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EXTREME SPORTS COMPETITIVE ANALYSIS – BASTANTE SKATEBOARDS

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Currently, skateboarding in Finland is trending upwards, which continuously attracts new players to the market. In the past ten years, the sport has found a second wind after its unpopularity in the 1990s. This has led to a change in consumer behaviour. However, the markets seem to be focused on the capital area, leaving the rest of the Finland potentially available.

The aim of the thesis is to design a competitive analysis for the case company, Bastante Skateboards, from Joensuu, Finland. The analysis includes a thorough assessment of both current and potential competitors of Finland’s skateboarding industry.

As for the theoretical part, the thesis shows the usage of necessary tools required to create a competitive analysis. Moreover, the analytical section covers the utilization of these tools to analyse and determine the market potential. The process uses mostly secondary data as its primal source.

Bastante Skateboards’ competitive analysis is devoted to identifying the direct and indirect competitors, as well as their market shares along with their basic objectives. Furthermore, the thesis also provides the case company with a strategy for future development in order to survive in the skateboarding market of Finland.
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1 INTRODUCTION

1.1 Background

In Finland, skateboarding has been around almost as long as in the U.S, but it really came to notice at the end of 1980s. However, at the end of 1990s, the development of the sport took a step back. Seen only as a marginal bunch, skateboarders did not get themselves taken seriously in society; this was also probably due to the young age of the sport. The weather conditions in Finland limits the sport’s possibility in the outdoors to six months, and the lack of adequate indoor training facilities has made many hobbyists give up skateboarding. Nevertheless, the national championship contests of skateboarding have been held regularly beginning in the 1980’s (Rullalauta.fi 2017).

Moving towards the twentieth century, the first skateboarders in Finland began to reach their thirties. They started to establish associations for the sport and demand indoor training facilities from their hometowns. In many towns’ resident surveys, skateparks have gained their place at the top of the wish list, and generally skateboarding has been noticed as one of the most popular sports among the youth. At the same time, the general appreciation for the sport has risen, even though it is not recognized as a traditional sport in Finland.

According to the “Skateboarding Program of Helsinki 2010 -2014”, it is estimated that one-fifth of boys between ages 10 & 15 skateboard. Also, between the ages 19 & 65, there are over 11,500 active hobbyists of the sport (Seppälä & Vertainen 2009).

There are over 50 different skateboarding brands listed in Finland’s biggest retailer’s website. Thirteen of them offer skateboarding decks as their main product. Only four of them are Finnish brands (Lamina.fi 2017).
1.2 Aim of the study

The study is conducted for a skateboarding company that imports and sells skateboarding equipment in Joensuu, Finland. It specialises in the wooden part of the skateboard, the deck, but has also tie-ins to apparel and other equipment. The company’s aim is to gain more market share and reputation among enthusiasts and boost sales numbers.

The purpose of this thesis is to develop a competitive analysis for the case company, Bastante Skateboards. In order to identify the competitors and evaluate their strategies, the company is able to establish what makes their product unique on the market. The study also identifies the future potential of the market, strengths and weaknesses of the case company, as well as the attributes playalbe in order to attract the target market.

1.3 Outline of the Report

There are two main aspects in the thesis: the theoretical part and the implementation of this theory in designing a competitive analysis. In the first part, the paper describes several analytical tools that are applied for industrial and competitive research, including Porter’s four corners analysis, five forces analysis, SWOT analysis, and 4Ps (marketing mix). As for the second part of the thesis, the qualitative knowledge will be applied for the case company using primary and secondary data.
2 BASTANTE SKATEBOARDS

Formaly known as Bste Skateboards osk, Bastante Skateboards is a cooperative company that was established in the summer of 2016, as a result of a childhood dream made reality between long-term friends and skateboard hobbyists. After realizing that the friends had everything they needed to establish a company, including business experience, a painting artist, and good connections on the market, it took one year to formalise the idea. The process also required the assistance of an entrepreneurial spirit lifter and mentor, Petteri Hannonen.

Nowadays, Bastante Skateboards offers different kinds of skateboarding decks as their main product. The decks vary from each other by shape, length, width, and graphics. In addition, the company has taken tie-ins to its selection to attract customers from other areas and increase its market share. The tie-ins include clothing, headwear, stickers, sunglasses and bags. The products are found from the company’s website and social media accounts, as well as from some websites of retailers.

The core values of the company are quality, locality and conveying a good spirit throughout the company – having fun. Moreover, Bastante Skateboards wishes to distinguish itself from the competitors without outsourcing and by creating a competitive price level for its products.

2.1 Skateboarding Market in Finland

During 2014, Finland’s Skateboarding Union ascertained the amount, activity, and avocation possibilities of skateboarding via a nationwide inquiry. According to the inquiry, skateboarding equally takes place in the streets and in skate parks. Many of the hobbyists think that the sport, despite the large number of its enthusiasts, is not seen as worthy comparable to e.g. football or ice-hockey.
Because of the result from the inquiry, societal support towards the improvement of skateboarding places nationwide is not sufficient. On the other hand, many of the skateboarders have noticed the investments in Finland’s capital area. Especially the production of concrete skate parks has been growing constantly, due to the great attributes of it as a building material. It would be safe to say that the demand of skateboarding products grows simultaneously with the increasing number of skateboarding places, meaning the capital area of Finland has the most potential to pursue for the case company (Helsinki Public Works Department 2015). The following picture shows the number of skateboarding parks at the start of 2015 in the capital area of Finland (Figure 1).

Figure 1. The areas designed for skateboarding in the Helsinki municipal area in the beginning of the year 2015 (Haahla 2015).
3 DESIGNING A COMPETITIVE ANALYSIS

The question is: on what functional activities should a business concentrate its resources? This chapter gives a definition for competitive analysis, while also describing the potential of existing and plausible competitors to influence in a competitive mind.

3.1 Definition of Competition

As in every market, there is competition. In order to understand what – and who the competitors in the market are, a competitive analysis is needed. The process is made to identify, analyse and determine the competition inside the market, compares strengths and weaknesses of the current players, and find potential upcoming competitors. Competitive analyses are crucial to small businesses, since they are often the most vulnerable (Haden 2015). As noted by Fleisher and Benoussan (2015), when taking into account the competitive priorities of firms these days, corporate leaders need to have a benchmark for defining the kind of business they have, and an analysis of how it works. More importantly, they have to be able to change the valuable form of information available to decision making and subsequent actions. What has been collected must be transformed into salutary intelligence. This is done by creating analysis.

3.1.1 Direct competition

The arms race in consumption markets creates new products and services all the time, and each company offers something for everyone. Consumers justify their procurements by having a need for something. Companies who offer the same satisfaction for needs are the ones called direct competitors. For example, a bookstore offering books has a library and antique store as its direct competitors.
Continuing with the bookstore example, a customer who chooses to acquire something from the store has two options. The customer can buy a product either for himself or as a gift. This makes the bookstore available to a much larger market, a gift market. Whoever sells products or services as a present is also a direct competitor (Abramovich 2009). In concurrence with Oman (2011), customers will most likely consider diverse price points, features of the product, locations, and service levels when deciding from where to make their procurements.

Consumers will not choose the same combination of a product/service, which is the very essence of competition. By positioning the business activity to offer a unique set of options, it can overtake a disparate consumer. For example, competing corporations that aim at wealthy customers would most likely not compete for price level, whereas working-class aimed businesses might try to offer the same product/service at the lowest price level possible. That being said, understanding where the direct competitors are stationed is key to perceiving and filling the need.

3.1.2 Indirect Competition

Practically every firm has to face some kind of implicit competition. If organizations produce goods or services which can easily replace the ones offered by competitors in a certain field of business, these particular companies become indirect competitors. While examining possible ways to fulfil the need of a customer, the consumer either grabs the opportunity with a different, substitute product or service.

In conclusion, indirect competitors have the power to satisfy the need for a customer, but with a different kind of product or service. As an example, two car rental companies in a certain region would be in direct competition with each other, but both companies would be in indirect competition with a local public transport system (Haden 2015; Oman 2011; Porter 1998).
3.2 Other Factors

While browsing through the market for information, every possible competitor needs to be taken into account. As stated by Haden (2015), there is no certainty of when or how new competition arises, but it can be prepared for. For one to stay alert, thorough consideration of the entire industry is needed. With certain signs, i.e. noticing if there is very little competition at the moment, it means there is room for new players to enter. Moreover, if a particular market is growing rapidly, a good business plan is an excellent means of entry for potential competitors.

Stakeholders which might affect to the profitability of the industry are another factor. Special groups, communities and government agencies have the power to perpetrate actions that may change or harm the working environment and cause unintended money expenses. For example, the fuel efficiency and safety measures for automobiles are mostly improved upon due to pressure from consumer groups (Porter 1998). More information on the important elements related to external factors of the competitive analysis are introduced in the Five forces section.

3.3 The Structure of Competitor Analysis

In order to create a successful competitive strategy, a crucial factor of the process is the positioning of business. In order to be well-positioned in the market, a company should be able to maximize its abilities, which makes the company stand out from the competitors as a predictive player. Consequently, a key part of the strategy’s design in competitor analysis is to identify the existing rivals and their future objectives (Porter 1998). One of the most popular models for this type of competitor analysis is the so-called “Four Corners”, which holds four diagnostic components, including future goals, assumptions, current strategy and capabilities. These segments are processed in the upcoming section.
3.3.1 Future Goals

The first part of the competitor's analysis is important for a number of reasons to diagnose competitors' goals (and how to measure against these goals). Knowing the goals will enable one to anticipate whether each competitor is satisfied with its current position and financial results and further how likely it is that the rival will change the strategy and intensity to react to external events.

Knowing competitor’s objectives will also help to anticipate their reactions to strategic changes. Some strategic changes threaten the competitor more than others, given the goals and possible pressures that the company may face. This threatens the likelihood of countermeasures. Finally, the diagnosis of competitor objectives helps to interpret the seriousness of the initiatives taken by competitors. In summary, analysing the competitors’ goals helps to understand if they are satisfied with their current performance and market position. This helps to anticipate how they can react to external resources and how likely they are to change their strategy (The Chartered Institute of Management Accountants [CIMA] 2007; Porter 1998).

3.3.2 Assumptions

The second part of the competitor analysis is to identify the assumptions of each competitor. The speculations to be considered are divided into two main categories: competitors’ assumptions about themselves and their assumptions about the industry in question and its existing rivals. Competitors’ own assumptions about the company and their industry help to define the moves they are considering. Competitive position, trends, customer loyalty and previous experiences with a product/service can affect the results of competitors' own assumptions. The second part of the analysis contains questions and characteristics such as the perceived industrial groups and the relative position of the company in comparison to these. Moreover, the beliefs of competitors’ objectives have been influenced by regional, cultural and national differences, which can be seen in order to direct product quality at the expense of unit costs (Porter 1998).
3.3.3 Current Strategy

As moving forward, the prominent stage is to find out how the competitor’s strategy works in its current state. As Porter (1998) states, the competitive strategy is likely to be considered as a key operating mode for every functional part of the business and how it strives to be interconnected. According to CIMA (2007), the company’s strategy determines how a competitor advances and operates on the market. Even if a competitor has a strategy that is presented in the annual reports, interviews and public statements (planned strategy), it may differ from the strategy that the company pursues in practice. This is reflected mostly in acquisitions, investments and new product placements (implemented strategy).

If the current strategy gives satisfactory results, it makes sense to assume that the organization will continue to compete in the same way as it currently is. On the other hand, if the benefits of their strategy are not met, they are likely to change the course.

3.3.4 Capabilities

Businesses can never stop improving or changing their competitiveness. The value of resources and capabilities - the strengths and weaknesses of a competitor - are inseparably linked with the strategy. Remarkable areas in which capabilities are measured, such as financial, human resources, skills and tangible merchandise, describe the roles that individuals and units within the business play in regards to meeting business objectives. In light of the previous paragraph, the capabilities compound all the abilities, which determine the business’s ability to operate and remain in a competitive position (Porter 1998).
3.4 Porter’s Five Forces

Not just to assess and understand the market’s attractiveness, but to also provide a framework for analysing the nature of competition within an industry, Porter’s five forces help to understand an industry’s profitability. Essentially, this comprehensive process for a competitive analysis is more of a resourced view, which takes into account what is in the field of a market, and how to deal with it. The goal is to determine whether a business has the ability to carve out a defensible market niche, and to insulate itself fairly well from the rivals.

The rule of thumb of the method is to anticipate the development of a competitive situation in the industry, with an analysis based on an assessment of the potential behavior of potential competitors and objects in certain markets. In addition, anticipating the near-term business risk on a specific market, Porter’s five forces considers five different variables: rivalry and intensity, the threat of new entrants, substitute products, the power of buyers, and the power of suppliers (Porter 1998). These aspects, with which a company is able to determine the competitiveness of the market, are introduced in the following pages.

3.4.1 Rivalry and Intensity

Direct competitors are different companies that produce products or services that consumers find similar. Competitive companies are trying to outdo each other with lower prices and/or high-quality products or services. Therefore, their profitability becomes weaker. In sectors where competition rivalry is a major problem, there are usually many players that struggle to make a return on a sufficient investment. This generally results in a low level of profitability, whereas the key factor is to create a competitive advantage (Porter 1998).

As Henry (2011) states, many factors influence the rivalry, but one major factor is the differentiation. If companies in the field can differ, competition falls and profits grow. Continuous competition is growing with commodity products and reduced if effective differentiation exists. In the best-case scenario, customers have an incentive to stay loyal and not to search among the rivals for a price that is the
lowest. Moreover, if the industry consists of a large number of competitors, the rivalry is stronger. If competitors have the same size or market share, the rivalry intensity is greater.

### 3.4.2 Threat of New Entrants

In order to gain a market share, new entrants will bring new capacity in production. Naturally, when new companies are trying to pursue to the market, they face many challenges and barriers to entry. These are largely determined by the reactivity of existing companies in the sector. Otherwise, new entrants with potentially new competitive advantages will enter the market and so threaten the already established competitors.

However, access to industry is largely dependent on the barriers of entry. An entry barrier is an obstacle that makes it difficult for an enterprise to enter the industry. Such barriers include, for example, product differentiation, governmental factors and production costs. As with rivalries, the threat of new entrants deals with how the price is going to be carved up. In order to hold the attractiveness in an industry, it is necessary both to create a value and able to capture it as well (Porter 1998).

### 3.4.3 Substitute Products

The more substitutes for industrial products/services, the less profitable the industry. The existence of substitute materials gives buyers the opportunity to benefit from their presence and compare the products with prices, quality and quantity. That being said, current substitutes restrict the market share and strength of companies. In the worst case, if the customer is not satisfied with a particular product or service, he/she has the option of switching between available choices, which will cause disruption to competitors’ customer base (Porter 1998).
3.4.4 Power of Buyers

In a decentralized market where many companies offer the same product or service, competitive prices are created, and as a result, the buyers create themselves factors to bargain; replacement products, price sensitivity, switching costs, buyer volume and buyer information. These factors are also called bargaining power.

Buyers have an impact on an industry's ability to compare better quality and cheaper options. If all of these factors end up decreasing the attractiveness of the industry, the result will be lower profitability. However, in a monopoly position, where a single firm controls the market, the buyers are clearly in a disadvantaged position, as the lack of such bargaining power prevents them from comparing one company to another (Porter 1998).
3.4.5 Power of Suppliers

As stated by Porter (1998), the relationship with the industries that supply companies directly affects the costs position. If the supplier industry is full of numerous suppliers, offering different options to the purchasing industry, the bargaining power of suppliers is limited. Naturally, the higher the bargaining power of suppliers, the weaker the companies in the purchasing countries are. A powerful supplier can influence the profitability of the entire industry by raising the prices or reducing the level of goods delivered. A company with few or only one potential supplier may have little impact on the price it pays when purchasing materials and components (Figure 2).

Figure 2. The five forces of competition.
3.5 SWOT Analysis

The SWOT Analysis is a technique to identify the external factors (opportunities and threats), and internal factors (strengths and weaknesses) of a company. The analysis helps a business to assess its competitive strength and the nature of its external environment. The main purpose to include SWOT in the competitive analysis is to benefit from its strengths, as well as to see and handle opportunities and depreciate threats and weaknesses. In a nutshell, a SWOT analysis is an efficient way to capture and frame the current state of a company in its competitive manner (Harrison & St. John 2014).

3.6 Marketing Mix

The marketing mix, also called the 4Ps of marketing, is used as a formal guideline for understanding the basic information of a successful marketing approach. The analysis can be defined as a set of four different parts of tactical marketing tools that the company combines to produce its desired response to the target market - product, price, location and promotion (Kotler 1999).

3.6.1 Product

Product is the most important part of marketing mix, since all other marketing is built around it. The product must meet the needs and desires of the consumer, defined as a commodity or service the company offers to customers on a particular market. The final edition of the product presented by the company can be divided into three parts: core product, product and added product.

The core product is the actual core part or service your customer receives. The actual product is built around the core product and may include parts such as packaging, design or brand name. The added product also has additional ser-
vices, such as installation, delivery and maintenance. Moreover, the actual product plus the added product part has been built around the core product, which increases the value. The organization can decide its own strategy on how the product or service looks and is placed on the market based on its goals and opportunities (Ewer 2017; Kotler 1999).

3.6.2 Price

Price is the amount of money a company is asking for its goods or services. It is a set of values that consumers switch to gaining the benefit of using or owning a particular product or service. Technically, the goal of the price is to lower the total production cost of the company and the selling price of the product compared to the value observed by the customer. When applying a pricing strategy, the company must take into account factors such as consumer demand, product life cycle, possible replacement products, production costs, and marketing strategy. If the product has been successfully differentiated, the product pricing is easier (Kotler 1999).

3.6.3 Place

Place can be defined as a diversified activity for the company to make its products or services more accessible to the target groups. Accessibility means obtaining a purchase; its aim is therefore to achieve the meeting of a customer and the product. The road from the original manufacturer of the product finally ends up with a multi-step chain of customer relationships. This chain consists of a manufacturer, broker and final buyer. Based on the company’s goals and product type, it can choose the most appropriate distribution strategy (Kotler 1999).
3.6.4 Promotion

Also known as marketing communications, the promotion of the marketing mix puts together price, place and product to a functional entity. Promotion is an activity that allows an enterprise to notify the final consumers of their products or services and guide them towards the wanted outcome - a positive purchase decision. It includes advertising, promotion, public relations, direct marketing and sales (Gummesson 2012). Additionally, each company can create its own marketing communications system that is considered the most appropriate way to achieve goals (Kotler 1999).
4 CREATING A COMPETITIVE ANALYSIS FOR A SPORTS BUSINESS (LITERATURE REVIEW)

4.1 Introduction

Part of the competitive understanding, the analysis is a valuable cornerstone of any effective strategy. As the structure of the market might suddenly change, the analysis helps to understand and predict actions made by the competition-im-pacting stakeholders. Generally, the analytic process can be seen as observing certain events, persons, or actions to create predictions of what may occur (Fleisher & Bensoussan 2015). For one to have something to analyse, one first has to gather the data of what the research and observation is about, the general information.

4.2 Problem Statement

The owners of a small business, especially those whose operations are small as well, have to face more than just trying to fill the sales. To keep up with the rivals, and most importantly, to stay alive, the position of a small business must be un-derstood. The goal for a competitive analysis is to know how to be positioned in the right way, and, more importantly – how to create a way to be different. More-over, small business owners can be so busy that they forget to remain up-to-date. While trying to stay energized and overcoming fatigue, the results after working hours could lead to harsh decisions (Roque 2016).

Money is known to be as one of, if not the most important reason to cause prob-lems, which might lead to the failure of a small business. Problems with money in their various forms are the top woes for most companies. This includes outstanding bills, unexpected outgoings and stalling payments from clients. That be-ing said, with a small marketing and advertising budget, it is challenging to attract
potential and retainable customers. This is due to the fact that potential customers are usually hesitant towards new businesses, while favouring companies with more experience and large customer bases (Ewer 2017).

Marketing through social media has been widely observed in recent years, but not specifically for extreme-sport oriented companies. Even though most of the companies in this field use social media as a marketing tool, only a few pay attention to its risks and possibilities. Social media is seen as a perfect marketing tool due to its lack of criticism and potential of free marketing. However, businesses that use social media may encounter issues with their public images, as customers are able to write anything on their Facebook or other social media website (Korosuo 2013).

4.3 Objectives

For starters, a competitive analysis requires only basic research such as looking up and making note of competitors' businesses from easy to find platforms. These include e.g. websites, social media pages and other tangible marketing data such as posters, ads and brochures. At the same time, the direct competitors providing similar products or services are to be listed (Bhasin 2016).

Three types of data collection stand out in the market. They are separately cost and value. In ascending order, they are observations, secondary information, and priority information (Kotler 1999). As presented by Fleisher and Benoussan (2015), the profiles of the competitors are produced to address the competitive information as layers and types of analytic outputs. Firstly, passive competitors are characteristically slow to react, with a less than solid position in the market while still holding customer loyalty. Competitors of this type give reasons for aggressive strategies, due to their unoriginal and conspicuous behaviour in the market. Secondly, an active competitor holds selective actions with an aggressive competitive response. This type of competitor is always up-to-date in critical success factors. Hence, developing a competitive strategy is vital as a response to such behaviour.
4.4 Preliminary Literature Review

The preliminary literature review indicates that sports businesses are relying on nearby future competition to keep consumers interested. Competition bans can, however occur in many forms, such as freshly entering leagues or sports in the market, substituting products for consumers, and the ability of buyers and suppliers to engage their bargaining power (Smith & Stewart 2014). The biggest challenge to effective sports business analysis is to convert raw data to useful, value-creating and functional information. In order to enable business professionals to make strategic business decisions, the main objective is to improve the company's financial strength and a lasting competitive edge. Moreover, earlier case studies describe how primary consumers see access through digital channels and are not based on who sells the inventory, or whether the messages are an exact presentation of the franchise itself. (Harrison & Bukstein 2016).

At the extreme of sports commodities are products that are highly differentiable in physical terms, such as clothing, shoes, and rackets. Such products have many degrees of design freedom. In the case of a skateboards, however, it can be differentiated only by size, concave and graphic. This makes the product more vulnerable for substitutes.

4.5 Methodology

This author suggests that research could be used to solve the problem, which could be used to expand the potential of the existing skateboard market with a new perspective. For example, this research has to find out both the consumers’ feelings and experiences of the current market products. This would occur through surveys, interviews, and seminars. The methodology, which takes into account the case study scheme, and public data collection tools, provides an event sampling methodology, which allows researchers to study the current experiences as well as events that vary across and within the naturally occurring environment in the skateboarding industry.
The research should take place at the time when Tokyo Olympics in the year 2020 will be held, because for the first time in history, skateboarding will be a new sport for these games.

According to The Tokyo 2020 Skateboarding Commission (2016), if skateboarding would be properly protected and supported, bringing it to the Olympic sports would change the idea of the sport’s existence. This is in many ways true, as originally skateboarding was invented to get rid of the so-called rat race, where individuals are struggling with the ambition towards money and fame. It is no wonder that the commercialization and capitalization of the sport and the access to the Olympic Games have provoked controversial feelings in the older generation of skateboarding, as well as with the present active hobbyists who hold similar, original principle towards the sport. okmmen(Clark 2016).
5 COMPETITIVE ANALYSIS FOR BASTANTE SKATEBOARDS

The theoretical part of the thesis will be utilized with the tools described in the previous chapters. The presented competitive analysis consists of the objectives and an evaluation of the competitors in Finland’s skateboarding market.

5.1 Marketing Mix of Bastante Skateboards

Also known as the 4Ps, the marketing mix is convenient because the company itself has the ability to influence reactions through its own actions. These four Ps, which have already been demonstrated in the theoretical part of the article, are known as: product, price, place, and promotion. This model has been created from the case company’s point of view, and the company can easily influence all aspects of it. Since the model was developed in the 1960s, it is worth looking at how well the model suits the current market. This is due to the fact that it is the most popular marketing tactic taught to students, and every business student faces it at some point in their studies.

5.1.1 Product

The product or service is the most important part of the marketing mix. Contemporary relationship marketing emphasizes the importance of customer loyalty and requires product development from the customer’s wishes. Bastante Skateboards uses this tactic prominently, noting that the proud people of Eastern Finland enjoy the visibility of their hometown. This can be conveniently shaped into the graphics section of the product, highlighting the most spectacular locations and culture in Joensuu, of which the city (and in some cases, the whole Finland as well), is well-known. This should be taken into account, from the design of the product up to its packaging.
Moreover, since it is the first Joensuu-based skateboarding company, the product’s takeoff has a tight and supportive set of backgrounds, which has been created through active word-of-mouth networking, with local media noted to have a significant visibility.

5.1.2 Price

The price to be chosen should match the quality of the product or service and be compatible with other competitive means. The case company’s first inquiries included determining the current average price for skateboard decks in the Finnish market and how to be competitive with them. This is also influenced by, among other things, production and logistical costs. Today, the firm has the most competitive price for local customers for making the product itself as attractive as possible, as well as having the same price as the online shop selection. This means, that the profit margin is greatest when sold to customers in Joensuu and the surrounding area internally without mailing. It is also important to think about what the target audience is willing to pay for a product available locally. Fortunately, the company’s representatives are actively following the skateboarding market and are able to report the average price at a refreshing pace.

5.1.3 Place

The company’s basic competitive edge is availability, which means all factors that make the customer’s point of view easier and quicker to secure the purchase of the product and its business. One factor related to availability is the sales channel, which is the route along which the products pass from the business to the end customer.

Locally, and all over Finland, the postal transaction is direct when the case company sells its product directly to the end customer. However, indirect sales tactics have started to increase in appearance, i.e. when the product is delivered to end customers via other intermediary companies. Interested subcontractors have
been found in the Helsinki Metropolitan Area, and an additional network has accumulated due to the settling of two shareholders to southern Finland. In addition to the company’s main sales channel, which is direct sales in Eastern Finland, a parallel sales channel is being developed. This idea is to invest in product and brand visibility by offering products to potential subcontractors in the capital city. More importantly for external availability, the customer should find information about the company easily and quickly. This affects, among other things, remembering the name of the company.

5.1.4 Promotion

Lastly, marketing communication and product marketing communication should make the customer interested in the product and persuade the customer to make a purchase decision. The use of visual marketing includes many different elements, but the case company mainly uses two: social media and magazines. Both of these are strongly related to each other, since skateboard magazines have respected roots in the culture of the sport. From the framework of experience, it can be said that access to skateboarding’s social media requires the so-called approval from the magazine, which is a direct reference to the brand’s reputation. Marketing communications should support the image of the previous three Ps about a product, which why the case company has invested in, among other things, distinguishing the three most important highlights to advertising and social media: distinctness, availability and competitive price.
5.2 SWOT Analysis of the Main Competitors

The first part of the marketing competitor analysis is to look at the competitors from the customer point of view. The analysis clarifies the major strengths and flaws of the main competitors of Bastante Skateboards. The purpose of the analysis is to jump into the role of the customer in order to find out reasons for choosing the competitor’s product instead of other alternatives. This study will also help the case company in future marketing steps.

5.2.1 Lamina’s SWOT

As one of the biggest retailers and importers of skateboarding equipment in Finland, Lamina’s has created a strong foothold in Finland’s skateboarding market with over two decades of experience (Ytj.fi 2017). As stated previously, the skateboarding scene of Finland is mostly based in the capital area. As a major supporter for skateboarding events, Lamina is a noticeable sponsor name at competitions and other related occasions. Having a shop in the center of Helsinki and a nationwide web store, as well as significant international product selection, Lamina’s overall strengths can be divided into sections of: wide availability (geographical and product), visibility and experience in the industry.

As for looking at the flawed sides of the competitor, the threat of new entry (in this situation, the case company) creates fuzz in the market. As a long-term player in the market, Lamina must absorb the blow of the new entrant. Lamina’s great visibility can also be a serious matter, as there is more pressure to practice good corporate social responsibility. Moreover, when looking at the prices Lamina is using for the skateboarding decks in its selection, the range is from 65€ to 105€, which is more than the case company is asking for its main product (49€). This is a clear disadvantage for the competitor. (Lamina.fi 2017.)
Lamina is part of an annual international skateboarding event called "Helride", which takes place July 13-15. This brings a large number of enthusiasts of the sport to the Helsinki metropolitan area, whereby the rise in skateboarding equipment turnover has potential (Helride 2017). In addition to this, the company's over two decades of experience and a strong foothold suggest of an experiment for internationalization, either by expanding the possibility of mailing globally or by setting up a new store abroad, for example in Estonia.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Wide availability</td>
<td>• Pricing for the main product (deck)</td>
</tr>
<tr>
<td>• Visibility</td>
<td></td>
</tr>
<tr>
<td>• Experience</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Annual event Helride</td>
<td>• Entry of Bastante Skateboards</td>
</tr>
<tr>
<td>• Internationalization</td>
<td>• Pressure on social responsibility</td>
</tr>
</tbody>
</table>
5.2.2 Trick Scooting’s SWOT

As a substitute product for skateboards, trick scooting has exploded in Finland in recent years. If a few years ago, there were only dozens of different enthusiasts in the field, now there are thousands. This is due to the fact that compared to skateboarding, trick scooting is much less difficult to start with. This makes it easier for the first-timer to choose stable, hand controlled equipment over a skateboard. As a result, it is noteworthy that among today’s kids, trick scooting is possibly the most popular sport in the recreation places such as skate parks. As ironic as it is, there was a time when skateboarding was seen as contemptuous as scooter riding is seen now among skateboarders. Skateboarding was originally a subculture for misfits and punk children, but after the support of powerful, multinational companies like Nike, Red Bull, Adidas and Converse, it has become an official sport. Nowhere is this more obvious as skateboarding being in the Tokyo 2020 Olympics. It is presumable that scooting is on the right track for this kind of generalization as well (Gavin 2013).

When talking about the non-beneficial sides of the competitor, a few distinguishable factors arise. Firstly, a normal trick-scooter’s body is produced of a sustainable, hard steel. When combining the riders weight, speed and impact force of the scooter, it makes it easy to damage and a high-risk factor for the obstacles made of wood and/or plywood in the skate parks. Compared to a skateboard, which has most of the surface area made of wood material, a trick scooter is seen as a more harmful doer (The Vault Pro Scooters 2017). As one might assume, trick scooting is usually seen among children. Every child will go through different choices during adolescence which will shape his/her future, such as hobbies, friendship and other personal interests (Levesque 2014). According to Sihvonen (2017), the majority of the trick scooter hobbyists in Eastern and Southern Finland’s skate parks belong to this particular, adolescence age group between 10 – and 16 years. With this perception, the assumable theory is that their opinions on and interest in trick scooting may change.
<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Easy approach</td>
<td>• Harmful production material</td>
</tr>
<tr>
<td>• Popularity</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Generalization as an official sport</td>
<td>• Adolescence</td>
</tr>
</tbody>
</table>

### 5.2.3 Department store’s SWOT

The basic idea of a department store is to offer customers as much as possible they can with a single visit. Stores have numerous sections to offer products such as food, electronics, toys, sports equipment and clothing with a competitive price range (Boone & Kurtz 2015). In the sports equipment section, customers can also find skateboarding goods.

Assuming that an individual who is interested in skateboarding passes through a department store’s sports section while looking at the selection, it gives the beneficial sides of the department store’s SWOT: price and entirety. As previously noted, department stores tend to offer their customers as much as possible at a good price. This is also the case with skateboards. According to the author’s perception, department stores not only offer a basic substitute for the case company’s product (deck), but the rest of the skateboard’s parts as well as a package (complete). In addition, the price of the skateboard complete in department stores
is much less than acquiring the parts (deck, griptape, hardware, trucks, bearings and wheels) separately from specialty store. Even if a skateboard in the department store's range would be an easy choice for a first-timer, the thing that the consumer may not notice compared to the perspective of an expert is the skateboard's quality.

Moreover, some products may have trusted brand names, or even pro skateboarder endorsements, which can mislead an ignorant consumer. In the worst-case scenario, the purchase choice from a department store gives the experiencer the impression that this particular hobby is not even worth giving a chance due to the instability of the chosen product (Sihvonen 2017).

Table 3. SWOT matrix for Department Stores

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cheap price</td>
<td>• Low quality</td>
</tr>
<tr>
<td>• Entirety</td>
<td>• Not suitable for learning</td>
</tr>
<tr>
<td></td>
<td>• Reputation among skateboarding experts</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ignorant customers</td>
<td>• Misleading customers</td>
</tr>
<tr>
<td>• Skateboarding as a trend</td>
<td></td>
</tr>
</tbody>
</table>
5.3 Five Forces of Bastante Skateboards

For a more intensive orientation to the case company, the utilization of Porter’s Five Forces will be used as a directive tool, with the purpose of implementing a strategy to expand the competitive advantage.

5.3.1 Rivalry and Intensity

For Bastante Skateboards, the local competition can be seen as their clearest advantage. This is due to the fact that they are the only provider of locally designed skateboard decks in the whole of Eastern Finland. Therefore, geographically the closest direct competitor appears at the central part of Finland, in the town of Jyväskylä, which is 248km away from Joensuu. In this case, of course, the supply of department stores is not taken into account since it does not fully correspond to the case company’s product, as it offers the whole package and not just a certain part of it (deck).

When looking more at the local competition, two of the main competitors are combining in Joensuu, as department stores nowadays also offer trick scooters as a part of their sports selection. In addition, the most uncontrollable feature in rivalry is the accessibility to online skateboarding stores. To find online stores such as Lamina.fi, one is able to surf, observe, and shop through internet devices around the clock. However, there is also the possibility for the case company to influence a potential customer’s decision-making process by being present, both locally and through the devices accessible to internet and social media.
5.3.2 Threat of New Entrants

As established in the year 2016, Bastante Skateboards is considered as a new entrant in the Finnish skateboarding market. The entrepreneurs of the case company have clearly noticed the buzz that they have created among the existing skateboarding companies. The main reasons for the painless entry to the market were simple: Potential producers were found with a few clicks from the internet, and the initial investment was effortless due to the large number of shareholders in the company as well as the trust created by a long-lasting friendship.

As visually recognizable as a skateboard is, the graphics on the bottom of the deck is the main differentiating feature. As mentioned earlier, one of the shareholders of the case company is a talented draftsman with a signature style for visualization. Since most of the competing product’s graphics are available through the internet, it is convenient to create differentiation by comparing the current availability with the draftsman’s style. Lastly, the most distinguishing factor of the main product is the price differentiation compared to the competitors, which sell in the same quality class.

5.3.3 Substitute Products

As mentioned earlier, the most distinguishable rivals as well as relatable substitute products for the case company are not only just representatives of the same sport, but also of a broader range of options. This clearly poses challenges in addition to the already existing ones in the same product market.

Bastante’s biggest market share comes from the local sales, because in Eastern Finland it is not possible for a customer to physically compare more than a few substitutes in the range of skateboard decks. For this reason, it leaves the comparison slight, while strengthening the current market share and reputation. More detailed information can be found in the SWOT analyzes.
5.3.4 Power of Buyers

For a new firm, the customer’s bargaining power is a significant factor. It could even determine the direction of the firm. For this reason, the case company’s early stages in the market are taking place very rationally, in order to turn the customers’ bargaining power into benefit. In the commencement stage, this is done by collecting feedback from the customers, so that it can be altered into a positive outcome for later marketing tactics. This feedback directly concerns price planning, product graphics and appearance, and customer approach. Seeing the bargaining power from the client’s point of view is a very important part of the sustainable development for the case company, as a part of its continuous striving towards success.

5.3.5 Power of Suppliers

In the selection process of possible suppliers in the skateboard industry, the case company took into account several factors such as production costs, logistical challenges and production time. Moreover, the most reckoned feature in the comparison process was the overall reputation of the supplier. This consists of how respected and well-known skateboarding brands the factory is supplying its materials and components.

At the outset it is clear that the chosen supplier in question could not use its bargaining power in the section of quality. This means that if the supplier would offer a different quality grade to its so-called flagship buyers, the supplier would be seen as an unworthy business partner.
6 SUMMARY

The theoretical part is firstly presented in this thesis, giving the reader the overriding features of the competitive analysis and an overview of the case company in its current market. The section will look at breakthrough parts of the most important areas of competition as a concept, providing the reader with a versatile set of definitions and examples to be used to perform the particular assay.

The structure of the analysis gradually determines the four points that emerge from the main feature, which looks at the case company's future goals, assumptions, current strategy, and how capable Bastante Skateboards is at present. In addition, the section brings forward the analytical tools used for determining the competitiveness.

The literature review deals with the published information related to the case company's area, as well as information on a particular subject area over a certain period of time. Due to the thorough change in the structure of the market, the literature review helps to understand and anticipate the actions of competing interest groups.

Finally, the competitive analysis raises the most important criteria for Bastante Skateboards compared to their major competitors. The most significant differences as a competitor are the fact that they are the only locally designed skateboard deck provider in Eastern Finland (geographical market share), as well as owning the best price-quality ratio of the main product. With their current efficient strategy, the company can be assumed to be more prominent in the most gainful skateboarding market of Finland, the capital area.
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Product of Bastante Skateboards
Appendix 2

Tie-in product of Bastante Skateboards

Appendix 3

Products of Bastante Skateboards
First product of Bastante Skateboards

Source: Hiltunen 2017