CREATING A BUSINESS MODEL

Finnish Language Academy in South Korea

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Abstract

The purpose of the thesis was to create a business model of a Finnish language academy in South Korea and to find out if a Finnish language academy could successfully operate in South Korea. The reason for creating a business model was the absence of Finnish language education in Korea while there is an apparent increase in interest towards Finland and the Finnish language.

The process of forming the business model consists of three main sections. First, the concept of business model as well as the book Business Model Generation by Osterwalder & Pigneur were introduced. Next, a market analysis was conducted to form an understanding of South Korean markets. Lastly, a business model was created based on the information of the two previous chapters.

The thesis is a secondary research. A literature review was used to form a theoretical framework on business model. PEST analysis and a Business Model Environment tool were used in the market analysis.

The result of the thesis was a business model canvas for a Finnish language academy and an assessment of such a business’s ability to succeed in South Korea. Based on the market analysis, it was possible to state that there has been an increase in demand for Finnish language education but due to a lack of quantitative data, it is not possible to affirm that the business would be successful in South Korea. A quantitative research should be conducted among Finnish learners in South Korea in order to further develop the business idea.
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1  INTRODUCTION

This thesis presents a business idea in a form of a business model. The business idea presented is of a Finnish language academy in South Korea. This first chapter, Introduction, describes the origin of the idea and presents some current knowledge on it. Later, the research questions and objectives are presented, as well as the research method. Finally, the structure of the thesis is explained in more detail.

1.1  Background and Existing Information

During the past decade, South Korean media and the people of South Korea appear to have a growing interest towards Finland. Indeed, Finnish people have appeared in Korean television increasingly during the past few years and various articles, reports, and programs touch the subject of Finnish education, culture, and lifestyle.

Respectively the migration between Finland and Korea is increasing. There appears to be an increasing number of Koreans who come to study in Finland both short term and long term as well as Finnish people who decide to study and/or live in South Korea. Along with increased migration, the number of multinational couples has also increased.

Furthermore, Japanese people have had an enormous interest towards Finland for years and there are many places to learn Finnish, such as at some universities, Finnish-church and at culture centers (Embassy of Finland, Tokyo 2018). Since Japan and South Korea are geographically close and culturally rather similar, it could be reasonable to assume, that Finland, being very popular amongst Japanese people, has the potential to become a popular country in South Korea as well. So far, South Koreans have already shown interest towards Finnish character Moomin that has been popular in Japan for years, and many Koreans enjoy the Scandinavian design.

Due to increasing amount of Korean people moving to Finland, Korean people having interest towards Finnish culture and Korean people having a Finnish partner, there should be also an increasing demand for Finnish language education. Currently, there is no official institution that would provide Finnish language education in South Korea. Although it is possible to study and learn Finnish online and offline independently, the resources currently available in South Korea might not be enough to saturate the demand. In fact, most of the materials to learn Finnish are in English and only two Finnish language books are available in Korean.

Based on these observations, it could be possible that there is a market for a Finnish language academy in South Korea. Therefore, the thesis focuses on turning that vague idea into a proper business model, which can be used for further development and research. The thesis also includes authors evaluation of if the idea could be feasible or not.
There are no previous researches or thesis about this very subject available on the internet. The most evident efforts to bring Finnish language education to South Korean markets were done during 2015 and 2016 during which a Finnish language book in Korean was released. The book called "Hyvä Hyvä Basic Finnish with Lumi Bear" (originally 루미곰과 휘바휘바 기초 핀란드어) came out on March 20th, 2015. A second book, "Lumi Bears Finnish Travel Conversation, Words" (originally 루미곰의 핀란드어 여행회화, 단어) was published around a year later on March 31st, 2016. During this time, efforts to promote Finnish language and culture were made on Facebook and Naver, a Korean online platform offering services such as search engine, news, blogging platform and more.

1.2 Research Questions, Objectives and Limitations

As mentioned previously, due to Korean media and people having increasing interest towards Finland and Finnish culture, there could also be a demand for Finnish language academy in South Korea. To investigate this statement, the following research questions should be answered:

- What would be the most successful business model for a Finnish language academy in South Korea?
- How to develop a successful business model for a Finnish language academy in South Korea?
- Would a Finnish language academy be successful in South Korea?

To answer the research questions, the objectives of the thesis consist of the following factors:

- to develop a business model for a Finnish language academy operating in South Korea
- to analyze the South Korean market for Finnish language education

The outcome of this thesis is a business model of a Finnish language academy. The business model presented at the end is formed based on the outcome of the analysis and the author's own judgment. The main limitation of the thesis is that the business model developed is not a comprehensive business plan and should not be used as is to actualize the idea. The business model was developed to serve as a foundation that can be used for later quantitative research. Further research questions will be presented at the end of the thesis.

1.3 Research Method and Data Collection

Research methods can be divided into two main categories: qualitative and quantitative research. A qualitative research is used to form a comprehensive and a deep understanding of a phenomenon, while a quantitative research is used to describe a phenomenon more generally based on numerical data. Both research methods have their advantages and it is often recommended to use both research type to form the most accurate view of a phenomenon. (Ben-Eliyahu 2014).

In this thesis, mostly qualitative methods were used. The main purpose for only focusing on qualitative methods was the difficulty of collecting quantitative data; it would be very difficult to find enough people with a relevant background to conduct a reliable survey. Therefore, a quantitative research
was omitted from this thesis, but if a further research is done on this subject, it is recommended to conduct a survey at some point to collect data for better market analysis.

The thesis consists solely of secondary data, meaning that no primary data were collected during the thesis process. The secondary data has been collected from external sources such as previous researches, journals, blogs, government sources, and statistic databases. Most of the data is qualitative, but some quantitative data was analyzed, and the results were used to support the other findings.

A literature review was used in chapter 2. Business Model to introduce the concept of a business model based on previous researches. A literature review is used to form a comprehensive understanding of the topic by covering previous researches and theories. By doing so, both the author and the reader can form an understanding on the basis and the purpose of the thesis. (Denney & Tewksbury 2012.) Usually, a literature review uses one of the following strategies: summarizing arguments made in previous researches, evaluate a previous research based on set criteria, analyze and interpret previous researches or combine ideas to form a theory (Azusa Pacific University 2015).

In chapter 3, Business Environment Analysis, secondary research and two analytic tools were introduced and used to form an understanding of the environment in which the business would operate in. A secondary research consists of using information that others have already gathered for researches and publications. It is often used to gather information to form a basic understanding, after which a primary research can be conducted. (Do.) Therefore, a secondary research is an excellent way to conduct a market analysis when forming a business model, and if the business model will be later developed further, the market analysis can be used as a guideline for a primary research.

1.4 Structure of Thesis

The thesis consists of five chapters. The first chapter introduces the thesis topic, the second chapter describes the theoretical foundation, the third chapter consists of analysis, the fourth chapter combines the theory and analysis to form the final business model, and the fifth chapter concludes the thesis.

Chapter one, Introduction, introduces the thesis topic and the reasoning for choosing it. It also presents the thesis questions, research questions, and objectives as well as sets few limitations. Furthermore, the thesis methodology, as well as the structure of the thesis, are also described in this chapter.

The second chapter, Literature Review, lays down the theoretical foundation of the thesis. In this case, literature regarding business model was reviewed and combined to help the reader to form a solid understanding of the concept. Indeed, the literature review introduces the history of the business model concept, similar concepts as well as the book Business Model Generation (Osterwalder & Pigneur 2010). The business model concept introduced in Business Model Generation is used
as the main concept throughout the thesis and therefore the terms and usage of the business model concept are thoroughly described.

The third chapter, Market Analysis, describes the business environment. Two analytic tools, PEST-analysis as well as a business model environment mapping tool were used to analyze South Korean markets from a perspective of a language academy business in order to form a comprehensive understanding of the markets.

Chapter four, Designing the Business Model, combines the theory introduced in the second chapter with the market analysis results to form a business model for a Finnish language academy in South Korea. All building blocks (introduced in chapter two) of a business model are covered individually and decisions are made based on the information presented in the previous chapters.

Fifth and final chapter, Conclusion, summarizes the results of the thesis and presents suggestions for further research. The last chapter also includes a critical evaluation of the final thesis as well as the writing process.
2 BUSINESS MODEL

A Business model serves as the basis of the thesis. In this chapter, the history of a business model is briefly described, and the business model term is defined. Similar concepts are also introduced to ensure that the concept of a business model is well understood. After that, the business model introduced in the book Business Model Generation by Osterwalder and Pigneur (2010) is thoroughly introduced. The business model canvas introduced in Business Model Generation is used in a later chapter to form a proper business model for a Finnish language academy operating in South Korea.

2.1 Definition

The term business model was first introduced in academic writing around the 1960's but the term was only mentioned briefly and never defined properly. The term business model continued to appear only occasionally all the way until the 1990’s when Information and Communication Technology (ICT) industry started to develop and the amount of Internet-based companies started to increase. The business model was used to explain new kind of businesses and business ideas that were based on Internet and ICT which could not be properly explained with the terms and theories existing at the time. In the mid-2000's businesses in all industries had started to implement Internet and ICT to their operations and the ways companies created value and generated revenues had become more complicated. Business model shifted from being a way to explain Internet-based companies to a way to analyze also the traditional businesses. In the past decade business model has become a widely used term; even so widely that the meaning of the term is sometimes unclear. (Dasilva & Trkman 2013, 3-7.)

The business model has various different definitions. Different authors tend to use the business model term when describing different concepts or models. The way business model is often described can be classified into three categories:

1. The author described the business model as a general concept that can be applied to all businesses.
2. The author describes the business model as different types of business models that each can be applied to a set of businesses with common characteristics.
3. The author describes the business model as different types of business models that are based on real-world business models.

None of the three ways is particularly the right or wrong way to describe a business model but they have to be distinguished in order to have a clear definition of the business model. Furthermore, these three ways of describing a business model can be linked together in a way in which the first and second definitions serve as the conceptual definitions and the third one serves as the example level definition. (Osterwalder, Pigneur & Tucci 2005, 5-6.)
In this thesis, business model is considered as a general concept that can be applied to all businesses. Below are some definitions that describe the business model in a general way:

- Teece (2010) defines a business model as followed: "A business model articulates the logic and provides data and other evidence that demonstrates how a business creates and delivers value to customers. It also outlines the architecture of revenues, costs, and profits associated with the business enterprise delivering that value." He also states that the business model is a conceptual model rather than a financial model.

- Wirts (2016) defines a business model as followed: "A business model is a simplified and aggregated representation of the relevant activities of a company. It describes how marketable information, products and/or services are generated by means of a company's value-added component. In addition to the architecture of value creation, strategic as well as customer and market components are considered in order to realize the overriding objective of generating and preserving a competitive advantage."

- Johnson, Christensen, and Kagermann (2008) define a business model as followed: "A business model, from our point of view, consists of four (customer value proposition, profit formula, key resources, key processes) interlocking elements that, taken together, create and deliver value. The most important to get right, by far, is the first."

- And finally, Osterwalder and Pigneur (2010) define business model simply as followed: "A business model describes the rationale of how an organization creates, delivers, and captures value."

2.2 Similar Concepts

There are many concepts like the business model: strategy, business concept, revenue model, economic model, and business process model. All these concepts are either related, complemented or can be substituted by the business model (Dasilva & Trkman 2013, 13). The difference between a business model and a business plan will be also explained.

**Strategy**

A strategy is thought to be similar if not the same as the business model. It has been argued that business model and strategy would both consist of everything that creates the competitive advantage of a company but actually, although the concepts have a lot of similarities, unlike a business model, a strategy also takes competition into the consideration (Osterwalder et al. 2005, 7). In fact, strategy traditionally focuses on competition, value creation, and competitive advantage, while the business model emphasizes cooperation, partnership, and joint value creation. Also, the business model is highly based on customer-oriented value creation, where the characteristics and needs of customers shape decisions. (Zott, Amit & Massa 2011, 13.) In addition, a business model describes the company's current possibilities to create value, whereas strategy takes future aspects into consideration and
therefore, the strategy is needed to change the business model. Furthermore, strategy reflects what the company aims to be, and business model describes what it is at the moment. (Dasilva & Trkman 2013, 13-16.)

Business Concept

Business concept has been used interchangeably with the business model. The business model is sometimes described as a business concept but at the same time, the business concept has been said to precede business model meaning that a business model would be developed based on a business concept. The business concept can describe a business market opportunity, the products, and services offered, competitive dynamics, a strategy to obtain a dominant position or a strategic option for evolving the business. It is a broad concept that can describe any conceptualization of business reality including strategy and business model. Therefore, it is possible to conclude that the business model is a more defined concept that can be under the vast umbrella of the term business concept. (Dasilva & Trkman 2013, 16-17.)

Revenue Model

The revenue model is often confused with the business model because they both explain how a firm creates revenue. Revenue model describes the source of the revenue, amount of revenue and how the revenue is distributed. Revenue model does not, therefore, describe how value is created but how sales of goods and services turn into revenue. The revenue model is an important part of the business model, but the business model also includes various other segments. (Dasilva & Trkman 2013, 18.)

Economic Model

Economic model has also been used by economists in a similar manner as a business model. The economic model describes the causes of behavior and the outcomes of the behavior from a mathematical point of view. The economic model is not used often and describes business decisions from a more specific point of view than a business model that provides a more general logic on business operations. (Dasilva & Trkman 2013, 19-20.)

Business Process Model

Another term that is often mixed up with the business model is the business process model. The business process model is used to describe the logic for creating and commercializing value (Osterwalder et al. 2005, 7). It is often presented with a graph of the activities, events and flow control charts (Dasilva & Trkman 2013, 19). Business modeling is often used when talking about the business process model which understandably causes confusion between the two concepts. (Osterwalder et al. 2005, 7.)
**Business Plan**

A business plan is also a very similar concept to the business model. A business plan is a document that describes the business and its future. The plan describes the business idea and presents a realistically show how the business will operate and what are, not only the strengths but also the risks and obstacles the business might face. The plan should feature short-and long-term objectives, how the objectives can be achieved and what how the business will meet investors’ expectations. (Schwetje & Vaseghi 2007, 1.) The business model, on the other hand, is not as detailed and focuses on explaining who the customers and the process of creating value are. After one is sure, that there are customers willing to pay for the created value, one you can start making a business plan. So, the business model is a very important part preceding and of a business plan. (Schwetje & Vaseghi 2007, 31-32)

**Criticism**

Business model concept has been criticized for being insufficient and creating a false feeling of success. Without a clear strategy used alongside the business model, a company will not be able to adapt to competition. This, however, is just a result of misuse of business model. Business model is not intended to be a complete management tool but rather an incomplete approach to management. Business model highlights the short-term decisions and focuses on the businesses state at a certain moment. Therefore, business model should not be used alone or used instead of strategy. (Dasilva & Trkman 2013, 21-23). Indeed, business model only serves as a way to describe the core content of a business while other management tools and concept such as strategy and business plan should be used to run and manage business in a long term.

2.3 **Business Model Generation**

Business Model Generation is a book written by Osterwalder and Pigneur (2010). It introduces and explains the concept of business model in a simple and practical way. One of the main aspects of the book is the concept of Business Model Canvas which describes and visualizes business model concept with nine building blocks. Business Model generation also provides the tools to design a business model and form a strategy. So, while business model as a concept is the very core of the business, Business Model Generation takes a step further and also provides some tools to analyze the environment and to manage a business.

2.3.1 **Designing Process**

Osterwalder & Pigneur propose a design process that can be adapted to different businesses based on their needs and based on the current state. The design process has five phases: Mobilize, Understand, Design, Implement, and Manage. Business Model designing process has two starting points: from a point of view of a business that has not yet been established and from a point of view of a business that has been established. A business that has not been established may begin its design process for one of the four reasons:
1. Satisfying market needs that have not yet been satisfied.
2. Bring a new service or product to market.
3. Improve current markets with developed product or service.
4. Create an entirely new market.

An established business on the other usually has a different reason to develop or improve a business model. The reasons can be one of the following:

1. React to a crisis threatening the current business model.
2. Adapt to markets by adjusting or improving the current business model.
3. Expand by launching a new technology, product or service.
4. Exploring options for the future. (Osterwalder & Pigneur 2010, 244-245.)

In the case of the business model of a Finnish language academy in Korea, the business has not yet been established, so the last four reasons do not have to be taken into consideration. Instead, the starting point for this business model is satisfying market needs that have not been satisfied. The markets for Finnish language academy will be analyzed and evaluated in detail in the chapter Market Research.

The design process does not have to be linear and in fact, especially the phases “Understand” and “Design” often tend to overlap. The phases can be roughly divided into two parts: the first part contains a lot of planning and analyzing, and it contains the three first phases Mobilize, Understand and Design. (Osterwalder & Pigneur 2010, 244, 248.) The next two phases, Implement and Manage, are more practical and depend on the first three phases. When creating a business model of a Finnish language academy in Korea, only the first three phases are needed. Since this business model is created mostly for the sake of this thesis, it stays on a theoretical level and therefore the last steps are not included. Still, also the last two phases will be explained briefly for the sake of understanding the process completely.

The first phase of business model designing is Mobilize. This step prepares for the later phases. The activities in this phase usually include forming the objectives, testing preliminary ideas, planning the project and assembling the team. (Osterwalder & Pigneur 2010, 249-251.) In the case of the Finnish language academy business model, the most relevant tasks are forming objectives, testing the ideas and planning the project. These tasks are mostly taken into consideration in the first and second chapters of the thesis. In the first chapter, Introduction, the reasons for creating the business model are explained and also some assumptions of the results are speculated. The objectives of the thesis and the business model are also explained in the first chapter. The phases of the thesis and the designing process are covered in both first and second chapter. The second chapter, Business Model, contains definitions of the terms that are the most relevant in order to create and understand the business model and the designing process.

The second phase, Understanding, is used to research and analyze the elements that are relevant to the business model designing process in order to form an understanding of the environment the business will evolve to. This phase contains activities such as scanning the environment, studying the customers, interviewing experts, researching what has been already tried and collecting ideas and
opinions from others. (Osterwalder & Pigneur 2010, 249, 252-253.) In the case of the Finnish language academy business model, all the tasks mentioned are relevant. The Understanding phase is covered in the third chapter, Market Analysis, in which the environment and the customers are analyzed.

After preparing and analyzing comes the third phase, Designing. In this phase, the idea or ideas are generated into a business model and tested to choose the best option. In this phase, the main tasks are brainstorming, prototyping, testing and finally selecting the business model. (Osterwalder & Pigneur 2010, 249, 254.) In the case of the Finnish language academy business model, all the mentioned are relevant. The Designing phase is covered in the fourth chapter, Designing the Business Model, in which the final business model is formed.

The next two chapters, Implement and Manage, focus on executing and maintaining the business model. Implement phase consist of creating an implementation design that is used to execute the plan. The plan is usually outlined in the business plan and other management documents. This phase also includes communicating the plan to others and creating a mechanism to adapt the plan based on the feedback and the results. The last phase, Manage, is used to adapt and develop the business model based on the markets. This phase should not be done only once but repeated continuously in order to stay successful. The tasks in this phase consist of scanning the environment, adapting the business model in reaction to changes in the markets, rethinking the business model and manage various business models so that they work together to form the best result. (Osterwalder & Pigneur 2010, 249, 256-259.)
2.3.2 Business Model Canvas

Business model canvas is a tool to describe, visualize, analyze and design a business model. Business model canvas consists of nine blocks that together form a comprehensive description of a business model. The nine segments can be further categorized into four main areas of business: customer, offer, infrastructure, and financial viability:

1. **Customer** consists of Customer Segment, Customer Relationship, and Channels.
2. **Offer** is Value Proposition.
3. **Infrastructure** consists of Key Resources, Key Activities, and Key Partners.
4. **Financial viability** consists of Revenue Streams and Cost Structure. (Osterwalder & Pigneur 2010, 15.)

![The Business Model Canvas](strategyzer.com)

**FIGURE 1.** Business model canvas (Strategyzer 2018a)

*Customer Segment*

A Customer Segment is the most important segment of the business model. Customer segment defines the groups of people or organizations that the company aims to reach out to and to serve. There can be one or more customer segments that a company wants to serve. These segments should be grouped based on needs, behavior or other common factors that a group of people or organizations have. The customer segments should be defined well because then the company can focus on a certain need that they want to fulfill. When the customer segments are well defined, it is easier to recognize the needs based on which a successful business model is designed. It is also important that a company decides what are the customer segments that they will serve. It can be more beneficial to just focus on the most important customer groups and serve them rather than trying to fulfill the needs of various customer segments. Some of the most common kind of Customer Segments are:
1. **Mass markets**, where a business focuses on a large group of customers with similar needs and problems without distinguishing separate Customer Segments.

2. **Niche markets**, where a business focuses on certain Customer Segment that have very specific needs.

3. **Segmented markets**, where a business separates Customer Segments that have similar but slightly different needs and problems.

4. **Diversified markets**, where a business has two completely different Customer Segments.

5. **Multi-sided markets**, where a business has two or more interdependent Customer Segments that are both needed for the business to operate successfully. (Osterwalder & Pigneur 2010, 20-21.)

**Value Proposition**

Value Proposition describes the product or service that creates value for the customer. Each Value Proposition segment consists of set products or services that are designed to fulfill a certain Customer Segments need. Value can be created by solving a problem or satisfying a need. Some of the most common ways to create value is to:

1. Fulfill an entirely new need or solve a problem that did not previously exist.
2. Fulfill existing need or problem, but by providing an improved product or service.
3. Fulfill the needs of individual customers. These customized products or services can be completely different based on the customer needs, but individual needs can also be fulfilled by mass-customization.
4. Create value by doing getting something done for the customer.
5. Create value with a design that pleases the customer.
6. Create value with a brand that may bring a certain status to the customer.
7. Offer the lowest priced product or service.

The value created can be quantitative like price, amount of product or speed of service, or qualitative like the design or durability of a product or customer experience. (Osterwalder & Pigneur 2010, 22-25.) A value proposition canvas, also by Osterwalder, can be used to understand the customer and their needs through creating a customer profile and what the company can offer to them by creating a value map (Strategyzer 2018b).

**Channels**

Channels describe the way a company communicates with the Customer Segments and the way it delivers value to the Customer Segments. These customer touch points have five phases:

1. Raising **awareness** about the company and the value offered to the customer
2. Helping customer to **evaluate** the company Value Proposition
3. Customer **purchasing** the product or service
4. **Delivering** the value to the customer
5. Providing **after sales** services to the customer
Each channel can cover either all of the phases or only some of them. Furthermore, the phases can be carried out directly by own channels, such as own store, web store or another direct method, or indirectly through partners channels, such as partners store or a wholesaler. It is also possible to mix direct and indirect channels. (Osterwalder & Pigneur 2010, 26-27.)

**Customer Relationship**

Customer Relationship describes the relationship or relationships with a certain Customer Segment. The motive for customer relationships is usually either acquiring new customers, keeping the current customers or boosting the sales. The Customer Relationship can be:

1. **Personal assistance**, in which customer is in contact with a real customer representative
2. **Dedicated personal assistance**, in which the customer is in contact with the same customer representative throughout a long period of time.
3. **Self-service**, in which there is no direct relationship to the customer.
4. **Automated service**, in which there is no direct relationship with the customer, but the customer's experience is tailored based on the knowledge of the customer.
5. **Communities**, in which community members exchange knowledge and help each other, while also providing information to the company.
6. **Co-creation**, in which customers are encouraged to create content for the company for example in a form of a review or comment.

Each Customer Segment may have one or more forms of Customer relationships. The chosen Customer relationship method strongly affects the customer's experience. (Osterwalder & Pigneur 2010, 28-29.)

**Revenue Streams**

Revenue Streams explains how cash is generated from the Customer Segment. The company must decide how much each Customer Segment is willing to pay for the offered Value Proposition. A business can gain Revenue Streams from:

1. **Asset sales**, where a business sells an ownership of a physical product
2. **Usage fee**, where business charges the customer based on the time a service was used
3. **Subscription fee**, where a business sells a continuous access to a service
4. **Lending**, where business charges for giving someone the right to use a certain asset for a fixed amount of time
5. **Licensing**, where a business gives customer right to use the protected intellectual property for a fee
6. **Brokerage fees**, where a business charges for being an intermediary between two parties
7. **Advertising**, where a business charges someone for advertising something for them.

There are two main types of Revenue Streams: revenue from one-time customer payment and revenue from continuous payments to either deliver the value or to provide after sale services. Further-
more, a Revenue Stream can have one of the following six pricing mechanisms: fixed prices, bargain-
ing, auctioning, market dependent, volume dependent, or yield management. (Osterwalder & Pigneur 2010, 30-32.)

**Key Resources**

Key Resources are the assets that are the most important for the company to have a working business model. With these assets, the company creates the Value Proposition, forms Channels, maintains a relationship with the Customer Segment and creates Revenue Streams. Key resources can be owned by the company or borrowed or rented from partners. Key Resources can be categorized under four terms:

1. **Physical assets** include facilities, buildings, machines, systems and everything else that the company can physically possess.
2. **Intellectual assets** include brands, knowledge, copyrights, customer data and other abstract assets.
3. **Human assets** include all the people that are part of the business model.
4. **Financial assets** include cash, loans, and investments. (Osterwalder & Pigneur 2010, 34-35.)

**Key Activities**

Key Activities are the actions the company must take in order to operate successfully. With these actions, the company creates the Value Proposition, forms Channels, maintains a relationship with the Customer Segment and creates Revenue Streams. Key Activities are strongly based on the industry and the field the company operates on. Furthermore, each of the previously introduced segments requires specific Key Activities to create the best results. Key Activities can be categorized into three groups:

1. **Production-related** activities such as designing, making and delivering a product.
2. **Problem-solving** related activities that focus on coming up with a solution to a customers problem.
3. **Platform or network** related activities such as updating and managing the platform, service provisioning and promoting the platform. (Osterwalder & Pigneur 2010, 36-37.)

**Key Partnerships**

Key Partnerships describe the network of suppliers and partners that a company needs to cooperate with in order to operate successfully. Companies form networks for three main reasons: to optimize their operations, to reduce risks or to get resources. The optimizing operation is usually done by allocating the resources and activities to reduce costs, which is based on the economics of scale model. The most common types of networks that companies form can be distinguished into four categories:

1. A partnership between a company and a supplier.
2. A partnership between a company and a non-competitor to form an alliance.
3. A partnership between a company and its competitor to form a coopetition.
4. A partnership between a company and another company to form a joint venture to form a new business. (Osterwalder & Pigneur 2010, 38-39.)

Cost Structure

Cost Structure describes all the different kind of costs that incur while operating a business. When having clearly defined Key Resources, Key Activities and Key Partnerships it is possible to calculate the cost of creating and delivering value, forming and maintaining customer relationship and generating revenue. Although most companies try to minimize the costs, for some companies low-cost of operating is more important than for others. Generally speaking, companies can be divided into two classes based on their Cost Structure: cost-driven and value-driven, in which cost-driven businesses focus on minimizing all costs to use it as their competitive advantage, while value-drive businesses focus more on premium quality and customization even if it would mean higher cost. Cost Structures can be further divided into four categories based on their characteristics:

1. **Fixed costs**, in which the cost is the same even if the number of products or services would change
2. **Variable costs**, in which costs changes based on the number of products or services
3. **Economies of scale**, in which costs decrease when the amount of the same type of products or services increase
4. **Economies of scope**, in which costs decrease when the amount of different type of products or services increase. (Osterwalder & Pigneur 2010, 40-41.)

Criticism

One of the main characteristics of Business Model Generation is that it was made to be easy to understand for everyone without oversimplifying the concept. Still, Business Model Generation has faced criticism for leaving out important aspects that effect designing and implementing a business model. One of the main concerns has been that business model canvas does not take competition into consideration. Another major con is the lack of strategic purpose. And lastly, business model canvas is said to be better applicable for business model innovation and not ideal for transforming an existing business model. (Ching & Fauvel 2013, 29). Similar to a business model, business model canvas is not meant to be used as a comprehensive management tool, but rather as a foundation to build on to. Business model canvas is used to form a common language and understanding of the concept of business model. Competition, strategy and established businesses are covered in other chapters of Business Model Generation. (Osterwalder & Pigneur 2010, 15).
3 BUSINESS ENVIRONMENT ANALYSIS

All businesses are developed to and operate in a certain business environment. Business environments are dynamic and therefore the environment should be assessed regularly. Understanding the business environment and the changes allow the business to operate successfully and adapt efficiently to changes. (Osterwalder & Pigneur 2010, 200.)

To form a foundation in the business environment of Finnish education in South Korea, the first section covers aspects of relations between Finland and Korea. These factors consist of Finland image and attractiveness to South Korean, political relations as well as statistics on South Koreans in Finland and/or learning Finnish.

In the latter two sections, two analytic tools were used to understand the Korean market environment. First one is PEST analysis, which helps to gain a general picture of the factors that may affect the businesses environment of businesses operating in South Korea. The second tool is introduced in Business Model Generation as a tool to map out the business model environment. The latter one provides tools to analyze different areas of the business environment in a more detailed manner.

3.1 Relations Between Finland and Korea

Finland and South Korea's relations are good. The diplomatic relations between the countries were established in 1973 (Ministry of Foreign Affairs of Finland). In South Korea, the most important Finnish representative is the Team Finland, that consist of Finnish Embassy, Business Finland (formerly Finpro and Tekes), as well as other publicly funded organizations. Team Finland promotes Finland and Finnish companies abroad and helps with internationalization (Embassy of Finland, Seoul 2018).

South Korea is Finland’s third-biggest trade partner in Asia after China and Japan. The main exports from Finland to South Korea are machinery and devices, electronics, and wood and paper products. In addition, there has been increasing demand for energy, clean technology, and welfare solutions. There are also currently around 50 Finnish companies operating and almost 200 Finnish companies represented in South Korea. (Embassy of Finland, Seoul 2018.)

Finland has been presented in South Korean media increasingly during the past decade. There have been several occasions where Finnish person or people have appeared on a Korean TV shows: two separate appearances on "Abnormal Summit" (originally 비정상회담) in 2016 and 2017, two separate appearances "Seoulmate" (originally 서울 메이트), in 2017 and 2018, as well as an appearance on "Welcome, First Time in Korea?" (originally 어서와~ 한국은 처음이지?) in 2017. All the previously mentioned shows are well known by the public and attract a lot of viewers, but especially the last one gained large media attention and interest from Korean people; the episodes have been seen by over 5 million South Koreans (Oikarinen 2017). In addition to the previously mentioned appearances, Finnish culture, lifestyle, and especially education, have been covered in documentary
The appearances of Finnish people in Korean TV have increased Korean people’s knowledge of Finland, although Finland still remains a relatively unknown country for many Koreans.

The selling points of Finland in Korea are high-quality education, welfare system, clean nature, and Nordic lifestyle. Especially the high-quality education is in demand in Korea. Finns have been able to achieve excellent result in worldwide assessments, such as PISA, with completely different teaching methods than in Korea; Finns spend a fraction of the time doing homework compared to Korean students and attending extra lessons after school is abnormal. Particularly English teaching methods interest Koreans. (Yle Uutiset 2012.)

As mentioned, Nordic lifestyle is one of Finland’s selling points in Korea. The trend is not limited only to Finland, but also Swedish, Norwegian and Danish products and lifestyle are in high demand. The trend has its roots in Japan; love towards Nordic design and lifestyle started in Japan and soon spread to Korea through tourists visiting Japan (Hong 2012). This phenomena can be easily noticed in Korea: there are various actual Nordic brands presented in Korea, Ikea, H&M, Marimekko, to name a few, but there are also a large number of Korean companies that promote Nordic design, fashions, food and lifestyle, for example, Skono, a Korean own company selling shoes with Norwegian design and Innometsä, a Korean company selling Nordic design and furniture.
Currently, there are around 600 Koreans living in Finland. The number of South Koreans immigrating to Finland has grown considerably in the 21st century (FIGURE 2) and it would be reasonable to assume that the growth will continue in a similar manner in the near future. In addition, the net migration has been increasing, which means that the total number of South Koreans staying in Finland is growing. In addition to the increase in South Koreans immigrating to Finland, the marriages between South Korean and Finnish citizens have been increasing as well (FIGURE 3). This means that there may be an increasing number of Korean spouses who would be interested in learning Finnish.

FIGURE 2. Immigration and emigration of South Koreans, Finland (Statistics Finland 2018 a)

FIGURE 3. Marriages contracted between South Korean and Finnish citizens (Statistics Finland 2018 b)
Although the number of South Koreans immigrating to Finland has increased, the South Korean population in Finland is relatively small compared to other Nordic countries, such as Sweden and Norway. The number of South Koreans in Sweden has been constantly two or three times more than in Finland, but the other hand, the number of South Koreans in Finland has started to reach similar levels as in Norway and will surpass Norway if the immigration will keep growing (FIGURE 4).

![Number of South Koreans immigrated to Finland, Sweden, and Norway (2006-2016)](image)

FIGURE 4. Number of South Koreans immigrated to Finland, Sweden, and Norway (Statistics Finland 2018a; Statistics Sweden 2018; Statistics Norway 2018)

The number of South Korean tourists in Finland has increased. In 2017 South Koreans spent around 51 000 overnights in Finland which was 23% more than in 2016. Many of these overnights are 1-night stopovers on the way to other Nordic destinations though. As a comparison, Japanese, who are the second largest tourist group from Asia, spent around 238 000 overnights in Finland. On the other hand, the amount of Japanese, who have been considered to have considerable interest towards Finland, immigrating to Finland is not much greater than the number of South Koreans (FIGURE 5).

![South Korean and Japanese immigrants to Finland (1990-2015)](image)

FIGURE 5. South Korean and Japanese immigrants to Finland (Statistics Finland 2018a)
3.2 PEST analysis

PEST analysis is one of the fundamental tools to analyze a business environment. PEST analysis covers four areas of business environment: political factors, economic factors, socio-cultural factors, and technological factors. PEST analysis helps to form an idea of the opportunities and threats, provide information about the future changes in the environment and create a non-biased overview of the markets. (Mindtools.) Each chapter also concludes the findings with a brief description of the opportunities and threats that would arise for Finnish language academy to operate in South Korea.

3.2.1 Political Factors

The past few years in South Korea have been politically slightly unstable. A huge corruption scandal surrounding previous President Park Geun-Hye and other high-profile figures took place in late 2016 and 2017. President Park Geun-Hye was accused and later imprisoned for extortion, abuse of power, bribery and sharing confidential information with her friend, who was also a leader of a religious cult. Park Geun-Hye was impeached from her position and the current President of South Korea, Moon Jae-In, was elected in May 2017. (Biography 2017.) Indeed, corruption is one of the difficulties companies may face when operating in Korea, but corruption seems to be a severe problem mostly amongst high-profile figures and major companies rather than small and medium enterprises. Korea is also increasingly enforcing anti-corruption legislations and the Korean people do not tolerate corruption, as could be noted by a large number of mass protests held against the ex-president Park Geun-Hye.

The current President Moon Jae-in began his term in May 2017. Moon Jae-in represent the Democratic Party of Korea, and so do the majority of South Korea’s National Assembly. (Putz 2017.) The Democratic Party of Korea is a centric-liberalistic party and supports progressive economic policies, human rights and improved relations with the North Korea (Encyclopaedia Britannica 2017).

President Moon Jae-in has proposed that during his term he would improve the Korean Employment and Labor Law. His plan is to create approximately 800 000 new jobs by expanding the public sector while limiting the use of non-regular workers to make sure companies don’t exploit the low wages and use them for dangerous activities. He also wishes to raise the minimum wage to 10 000KRW (approximately 9,40 USD) while simultaneously decreasing the working hours. He also wishes to expand paternal leave and the monetary benefits. These changes may affect companies doing business in Korea and might result in an increase in taxes. (Hayes 2018.)

President Moon Jae-in has also expressed his willingness to negotiate with North Korea. In April 27th, 2018 Inter-Korean Summit was held with the President of South Korea, Moon Jae-in, and the leader of North Korea, Kim Jong-un. The Inter-Korean Summit held in April 2018 will stay in a history, as it was the first time the leader of North Korea had stepped in South Korea since the Korean war. The most important outcome of the Inter-Korean Summit was that President Moon and North
Koreas leader Kim agreed to the end the Korea war in 2018 as well as work together to the denuclearization of the peninsula. (R. Kim 2018.)

Overall, the political environment does not have a huge impact on Finnish language business operating in Korea. The biggest threats President Moon Jae-ins actions may cause are the rise in taxes as well as in the minimum wages. On the other hand, the current political environment in South Korea shows that South Korean government and the people of South Korea are focusing on fixing previously problematic aspects, such as corruption, which may slightly affect the business, but not with a great impact.

3.2.2 Economic Factors

Economic growth in South Korea follows the global trend. After the Korean war ended, Korea developed fast, and its economic growth was double the global average, but ever since entering the 21st century, seconomic growth in South Korea has started to follow the global trend (FIGURE 5.). Currently, the annual growth rate of GDP is around 3%. (The World Bank 2017a.) The main portion of GDP growth is from exports. On the other hand, domestic consumption and investments are slowing down the growth, and the government is trying to restore them by increasing wages and by providing tax breaks for small and medium-sized companies. (H. Kim 2017)

![GDP Growth, Annual (%)](chart.png)

FIGURE 5. South Koreas and world GDP annual growth (The World Bank 2017a)

Real estate markets in Korea are booming. South Korea is a small country, with a lot of mountains, so the land you can build upon is a scarcity and expensive. The house prices are especially high in major cities, such as Seoul, Incheon, and Busan. The government has tried to restrain the housing prices by imposing stricter loan policies and other restrictions, but experts say it has only resulted in greater polarizations between popular and provincial areas (K. Kim 2018b).
South Koreans have more debt than before. The household debt-to-net disposable income ratio of 160%, which is 5.2% more than the previous year and more than the OECD average (Son 2018). The average net-adjusted disposable income per capita is USD 21 723 a year which is below the OECD average by around 9 000 USD (OECD Better Life Index).

Unemployment in South Korea is low but growing. The unemployment rate has lingered around 3.5% which is less than the OECD average of around 6%. The concern is that while the unemployment level in other OECD countries shows a downward trend, the unemployment in South Korea shows slow but constant growth. (K. Kim 2018a.) In addition, at around 10%, youth unemployment is three times higher than general unemployment. Although South Korea is having constant economic growth, it is heavily dependent on industries that produce a few jobs. In addition, president Moon Jae-ins policies have been criticized for putting the burden on the job sector by for example raising the minimum wage. (Yonhap 2018.)

The economic environment in South Korea is stable and opening a business there is rather safe and low risk. The main threats are arising from the unemployment and the household-debt as they may weaken people’s willingness to spend on language lessons. In addition, the high real estate prices make living and operating in the Seoul area expensive compared to areas outside of Seoul. Still, the economic environment is generally speaking good and should not have too many negative impacts on the business.
3.2.3 Socio-Cultural Factors

Korea is one of the world’s most densely populated countries and there are over 51 million people living in Korea. Almost half (49.5%) of the population lives in the Seoul Capital Area consisting of Seoul, Incheon, and Gyeonggi). Currently, the population in Korea is growing, but only slightly with an average annual growth rate of 0.4%. (Statistics Korea 2017a.) In addition, it has been estimated that the population will start to decrease, possibly as early as within 10 years but at the latest by 2040 (Statistics Korea 2016). This also means that the population in Korea is aging and in 2016 the number of elderly people over 65 years old exceeded the number of children aged up to 14 years old (Statistics Korea 2017a). The aging population and the inevitable decrease in the population will cause the labor force to shrink which will lead to a decrease in economic growth. Simultaneously, the elderly population will be supported by a smaller population of working-aged people, which means the economic pressure for the future generations will be greater than now.

![Population in South Korea](image)

**FIGURE 6. Population in South Korea (Gefira 2018)**

International migration to South Korea has been showing a net surplus continuously ever since 2006. It appears that migration of Koreans shows a slight decline while non-Korean migration shows constant growth. Furthermore, in 2016 net migration of Koreans had a surplus of only 2 thousand people, while non-Korean had a net migration with a surplus of 77 thousand. (Statistics Korea 2017b.) The net international migration has been estimated to decrease from 80 thousand in 2015 to 30 thousand in 2030 (Statistics Korea 2016). The Koreans who migrate into and out of the country consist mostly of people aged 20 to 29 years old (Statistics Korea 2017b). There are various reasons for migrating from South Korea, but they have the common factor of looking for a better life. The mentioned reasons for migrating from South Korea appear to be a competitive culture, lack of opportunities and the high cost of education (The Korea Times 2016).
Korea is one of the world’s most homogenous countries. Statistics Korea report shows that only 2.8% of the population are foreigners while Korean newspaper Chosunilbo reports that there were over 2 million foreigners in South Korea in 2016 which accounts as 3.9% of the population (Statistics Korea 2017a; A. Kim 2016). Out of the foreigners around 50% are Chinese nationals and of the rest 50% of foreigners in South Korea, the majority come from other Asian countries such as Vietnam, Thailand, and Philippines. US citizens are the fourth largest group of foreigners. (Statistics Korea 2017a.) During the past decade the number of foreigners in Korea has been increasing with an average growth rate of 8%. With the current growth rate, the number of foreigners is expected to surpass 3 million in 2021. (A. Kim 2016.)

Education is a very important part of Korean society. Korean students do well in international studies such as PISA (Programme for International Student Assessment) year after year; in 2015 Korean students ranked 9th with an average score of math, sciences and reading (Factmaps 2018). Additionally, the importance of the education is better displayed by the intensive competitiveness amongst students to get into the best university. For this reason, in addition to regular 8-10h school days, on average 70% of students of all age groups attend cram schools in the evenings and during the weekends adding the study time on average by 6h per week. On average, the parents spend 271 000 KRW (242 USD) per month for private education like cram schools. (Statistics Korea 2018.) Although the level of education is high, the immense competition can be seen on the student’s happiness levels, as suicide has been the top cause of death of youth aged 9 to 24 years since 2007 (Statistics Korea 2017c). Furthermore, stress related to school is the cause of suicide in almost 40% of the cases (Bonanomi 2017).

The work culture and employment have their weaknesses in Korea. Many new graduates are unable to find a job and the youth unemployment has reached 10% which is around three times more than the overall employment. Low unemployment has pushed even more student to apply to one of the conglomerates, Samsung, LG, and Hyundai to name a few, but the competition is as ruthless as when applying to top universities. (Frayer 2017). Those who manage to find a job usually have to face long working hours with relatively low pay, competitive atmosphere, and strong hierarchy.

The biggest opportunity for a Finnish language business that rises from the socio-cultural situation in South Korea is the people’s unhappiness with their own country; the unhappier people are with their opportunities in South Korea, the more likely they would look into migrating to another country. And as previously covered in this thesis, South Koreans show interest towards Nordic lifestyle and education, which amplifies the situation. On the other hand, if people have to focus on just to get by in life, they might be less willing to learn a foreign language, especially when Finnish cannot be used outside of Finland.
3.2.4 Technological Factors

Korea is technologically very developed country. In fact, South Korea is globally well known for being one of the leading developers and producers of products like mobile phones, displays, and motor vehicles (Science and Technology Office Seoul). The previously mentioned products form a remarkable 51.3% of the exports; electrical machinery and equipment total 28.4%, machinery and computers total 12.1% and vehicles total 10.8% of the exports (World's Top Exports). Due to technology being such an important part of the South Korean economy, in 2016 4.2% of the GDP was spent on the research and development (OECD Data). Korea is the most innovative country in the world based on R&D, high-tech companies, manufacturing, research personnel, patents, and education. Innovation and support from the government was the key to the success of big Korean conglomerates like Samsung and LG. (Domínguez & Mazumdar 2016). The internet penetration percentage is also the top of the world. In South Korea, nearly the whole population (88.3%) has access to the internet via LAN, cable or phone (Ramírez 2017).

In a country that is technologically very developed, there are many opportunities for businesses in all fields. For Finnish language business, the biggest opportunities rise from using the internet to stream the lessons, so that the company could cover all South Korea and not just Seoul. On the other hand, there are so many apps related to language learning that there might be people who rather use free apps for language learning than attend lessons.

3.3 Business Model Environment

When designing a business model, business environment shapes the designing process in two ways: with design drivers that are opportunities arising from, for example, customer needs and new technologies, and with design constraints, that are threats arising from, for example, regulations and strong competitors. When taking these factors into consideration it is easier to make informed decisions. When analyzing business environment, following four main areas should be taken into consideration: market forces, industry forces, key trends, and macroeconomic factors. The four main areas contain the most important factors that shape the external environment, but to deepen the analysis, other analytic tools should be used as well. (Osterwalder & Pigneur 2010, 200.)

When examining the four forces, it is important to keep in mind that the market for Finnish language education in South Korea is new and it has not been properly established. Furthermore, the analysis is done based on the current information, and the business environment is subject to change. Therefore, the picture of the business environment that is formed based on analyzing the four forces may not represent the business environment that would be present if the Finnish language academy would be established in South Korea.
3.3.1 Market Forces

Market Issues

As learned during the PEST analysis chapter, the South Korea’s economy is facing an increasing burden because of the aging and soon decreasing population. The youth employment is at its peak and for most regular people the life in South Korea consists of constant stress due to competitive culture and strong hierarchy. This has resulted in more South Koreans to look for serene lifestyle and more opportunities for themselves and their children abroad. In 2017 in total 2,480,000 South Korean citizens were living abroad. Most of the South Koreans live in the North-America or neighboring Asian countries China and Japan. (Pew Research Center 2018.)

Although North-America, China, and Japan are the most common destinations, an increasing number of South Koreans also consider moving to other countries. Especially young South Koreans have shown interested towards Northern European countries such as Sweden, Norway, Denmark, and Finland. In fact, the number of Koreans living in the previously mentioned countries doubled in six years from 2,123 in 2007 to 4,113 in 2013. Northern European countries appeal to young Korean because of a good social welfare, the number of educational opportunities and clean nature. In addition, since a large number of South Koreans have established Korean communities to USA, Canada, Australia, China, and Japan, people are now looking for a more authentic environment where they can truly escape the Korean society and adjust to a completely new culture. (The Chosunilbo 2015.)

Tuition fees for non-EU students to study at Finnish higher education institutions came into effect on August 1st, 2017 (ICEF Monitor 2016). Most higher education institutes offer scholarships that cover up to 100% of the tuition fees. South Korean students that want to study a degree in Finland will have to pay for the tuition fees or apply for a scholarship to get a reduction of the tuition fees. Since Finnish education cannot be advertised anymore as a free education, it might lose some of its competitive advantages in the eyes of non-EU students. South Koreans who hope to study abroad might not be as willing to choose Finland as before, because there is a large number of other well-ranking universities in EU that also charge a tuition fee. If people decide to study elsewhere, they will also most probably decide to focus on that country’s language over Finnish.

Market Segment

The very exact market segment for Finnish language education is all the Koreans who are interested in learning Finnish or currently learn Finnish. This is simultaneously the most accurate but still vague definition of the market segment.

People that are learning or are interested in Learning Finnish language in Korea are most likely Korean young adults. The reason for this is that Korean high-school students are often too focused on studying to get into a good university and do not have resources to study extra languages while on the other hand adults who have already entered work-life and have family in Korea are usually busy with their work and trying to support their family.
Young adults who are in or have recently graduated from the university would be the most likely people to be interested in learning Finnish because they are the most likely to migrate abroad, short-term and long-term. According to Statistics Korea (2017b), the biggest age group for international migration are Koreans aged 20-29 years old. In addition, young people are showing the most interest in moving to Nordic countries such as Denmark, Norway, Sweden, and Finland.

Koreans who are in a relationship with a Finnish people are also potential customers since they might want to or must learn Finnish. Although there is data about marriages between South Korean and Finnish citizens, it is not possible to find data on another type of relationships between Koreans and Finnish people, which means that the number of people who are potential customers is different from numbers based on marriages.

**Needs and Demands**

There may be demand for more Finnish language materials in Korean. There are currently two Finnish language books in Korea, “Hyvä Hyvä Basic Finnish with Lumi Bear” which was introduced in the introduction chapter as well as a book called “Finnish, Fundamental Grammar”. Only the first one includes materials, such as reading practice, exercises and listening, to practice and develop the Finnish language while the later one strictly focuses on to explain the grammar. In addition, there are no materials available in Korean for learners who have passed the basic level, but it is difficult to identify if there is demand for materials in Korean for intermediate and advanced learners.

There could also be need and demand for Finnish language teaching. Finnish is often described as one of the most difficult languages to learn and especially the Finnish grammar is very confusing. Self-studying may not always result in good learning, as some may struggle with grammar, have no chances to practice speaking or simply because of lack of motivation. So, Korean people learning Finnish could benefit a lot from Finnish language classes taught by a teacher, who know how to explain the grammar points as well as encourage students to speak the language.

**Switching cost**

Currently, there are no similar businesses operating in South Korea. If a Finnish language academy would operate in South Korea, it would theoretically have a monopoly situation. Still, there are other ways to learn Finnish as a South Korean learner which creates direct competition. Furthermore, all Korean Finnish learners are currently learning Finnish in some other way than in a private academy and therefore

A Finnish language learner may decide to only learn independently. This is the cheapest and the most flexible method. This is also most likely how most of the Koreans are currently learning Finnish as there are very limited resources to learn in other ways. Learning independently may be completely free because there are a lot of free materials available online but independently learning can be also expensive if the learner decides to purchase language books; Finnish language books in Korean cost
around 15 -20 USD each and when ordering Finnish books online the combination of a textbook and a workbook can be over 60 USD excluding the shipping. Therefore, for independent learners, the price may be the biggest switching cost against language lessons at a language institution. On the other hand, the benefits of learning with more diverse materials and with a qualified teacher may result in better results and speed up the learning process, which could attract customers to language lessons offered by the language institution.

Korean Finnish learners can choose to travel to Finland to learn Finnish. This is an expensive option for those who will only visit Finland and are not planning to stay there for long-term and therefore people would probably appreciate the possibility to learn Finnish professionally in South Korea. In addition, traveling takes time, so some people do not have time to travel abroad and participate even on the shortest and most intensive courses, in which case the switching cost to the weekly lesson would be low. On the other hand, the Finnish courses offered in Finland are often very intensive and provide an environment for fast progress, which could be the reason for someone to learn in Finland.

And finally, an independent Finnish learner in Korea can make effort to find a Finnish language tutor. This can be a free, cheap or expensive option, depending on the Finnish tutor charge rate. Hiring a Finnish tutor will provide a very personalized learning experience and allows the learner to focus on their problem areas, which is a big advantage. Still, although there are many Finnish people in South Korea both short- and long-term, it may be difficult to find someone who is able and willing to teach Finnish. In addition, it is very likely that the Finnish tutor has no experience in teaching Finnish, which means that the quality of teaching may not be as good as when learned from a qualified teacher. Therefore, although the price may be a switching cost, again, the quality of teaching may be big enough benefit to choosing a Finnish language institution over private tutor.

Revenue Attractiveness

It is difficult to estimate what Koreans would be willing to pay for Finnish language education without conducting an extensive survey and therefore benchmarking will be used to identify cost related aspects.

There are a great number of language academies that offer European languages. Most common European languages offered are Spanish, French, German and Italian. In addition, there are also Swedish and Norwegian language lessons available in South Korea. The Swedish and Norwegian language lessons are the most reliable point of reference to Finnish language education pricing since they are all Nordic languages and cater to a similar customer segment. The Swedish language course costs 300,000KRW (267USD) for a 5-week long course and Norwegian language course costs 300,000 – 400,000 KRW (356USD) for a 4- or 5-week long course, both of which have lessons once a week. Based on this benchmarking, it would be safe to assume that Koreans would be willing to pay around 300,000-400,000 KRW for a 5-week long language course.
3.3.2 Industry Forces

Competitors

For Finnish language education in South Korea, the biggest competition are educational institutions that provide Finnish language courses in Finland. These institutions include but are not limited to universities, summer universities, folk high schools, summer high schools, adult education centers, and churches. The range of studies especially in the biggest cities such as Helsinki, Turku, and Tampere are extensive starting from beginner and going all the way up to higher intermediate level (B2). Some institutions also offer online courses that can be accessed anywhere. The cost of these courses ranges from 50€ to 200€. Some of the courses are advertised as intensive courses that include a lot of homework and proceed quickly. There is an especially large number of courses available during the summer season, but courses are also available during the school year.

Finnish language courses offered in Finland have a lot of competitive advantages. Firstly, offering courses in Finland allows the person to be able to use learned Finnish in everyday situations. Secondly, if the person does not live in Finland permanently, attending a Finnish language institution in Finland allows them to visit and explore Finland while also improving the language skills. Third, there are a lot of level options and the teachers are well qualified to teach English to foreigners. And lastly, the fact that some institution offers online courses is a great advantage, because they can cater to Finnish learners abroad, especially those who have already learned the basics on their own.

In contrary, the biggest disadvantage of Finnish language courses in Finland for Korean students is the cost. If a student plans to travel to Finland just to attend a language course, they would also have to pay for accommodation, living costs, and flights. Even if attending a short, intensive course, the cost would be around or over 1000€. Furthermore, not everyone has time to travel abroad to learn a language in which case learning it at home country would be more convenient. And lastly, as discussed previously, some Koreans don't have strong enough English skill to follow language courses taught in English and Koreans could benefit from learning Finnish grammar based on Korean grammar.

New Entrants

Currently, there are not many new entrants in the Finnish language markets in South Korea. The most recent effort to enter Korean markets was made in 2015 and 2016 by the company who published the Finnish language book “Hyvä Hyvä Basic Finnish with Lumi Bear” in Korea. The most potential new entrants are new language learning apps, but it is unlikely that such Finnish learning app would come to markets that would replace traditional teaching and learning.

Substitute Products and Services

The most obvious substitute product and service for Finnish education markets in South Korea are the other languages. South Koreans start learning English usually in the third grade and usually continue studying English all to way until university and even after. Since English is tested as a part of the
university entrance exam, most students attend after-school classes to improve their language ability. The English language business in Korea is very large and there are English language academies everywhere.

In South Korea there are a lot of resources to learn other languages as well. When excluding English speaking countries, the most popular migration destinations for Koreans are Japan, China, Kazakhstan, Indonesia, Germany, France, Sweden, Denmark, and Brazil, to all of which over 10 000 South Koreans have migrated to (Pew Research Center 2018). Therefore, Chinese and Japanese are common choices to study as a second language but so are also Spanish, French, German, and Russian, all of which you can study at most major universities as well as in private language institutions.

More importantly, it is also possible to learn Swedish and Norwegian in Korea. For people interested in Nordic countries and lifestyle, Sweden and Norway could be very viable options over Finland, especially since it is possible to study both languages in South Korea. Therefore, Swedish and Norwegian language education are both strong substitute businesses.

Supplier and Other Value Chain Actors

The most important value chain actors for Finnish language education in South Korea are Finnish language teachers, Finnish language books and other material providers and teaching facility providers.

Firstly, the teacher is the key player in the language education business. It could be slightly difficult to find a person who has the ability to speak both Finnish and Korean and who also can teach professionally, so this is one of the major challenges.

Secondly, there are a few Finnish language books available in Korean, a good number available in English and a lot available in Finnish. If new Finnish language materials would be available in Korean, it would be very valuable. Since there are plenty of materials available, it would be important to go through them and pick the most suitable ones while also keeping an eye on the markets in case new materials emerge.

And lastly, the facility where the teaching would happen. In Korea, there are a lot of businesses that provide studying and teaching facilities for private people and businesses. A separate investigation should be done to map out and to find the best teaching facility provider.

Stakeholders

If a Finnish language academy would be established in South Korea it could be possible that Team Finland organizations such as Finnish embassy and Business Finland would be interested in supporting a company providing Finnish language education in South Korea. Especially Business Finland is a
company that promotes Finland and its interest abroad and helps Finnish organizations to operate in South Korea by providing business consultation (Embassy of Finland, Seoul 2018).

3.3.3 Key Trends

*Technology Trends*

As learned during PEST analysis, South Korea is technologically very developed and innovative country. In addition, the technological development globally has been very rapid during the past few decades and it is only appropriate to expect the development to continue.

The main opportunity and threat that emerges from technology trends is the use of video, in a saved form but also in the form of streaming. Online education has been a major business for many years in the education-obsessed Korea (Fifield 2014). With video and streaming, it would be possible to cater to a larger number of customers, as not all Finnish learners live in Seoul. In addition, if lessons are recorded it would allow people to review after lessons too. This would bring additional value to learning at a Finnish language institution. At the same time, streaming and videos can be used as a part of online education by Finnish institutions, which forms competition.

Another major technological trend during the past decade has been smartphones and apps. Again, phones and apps create opportunities, especially as teaching tools, but it also means competitors can use it as well. For example, there is a large amount of language learning apps available, some that provide pre-made materials (for example Duolingo), some that can be used to learning and where you can find materials used and made by others (such as Memrise) as well as apps where you can meet native speakers and learn the language with them (such as Hello Talk). Many self-learners may decide to rely on free learning apps instead of paying for language lessons.

*Regulatory Trends*

There are two main legal concerns when operating as Finnish language academy in South Korea: laws on running a private academy and laws on international migration and working permits. There are also some regulatory trends that affect all businesses operating in South Korea, for example, the rise of the minimum wage as well as regulations on working hours, though they might not affect the business as much as the more specific regulations and laws.

As learned earlier, education is very important in South Korea, and there is a large number of private academies operating all over the country. This means that the business is also strictly regulated, though the regulations and laws are more severe on the cram schools intended to supplement regular school. Still, all private academies must follow a set of regulations, most important being that the business operates in a building space that can be legally used for academy business and that the student’s amount doesn’t exceed the regulated amount. In general, the regulations on private academies are getting stricter, for example, academies should not operate after 10 PM and
English after school classes are banned for first and second graders (Kang 2009; Jo 2018). Still, those regulations would not relate to Finnish language academy business a lot if at all.

Another way regulatory trends may affect Finnish language academy operating in South Korea are the regulations and laws on immigration and working permits. Indeed, either the founder of the business would have to be Finnish, or if not, the founder would most likely have to hire Finnish speaking staff that would be able to hold the lessons. This means that the South Korean laws and regulations on immigration and working permits must be considered. Fortunately, the recent trend shows that South Korean government is supporting foreigner start-ups by working on improving regulations that have been previously preventing talented foreigners from starting a business in Korea (Lee & Kim 2016).

Societal and Cultural Trends

South Koreans, especially younger generations, are fast to follow any trends, whether it is fashion, food or lifestyle. This also means that the trends pass by quickly as new emerge. But there are also larger scale social and cultural trends that are evolving slower and that are based on globalization. These larger scale societal and cultural trends can be seen especially when observing the difference between younger and older generations values and ideologies.

South Korean youth is becoming more liberal and individualistic. Korea has been and still is a conservative and collective culture where tradition and modesty are valued, elders are respected and the common good is greater than individual needs. Still, during the 21st-century Korean society has gone through changes and the youth is getting influenced by the western culture. The change in younger generations attitudes can be seen in various ways: increasing number of couples live together, which is something that has been unacceptable for a long time, feminist march on the street for women’s rights, and people have started to eat alone which may not seem like a lot, but is a clear indicator of individualism in a country where eating is a social event (Denney 2015; Ho 2018; Borowiec 2017). Still, although the society is changing, South Korea is one of the most conservative and collective amongst developed countries.

Korea is also known for the stressful, fast life. Maybe for that reason, the Nordic way of life and design has become a trend in South Korea. First, it was mostly just about the clean and simple design of Nordic items, but more and more Koreans are becoming interested in the Nordic culture and society as well. (Min 2012).

South Korea has also become more multicultural. There is an increasing number of foreigners in Korea and respectively also an increasing number of international students. Most of the tourists, international students and immigrants in Korea are Chinese citizens. In addition, throughout the history Koreans have been keen to define the term “Korean” by having a Korean bloodline but a recent
study shows that especially the younger generations are more open-minded on the definition of “Korean”; only 55.4 percent of respondents in their 20s believe “having Korean bloodline” is an important factor in contrast to 82.4 percent of those aged 60 and over. (Moon 2015.)

Socioeconomic Trends

As learned during PEST analysis, Korea is facing problems with its aging population. South Korea has the fastest aging population in the world and due to low birth-rate, the population is also expected to start decreasing within the next 20 years. The younger generations must deal with rising social costs to support the aging population. In addition, the highly educated youth face high competition for high paying corporate jobs, and although there are plenty of labor jobs left behind the aging population, the youth unemployment is nearly 10%. This means younger generations struggle more financially than their parents, which may result in a decrease in economic growth.

The wealth distribution in Korea is uneven. Korea’s income gap was the largest in Asia-Pacific region in 2016 and income inequality is a constant problem. The wealth gap is due to the rapid aging of the population, the wage gap between regular and irregular workers and gender occupational inequality. (J. Kim 2016). In Korea, especially old people are often suffering from relative poverty, which means their income is less than 50% of the median income and can barely get by (McCurry 2017). Immigrants are another group of low income, as most of them come to the country as unskilled workers and work in the fields of physical labor (Lee 2018).

South Koreans have more debt than before; debt grew by 6.4% which is more than disposable income that only grew 2.4% in 2015. Most of the debt, 58%, were mortgage loans, which is due to high house pricing, especially in the Seoul capital area where nearly half of the population lives (Financial Tribune 2016). In addition to housing, a large amount of the income goes into the education: parents spend on average 271 000 KRW (242 USD) per month for private education (Statistics Korea 2018).
3.3.4 Macroeconomic Factors

**Global Market Conditions**

The global economies are growing. It has been estimated that the global GDP will expand by around 3% in 2018 and 2019. The growth is a result of a positive outlook of developed economies, strong growth in international trade as well as increasing investments. The threats of global growth are the rising tensions in trade agreements between major economies, increasing debt level, and increasing tensions in geopolitics. (The United Nations Economic Analysis & Policy Division). World average unemployment rate is down to around 5% and the unemployment has shown a decreasing trend ever since 2009, after the end of the financial crisis of 2007-2008 (The World Bank 2017c).

**Capital markets**

For a Finnish language academy, the most important issues related to capital markets is the ability to get funding in Korea as a foreign-owned business. There are only a few banks that provide loans for foreign residents, but both secured and unsecured loans can be granted to foreigners that meet certain requirements. The requirements include factors as employment, the residence time in Korea and if the visa status. Often, unsecured loans have stricter criteria’s and may demand high position jobs while secured loans can be obtained rather easily with a help of a Korean relative. (Housekorea 2016).

**Commodities and Other Resources**

When operating a teaching business in South Korea there are three main resources needed: a teacher, teaching materials and a teaching facility. Out of the resources, the teacher is the most difficult to obtain, just because the need is very specific: the teacher should be able to speak Finnish while also knowing enough Korean to help students when needed. Furthermore, there are laws that affect working permits, which may make finding a teacher even harder. Still, recently there is an increasing number of Finnish students studying in Korea, and some of them decide to stay and live in Korea. So, it could be likely that a teacher could be found amongst those people.

Secondly, the teaching materials. The currently available materials in South Korea are very limited, so most probably some materials should be produced to supplement Finnish learning materials that are often only available in Finnish. When producing teaching materials on a small scale, the biggest cost is from printing. If the company has own printer, that would be one of the costs, as well as the cost of paper. Both of the previously mentioned can be easily outsourced at a reasonable cost.

Lastly, the teaching facility. If the type of the company is chosen to be the smallest scale teaching business, the teaching may take place in a residential building. This means that there would be no extra facility cost if the business founder already lives in an apartment that meets the requirements. (Hagwonstart). And if not, it is possible to rent a teaching facility from a business. The prices for renting a teaching facility most probably depends on the location; the real estate prices in areas such
as Gangnam are higher compared to other places, so renting a facility there would be most likely higher as well.

**Economic Infrastructure**

In South Korea the public infrastructure is well developed and modern. Public transportation, telecommunications and public facilities such as hospitals and libraries are excellent, especially in the large cities (Nations Encyclopedia). The South Korean government also pays a lot of attention to education, spending nearly 5% of its annual GDP on education (The World Bank 2017b).

The public services are generally good and well available in Korea. There are services aimed specifically for foreign business owners: Seoul Global Support center provides support on starting a business, legal disputes, labor disputes, and real estate transactions and Seoul Global Startup Center provides support and services for foreign entrepreneurs living in Seoul (Seoul Global Center; Seoul Global Startup Center).

South Korea does a lot of trade and it is the 5th largest export country in the world. South Korea has various trade agreements, such as the Free Trade Agreement with the U.S and the EU and is part of the Asia-Pacific Economic Cooperation (APEC) Forum (Export.gov 2018).
4 BUSINESS MODEL OF A FINNISH LANGUAGE ACADEMY IN SOUTH KOREA

The purpose of this chapter is to form a business model for a Finnish language academy operating in South Korea. The business model is based on the theory covered in chapter 2. Business Model and information on the markets covered in chapter 3 as well as authors own decision making. The business model may be used as a foundation for further research.

![Business model canvas for a Finnish language academy operating in South Korea (Strategyzer 2018a)](image)

4.1 Customer segment

A Finnish language academy in South Korea serves a niche market; there are not that many people learning Finnish, and an average Korean person with no connection to Finland would be unlikely to purchase such service. The niche market includes all Koreans who want to learn Finnish in South Korea. The people who are learning Finnish most likely consists of people who are either going to study in Finland, are in a relationship with a Finnish person or have a large amount of interest towards Finland.

If a Finnish language academy would operate successfully in South Korea, it could be reasonable to consider segmenting the customers more. It could be profitable to divide customers into two based on the geographic location; those who live in the area where the lessons take place and those who live elsewhere. Those who live elsewhere could have a demand for online lectures or other online materials.
4.2 Value propositions

The main service the business provides is Finnish language lessons in Korea. The first value the service brings to customers is availability; previously it has not been able to study Finnish in a classroom, so just the fact that such service exists would bring in a lot of value.

Most of the values come from convenience. For example, having someone teach and explain the grammar and making sure that the schedule is followed would likely make learning noticeably easier for most of the customer. Another example would be how providing teaching and materials in Korean removes problems with language barriers. And as a final example, having lessons offered in South Korea is much more convenient than for example attending a language course in Finland.

4.3 Channels

As learn in chapter 2, there are five channel phases. Each phase may require one or more channels. Both direct, as well as indirect channels, can be used, and especially in the beginning, when a customer might be difficult to reach, it would be important to have a partner that can promote the service to its already existing customer base. Social media also plays a big role as it can serve as the first touch-point and keep customers engaged with the company later on.

In the first phase, awareness, where customer first learns about the service, useful channels could be an own website for the business, different online advertisements such as Google AdWords and Naver Click Choice, as well other organizations and businesses that promote Finland or Nordic lifestyle, such as Finnish embassy, Finnish and Nordic-themed cafés. In addition, directly contacting people who are learning Finnish through apps and later mouth to mouth should be considered as well. Social media and social media influencers related to the business could also be one of the channels.
In the second phase, evaluation, in which the customer learns more about the service and its value propositions and possibly decides if they are interested in it, the company’s own website serves as the main channel. In addition, other channels, such as the ones that are used to reach the customer in the first place, should be used if possible. The company’s own website, with the help of banking services, would also be the third phase channel, purchase, in which the customer purchases the service.

A company that rents teaching facilities is the channel for the fourth phase, delivery, in which the value proposition, Finnish language lessons, are taught to the customer. In case online lectures or online materials would be introduced to the business, a video streaming service could be used as a channel to deliver the service to the customer.

Lastly, the after-sale services. The website, social media channels, and emails would be the easiest ways to reach customers and to keep them engaged. For email, there are various services that can be used for sending newsletters and as for the social media, providing content of Finland and learning Finnish could help the customers to stay in touch with the company.

4.4 Customer relationship

The customer relationships mainly consist of personal assistance through e-mail and social media. Both e-mail and social media are used mainly to acquire new customers as well as to retain current customers. As for the social media, the most obvious social media outlets are Facebook and Instagram, both of which could be used for different forms of social media and content marketing. As for the e-mail, the main purpose would be to serve as a contact point for the customer to contact the company personnel, but also marketing could be done in a form of a newsletter.

4.5 Revenue streams

The customer revenue streams for Finnish language academy consist of fixed transactions revenues. The revenue comes mainly from purchasing the service, but as previously mentioned, it could be possible to also produce and import learning materials that could be sold. If extra revenue is needed, it could be also worth considering having an advertisement on the webpage, that would generate some income, but on the other hand, advertisements on a webpage may make the user experience worse.

4.6 Key resources

As learned before, resources can be categorized into four groups: physical, intellectual, human and financial resources. All of the mentioned are required to run a Finnish language business in Korea.

Firstly, the most important resources needed are human resources. The heart of the service is a teacher or teachers that are able to teach Finnish preferably in Korean. To ensure the quality of the service it is important that the teacher is professional and engaging. In addition, there should be at
least one person who takes care of the sales, marketing, administrative tasks and everything else that is needed to run a business. Some of the tasks, such as marketing, could be also outsourced if needed.

The physical resources include teaching materials, such as Finnish language books and other learning materials, a facility to teach the lessons at, minimum of basic office equipment such as a smartphone, computer, printer/scanner, as well as a facility that can be used as an office. To start a Finnish language company in South Korea does not require a lot of physical resources, and especially the teaching and office facilities can be obtained easily through outsourcing and by working at home. As for intellectual resources, the most important is the teacher’s skills and knowledge, the owner’s knowledge about running a business successfully, as well as a customer database.

4.7 Key activities

The key activities consist of problem-solving as well as production. The more important one is the problem solving; the company offers a solution for being unable to learn Finnish by providing guided teaching and a more extensive selection of learning materials. The other key activity, production, supplements the problem solving by creating and producing more learning materials.

In addition to the key activities, other activities, such as sales and customer support as well as marketing are crucial for the business to operate successfully. Sales and customer support focus on tasks such as handling any problems that the customers have, replying to inquiries, and selling the product, while marketing includes tasks such as creating a strategy and taking care of communications.

4.8 Key partnership

For Finnish language business in South Korea, there would be mainly two types or partnerships. The first type, strategic alliance, could be established with other organizations and businesses that promote Finland or at least Nordic lifestyle and culture. Still, there is no certainty that any of the other businesses would form an alliance. But if they would, they could form an important channel to raise awareness amongst potential customers. The second type of partnership is a buyer-supplier partnership, which would be established at least with the teaching facility renter as well as Finnish language book, and other kind of material, suppliers.

4.9 Cost structure

A Finnish language business in South Korea would be more of a value-driven business. The goal is to offer high-quality service, Finnish teaching, as possible with the available resources. In addition, since the business would basically enjoy a monopoly situation, there is no pressure to keep costs and the price of the service low. Still, at least in the beginning, costs should try to be quite low so that there won’t be a loss in case the business would not gain as much revenue as expected.

The costs consist of mainly fixed costs: workers’ salaries, rent of the teaching faculty, material costs are most likely all fixed. The biggest cost is in the beginning when establishing the business when
the materials should be developed and produced, which, on the other hand, may be more related to time and effort rather than money. Nevertheless, once materials and lesson plans have been created, they can be used over and over again without extra effort.
5 CONCLUSION

The conclusion consists of four parts: the first part presents the results and conclusions based on the research process, the next part is used to suggest questions for further researches, the third part evaluates the reliability of the thesis and its results while also presenting the limitations, and finally the conclusion ends with a self-evaluation on the thesis and the thesis process.

5.1 Results

Two objectives were set for the research; to create a business model and to evaluate the South Korean markets. The business model of a Finnish language academy was introduced in the previous chapter and therefore this chapter mainly presents the results of the analysis on South Korean markets for a Finnish language academy.

During the last decade, there has definitely been more and more interest towards Finland from South Korean people and media. There are also an increasing number of South Koreans migrating to Finland and marrying a Finnish partner. Therefore, it is possible to draw a conclusion that in South Korea there is more demand for Finnish language education has most likely also increased. The fact that Finnish language books have been published in Korean also supports the claim.

Although the demand for Finnish language education seems to be increasing it does not prove that a Finnish language academy would be able to run successfully and profitably in South Korea at the moment. Although it may be possible, there is not enough evidence to support the claim. In fact, when the number of South Koreans migrating to Sweden and Norway were compared to South Koreans migrating to Finland, there was a clear difference as Sweden was nearly three times more popular destination. So, although Swedish and Norwegian language academies are currently operating in South Korea, it is not possible to say that a Finnish language academy would be able to operate successfully since the scale of people needing the language is different. The number of South Koreans migrating to Sweden could serve as a guideline though, as the Finnish language academy could possibly be successful later when the migration numbers are similar to Sweden's current migration level.

The result of this thesis may serve as a starting point for a Korean or a Finnish person who is looking to start a small business in Korea. Especially a Finnish person who is already living in South Korea and has the required visa to work could consider opening a small-scale Finnish language academy, as the business does not require a large starting investment. To open a Finnish language academy in South Korea, more research should be done to ensure that the business really has market potential.
5.2 Suggestions for further research

To start a Finnish language business in South Korea successfully there are a few aspects that should be looked into in more detail. These research questions would help to further learn about the market and the opportunities and threats. The following research suggestions may be used by

The most important questions that were not answered in this research is "How many Finnish learners there are in South Korea, and what are their needs and wants regarding learning Finnish?". As learn during the thesis, a customer should be the starting point of a value creation, and therefore a proper customer analysis would be highly recommended.

If a Finnish language academy would be developed further as a business idea, a benchmarking on Swedish and Norwegian language academies could be done to gain an understanding of the requirements for a Nordic language academy to operate in South Korea. Benchmarking other language academies could be useful as well, but due to the smaller demand of Nordic languages than for example English, French, and Spanish, Swedish and Norwegian language academies would provide the most accurate knowledge on the operations.

5.3 Reliability and limitations

The reliability of the thesis is decent, but there are also some aspects that decrease the reliability of the results. In order to present the thesis in the most academic manner, the aspects that decrease the reliability are stated and explained.

Firstly, the most important factor that may decrease the reliability is that there was no primary data collected during the thesis process. This means that there are not many statistics to support the claims presented in the thesis, and although the claims may be accurate, quantitative data would be needed to confirm them. For this reason, further primary research to collect data on the Finnish learners was proposed in the previous chapter.

Secondly, as the research was done as a secondary research and all data is secondary data, it was occasionally difficult to find accurate, current and academic resources. Therefore, a lot of the data especially in the market analysis comes from internet materials, which sometimes lack reliability. Still, the sources have been selected with caution and majority of the internet sources are either big newspapers or government sites.

Lastly, it is important to remember that the content and the results of the research were affected by the author's own experiences and observations. These experiences and observations may have resulted in inaccurate conclusions or statements. This means that if further research was to be conducted on the subject, the results can be further developed and adapted based on new researches needs and findings.
5.4 Evaluation of thesis

In this chapter, I will evaluate the thesis and the writing process as well as describe the things I learned during it. The process of writing the thesis has been a learning experience more than anything else. Rather than being satisfied with the thesis, I am satisfied with the fact that I have learned a lot about the thesis process and academic writing.

The thesis process started in late September 2017 by presenting the thesis idea in a seminar and soon after with a meeting with the supervisor. After that, I created an initial thesis plan and started looking for information based on it. During fall 2017, there was not much progress with writing, as I was also working full time and found it difficult to find the energy to write after work. I also did my internship during spring 2018, and although I still not found it difficult to focus on the thesis, I wrote the chapter, 2. Business Model, during February and March. After ending my internship in May, I had written approximately only 30% of the thesis. Rest of the thesis was written during June, July and August 2018, and I purposely did not work during this time in order for the thesis to be finished during the fall 2018 semester.

The thesis topic was chosen based on my experiences and observations, which were presented in chapter 1. Introduction. The topic of creating a business model was well related to my studies because I had to cover various aspects of business while creating the business model while also acknowledging the South Korean business environment. The topic is very specific, and the results can be mostly used only to further develop the business idea, for example into a business plan. Although the thesis was not ordered by a company or an organization, the business model is practical in that way that I personally would consider taking this business idea further if my life situation would allow it, mostly meaning residence in South Korea.

I consider the topic to not to be the most ideal for a thesis. When I began the thesis process in fall 2018, I had no work experience in my own field and therefore lacked understanding of business operations at a practical level. After starting my internship in January 2018, I soon started to consider changing the topic, but as I have already started the writing process, I decided not to change it. After completing my thesis, I now have a better understanding of businesses and think that doing the thesis for my internship company would have been a better choice.

During the thesis process, I faced some difficulties. I soon realized that it was not easy to find academic researches and articles on South Korea. Therefore, a large number of online materials were used which decreases the reliability, as stated in the previous chapter. In addition, there was no primary data collected during the research, which meant there were not many quantitative data to use to back up the conclusions. I, therefore, think that it would have been easier to conduct a research for a company, than work on my own.
To conclude, the thesis process has been a great learning experience. During the writing process, I learned how to construct a structured long academic piece and had a chance to use and further develop my academic writing skills. I was also able to learn in detail about the concept of business model and South Korean business environment. Most importantly, I could identify the aspects of the thesis that could have been improved or done differently and I have learned from the challenges faced during the writing process. I am confident, that if I were to write another thesis, I would outperform myself.
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