is a big part of foreign trade and strategic planning. The core literature in this thesis focuses on market research, foreign trade and market penetration.

As exports is a very large field it is sometimes hard to know where to start. This was a familiar experience when the work at Atria Scandinavia started. After a brief time came the realization that the most efficient way is to start from the larger factors towards the smaller ones. It took the whole summer to conduct the macro market research, then came time to narrow it down to micro markets.

2.1 Foreign Trade

2.1.1 Basic Knowledge about Trade

Starting with the simplest question, why is export needed? In economic sense export grows the gross domestic product (GPD), which is one of the most common indicators of economical state of a country. Import doesn't grow GPD as clearly, and is often considered as a counterproductive measure to export. However, by importing the country gets, for example, raw materials from other countries when they cannot be produced or collected domestically. After importing, the material could be used to create a product in the country which is then exported, and that increases the GDP. Internationalization creates lots of new jobs, especially white-collar jobs. However unfortunately, the need for blue collar workers reduces (Seyoum, 2014, 7-17).

2.1.2 Overall Rules and Regulations in Export

As one may assume import and export have quite many rules and regulations to be followed and they can confuse people from time to time, since one cannot always know which rules to apply in the international level and which in the domestic level. When a company does not play by the rules they can end up on a boycott list which means that they can't do business with that country anymore. An exporter should always consider if the product is under export control or not. A certificate for this is not always needed, but when it is an obligation to have it there is no way around it. Being aware of what the destination is and which rules apply, is also more than useful information. The specifics of the products matter a lot, for example they cannot contain any prohibited components (Yrittäjät, 2014; European Commission, 2017a).

Many of the acts in legislation had a close connection to post Second World War, restrictions were made to keep peace between countries and the legislation was very detailed as well. The laws often included strict regulations about technology and critical goods. The trade opened later through Free Trade Agreements (FTA), which was to ease the trade between countries. The World Trade Organization was also created to solve international trade conflicts and to handle political matters in trade. After 9/11 new regulations were made to prevent terrorist attack from happening again. U.S.A. reacted with many restrictions regarding the agreements made with other countries such as Export Administration Regulations (EAR) and Foreign Corrupt Practices Act (FCPA) (Seyoum, 2014, 323-360).

Tariff and trading agreements are one of the essential areas of security and control of foreign trade. Tariffs can be levied in three ways, by ad valorem duty, volume based duty and compound duty. In relation to these there are nontariff barriers, which include various requirements concerning hazardous and correctly imported products. Trading agreements, as mentioned above and other free trade agreements (FTA) ensure that trading remains stable and accessible for parties involved in certain agreements (Seyoum, 2014, 365-381).

In agricultural products, such as meat, the regulations differ depending on the country of export and import. If one would export meat that is not certified it can be hazardous for the country of import, therefore these food safety regulations must be met before initiating trade procedures. The policies inside the EU are more flexible, since they all need to operate according to the same guidelines and directives. In the food industry, the certificate of origin carries a lot of power, since countries have often different reputations of their food production and animal welfare standards (European Union, 2013).

2.1.3 EU Policies and Customs

EU custom policies enable countries that belong to the EU the possibility to do international business with no trade barriers. This is very good for the economy as well. In addition, that also attracts countries from the outside of the EU to join, so creating more jobs at the same time. Overall since it makes a lot of things easier to process, but of course there is still quite much paperwork to be done.

The Harmonized System is a code system for defining commodities by six digits. It is the universal system which then has many variation, for example in the EU. Combined Nomenclature (CN) was made to keep statistics and classifying goods for customs and TARIC breaks the CN in the 10-digit level. It contains tariff quotas, all third country and preferential duty rates, tariff suspensions and other trade measures. The codes are quite specific in the United Kingdom for example, the commodity code to import domestically produced frozen ham is 0203221100 and to export it is 02032211 the same codes are also used for intrastat reporting. The system also tells the VAT rate and third country duty, like the example case is subject to zero VAT rate and its third country duty is 77,80eur/100kg when importing. These codes define by each number the category into which the product belong to (European Commission, 2017b; Government of the United Kingdom, 2017).

Intrastat keeps track on the high value shipment inside the EU and is only for statistical use. Intrastat also helps keeping track of EU's economic situation and offers research material. A responsibility to declare goods on the 10th of each month

even in the case of zero declaration. This is only required from companies who have 200,000 euro for arrivals and 300,000 euro for dispatches (Intrastat, 2016).

2.2 Market Entry Strategy

Market entry strategy includes two main areas which are entry mode and a marketing plan. The difference between these two is that entry mode defines the entering strategy to a targeted country. Marketing plan is then a following action for penetrating the targeted market (Albaum et al., 2011, 392).

Entry mode is a very important aspect since it measures the company's control over the marketing mix and the type of commitment into the targeted markets. The issues that are very vital for an entry mode to work are the flow of transactions and the flow of the physical product. Without the flow of transactions, of money does not move in time and it creates a lot of administrative problems for the company. Without the flow of physical product come the administrative issues and this has a direct impact on the revenue stream (Albaum et al., 2011, 392-394).

The marketing plan should be aligned with the cultural aspects and market preferences in the targeted country. There are a lot of good examples in history where the marketing plan did not take into account all the aspects brought by the culture, language and history of the country. Good example of this is when Pepsi entered the Chinese markets with a slogan "Pepsi brings you back to life", but they failed to notice that the translation didn't mean the same as they thought. Instead the label said, "Pepsi brings your ancestors back from the grave". This is a good example which shows that everything needs to be considered or otherwise a company could be spending money to ruin its reputation, like in Pepsi's case (Peach, 2017).

2.3 Macro and Micro Markets

Micro and macro markets have been mentioned several times earlier, but I am yet to explain the differences between the two. Macroeconomics or Macro markets, study the big influencers and indicators in economy such as the political situation, culture and GDP of a country. Macroeconomics defines major influences and their

relations to each other, this makes macro market research a vital part of the country selection process and it gives a direction for microeconomic research (Investopedia 2017)

Microeconomics or micro markets study the smaller aspects of the markets and economic situation. It is a study which concentrates on specific issues and strategies, such as the price levels or certain types of companies. In this case, the focus is on the consumer buying behaviour, which can be later compared with the situation of a competitor, or it can be used for becoming a supplier to some other company. (Investopedia 2017)

Both approaches are needed to fully comprehend the market structure in a targeted country, but the two approaches can also overlap each other. An Increase in GDP is good, since in most cases it is caused by export increasing while imports decrease. This usually makes the consumer buying power stronger, but it still decreases the imports which the company would stand as an exporter from another country. (Investopedia 2017)

2.4 Market Selection

Market selection is done most commonly through macro and micro market researches in some manner. If the research is done properly the outcome should be clear and all the major drivers have been established. One thing that should be kept in mind during the process is that the markets should not be approached only with one product, because it doesn't offer any extensive contingency nor strategy opportunities. If the markets would be approached through only one product it would mean that there is no extensive plan, and the vision about the markets is quite narrow (Albaum & Duerr, 2011, 263).

One of the worst mistakes that can be made during the market selection is to fail to determine if there is a market for specific product. The best feature that the Nordic meat export can utilize is the quality of the produced meat, and the fact that the weather conditions are most optimal for non-antibiotic breeding and the

health restriction policies are very specific. These factors increase the positive market appearance.

If the company failed to seek the potential from the quality aspects in the meat when there was demand, there would be a huge export potential wasted. It could be that the company would want to change its approach because the markets are different to the domestic ones and, therefore, they would change the product to suit the market (Albaum et al., 2011, 264).

The above-mentioned idea would be partly a good approach and the product should be modified according to the aspects of the targeted country. The potential should be first sought there where the correct markets for the specific product exist. The product can be changed, for example in meat products the salt consistency or the label could be changed to match the consumer preference (Albaum et al., 2011, 264-267).

2.5 Segmentation

Segmentation means defining a group of people who are the most likely to buy the offered product. This group is often defined by few core variables that are demographic, geographic, psychographic and behavioral variables. These can be then be broken into subsections as shown in Figure 1. The basic segmentation starts from here, and takes on indentifying a specific group of people who are the demand group (Albaum et al., 2011, 268-270).

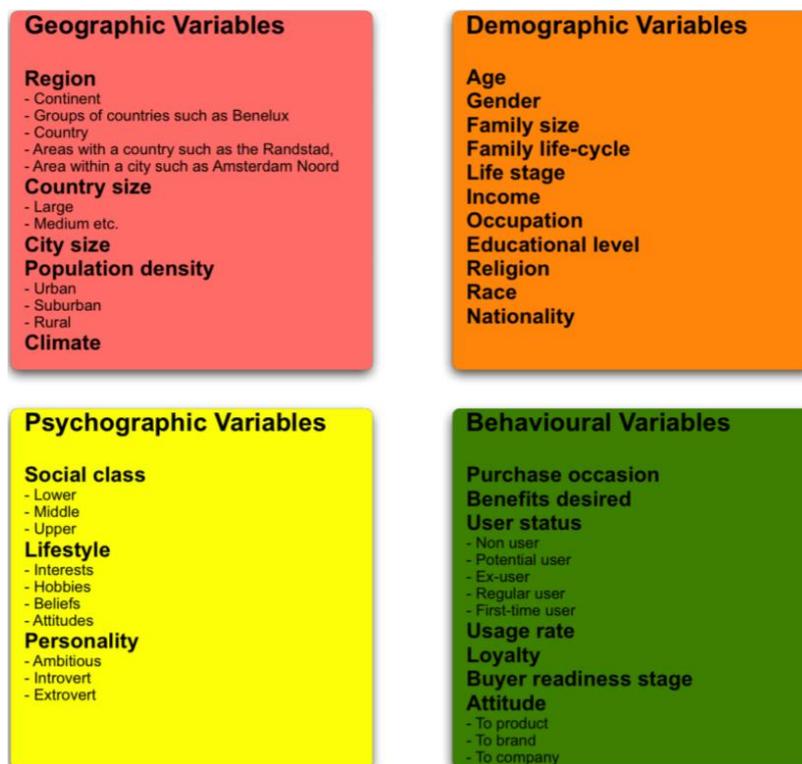


Figure 1. Segmentation variables

Segmentation also includes three important determinants that are measurability, accessibility and profitability. Measurability means that the segmentation should be done so that the targeted groups can be followed by some common indicators. Therefore, the company can see the changes in buying power and other consumer buying behavior changes. Accessibility defines if the targeted segments can be efficiently reached and served, and what is the best way to reach the target group e.g. printed media or social media. Profitability simply means that would the operations be profitable enough in comparison to what level of attention the market requires. To determine profitability, it also important to consider the total cost and the risk profile of the export initiative (Albaum et al., 2011, 271).

Finding the correct segment in the food business varies depending on the product. For example, in the case of selling pizzas it good to recognize where this type of food is usually consumed. Most pizzas are sold in urban areas so that could be the most reasonable geographic variable. The most fast-food is consumed by single people who are young adults and live alone, therefore that would be a reasonable

demographical variable. The thought process continues through these types of measures and they should be backed with concrete background information. The above-mentioned example is based on what was learned during the work time in the case company.

2.6 Product Life Cycle

The Product Life Cycle (PLC) is a commonly used graph, which describes a product's journey in the markets from the beginning to the end. The simple graph shown in Figure 2 shows the four main stages of PLC and how these stages are bound together with sales and time on the market.



Figure 2. Product Life Cycle

After product development, the product will enter the markets. This phase is called the introduction, this is when the promotion and the investments are carried out. The phase includes a lot of costs, but small profits and therefore the revenue at this stage is quite small. The next step is growth and, it marks the period in PLC when the sales are going up and the costs are coming down. The market recognizes the product and competition grows (Mulder, 2014).

The maturity stage is the period when the product is more widely known and the consumer base has stabilized. The competition is fiercer than earlier and it requires a lot to remain in the market leader position. This is also the time to scan for new opportunities for the product. The last stage is decline, where the markets

become saturated. In this phase only the loyal customers gained by successful customer relationship marketing are buying the product (Mulder, 2014).

This is the ideal PLC, but many of the product concepts can be for example put down by various reasons in any stage of the PLC. There are also products which never even enter the growth phase, but instead people don't start to buy the product and the PLC ends there. However, this model is good for identifying the main stages in products time of existence (Mulder, 2014).

The PLC model in the food sector is commonly used for identifying the current stage of a certain product. This helps the companies to prepare for the upcoming stages through reasoning the current PLC-stage. PLCs differ depending on the product.

2.7 Pricing

Pricing is one of the most important aspects to consider when entering new markets. There are various types of pricing strategies for different types of entry strategies and, these need to be considered even if the product is not new. The reason why this must be looked at carefully is that the costs are higher, markets act differently and competitors have different types of pricing as well. One important thing in this case is that the business in this case is entering a Business-to-Business (B2B) relationship, which makes the pricing quite different, as the B2B relation has more room to change as time passes. However, the ingredient price always shows in the final price that the customer in Business-to-Customer (B2C) relationship is paying (Albaum et al., 2011, 672).

Demand based pricing is a pricing strategy that has been mostly used to introduce product innovations and it focuses intensively on the pricing aspect to meet the demands of the markets. Cost based pricing means what the company does when they would want to cover the cost and then add any reasonable margin that the company needs for operating. In every pricing strategy, one must be careful not to dump the prices as that could lead to company being put on the country boycott list (Chand, 2016).

Skimming is a strategy where the company enters a market with reactive approach, which means that it is a short-term plan to react to the demand trend and take the profits from it and then leave the market. Skimming is a pricing strategy for certain types of products only and not often seen in the food industry. Penetration is a good opposite to skimming; it is much more proactive approach, which focuses on to keeping the price low enough to enter the larger markets and it is a more value-focused pricing method. Penetration pricing has the main purpose of gaining market place rapidly when entering (Chand, 2016).

Preemptive pricing means that the price is set so low that the competition is not even interested in trying to enter the markets, because they cannot compete. The revenue is then collected from the volume of the sales because there is no competition. This is the strategy that SuperTops, the main competitor, uses. Extinction pricing has lot of the same aspects as preemptive pricing, but it is adopted later to drive competition away. These are the most crucial ways of pricing that must take the dumping policies very seriously (Chand, 2016)

2.8 Shelf Life

Shelf life is more than important when exporting consumable goods like food. The reason why it is a special concern in export is that transportation takes a lot of time from the shelf life that the product has. In this case the wholesaler would not have enough time to sell the product, or the pizza place would not have the option to order large quantities, because they would not have the time to use all of the products before they would go bad.

Approximate shelf life could be somewhere around 120 days, this would leave enough time for the product to be shipped and put on a shelf. The longer the shelf life, the better chances the businesses have to make a deal with the supplier. This is a very good reason when considered rationally, because if the company does not manage to sell the product in time they make a loss when the product cannot be sold out.

2.9 Quality Certificates

There are two quality certificates these certificates are that need to be looked at when talking about the international perspective, the BRC-certificate and FSSC 22000-certificate. These certificates are similar to each other and most of the countries do not pay too much attention to which one the companies use. However, the FSSC 22000 is more an administrative certificate than the BRC-certificate which focuses more on the production process itself (Muliyl & Sansawat, 2011)

When using FSSC 22000 there are no specific guidelines on how the production process should go, it is enough that the result is according to the standards. The BRC-certificate, on the other hand, is stricter about the process and how the production steps are handled. For example, with a BRC it is compulsory to have a veterinarian watching over the production process to make certain that it is done in way that does not compromise people's health. In FSSC 22000 this is not required, only the result needs to match requirements and they must be reported as well (Muliyl et al., 2011).

2.10 Customer Relationship Marketing

CRM is the core of maintaining the relations with customers as post-purchase action, and it is especially important in B2B relations. B2B is the company's primary target now, since it would provide the advantage of not having to know the end user of the product.

The company would have more time to get to know the market before entering B2C relations. A good model of CRM has various steps from the first purchase to being a loyal customer, Jana Bowden (2009) wrote an article about the subject and published a very good roadmap shown in Figure 3. This model is something Atria should pursue from its B2B relations in export, it is a straight forward model which offers clear steps through a very important process.

The basic theoretical path of making a loyal customer (in this case a company) is through satisfaction of different variables. After the first purchase, the customer should be delighted about the product and then makes a calculative commitment

by thinking, for example, about the price and quality comparison. If the customer company does not get the things that he wants from the product or service, the customer will make a negative evaluation and chooses another product. If the customer makes a positive evaluation, then he will come back to buy the product or service (Bowden, 2009).

After making several purchases the customer becomes a repeat customer, which means that the customer likes the product. After using the product or service for a longer time the customer forms trust towards the product, which creates a certain type of a bond between the two. In this phase, the customer can bear some minor setbacks like a small price increase and remains a user. The customer wants to tell about the positive experience to others and becomes involved with the concept. After gaining more positive experiences with the product, the customer is affectively committed to the product and the bond can bare even bigger setbacks. The Customer could even defend the product if someone would speak negatively about it. After a while the customer becomes loyal and uses only that product, no matter what (Bowden, 2009).

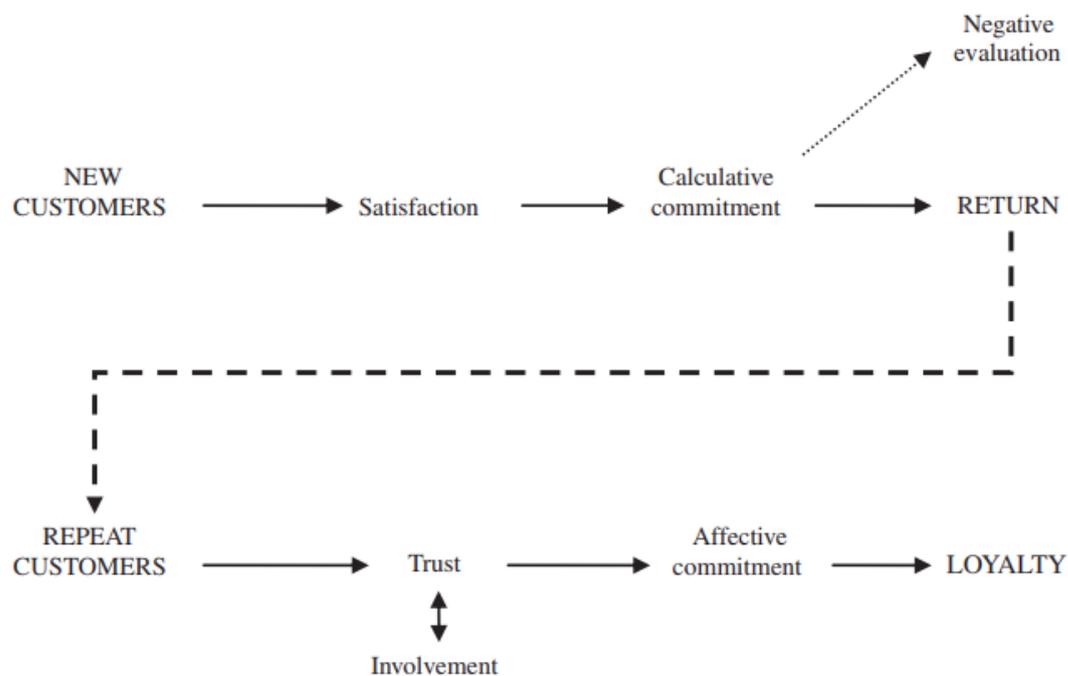


Figure 3. Customer Engagement (Bowden 2009)

2.11 Application of the Theories

As can be seen exporting and market research include a wide range of theories which include various subtopics, however they are all very relevant when thinking about the complexity of selecting markets and how to do a proactive entry. Foreign trade consists of various elements but the main facts mentioned above give already some perspective to its complexity. There are quite many rules and regulations regarding export, but when scanning the markets inside the European Union reporting is much simpler.

Considering the United Kingdom's situation now, it seems that the Brexit is likely to happen and there are going to be some complexities with the trade in the future. The United Kingdom most probably would do a FTA with the EU, which would be quite similar to EFTA and other EU trade reliefs. However, the PESTLE-analysis combined with the SWOT-analysis made it possible to conclude that there are still many perks that Brexit would bring, such as a domestic price increase which would offer an opportunity to compete even with higher production costs. However, it is hard to estimate what will happen with Brexit, so for now it can be categorized as an uncertainty.

Germany, which was excluded from the micro market research, is a more stable economy now but this also means that the competition is fierce. The domestic production in comparison to the United Kingdom is much bigger, and today the EU markets prefer domestic meat production over imported meat. Germany would bring more ease into the trade, but there is more potential in the macro market sense in the United Kingdom.

The entry mode will most likely be direct exporting, working as a distributor for meat pizza toppings. The company could also make an agreement with cash and carry-shops as being a distributor of meat products. Of course, a third-party contact with these kinds of companies would be preferable, because as the export manager of Atria Denmark Sören Jensen said, "that way you would avoid the gatekeeper". What he meant by this was that most companies have protocols in place for any type inquiries and the response time is much slower.

As briefly explained in the core finding of the earlier work, the macro findings of the earlier research and what they let to concluded about the market situation. The approach in a macro economic sense was to find stable economies which have more quality oriented markets. The starting point included research about the Netherlands, Germany, France and the United Kingdom. The main reasons why the Netherlands was excluded was that the domestic production was too hard to compete with and the country would be easier to access through some other company which would also have operations elsewhere.

The reason why France was dropped off the list, was that the culture and food culture in France was not as preferable as in the United Kingdom or in Germany. Germany has one of the most stable economies in the EU and, therefore, it would offer stability in trade. The main reason why Germany was eventually excluded was that the meat production industry is much more competitive there, than it is in the United Kingdom. These where the main reasons why the research focus was directed at the markets in the United Kingdom.

In micro economic sense, the focus should be in the consumer preference, because through that it can be defined if the consumers value the quality aspects better than the price or vice versa. The company can also utilize the results and show them to pizza chains or wholesalers to show that there lies demand on the markets. The B2B market approach is something that was preferred over B2C, mainly because the company can get to know the markets first and then consider B2C options when the consumer behaviour is understood well enough.

The segmentation for this thesis process will focus on university students to scan the future potential and where the markets are possibly heading. In general, the segmentation will be broader and will target consumers with high appreciation towards quality and ethicality in food products. Even though the company aims to be a supplier it still needs to recognize many of the factors of its consumers, so that there won't be many surprises and the company gets paid as it should.

Most of the products at Atria Scandinavia have followed the product life cycle (PLC) model. The aim is to enter the market so that the PLC could be followed as

well. In the domestic market, Atria Scandinavia is generating a stable result and they are maintaining their market position. The market entry should be made in a manner that enables the possibility gaining that same type of position in the non-domestic market as well, even though the market environment is very different.

The selected pricing strategy requires a lot of thinking because it depends a lot on the customer and consumer base. If the company would aim to acquire a pizza chain as a customer that would be very difficult because the markets are driven by a low price. Price is something that is hard to compete with, especially when the greatest advantages lies in the quality of the meat. Then again, if the company would acquire an organic meat wholesaler, it would be very much driven by quality. Both options require different types of pricing strategies, e.g. for pizza chains the penetration pricing could be the most suitable option when cost based pricing would be more suitable for the organic wholesaler.

Shelf life of the products for possible exports are around the 120 days when frozen, this means that they are suitable for export. The products would be transported in chilled containers where the products remain frozen and that increases the actual shelf life. Discussion about export possibilities was also made in the earlier research about the export of beer sausage, which has a shelf life of 180days. This is good and it is only little amount of work for the wholesaler and shops. This product then would be for different types of a market segment, since the consumer segment is quite different, therefore it is not discussed further in this thesis.

A production certificate usually does not offer too many challenges once it has been acquired, but when it comes to the British food market the situation is different. Most of the British pizza chains require a BRC-certificate, since they see it as more valuable. One reason for this could be that the certification system is made by the British as well. Atria Scandinavia has a FSSC 22000 -certification and that is good for every other market, but not for the United Kingdom.

German pizza chains accept the FSSC 22000, and therefore it offers competitive advantage in this case. The certification is quite expensive and has many running costs as well. Atria Scandinavia used to have the BRC-certification before, but

they gave it up because the production was too regulated even though they hit all the required marks. Both certifications require regular audits.

Customer relationship marketing (CRM) is important to acknowledge at this point, because it affects the continuity of the export. With proper CRM, the relationship between the companies would evolve towards being more committed to having Atria as a supplier. If the relationship is being taken care of, it enables the possibility for having a long-term partnership. This would mean that the company gets stable income and the relationship can take few hits along the way, for example a price increase in production cost. For this relation, it would be good to have a key account manager who would answer all the questions that the customer may have and deliver the answers that the customer needs.

These are the main theoretical approaches for this research process, which explain a lot of the decisions when analysing the results of the research and concluding what country should be preferable for export. Many of these theories will be applied together and the answers will be cross analysed through these main theories.

3 RESEARCH METHODOLOGY AND EMPIRICAL RESEARCH

This research aims to find out the university student consumption preferences in the United Kingdom. Depending on the results on conclusion can be drawn on whether the market is suitable for exporting Scandinavian meat. The secondary use of the findings is that they can be used for business negotiations when trying to penetrate the markets.

This research aims to generate a mean value which represents the average university student consumption habits in the country. The side benefits of the research are also to see the standard deviation and if there are any major differences in values between genders.

3.1 Research Methods

There are two main types of researches that are qualitative and quantitative research. Quantitative research studies the collected data in number format and helps to draw a numerical analysis of the research. This method is most commonly used in questionnaires which have a larger number of respondents, which makes the analytical part a little bit easier. Qualitative research the studies usually a smaller sample and aims to gain only few specific people who have certain closeness to the topic itself. One of the methods to adapt this would be, for example, through an in-depth interview with a professional who work in the field of the study (Key Differences, 2016).

3.2 Quantitative Research

This research was done through quantitative study, because it fits quite well into the purpose of finding out consumer preferences. The way that this study is conducted through quantitative research was by developing a questionnaire to be sent to the United Kingdom for university students to respond. The aim was to gain a lot of responses so that the data would give valid results. However, when making

a questionnaire it is always a mystery what the results will be in the end, because one can never know how many people answer to the questions.

In comparison to qualitative research method the quantitative method makes it easier to read the data and perform quantitative analysis by using e.g. SPSS. Qualitative research would be good in a B2B approach, if the company would need to know more about those specific markets. Making the research by using quantitative methods enables analysing the consumer field, which also helps the company to have data about the consumers of the products. This enables the possibility to scan the markets for any potential future changes in the consumer preference (Key Differences, 2016).

3.3 Structure and Analysis of the Questionnaire

The questionnaire was constructed so that it measures the preference of the students through what types of pizzas they usually buy and how they consume it. The questionnaire has eight questions which determine the difference, between types of main consumption orientations. These orientations will give a direction, to the buying habits that the students have. The questions are put into the context so that they reflect the structure of the student is buying behaviour.

The first questions are set to determine if the respondent is a fulltime student. After this the respondent is asked his or her gender and this question is asked because it can be used to analyse if the gender has any significant correlation with the other answers. The questions about the frequency of buying pizza and where the respondent eats them, are good questions for measuring the consumer buying behaviour and the preference between options. The frequency indicates the amount of consumption created by university students. The question about the favourite pizza toppings quite simply shows the personal favourite toppings and the only goal for this question is to see if there is any clear option over the other ones. "The most important thing when I buy a pizza is" -question shows the one thing that the consumer prefers over another option and therefore it offers good market knowledge. The last question is used to determine what the consumer pays attention to.

One of the main reasons why the quantitative research method was chosen, was that the analysis needed to measure the future potential as well. In a qualitative study, the research most likely would have been to conduct interviews with professionals from the field, but it does not help to scan the true potential of the markets. The study is not dependent on the method of when and where the study was conducted and it does not influence the main result as much in a quantitative study. Interviews could have been conducted with students as well, but then it would have been the question of professional competence. A quantitative study helps measuring the future potential through students by asking very simple questions about their preferences, and at the same time giving a good view of the market potential in the biggest areas in the United Kingdom.

4 ANALYSIS OF THE RESULTS

The questionnaire was sent to all universities in the United Kingdom and it came back with 373 answers, out of which 310 fulfilled the predetermined criteria's. The criteria were that the respondents had to be fulltime students who are currently studying in a university. 63 of the respondents failed to fulfil these requirements and therefore cannot be considered when analysing the results. 52% of the respondents were female and 48% were male, this is a very good result since it gives a good representation of the two genders.

The number of respondents gives a valid indication of the student opinions in universities across the United Kingdom. After the first questions which defined the group, the question about how frequently the person buys pizza. The average number that the students buy pizza is once every second week. That is a clear indication that there lies a great market potential, combined with the fact that many prefer meat toppings in their pizzas. On average, the respondents eat the pizzas at their homes (2,78). This gives useful knowledge about the customer segment, and could be used to gain market position. Hypothetically, if the company would get a pizzeria as their customer they could try to lower the price for home delivery and therefore become the preferable option.

The question about the favourite pizza toppings offers valuable information about the value of meat in the pizzas. The respondents typically have meat toppings in their pizzas. 34% of the picked responses included pepperoni, which is the second highest after cheese. Other meat toppings had also very good percentages, chicken had 32,2% and bacon 22%. This gives a clear indication that meat is very preferable when picking toppings for a pizza. When looking at the markets now it would seem that meat is in decline, but it seems that at least as a pizza topping the option it is doing well. It will be interesting to see how pizza and meat as a topping option will live through the standard PLC model.

The most important factor when students buy pizza in the United Kingdom is that the pizza has the right toppings, which is in accordance with the null hypothesis.

The mean values correspond with the most favoured answer option, but the mean gives a better indication from all of respondents.

Most of the respondents don't pay any attention to animal welfare issues or organic ingredients. Food safety and health concerned were selected more often, but a clear majority doesn't pay any attention to these. This indicates that these issues are not considered when students buy pizza, which theory mean that the meat doesn't have to be a high standard meat. Scandinavian meat is higher price meat, because of its quality and the market preference does not seem to be in the quality aspects.

The problem of too high purchasing price for the pizzerias can be overcome with few options. The company exports lower quality meat, which would mean a lower purchasing price would be lower and more affordable. Brexit is likely to increase the existing supplier prices, so it would offer a could competition opportunity. One option is to target higher end pizzerias, where the quality will be valued. This would mean that there is no need to change anything in the product section, just the customer. It should be noted in this case that the segmentation will most likely change since the students value different things in their pizzas.

The restaurants in the United Kingdom prefer companies to have a BRC certificate, but it is not compulsory. This would be an additional cost and quite expensive one, so the case company should try to cope with the FSSC to save money. Shelf life is going to be affected depending on the new customs rules that Brexit will bring. If a pizza place can be acquired as a customer then Bowden's customer loyalty roadmap should be used. The reason why data analysis was narrowed only to means and average values was that the questions measured very detailed and experience based information. Therefore, drawing a correlation chart was very hard, since all correlations should have been with the gender variable. Since the gender was not the focus in this study it would have been irrelevant information and hard to correlate with so many respondents. It was more beneficial to focus on analysing question groups.

5 CONCLUSION

The research showed that micro markets have potential, but there needs to be a change in the entry strategy. Brexit is a risk, since it is not yet clear how it will turn out to be, but it can also offer some opportunities. There is market potential in the United Kingdom, and the research showed that if the consumption habits stay the same, then the market preference remain there as well. The research gave a good indication of the market future, and it can be used in the sales negotiations.

It is clear that the students prefer their pizzas as fast food and, therefore, it has to be also cheap. The options are to pursue these markets with lower quality meat, which would offer a competing chance with the current supplier. The company could also pursue higher-end pizza places and restaurants with the high-end Scandinavian meat. The decision depends on the company's strategy and what approach would fit their purposes the best. The markets in the United Kingdom should be pursued in some manner, since there is a potential.

The research was done by the means of scanning potential with specific intentions and for this thesis it offers valid information. The analysed data is available and can be asked for observation, if the reliability of it is questioned. The methods of conducting this research were carefully planned to fulfil the requirements that were set in the beginning, this reasoning was processed in this this thesis. However, this research is only valid in in this context since the result only indicates the basic preferences of the students in the United Kingdom about how they want their pizzas topped.

There a lot of things to consider when doing export business from entry strategy to customer relationship marketing, but the most important thing is always to find a customer. The company should stay with plan to pursue businesses that would sell the meat to the end user, in that way the company doesn't have to know everything about the consumer field when entering the market. If a business relationship is achieved it should be managed properly so the continuity can be guaranteed.

5.1 Validity

The validity of the research is very good, since the number of respondents was big and nationwide. The questions were simple to answer and there were not any questions which could have been interpreted in a wrong way. The research could have been supported with some qualitative research as well, such as interviewing someone who works in the field.

The calculated mean values were the answers of the respondents who were currently full-time students, the ones who didn't fit to these requirements were left out and were not included in the calculations. However, the clear majority still fitted into the requirements and therefore this research is valid.

The thesis itself is done from a company perspective and therefore the validity depends on how it would be used. Some of the writing in this thesis is based on the earlier research I carried out and, since this study was done for a specific company's purposes all the material from that research could not be shared openly. Since the research was done by the company's preference for them, they should have the access to all material to be able to confirm the validity of the study as well.

5.2 Suggestions for Further Study

There are various types of research possibilities related to this one. A research could be conducted to scan the potential in other the United Kingdom's food sectors, or about ethical food consumption. A similar study could also be conducted in another country, for example in Germany and then compare the responses with this thesis.

There is a lot of literature related to exporting, and lot of other studies which could help in the process. Even though this study was done for a specific business purposes the research can be applied to other studies as well.

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Appendix 1. Thesis Questionnaire

Pizza consumption habits

This questionnaire is to find out pizza consumption habits of university students.

Basic questions

Occupation

Student Part-time employee Full-time employee

Do you currently study at university level?

Yes No

University

Gender

Female Male

Preference

I eat pizza

At least once a week At least once every second week At least once a month Occasionally Never

I eat my pizza

In the pizza place On the go At home

My favourite pizza has

- Bacon
- Beef
- Cheese
- Chicken
- Ham
- Pepperoni
- Pineapple
- Salad or arugula/rocket

Other:

Importance

The most important thing when I buy a pizza is

The crust The right toppings That it is cheap That it is bought from specific place Other

When I buy a pizza, I pay attention into

- Organic ingredients
- Healthiness
- Treatment of the animals
- None of the above
- Food safety
- Food additives

Appendix 2. Questionnaire Mean Values

Means

Case Processing Summary

	Cases					
	Included		Excluded		Total	
	N	Percent	N	Percent	N	Percent
:Gender:	307	82,3%	66	17,7%	373	100,0%

Report

:Gender:

Mean	N	Std. Deviation
1,49	307	,501

Case Processing Summary

	Cases					
	Included		Excluded		Total	
	N	Percent	N	Percent	N	Percent
:I eat pizza:	305	81,8%	68	18,2%	373	100,0%

Report

:I eat pizza:

Mean	N	Std. Deviation
2,32	305	1,128

