Entering the Dutch market: is there a case for Marimekko?

Katarzyna Milczanowska

Abstract

Date

Author(s)
Katarzyna Milczanowska

Degree programme
Tourism

Report/thesis title	**Number of pages and appendix pages**
Entering the Dutch market: is there a case for Marimekko?	48 + 1

This thesis is a result of an international project conducted together with Stenden University of Applied Sciences (Emmen Campus, the Netherlands). The commissioner was Marimekko, a Finnish lifestyle brand. The study's goal was to assess Marimekko's potential to enter Dutch market.

The thesis defines terms necessary for understanding the study, such as market entry mode, internationalisation, brand awareness and other. The thesis evaluates market entry modes, company's internal and external factors influencing the choice of entry mode, role of brand awareness, and designs its research method in cooperation with Stenden students.

The research used secondary sources collected during desk research (previous researches, available literature and articles). The primary data were gathered in cooperation with Stenden University students. The empirical part presents this data, starting with describing Marimekko as a company, Mari girl consumer persona, the product that the company offers, and an analysis of current situation of Finnish market, ending with results of Marimekko's brand awareness in the Netherlands. Next, Dutch market, Dutch consumers and competition are introduced. Finally, the survey and interview results are presented. The thesis concludes with recommendation for Marimekko and suggestions for further research.

The research results show that Marimekko has a potential to successfully penetrate Dutch market. The recommended entry mode would be Greenfield or direct exporting. The recommended store location would be Kalverstraat in Amsterdam, and it could be a phygital store. Marketing campaign should include discounts and special offers, should be visual, should employ social media, such as Instagram, and could include cooperation with local fashion bloggers.

Keywords
Marimekko, Dutch market, internationalisation, entry modes

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1 Introduction

1.1 Background

In 2015 and 2016 many economies were still recovering from the recession resulting from financial crisis that hit global markets in 2007. The recession significantly reduced demand in many countries, so many businesses had to reorganise, restructure, and find new ways to improve their profitability. Two solutions were: to expand to new markets and to increase presence abroad. According to Albaum & al. more and more companies are going global, and international interdependence becomes stronger (Albaum, et al., 2016, p. 2).

Companies choose to internationalise for a number of reasons. Blythe (Blythe, 2008, p. 235) lists a few reasons why companies expand to foreign markets. One is that the domestic market is small, or it becomes saturated, in which case a company can only achieve further growth by expanding to foreign markets. Another reason is to seek market diversification. With a wider range of markets accessible, the company will be less affected if one of the markets fails and will be able to gain profits from other markets. Since crises rarely affect all the markets around the globe, a larger number of markets offers a better chance of survival. Additionally, the product life cycle can be at different stages in various countries. Another reason is that introducing same product in a new market can help the company to save money on research and product development. Finally, the competitors can come from the outside and enter company's home market.

International competitors can nowadays more easily than before penetrate markets abroad and compete in a company's domestic market. Companies who are not actively exploring opportunities in new markets can not only miss out chances to grow, but can also encounter problems in their home countries if they do not recognize and react in time to the foreign competition who bring to bear their unique products, solutions, experience and business methods. Facing the competition on international market can help the company to resist competitive threats and develop strategies on how to compete with them (Albaum & Duerr, 2011, p. 19)

Through international expansion companies also can get access to the latest technology, innovative manufacturing solutions and fresh product ideas (Hollensen, 2012, p. 10).

The external factors that stimulate growth of international business are technological developments, especially e-commerce, software development, and lower costs of communication. Other forces behind globalisation are: new logistic solutions, an increase in cross-national and cross-cultural collaboration, raised consumer awareness, and lowering of barriers to trade (Albaum & Duerr, 2011, p. 3).

To sum up, businesses face numerous challenges, such as unstable economical situation in many countries, intensifying competition, rapidly advancing technology, and globally expanding competition. To survive in the modern increasingly interconnected world, the companies turn to foreign markets to discover new sales opportunities.

1.2 Purpose of the study

Given the above need for market diversification, and facing problem of market saturation in Finland, Finnish companies also find themselves in a situation where they need to internationalise. One of such companies is Marimekko, which has been chosen as the case for this study because of its size, its level of renown in Finnish market and easy to recognise products. The aim of this thesis is to evaluate the attractiveness of Dutch market and determine whether Marimekko could expand to the Netherlands. The thesis will also suggest the most effective entry strategy for the company entering that market.

1.3 Problem discussion

Companies which intend to expand internationally should analyse thoroughly their potential, the directions for expansion (which foreign market they could enter) and the strategy of how to enter the market. At the same time the companies should also check if the target market has the potential for their products or services.

The modern world is changing fast, and these changes affect internationalisation of businesses. In addition to short-term factors, Albaum (Albaum & Duerr, 2011, pp. 7-8) lists five changes that will have a long-term impact on globalisation, increasing importance of international marketing. The spread of the internet access, e-commerce, and development of advanced software have revolutionised the way businesses operate and altered their interactions with the customers and stakeholders, enabling companies to gather data on customer preferences and needs, and to reinvent advertising. Advances in software and technology influenced logistics, leading to increased efficiency and lowered costs of transporting goods. Innovation, discoveries, new business models, and fresh ideas flow faster

and are more accessible to the public, which at the same time allows the possibility of out-performing the competitor but also raises the risk of being left behind. Incomes are growing in many countries, migration is increasing, and populations become more diverse, which creates niche markets (Albaum & Duerr, 2011, p. XVIII). Many governmental and legislative barriers are disappearing, and developing markets attract international trade and investments, moving economic activities to new geographical areas, such as India and Asia (Albaum & Duerr, 2011, pp. 7,8). These developments stimulate further the process of internationalisation of businesses around the world.

The study of host cultures is important to those who do international business, because specialised knowledge and well-developed strategies to function in foreign environment can distinguish the company and give it advantage over its competition. This is why a thorough preparation and market analysis are essential (Albaum & Duerr, 2011, pp. 20-21). Holensen (Hollensen, 2012, p. 65) observed that well-prepared and mature company can succeed in dominating international markets. He also pointed out that information and knowledge are the two crucial resources than a company needs to possess if it intends to expand to international market.

1.4   Delimitation and scope

Due to budget constraints and limited time to conduct the project together with Stenden University of Applied Sciences students the research scope was limited to the following:

- − an analysis whether Marimekko has the potential to enter Dutch market and on possible entry methods, without conducting full-scale research nor in-depth analysis of internationalization processes
- − the emphasis both in theoretical and in empirical parts of the thesis is on entering Dutch market for this specific retail company
- − while most of the literature on the topic is available in Finnish, Swedish or Dutch, this thesis was based on a literature available in English only, so it does not present an exhaustive review of the topic
- − the time limit to conduct joined research project in cooperation with the students in International Business & Languages programme of Emmen School of Commerce in Netherlands, Stenden University of Applied Sciences, was 13 April – 29 May 2016. This time restriction has affected the outcomes of the project
- − the data collection for the empirical part was mostly done by the Stenden students while the author of this thesis was in Finland, which impeded communication, influenced the amount and quality of data collected, and affected the overall shape of the project

The theoretical part of this thesis presents different elements of entry strategy and describes various entry modes, as well as motives behind choosing specific entry mode. In

this part also different aspects of company and market are reviewed. In addition, research methods are introduced and discussed.

The empirical part presents the primary and secondary data collected during the research process. This part first gives an overview of the case company Marimekko, its products, customer persona, and the company's home market. Next, the target market and the Dutch customers are described. Finally, the analysis of the collected data is performed and the most suitable entry strategy for the case company is suggested.

2   Theoretical framework

This chapter will explain meaning of terms used in the thesis, such as internationalisation, marketing research, desk research, and shop-in-shop. Next, it will present market entry modes and the factors influencing decision of choosing a specific entry mode. Finally, it will introduce research methods.

2.1   Definitions

In the vast amount of available literature on the topics relevant for this thesis, various scholars tend to view concepts such as internationalisation differently. That is why this study would benefit from defining internationalization precisely. Other terms, such as 'marketing research', 'desk research', and 'shop-in-shop' also require commonly agreed clarifications.

Hollensen (Hollensen, 2012, p. 10) sees internationalisation as an activity of doing business abroad, which often means a specific region, while Kuivalainen et al. (Kuivalainen, et al., 2006, p. 9) understand internationalisation as 'a holistic learning process that results in increasing involvement in international operations.' Chryssochoidis & al. (Chryssochoidis, et al., 1997, p. 3) connect internationalisation with 'entering and initially developing operations in another country'.

Hague et al. suggests to define market research as 'the systematic collection, analysis and interpretation of information relevant to marketing decisions' (Hague, et al., 2016, p. 11)

In this thesis Bridgewater and Egan's definition is used, as it seems broad enough and includes the idea of a long-term, complex process. Bridgewater and Egan (Bridgewater & Egan, 2002, pp. 139-140) describe internationalisation as an ongoing process comprising of successive, individual decisions that a company makes, for example to enter, to expand, or to exit market.

Apart from internationalisation, three other concepts appearing throughout this work needed to be clarified, and will be understood as follows:

Marketing research can be defined as 'the systematic collection, analysis, and interpretation of information relevant to marketing decisions' (Hague, et al., 2016, p. 11).

Desk research is understood in this thesis as 'the study of […] secondary data or that which can be collected without fieldwork' (Hague, et al., 2016, pp. 52-53)

Shop-in-shop or store-within-a-store refers to an arrangement where retailers 'essentially rent out retail space to manufacturers and give them complete autonomy over retail decisions, such as pricing and in-store service' (Kinshuk & Zhang, 2010, p. 748)

2.2 Market entry modes

Martin Luenendonk advises that once a company chooses the foreign market, it should first evaluate entry modes. He argues that 'to minimize initial investment and maximize future revenues it becomes vital to study key possible entrance points, weigh pros and cons of each and then make an informed decision' (Luenendonk, 2014). When a company becomes multinational marketer, it can choose where to manufacture goods. Moreover, the company can directly market and sell its products to the location it chooses, and can employ international talents (Hollensen, 2012, p. 223).

According to Albaum and Duerr (2011, p. 392) market strategy comprises of two elements: the entry mode, which allows entry the specific country, and the marketing plan, which is a tool to enter a target market. The key strategic issue for a company that expands to an international market is the choice of best market entry mode. Once the decision is made and the entry mode implemented, the initial entry mode often becomes institutionalised. At this point it can be challenging to change the entry mode later to a more suitable one (Hollensen, 2014, p. 325).

Root (1995) in Elsner (Elsner, 2014) defines the market entry mode as the 'form of institutional arrangements that retailers use when entering foreign markets for the first time in order to implement their marketing strategy.' Companies who wish to expand internationally have a number of entry modes to choose from. They can adopt one method, or combine different methods (Albaum & Duerr, 2011, p. 554).

Entry modes differ in the degree of control that a company exercises. They depend on the internal resources and the size of the company, as well as on the external factors. Different authors developed various lists and models of entry modes. For the purposes of this study, a set listed by Blythe was adopted (Blythe, 2008, p. 235). He describes five basic market entry modes: exporting, establishing a sales office, overseas distribution, overseas manufacture, and becoming a multinational marketer.

Exporting is when a foreign importer buys the products from manufacturer, distributes them, and organises marketing for these products. This method requires little commitment from the company who is exporting, and it offers the lowest costs. However, the company exporting products has no influence on how its products are used or promoted, which can influence negatively the brand image.

Another method is to establish a sales office in the target market, which gives the company more control, but at the same time requires more investment. This method is represented by joint ventures – business arrangements where a same-nationality company already entered target market and the other company joins in, agreeing to pool its resources to accomplish a common goal or to complete a specific task. Joint ventures can take different forms. One of them is piggy-backing arrangement, understood as 'a form of distribution in foreign markets in which a SME company (the "rider"), deals with a larger company (the "carrier") which already operates in certain foreign markets and is willing to act on behalf of the rider that wishes to export to those markets' (Dictionary of International Trade, 2017). A company might also choose licensing agreement, where a foreign manufacturer can use company's patents. Franchising is a similar solution, where franchiser gives another party a right to run their business according to specific model.

Overseas distribution is a market entry mode where a company has warehouses and distribution network in the target market. This mode gives stronger control over marketing and using the product, but its weak point is that it relies heavily on import.

Overseas manufacture in some situations is less expensive, offers more flexibility and gives more control over product and its quality. What is more, this entry mode also simplifies the logistics. However, businesses rarely choose manufacturing overseas as an entry mode. Usually setting up manufacturing facilities becomes next step, after the company already entered market, and such operation involves significant investment (Albaum & Duerr, 2011, p. 405).

Yet another form of market entry strategy is Greenfield venture, where a business establishes a new wholly owned subsidiary in a host country, building own culture, structure and facilities. A company using this entry strategy does not need help from any other business which is already present in the market. The advantage is that the company using this entry strategy has full control over own operations in the foreign country. On the other hand, the costs are substantial, the risks are high, and the process is complex. On top of

that, the company needs to acquire knowledge and expertise about the foreign market, which is an additional cost, and it needs to invest in building relationships with local stakeholders (MBA School).

After identifying the main entry modes options, the question is how to select the most suitable one. Companies adopt various approaches to select suitable entry mode. Root (1994) in Hollensen (Hollensen, 2014, p. 332) identifies three distinct rules – naïve, pragmatic, and strategy rule. The naïve rule means that the company applies same entry mode to enter all foreign markets, ignoring their diversity. Companies using the pragmatic rule often choose low-risk entry modes at the early stages of doing business. If the preferred entry mode is not working as expected, then the company will search for a more feasible entry mode. One advantage of using this method is that the risk is lower, as decision-makers rejects impractical modes. Another benefit is that it saves costs and time, because the company does not scrutinise every alternative. At the same time, the weakness is that instead of selecting the optimal solution, the company uses the first one that produces positive results. The third rule, strategy rule, implies that the company examines and compares all the possible entry modes, considering the company's resources, the risk involved and non-profit objectives. Thanks to this process, the company chooses an entry mode which will maximise its profit.

Wrona and Trąpczyński (2012, p.301) in Hollensen (Hollensen, 2014) divided entry modes into three groups, differing by level of control, risk and flexibility (Figure 1). Hierarchical modes are the ones where the company completely owns and controls the entry mode (Hollensen, 2014, p. 326). Even though a company using hierarchical modes has more ownership and higher control over its products and marketing strategy, it assigns larger resources, which means higher potential risk involved. Consequently, heavy resource commitment restricts company's flexibility to change entry mode and hinders company's withdrawal from the market. Export modes require less investment and less commitment, so it is easier for a company to withdraw. However, the company using export modes to enter new market, especially indirect export, has little or no control over its products, which can affect its brand image.

Export modes ⟶ 100% external

E.G.: Export buying agent, broker, Export Management System EMS, trading company, piggyback

(Low control, low risk, high flexibility)

Intermediary modes ⟶
(Contractual modes)

E.G.: Export in the name of.. , consolidating freight, performing market research

(Shared control and risk, split ownership)

Hierarchical modes ⟶ 100% internal
(Investment-modes)

E.G..: Distributors, agents

(High control, high risk, low flexibility)
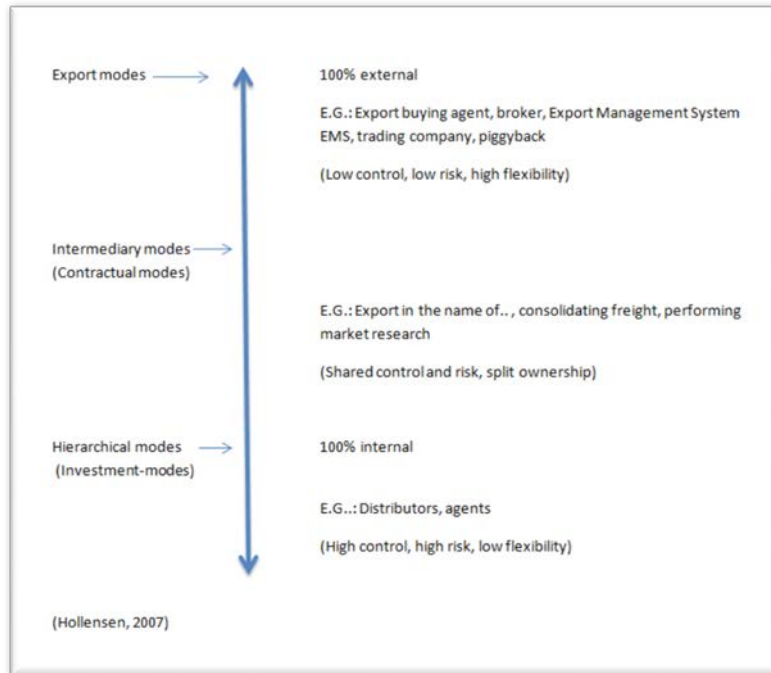
(Hollensen, 2007)

Figure 1. Classification of market entry modes (Hollensen, 2012)

In conclusion, there are many entry modes available, so a company needs to choose carefully the most appropriate one.

2.3   Factors influencing the choice of entry mode

As it was already mentioned in the introduction section of this thesis, companies have many different motives to enter a foreign market. The most obvious motive is to gain financial profits, but there are also other reasons to expand abroad.
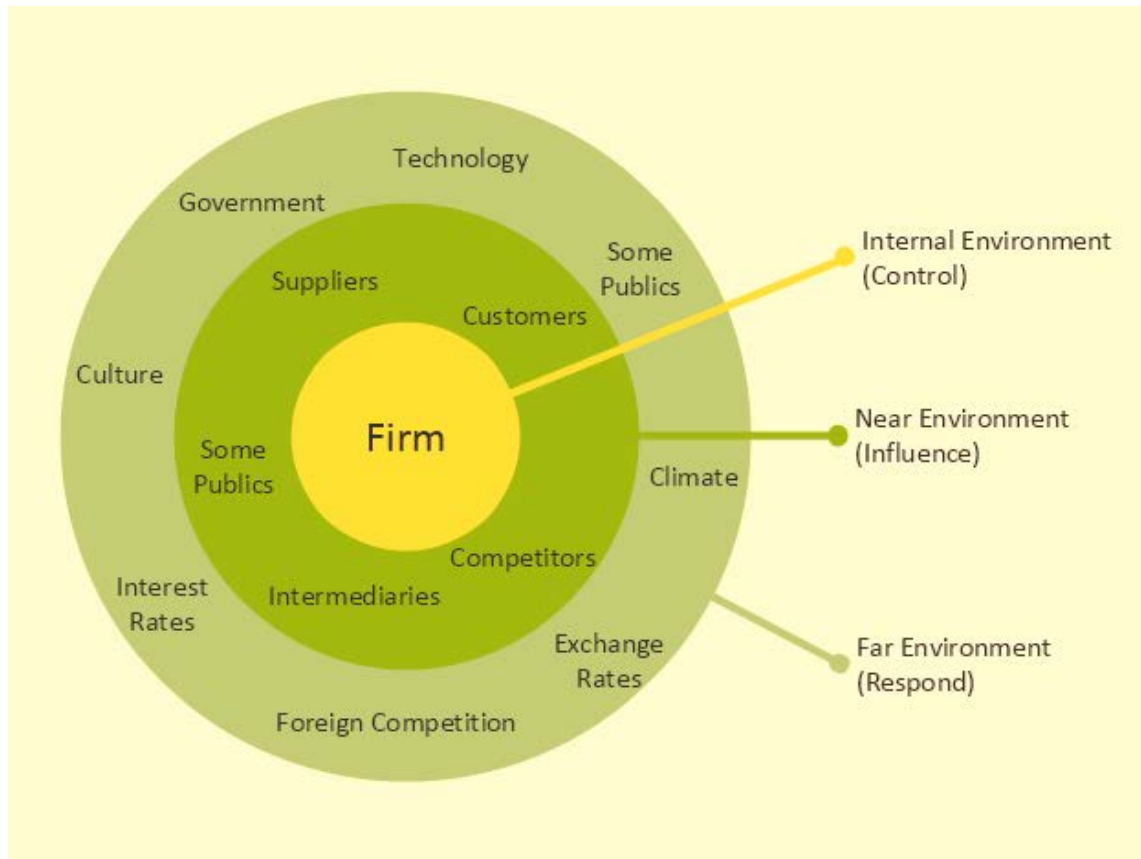
Figure 2. Micro- and macro-environment forces (Blythe, 2008)

Businesses operate in an environment consisting of internal and external factors. Figure 2 shows the company with its internal environment and its external environment, which is divided further into two dimensions: near and far environments. The company has impact on the near environment (micro-environment), and this environment influences the company. Even though the company has little or no control over the far environment (macro-environment), far environment does affect the company. Managers need to monitor and evaluate all these three environments when making strategic decisions, such as about internationalisation (Blythe, 2008, pp. 21-26).

A company can select an entry mode based on experience (its own or of other company) or through analysis. When company chooses to analyse the target market, it means researching marketing tasks, the target customers and their purchasing preferences, the competition, the political situation in the host country, legislation and many other aspects. The end decision in both cases is influenced by external and internal factors (Albaum & Duerr, 2011, p 407).

2.3.1 Company's internal factors influencing choice of entry mode

Company's resources are one of the main factors influencing decision about entry mode. While large-scale enterprises can choose any entry mode that suits the company's needs, small or medium-sized companies, with their limited resources, are more likely to enter new market through exporting (Hollensen, 2014, p. 335). Another internal factor affecting mode choice is the company's international experience. Having previous experience of operating internationally reduces the cost and uncertainty, and consequently a company is more likely to choose one of hierarchical modes, for example merger or acquisition or Greenfield. Johanson and Vahlne (1977) in Hollensen (Hollensen, 2014) suggest that having an objective knowledge about the market does not affect the choice of entry mode. However, the experience of operating in foreign market reduces company's uncertainty and leads to choosing hierarchical entry mode. Direct experience of operating in a foreign market makes the company more willing to assign more resources to entering international market.

Albaum and Duerr (Albaum & Duerr, 2011, p. 408) point out that the company's product and its physical qualities will determine where the production will be located. Luxury products are usually exported directly, while companies producing soft drinks prefer to establish licencing agreements or choose overseas distribution to reduce shipment costs. Products perishability, weight, or size often calls for a fast distribution. If the product is relatively unknown, relying on wholesalers or agents might be preferable to direct selling, unless the product belongs to a well-known line.

2.3.2 Brand awareness

Brand awareness can be defined as 'the process of building a brand so that consumers recognize the existence and availability of a company's product or service' (Schoon, et al., 2016, p. 8). The mentioned process involves repeated exposure to the brand name and products or services of the company. As a result, the customers gain greater familiarity of the brand (Keller, et al., 2008, p. 92).

Brand awareness is important for a company because not only does it bring customers to a business, but it also inspires the customer to come back.
Shimp (Shimp, 2010, p. 38) lists three levels of brand awareness: brand recognition, brand recall, and top of mind awareness. Brand recognition takes place when 'a customer knows about the brand and is considering it as one of several alternatives in the evoked set'. (Ferrell & Hartline, 2008, p. 198). Ferrell & Hartline (2008, p. 198) consider brand

recognition to be the weakest form of brand loyalty, because the customer is merely acknowledging the brand's existence, without showing strong desire to buy the brand's product. According to Shimp (Shimp, 2010, p. 38) the consumer at this stage might identify brand when it is presented in a context, such as a list of brand names, or with relevant cues. Brand recall, on the other hand, represents a higher level of brand awareness, where brand gets such a widespread recognition that it becomes a part of general knowledge. It means that almost every person of average level of intelligence is able to recall that brand (Shimp, 2010, p. 38).The highest level of brand awareness, which every company aims to achieve, is top of mind awareness. This type of brand awareness means that when the customer is thinking about a specific product group he or she recalls unwittingly a particular brand as the first one (Shimp, 2010, p. 38). New brands first aim to achieve brand awareness, before they can move on to higher brand recognition levels, such as recall and top-of-mind awareness. Established brands, who already have achieved higher levels of brand awareness, focus mainly on maintaining achieved level (Shimp, 2010, p. 38).

2.3.3   research construction

Research should start from defining objectives – what the purpose of the research is and what information the researcher intends to gather. Next, the researcher is developing a plan on how to access that information and how to meet the research objectives. At this point, the researcher defines a scope, decides which research methods will be employed, in what timeframe, and chooses the size of the sample. Other decisions are which geographical areas should be included, who should be included in the target group, and what the costs could be. Choosing the right methods will determine if the objectives will be met. Once the plan is ready and accepted, the researcher can start collecting and analysing data. The last stage of the research process is reporting, where the researcher presents the results and can offer recommendations (Hague, et al., 2016, pp. 12-13).

2.3.4   Qualitative and quantitative research

The reason to run a market research is to make informed decision and minimise business risk (Hague, et al., 2016, p. 33). Market research can help the company to understand the size and structure of the market, which is particularly useful when a company wants to enter a new market. This knowledge will allow company to assess level of risk, to determine whether the profits are worth the risk, and to identify opportunities and threats. It will also show if the company will get the return of the investment.

The basic distinction of research information is between quantitative and qualitative data. Quantitative research measures different aspects of the market, such as its size, brand awareness, or purchase frequencies. This type of research provides hard data collected across larger respondents groups and requires higher level of accuracy, so the sampling methods must be rigorous (Hague, et al., 2016, p. 11). While quantitative data is a simple measurement, qualitative data is concerned with understanding the mechanisms behind researched phenomena. A sample used for qualitative research is smaller than for collecting quantitative data, and does not have to represent general population. Qualitative research can provide explanation for consumer shopping behaviours, their motivation, or the reasons behind their actions. On the other hand, quantitative research can help to determine the size and structure of the market, to identify the competition, to measure brand awareness, and to get an overall picture of the market (Hague, et al., 2016, p. 11).

Qualitative and quantitative market research frequently are used together, as they complement each other. For example, if a research analyses customers' attitude to a brand, qualitative research may show that customers have a specific opinion on the brand, while quantitative research will show what proportion of customers holds that opinion (Hague, et al., 2016, p. 11).

2.3.5 Desk research

Desk research means finding and analysing secondary sources of data. Hague (Hague, et al., 2016, p. 52) recommends desktop research as a valuable and exciting tool, which allows a researcher to meet many research objectives in a fast and cost-efficient manner, yielding results comparable to costly field survey. 'It is always surprising that this goldmine of intelligence can sit underneath our noses and yet be ignored while preference is given to carrying out a specially tailored survey.' (Hague, et al., 2016, p. 52). Blythe (Blythe, 2008, p. 99) agrees that the research process should begin from secondary data collection, as it is both easier and quicker than accessing primary sources.

A lot of relevant information about the company and the market is already available in form of financial reports, governments' statistical publications, or published research results. Almost 5 billion of web pages contain plenty of data from which an experienced researcher can extract and combine a comprehensive report. This data can be extracted from company websites, social media groups, and from other sources. Once this data is selected, analysed and verified, the researcher can transform it into a coherent picture (Hague, et al., 2016, p. 53).

If the researcher cannot find an answer to the research question, the reason might be because he or she is using wrong search strategy, wrong search engine, wrong keyword, or the information may take a different form than expected. To succeed the researcher needs to think laterally, and carefully choose keywords (Hague, et al., 2016, p. 56).

After collecting enough information the researcher needs to evaluate it, judging its validity. Experienced desktop researcher will cross-check the data collected, search for patterns, and combine it into meaningful whole.

Useful as it is, desktop research alone is limited and unpredictable, so it is best to carry out desktop research first, and then fill the missing parts of the research using other methods, such as interviews or questionnaires to get a wider picture and to meet the objectives (Hague, et al., 2016, p. 65).

2.3.6 Questionnaire

Researchers use surveys to 'gather information from or about people to describe, compare, or explain their knowledge, attitudes, and behaviour' (Fink, 2003, p. 1). Questionnaire's context and purpose will affect form of questions and wording. Before creating a questionnaire the researcher must understand fully survey's purpose, who potential respondents are, and what the survey team needs. The researcher should also be aware of how the collected information is supposed to meet the specific goals. Once the objectives are clarified, the researcher needs to find balance between amount of information he or she wants to gather and amount of time respondents will need to answer them (Fink, 2003, pp. 2-9).

There are several rules that a researcher should bear in mind when designing a questionnaire. A well-constructed questionnaire should not contain any words or concepts that could be difficult to understand by respondents, especially abbreviations, slang or jargon. A questionnaire could include one or more open-ended questions, which will allow respondents to provide more personalized feedback. Often answer options provided in questionnaire fail to reflect respondent's real opinion or situation. Adding 'other' as an optional answer to every question and a space for the participant to elaborate their answer should enable them to truthfully answer the questions (Ergonomics blog, ei pvm)
After the questionnaire is ready, it should always be beta tested to make sure none of the questions are confusing or misleading. Phrasing should be neutral and unbiased, and the questionnaire should be uncluttered and easy to answer. Especially two-edged questions or negative should be avoided, because they are confusing both for the respondents and

for the person analysing answers (Fink, 2003, pp. 28-33).

3 Method

In this chapter research approach will be presented, the research construction and the data collection methods used in the research. Next, the research process will be described in detail. The chapter will close with evaluation of validity and reliability of the research.

3.1 Research approach

The cooperation between Stenden University of Applied Sciences (Emmen Campus, the Netherlands) and Haaga-Helia University of Applied Sciences, started as an umbrella project designed for two theses based on a joint research. Project involved research on Dutch market and Dutch consumer for a strong Finnish luxury brand with high probability of succeeding, which was not present in the Netherlands at the time of research. Marimekko was chosen for the project, because the brand fulfilled the criteria, and because the company had agreed to be the commissioner for the thesis.

Since this was a joint research project involving students working in two countries, the author decided to choose a combined approach as the preferred research method, using methodological triangulation by employing mixed methods for data collection and analysis. It means that both qualitative and quantitative data have been collected from a variety of sources and a wide range of research method was used to meet the objectives. The author of this thesis used the case study approach to find the answers to research questions.

3.2 Data collection

Multiple data sources were used to collect primary and secondary data. Internet was the main source for desktop research and for collecting secondary data. Marimekko's website, especially company's financial reports and presentations, were used as a main source of information about the company. For analysing the host country's external environment, including competition and industry situation in the Netherlands, a group of fifteen first-year students from International Business & Languages programme, studying at Stenden University of Applied Sciences, joined the project. The students were divided into three teams, each comprising of five members. These teams were collecting data using variety of methods, such as interviews, questionnaire, and desktop research. Each team was

working on one assignment, and the students were free to complete the task by choosing any method they preferred to use. The author of the thesis have designed three assignments, which she has introduced to the Stenden students during her visit in Emmen. The students could choose which assignment they would be working on.

The first assignment aimed at identifying Marimekko's competition in Dutch market and finding best practices learning from their experience. The task was as follows: 'Benchmark the experiences of other companies (similar to Marimekko's core business, company size, company profile, etc.) during their entry into the Dutch market; i.e. identify a number of international life-style/luxury brands that have entered the Dutch market (i.e. a reference class). What explains their success? What mistakes did they make and how did they solve them? How could Marimekko rely on their experiences and use it when planning the entry to the Dutch market?' The team working on this assignment, referred to in this thesis as Team I, has developed following plan to complete the assignment:

Table 1. Task schedule for Team I (Weltings, et al., 2006)

Task 1:	finding similar companies to Marimekko	4 days	22th April
Task 2:	research	10 days	1th May
Task 3:	if research fails, contact the companies	14 days	15th May
Task 4:	making the final report	10 days	25th May
Task 5:	presentation	4 days	29th May

The agreed deliverables would be a report presenting results of the research and data gathered from interviews with companies' representatives and a summary of the results illustrated with infographics. Team I analysed a number of international lifestyle and luxury brands present on the Dutch fashion market. Initially, Team I has identified several companies that are similar to Marimekko and contacted them to find out about their experience of entering Dutch market. Unfortunately, one company rejected the Team I's request, and the other companies did not respond at all. As a result, Team I had to use desk research method to gather data. Consequently, Team I have based their report on annual reports, statistics, and a study of the competition's marketing strategies. The team analysed also how social media presence influenced the sales of the fashion companies. In the end, based on the research results Team I has assessed a possibility for Marimekko to enter the Dutch fashion market. Furthermore, Team I has identified possible challenges which the company could encounter during internationalisation process and suggested solutions to these challenges (Weltings, et al., 2006).

Assignment 2 aimed at analysing Dutch market potential to answer research question if Marimekko could benefit from entering market in Netherlands.

The assignment was as follows:

'Study the real context of the Dutch market via qualitative method (interviews with company representatives, who have an idea about the current situation on the Dutch market in terms of entry modes, etc.). For that, you are welcome to conduct a series of interviews about the Dutch consumers, current market situation, trends, and level of openness to foreign entrants. Is there space for market entrants such as Marimekko?' Students who have chosen this assignment, referred to in this study as Team II, were expected to deliver a report presenting data collected during interviews with companies' representatives, and a summary of the results illustrated with infographics. The students tried to contact chosen experts from the fields of fashion, legislation and economics in order to interview them. Their scope included the Dutch Chamber of Commerce, fashion blogger, fashion magazines and fashion design universities. However, lack of responses combined with time limit forced the students to change their research method in order to complete the task. Eventually, Team II has conducted a desk research (Meyer, et al., 2016, p. 2).

Assignment 3 was developed to collect relevant customer-related data and measure the Marimekko brand awareness among the Dutch consumers. The task was:

'Measure the motivations behind the purchasing decisions of Dutch buyers when it comes to life-style brands similar to Marimekko. What attracts Dutch customers to life-style products? Additionally, the research could include measuring brand awareness of Marimekko and, if such a brand awareness exists, the study of the brand image of Marimekko on Dutch market'. For that, the students can design a questionnaire and distribute it in the Netherlands both via questionnaire-based field interviews and through distributing the questionnaire via organisational networks/social media/etc.' The team working on this assignment, referred to as Team III, has planned to record interviews in form of videos. Team III also uses questionnaires to collect data on Dutch customer's shopping habits, preferences, and Marimekko brand awareness. Results of this research were presented in a report, with summary of the results illustrated by infographics (Schoon, et al., 2016, p. 5).

Primary data was collected to find out whether Dutch consumers could become potential Marimekko customers, to understand their purchasing habits and measure their interest in products offered by Marimekko. Secondary data was collected to gain understanding of the market environment and competition in the market. The Stenden students' research

was supplemented by desk research conducted by the author of this thesis to gather the data which was not obtained from the project.

One of the limitations of the data collection was that even though Marimekko values transparency and releases systematically a lot of valuable information about the company, it was not possible for the author to gather inside information directly from the managers or employees of the company. For this reason, only the publicly available data was collected and analysed. Moreover, the author had a limited access to the information about Dutch market and Netherlands. Two reasons behind this limitation were that access to a lot of valuable data (especially statistics) is charged with fees, and that a lot of data is in Dutch language.

For the purpose of this thesis a number of assumptions was made about the Marimekko as a company. One of them was that Marimekko is considering entering Dutch market. The second one was that there are no legal or other restrictions for Marimekko to enter new market. The third one was that Marimekko was analysed as a fashion brand more than a lifestyle brand.

The primary data was collected using combination of online surveys and video-recorded short structured interviews. In this way the students participating in the project could avoid limitations of using only one method and could obtain more information. The participants were a random sample of 50 people for interviews and 189 internet users who have filled the online survey (Schoon, et al., 2016, pp. 10-11).
The limited time assigned for the project forced the researchers to limit the data sources and to narrow down the scale of the research.

3.3 Operationalisation

Team III conducted interviews with people on the streets of Emmen, Amsterdam and Groningen. Both groups, the sample chosen by the students to interview and the internet users who filled in online survey, differed according to age, gender, brand and style preferences, and represented different nationalities.

The online survey comprised of 20 multiple-choice questions, and the respondents could choose the preferred language of the survey (English or Dutch). Team III posted the questionnaire on Facebook and collected 189 responses. Additionally, Team III interviewed randomly chosen passers-by in Emmen, Groningen and Amsterdam. The interviews took

form of free face-to-face conversations based on prepared in advance questions. Approximately 50 respondents talked about their brand recognition of Marimekko, their opinion on the fashion brands and the fashion industry (Schoon, et al., 2016, p. 20).

Author of this thesis, Team I and II have conducted desk research.

3.4   validity

Burns and Bush ((Burns & Bush, 2010) connect validity of the research with accuracy and truthfulness. External validity refers to the sample used, and shows whether the sample used represents accurately the population or not, and if the findings could be applied to the whole population. Internal validity shows 'the extent to which the change in the dependent variable was actually due to the independent variable' (Burns & Bush, 2010, p. 319).

The validity of this research is acceptable. The research has addressed properly the research question and the results have answered sufficiently the thesis problem. The empirical part was sufficiently connected to the theory. Using variety of research methods to obtain data and employing three teams collecting data independently on different tasks The interviews with 50 respondents provided enough qualitative data. The questionnaire sample was random and representative enough for the purpose of this study, although small (189 questionnaire respondents). However, the questionnaire and interviews were only a part of the larger research.

Nevertheless, the validity of the research presented in this thesis could be improved by working further on the questionnaire. Rewording and more careful, organised selection of questions could help obtain answers which answer more precisely the research question. There was also missing an option for respondents to choose 'other, please specify' anwer, which the author wished to be included in the questionnaire, and which could help to identify individual reasons behind the consumers' motivation and brand preferences. The sample chosen for the questionnaire could have also been larger, with 400-1000 respondents participating, which would increase validity of the research.

3.5 reliability

Due to updates of information available on websites, and due to changes in availability of webpages, reliability of the data collected from the internet can be described as moderately high. There is no certain guarantee that a researcher repeating desktop research would get the same results.

The reliability of this thesis can be considered high. The questionnaire contained multiple choice answers, so there is little influence of respondents on the answers. The data was collected by a group of 15 students and by the author of this thesis independently, and each team designed own research process, cross-examining their ideas and findings, so the design and conduct of the research should be objective enough.

4 Results

This chapter will present the results of the research, starting with introduction of Marimekko company, its products, consumer persona, Finnish market and the level of Marimekko brand awareness in the Netherlands. Next, results of the Stenden students research will be discussed. After that Dutch market, Dutch consumers, Marimekko's competition in the Netherlands, survey results and interviews will be described. Finally, the optimal entry strategy and a marketing strategy for Marimekko will be recommended.

4.1 Marimekko

This section will summarise the results of desk research conducted by Katarzyna Milczanowska in Finland.

Armi Ratia established Marimekko, a Finnish design company, on 25 May 1951. Marimekko's vision is 'to be the world's most renowned pattern designer and one of the most inspiring design brands' (Anon., 2017). The company's Finnish origins can be seen in the patterns, often inspired by the Finnish nature.

According to European Commission criteria (Anon.), Marimekko, which is employing about 400 workers, and has turnover of 99.6 million EUR in 2016 (Marimekko, 2017), belongs to large-scale enterprises, LSE category. Currently Marimekko sells products in 40 countries, so the company has a vast international experience. In 2016, company's brand sales reached 194,4 million euros and their net sales reached 96,6 million euros. In the year 2016 Marimekko has 160 stores around the world. The company's key markets are

located in Europe, North America and the Asia-Pacific region (Marimekko, 2017).

While in years 2010-2014 the company focused on internationalization by launching global network of stores and global collaborations, in the years 2014-2018 Marimekko plans a transition from a 'niche design cult brand' position to target a wider range of customers. The company will continue to expand to Asian market, focusing especially on Japan, and will keep opening shops-in-shops and retail-owned stores. What is more, Marimekko shifted its attention towards technology and e-commerce – customers now have a chance to do online shopping in 29 European countries (in 2016 the company brought online shopping to Austria, Croatia, the Czech Republic, Estonia, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia and Slovenia). Still, over half of the company's net sales come from Finland, which is their main target market (Marimekko, 2017).
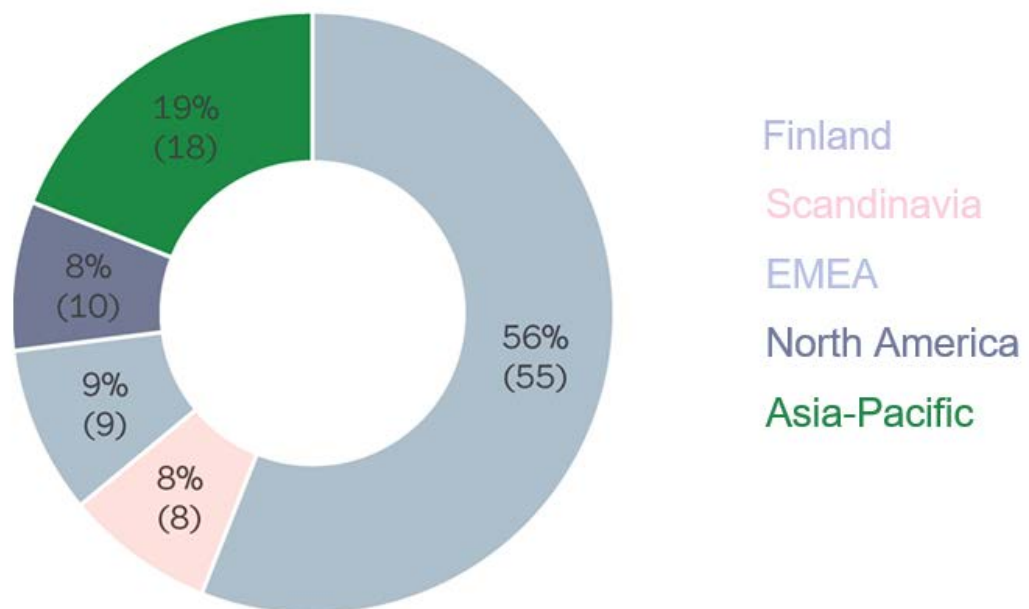

Figure 3. Marimekko – net sales by market area in 2016 ((Alahuhta-Kasko, 2017)

As figure 3 shows, Finland generates over half of Marimekko sales profits. Second largest foreign market is Asia-Pacific region, which is responsible for 19% of net sales. Europe, the Middle East and Africa bring 9% of net sales, while North America and Scandinavia generate equally 8% of income.
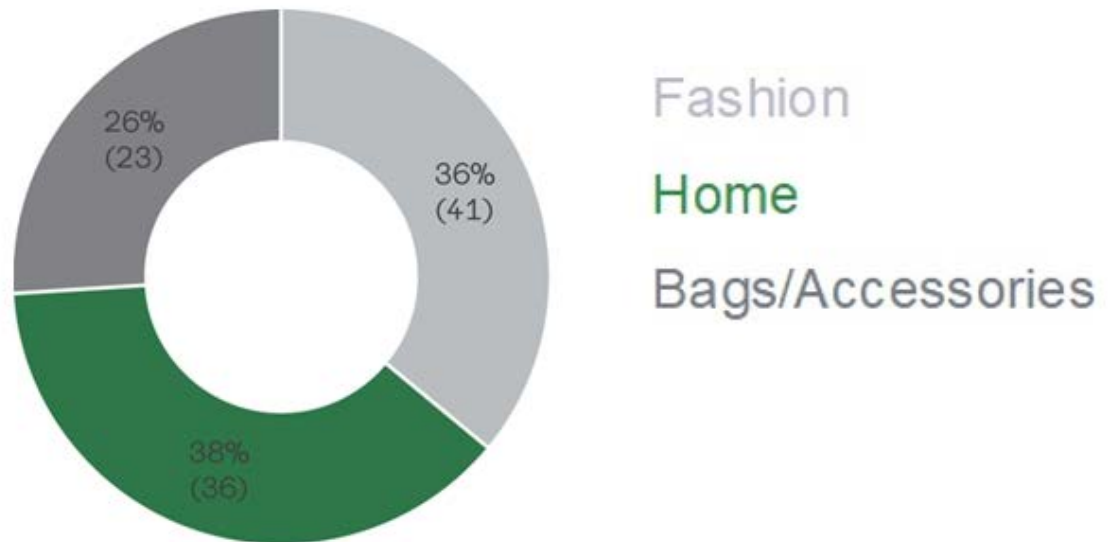
Figure 4. Net sales by product line 2016 (Alahuhta-Kasko, 2017)

Marimekko's main sales come from home decor (38% of the net sales). Second category, fashion, brings 36% of the sales (figure 4).

4.1.1 Mari Girl – persona

Marimekko's central concept was a persona called Marityttö, which translates as Mari Girl. This consumer-role model was inspired by a genuine role-model, Armi Ratia. Armi was the charismatic, visionary founder of Marimekko, who played major role in the company's success. Although Marimekko offered clothes for both genders and for all ages, its main target was a specific type of woman. This woman was a free spirit; she enjoyed life and had a sense of humour; she was also energetic and confident. She was seen as modern and liberal, intellectual and artistic, spontaneous and independent. Mari Girl was constructed from contrasts. At the same time she was urban girl, who wanted to make career for herself, but also cared about her family and home, and enjoyed spending time outdoors in nature. She was ageless, had an interesting face and she could adopt multiple roles – of a mother, of a housewife, but also of a fisherman or a mood creator (Rousi, 2010).

One of Armi Ratia's goal was to attract the young intelligentsia. For this reason instead of professional models she employed Marimekko staff or own friends. In fashion photographs, these models had messy hair and little or no makeup; their jewellery was minimalistic and simple. The purpose was to show women as unique and intelligent, not just sexy

or cute. Marimekko also purposefully ignored trends and fashion, following only changes in natural seasons : spring, summer, autumn, winter (Rousi, 2010).

Armi Ratia's once argued that 'a woman is sexy, not her dress.' (Booth, 2005). This attitude towards fashion and consumers is reflected in products which interested Mari Girl. She would wear lose, shapeless cotton dresses, which, most importantly, 'did not require Mari Girl to be especially thin' (Rousi, 2010). For a home decoration she would search for products which could satisfy her need for 'everyday beauty and aesthetics' (Rousi, 2010).

4.1.2 Product overview

The company has three product lines: fashion, home décor, and bags & accessories (Marimekko, 2017).

Marimekko designers up until now create products appealing for their consumer model, Mari girl. They use cotton and natural fabrics for making simple, shapeless attires. Marimekko's fashion shows often emphasize the comfort of the clothes: models of different ages are walking barefoot, dancing, or moving freely, their hairdo is often very simple and careless, and they emanate confidence.

The core of Marimekko's identity are the patterns they design, high quality of the materials used, and the durability of their product. Printing own fabrics in Finland is essential for the company to ensure high quality of their fabrics. For this reason their printing factory is located in Helsinki, where it produces yearly approximately 1 million metres of fabrics (Marimekko, 2017). New patterns are often get inspired by Finnish nature, and usually they are hand-drawn, or painted, with deliberately irregular lines and asymmetrical shapes. The designers use strong colours and contrasting, bold patterns, reflecting colourful, arty and full of contrasts personality of Mari Girl. Once ready, same pattern would be reproduced on every product, from dresses to curtains, bags, paper napkins and rubber boots.

Laura Sherman (Sherman, 2014) remarked that 'as much as design nerds love Marimekko, the brand is still seen as a niche offering: something that only a particular sort of person with a particular sort of taste would buy.' Because the company has been repeatedly using same patterns since they were designed in 50s or 60s (such as Unikko designed by Maija Isola in 1964), and the products rarely change, outside of Finland Marimekko's design is often perceived as 'quirky' and 'cute retro' with its fashion identity

is a vintage one (Sherman, 2014). For this reason Marimekko's products are popular only in specific markets.

4.2 Finnish market

Finnish population is 5,5 million people living on the area of 338,424 km ² (Wikipedia, 2017). The market is small, so Finnish market is dominated by a handful of large companies, with many cases of oligopoly and monopoly. For example, S group and K group own 78,6% of the grocery trade (Finnish Grocery Trade 2016, 2016). The size of the market, and a shrinking population scattered over a vast area of land influence negatively the competition, so the companies who plan to expand need to find new ways to reach customers or to expand globally.

1) average 10/1995 - 11/2017

Figure 5. Consumer confidence indicator (CCI) (Official Statistics of Finland, 2017)

According to Statistics Finland (Official Statistics of Finland, 2017) the consumer confidence indicator reached 23.0 in November (figure 5). Finnish consumers perceive both home country's economic situation and their own employment future prospects more positively than in the recent years, especially after drastic drop of consumer confidence in 2008. This level of confidence has been growing for seven years now and it is at the highest level since 2010. Such optimistic trend has been continuing already for one year and is predicted to continue further in 2018.
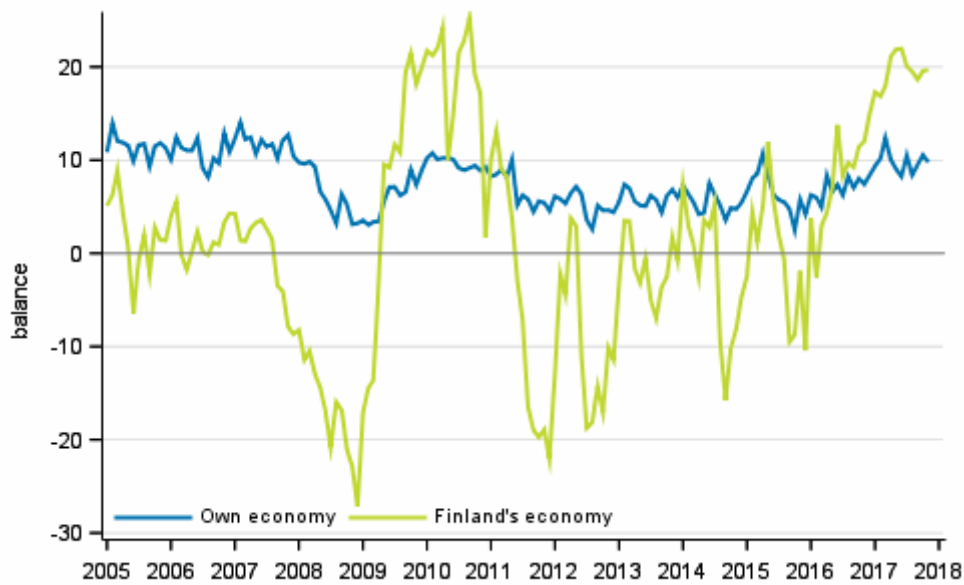
Figure 6. Consumers' expectations concerning their own and Finland's economy 2005-2017 (Official Statistics of Finland, 2017)

While only 8% of consumers believed that Finnish economy will deteriorate, 47% of consumers expected economic situation to improve. 28% of consumers anticipated improvement of their own economic situation, while 11% of consumers worried that their economic situation would deteriorate (figure 6). The general feeling about Finland's economy has improved significantly over the last year. Another promising tendency for the businesses is that Finns are becoming slightly more optimistic about their own economical situation, showing level of optimism similar to the time before the global crisis of 2007. This rise of optimism could lead to higher willingness to spend money and invest them.
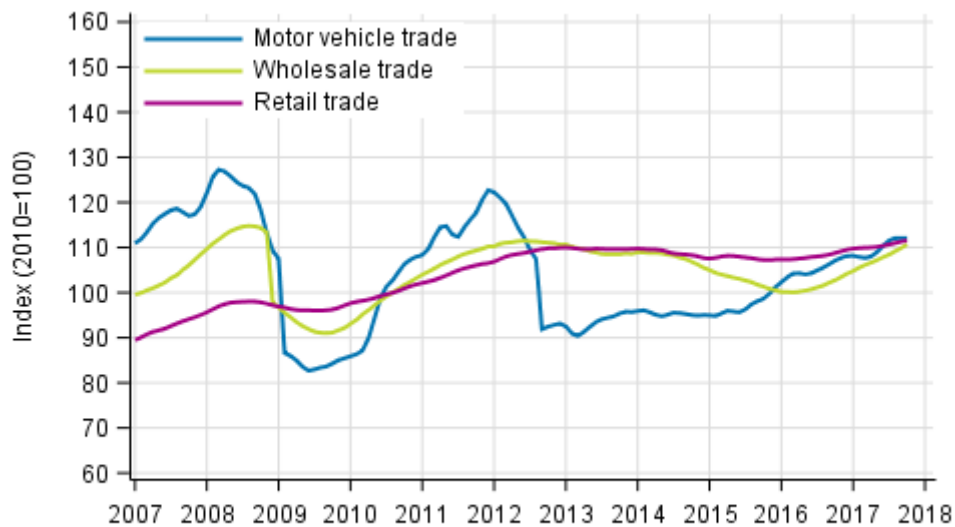
Source: Statistics Finland

Figure 7. Turnover of trade in Finland 2007-2017 (Statistics Finland, 2017)

As figure 7 shows, the retail trade has been slowly, but steadily recovering after the 2007 economic crisis, which is a good sign for Finnish companies. All in all, the situation in the Finnish market seems to be improving after the economic crisis of 2007 and this trend is likely to continue in 2018.

4.3 Dutch market

The CBP, Netherlands Bureau for Economic Policy Analysis, predicts that Dutch economy growth will rise by 3.1% in the year 2018. Unemployment rate, which is already low, is expected to fall further to 3.9% in 2018, achieving its lowest level since 2007. This trend should affect positively real wages, which in turn will increase purchasing power (DutchNews.nl, 2017). The economic situation in the Netherland seems to be quickly recovering after 2007 global economic crisis.

MarketLine (2014) in Meyer et al. (Meyer, et al., 2016) says that the competitors in the Dutch womenswear industry offer similar products, so the competition is tight. However, narrow product differentiation creates an opportunity for these new market entrants who offer entirely different product than the competitors, which could give them an advantage over other companies selling in the Netherlands.

The labour market legislations in the Netherlands seem favourable compared with Finnish regulations. The Dutch employees have shorter holidays, longer working weeks, and the

VAT taxation system is lower than in Finland, thus offering beneficial conditions for foreign entrants (appendix 1).

4.4 Dutch consumers

The Dutch consumers tend to prefer traditional, well-known brands to new brands, and they value high quality. However, Dutch consumers show no preference of national brands over international ones. Many consumers belong to wealthy upper-middle class, so they are willing to pay higher price as long as the product possesses a desirable quality. Moreover, the Dutch consumers' environmental awareness has been growing recently, and there is a strong trend in favour of nature-friendly products (Meyer, et al., 2016).

Dutch consumers became recently savvier and they pay attention to price. Women as consumers would rather search for promotions and buy different brand products on sale, then to be loyal to one brand (Euromonitor International, 2017). Especially discounts and special offers attract female consumers. It means that if Marimekko wanted to succeed in Dutch market, the company would need to develop a carefully designed marketing strategy and promotional campaigns, as suggests Santandertrade (2016) in Meyer et al. (Meyer, et al., 2016). Furthermore, findings from Rabobank (2016) in Meyer et al. (Meyer, et al., 2016) suggest that foreign entrants have a higher chance of succeeding in the Dutch market if they have a well-defined target market.

Last research from Statistics Netherlands (CBS) shows that the mood among Dutch consumers has slightly improved in December. The consumer confidence indicator has gone up from +23 registered in November to +25. Dutch consumers view more optimistically economic climate. What is more, the consumer's willingness to buy is gradually rising. As figure 8 shows, this constant rise in confidence seems to continue as a trend and the consumers are likely to spend in the near future more on goods then they did over the last four years. The consumer confidence has reached the lowest level in 2013, when it registered plunge to -41, so the change is substantial. In addition, employment situation is improving, and the views about future employment has reached its highest measured balance (Statistiek, 2017).

Figure 8. Dutch consumer confidence 2014-2017 (Centraal Bureau voor de Statistiek, 2017)

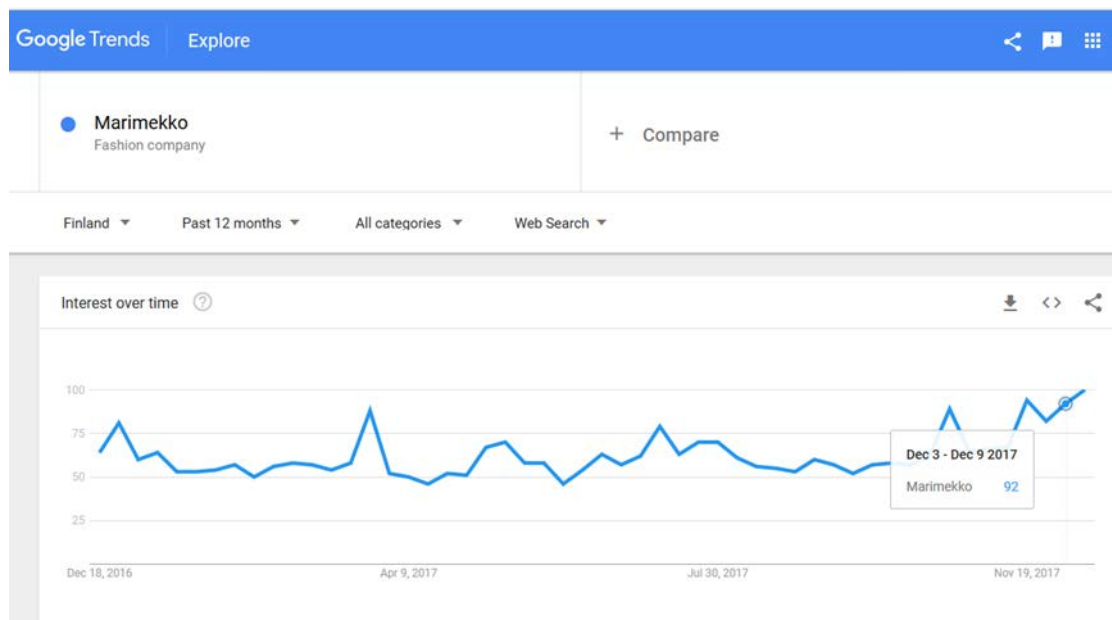## 4.5 Marimekko brand awareness in the Netherlands

Figure 9. Interest in Marimekko in the Netherlands over 12 months from 18.12.2016 to 17.12.2017. (Google Trends, 2017)

According to Google trends statistics, the interest in Marimekko in the Netherlands has been high in March and it has reached its peak in end of November and beginning of December, expecting to reach its maximum level by the end of the year 2017 (figure 9).
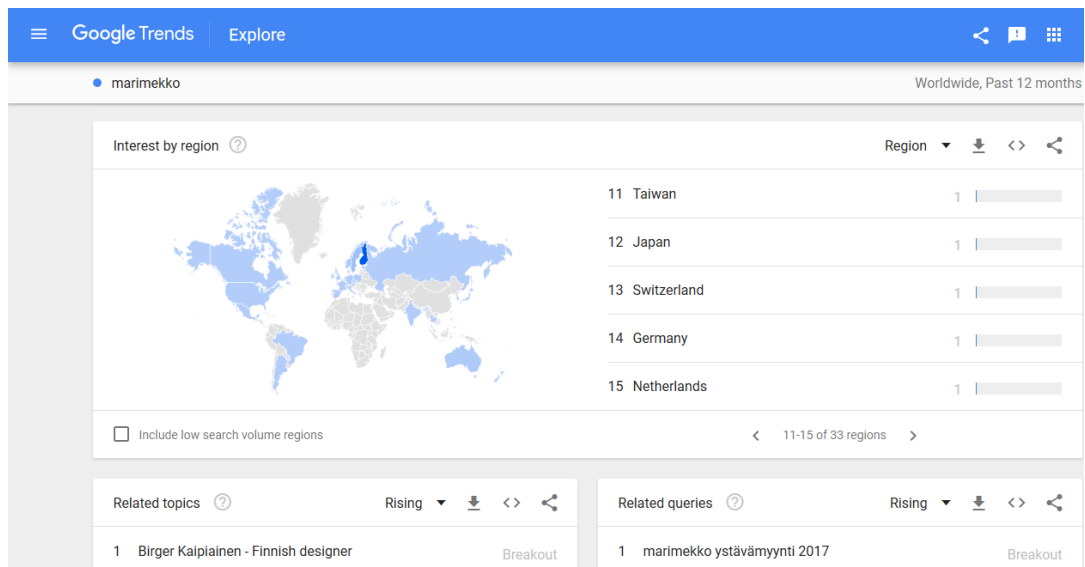

Figure 10. Interest in Marimekko sorted by countries (Google Trends, 2017)

Figure 10 shows in which location term 'Marimekko' was most often searched online using Google search engine during the period of 12 months, from 14.12.2016 to 13.12.2017. Values presented here range from 0-100, where '100 is the location with the most popularity as a fraction of total searches in that location, and a value of 0 indicates a location where the term was less than 1% as popular as the peak' (Google Trends, 2017). While internet users in Finland topped the list, 'Marimekko' was searched more often in Netherlands then in other large markets to which the Finnish company has already expanded, such as Canada (position 19), United States (position 20), or India (position 33). The reason Japan and other Asian countries did not get higher positions in the search results was because these regions use other writing systems than Latin alphabet (katakana, hiragana, kanji, and other).
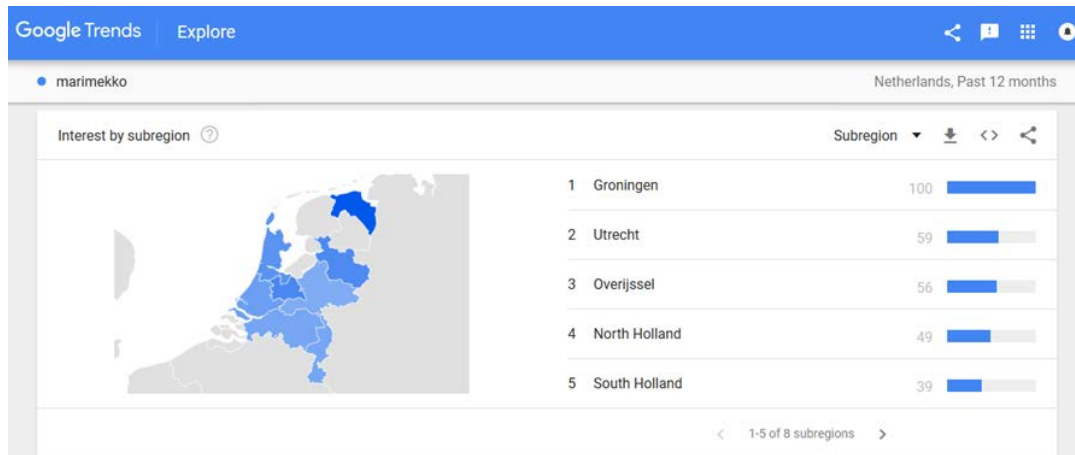
Figure 11. Interest in Marimekko in the Netherland sorted by region (Google Trends, 2017)

Figure 11 shows in which areas of the Netherlands term 'Marimekko' has been searched most often using Google search engine in the period of 12 months from 14.12.2016 to 13.12.2017. The online users who searched for 'Marimekko' term were located mostly in Groningen region, while North Holland, in which Amsterdam is located, is at the fourth place. Higher level of Marimekko brand awareness in the Groningen region might be traced to Akokkrijthe, a shop located in Grootegast village. Akokkrijthe is importing mainly Scandinavian design products, including large Marimekko collection. The shop is popular among Dutch customers, who travel from all over the country to purchase their products, so the Dutch consumers in this region might recognize the Finnish brand quite well (Berends, 2013).

4.6   Marimekko's competition in the Netherlands

Team II has identified Zara and Desigual as Marimekko's competition. The Stenden students perceived Zara as a brand appealing to a similar target market. Zara's main target group are young women in their early twenties to the late thirties, while Marimekko attracts older consumers. Team II described Zara as minimalistic and more suited to office environment with their business-style lines of clothing. Nevertheless, the Stenden students traced similar preferences among both brands' customers (Meyer, et al., 2016). In the end, Team II has considered Desigual's style to be as unique as Marimekko's. They have decided that based on easy-to-recognize design, strong colours and bold patterns, Desigual and Marimekko may appeal to the same target group. (Meyer, et al., 2016).

Team I has also observed that currently small shops were struggling in Netherlands. Their research showed that the location of a store had a significant impact on success or failure

of a business. Following this discovery Team I has investigated locations and number of stores belonging to Desigual and Zara. The students have found out that three stores were present in Amsterdam: one of Zara and two of Desigual, all of them located in Kalverstraat street. Kalverstraat is the main shopping street where all major brands representing fashion industry have their stores, which makes this street an attractive store location for any fashion brand (Meyer, et al., 2016).

Looking at the competition, Team II recommended that Marimekko should open a store in Amsterdam, particularly on Kalverstraat. This seems to be the preferred location for a brand of such a unique style. The students have calculated that a store space for Marimekko should cover about 400m² for sales, storage and personnel areas. The renting prices for commercial real estate have risen to 3.000€ per square meter mark in 2016, so renting real estate of that size would approximately cost 1.2 million € per year (Meyer, et al., 2016).

Apart from brick and mortar stores, the online shopping becomes increasingly popular. This tendency is likely to continue, so businesses should combine their offline and online presence to meet their customers' needs. In the rapidly changing environment, moving business activities online is not enough to achieve success. Cross-channel retailers (the ones who use both online and offline channels) are outperforming their pure-play counterparts (those who are present either online or offline). By delivering seamless shopping experience across various channels, the retailer can win new consumers and respond better to consumers' expectations. Belt (2016) in Weltings & al. (Weltings, et al., 2006) observed that online web store can become an extension of a regular brick and mortar store.

4.7 Survey results

Team III began online survey with the introduction explaining the purpose of the research and informing the participants about estimated time needed for completing the questionnaire. The introduction was followed by questions about the participants' age and shopping habits (Figures 12 and 13). Majority of respondents were 20 years old or younger, and they were shopping at least once a month. Unfortunately, the questionnaire did not specify if the respondents were shopping for groceries, for clothes, or for other necessities.
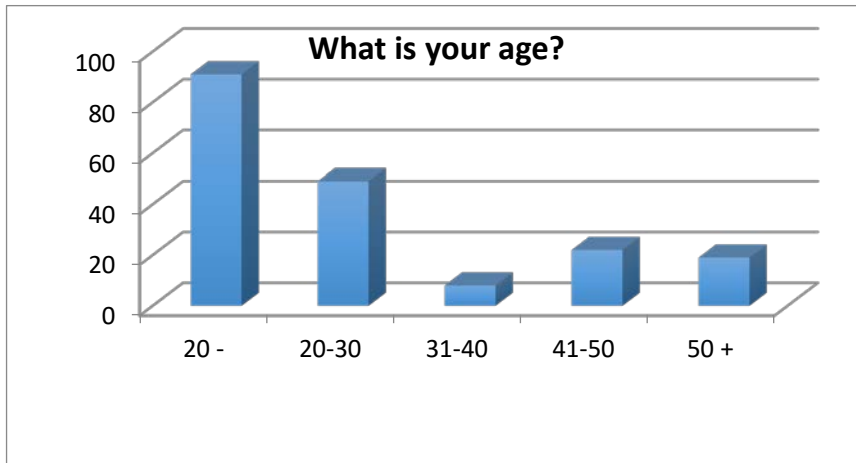
Figure 12. Online questionnaire results

Figure 13. Online questionnaire results

Next questions were investigating the respondent's shopping habits. The students intended to identify factors influencing respondent's shopping decisions. Figure 14 shows that vast majority of respondents, 74%, would rather choose simple than complex looking clothes (Schoon, et al., 2016). This question, however, might have not been clear to respondents, and there were only two answer choices. Including more clear question and relatable answers, including option to describe own preferences, could provide more insight into consumers' clothing preferences.
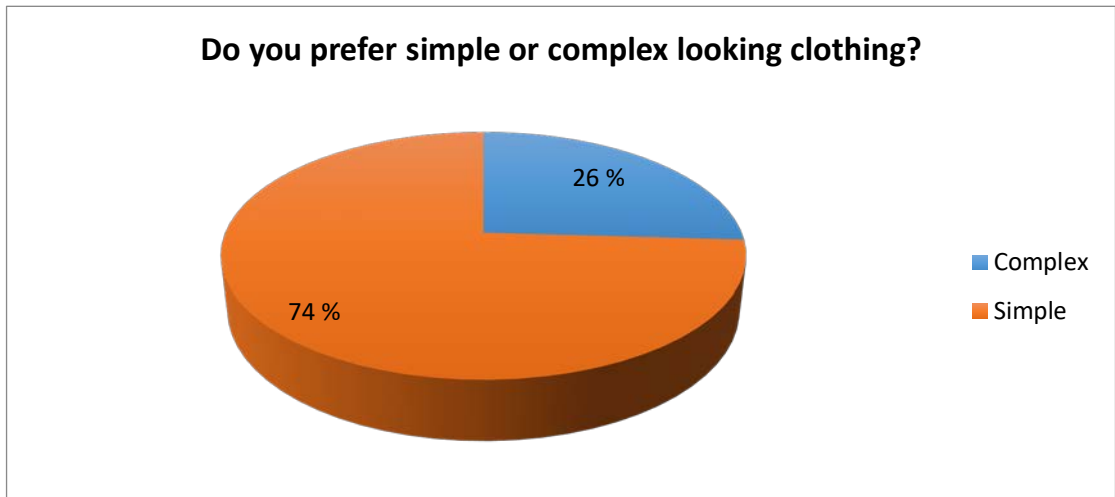
Do you prefer simple or complex looking clothing?

26 %

74 %

Complex
Simple

Figure 14. Online questionnaire results

Figure 15 shows that most of the respondents chooses clothes fitting their style and taste.

Which factors are important for you in choosing clothing brands?

It has to be a famous brand | It has to be an expensive brand | It has to be a cheap brand | It has to correspond to my clothing taste
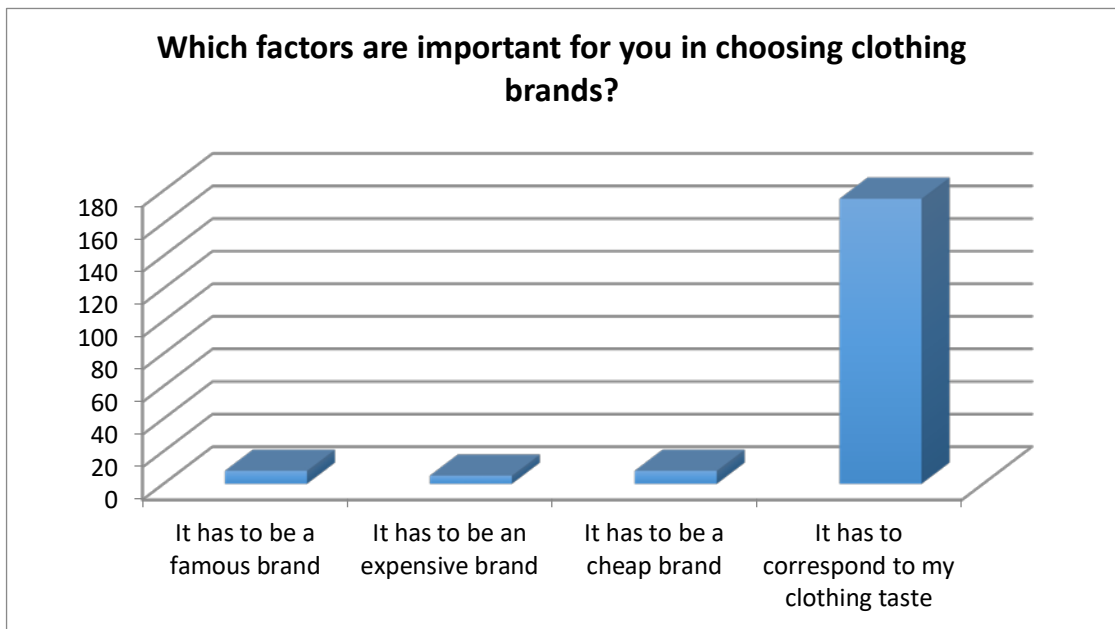
Figure 15. Online questionnaire results

When asked about colour preferences, majority of respondents replied that they wear both dark and bright colours. However, there seems to be slightly stronger preference of dark colours (Figure 16).
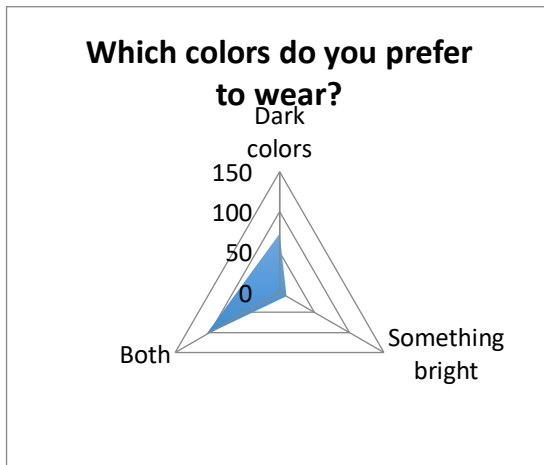

Figure 16. Online questionnaire results
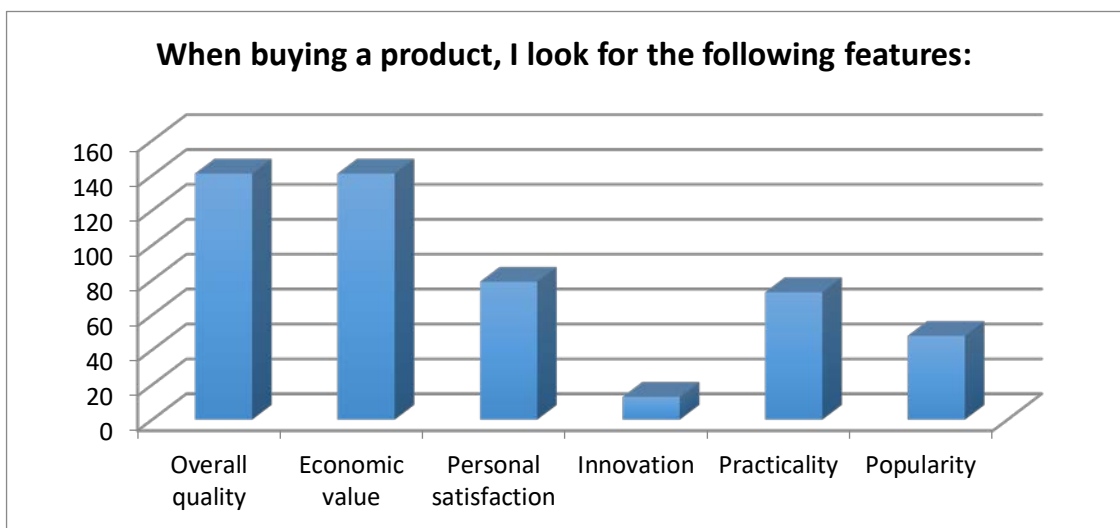

Figure 17. Online questionnaire results

Figure 18. Online questionnaire results

When asked about their motivation behind shopping decisions, the respondents have pointed at price and quality as the main factors influencing their choices, rather than brand or current trends (figure 17). These responds are congruous with the Dutch consumer's general profile and confirm Team II's findings about Dutch consumer's preferences.

The results also show that respondents paid more attention to product's quality and they rather expected good value for money than cared about popularity of the product. Other

features that respondents valued were personal satisfaction with the product and its prac-
ticality. Innovation was the least important of all the factors influencing the respondents'
purchasing decision (figure 18).

The next section of the survey comprised of brand awareness questions. The results
show that only 7% of the respondents have heard about Marimekko (figure 19). For this
reason, if Marimekko chose to enter Dutch market, the company would need to build the
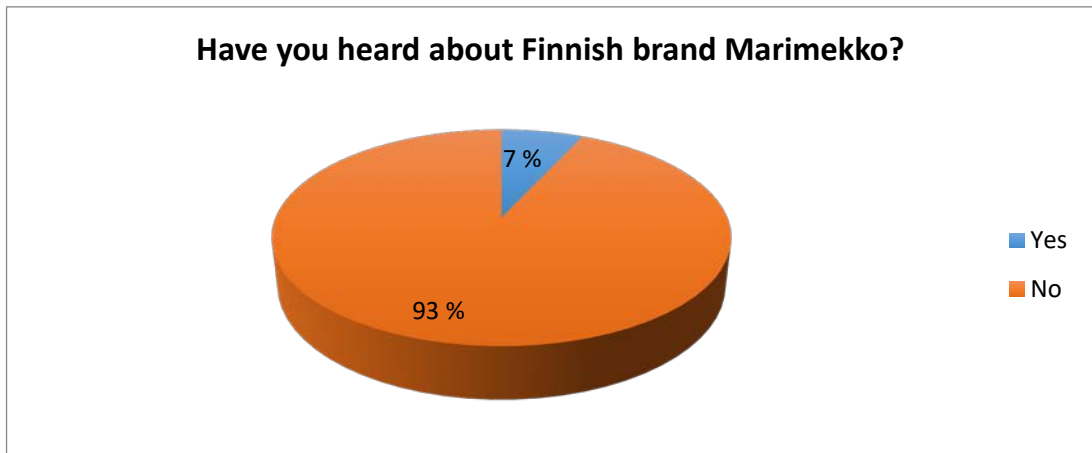brand awareness from the lowest level, starting with brand recognition.
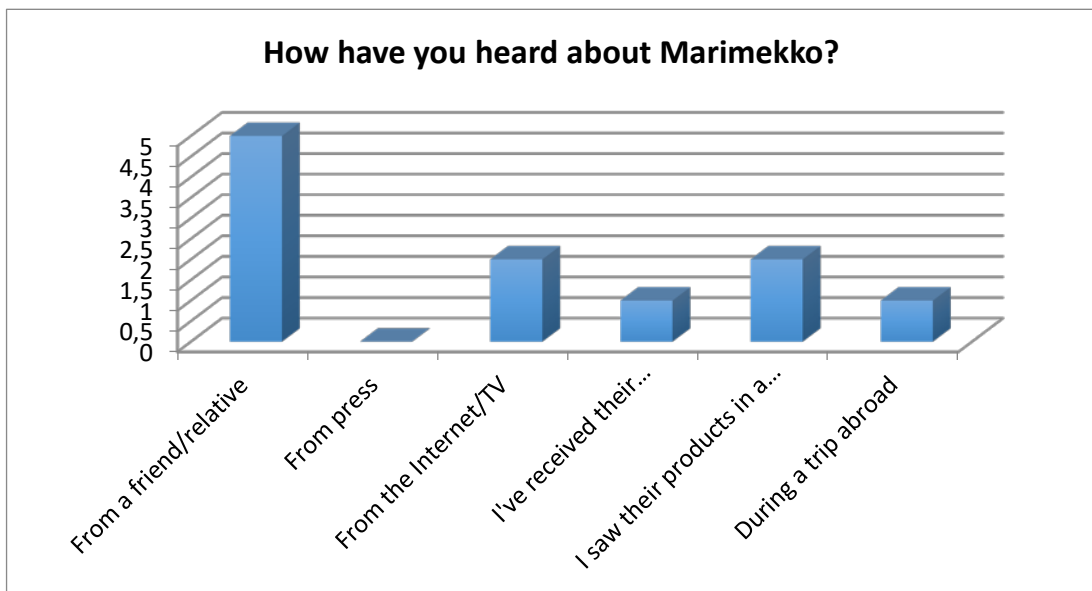

Figure 19. Online questionnaire results

Figure 20. Online questionnaire results

Next part of the questionnaire depended on the answers of the respondents. Those respondents who have shown any level of Marimekko brand recognition were further asked their opinion on the brand and its product. Because of a low number of respondents answering this part of questionnaire (7% out of 189 answers, which means that 13 respondents continued filling this part of survey) the sample is too small to be representative for the population. A larger scale research could provide more accurate information on Marimekko's brand image in the Netherlands.

Majority of respondents have heard about Marimekko from their acquaintances or family (figure 20). Other respondents have recognised the brand from social media or have seen Marimekko's products in a shop.
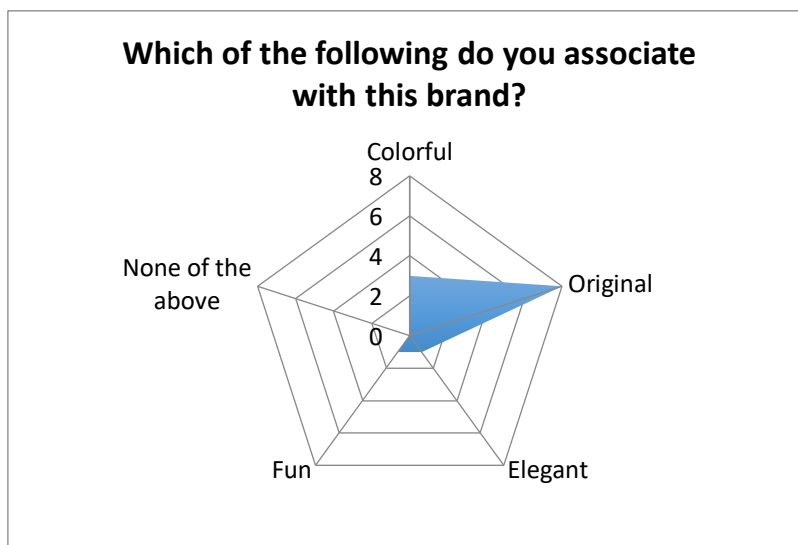

Figure 21. Online questionnaire results

As Figure 21 shows, almost all respondents described Marimekko as 'original'. This association corresponds to the global image which the Finnish brand is building and maintaining among the consumers.

Marimekko pays a lot of attention to the quality of their products, as high quality and endurance are important elements of the Finnish brand's image. When asked to assess the quality of Marimekko's products, most of the respondents rated the quality as 'good', some rated it as 'decent, few rated it as 'very good', and only one person has answered that the quality was bad (Figure 22).

Overall, how would you rate the quality of Marimekko's products?
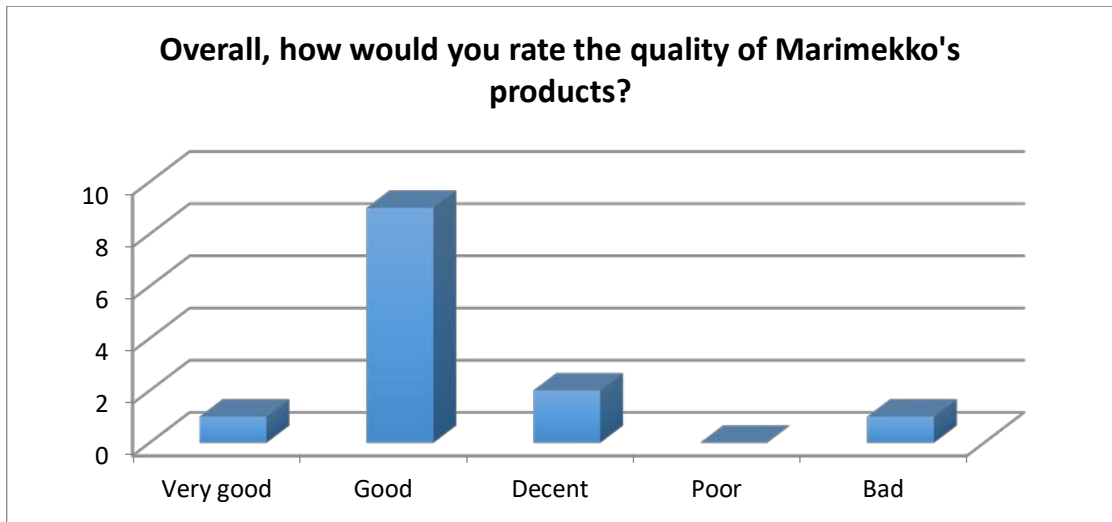

Figure 22. Online questionnaire results

Figure 23 shows that if Marimekko opened a store in the Netherlands, respondents familiar with Marimekko brand might visit the store and purchase the products, but there is no strong positive response.
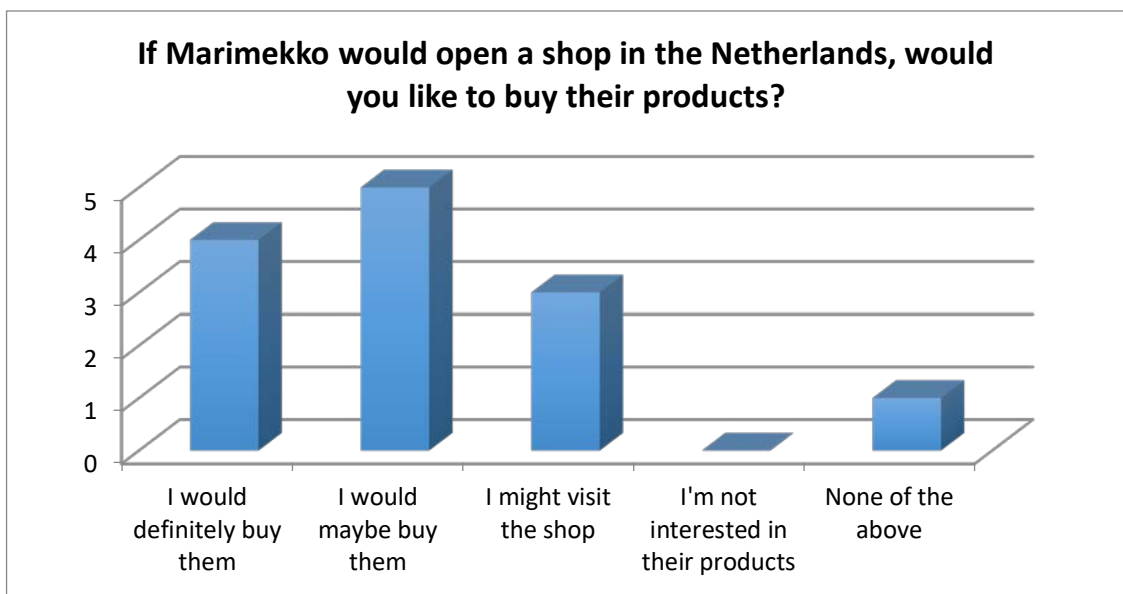
If Marimekko would open a shop in the Netherlands, would you like to buy their products?

Figure 23. Online questionnaire results

Do you like Marimekko's products for home décor?

8 %

Yes
No

92 %

92% of the respondents finds Marimekko's home décor products attractive. This result could suggest that if Marimekko considered penetrating Dutch market, home décor could be recommended as the main line of products (figure 24).

Figure 24. Online questionnaire results

For those respondents who were not familiar with Marimekko brand the questions were about Marimekko's potential competitors. It was important to know where Dutch customers buy clothes, which brands are the competitors for Marimekko, and if people would like to visit Marimekko's shop. Their answers are illustrated by figures 25 and 26.

I usually buy my clothes from:

80
70
60
50
40
30
20
10
0

H&M   Zara   Tommy Hillfiger   Other

Figure 25. Online questionnaire results

The research results show that majority of respondents were buying clothes from Hennes &Mauritz, a company offering fast fashion, or from other companies, not included in the

questionnaire answers options. It would have been worthwhile to include in the answers a possibility for respondents to specify their brand preferences.

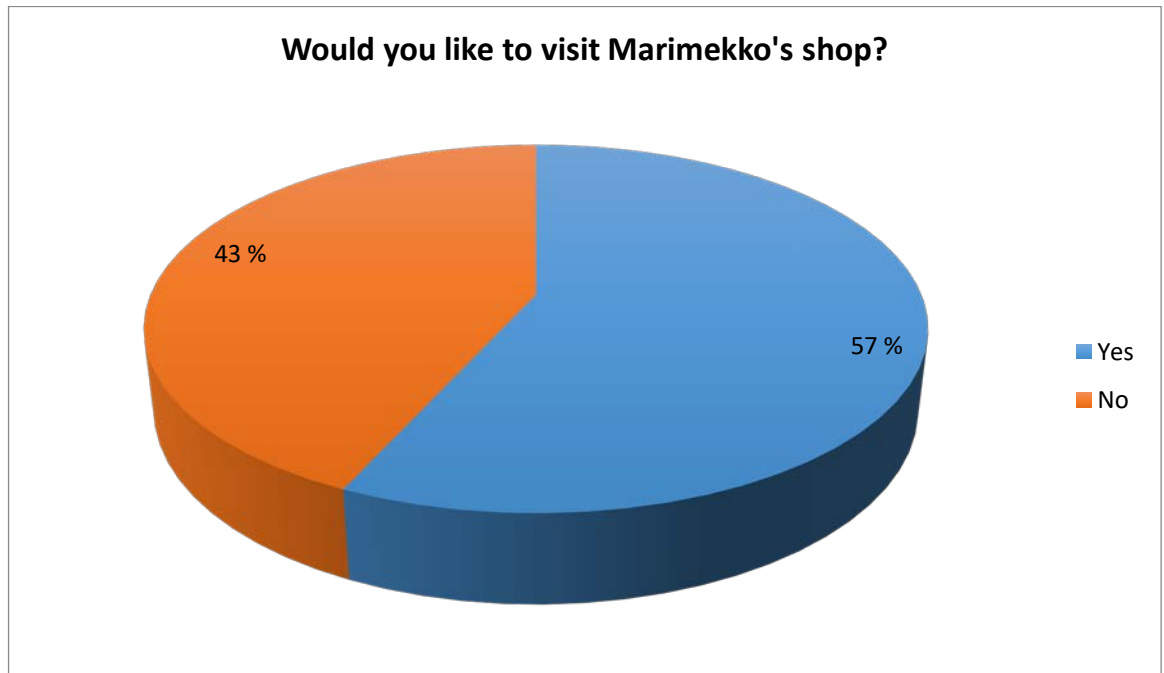**Would you like to visit Marimekko's shop?**

43 %

57 %

■ Yes
■ No

Figure 26. Online questionnaire results

The final question was assessing respondents' willingness to visit Marimekko's store. Figure 26 shows that over half of respondents would like to visit Marimekko's store. However, since these respondents were not familiar with the brand, and there was no alternative answer (e.g. 'I don't know') these results might not be reliable.

4.8 The interviews

Apart from collecting primary data using online questionnaire, Team III has conducted interviews on the streets of Emmen, Groningen and Amsterdam. The interviews took a form of face-to-face conversation with randomly selected respondents. The interviewers had collected responses from 50 respondents of different ages and background. The interviewers were asking about personal opinion on Marimekko and on fashion in Netherlands. Furthermore, the interviewers checked Marimekko brand awareness among Dutch consumers. The results showed that roughly half of respondents were familiar with Marimekko brand. Moreover, almost every respondent, when exposed to visual aids, such as the Marimekko's catalogue, was of opinion that Marimekko brand could be attractive for Dutch consumers. Some of respondents already had clothes or accessories from Marimekko, and many respondents owned Marimekko's products for home décor (Schoon, et al., 2016).

4.9 Entry strategy

Team II recommended for Marimekko to use either direct import or the Greenfield strategy, as entry modes. In both cases, no second company is involved and Marimekko does not need to reduce their responsibility in terms of product quality, policies and procedures. What is more, the company can be completely involved in various business activities, such as pricing. The company can also use their usual production places and production methods. Marimekko can achieve a high profit, because they manage all processes on their own. Furthermore, they are personally in contact with the Dutch consumer. In addition, the Netherlands are an expensive production country, so it is recommend for Marimekko to leave the production at its current production places (Meyer, et al., 2016).

4.10 Marketing strategy

According to the Team I research, 90% of the information absorbed by human brains is visual. Our brain's perception corresponds with social media content, which comprises of up to 100% of visuals. Excellent examples of such purely visual media are YouTube and Snapchat. The number of companies using social media to offer customer-care is constantly rising. For example, online chats are especially effective way to manage the complaints (Weltings, et al., 2006).

Over 86% of main brands use their own Facebook accounts. Some brands spread similar content across many social networks, while other adjust their content to the specific social media used. Fashion brands also use the opportunity to attract their Facebook fans to their website and online store. They can do it by using call-to-action buttons, such as 'shop now', which are located under the Facebook cover photo. Facebook developed advanced algorithm that analyses the user's behaviour, and is capable of displaying posts attractive to the user, which are based on user's past preferences and Facebook likes, helping the user to avoid unwanted or uninteresting messages (Weltings, et al., 2006).

Apart from Facebook, Team I has studied other social media, and the Stenden students have found Instagram useful for fashion marketing purposes. Packed with appealing visual content and engaging every month 400 million internet users, Instagram boasts having 120 times higher engagement rate than Facebook. Instagram offers businesses possibility to purchase sponsored advertisements, allowing companies to reach with their content a wider target audience. Not only users can see advertisements, they can also, similarly like at Facebook, engage and access brand's website or online store. Team I recommended

Instagram for reaching potential customers, as this social platform generates more interactions for fashion companies than all other main social media combined (Weltings, et al., 2006).

Next, Team I investigated popularity and influence of fashion bloggers. Over the last few years, fashion bloggers became trendsetters, and millions of blog followers value their opinions. Many brands have realized that by cooperating with fashion bloggers, they could reach larger audience and attract new customers. However, while the number of bloggers is increasing, their credibility is decreasing. Many blog followers are worried that blogging has turned into a highly profitable business, and that the bloggers are using their influence mainly to persuade their followers to buy products or services. Decrease of trust made many fashion companies re-evaluate blogger-brand collaborations. Nevertheless, these collaborations are still considered to be worthy of investment. One reason behind it is that bloggers have considerable numbers of loyal, active followers. Another reason is that as long as there is audience watching the bloggers' videos and reading their posts they write, there is opportunity to advertise the product.
Overall, carefully prepared collaboration with top fashion bloggers might be profitable investment for a fashion brand (Weltings, et al., 2006).

Finally, Team I inspected online shopping and the future trends of doing business. The Stenden students have found out that many companies are attempting to provide their customers with "omni-channelling" experience. Omni-channelling is a recently developed marketing strategy, where a company spreads their marketing message using various communication channels, such as TV, newspapers, online shops and brick and mortar stores.

Omni-channelling erases the border between online and offline presence. A result of overlapping online physical space and digital space is a so-called 'phygital store'. Such store integrates online shopping experience into a traditional physical store, offering customers a possibility to shop outside of opening hours. Interesting examples of such stores are eBay's 'digital storefronts' located in San Francisco and New York. Shoppers can select there items from hundreds of available products just by touching large, shoppable window display, which is working similarly to a touchscreen in smartphones. The customers can continue shopping using their smartphones to complete the transaction. Finally, the customers can choose how they would prefer to have their shopping delivered. Most brands and retailers struggle while they try to implement Omni-Channel initiatives in their companies. The main reason for this is the high cost of the technology needed to integrate the

online and offline channels. However, the benefits of using cutting-edge technology can outweigh the costs (Weltings, et al., 2006).

Rapid technology development has affected also the modern advertising. Initially the purpose of advertising was to create brand awareness and to drive consumers to brick and mortar stores or to do online shopping. However, this has changes. Nowadays customers can purchase products directly from advertisements and from shoppable videos. Traditional brick and mortar store's role has shifted from being a space to sell products to becoming a showroom for the brand's products, so that customers can later purchase online the products after testing them in the store. The traditional stores also act as a customer service point for complaints and return of the damaged or faulty products purchased via one of the multiple channels (Weltings, et al., 2006).

5 Discussion

5.1 Recommendations for Marimekko all combined, my own and students'

The recommended for Marimekko entry mode is either Greenfield, or direct exporting, as these two entry modes allow the company to control the business process and to develop more personal customer relations.

For the legal aspects of entering market in the Netherlands, opening a separate legal entity is recommended, as such business action would enable Marimekko to benefit from lower VAT percentage, and, consequently, to lower operational costs.

Marimekko's competitors have succeeded in entering the market and attracting sufficient number of customers. This situation allows assuming that Marimekko has a potential chance to expand to the Netherlands. Recommended location for Marimekko's flagship store would be Kalverstraat, a busy shopping street in Amsterdam.

The popularity of online shopping increases, so Marimekko's online presence in Netherlands should be strengthened. Because Dutch consumers are susceptible to advertising, developing persuasive marketing campaigns could help Marimekko to build strong brand awareness amongst Dutch consumers. Marimekko should also consider introducing to their target consumers an omni-channelling experience by investing into a phygital store, using latest technology to join physical and online stores into new entity. Such solution

could help the company to stay ahead of its competitors. Phygital store could attract customers not only through the products, but also through sheer novelty of the technological solutions.

From the study of social media Instagram seems to be the most suitable social platform for advertisement campaign. The advantages of using Instagram would be gaining access to a younger audience, which has a potential to become customers for Marimekko, and a strong visual aspect, which makes Instagram a preferred platform for a lifestyle brand. Finally, Marimekko should cooperate with local fashion bloggers, by communicating clearly the plan and goals to the bloggers, but leaving them enough freedom to choose the right method of sharing the content.

5.2   Conclusions

Based on the results of the research, a Finnish company Marimekko has a potential to succeed in entering the market in the Netherlands. The most efficient entry strategies would be either Greenfield entry mode, or direct exporting. The recommended location for a flagship store could be Kalverstraat in Amsterdam, or the company could consider investing in technology and open a phygital store. The company's marketing strategy should include special offers, discounts, and seasonal sales. Marketing campaign should put emphasis on visuals, and consider cooperation with fashion bloggers.

Assessment of the host market and consumer preferences shows that Dutch consumers could be interested in Marimekko products, as they are willing to spend more if a product is of a good quality and if it fits their personal style. The consumers also are not strongly attached to national brands. This attitude can allow foreign entrants to penetrate the Dutch market. Optimistic consumer outlook and low unemployment rates mean that there is high willingness to spend money. Favourable employment conditions and tax regulations make the Netherlands an attractive market for international companies.

However, Marimekko's bold patterns, strong colours and design based on nostalgia might not appeal to wider audience. On the other hand, if Marimekko plans to refresh its image of a niche-design cult brand and to appeal to broader group of consumers, especially younger generation, the Finnish company could employ cutting-edge technology and widen their scope. The popularity of Marimekko products at Akokkrijthe shows that there is already sizeable target audience in the Netherlands.

5.3   Recommendations for further research

Time and budget constrains limited the scope and scale of this research. This is why it would be beneficial to improve the questionnaire and select a larger sample of 400-1000 respondents to obtain more reliable results. Another development could be to employ snowballing sampling technique to conduct wider brand recognition research among consumers already familiar with Marimekko. Third option would be to interview the competition representatives in order to find best practises for a fashion company entering Dutch market.

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Appendices

Appendix 1. Value Added Tax, product liability and employment regulations in the Netherlands (Meyer, et al., 2016)

Transferring goods from the domestic headquarters in one EU member-state to subsidiaries in another EU member state is called intra-community supply and acquisition. Hereby the headquarters supply the products, which the subsidiary in return acquires.

In case that Marimekko choses to directly export its products to the Netherlands, a transport of own goods would occur. This is taxed at 0% in Finland, but the Dutch VAT rate of 21% has to be payed when the products enter the Netherlands. Marimekko would then have to register for a Dutch VAT identification number (Anon., 2016)

If Marimekko would appoint a separate legal entity to sell its products, the VAT would be reversed-charged and thus be payed by the client in the Netherlands. To be taxed at 0% in Finland, the client in the Netherlands either has to be an established entrepreneur or a legal entity, such as a private limited company, that is established in the Netherlands (Belastingsdienst, 2016).

Product liability is regulated by the EU directive 85/374/ EEC – product liability. Further it is regulated by the Burgerlijk Wetboek, the Dutch civil code.

The EU directive states that for a damage causing either death or injury or damage to private property, the producer is held liable for. The injured person has to prove the actual damage, the defect of the product and a link between the damage and the defect (Art. 4, Council Directive 85/374/EEC).

The damaged person has a time span of three years, starting from the date that the injured person became, or should have become aware of the damage, the defect and the identity of the producer, to claim the damage (Art. 6: 190, Burgerlijk Wetboek). After a time of 10 years, the producer will no longer be held liable for damages (Art. 6: 191, Burgerlijk Wetboek).

Exemptions in which the producer my not be held liable for damages can be found in Article 6: 185, Burgerlijk Wetboek.

Lastly, a producer cannot limit the liability or be excluded by a contractual term or provision limiting him or exempting him from his liability (Art. 6: 192, Burgerlijk Wetboek).

Employment conditions in the Netherlands are regulated by the Buergerlijk Wetboek, Title 7. Dutch employees are entitled to a yearly holiday, which is at least four times the working days per week. Holiday allowance has to be a minimum of 8% of the gross wages. Other than that, the Work and Care Act (Wet arbeid en zorg) entitles employees to an up to 10 days' paid carer's leave, to maternity leave and to the right to two working days' maternity leave for the partner and flexibility for parental leave. (EURES, 2016).

The Working Hours Act Arbeidstijdenwet and the Working Hours Decree (Arbeidstijdenbesluit) regulate the working hours. By law, Dutch employees are allowed to work a maximum of nine hours a day or 45 hours per week. The five-day working week is the usual working agreement in the Netherlands. The Working Hours Act regulates other standards, such as the minimum working hours or overtime and break regulations (EURES, 2016).

Minimum remuneration in the Netherlands depends on the age of the employee. As of the 1st of July 2015, employees 23 years and older are granted a gross minimum wage of 1.507,80€ monthly. For workers between 18 and 22 the minimum wage ranges between 686,05€ and 1.281,65€ monthly (Ministerie van Sociale Zaken en Werkgelegenheid, 2015). The minimum wage is adjusted every year in January and July (EURES, 2016), for the exact rates, please refer thus to the Ministry of Social Affairs and Employment (Ministerie van Sociale Zaken en Werkgelegenheid).

All in all, the Netherlands offer Europen companies favourable legal conditions. The VAT rate is lower than in Finland. In terms of the working agreement, the Netherlands offer attractive employment conditions for employers. The maximum working hours in the Netherlands are the longest and in terms of payed leave, Dutch employees are entitled to the shortest leave amongst the chosen countries.