

Marketing plan for Leggou Oy

Focus on social media marketing

Janita Pastuhov

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Supervisor (Arcada):	Mikael Forsström
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<p>Abstract:</p> <p>This thesis studies what kind of a marketing plan could fit to a rather new online store, Leggou. The company was established by the author of this thesis in March 2017 and the online store opened after a few months in August. Leggou imports Brazilian fitness wear for women and is currently selling them on its online store to private customers (B2C) at www.leggou.fi. The theoretical framework of this thesis discusses two models, SWOT-analysis and the marketing mix, and they are used as a base for the marketing plan, which is the result of the study. The secondary data in the theoretical framework is collected from marketing related books and online sources and information about Leggou is provided by the author herself because she is the owner of the company. There is no questionnaire or interview conducted and the topic is studied with a qualitative approach. Because Leggou is still a rather new company, the goal of the marketing plan is to increase visibility and awareness of the company and its products and along the way of course make sales as well. The marketing plan has a focus on social media marketing (Instagram and Facebook). A simple marketing activity plan was also created for Leggou. It includes all the main campaigns and activities that Leggou will perform and participate in during the year 2018. The plan can be found as an appendix at the end of the thesis but because of its confidential information, it is not published to the digital copy.</p>	
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<p>Tiivistelmä: Tämän opinnäytetyön tarkoituksena on selvittää, millainen markkinointisuunnitelma voisi olla sopiva uudehkolle verkkokaupalle, Leggoulle. Yritys on perustettu maaliskuussa 2017 tämän opinnäytetyön kirjoittajan toimesta ja verkkokauppa aukesi elokuun lopulla samana vuonna. Leggou maahantuo brasilialaisia urheiluvaatteita naisille ja myy niitä tällä hetkellä ainoastaan yksityishenkilöille (B2C) verkkokaupassaan osoitteessa www.leggou.fi. Koska Leggou on edelleen uudehko yritys, markkinointisuunnitelman tavoitteena on kasvattaa yrityksen ja sen tuotteiden näkyvyyttä ja tunnettavuutta sekä sen myötä myös lisätä myyntiä. Opinnäytetyön teoreettinen viitekehys käsittelee kahta kokonaisuutta, SWOT-analyysiä ja markkinointimiksiä, jotka ovat Leggoun markkinointisuunnitelman perusta. Kirjallisuuskatsauksen lähteinä on käytetty markkinointiin tai muuhun liiketoimintaan liittyviä kirjoja, verkkosivuja ja artikkeita. Opinnäytetyön kirjoittaja on Leggoun perustaja, joten yritykseen liittyvät tiedot ovat suoraan häneltä. Tutkimusta varten ei ole tehty kyselyä tai haastattelua ja aihetta lähestytään kvalitatiivisen tutkimusmenetelmän kautta. Opinnäytetyö avaa Leggoun markkinoinnin perustaa kirjallisuuskatsauksen teoriaan pohjautuen, mutta markkinointisuunnitelman pääpaino on sosiaalisessa mediassa (Instagram and Facebook) eikä se käsittele kaikkia Leggoun markkinointiin liittyviä ajatuksia ja toimenpiteitä. Opinnäytetyö on jaetty viiden pääotsikon alle, joista kaksi ensimmäistä käsittelevät valittua tutkimusmenetelmää ja muuta tarpeellista taustatietoa. Kolmas osio on teoreettinen viitekehys, jonka pohjalta neljäs kappale, Leggoun markkinointisuunnitelma, on tehty. Viimeisenä kappaleena ennen lähdeluetteloja on yhteenveto. Opinnäytetyön liitteenä on Leggoulle rakennettu yksinkertainen toimintasuunnitelma, joka sisältää kaikki tärkeimmät kampanjat ja toimet, joihin Leggou keskittyy vuoden 2018 aikana. Suunnitelma sisältää salassapidettävää aineistoa, minkä vuoksi sitä ei julkaista sähköisen opinnäytetyön yhteydessä.</p>	
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1 INTRODUCTION

This thesis project focuses on creation of a marketing plan for a rather new online store. The theory discusses important factors of a marketing plan and what to consider when marketing a rather new online based business. A large part of the result of the work will be the actual marketing plan for the company. It has been already taken into use during this thesis project, which allows to look back and reflect on how different marketing approaches and campaigns performed.

The theory includes a very common base for many different marketing activities but because trends change, the marketing approaches also change. Therefore, the marketing plan needs to be updated on a regular basis to keep up with the current trends. This thesis is going to discuss mostly about social media marketing, which is a powerful tool in today's marketing.

This marketing plan has been and will be used by an actual company, Leggou Oy, which was established by the author of this thesis in the end of March of 2017. The online store went live after a few months in the end of August. Because the company is still rather new, the goal of the marketing plan is to increase visibility and awareness of the company and its products and along the way of course make sales as well.

Briefly explained, Leggou imports and sells beautiful, high quality fitness clothes for women and currently the company is selling only to private customers (B2C). All the clothes are made in Brazil and the product line has both already known and new brands to the Finnish market.

1.1 Research aim and objectives

The aim is to create a marketing plan for a rather new online store and find out what should be taken into consideration when creating it. In order to achieve the aim, a literature review will be done and its findings are going to be implemented to the actual marketing plan.

1.2 Research question

The main question that this thesis answers is:

- *What kind of a marketing plan could fit for a rather new online store, Leggou?*

1.3 Demarcation

The final result of this thesis includes the actual marketing plan and the theory of its different aspects are discussed throughout the paper. To narrow down the subject, the focus is on social media marketing (Instagram and Facebook). Other marketing methods, such as Search Engine Optimization (SEO) and Google AdWords are used in Leggou's marketing plan but this thesis will not focus on them.

The theory covers important aspects of the creation of a marketing plan or any marketing activities in general. The marketing plan is going to be focused on a rather new online store operating in B2C sales in the Finnish market, which limits the topic a little bit.

2 RESEARCH DESIGN

This chapter discusses the chosen method and approach to the thesis. It also has information about where and how the data was collected and at the end of the chapter, the structure of the thesis is also described.

2.1 Method and research approach

The topic is studied with a qualitative approach. As an owner of Leggou, the author also studies her own actions and that way creates knowledge. This means that new decisions are based on the result of the previous actions and therefore a qualitative research method, action research, is used as one of the methods as well.

2.2 Material and data collection

The secondary data is collected from marketing related books and online sources, such as articles, and marketing and business related webpages. The base for the research is the knowledge of marketing that the author has learned during her studies in Arcada University of Applied sciences and it will be complemented by additional information found from the online sources and books. The found theory is used as a base to create the final result, which is the marketing plan for Leggou Oy. There is no questionnaire or interview conducted and the information about Leggou is provided by the author herself because she is the CEO of the company.

2.3 Data analysis

The first step for the analysis is to find secondary data from reliable sources because the internet has a lot of information that is not necessarily based on facts. After the theory is discussed, its different aspects are put into use to create the marketing plan for Leggou Oy.

2.4 Thesis structure

The thesis is divided under five main chapters. The first two cover the research question, limitations of the study and the methods and approach used to the project. The third chapter is the theoretical background and its information is put into use in the fourth chapter, which is the marketing plan for Leggou. The last chapter of the thesis summarizes the main points of the project and is followed by the list of references used in the project.

Leggou's marketing activity plan for 2018 is included as an appendix, but it will not be published to the digital copy of the thesis due to its content, which is confidential. However, the plan will be briefly discussed at the end of the fourth chapter of the thesis.

3 THEORETICAL FRAMEWORK

3.1 Introduction

The internet is full of marketing plans for different kind of businesses. A Google search by “marketing plan for a new store” also gives approximately 61,4 million results (April 20, 2018). All of these pages are not of course reliable and up to date but a lot of usable information can be found. Even though there are a lot of similar topics, this thesis work will have a lot of value for Leggou because it is important for a company to have an idea how and where to find customers and make sure that the time and money is spent effectively. (CC Marketing Online, 2016) Without any marketing, a company makes profit mostly by luck.

SWOT analysis is often a base for a business plan and a marketing plan and it will also be discussed in this thesis. The letters stand for Strengths, Weaknesses, Opportunities and Threats and once the analysis is done, the results can be implemented to many areas of the marketing plan. (Investopedia.com, 2005)

Another common part of a marketing plan is the marketing mix of 4P’s and these P’s are Product, Place, Price and Promotion. Briefly explained the mix is about finding the right price, place and promotion channel for a product. The marketing mix was created in the 1960s by McCarthy and it has been one of the main marketing concepts since then. (Acutt, 2015)

The above mentioned methods, marketing mix and SWOT, will be the main base for the thesis. They contain a lot of information and will also open more detailed topics, such as different marketing channels and possible competitors.

3.2 SWOT analysis

A SWOT analysis is a very common tool for analyzing a current situation of a company and it is a great help when planning the future actions. Once a company is aware of its own strengths and weaknesses, it can more effectively and it knows what to possibly do

to overcome the weaknesses. The SWOT analysis should be kept simple and seen more as a guide than a specific and complex analysis. (Beattie, 2014 and Investopedia.com, 2005)

The analysis takes into consideration both internal and external points. Internal factors can be directly influenced by the company itself when external factors are not in the hands of the company. Strengths and weaknesses are seen as internal factors and opportunities and threats are things that the company can't fix directly. Even though each company has its own strengths, weaknesses, opportunities and threats, there are some guidelines for each category. (Beattie, 2014 and Investopedia.com, 2005)

3.2.1 Strengths

Simply, things that the company is good at are listed under strengths. However, when listing the strengths, the competition and the market should be used as comparison. Some examples that could be strengths are for example a new and unique technology, very effective marketing strategy, staff's skills and so on. (Beattie, 2014 and Investopedia.com, 2005)

3.2.2 Weaknesses

The internal factors that the company could still be better at are listed under weaknesses. It is important for the company to be aware of its own weaknesses in order to stay competitive in the market. The list could for example include a weak financial situation of the company, lack of employees, low sales and so on. (Beattie, 2014 and Investopedia.com, 2005)

3.2.3 Opportunities

External factors that can help the company grow or give advantage in the market are listed under opportunities. They are often in relation to the strengths of the company but the company itself can't directly affect these. The opportunities can be linked for example to the financial situation of the target country or the increase of demand in the market. (Beattie, 2014 and Investopedia.com, 2005)

3.2.4 Threats

Like opportunities, threats are external things that may affect the company but the company can't directly affect them. While opportunities have a positive impact on the business, threats are the opposite and in order to stay competitive, it is important to the company to be aware of possible risks that may have an impact on the business. Some examples that could affect are natural disasters, economic crisis, increase in costs and so on. (Beattie, 2014 and Investopedia.com, 2005)

3.3 The Marketing Mix

The marketing mix was created in the 1960s by a marketing expert E. Jerome McCarthy and it has been one of the main marketing concepts since then. (Acutt, 2015) The original marketing mix consists of four P's, which are Product, Price, Place and Promotion but when services began more and more common to the market, the marketing mix was later extended to seven P's, which adds People, Process and Physical evidence to the mix. (Acutt, 2015) This thesis focuses only on the first four because at this point Leggou focuses on products, not services.

The marketing mix is often simply defined as "putting the right product in the right place, at the right price and at the right time." However, in order to be able to get the most out of the marketing mix and use the concept to make profit, it needs to be understood thoroughly. (Blythe, 2005)



Figure 1. Marketing mix of 7 P's (Acutt, 2015)

3.3.1 Product

Every business starts with a product and it is also the first P of the marketing mix. At first the company needs to know what a product is and what it should do. Simply defined by Jim Blythe a product is a bundle of benefits that should satisfy the target segments' needs. It can therefore be either a physical product or a service. For the marketing mix to be a useful concept, the company needs to have a clear and deep understanding and knowledge of its products or services. Once the company is aware of the benefits and elements of its products, it is easier to make profit and sell the products.

(Blythe, 2005)

There is a list of questions below that can assist the thinking process when coming up with a new product and when thinking about the first P of the marketing mix. By answering the questions thoroughly, a company gets a deep understanding of its first important factor that strongly affects the sales and profit. (Acutt, 2015)

- What does the client want from the service or product?
- How will the customer use it?
- Where will the client use it?
- What features must the product have to meet the client's needs?
- Are there any necessary features that you missed out?
- Are you creating features that are not needed by the client?
- What is the name of the product?
- Does it have a catchy name?
- What are the sizes or colors available?
- How is the product different from the products of your competitors?
- What does the product look like?

3.3.2 Price

The next P is about setting a price to the product. This is important because the price is strongly in relation to the profit the company makes and can also indicate which way the quantity of the products sold will go. For instance, if the price is very high, there is a chance that the product doesn't sell that well if people don't find the same value for the product as the company thinks it is worth. This doesn't mean that the price should always be as low as possible but it is good to think about the pricing thoroughly before going to the market. There are many different pricing strategies and a few of them are briefly explained below. (Acutt, 2015 and Blythe, 2005)

Supply and demand

This way of pricing is quite well known. The idea is that the price is set according to the supply and demand. Simply in other words, if the demand for a certain product is high but the supply is low, the price of that product can be set rather high and if the demand is low and the supply high, the pricing can be lower. Even though this model sounds quite easy and straight forward, there are a few flaws in the strategy. (Blythe, 2005. p.169-170)

1. Many customers don't have a perfect understanding of the market
2. Companies are not all equally competitive

3. Not all competitive products are identical
4. Not only the price can affect the customers' buying behavior
5. People don't always buy more only because a price is low

Cost-plus pricing

This concept is simple and especially accountants and engineers seem to use the cost-plus or other cost-based pricing strategies. This kind of a concept does not directly take the customer or the competition into account but it in a way secures that the company will make profit once they sell the product. But what if the company produces 1,000 units, sets a price with a 25% profit but no customer thinks that the price meets the value of the product? Simply, there is no profit but only loss. (Blythe, 2005)

Table 1. A simple example of cost-plus pricing

Total cost for producing 1,000 units	100,000€
Cost per unit	100€
<i>50% profit</i>	50€
Price for the product = cost + profit	150€

Product-line pricing

This kind of pricing takes the competition into account and often the price is set according to similar products. When using the product-line pricing, the product usually consists of two or more pieces where one of the pieces has a longer lifetime and the other needs to be replaced every now and then. The idea is that at first the whole product is sold at a low price but the refill is more expensive. The company usually makes most of its profit by selling the refill but it attracts the customers to use the product by selling the whole product at a low price. (Blythe, 2005)

One company that has used this kind of pricing is Gillette. Their razors are at first sold at a price similar to its competitors so the customer can test the product with a lower price. Once the blade gets blunt and rusty, the customer can keep the razor and buy only new blades. The price of the blades is set to make more profit than the razor but if the

customer wants to keep using the razor, the new blades from the same brand need to be bought. (Blythe, 2005)

Skimming

Electronics are often priced by using the skimming concept. When a new product enters the market, the price is set high. Not many people will buy the product at the highest price but the ones that do create the demand and once the competitors also start to enter the market, the price of the first product can be dropped lower. This way the original product often gets purchased more because it is already known and it is cheaper than the other similar products at the market. (Blythe, 2005)

Skimming has both advantages and disadvantages. It for instance gives a company a possibility to control the overall market share when entering to the market with a new product. However, to be able to use the skimming pricing effectively, a strong knowledge of the competition, market and customer behavior is important. Nowadays many customers are also aware of this pricing method and therefore they intentionally delay their electronic purchases which may change the future use of this pricing method. (Blythe, 2005)

3.3.3 Place

The third P of the marketing mix is place and it means that the company should think of distribution channels that reach the potential customers most efficiently and thereby make the buying convenient for the customer. The place can be a physical store or for instance a mail order catalogue, online store and so on. The product can of course be a service, too, i.e. hair dresser and that limits the options a little bit. The location of the business can be for example in the capital, in the city center, out of town or online. (Acutt, 2015 and Blythe, 2005)

As known, there are different kind of businesses and people are also different. That is why it is important to a company to find its own place in the market that supports its own business. To find out where the potential customers are and how their shopping

behavior is, the company needs to define its target segment and do research about their shopping behavior. (Blythe, 2005)

According to many researches people buy more and more from online and even though the sales are still high in physical stores, it is predicted that online shopping will only grow bigger. The sales in physical stores are decreasing approximately 10% annually whereas online stores grow 25% a year. If the same pace keeps up, it is calculated that the online stores pass the physical stores in sales by 2020. (Martonen, 2016)

If the company finds it difficult to decide the third P of the marketing mix, the following list of questions can help. (Acutt, 2015)

- Where do your clients look for your service or product?
- What kind of stores do potential clients go to?
- Do they shop in a mall, in a regular brick and mortar store, in the super-market, or online?
- How do you access the different distribution channels?
- How is your distribution strategy different from your competitors?
- Do you need a strong sales force?
- Do you need to attend trade fairs?
- Do you need to sell in an online store?

3.3.4 Promotion

The last P of the marketing mix of four P's is promotion. It is about communicating a message, boosting the sales and making the business known to the potential customers. Promotion can be done in multiple different ways and even though the time also changes the habits, there is a recipe called the promotional mix, which is often a base for promotional activities. The elements of the promotional mix are advertising, sales promotion, personal selling and public relations, which is also known as PR. (Blythe, 2005)

Advertising

Nowadays there are multiple ways to advertise. The company can decide if they want to communicate via television, radio, newspaper or online for instance. Some channels are costlier than others but a company should not always go with the cheapest one. Even

though the Internet and social media are powerful tools in today's marketing, it may not be the most effective way for every company. Again it is important to think about the own segment and potential customers and which way they could be reached. While young people spend a lot of time on social media, older population may still be reached more effectively via television commercial or newspaper for example. (Acutt, 2015 and Blythe, 2005)

Sales promotion

This part of the promotional mix can be also conducted in different ways. Sales promotion is normally used to boost sales quickly but temporarily and it is often used for low value products, like bread. Examples of sales promotions: (Blythe, 2005. p.226-228)

- Free samples in grocery stores
- Buy one, get one free
- A small toy in a cereal package

Personal selling

The salespeople fulfill this element of the promotional mix. Personal selling can be effective but it is also expensive. In order to get the most out of this, a company needs to train, motivate and control its sales staff well. Personal selling is also at times seen in a negative light because it is said to be too manipulative. (Blythe, 2005. p.231-232)

Public relations

Public relations, also known as PR, are usually promotions that are not directly paid for. Events, sponsorship deals, press releases and seminars are examples of public relations. (Acutt, 2015) Word of mouth, news stories and personal recommendations often tend to be more believable than a normal TV commercial, for example, because the message may not directly come from the company itself. Even though PR can save advertising money and create a positive image of a company or a product, it is good to remember that it can of course do the opposite as well. (Blythe, 2005. p. 237-238)

Creating an effective promotion strategy

By answering the following assisting questions thoroughly, a company can create a good combination of different promotion channels. (Acutt, 2015)

- How can you send marketing messages to your potential buyers?
- When is the best time to promote your product?
- Will you reach your potential audience and buyers through television ads?
- Is it best to use the social media in promoting the product?
- What is the promotion strategy of your competitors?

4 MARKETING PLAN FOR LEGGOU OY

4.1 SWOT analysis for Leggou

The current SWOT analysis for Leggou is shown in the table below and it is followed by another table, which outlines some of the weaknesses and/or threats and discusses what kind of actions could be done to strengthen them. Some of the threats and weaknesses do not easily turn into strengths and opportunities but it is important for a company to be aware of them.

Table 2. SWOT analysis for Leggou

Strengths	Weaknesses
<ul style="list-style-type: none"> • <i>Fitness and stylish training clothes are fashionable</i> • <i>The owner has work experience and education that supports the business</i> • <i>Unique products that aren't yet sold in Finland</i> • <i>The owner works as a group training instructor</i> <i>→ in contact with possible customers</i> • <i>Strong connection to Brazil due to family relations</i> 	<ul style="list-style-type: none"> • <i>Not very known yet in the market</i> • <i>There are already similar companies (big and small) in the market and probably more are trying to enter the market in the future</i> • <i>The company was established and is run by one person only</i> • <i>Limited source of finance</i>

Opportunities	Threats
<ul style="list-style-type: none"> • <i>High engagement and amount of followers on social media</i> • <i>Positive word-of-mouth marketing</i> • <i>A big number of potential customers</i> • <i>Make Brazilian clothes more known in the market (quite new in Finland, but already exists)</i> 	<ul style="list-style-type: none"> • <i>International trade threats e.g. problems with shipping, increased custom fees etc.</i> • <i>Economic threats (Brazil/Finland) that make the business less profitable</i> • <i>New competitors - both Finnish and international</i>

Table 3. SWOT activity sheet

Weakness or Threat	Improvement plan	Completed latest by
Run by one person	<i>New employee(s) will be hired once the company starts running and there is enough money to pay salaries and other working related costs</i>	2019
Competition	<i>Study the market constantly and be aware of new trends and new possible companies entering the market. Try to bring something new to the market before the others.</i>	Ongoing
Limited source of finance	<i>Use cheap and free ways to market the company and the products. Do not invest on anything unnecessary but dare to take risks (credit/loan) at times.</i>	Ongoing activity but the goal is of course to increase the capital.
New to the market / not yet known	<i>Gain more Instagram followers (min. 2500) and Facebook page likes (min. 2000). Do well on SEO and appear on Google with the right keywords. Talk to friends, participate in events, find more ways to be visible and known.</i>	Social media goals by August 2018 but the rest are ongoing.

4.2 4 P's for Leggou

4.2.1 Product

At this point the main products of Leggou are workout clothes but the product line may expand to other workout related products once the business starts flowing. Leggou aims to bring new and unique designs and high quality material to the market.

The products come from different brands from Brazil. The Finnish market already has a few Brazilian fitness wear brands and Leggou enters to the market with both already existing and new brands. The brands that Leggou is already working with are Vestem,

CajuBrasil, Legging Express and Movimento & Companhia but there is a plan to expand the selection by a few more brands. Vestem has been sold in Finland already but the others are new to the Finnish market.

By selling products from an already known brand is part of Leggou's strategy to find customers. Once the customers find out that Leggou sells a brand they already know and hopefully are satisfied with, they probably have the courage to buy from other similar brands as well and fall in love with the design and quality that Leggou offers.

Leggou wants to keep the quality of its products high and therefore they need to meet certain criteria. There are many products in the market that look nice but feel uncomfortable on. Therefore, the clothes that Leggou sells should feel so comfortable that the user wants to wear them over and over again.

However, Leggou doesn't only look after the feeling of the material and the clothes also needs to look beautiful. Even though Leggou will include a few basic models to its product line, in a lot of clothes there are different patterns, design and cuts that differ from the ordinary. In other words, Leggou is for women that want to be noticed.

There are lots of fitness clothes in the Finnish market and Leggou wants to bring something special to the selection. It's common to see the same tank top or the same leggings on many people at the same time when entering the gym. Leggou of course wants to be seen as well but the aim is to have a limited stock of each design so people feel that they are wearing something unique and not everyone has the same clothes. This way Leggou tries to differentiate from its competitors that have huge stocks.

Possible expansions

Even though Leggou mostly targets on fit women who wants to wear comfortable and amazingly beautiful workout clothes, it also has two special expansions coming up within the first years of operations.

The first expansion is a plus size collection, which is planned to launch towards the end of 2018. People often make new year resolutions to exercise more, lose weight, get fit for summer and so on and Leggou wants to help women to keep those promises by sell-

ing beautiful clothes for curvier women as well. Also, body positivity towards an own body has been an uprising trend lately and Leggou believes that there will be a market for plus sized women that still enjoy exercising but aren't maybe eager to fit in smaller sizes, which the workout clothing industry is mostly offering.

There are of course some plus size workout clothes already available in the Finnish market but Leggou aims that its designs and material will stand out from the current selection.

Another expansion that Leggou is planning on for the first few years of operation is a kids' collection. If everything goes as planned, the launch will be in Spring 2019 and a lot of marketing will be made close to the Mother's Day in May. All the patterns of the kids' collection come also in larger sizes for women, which can make a great Mother's Day gift. There are some leggings but most of the products are shorts and skirts, which is also one of the reasons to launch closer to the warmer days.

4.2.2 Price

Leggou sells products, which prices vary currently anywhere between 11,40 to 99,90 euros. Leggou doesn't use a fixed profit margin and some products are better for the business than others. For example, leggings usually have the highest profit and shirts have the lowest. Even though the prices and profits vary and some products are sold at a higher price than others, all the products of Leggou go through a certain pricing process before a final price is set.

How is the price set?

The steps of setting a price are following:

1. The price needs to cover all the costs, including (double) taxes
2. The profit needs to be big enough so Leggou can purchase a similar product to the stock
3. On top of the previous step, there should be extra profit to cover other expenses i.e. web shop fees, shipping, returns and salaries
4. How much does the product cost in Brazil or other countries where it is sold?

5. How much does a similar product cost in Finland?
6. Set a final price according to the previous steps

All of the prices should cover at least the steps one and two of the pricing process but the outcome of the step three is often based on the competitors' pricing and some products give more extra profit to the company than others.

An example of the pricing process

A detailed example of the pricing process for a product Legging Rock Basic is presented below and similar products are all priced the same way. The example or the pricing in general doesn't take tax deduction into account and the process is presented so that the taxes would be paid fully when purchasing and selling even though that isn't the actual scenario. The reason to calculate the prices without the tax deduction is to keep the process simpler. However, once the final price is set, the taxes are calculated with the deduction.

Purchase price 15,48€

1. Covers all the costs

Purchase price	15,48	
Importing tax	12%	
Price incl. import tax	17,33	(15,48*1,12)
VAT	24%	(17,33*1,24)
Gross price	21,50	
VAT in euros	4,17	(21,50-17,33)
Shipping from Brazil	1,45	(157€/108pieces)
All purchasing costs	22,95	
Net price	22,95	
+VAT	28,45	(22,95*1,24)

2. Enough profit to purchase a similar one

Lowest price	22,95	
Double	45,90	
+VAT	56,90	(45,90*1,24)

3. On top of the previous step, there should be extra profit to cover other expenses
i.e. web shop fees and salaries

Each product has its own extra profit. The Legging Rock Basic used in this example doesn't have the highest profit margin because the model is part of the basic collection and not as unique as some other designs. These kinds of products are in the product line to give more variety to the selection but not to make the biggest profit. Let's move onto the next steps to see how much extra this product could make.

4. How much does the product cost in Brazil or other countries where it is sold?

Price in Brazil	181,90 BRL	(cajubrasil.com.br)
Rounded price in euros	50,00	(Sep 21, 2017)

5. How much does a similar product cost in Finland (incl. VAT)?

Example 1	59,90	(boombody.fi)
Example 2	59,90-69,90	(gazoz.fi)
Example 3	19,90-129,90	(stadium.fi)
Example 4	19,90-199,90	(sportamore.fi)

This research gave quite a large price range but most of the similar basic leggings are sold between 50 – 80 euros. There were a few cheaper and more expensive ones but the aim of this comparison was to find the most commonly used average price.

6. Set a final price according to the previous steps

Lowest price	22,95
Enough to re-order	45,90
Price in Brazil	50,00
Average in Finland	65,00
Final gross price	59,90
Net price	48,31

VAT in selling	11,59	
VAT in purchasing	4,17	
Taxes to pay	7,42	(11,59-4,17)
Revenue after taxes	52,48	
Costs	22,95	
Profit	29,53	
Profit after re-order	6,58	

Discounts

Products have a list price but they are sold at discounted prices at times. Based on the owner's previous work experience in a sportswear online store, a lot of products are sold with discounts. This attracts the customers to the store and they may also buy something at a normal price once they find something on sale and will place an order for the discounted product anyway.

Giving a discount is also a great way to introduce the brand and the products to a new customer. Once the customer has used the product for a while, she most likely creates an opinion about it. If she liked it, she knows where to get more and will hopefully return back to the store and buy another product.

4.2.3 Place

Leggou sells products on its online store at www.leggou.fi. A lot of products are nowadays purchased online and people seem to become more and more familiar with online shopping. Even though some people still prefer to shop in a physical store, during the past years, there have been discussions in multiple medias if online stores are going to run physical stores down. There are pros and cons in online selling but compared to a physical store, Leggou found it better to establish a web shop.

Because Leggou sells clothes from brands that mostly aren't yet familiar to the Finnish market, a physical store would be a good idea in the beginning so people can see, feel and try on the products before making a purchasing decision. Leggou would also gain visibility by opening a physical store, especially if it was located for example in the center of Helsinki or in a popular shopping mall.

The costs of running a physical store are quite high compared to an online store and since shopping is quite common online nowadays Leggou decided to sell its products online. Leggou aims to gain visibility on social media and that way make people find the store. Other marketing methods, such as Search Engine Optimization (SEO) and Google AdWords, are on the list as well but social media will still play a big role and this marketing plan focuses mostly on that.

At times, there are health and fitness related events such as expos and Leggou will attend to those to replace the continuous physical appearance. Examples of popular events that Leggou is interested in are Nordic Fitness Expo in Lahti and I love me –fair in Helsinki. There are a lot of similar products presented and sold at those events and therefore Leggou would meet a lot possible customers when attending. However, these above-mentioned events can be quite costly and even though they are great ways to get visibility and meet customers, Leggou's budget isn't big enough for attending all the events at this early stage of business. There is a plan for Leggou to attend the Nordic Fitness Expo in 2018 in Lahti.

It's important to find customers and become known among people since the beginning so there will be enough money to attend to bigger events in the future. Even though Leggou advertises on social media, it's not enough to get the physical appearance, which Leggou finds important. On top of online appearance, another low-cost way to meet potential customers could be different types of collaborations with gyms, wellness centers, yoga studios and other similar businesses.

Occasionally those kind companies organize member events, open doors to non-members to try their services etc. They may also offer low-cost or free participation to their co-operation partners. By attending those, Leggou can meet potential customers

and the partner company can offer something extra to its customers. On collaboration cases Leggou offers a certain discount percentage or other benefits to the customers and the staff of the partner company. Other special deals are also offered to the partner company's customers and staff occasionally. This way the collaboration stays active even when there are no events going on. All these deals will be separated from promotions and campaigns that are advertised to all Leggou's customers.

According to Leggou's competitors' social media posts, some have similar collaboration deals with gyms or other health and fitness related companies. Leggou aims to find wellness clubs that have members similar to Leggou's main target customers. These would be for example gyms that are only for women or a bit more expensive gyms because Leggou believes that people who are ready to put more money on their gym membership could also have a need for higher quality and a bit pricier workout clothes.

4.2.4 Promotion

Advertising is important to every company and especially to new ones. If there is no advertising, people seldom find the company and its products. There are a lot of different kind of advertising and it can either be organic (free) or paid. As a new company, Leggou will put effort on advertising but will also try to keep the costs rather low. TV advertising isn't on the plan, neither printed adverts on newspapers or magazines because they can be quite costly and Leggou may not reach the wanted audience through those channels.

Social media

Like most companies nowadays, Leggou also advertises mostly on social media and it has accounts both on Instagram (@leggou.fi) and Facebook (Leggou). Leggou chose those two because a lot of potential customers use them and they are also free of charge (organic). Leggou posts pictures and/or videos 2-7 times a week to keep the account active. By posting new content, using relevant hashtags and keeping the accounts active, Leggou increases its chance to appear on the feed of new people.

On social media, Leggou shares different kind of posts. All of them include a picture or a video so the posts catch people's attention but the text differ. For example, some posts are just to wish the followers a nice weekend, some are asking questions to create discussion about a topic, some provide detailed information about the products and some are clear encouragements to place an order. Leggou wants to keep the content diverse so the account stays interesting to its followers.

Even though social media advertising is mainly free, there is an option for companies to boost posts so they reach also people who haven't yet found the company or the page. This is also an option that Leggou uses for some of its posts, especially to advertise bigger campaigns, such as the opening week in August 2017 and its promotions. The amount that the company wants to spend on Facebook / Instagram advertising can be set individually by each post. Leggou boosts well succeeding posts for 10-20€/month on Facebook and Instagram to get likes and followers. On top of that Leggou puts money on advertising promotions and campaigns and getting more visitors to the online store.

Followers

Even though Facebook and Instagram show sponsored advertisements for their users from companies and pages, including Leggou, that they don't follow but could find interesting, Leggou still wants to form an organic audience for its posts, meaning Instagram followers and Facebook page likes.

When a new customer finds Leggou's social media pages, the number of followers, likes and comments may affect her feeling of the company. Nowadays when people expect to find everything on social media and if there is a company page with 67 followers and five posts from the past 10 months, the company doesn't look very appealing, especially when talking about an online based business targeted on young women.

Instagram and Facebook provide valuable data to business accounts about their followers. This data gives a company an idea for example when to post, who to target and what to possibly do differently. On the table below, some demographics and behavior of Leggou's Instagram followers (April 2018) are presented.

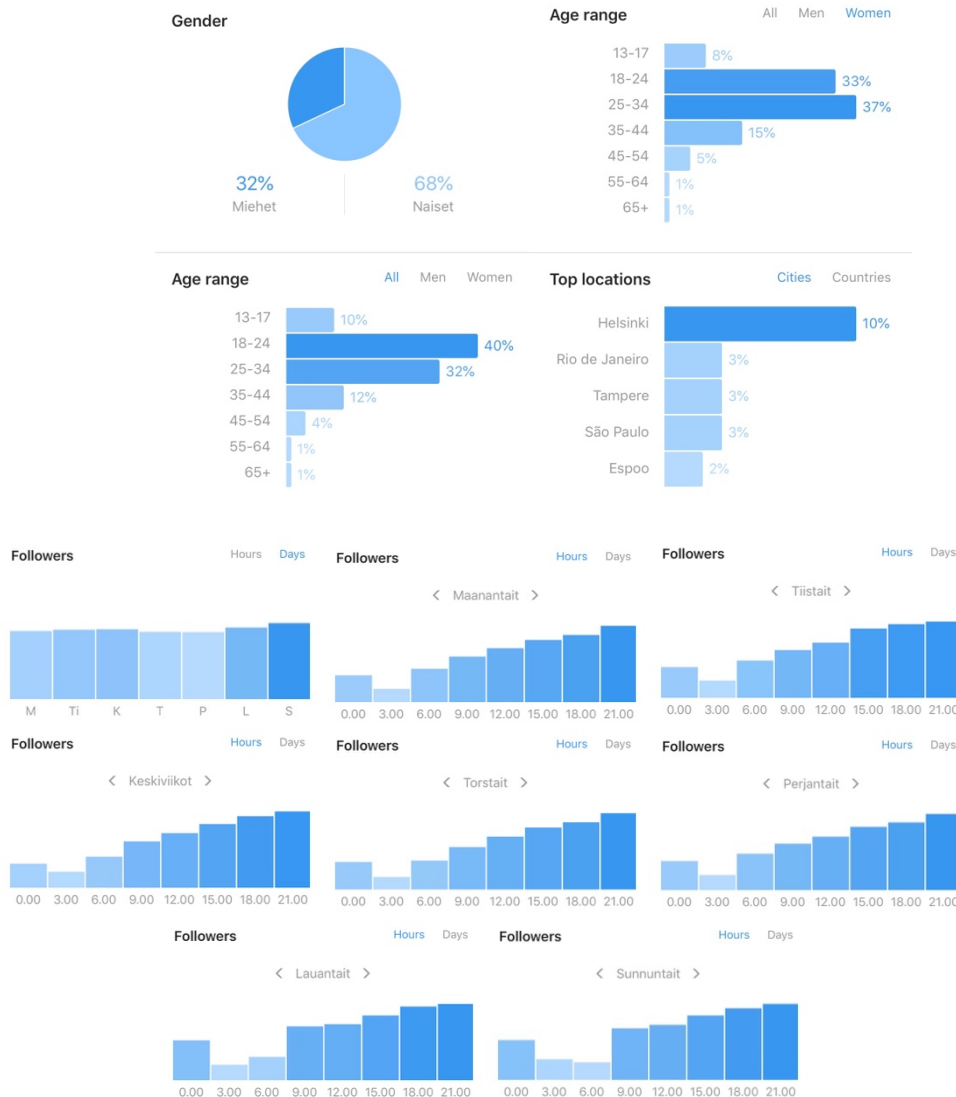


Figure 2. Demographics and behavior of Leggou's Instagram followers

32% of Leggou's Instagram followers are men and 68% women. Because Leggou sells clothes for women, the goal is to increase the number of female followers. 37% of Leggou's female followers are 25-34 years old and 33% are 18-24. This is the main target audience that Leggou tries to reach via Instagram so the numbers look good.

Even though most of the female followers are from Finland, there is still a significant amount of followers from Brazil, which can most likely be explained by the products' country of origin, which is Brazil. Because Leggou sells its clothes to customers in Finland, it also tries to gain more followers from Finland.

The three last rows of the Instagram data above represent the date and time when Leggou's followers are the most active on Instagram. All the days have quite an equal amount of activeness and it daily increases towards the evening. This is important data for Leggou because when the followers are active, the posts are more likely to be seen if posted in the active times.

Leggou opened its social media accounts in the end of May 2017 and the amount of its followers and likes are increasing all the time. At the end of March 2018 Leggou had 1713 followers on Instagram and 706 likes on Facebook and in the end of April the number of Instagram followers increased to 1862 and Facebook page likes to 1382. This was reached by a product giveaway that encouraged the participants to like / follow the page.

By August 2018 Leggou's online store has been open for one year and by then Leggou aims to reach at least 2500 Instagram followers and 2000 Facebook page likes. Even though Leggou wants to increase its number of followers, it also wants to find the right kind of followers, which would be active, sports and fashion loving women between the ages of 16-55 living in Finland.

To reach the goal, Leggou is going to keep boosting some of its posts monthly so it would appear in the main feed of people that don't know about Leggou yet. Based on the behavior data shown above, Leggou can also try to publish its post at the right time. When the followers are the most active the posts usually receive more likes and comments compared to posts published in times when the followers aren't as reachable.

Following other users on Instagram is also one way to gain followers. On Instagram Leggou follows lots of users and interacts by liking and commenting their content and by the gained experience with Leggou, especially commenting has been an effective free tool of gaining more followers.

Product giveaways are also a quick way to expand the amount of Instagram followers, Facebook likes and visibility along the way of course. If Leggou isn't at its goal by the

beginning of August, it will hold a product giveaway and the winner will be drawn when the goal is reached.

Social media influencers and collaboration

It is good for a company to be visible also on other channels than its own so people can find the company and its products. A lot of companies collaborate with bloggers, celebrities or other well-known social media influencers. Product recommendations by known bloggers gain a lot of visibility and visibility hopefully leads to increased sales. Even though campaigns and collaborations like that are often effective they are also quite costly, especially if the influencer is very well known.

As a new company, Leggou's funds are limited so it will try to find less costly marketing solutions. Leggou is going to collaborate with social media influencers but in the beginning, it will focus on new bloggers that are in the process of becoming more known. This means that their number of followers are not yet that high but they are trying to gain more. When a person is not that known yet, the cost of the collaboration is usually lower, often just the price of giving out a few products. The posts of course don't reach the same number of people as know bloggers' posts but they will still reach potential customers if the influencer has a follower base similar to Leggou's target audience. Leggou also believes that product recommendations could actually be more reliable if they come from a friend or a person that doesn't only write and post for money.

4.3 Marketing activities, events and campaigns for 2018

Leggou finds important to plan the main upcoming marketing activities in advance because it gives a better picture of the future and what is coming up. It also helps to plan the budget, which is an important factor especially for Leggou as a new company with a limited amount of capital. Planning takes a lot of time but when there is a structure to follow, the activities are easier and faster to perform.

Based on the SWOT analysis and the marketing mix, an initial marketing activity plan for Leggou was created. It includes all the main campaigns and activities that it will perform and participate in during the year 2018.

Because Leggou is still a rather new company, the main goal for the year is to increase visibility and awareness of the company and its products and along the way of course make sales as well. Some campaigns may of course have more detailed goals but those are not thoroughly discussed in this action plan. The plan takes actions for instance towards the increase of social media followers, which hopefully lead to increase in sales. All the 4 P's of the marketing mix are used in all activities but not separately pointed out in the plan, however, there are actions that are focusing more on certain areas at a time, such as creating discount campaigns (Price) and attending events (Place).

The plan includes mostly actions towards social media channels and does not list everything in detail so the plan stays simple. Some smaller campaigns may not be listed and the plan is adjustable if something comes on the way and the activities cannot be completed. The budget covers only the cost that is planned to spend on promoting posts on Facebook and Instagram and any extra cost (i.e. product giveaway price) related to those. The budget is flexible and can be adjusted if needed. Business trip costs etc. are not part of this budget.

The plan can be found as an appendix at the end of the thesis but because the plan includes confidential information, it is not published to the digital copy.

5 CONCLUSION

The aim of this study was to create a marketing plan for Leggou Oy and find out what should be taken into consideration when creating it. Two models, SWOT analysis and the marketing mix, were chosen for that. The SWOT analysis gave a good base for the work and the 4 P's of the marketing mix deepened the knowledge of the factors that are taken into consideration of many marketing activities. The theoretical framework (chapter 3) together with the practical part (chapter 4) gave Leggou a good understanding of the studied factors and based on those, an initial and adjustable marketing activity plan for social media could be made for 2018.

During the thesis project, the author has already put the marketing activity plan into use, which allows to reflect on performance and efficiency of the actions. Running a company teaches a lot and Leggou has also learned what kind of promotions and actions have caught the customers attention. There are of course a lot of factors that may affect the customers' behaviour and Leggou will run similar promotions more than once to make a final conclusion if something works or not.

During the winter and early spring of 2018 Leggou had campaigns, such as winter sales, a product giveaway on a Valentine's day, collaboration with social media influencers, discounts on webshop, free delivery and so on. The company was also promoting its products for the first time at two gyms and also participated in smaller yoga events that were not advertised.

The raffles often gained a lot of participants with a little budget or no budget at all. Leggou has noticed that if the participation requires following or liking the account, it's a great way to gain more audience. Some people may unfollow after they find out that they did not win but most people usually stay. Therefore Leggou will keep posting product giveaways to gain a larger organic audience to its other posts.

Collaboration with bloggers and other social media influencers have been a successful way to increase sales, especially if the person has first used the products and posted pictures with them before giving out any discount codes. The number of followers have not played that big role but instead the way of writing captions and the quality of the pictures seem to affect.

Gym visits and the yoga events have been also very good for Leggou's sales. The cost of those events were very small (no attending fee) and they are a great way to meet customers and hear their opinions about the products immediately. Currently it is a bit difficult for Leggou to attend events like that because of lack of staff but this is something that the company will definitely try to improve in the future.

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