

# **STRATEGY DEVELOPMENT PLAN**

**UBORAFASHIONS**



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ABSTRACT

The primary research target of this research thesis is to develop business strategies options for a start-up e-commerce business. The business strategy analysis framework focuses on the analysis of the company's strategic choices, strategic position, and strategy in action. Research is based on a practice-based approach using action research methodology, using case study company analysis, and the author as a direct participant for action research.

The theoretical framework of the thesis is built from different kinds of literature related to the strategy analysis framework of internal, external business analysis, industry analysis, and its business environment. Strategy analysis aims attention at observing the strengths and weaknesses of the case study company, understanding, and observing opportunities, and threats of the external environmental factors that influence the positioning of the company in the business environment. This research contributes to the existing literature on developing business strategy for start-up businesses. The kinds of literature used in the thesis project give direction for action research and answer research questions. The analytic tools used to provide valuable information for the case study company and thus information is used to develop strategic options that are implemented by the company. Empirical data is collected through the company's internal analysis, reports, articles of the e-commerce industry in terms of competition rivals, analysis of most bought products online, online shopping age groups and qualities of e-commerce. The formulation of the company's business strategies is the result of the thesis. The case study company did not have a proper strategic framework, therefore formulated strategies are aligned with the company's competence and existing environmental conditions.

**Keywords:** Strategy analysis, internal analysis, external analysis, business environment, e-commerce.

**Pages :** 54 pages including

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# 1 INTRODUCTION

## 1.1 Background research

This research-based project aims in developing strategies for an online start-up company that has already been established and operating for a period of fewer than two years. These strategies will be proposed for the case study company as part of its development plan.

Stroh (2014) describes strategy as the process of understanding the industry (its ecology) and the firm's position in that industry (its genetic makeup). The strategy is a fundamental aspect of every company and start-ups. The strategy is compulsory for understanding an organization's operation and what is required within the organization to succeed. It is as well it needed for understanding whether a firm can either improve its structure of the industry or improve its position within the industry. Strategy also plays a role in understanding the external environment to ensure long-term profit and growth. A company without a strategy is like driving a road with a dead-end, a company needs to understand the purpose, its destination and path took to get there (Stroh, 2014).

According to (Bové, Thill, Mescon 2007, 209), a vision and a mission statement are the anchors of the strategic planning process and a vital part of an effective business plan. Strategic management gives direction to the organization's mission and vision. Specifying these on an organizational level as well as for a specific functional unit clarifies the company's current state, objectives and where they would like to be. Both should be set up when creating a new strategic plan but also revised whenever needed. Vision statement refers to the organization's long-term goals and mission statement on the organization's current situation in society (Kotler, Armstrong & Opresnik, 2005, 51).

A theoretical framework for the research is based on a strategic position, strategic choices, and strategy in action. Strategic position is based on analysis of micro-environment, industry analysis and organization's capabilities. Creating a strategic development plan for the case study company needs consideration of the company's vision and mission statement. (Fifield, 2008) suggest auditing the environment in which the organization must operate is arguably the most important and most significant data-gathering activity that any business, firm, services or even government department can undertake. Strategic choices are based on the business model and business strategy of the company. The emphasis of strategy in action is to the analysis of the company's structure and systems towards delivering objectives and goals.

## 1.2 Case study

Uborafashions is an online start-up business established by Uborafashions co-operative (Uborafashionsosuuskunta). A co-operative company in Finland is usually formed through association of people with mutual ideas or interest, with a memorandum guiding the rules of a co-operative (ytj, Business information systems., n.d.). Uborafashionsosuuskunta consists of board members from which two decided to start Uborafashions.

Uborafashionsosuuskunta is established in Finland and is being operated in Finland. Therefore, Uborafashions is a sub-company to osuuskunta

Uborafashions is an online start-up company, with goals of diversifying fashion in Finland by bringing African fashion into existing fashion. One of Uborafashions vision is to cooperate and coordinate with talented designers, artists, and entrepreneurs who are based on creating and producing African products. These goals and visions are going to be achieved through the formation of an online website. Uborafashions markets its products on social media such as Instagram, Facebook, and Pinterest, and kept the website as a buying platform.

Initially, there are two founders in the company responsible for the company's operations including marketing, procurement, and logistics. Founders are responsible to look for professionals whom they coordinate in ensuring that the company's operations run smoothly, for example, website developers and technicians, suppliers, and professional photographers. Uborafashions has not yet engaged in hiring due to a fact that the company being in its early stages of observation and development.

As for most start-ups, challenges come along with developing business. In developing Uborafashions, the company faced a lot of unfamiliar experiences like procurement negotiations, marketing strategies, handling logistics, lack of time and securing business resources. These challenges partially result from the fact that business owners being new to the business world.

## 1.3 Objective of study and research questions

Gap analysis is a diagnosis between the current performance of the company for the purpose of identifying the differences between the current state of the business and where the business would like to be in the future. (Clearpoint Strategy, n.d. a)

The objective of the research is to develop a business development strategic plan for Uborafashions start-up by analyzing the current situation and develop a strategic development plan that will assist the company with its operation and building a concrete successful strategic plan. Creating a strategic plan for the company will diagnose the challenges (weaknesses and threats) the company has or faces and hence

close the gap between current state of the company to the desired state. The strategy development plan for the case study is incorporated with analyzing the internal and external business environment.

Research questions are formed based on the company's challenging situations, which led to a decision of finding suitable strategies for the online start-up company. In a search for the company's strategic choice, the author must observe the company's strength and weaknesses and as well as analysis of business environment, which led to the synthesis of the following research questions:

- |     |   |
|-----|---|
| RQ1 | What are best strategic choices for the company?                            |
| RQ2 | What are the strengths and weaknesses of the company?                       |
| RQ3 | What is the best strategic framework in a competitive Business Environment? |

The strategy development framework in the research thesis will focus on research questions, *RQ1*, *RQ2*, and *RQ3*. A major focus of this research topic is, therefore, Internal business analysis, external business analysis and best strategy choice for surviving in a competitive business environment.

The purpose of the research questions is to create strategic analytic tools that can create clarification of the information from analysis results. New information and clarification are key success determinants for the success of the case-study company in fast-changing technological world and competitive business markets.

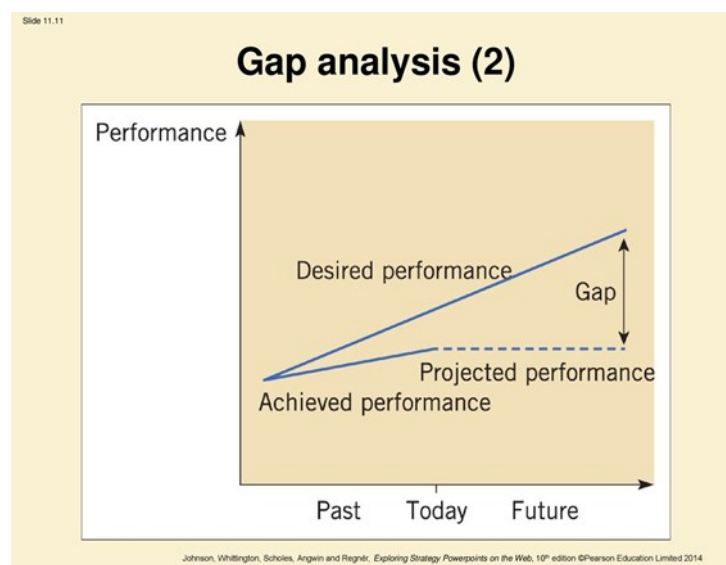


Figure 1. Gap analysis. (Johnson, Whittington & et al, 2018, 236)

Figure 1 of gap analysis compares achieved or projected performance with desired performance. It is particularly useful in identifying shortfalls (gaps). The size of the gap provides a guide of how far a strategy needs to be changed. The vertical axis shows a measure of performance (e.g. sales growth or profitability) and the horizontal axis shows time, today up to the future. The upper line represents an organization's desired performance, it might be in terms of objectives or standards set by competitors and business environments. The lower line represents both achieved performances to today and projected performance based on continuous of existing strategy into the future. The gap between projected performance and desired performance represents unsatisfactory measures of performance. (Johnson, Whittington & e.t al, 2017, 236).

#### 1.4 Justification of research

According to Ries (2011), he stated that start-ups do not yet know what their product is or what their product should be, as the world becomes more uncertain it becomes harder and harder to predict the future. In the initial stages of the business, many entrepreneurs face difficulties in various factors such as finding the right market niche, competition is too wide, lack of resources, lack of finance, time management and so on. Due to these uncertainties is wise to have a common mission within the management to eliminate the uncertainties and create a successful path to a sustainable business.

Due to the difficulty of predicting the future, it is important for entrepreneurs to create products or services that have a high assurance of serving people's needs. That being so Entrepreneurs must put the effort into research to have concrete information in advance. Usually, Entrepreneurs and start-ups rush towards starting businesses without formulating or developing a plan and putting into consideration proper strategies in advance. For this reason, many small companies and start-ups tend not to succeed or survive in a business environment due to uncertainties and lack of planning. Therefore, the author of this thesis chose to develop a strategic plan through analyzing the current situation of the company and its external environment, to identify the company's strengths and weaknesses. Interpretation of such knowledge will allow the company to focus better on strategic execution. (study.com, n.d.)

Identifying strategic issues is relevant for any organization as it links a set of interrelated activities in the company which clarifies the company's goals, operations, and direction within a specific period. The strategy must be clear, understandable, and informative enough for the organization. A strategy gives direction in competitive arenas; markets, sectors, segments and technologies and also in terms of products or services, value chains, and business models: It directs how to win in the marketplace, gaining competitive advantage on comparison to our rivals:



also shows how to get financial returns from our customers (Piercy & Lane 2009, 39).

Subba (2009) explains how strategic planning has become a very important part of the management function due to the influence of external environmental factors and a systematic approach to business management. He spots the importance of long-range strategy to be a designing tool for providing information on an organization's vision, mission, purpose, direction, and objectives.

### 1.5 Scope and limitations of the study

The purpose of the research project is to identify effective strategies for Uborafashions, an online start-up. For the company to operate effectively in a challenging business environment. Therefore, the author will obtain a theoretical framework from reliable sources, such as books, academic articles, and journals. Because the research topic is wide, this project research will be limited to the rational-analytic view of strategy development. The author is going to analyze the current strategy position of the company, acquire information on the company's capabilities, as well as the analysis of the micro-environment and industry analysis.

The research focus is on one company, analyzing the company's capabilities. The author chose the rational-analytic view of strategy development because of its characteristics in viewing the current strategy of an organization along with analysis of micro-environment and analysis of the industry. The organization's capabilities analysis is conducted using SWOT analysis and Michael Porter's Five Forces is used for the analysis of micro-environment. Industry analysis is focused on the e-commerce fashion business and an overview of Finnish Fashion Entrepreneurship.

### 1.6 Research method

The author is conducting practice-based research using action methodology. The author uses this methodology because of its features in aiming to develop some practical solutions, in order to solve the existing challenges in Uborafashions Start-up Company and its methodological features in the development of a solution based on a diagnosis.

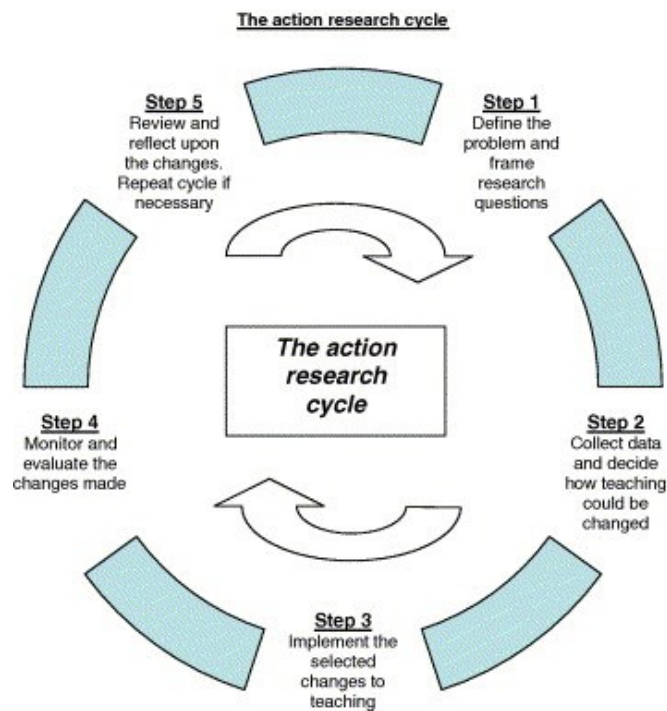


Figure 2. Action Research process. (ScienceDirect,2005)

Using McNiff (2013) guidance of action research, this project research is organized in the following structure:

- Identifying or reviewing the company's problems.
- analyze aspects/ strategies a company wants to improve
- plan and act
- evaluate and take notice of what happens.

According to Kurt Lewin's original plan of action research, he concludes action research to have many circles based on results and reflections. Kurt Lewin's cycle begins with collaborative idea or plan, progresses with series of stages of studying the problem and solutions, create and implement an action plan for a particular context, evaluate the result, revise the action plan based on results, and conduct another cycle of an action plan (Willis & Edwards, 2014)

## 1.7 Research structure

The structure of the research has six chapters. It starts with a summary of the thesis research that is chapter one, which has the introduction. The chapter explains the theoretical framework where different kinds of literature are exploited. Chapter three is a research methodology, explaining how research is conducted. Chapter four, is an empirical presentation of information, it includes reports from different sources and the current situation of the case study company. Chapter five is

implementation and evaluation, selected strategies are analyzed, and evaluation is done. Chapter 6 is of the conclusion, suggestions, and implications of the research.

## 2 THEORETICAL FRAMEWORK

The purpose of this chapter is to review the existing literature related to the development of a strategic analysis plan for an e-commerce fashion industry. The author is conducting the research project in such a manner as to answer research questions. The author will explore strategic position, strategic choices, and strategy in action, to implement the chosen strategies for the company. Limitation to the thesis literature is important because strategy development is a very wide topic, therefore the strategic position is limited to analysis of micro-environment, industry, and organization's strategic capabilities. Strategic choice is limited to analysis of business strategy and business model, whereas strategy in action is limited to the management of chosen strategies considering the structure of organization and its system.

### 2.1 Literature review

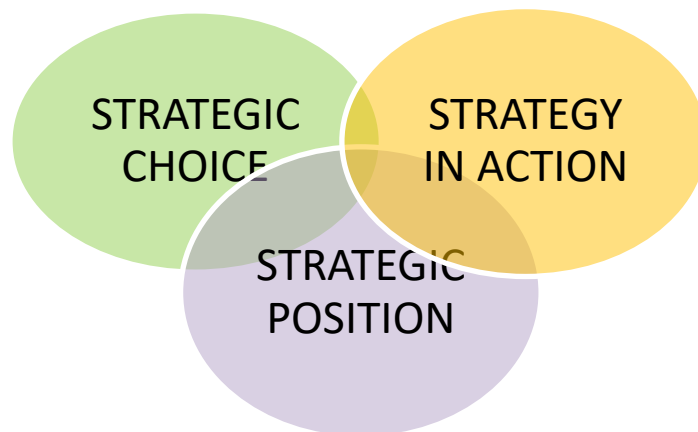


Figure 3. The Exploring Strategy Framework. (Johnson, Whittington & et al, 2018, 13)

Figure 3 above, the exploring strategy framework includes understanding strategic position for the organization, assessing strategic choices for the future, and managing strategy in action (Johnson, Whittington & et al, 2018, 12.) The linear sequence can be explained in such a manner that an organization first understands its strategic position, analyses strategic choices, and finally turned strategies into action.

## 2.2 Strategic Position

Strategic position is concerned mainly with the impact on the strategy of the external environment and industry, organization's strategic capabilities (resources and competences), organization's stakeholders and culture (Johnson, Whittington & et al, 2018, 13.) An understanding of the four components of a strategic position is central for evaluating future strategy.

Analyzing strategic position, author is analyzing the micro-environment according to Michael Porter Five Forces, the business industry environment, organization's capabilities: in terms of opportunities and threats available in a complex, changing environment. The business environment creates both opportunities and threats to organizations. Some organizations have been transformed by the environmental change considering digital technology which has facilitated the massive growth of e-commerce businesses. Although the future cannot be predicted it is important for entrepreneurs and managers to analyze their business environment as careful in order to anticipate and take advantage as the environment change (Johnson, Whittington & e.t al, 2018.)

### 2.2.1 Macro-environment

The main objective of micro-environment analysis is to help the organization recognize *opportunities* and *threats* that lead to success or major developments, or failure of a company's future implications. The micro-environment contains variables that are beyond the control of the organization but require analysis to realign corporate strategy to shifting business environment (Sammutt-Bonnici & Galea, 2015.).

We live in a fast-changing world, it is important to have a warning system or techniques that identify threats and opportunities, so we can be prepared to adapt to changes. Johnson, Whittington & e.t al, 2018, suggests *opportunities* can be gained through collaboration, networking, lobbying, public relations, pricing, and innovation. Opportunities give businesses possibilities to perform successfully in business activities while threats are situations in the micro-environment that are obstacles to an organization's competitive advantage. Threats are also referred to as all negative impacts that lead to business failure. For example, online books, magazines, or online newspapers are likely to surpass traditional printing readership (Sammutt-Bonnici & Galea, 2015). According to (Johnson, Whittington & e.t al, 2018) explains Michael porter's five forces is one of analytic tool used to analyze macro-environment factors which consider five components. Knowing competitors and how their products or services affect businesses is an opportunity for a company. Understanding competitive forces allow an organization to know the intensiveness of competition in the marketplace, the power business suppliers have, power of the consumer in relation to price and quality. The easiness or difficulties of new competitors (entrants) to enter

marketplace, how easy can consumer switch from a business product or service to that of a competitor.

### Michael Porter Five Forces

Porter's five forces analytic tool helps to analyze the *industry* and identify the attractiveness using five forces which are essential for the industries: competitors, consumers, potential entrants, suppliers, and substitutes. These five forces framework which is essential for most organizations can provide a useful starting point for strategic analysis even when profit criteria may not apply (Johnson, Whittington & e.t al, 2018).

Although Porter's five forces are a well-known strategic tool for industry analysis, it must be used carefully, because industry structure can be unstable, and some can be in flux for a considerable period. The changes associated with industry structure depends on the *industry life cycle* where industry starts with small in their *development or introduction stage*, then go through rapid growth. The development stage is the experimental phase with very few small players (little rivalry) and highly differentiated products. Five forces are likely to be weak in a development stage and profit may actual be scarce (Johnson, Whittington & e.t al, 2018). Five forces analysis is an essential step towards thinking about strategy, it is about how to shift the forces to company's favors, and it might be able to establish unique positioning. (Magretta, 2012)



FIGURE: 4 Michael Porter's five forces Framework. (Webster, 2014)

### Competition Rival

Every organization must have a strategy in order to deliver superior value to its potential customers .In today's world competition has intensified dramatically over the past decades, to maintain existing prosperity or enhance it.(Porter, 2008) At the center of five forces analysis is the rivalry between the existing players- 'incumbents'-in an

industry. The more competitive rivalry there is the worse it is for the incumbents. Competitive rivals are organizations aiming for the same customers' groups and with similar products and services (i.e. not substitutes). Five factors tend to define the extent of rivalry in industry or market: competitor concentration and balance, industry growth rate, high fixed costs, high exit barriers and low differentiation (Johnson, Whittington & et al, 2018). In business industries, a high concentration of competition is usually bad for small businesses and start-up companies, these companies are not ready to invest high for such competition in the market. Big companies usually have high power over small firms that leads to an increase in the inequality of market concentration. Big companies have the power to cut prices aggressively on products and produce massively, resulting in most customers buying from them.

### **Threat of Entry**

The level of entering the industry influences the degree of competition. An attractive industry has high barriers to entry that reduce the threat of new competitors. Barriers to entry are factors that need to be overcome by new entrants if they are to compete in the industry. Five important barriers are scale and experience, access to supply and distribution channel, expected retaliation, legislations, and incumbency advantage (Johnson, Whittington & et al, 2018). Barriers to entry can either be low entry barriers or high entry barriers. Low entry barriers (industry that are easier to enter) lower the industry's average profitability and vice-versa. (Magretta, 2012)

### **Threat of Substitutes**

Substitutes are products or services that offer similar benefits or solutions to an industry's products or services but have a different nature. Two important factors to bear in mind for substitutes, the price/performance ratio and extra industry effects are central to the substitution concept. Substitutes can reduce demand for a product as customers have an alternative to switch (Johnson, Whittington & et al, 2018). Customers play an important role in the threat of substitutes; it will highly depend on the value of products or services it has towards the customer. For example, a customer might buy a very expensive phone compared to a cheap phone due to the features they want on the new phone, might be quality of pictures, memory space or being on-trend.

### **Power of Buyers**

Buyers are powerful if they have negotiating leverage relative to the industry participants, especially if they are price sensitive (Porter, 2008). Buyers are the organization's immediate customers, not necessarily ultimate customers. If buyers are powerful then they can demand low prices or costly products or service improvement. Buyer power is likely to be high when some of the four following conditions prevail: Concentrated

buyers, Low switching costs, Buyer competition threats, Lower buyer profits and impact on quality. (Johnson, Whittington & e.t al, 2018).

If there are many buyers (concentrated buyers) for one product, let us take an example of milk, total purchase buyer power is likely to increase therefore having an advantage to shop around different suppliers hence squeeze suppliers to lower their prices. Buyers have strong negotiation powers to change prices from desperate suppliers. Buyers also pose a threat of competition when they can acquire products or services straight from the suppliers.

### **Power of Suppliers**

Powerful suppliers catch more value to themselves by charging higher prices, limiting quality or services, or shifting costs to industry participants (Porter, 2008.) Suppliers are those who supply products or services to organizations or companies. The factors that increase supplier power are converse to those for buyers' powers, although supplier power is likely to be high when there are: concentrated suppliers, high switching costs, supplier competition threat, and differentiated products. (Johnson, Whittington & e.t al, 2018). Suppliers tend to have more power if there are few producers and high concentrated number of suppliers, buyers usually have fewer negotiation powers as products or services are limited. If it is expensive to switch from one supplier to another then buyers tend to pose with the current suppliers, example if there are high costs of switching phone subscribers usually users tend to remain for a long period with one phone subscriber.

### **Industry Analysis**

Industry analysis for this research project is of the e-commerce fashion industry, specifically ethnic products of African origin that are widely used worldwide. Case study company is being operated in Finland; therefore, business market concentration is within the local market in Finland, but however because the Finnish population is so low, the company's products are sold online to gain the attraction of the international market. Industry analysis's main objective is to minimize negative implications on the organization and exploit opportunities. Analysis of industry helps organizations to understand environment conditions of the business environment to gain competitive advantage (Sammutti-Bonnici & Galea, 2015).

According to Johnson, Whittington & e.t al industry analysis can be categorized and assessed into three phases:

- First and most generally, the industry must not be defined too broadly or too narrowly. There is a risk a definition would include a wide variety of actors; hence analysis would become meaningless or excluding important competitors.

- Second, the broader industry value chain needs to be considered. Industries usually operate in different parts of the value chain or value system and should be analyzed separately.
- Third, most industries can be analyzed at different levels, for example, geographies, markets, and even different products or service segments within them. The competitive forces are likely to be different for each of these markets, and segments, with distinct buyers, suppliers, and barriers, etc. In brief, it is important to consider to both what extent a market is national, regional, or global if product or service segments differ.

The case study company is operating in an e-commerce business environment, that is a broad definition. Uborafashions' e-commerce business is focusing on ethnic products especially clothing and accessories from Africa, therefore narrowing down its industry. The value chain for case-study company is of the same for ordinary e-commerce business platform that includes internet, website, purchase, supply, logistics and returns management. Markets for Uborafashions are in Finland and on the internet, where potential customers in the different geographical background can be able to access the products.

### **Fashion Industry**

The fashion business is concerned with the design, production, distribution of apparel and textile. It essential involves change defined as a succession of short-term trends or fads. The ideology of the fashion industry is evolved around seasonality; the interest is in developing new products for customers at the expense of existing products. Product presentation is entirely dependent on season and fashion, a fashion or seasonal product hits the market a bit later its unsaleable or will have low sales. Spring, summer, and autumn are grouped to be a major season of marketing the garments (Babu, 2019).

To be effective in fashion industry business knowledge about the industry must be acquired, understand, and identify competitors, and have a general understanding of the business. Consumers in today's fashion industry hold decision power of where to purchase according to the level of satisfaction in their needs and wants. Fashion is a global industry in which companies face the dilemma of producing ephemeral products that must seduce customers each time, and the products need to provide continual profits. Fashion apparel consists of clothes for women, men, children, and accessories, such as shoes, glasses, scarves, gloves, ties, belts, jewelry, and watch. Fashion apparel and accessories account for the influential global economic sectors. Textile and clothing sectors were valued at \$1.7 trillion in 2012; Figures for 2010, adding footwear and luxury goods, suggest its value reached \$ 2.5 trillion. These data indicate Fashion Market to be one of the largest industries worldwide (Le, 2017.).



The fashion industry grows so fast in this 21<sup>st</sup> century, there are fashion shops all around town centers and as well on the internet. Fast fashion is growing rapidly from young designers to experts. This is one of the biggest challenges in the Fashion industry, competition has become so high due to fast growth and easy penetration in the market industry. Fashions trends change every year, this change might create challenges for small fashion retailers or start-ups who have limited resources and budget. It is hard to keep up with new fashion trends as it requires high financial investment. For this reason, is important for entrepreneurs or businesses to have a general understanding of the fashion industry, in order to know competitions, costumers and challenges. Customers search for personal values from fashion benefits, the representative aspects of these benefits refer to extrinsic advantages provided by the product and give an account to customer's needs for social approval and personal expression (Le, 2014). Most customers want to keep with updated trends, this is likely with millennials and post-millennials who spent more of their time online and updating their social media. The benefits are relevant to the fashion industry for the expression of non-verbal communication (Le, 2014.).

A business model in Fashion Industry varies, and each company responds differently to dynamics in the fashion business in terms of fashion styles, trends, distribution and selling of clothes to its customers. Most of the company tends to follow the latest trends and new entrants try to produce in relative to quality over quantity, more sustainable ways in other terms *Slow fashion*. Slow fashion model is a more ethical and sustainable approach supply, using local resources and longer product lives. Slow fashion model goes beyond sustainability it is engaged in transparency supply management, incorporates ethical and socially responsible initiatives but still maintains creativity fashionable products (Chavan, 2018.)

### **Finnish Fashion Entrepreneurship**

Finnish fashion firms have the potential of gaining international success and financial profitability due to the high quality of fashion Education offered in the country. Recognition and importance of design and Fashion in Finland are both institutional and international: Aalto University, Helsinki University of Technology just to name a few are internationally recognized for generating innovative and eager young designers. (ThisisFinland, n.d.)

Finnish Fashion industries have been lacking producing competitive companies with strong global sales, although neighboring countries like Sweden and Denmark with similar socio-economic conditions have managed to grow their Fashion Industry with many young brands. However Finnish Designs are praised globally, and Helsinki was appointed as World Design Capital, the lack of Finnish Fashion in the international market is peculiar (Tervilä, 2015.)

## **E-commerce Industry**

E-commerce Business incorporates internet-based business activities that use specific service providers. It is important for an E-commerce business to have a guarantee of good Access Provider that will ensure access to the internet. Search Engine is the other important aspect in E-commerce Business, potential customers ought to find products or services easily through search engines; firms are to be aware of creating easy and well accessible keywords of their line of products or services (Kütz, 2016).

E-commerce differs from tradition business through handling its operation, one operates online while the other uses brick and mortars (physical place). However, for both gaining success and maintaining business operations, the need for traditional principles of strategies is applied. Customers of digital business use devices such as mobiles, laptops, desktop, tablets etc., to view and purchase services or products online.

Developing a digital business requires a fusion of existing approaches to business, marketing, and supply chain management and information systems strategy development. Companies that have a successful managed transformation to digital businesses have done so by applying traditional principles of business strategy (Chaffey, 2015).

An important aspect of digital business strategy is that they create new digital channels strategies for organizations (Chaffey, 2015, 188.) It is important however for any organization to define or have clear goals and approaches for utilizing existing digital channels, which creates efficiency. Some of these strategies are customer relationship management (CRM), supply chain management (SCM), social media strategy, mobile commerce strategy, digital channel, e-procurement strategy, etc. Depending on the organization's resources, there are various types of digital channels strategies that are impossible to operate at the same time. Therefore, is important for an organization to have a roadmap and prioritize a suitable digital channel strategy.

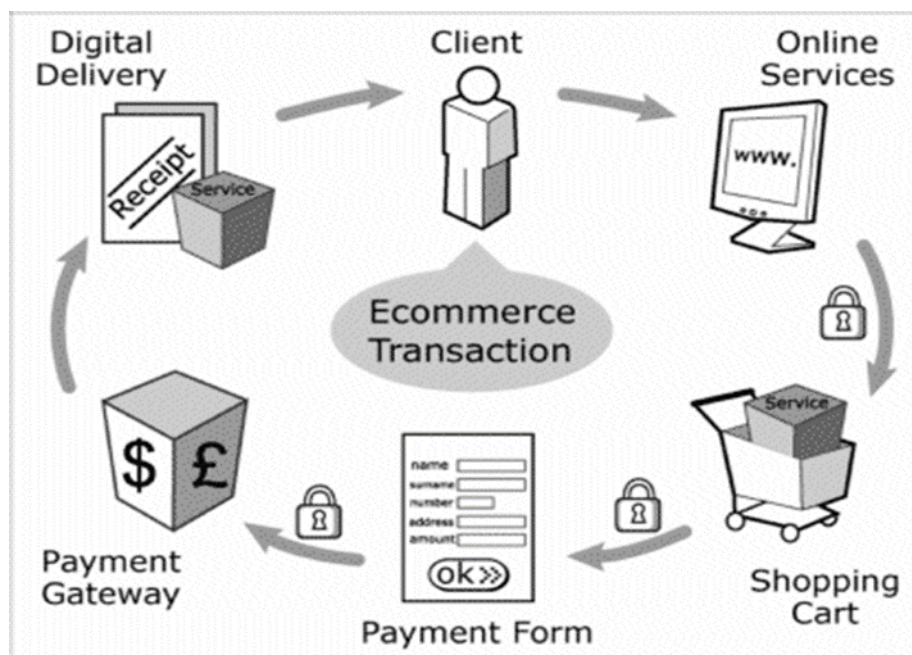


Figure 5. E-commerce Process Diagram (advancemarketingpro.org).

Ecommerce systems, as figure 5 above replace all forms of paper systems which makes it faster, efficient, and less costly. In an e-commerce system, customers are provided with information, marketing, payment services, transactions, etc. E-commerce transactions as figure 5, show it begins with a client/customer towards a need, searches it in a website, collects it to a shopping cart, fills payment options pay for product or service and receives a receipt of payments. E-commerce business transactions must provide a customer with a secured e-commerce transaction to keep customers loyal and building a wider customer base.

Mourya & Gupta ( 2014) explains the success of e-commerce business are keeping customers satisfied, integrating a website with traditional business (like mentioning a website in print advertising, press release and other business documents), understanding market needs, consideration of affiliate marketing, search engine optimization and participate in banner and exchange network. Customer satisfaction comes with answering customers' emails promptly and personally, providing customers with assurance and a sense of real business is operated.

It is important for Uborafashions to be aware of using the e-commerce business model and have enough knowledge of important factors of building a successful e-commerce business platform. By using this business model, Uborafashions has the advantage of providing customers with flexible shopping hours, gaining new potential customers through global visibility. However, the company must identify risks and

challenges that are associated with e-commerce business model, such risk is; security risk ( data theft such as stealing accounts or credit card numbers), identity theft (third-person acting under company's name and

conducts business activities under company's name), late deliveries of products, higher logistics costs, etc.

### 2.2.2 Organisation's Strategic Capabilities

Organization's strategic capabilities are made of its resources (e.g. materials, staff, knowledge, etc.), and competences (technical, managerial, communication, etc.). The fundamental factor is the capability of an organization regarding its strengths and weakness, and how an organization's capabilities are adequate to the challenges of the environment and demands of its goals (Johnson, Whittington & et al, 2018).

The SWOT analysis provides a general summary of strengths and weaknesses explored in an analysis of capabilities and competences. This analysis is useful for the development of strategic options and assesses future course of action (Johnson, Whittington & et al, 2018, 98.) This Strategic analytic tool is important for companies in mapping out a current position before developing a strategic plan for future direction and growth (Gartenstein, 2018).

SWOT Analysis framework has two distinct components of the internal environment and external environment. The internal environment is the strength and weakness of a business which is based on organizational functions (resources, capabilities/competency, and competitive advantage). The external environment is the threat and opportunities of a business, which focuses on identifying market opportunities and threats through competitor's resources, industry environment and general environment (Sammutti-Bonnici & Galea, 2015.)



FIGURE 6. SWOT ANALYTIC TOOL DIAGRAM

Internal analysis of any organization is critical in identifying the source of the competitive advantage. It identifies the resources that need to be developed and sustained to remain competitive. For a company to gain competitive advantage it must possess the quality of uniqueness and generate profit above the industry average (Sammutt-Bonnici, & Galea, 2015.).

In conducting a SWOT analysis, it is important to prioritize helpful matters that focus on strengths and weaknesses that differ in relative terms compared to competitors or comparable organizations and leave out areas where organizations are equivalent to others. The second fundamental factor is focusing on opportunities and threats that are directly relevant to specific organizations and industry and leave out general factors. The third is summarizing the results and drawing a conclusion (Johnson, Whittington & et al, 2018, 99.)

### 2.3 Strategic Choices

The strategic choice analysis involves the business strategy and business model that a company could use to adapt to its market. Business strategy is used by businesses to compete in marketplaces; therefore, consideration of price, trends, and quality is important in the fashion business.

Strategic choice is concerned with options for strategy in terms of both directions in which a strategy might move and the methods on which strategy might be pursued (Johnson, Whittington & et al, 2018, 14.) For instance, a Case study company can decide to choose directions of diversifying into new products, transform existing products and markets through radical innovation, or enter new markets. These directions can be pursued by different methods example forming alliances with an organization that might help its new strategy, could pursue its strategy on its own or the organization could acquire business that is already active in product or market area.

Strategic analysis is important in deciding the best options for the company's strategic choices. Strategy analysis depends on the results of analyzed data of the internal and external environment Strategic analysis seeks to determine alternative courses of actions that fit company's mission and objectives. (Amit, 2010)

Strategic choices are made of the business models and business strategies and are only made once an understanding of management and its organization is completed. Business environmental conditions influence strategic choices decisions on companies, whether the business environment is dynamic or static. Environmental conditions determine whether organizations should invest in batches or massively. A business model describes value proposition for customers and other participants, an arrangement of activities that produces this value, and associated revenue and cost structure (Johnson, Whittington & et al, 2018, 162).

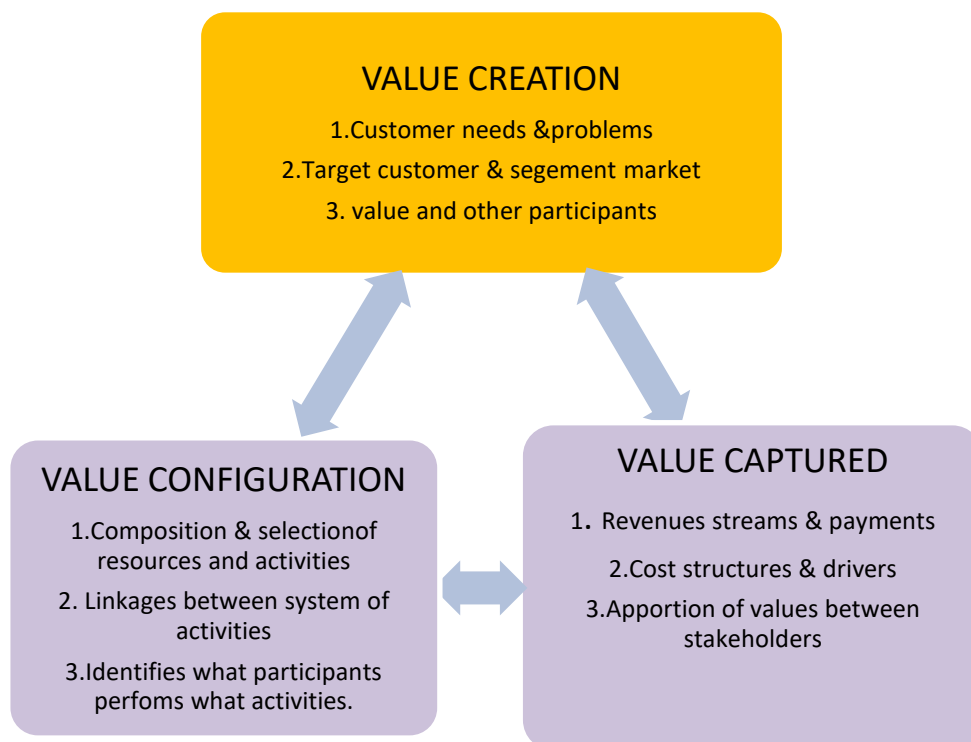


Figure 7. Business model components. (Johnson, Whittington & et al, 2018, 162)

In figure 7, the first emphasis is on value creation; a segment that addresses customers' needs, problems, and other participants. The second emphasis is on the value configuration of resources and activities that produces the value. Value capture explains about revenues and cost structures. The business model for Uborafashions is e-commerce fashion business, which creates the value of purchasing African products that are mostly available in Africa, therefore Uborafashions creates opportunities of these products to be available all around the world. Uborafashions website platform provides activities for the customers and the sellers. These activities are configured in the web platforms where sellers list, present pictures, and prices for the products and thus customers are offered selections. Both sellers and customers capture value from the e-commerce fashion business.

### 2.3.1 Strategy Analysis

A strategy is a continuous process that requires careful management and it is only effective when it delivers an increased advantage to the firms and its shareholders. Strategy can be segmented and clarified into three different categories which are implemented simultaneously and but affect the organization differently: Business strategy, Functional strategy, and corporate strategy (Thind, 2017.). MacLennan (2010), states for a strategy to be complete and efficient it must incorporate the following:

- Long-term objectives/mission/purpose/goals

- Plans or policies to achieve this



Figure 8. Different forms of Organisational Strategy (Chaffey, 2015).

Corporate strategy is concerned with the overall purpose of the organization, business strategic unit defines how to compete successfully in a particular market and Functional strategy which is also known as operational strategies is concerned in achieving corporate and business unit strategies (Chaffey, 2015). Functional or operational strategies can be referred to as marketing, finance, human resource, supply chain management, etc. The strategic analysis involves defining the industry which useful and essential for competitive analysis, customer needs and understanding the problems in the industry. Strategy analysis involves conducting research on the company and its operating environment to formulate a strategy (Warner, 2010.)

The author will choose a strategy that fits Uborafashions after a thorough analysis of the internal and external environment is completed. The three strategies business strategy functional and corporate strategy align automatically together with each other although business strategy focuses on seeking competitive *advantage* in the markets (Johnson, G., and Whittington. & e.t al. 2018). For a business strategy to be effective, functional strategy and Corporate strategy must be incorporated in developing a company's strategic plan. Management needs to develop and implement Functional strategy for each operating area such as human resources strategies and marketing strategies. Management is responsible for functional strategy so as it is for corporate strategy, acting as a high level of defining overall mission goals and direction of the company.

### 2.3.2 Business strategy

The understanding business market determines the ability to identify value-creating opportunities for business, intelligence knowledge in developing sales (Amit, 2010). Organization management is another important stage in strategic customer management, where business intelligence is applied. Intelligence is based on two sets of logic;

competitive advantage can only be achieved through an understanding of the intense market knowledge and internal issues of the company in operation with updated information like market research studies, customer relationship systems, etc. (Piercy & Lane, 2009).

Identifying internal business challenges for Uborafashions, the company has a benefit in developing techniques, tools needed to tackle the existing and predicted internal business challenges. However, for the company to succeed in business then it is important to acquire business intelligence knowledge. Uborafashions can allocate its limited resources efficiently once it defines the business market and hence tailors its market activities to the right audience.

### Digital Business Environment

Understanding online elements for website organization's environment is a key part of environmental analysis in developing digital business strategy development. The environment is continually monitored as changes are continuously in a business environment.

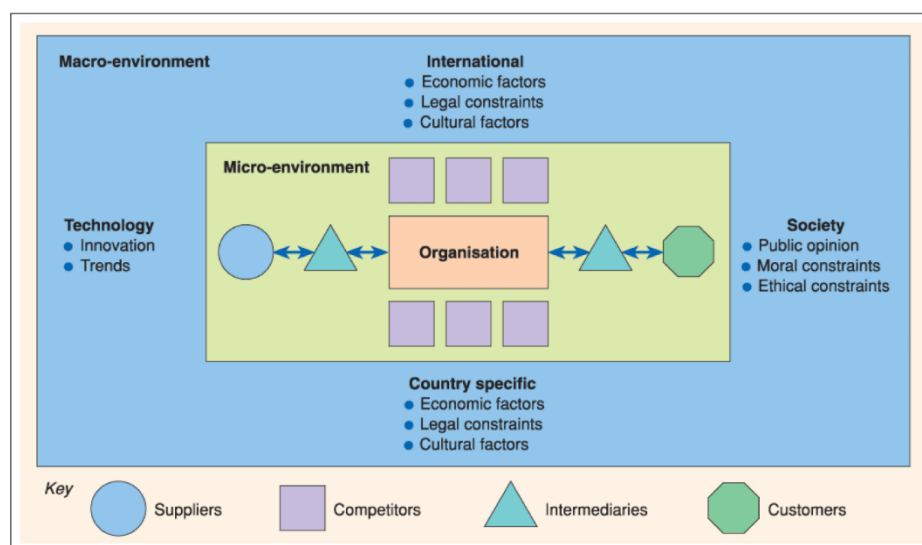


Figure 9. Digital business environment (smartInsights,2014).

Above figure 9, shows a presentation of a digital business environment consisting of two components, micro-environment, and macro-environment. The micro-environment contains organization as a core participant who can be affected by suppliers, competitors, intermediaries, and customers. The macro-environment is affected by technological factors (i.e. innovations, trends, etc.), International and within-country factors (economic, legal constraints, culture, etc.), and society (i.e. public opinions, moral constraints, ethical constraints, etc.).



Knowledge of opportunities and threats presented by changes in a digital business environment is essential for those involved in defining business, marketing, and information system strategy (Chaffey & et al, 2015, 38). There are various analytic frameworks can be used to analyze the macro-environment of the e-commerce business. Information on e-commerce strategy is influenced by the immediate marketplace of micro-environment which is shaped by the needs of customers and services provided to them by competitors (Chaffey & et al, 2015, 39.) Businesses must have capabilities to innovate and gain a competitive advantage in their business operating environment through observation of changes within their marketplace. Thereafter evaluating alternative strategies, select, review, and implement appropriate strategies. Analysis of the digital marketplace is a key part of developing long-term and short-term digital marketing campaigns or plans, analysis helps to define online ecosystems (Chaffey & et al, 2015, 42).

### **Digital Marketing**

Digital Marketing refers to awareness of products and services through digital channels such as social media, email, search engines, digital televisions, websites, radio channels, and mobile apps. Digital marketing uses the advantage of analyzing and recognizing its products electronically that differs from the traditional ways of marketing, thus clarifying what works and what does not work. Thanks to technology consumers are no longer bound by what is offered within the geographical area but they can view and buy anything through digital channels.

It is relevant for customers to receive the right message, as customers are more likely to pay attention to personalized and meaningful messages. In digital marketing, focusing on the customers is what matters to the brand; traditionally using digital channels is buying mass audiences and the possibilities of the audiences viewing and engaging in the products. In the 21st century, most of the businesses have introduced digital marketing sales funnels that enable ways to view, measure and plan digital marketing efforts. The digital sales funnel is usually grouped/divided into four different sections called AIDA: Awareness, Interest, Decision and Action as depicted in figure 10.

Awareness can happen when audiences are visiting the company's website or through traffic sources like social media, search engine optimization, SEO, search engine marketing, SEM, or paid advertisement. Interest should arise when audiences are searching for more information or solutions to their problems. Most of these users are converted to subscribers. The objective in the interest-stage is to make the audiences to follow and sign up. Audiences make the decision on whether the products suit their needs. At this stage, the audiences are looking for the credibility of the product or service. Free consultations, marketing emails, demos, and free trials can help and

motivate in making the decision. The last phase of the funnel (Figure 10) called action is where purchase or inquiry is being made. The customer either decides to click on the purchase button or signs the quotation. Mostly reviews and referrals are made at this last stage (Yeo 2016.)

## Digital Marketing Sales Funnel

### Awareness

**Primary Tools:** Content marketing, Social Media, Paid Advertisements, SEO/SEM, Public Relations

### Interest

**Primary Tools:** Landing Pages, E-books, Newsletter, Free Tools, Case Studies, Retargeting

### Decision

**Primary Tools:** Sales Pages, Free Consultation, Trust Signs, Promotions, Free Trials, Demos, Email Marketing

### Action

**Primary Tools:** Payment System, Shopping Cart, Reviews and Referrals



Infographics by Amber Creative

<http://ambercreative.sg>

Figure 10. Improving your digital marketing efforts (Yeo 2016)

### Growth strategy

Developing a small company or start-up to succeed in the next business level can be associated with several risks. However, each new step of growth brings more opportunities. Therefore, in choosing stages of growth, one choice after the other must be made to reduce risks. A growing business requires ongoing operations in an environment of continually emerging business challenges, increase revenues and profitability (Kumar, 2016).



Figure 11: The Ansoff Matrix (Kumar, 2016).

Figure 11 above illustrate different growth strategies techniques used by businesses to grow their businesses. Ansoff Matrix helps an organization to analyze risks associated at each stage, the idea is each time a business moves to a new quadrant (vertically or horizontal) risk increases.

Mindtools (n.d.), explained Ansoff Matrix in following four stages:

1. **Market penetration** in the lower left quadrant is with the lowest risk out of the four stages because of the focus in expanding sales with the existed products into an existing market.
2. **Product development**, in the lower right quadrant, is slightly riskier because of introducing new products into existing market.
3. **Market development**, in the upper left quadrant and is done by putting existing products into an entirely new market.
4. **Diversification**, in the upper right quadrant and is the riskiest of four-quadrant due to the introduction of new products into an entirely new market. Business growth is an advantage in business for so many reasons such as taking advantage of new opportunities, increase sales, and expand products or services. Identifying the right opportunities for growth requires an understanding of the current performance of any business.

## 2.4 Strategy in Action

Strategy in action simply means how strategy is formed and implemented his concern with organizational structure, systems, and strategic change (Johnson, Whittington & et al, 2018, 15). Organizational structure key factor is how does it support the successful performance of the company, systems are planning, and performance systems required to support the

way strategies are implemented. Strategic change involves putting strategies into action, how is led and comprehensiveness of a change.

In terms of strategy in action, an organization must assess the type of structure needed to organize various activities and future growth, organization's systems adequate to allow strategies to be implemented effectively and its growth development what changes are necessary to be managed.

#### Organizational Structures

The development of strategies requires organizing strategies, which include structures and systems. Managers are involved in identifying levels and roles in organizations, as well as appointing responsibilities. If a start-up involves more than one person, responsibilities must be divided between different people. Functional structures divide responsibilities according to the organization's primary specialist roles such as production, research, and sales. Functional structures are relevant to small or start-up organizations or larger organizations who have retained narrow, rather than diverse product ranges. However, this type of structure has pros and cons. Pros include senior managers has direct involvement in operations, hence provides clear definitions of roles and tasks, increasing accountability. Cons involve overburden of operations in senior managers as organizations expand and become more diverse (Johnson, Whittington & e.t al, 2017, 209).

#### Systems

Organizational structures must be supported by systems, which are the muscles of organizations. Systems help ensure control over strategy implementation. Small organizations or start-ups can rely upon direct supervision while large or complex organizations must apply more elaborate structures and systems to be effective over time.

### 2.4.1 Strategy Development Process

A strategy is formed after careful observation of a process over a period. Strategy can be developed from a learning experience or formed by founders and managers. Managing strategy in action is how strategies are formed and implemented, the emphasis is practicalities of managing (Johnson, Whittington & e.t al, 2018).

According to (Johnson, Whittington & e.t al, 2018), three issues for strategy in action are:

- *Structuring an organization* to support a successful performance. Structure matters for who is in charge and accountable
- *Systems* are required to control the way in which strategy is implemented. Planning and performance systems are important in

getting things done. It is important to ensure that strategies are implemented according to plan.

- *Leading strategic change* is typically an important part of putting strategy into action. The fundamental key point here is the speed and comprehensiveness of change.

The strategy development process provides a framework that follows a logical sequence to ensure activities intended for the development of strategies are followed. The strategy development process is a continuous improvement process that involves a series of steps.



Figure 12. Strategy Development framework

Strategy development framework as presented in figure 12 above depends on a series of stages:

1. strategy analysis depends on scanning or analyzing internal and external environment. This stage is done in both during the strategy development process and continuous process to respond to competitors.
2. Strategic choice, that is understanding the company's vision and objectives, then selecting the best strategic choice which is suitable for a company's operation and needs.
3. After strategies are developed, they need to be put into action. When the implementation stage is complete, control and monitoring are required to adjust to operational problems accordingly.

Johnson, Whittington & e.t al. 2018 specify two approaches of developing strategies, rational-analytic view of strategy development and emergent strategy approach. He defines these approaches in the following way:

- i. *Rational –analytic view of strategy* development is the conventional account. Here strategies are developed through a rational and analytic process, led typically by top managers. The typical plan begins with statements of overall strategy and mission, vision, and objectives.

Then there is macro-environment and industry analysis followed by a capability analysis.

- II. *The emergent strategy* is the alternate broad explanation of how strategy develops. In this view, strategies often do not develop as intended or planned but tend to emerge in an organization over time as the result of ad hoc, incremental, or even accidental actions. Good ideas and opportunities usually come from practical experience at the bottom of the organization, not just from management at the top. Learning from experience can be as valuable as planning in advance. This emergent view strategy is usually associated with *Henry Mintzberg*.

In the case of this research project, it is obvious for Uborashions to develop its strategies using a rational-analytic view due to its essence of looking at the organization's overview in its mission, vision, and objectives, also the factor of analysis of the business environment. Achieving this approach for Uborafashions as a start-up company is preferable because the company has not gained any business experience in the industry it wants to operate in.

#### 2.4.2 Evaluating Strategies

Evaluation is fundamental to strategy. First, it is important to evaluate the performance of the existing strategy; then evaluate new strategic options. The gap analysis is used to determine any possible shortfall between the existing performances and strategic objectives. (Johnson, G., and Whittington. & e.t al. 2018). Strategic evaluation comes in hand after an assessment of the project or plan on whether the implementation of the strategy is as per the strategic plan. The evaluation must consider whether the objectives of the company are appropriate and attainable with given resources, major policies and strategies are lined with the company's objectives. Strategic evaluation should be based on the company's environment and not on the best way thought to be. Obtaining reliable and accurate information concerning strategic evaluation can be quite difficult; therefore, it is important to obtain a reasonable source of situation-based knowledge, to be up to date and efficient management information system (Subba, 2009). Subba 2009 has categorized different criteria for evaluating strategic alternatives, although he critic the difficulty of using the three criteria simultaneously:

- a. *Criteria of suitability*: It measures the extent to which the proposed strategies fit the situation identified in strategic analysis. The situation should indicate the list of important opportunities and the threats that the firm faces and weakness and strength that the firm has. In this criterion evaluation of suitability is also called consistency. The selected strategies should overcome the difficulties identified in

strategic analysis; it needs to exploit environmental opportunities by using a company's strength.

- b. *Criteria of feasibility*: assesses the practical implementation and working of the strategy. At this stage of the strategy, and implementation needs to address if the company has enough financial resources to implement the strategy, availability of marketing skills, enough technology to compete effectively, ensure of availability of managerial and operating skills.
- c. *Criteria of Acceptability*: this stage the firm's assesses the strategy to decide whether the consequences of proceeding with the strategy are acceptable.

### 3 RESEARCH METHODOLOGY

A research thesis is conducted using a practice-based approach in the development of strategies for the case study company. Practical activities of the thesis are conducted using action research from the period case study company is being established to the end of accomplishing the thesis. Action Research is a research method that analyses and observes a style or manner of checking satisfactory levels in organizations. It is frequently used for improving practices and conditions. It can either be for checking part of the organization's critical reflection or in response to professional development review (McNiff, 2013).

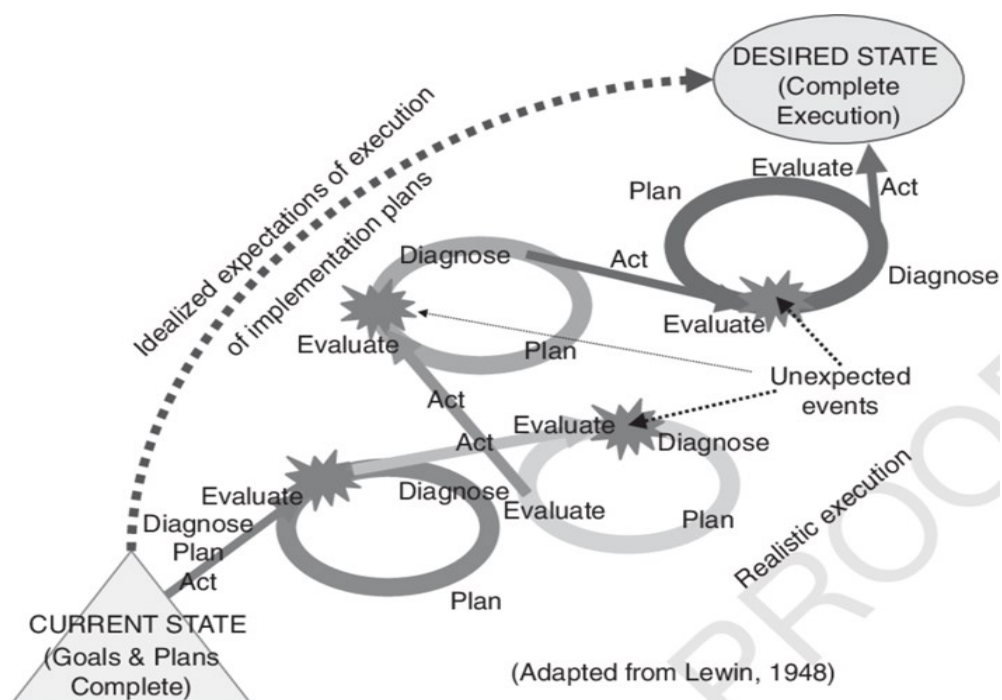


Figure 13. Action research process. (ResearchGate, 2013)

Figure 13. above represent the process of action research that involves series of activities of an organization in its current state to reach to a desired state .As goals and objectives of the company changes so as the process, it all begins from the start thus creating circular repetition of activities that includes planning, diagnosing, evaluating and acting. The circular motions each is based from ideas and reflections from previous circle. However, along any series of activities there are risks or challenges along and those are unexpected events.

### 3.1 Research Purpose

The purpose of the practice-based research is to develop effective strategies for Uborafashions Start-up Company. These strategies are a gap that exists in the company at its current state towards accomplishing in reaching its desired state. The development of effective strategies will consider the company's mission, visions, and capabilities within the business environment. For the company to operate effectively in a challenging business environment. The current situation of the case study company will give results on what kind of developing strategic plans the company must incorporate for its success along with its mission and objectives.

### 3.2 Research Approach

A research approach in this action research is participatory action research. It means three important fundamentals of research, action and participation are joined by the participant (Lawson, Loretta & et.al, 2015).



Figure 14. Participant as an observer. (MeasuringU,2015)

Participatory action research figure 14 includes the researcher as a participant observer collaborating with other participants or researchers



working together to understand a problematic situation and change it. (Lawson, Loretta & et.al, 2015).

Practice-based research is conducted by careful measures of the action research method managed by the author as a participating person. Action research is based on the author's participation at HAMK's start-up business school course, to learn the fundamentals of starting a business and all relevant information on establishing the business. Action research is as well achieved from observation of different literature that supports research questions, and observation of the company's operations from the time is being established to up to date. However, taking characteristics of action research, the development of strategies is going to be a continuous improvement as a business environment change so as technology and trends.

The research approach consists of two parts, theoretical and empirical. The theoretical part includes kinds of literature and concepts relating to the research questions. The theory is constructed through an analysis of a company's strategic position, choices and actions that will determine which strategies to implement in the case study company. Empirical includes the participation of the author in the master's degree program of Business Management and Entrepreneurship, and observations of the company's goals and objectives in formulating the suitable research study for the company.

### 3.3 Data Collection

Walliman, (2017) explains data comes in two forms, secondary data, and primary data. Primary data are derived from observations, experience, records close to the events. Secondary data are written sources that interpret or record primary data. The data collection used by the author in this research is through exploring kinds of literature, articles of strategy development and observation of the current situation of the company. Data is collected in a structure of analysis of the internal and external business environment. In such a manner the author can be able to evaluate strengths and weaknesses in the internal business environment, such as opportunities and threats of the external business environment.

It is important to concentrate on certain variables when collecting data (Walliman, 2017). Internal business environment variable includes the organization's capabilities that include determination of a company's strengths and weaknesses. Michael Porter's Five Forces analysis determines five variables: competition rivals, supplier's power, the threat of new entry, buyer's power, and the threat of substitute, and with an industry analysis in the fashion industry and e-commerce industry.

## 4 ANALYSIS OF THE COMPANY & ITS BUSINESS ENVIROMENT

The purpose of this chapter is to conduct an empirical assessment of Uborafashions business in its current state and business environment. In its current state Uborafashions resources and capabilities is analyzed. The resources in terms of staffs, suppliers, funds, customers, and distribution. Capabilities in terms of management skills, procurement skills, marketing and sales skills, financing skills, innovation skills, and customer relations management skills. These are determinants for Uborafashions competitive advantages in the business market for long-term survival.

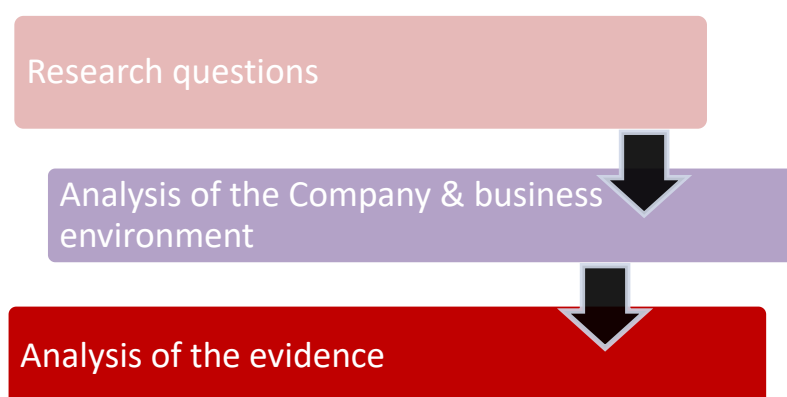


Figure 15. Process of analyzing the evidence.

In the process of developing the company, the author as participant-observer detected factors that would provide the company with useful information to accomplish its mission and visions. Therefore, research questions were formulated to conduct a thorough analysis of the company and its business environment. However, analysis of the evidence is a fundamental factor in understanding if the initial challenges are solved or not, and what further research plans the company must conduct. Figure 15 shows the process that led us to this chapter of analysing the evidence.

Analysis of the company and its business environment uses the results from Michael Porter Five Forces, SWOT analysis and other environmental factors like technology, social and economic. Based on these observational results the company can make result-driven decisions according to the evidence and analytics. The presentation of results is in the form of content and tables. Analysis of the company in its current state will give an overview of conducting a SWOT analysis whereby the company's strengths and weaknesses will be outlined. Micro-environment analysis using Michael Porter's five forces will give an insight into threats and opportunities of e-commerce business environment.

#### 4.1 Gap analysis

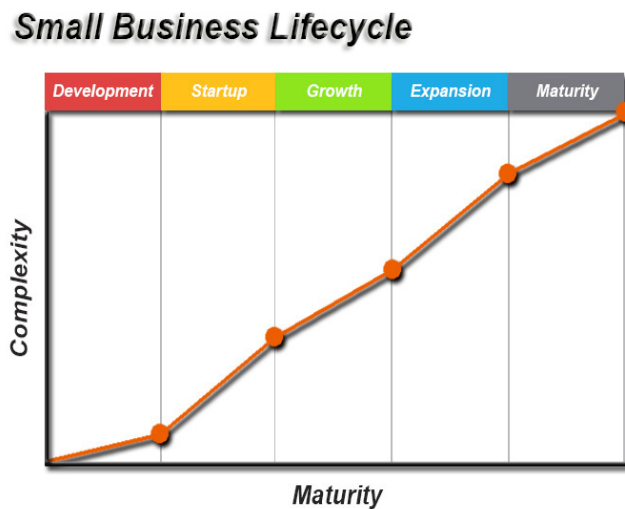


Figure 16. Stages of Business Life cycle. (Business2community,2014)

During the development of businesses, there are several stages of business passes to reach maturity. Reaching maturity means accomplishing some of the company's missions, visions, and objectives. However, along the developments of businesses is associated with threats from the external environments and weaknesses from the internal environment. Closing the gaps of threats and weaknesses provides an opportunity for the company to reach its desired state as shown in figure 16.

Uborafashions means of closing the gap between projected performance and desired performance is through tackling the challenges existing within the organization and business environment thus will lead towards choosing the right strategies. Uborafashions's decision in choosing the right strategy is based on the organization's understanding of key drivers, expected changes in the environment, and its capabilities. However, these factors provide opportunities but also place constraints in the future direction of the organization.

As shown in figure 16 Gap analysis is essential in identifying the company position in terms of:

- a) Current position (where the company is?).
- b) Future objectives, mission & visions.
- c) How the gap is going to be closed.

## 4.2 Current State of Company

Uborafashions is selling fashion apparel that includes women and man's wear, the company offers custom-made, styling consultation and measurement services to its customers. A mission statement aims to provide employees and stakeholders with clarity about what the organization is there to do (Johnson, Whittington & et al, 2018).

Uborafashions mission is to own an online fashion brand business which is aiming to provide space for small independent business vendors. Company's business vision is to enable potential customers to easily access or obtain their products through a trustable brand and platform. Uborafashions is intending to work close with shareholders to provide potential customers with high quality services and products

### **Operations**

Uborafashions is operating online and has secured a website under [www.uborafashions.com](http://www.uborafashions.com). The company's objective is to build a strong and trustable brand first then break even with sales and continue to improve over time. Uborafashions decisions in operating online are due to facts that people in this generation spend most of their time being online and social media. Another fact is the elimination of geographical limitations and making it easier for new potential customers to reach the company's products and services easily.

Company staffs are only founders, for now, some based in Finland and Tanzania. Founders based in Finland focus on business management, marketing, coordinating, and searching for skillful contractors and founders in Tanzania deals with procurement and shipping of products. Uborafashions has been coordinating with other firms in Finland such as web construction and web design firms. Company's operation process in such a manner that products are designed and produced abroad, stored, and shipped from the country of production to customers. Customers receive their products within 14 days from the day an order is been placed. Customers can either choose available products available on the website or request custom-made products. A marketing plan is arranged through photoshoots and events such as fashion shows, festivals, etc.

Due to the lack of employees, founders divide different tasks withing themselves and are usually responsible for the main operational areas of the company. It has been quite a big challenge finding time to handle the company's operation while founders are fully-time employed. Uborafashions is conducting its affairs with stakeholders who are connected in one way or another to meet the company's objectives. The chain of connection starts with producers/suppliers to targeted customers.

### **Know-how and competences**

Founders of the company are fully committed to handling the business with great care. They have invested their time in studies of master's degrees in Business Management and Entrepreneurship in the Häme University of Applied Science and another founder is in the master's degree Programme of International Business Management in Turku University of Applied Sciences. Founders know and understand succeeding and mastering business operations is not one day learning experience, it takes and needs time, and it is a continuous improvement, that needs commitment. That is why they believe achieving a solid background in education is one of the key successes to their start-up business. Founders have been attending programs from Ensimetri and Tre-start when invited. Under these programs, a great value of information has been received that helps in the development of the company. They can search for vendors, as most of their products are available in East Africa. Founders speak the language used by East Africans and are aware of the culture. This is an advantage in business negotiations, agreements, and contracts. In its development stage, the company cannot place itself as a more superior or favorable to other existing business but it has the advantage of learning similar existing businesses; this can give the advantage to learn and observe what works and also to distinguish its products and services. The main competitive advantage the company can have is to be different from existing businesses.

### **Resources**

Uborafashions being a start-up company depends mainly on founders' income, manpower and time. the company lacks capital, human resources such as labor-power. However, the company possesses strong enterprises that are determined to achieve the company's goals and mission. Founders invested their own money and time to conduct the operation of the company. And to avoid risks in its initial stages the company has decided not to loan money from investment institutions.

### 4.3 SWOT analysis for the company

In the case of the Uborafashions business, its business life cycle is in the development stage. Observations of the company will rely on the functional structure of the organization compared to its competition rivals' analysis of the company will determine the company's strengths and weaknesses, together which Michael Porter's Five Force that determines opportunities and threats will help to formulate the company's strategies. The development stages of the company require a lot of effort for a company to succeed and sustain its operations. Uborafashions products that are new in the market for this reason usually sales are very low. The incorporation of Michael porter's five forces assists in conducting an external business environment to analyze the five components: competition rivals, power of substitutes, supplier's power, buyer's power, and the threat of new entry.

E-commerce business has some opportunities and threats. Having a website provides a company with opportunities such as reaching potential customers world-wide if marketing activities are conducted properly and efficiently, products are visible to customers 24 hours, etc.

However, e-commerce business has various threats like security risks, system rundowns, identity threats, etc. It is important for Entrepreneurs to know and understand other factors that will determine opportunities and threats like technology, economic, social, political, and ecological factors.

Table 1. SWOT ANALYSIS ON COMPANY'S RESOURCES

RESOURCES	STRENGTHS	WEAKNESSES
Staffs/ employees	Founders are the only staffs	Little time to execute several operations within three people
Finance	Founders invest their money, therefore strict measures on money allocation is applied.	Limited operations, hence, it limits company's growth.
Customers	Unique and high quality of company's products segments our customers.	It is difficult for first few years for start-ups to have stable customers, know them, manage, and maintain customers.
Suppliers	Founders have solid networks with many suppliers.	Suppliers are not reliable, delays of products
Distribution	Presence of webstore is a major step in distribution channel and presence of social media like Instagram and Facebook	Due to limitation of time, founders cannot manage social media presence most of the time.

SWOT analysis of the company's resources (table. 1) indicates the company's strengths are the production of high quality and unique products, good networking with suppliers, the presence of a website as its major distribution platform. Founders are determined and dedicated, they invest money and time into the company. However, the company has weaknesses like lack of working staffs, limited operations activities like marketing events due to low budget, targeting potential customers take time and a lot of efforts which company's lacks, suppliers can be unreliable sometimes.

Table. 2. SWOT ANALYSIS OF COMPANY'S CAPABILITIES

CAPABILITIES	STRENGTHS	WEAKNESSES
Management skills	good educational background	Lack of experience
Procurement skills	Suppliers are known already, therefore procurement becomes easier	Distance makes it difficult to control and review production of products.
Marketing & sales skills	Basic knowledge	Lack of experience
Financing skills	Many available online software	Dependence on external help
Innovation skills	Founders has decision power on creativity and change of designs products or services	Lack of innovation team
Customer relationship management (CRM)	Webstore has CRM tool	Management still in learning process
Technical skills	Small technical issues are handled within company	Depends on external help for major issues

There are many capabilities that e-commerce must possess to succeed and maintains the business. Factors like website structure create a friendly user experience, improves SEO (Search engine optimization) and chances of showing up in google search. However, a company must possess various capabilities to survive in a competitive business environment. Uborafashions possess several capability strengths such as management skills, procurement skills and some basic knowledge of marketing and sales. Table 2. shows Uborafashions has several capabilities weaknesses such as marketing & sales skills, financing skills, CRM, etc.

#### 4.4 Analysis of the E-commerce Business Environment

##### 4.4.1 E-commerce in the world

According to Forbes e-commerce is expected to become the largest retail channel by 2021. However, future adoption is not evenly distributed across the globe. E-commerce is already leading in Asia-Pacific with a 13% penetration rate but will not reach the top in Western Europe within the next 5 years. (Grant, 2018)

Referring to the PostNord report of 2018, E-commerce in Europe is expanding as 250 million Europeans say to regularly shop online. It is clearly becoming each year consumers' growing shopping habits which is

a trend that is emerging. It is important for *e-sellers* to adapt their offering to more *international consumers*, who seek the best offers in terms of everything from products to *simplicity, delivery, and service*. Arne Anderson an e-commerce expert at PostNord points out tips regarding logistics and e-commerce; *fast delivery, accuracy, and transparent information* (precise) being very important to customers. In this report Olof Källegren who is the market information manager outlines six tips for successful e-commerce in Europe to be:

- customer services, offering services in local language.
- Good understanding and complying with legislation and regulation.
- Payments options preferred by customers.
- Website adapted to local conditions
- several deliveries option
- simple returns

PostNord report reveals Clothing and Footwear to be the most bought products online, followed by home electronics and books/audiobooks in Europe. Report claim consumers are influenced by low prices especially long-distance consumers. The number of consumers shopping abroad is high in Nordic countries. Consumers buying habit in terms of age group seems to be younger people shop online more than older people. Frequent online buyers are within the age group of 18-29 years, followed by the age group of 30-49 years of age within a range of 70 percent and a drop-down in age group 50-64years. The age group of 65-79 years is the least of age group buying online (PostNord, 2018).

Uborafashions must operate in the advantage of reports, surveys and statistics data that has been made by other organizations. PostNord reports explain the success of an e-commerce business and reveal the most bought products and online shopping age group. This is an opportunity for Uborafashions to observe the information and compare results from various sources.

E-commerce for Western Europe is a mixed bag, the UK being placed on top with the largest channel in 2019 followed by France and Germany. These countries make the three biggest e-commerce Markets in Europe. UK's rapid adoption of online grocery led it to the top compared to Germany and France (Grant, 2018).

According to figure 16 below shows a timeline forecasting digital buyers worldwide from 2014 to 2021. The figure shows the number of buyers increasing each year and b 2021 to reach 2.14 billion people worldwide. Purchasing online has become a common practice among many people around the world (Statista,2018). Current e-commerce statistics state



that 40 percent of worldwide internet users have bought products or goods online via desktop, tablet, mobile or other online devices. This amounts to more than one billion buyers and is projected to continuously grow (Statista, n.d.).

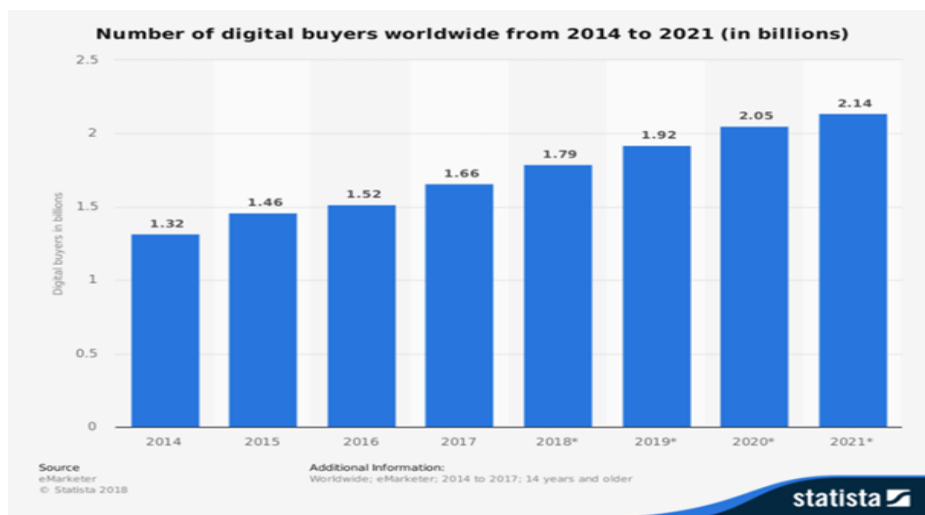


Figure 16. Number of Digital Buyers Worldwide from 2014 to 2021 (Statista, n.d.)

Amazon and eBay are the most popular and dominant marketplace in Europe. Alibaba moving slowly from Eastern countries and expected to take over the dominance of the US marketplace giants Amazon and eBay. Most cross-border shopping in Europe is Amazon followed by Alibaba/AliExpress, in which one of the four customers shops in Amazon (EcommerceNews-Europe,2018).

Although e-commerce is not evenly distributed across the globe, the Internet has increased visibility of designers in the African continent, from small retailers into large recognized and respected designers. Most of the designers have been able to generate their awareness and maintain recognition through celebrities wearing their designs. Nigerian being the largest continent's consumer market, its revenue has doubled each year since 2010. Africa continent has also its own e-commerce marketplace platforms such as Jumia and Konga that helps vendors from Africa to market and sell their products (CNN Style, 2017).

#### 4.4.2 E-commerce Finland

Revenue on the e-commerce market in Finland is US\$4,986m in 2018 and is expected to increase by 6.9% in annual growth rate (CAGR 2018-2023) with the result of the market volume of US\$6,974m by 2023. The fashion industry is the largest market volume segment by US\$ 1,588 by 2018.

Apparel seems to be the largest selling segment with a volume of US\$988m in 2018. (Statista, n.d.)

Finland has the highest internet and broadband penetration internet in the world. E-commerce has become popular and fast-growing, driven primarily by a greater variety of goods and lower prices. According to Euromonitor, 84% of Finns shop online, spending an average of \$3,770 per capita with purchases of home technology and clothing leading the way. Finns rely heavily on foreign retailers for online purchases, giving foreign retailers opportunities to acquire customers. 54% of all online shoppers in Finland purchases abroad. Underestimating the importance of marketing has been the most common mistake of online marketing. The most successful companies have been the ones promoting their products or website by identifying the right target groups through a mix of advertising channels including paid advertisements and social-media and email. PostNord surveys show most sales generated from foreign online shops come from women's clothing and accessories (export.gov, 2018).

A research conducted by Paytrail in 2017 indicates growth of e-commerce despite Finland being in recession on crisis of the late 2000s. This fact of growth paints a picture that both Finnish customers and Finnish companies have taken in e-commerce. Paytrail research suggests that; it is important also to for Finnish e-commerce companies to continually develop the technology into more customer preference, easier to use and safe buying experience, otherwise Finnish companies have a risk for potential customers to look to the foreign web shops for better deals. Demographics of online shoppers in Finland according to Paytrail report are of 25-35 years old shop most online, and 66-74 years shop the least. The most striking fact is most Finns shops online using *mobile phones* and data shows 70 percent choose the internet because it is time saving and 73 chooses because it is always open (PaytrailbyNets, 2017).

Other sources of online shopping are presented by foreigner.fi, revealing statistics survey in Finland shows 47 percent of shops online to buy clothes and shoes, 39 percent admission tickets and 35 percent accommodation services (Foreigner.fi, 2019). Most commonly, Finns use internet with their mobile phones 80 percent. Four out five (79 percent) uses the internet several times per day in 2019 within the age group 16 to 89 years, and those under 45 everyone did so almost every day (Foreigner.fi,2019).

#### 4.5 External Business Environment factors

Apart from Michael Porter's Five forces that affect the business environment, there are other macro-environment factors that has a greater or lesser impact on organizations, industries, and public sectors. These factors if analyzed properly can determine threats and opportunities to organizations, these factors are political factors,

economic factors, technological factors, social factors, ecological factors, and legal factors (Johnson, Whittington & e.t al, 2018).

### **Economy**

At the EU, level Finland is a firm supporter of trade liberalization, and more competitive EU, and supports efforts to boost free trade and the single (and the digital single) market. Finland has been speaking for a stronger, more unified, and 'fairer' union as best serving the country's interest. Finland remains committed to a single currency, strengthening Economy and Monetary union, common security, and defense policy, and supporting closer integration of the EU (GOV. UK, 2018).

The economy is affected by the currency exchange rate, interest rate and fluctuating economic growth around the world. It is important for an organization to understand how its market is affected by the prosperity of the economy. The key concept of analyzing micro-economic trends is the economic cycle. Despite the possibility of unexpected shocks, economic growth rates have an underlying tendency to rise and fall in regular cycles (Johnson, Whittington & e.t al, 2018).

In a bad economy, it is hard for any business to survive due to the fact most customers are not able to support themselves financially. A bad economy can either be caused by economic fluctuations causing people to lose their jobs, high-interest rates on credit cards and loans. This might affect customers to spend less on recreation goods, sports, and cars. Understanding the economy will help companies to spot threats and opportunities (Sherman, 2018).

### **Social**

Social factors can influence the specific nature of demand within the overall economic growth rate in organizations and industries. A social element can also shape the network character of an organization within the environment, such social elements are demographics, distributions, geography, and culture. However social networks have strategic significance especially foreign firms in penetrating the density of network (Johnson, Whittington & e.t al, 2018).

Our society is continually growing and changing, changes can be seen in taste, fashion, and social media. Social networking has become more popular in the younger generation especially on mobile phones and computers. The younger generation prefers to shop more online and older perhaps prefer to stick more in traditional methods. Changes in social factors are very important for business in understanding and focusing on these changes to apply environmental analysis depending on the nature of the operations (Pestleanalysis contributor, 2015).

## **Technology**

Technology today has changed most businesses and created opportunities, like creating completely new business niches that have not been existed before. Technology has reduced the need of business owners to open new mortar and brick, instead, they run their companies from their smartphones, laptops, and tablets. Operating costs have lowered in businesses, sales operation of products and services are through webpages. The cost of starting a new business has dropped drastically in recent years, no need to travel to meet clients, owners can operate their business online. And instead of hiring bookkeepers or assistants, Entrepreneurs can find software handles all the early-stage functions they need. Security on the technology point of view has brought up some positives and negatives impact, having so much information on the internet-connected servers' means is susceptible to theft. Businesses must put significant efforts into securing their businesses. This has opened opportunities for tech specialists in cybersecurity arenas. Technology has made it easier to reach customers through social media and the internet. Many businesses today oversee their own customer outreach. (Faris, 2018)

## **Legal**

European Commission (EC) expects e-commerce businesses to follow legal regulations for e-commerce. These mandatory elements to be followed are Pre-contractual information that is provided should inform users regarding products/services, technical information, terms of use as well how client information will be used. Post-contractual information that is provided should provide means of payment notifications after the products/services have been purchased within 24hours. Withdraw period that is provided should state clearly directives on consumer rights where a consumer has 14 calendar days to exercise the right to withdraw when not satisfied with their products/services, otherwise the user will have a longer period of 12 hours. Cookies, a provider must have cook policy informing users that cookies are being used upon accessing the website. Data protection, users must be provided information on the storage of their personal data, how their personal data is being used and options for cancellations of their data (European Commission, n.d.)

In Finland, the Ministry of Employment and economic is responsible for the regulation of economic activities. The ministry is also responsible for regulating certain businesses that require licenses, such as real estate agencies and debt recovery services, as well as special regulation of companies that sell travel packages and provide accommodation. (Ministry of Employment and Economic Affairs, n.d.). There are no legal obstacles to prevent e-commerce financial transactions in Finland.

However, businesses are to offer suitable or secure payment options to their customers. Four most important payment methods in Finland are Debit/Credit card, direct payment via bank, invoice, and PayPal. It is very important for Finns to be assured about the safety of the payment methods as Finns are extremely concerned about safety (export.gov, 2018).

## **Five Elements of Porter's Competitive Forces**

### **Competition Rivalry**

Referring to reports from Statista and Forbes, Amazon stands out with a high number of sales and success in the e-commerce market. Marketplaces like Amazon, eBay, Alibaba, etc. has a wide range of apparel including African ethnicity products but also there are some independent websites at the international level such as <https://www.diyanu.com/>, <https://kisua.com/> etc, which has similar products and services compared to Uborafashions start-up. In the local level market, there are few online shops in Finland that sell African products such as <https://www.africaafricashop.com/>, <https://www.cococo.fi/>, etc.

### **Threat of Entry**

In e-commerce industry threat of entry is very low this is because of no need for high investment or capital and human resources required to start a business. However, it is quite difficult for developing businesses to build a potential customer base, brand image and maintain being a success for a long period of time without high investments in marketing campaigns.

The products of Uborafashions are manufactured in Tanzania so the transport costs to other Scandinavian countries compared to Finland are similar, and do not pose a significant threat to the cost structure of the distribution of their products. VAT, tariffs, and other regulations related to exporting from Tanzania to Scandinavian countries might present issues in the beginning. According to the World Trade Organization (2018), the import tariffs for clothing businesses to Denmark, Sweden, and Iceland are the same as Finland but in Norway, they are a bit lower. All in all, the trends in trade are similar in Finland, Denmark, and Norway, towards European Union countries, showing recovery from the recession by an up-climbing curve. Norway is still stalling behind, but Iceland has been in an increasing trend since 2010 (World Trade organization, 2018). If the regulations become overwhelming, Uborafashions can distribute goods from Finland which is export within the European Union and thus less heavily regulated. If the company finds true demand and a loyal customer base in Scandinavian countries, it can also consider wholly owned subsidiaries, also called Greenfield ventures, to establish a

concrete store in the desired country. This way they do not have to give away their core competence, like the design to their competitors and will remain in charge of the company (Nugent, 2013).

### **Power of Buyers**

Due to technological factors, the bargaining power of buyers in e-commerce is very high (Notesmatic,2017). Customers nowadays are well informed via the internet, social networks, etc, making the most brands to work hard to retain their customers, invest highly in customer services and technology. According to Johnson, G., and Whittington. & e.t al. 2018, if the bargaining power of buyers is high it leads to the demand of low prices in products and services. Therefore, Uborafashions must put so much effort into marketing and advertising their products and services to gain new customers. It is important for a company to also work in customer relation maintenance after they acquire few customers.

### **Power of Suppliers**

There are several concentrated suppliers in African products ethnicity in Africa. Therefore, the bargaining power of suppliers is depending on e-commerce founders' decisions on where to acquire their products and what is most demanded by customers.

### **Threat of Substitutes**

Because of no expenses in switching costs of products, e-commerce businesses are likely to suffer a high threat of substitutes. Customers can easily switch to e-commerce retailers' businesses or physical retailers. Uborafashions can earn competitive advantage through procuring unique and quality products, good customer services, good customer experience, and low prices.

## 4.6 Observations of SWOT analysis

### **Strengths**

Uborafashions basing on slow fashion production has an advantage in producing more ethical and sustainable products. No language barriers position the company to the advantage of building good networking with reliable suppliers and negotiate a price according to demand from customers. Presence of website positions Uborafashions in favourable conditions for their potential customers to shop 24 hours and removes the limitation of location, meaning Uborafashions can reach potential customers worldwide. Possession of strong management skills gives advantage to the company to maintain business and its operation activities.

### **Weaknesses**

Having no workers means founders must work around the clock to fulfil the company's visions and objectives, it might lead to some operations not being performed effectively; In the long-term might lead to slow growth of the company. Low finance prevents the company from high investments and some operations which require a high budget, Uborafashions is likely to face is lack of high investments and capital can prevent the company to compete with existing prices of the competitors , and when competitors tends to rise or lowers prices. Lack of marketing and sales skills limits the company to reach its potential customers and increase the company's profit. The customer is a king of any business, therefore the company lacking CRM skills loses benefits of ensuring customer satisfaction.

#### Opportunities

Analysis reports from PostNord 2018 showed, online shopping trend is increasing each year, this is an opportunity for Uborafashions company as it operates through a website. Reports showed the age group of 18-29 years spend most of the time online, followed by the age group of 30-49 this means Uborafashions can use this opportunity for building a marketing strategy with a focus group. It is presented in the reports Finland to have the highest internet and broadband penetration, it means our customers will not experience any technical difficulties when they are browsing to the website pages. Most EU-countries share a common currency; therefore, customers do not need to worry about conversion rates, and cost structure distribution to Finland is the same as those of Scandinavia countries. No legal obstacles to E-commerce businesses provide companies with more assurance of conducting their businesses.

#### Threats

Uborafashions is likely to face a low growth rate in the market due to facts that the company is in the development stage and it cannot compete with incumbents who have been in business for a long period of time. Therefore, it means Uborafashions will be associated with low profitability rates and price competition. Customers always look for better deals, with Amazon, eBay, and AliExpress being very popular and dominant in the marketplaces; it reduces chances of potential customers from visiting new web stores. Economic factors such as economic fluctuations or recessions reduce the chances of customers to buy luxury goods. Social factors such as change of trends influences most potential customers to purchase similar products. Technological factors have some advantage as well as some disadvantages such as cyber theft, identity theft etc.

#### 4.7 Reflections of Micro-environments

Table 3. Presentation of Michael Porter's Five Forces for E-commerce Business.

<b>COMPONENTS</b>	<b>HIGH</b>	<b>LOW</b>
Competition Rivals	yes	no
Threat of New Entry	yes	no
Threat of substitute	yes	no
Power of suppliers	no	yes
Power of Buyers	yes	no

Table 3 above represents results of Michael Porter's Five Forces in E-commerce business industry. The following components of Michael Porter's five forces are determined by following factors:

- 1) Competition rivals is determined by number of competitors, quality differences, switching costs, customer royalty etc.
- 2) Threat of New Entry is determined by time and cost of entry, barriers to entry, specialist knowledge, technology etc.
- 3) Threat of substitutes is determined by cost of change.
- 4) Power of suppliers is determined by number of suppliers, uniqueness of services, cost of change etc.
- 5) Power of buyers is determined by number of customers, price sensitivity, ability to substitute, cost of change etc.

Results from table 3 are presented after careful analysis reports from existing kinds of literature which gave an insight into the e-commerce business environment. The results show there is high threat of competition rivals, new entrants, the threat of substitutes, and the power of buyers. However, it indicates opportunities for the power of suppliers which means business owners can negotiate purchasing products from a few available suppliers.



Table. 4 External Factors Affecting Businesses.

EXTERNAL FACTORS	THREATS	OPPORTUNITIES
Customers		250 million Europeans shops online regularly. (PostNord report 2018)
Products	Influenced by prices	Clothing & footwear (Most bought products in Europe)
Technology		Finland has high internet and broadband penetration.
Buyers		18-29 years of age shop the most online in Europe followed by 30-49years of age. However, in Finland shopping age group is between 16-45 years.
Economy	Fluctuations of economy.	Same currency in many European countries.

Table 4. represent some of reflection summary from different reports. The findings and further researches will provide the company clarifications on opportunities and threats of the business environment. With such knowledge of the information the company can implement strategies that are more suitable and favours the company from risks of the business environment.

## 5 IMPLEMENTATION & EVALUATION OF STRATEGIES

### 5.1 Implementation process

Implementation of Strategies for Uborafashions is derived from observation results of SWOT analysis, business environment analysis, industry analysis of e-commerce and navigation analysis of Porter's five forces of a business environment. MacLennan, 2010 defined strategy implementation as actions that move the organization along its choice of the route towards the goals-the fulfillment of its mission, and achievement of its vision.

#### Mission

Uborafashions mission explains the nature business of the company, its purpose and why it exists. Uborafashions mission is to build an e-commerce business platform by coordinating, collaborating with international independent talented designers or vendors. Uborafashions believes that everyone should be able to express and communicate through fashion.

#### Vision

Uborafashions vision is to create fashion diversity, build a brand that celebrates individuality, uniqueness, trendy styles through innovation of Finnish Fashion industry.

Towards the process of implementing strategies for Uborafashions consideration of company's mission and vision must be incorporated to achieve efficient and successful strategy. Strategic implementation is a crucial stage of strategic planning; it can lead to failure or success of company's vision if not done properly. A business mission, objectives, and visions play an important role in the strategy implementation step and it is because selected strategies contribute in achievement of the company's missions and objectives (Subba, 2009). Success implementation of e-business starts with the formulation of an appropriate structure for running an e-business project. It is important that designs ensure successful delivery for the eventual use of the e-business initiative and must be capable of delivering the desired business functionality in a timely manner and within a budget (Watt,2003).

The strategy implemented by Uborafashions must fulfill the characteristics of the business model, which is e-business. The company must successfully deliver operations within the company's budget and capabilities. Uborashions must formulate strategies that will eliminate or reduce weaknesses and threats. Remarking Uborafashions visions and objective of creating an e-commerce platform that has a business model of collaboration with talented designers, retailers or vendors who requires a business platform to sell their products. Strategic

implementation is usually aligned with several issues like organizational structure, behavioral considerations, projects, procedural, production/operations, and human resources, financial and marketing. Strategic Implementation has different requirements depending on the issue implemented (Subba, 2009).

## 5.2 Formulating Uborafashions Strategies

Uborafashions as a company designs products, arranges photoshoots for the products and uploads the selected photos for website display. Founders of the company conducts its operation from perspective of produce and sales. Founders were not aware of how important it is to incorporate strategy before performing the operations. However, the company has clear vision and mission. The rational analytic view of strategy development is implemented as it incorporates the company's mission, vision, and objectives. Johnson, Whittington. & e.t al. 2018 describes a rational analytic view of strategy to have the following traits:

- Led by managers/founders
- Begins with statements of overall strategy and mission, vision, and objectives.
- Macro-environment and industry analysis followed by capability analysis.
- Strategic options are evaluated, proposed ahead of the others.
- The final elements of the strategic plan are putting the resources in place and addressing the key change processes.

Because business strategy seeks to build a competitive advantage in the markets (Johnson, Whittington. & e.t al. 2018), therefore Uborafashions must formulate strategies that will put the company in favorably conditions in a competitive environment. The company strategy implementation is organized into three categories: Implementation of strategy according to positioning, choices and according to the company's structure and system.

### 5.2.1 Uborafashions 's Strategic position

Micro-environment analysis indicates e-commerce business has many competitive rivals, low barriers of entry therefore business market could be concentrated. Improving *competitive advantage* and *marketing strategy* continually could help the company expand in its business market. As economic circumstances and customer's preferences change so as marketing strategy must be flexible. *Building a niche* is ideal for a concentrated market, Uborafashions could distinguish their products through creatively crafting stories of product originality, designers and

crafters who make the products and possibilities of changing the lives of the designers and crafters by giving them opportunities.

The best suitable strategy for Uborafashions according to internal analysis is the *strategic alliance*. Internal business analysis results demonstrated the company's lacking investment, resources, experience, innovation skills, marketing skill, time, etc. Uborafashions collaboration with such businesses who have the ability to invest in products, have long-time experience and has the ability to innovate new products, this strategy will provide Uborafashions company with an opportunity to respond quickly and be flexible towards accelerating changes of customer's preferences, technology, and competition. The strategic alliance will supplement Uborafashions critical skills, experience, and reduce risks and costs. Uborafashions analyzed the fashion industry in Finland and the e-commerce fashion industry. Referring to the researched reports, Finnish fashion industry has failed to expand the fashion business due to underestimating the international market and know-how knowledge. As uborafashions operates in Finland it has consider *international markets* and possessing enough knowledge of the fashion industry.

#### Uborafashions Marketing Strategy

Randazzo (2014), suggests that before creating a marketing strategy first step is conducting a situation analysis. He defines situation analysis as a process of gathering data that details the current situation state of the organization and its environment. Success in marketing strategy depends on knowledge and a good understanding of the market, industry, and competition (Randazzo,2014). Enough knowledge of these three along with disruptive changes and challenges within a business environment will help companies to gain a competitive advantage in the business industry. Marketing segmentation is viewed as an analytic process of effective marketing strategy which helps in building the gap between diverse customers' needs and availability of business resources. The emphasis of the process is driven by customer's needs, business strength over competitors, and enables a better and effective targeted marketing program to be developed (Dibby, Lyndon, William & Ferrell ,2013). Not knowing potential customers is a big risk to any business's lifecycle, it prevents from tailoring the right products and services to the customers, hence blocking the insight of reaching potential customers.

Marketing segmentation is the right choice in proper allocation of resources and effective marketing activities. Using market segmentation enable Uborafashions to build a bridge between customer's diverse needs and the availability of business resources. Marketing segmentation can be achieved through three phases, segmenting, targeting, and positioning (Dibby & e.t al,2013). Segmenting means Uborafashions will divide potential customers into smaller groups like age, behavior, income,

etc. Targeting involves a selection of groups to advertise to and positioning is the ability to convince consumers regarding products relative to competitors.

#### Forming strategy Alliances for Uborafashions

Companies can decide to work together in a strategic alliance to form a collaboration with only partial changes in ownership, or full ownership changes, and a parent company remain distinct (Johnson, Whittington & e.t al, 2018, 197). Building collaborative relationships with other talented designers, vendors, or retailers, etc., will eliminate barriers of finances, limited human resources, and limitation to a high capital investment of products for Uborafashions. Collaboration is a form of working in association with others for some form of mutual benefit (Human, 1996). Collaboration between two parties will bring value to Uborafashions as it will be able to achieve some of the goals and objectives that would be too difficult to achieve on its own. Since collaboration strategy is a new strategy for uborafashions, then company first will need to set the following steps between the collaboration partners:

- Creating trust between business partners by creating two ways of negotiation agreement that suits both sides. Through this step then objective and goals will be defined clearly.
- Recognize and understand the shortcomings that will be established through business collaboration. By doing so advanced plans will be made to eliminate or reduce collaboration shortcomings.
- Organize the collaboration process through creating a business environment that works for both sides, define the responsibility of each part.
- Decision on collaboration tools is important, both sides must agree means of managing the collaboration relationship and keeping the communication open without any delays and difficulties.

#### International Marketing

Uborafashions must implement strategies that will meet the demand for people's needs in the company's products and services across the globe. Uborafashions has possibilities of reaching potential customers across the globe with the presence of a website and social media marketing. Therefore, it is easier for Uborafashions to incorporate Global web strategy as an international marketing strategy, which means the company must improve customer experience by adding different languages to the website. Because preference and habits of customers differ in foreign countries, therefore market research and in-depth customer survey is necessary. Consideration like market share, culture, language, and customer behaviors must be researched well enough.

### 5.2.2 Uborafashions Strategic Choices

Strategic choices are made of business models and business strategies, the emphasis is on Uborafashions business model and the gap analysis between the current business model and that of the future. Fashion e-commerce is a business model for Uborafashions; however, the company must put its efforts into creating or adding value to products and services of the company. According to industry analysis, micro-environment, and the organization's capabilities analysis the business strategy choice is growth strategy and digital strategy. Growth strategy is chosen due to the company being in the development stage and digital strategy is chosen because Uborafashions uses the e-commerce business model.

Uborafashions uses the fashion e-commerce business model, and the start-up company can start creating and testing the value propositions for improvement; this can be achieved through analysis of competitors' products and services, Uborafashions can innovate unique products services that are different from competitors. It is important that the company makes clear headlines on the benefits of the products to customers, images or graphics that capture the message to customers are very important.

#### Digital Marketing Strategy for Uborafashions

There more potential customers can be reached through digital marketing than traditional marketing. Since Uborafashions uses an e-commerce business model then incorporation of digital marketing strategy is suitable for the company. Quality content can help Uborafashions improve rankings in search engine results pages. Video content can help the company to reach a wide variety of customers, such digital marketing can be used with different platform such as YouTube platform, Instagram, Facebook, Pinterest, etc.

#### Growth strategy for Uborafashions

Uborafashions growth strategy plan entirely depends on the company's financial situation and the competition. The company is initially executing growth strategy through diversification which is very risky due to products being new and entering a new market needs a lot of research. Market research through this growth strategy is depending on determining if customers in a new market will like the product. Uborafashions growth strategy must consider market and product expansion, this is because basing in Finland alone will not create a room of growth for the company. Therefore, market expansion will allow the company to attract new potential customers.

### 5.2.3 Uborafashions Strategic in Action

Uborafashions is operating with a functional structure, which means founders have direct involvement in the company's operations. This can either be an advantage or a disadvantage. The advantage of this structure is that it provides a clear definition of roles and tasks, therefore allows accountability. However, disadvantages follow with rapid changes like trends, or one founder gets sick or disruptions in operation. When founders are in control of all operations in the company, they become overburdened or too concerned with narrowed functional interest. Uborafashions best interest is to implement a strategic alliance but with full control in operating activities.

Uborafashions's operation relies on direct supervision from founders. This means founders decide what to be executed taking into consideration the company's budget, and availability of time of stakeholders. Uborafashions decided to execute chosen strategies using a rational-analytic view, which considers the company's mission, vision, and objectives, and the business environment analysis. After reviewing the results, the company's focus is on forming alliances with experienced designers, manufacturers in creating unique and quality products. The company will put more effort into digital marketing to increase visibility and attract potential customers. A growth strategy will be implemented to increase market share. Entering foreign markets companies need to study the selected market carefully and investigate how it affects their current cost structure like transport cost, trade barriers, political or economic risks. Uborafashions online selling platforms will emphasize on low-risk endeavors.

### 5.3 Strategy Evaluation

Uborafashions chose strategies according to the results from a situational analysis of the company, using the company's capabilities for building a suitable and effective strategy. Company's strengths and weakness has been identified using SWOT analysis, therefore the basis of building strategies had focused on the found results. Opportunities were identified from reports and surveys of different sources such as Statista, PostNord, Paytrail, Euromonitor, where the e-commerce business environment was analyzed using the sources. The result showed, e-commerce industry is a fast-growing industry and expected to grow more in the coming years. However, the e-commerce industry is a very competitive industry that is a threat to the Uborafashions company. This analysis ensured the right strategies to be chosen for the company. Michael Porter's Five Forces helped in analysis the five components which helped in determining opportunities and threats for the company along with other environmental factors such as technology, economic and social factors

Uborafashions chose the criteria of suitability in the evaluation process due to the nature of the chosen strategies. The chosen strategies have considered the company's mission, vision, and objectives, as well as the company's strategic position, strategic choices, and possibilities of managing strategy in action were prioritized. A successful strategy will ultimately depend on how it is delivered. Evaluation of strategy is continuous whenever strategies of the company changes.

## 6 CONCLUSION AND IMPLICATION OF THE STUDY

The Practice-evidence research was based on analyzing Uborafashions start-up e-commerce with the purpose of developing strategic plans for the company. The theoretical background of the thesis was created from the three fundamentals of strategies: a strategic position, strategic choice, and strategy in action particularly focusing on the organization's capabilities, micro-environment, and industry analysis. Organizational capabilities analysis was conducted using SWOT analytic tools, and micro-environment analysis were carried out using Michael Porter's Five Forces. The fashion and E-commerce industry were analyzed using different kinds of literature.

The environmental analysis demonstrated a case study company Uborafashions lack proper strategic frameworks. Due to the fact Uborafashions is in the development stage of the business life cycle, means a lot of efforts must be implemented to make the company successful. In the development stage, the growth strategy is suggested for Uborafashions, with a consideration of product development and market penetration. The results from the internal environmental analysis demonstrated the company must incorporate strategic alliance and marketing strategy. Industry analysis demonstrated e-commerce fashion to have a highly competitive rivalry and low barriers of entry; it means the industry is saturated and the company must have unique products of high quality and better customer services. However, reports indicated millennials and post-millennials to be the potential buyers who spend most of time online. Once the company knows its niche market then it is easier to focus on right allocation of resources and effective marketing campaigns to reach potential customers, hence save resources.

The results of research questions, the company's strategic choices, strengths, and weaknesses of the company, a strategic framework in a competitive business environment yielded several strategies. However, due to the company's limited resources, the strategies will be prioritized. The strategies found to be the best for the company is a strategic alliance, marketing strategy, growth strategy, international marketing, and digital marketing strategy. Further research will be needed after the company incorporate these strategies and measure their performance.



Customers are a key success for any business, driving sales, and profit in a company. Uborafashions must commit into marketing and content creation. Digital marketing campaigns should be one of the company's core priorities. Founders should invest into listening to digital marketing podcasts and reading up to date marketing tips. It is quite important as well for founders to determine and identify marketing campaigns that drive traffic to the site. Increasing marketing promotion and campaign strategies can help uborafashions reach new potential customers as well as increase brand value. Product promotion and campaigns can be through digital marketing like social media, events, networking, etc. There are several open-market events in Finland that are arranged throughout a year such as DesignonTampere, mahdollisuuksien tori, [eurooppamarkkinat.fi/](http://eurooppamarkkinat.fi/) . Uborafashions can choose few of these events to participate and analyze the most bought products from the events. From this analysis result, Uborafashions can focus on which products to procure. Proceeding with low-risk actions, by entering the Finnish market, Uborashions can build knowledge about the target market, and slowly gain high market share. Once knowledge is gained buying then Uborafashions can build recognition through participating in different international events like trade fairs in different countries.

Uborafashions must analyze the situation of the company from time to time to update strategic plans for the company. Business environment changes most of the time, so uborafashions must analyze these changes and put into consideration effective plans or techniques to adopt.

## 6.1 Implications of the study

Strategy development has positive implications for companies or start-ups for setting up directions and outlining the company's goals. It serves the right purpose in the allocation of resources and setting up priorities. Developing strategies for Uborafashions or any start-ups places company in favorably positions to avoid mistakes or risks of following unplanned objectives and goals.

The internal and external analysis helps businesses to understand and identify factors affecting businesses. The SWOT analysis provides knowledge to a business to understand its position much better in terms of the company's weaknesses and strengths. The internal analysis provides the business ability to acquire and managed resources and deliver value to customers using unmatched ways from competitors. Internal analysis reveals the preparedness of the organization and takes advantage of business growth opportunities. Michael Porter's Five Forces helps businesses to understand the competitive forces of the business industry, enables the company to know the attractiveness and challenges of the business industry. It helps businesses to understand the importance of buyers' and suppliers' powers. Observation and understanding of this knowledge help a company to formulate effective

strategic plans. It prepares the organization to cope with the business environment in the best ways.

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