

Market research for an agricultural company in South Karelia

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Abstract

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Title of the thesis Market research for an agricultural company in South Karelia		
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Abstract <p>The objective of this thesis was to segment market, analyze and research on specific market segments as well as competition in the market, then suggest suitable future plan or possible solutions for the company to improve company's performance in the market.</p> <p>Theoretical insights were taken and learnt mostly from literature books, articles. Moreover, some basics and advanced concepts related to market research or analysis and methods for evaluating competitive performance were mentioned in the theoretical part, which would be used as the base information for analyzing and collecting empirical data.</p> <p>Qualitative research method was used as the main tool for this study. Thus, the data for this thesis were collected from interviews with the case company founder and its targeted customer segments.</p> <p>Based on the study, the case company is going through early period of start-up business that must face several challenges slowing down the improvement. Despite of some challenges from internal and external factors, the case company's plan and vision clearly have considerable potentials and advantages to develop and expand the businesses in a long run. In addition, some solutions were provided for improving the case company performance such as pricing strategies, product quality or delivery.</p>		
Keywords Market research, competitive analysis, agriculture market		

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1 Introduction

1.1 Case company and background

This thesis is provided by a company called ViTiFi Oy. ViTiFi originates as a printing company but currently, it is changing the whole company vision and participating in agriculture sector in Finnish market. To be more specific, the owner of this company has a thorough grasp of farming technique and finds the Finnish market potential to be invested. Thus, he starts moving company's vision from printing to agriculture company.

Overall, ViTiFi's main products are Asian-familiar kinds of mushrooms and vegetables. So that, at the beginning, the company mainly aims at Asian-rooted inhabitants and reaches them via Asian groceries and restaurants. However, ViTiFi also wants to expand its vision towards the local consumers.

The demand for Asian foods in Finland is high thanks to the fact that there are 94183 Asians living in Finland in 2017 (Statistics Finland 2019). Along with that, the supply of fresh Asian foods such as mushrooms, vegetables are mostly imported for instance, from Netherlands, Spain. Therefore, such food products are expensive, not fresh, and seasonal. Furthermore, the variety of mushrooms and vegetables are low in Finland, especially in winter. Since the cultivation outdoor is closed during wintertime, greenhouse production in Finland for vegetables and mushrooms supplied during the whole year are limited in not only quantity but also in variety.

As a result, ViTiFi's business idea helps boost Asian-familiar kinds of mushrooms and vegetables to become more competitive by offering fresh products with consecutive supply in all seasons. Moreover, costs by importing can be deducted due to this domestic supply. It targets at offering traditional flavors that are common in Asian daily meals to Asian consumers at high quality and competitive prices. Besides, ViTiFi also wants to introduce Asian cuisine to the locals and getting them familiar with such delicious and healthy ingredients.

1.2 Objectives

From business point of view, this is a start-up project that essentially requires an in-depth market research. For a new entry as ViTiFi, a comprehensive market research on competition and customers as well as end-consumers is crucial in order to understand market attractiveness and growth opportunities. Besides, the company can reflect itself on the market to be aware of its own advantages or disadvantages and come up with a marketing plan that conquers the market.

This thesis objective is implementing market research to establish a solid foundation for the company to explore its new market and come up with a feasible marketing plan including different aspects in marketing mix model. As a result, it helps the business ensure the viability of its products and its marketing plan.

1.3 Delimitations

There are theoretical and empirical delimitations in this thesis. Theoretical delimitations include:

- market segmentation,
- competitive analysis,
- internal analysis,
- and marketing mix 4Ps.

Regarding empirical delimitations, there are 3 main parts accordingly:

- empirical research and data analysis on the market and competition,
- case company's SWOT analysis,
- and suggestions on marketing plan.

The thesis is a study of agriculture sector that only includes Asian-familiar kinds of cultivated mushrooms and vegetables in Finland. Since the case company, ViTiFi, is a small-scaled start-up, this thesis only aims at business-to-business market research. Therefore, the targeted markets are focused to be investigated consisting of Asians markets and restaurants in South Karelia and Uusimaa areas.

1.4 Research questions

There are 2 main research questions for this thesis:

- Which case company's advantages should be focused to become more competitive in its target markets?
- What are suggestions for marketing plan using marketing mix model that can gain competitive advantages?

Sub-questions include:

- What are the target groups of ViTiFi and what are benefits they are seeking for?
- How is the market competition toward ViTiFi's target markets?
- What resources and capabilities of ViTiFi enable it to deliver those benefits and gain competitive advantage?

2 Theoretical framework

Theory part of this thesis investigates the approach of how market research is conducted in order to create a realistic marketing plan. Thus, a foundation knowledge for the empirical study is formed and applied for the later empirical study.

Market research occurs at the initial stages of the marketing process. It determines not only the direction for the whole process but also the role of marketing as a driver of business strategy. There are 2 approaches of market research which are organizational integration and customer driven approach. Customer driven approach starts with analyzing customers, values, then determining prices, costs, then products. On contrast, organizational integration approach starts with products and costs analyzing, then setting prices, values, and customers in the end. A product-oriented system may have strong competence but may result in superficial market knowledge. On the other hand, a market-oriented one may have poor overall product development. (McDonald & Dunbar 2010, 31-32.)

In this thesis, customer driven approach is chosen for market research. However, internal implications for organization as the presence of organizational integration are considered to adapt to the market.

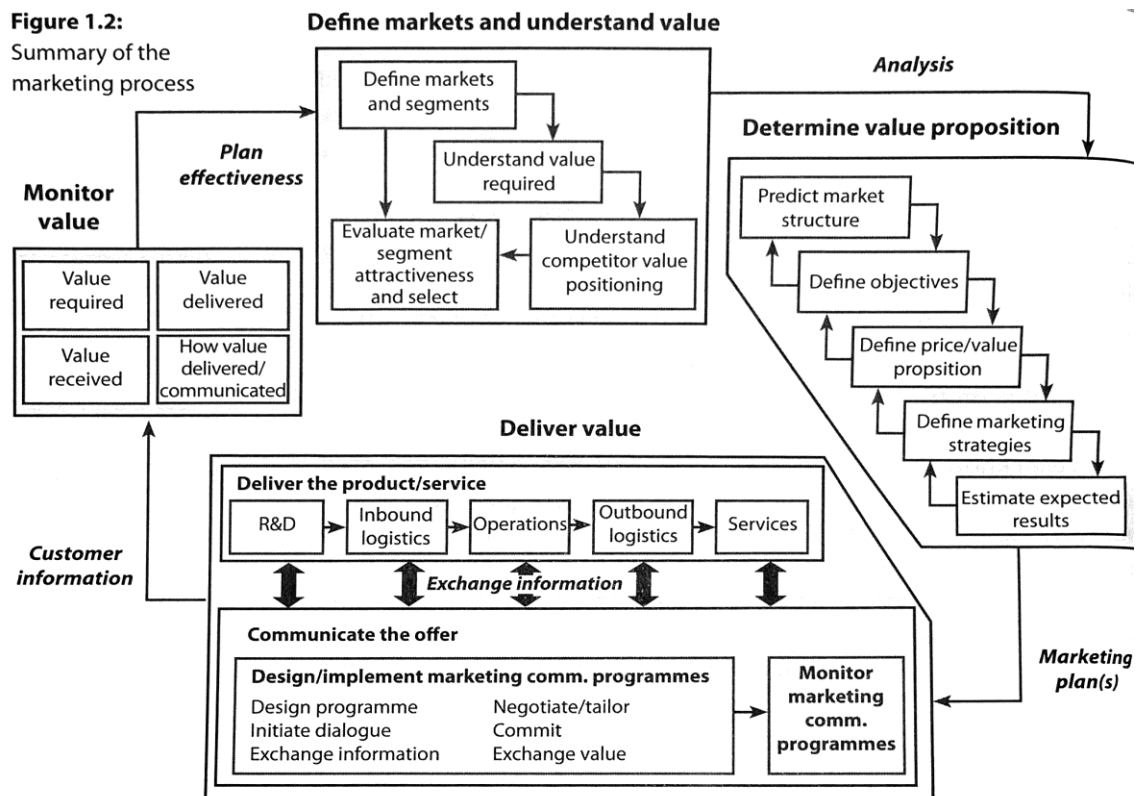


Figure 1. Summary of marketing process (McDonald & Dunbar 2010, 6)

Figure 1 shows the summary of marketing process in which first step is defining markets and understand value. This step is, in other words, called market framework or market segmentation. Based on the values that different groups of customers in the market are looking for, attractiveness of segments to the organization are evaluated to define the focused segments. At the same time, competitors and their value propositions are taken into considered to understand the competitiveness in the market. Value proposition is the decision-making process of what are offered to customers in terms of value, including value customers receive, and value organization receive in return. From that, the firm's internal capabilities are analyzed to find out its competitive advantages that determine suitable value proposition for each target segment. As a result, value propositions for each target group are the basis for marketing plans of the company.

In conclusion, theoretical framework of this thesis consists of 4 main parts as shown in Figure 2.

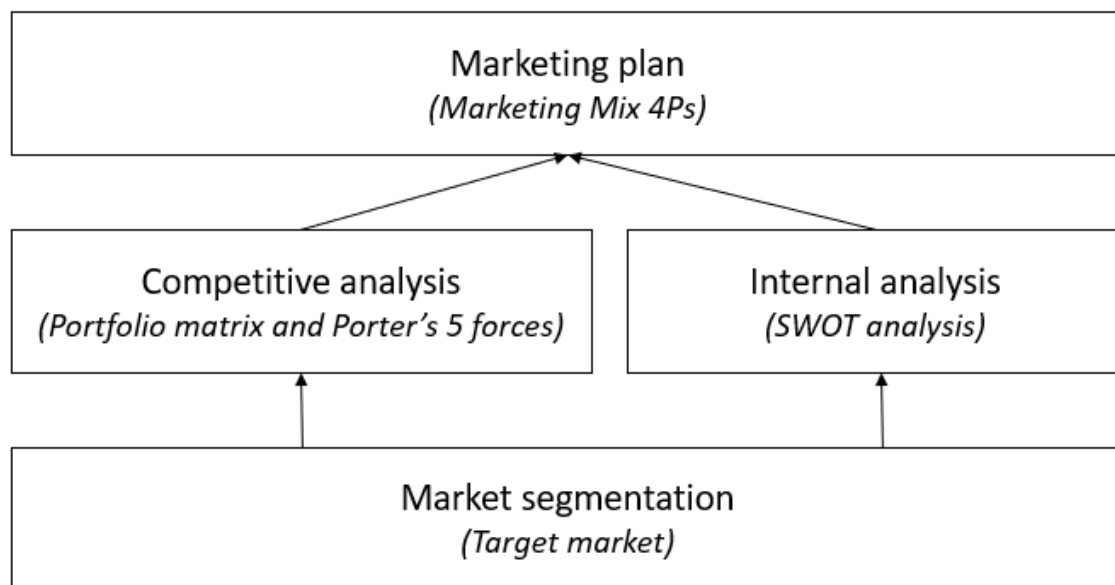


Figure 2. Theoretical framework

First one is market segmentation. Its result is that target segments or target markets are defined. Secondly, competitive analysis is conducted by using Portfolio matrix and Porter's 5 forces. Thirdly, SWOT analysis are utilized for internal analysis in order to define the firm's competitive advantages. Finally, Marketing mix 4Ps is used to describe the value proposition that the firm determines for each target segment. Each part of theoretical framework is explained in detail as follows.

2.1 Market segmentation

According to McDonald and Dunbar (2010, 49), a market is defined as *the aggregation of all alternative products or service which customers regard as capable of satisfying their need*. When choosing between competing products, value propositions, which consist of the benefits they are looking for at a price they perceive, are assessed, and play as the motivation that drive the decisions (McDonald & Dunbar 2010, 9-10).

The value regarded as superior that a firm would add in exchange with money is varied depending on different types of customers. Some customers are willing to pay higher to receive more benefits in return. Therefore, the cheapest in term of price does not mean the 'cheapest' value proposition. In case price is not the overriding criteria for customer's purchasing behavior, all other values beside prices should also be taken into consideration (McDonald & Dunbar 2010, 210.)

Therefore, in market research, the concept of segment is as important as which of market. It *focuses on specific products or services, their characteristics and properties along with other components of the total proposition that different groups of customers are looking for in order to satisfy their particular needs within a market* (McDonald & Dunbar 2010, 49).

In market research process, market segmentation is the first step to take in order to establish a foundation for the whole marketing process. It is *the process of splitting customers, or potential customers, in a market into different groups or segments within which customers share a similar level of interest in the same or comparable set of needs satisfied by a distinct marketing proposition* (McDonald & Dunbar 2010, 13).

For business-to-customer companies, the objects of market segmentation are end-consumers only. While for business-to-business companies, the objects are both business customers, and end-consumers.

McDonald and Dunbar (2010, 15-17) summarize market segmentation process consisting of 2 phases or 4 stages. The first phase is developing segments, including 3 stages: your market and how it works, decision-makers and transaction, and segmenting the markets. This phase is analyzed for the whole market covered by the segmentation project. Therefore, the market's objects such as products, service, customers, and so on are not limited to those that a specific company delivers but all other companies do as well. Second phase is prioritizing and selecting segments including the last step, identifying your target segments.

2.1.1 Stage 1 – Your market and how it works

The first step in segmentation process is to define the scope of segmentation project. Market can be defined by specifying geographic area and by describing in terms of customers' perspectives. The customers' perspectives, in other words, are their needs or intentions for entering the market, their purpose to purchase. (McDonald & Dunbar 2010, 15.)

The definition of market for the project should not be too narrow or too wide. If it is too wide, the project becomes overwhelming and the market is not suited for the company to serve. On the other hand, if it is too narrow, new opportunities which could be seized by the business are restricted. (McDonald & Dunbar 2010, 89.)

After defining the scope, market mapping is drawn to illustrate the market's structure and decision-makers within it. In the market map, the distribution and value-added chains between final consumers and suppliers are defined. It includes various buying mechanisms found in the market that play as influencers. (McDonald & Dunbar 2010, 51-53.) There are at least 3 influencers in the flow chart, namely final consumers, channels or distribution channels, and suppliers (McDonald & Dunbar 2010, 113).

After the chart is set, initial quantification for each junction is added. These quantification shows each player's role in the market map scaled by using percentages or specific figures such as estimated value in money or purchasing units. Figure 3 shows an example of a result of this stage. (McDonald & Dunbar 2010, 15, 51, 113.)

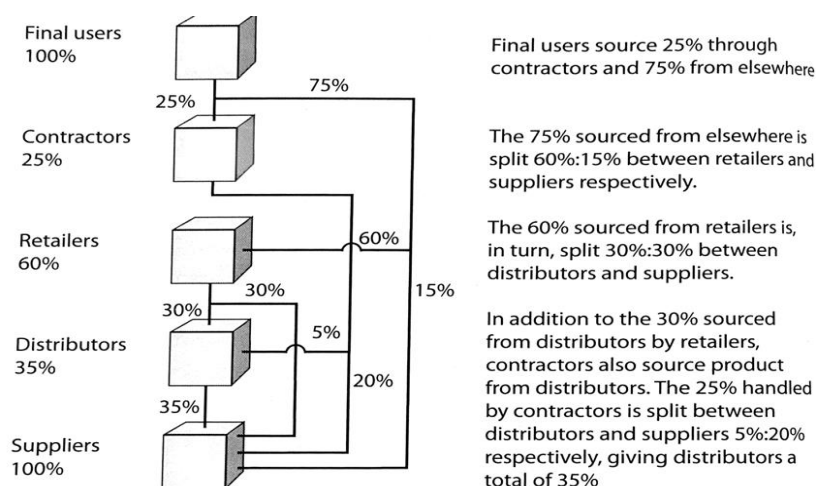


Figure 3. Example of a market map with initial quantification in percentages (McDonald & Dunbar 2010, 118)

2.1.2 Stage 2 – Decision-makers and transactions

This stage is to identify *who specifies what*. From the market map created in stage 1, decision making points are clearly seen. These points imply different customers played as decision-makers and transactions they make. In this stage, purchasing behavior of decision-makers are observed. When deciding between competing offers, models of the market are studied in terms of key features (what), where, when, how they purchase. These information are recorded at this stage and selected as distinctive characteristics at later stages to identify decision-makers in the market. (McDonald & Dunbar 2010, 16, 142.)

The output of this stage is micro-segments and their key discriminating features, profiling characteristics, and their size.

Micro-segments and sizing

Micro-segments are *groups of decision makers who share a similar level of interest in a specific set of features*. These features are characteristics or properties that shows the purchasing patterns such as a product or service's feature (what), distribution channel (where), purchasing frequency (when), purchasing method (how). Micro-segments can be developed up to 20 or 30 that represent the market. (McDonald & Dunbar 2010, 54-57.)

The sizing of micro-segments can be estimated based on the group it originated from. Any market figures such as value or volume of purchase, percentages of market are utilized to indicate its size. In case there is no or too little information about the size, the simplest way is to divide the total size of the group equally among micro-segments, then justify little more if certain micro-segments are larger than the others for sure. Nevertheless, apportioning should be based on most informed estimation. (McDonald & Dunbar 2010, 158-159.)

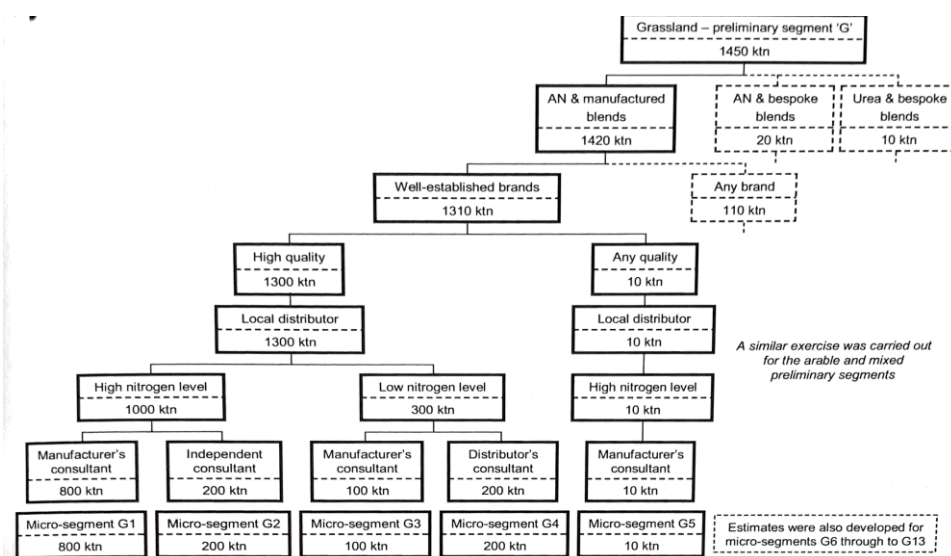


Figure 4. Example of micro-segments and sizing them (McDonald & Dunbar 2010, 189)

Key discriminating features (KDF)

Within the features recorded, influential features are selected as key discriminating features (KDFs). KDF is regarded as decisive by customers when making distinction between alternative offers. These features should avoid including vague ones like brand, quality, services, etc. except for the ones with essential details behind. To these KDFs, a grading system is applied in order to express the relative importance of the KDFs from each micro-segment's viewpoint. (McDonald & Dunbar 2010, 54-55.)

There are 4 main categories to be considered when studying KDFs. First is what is bought. It refers to a product or service which is *the total experience of the customer when dealing with an organization*. Its features are concluded in Figure 5. Beside the core features that are easily seen as function, physical specification, there are tangibles and supporting services that are worth noticing as well in the total value proposition that an organization delivers through a product or service. (McDonald & Dunbar 2010, 172.)

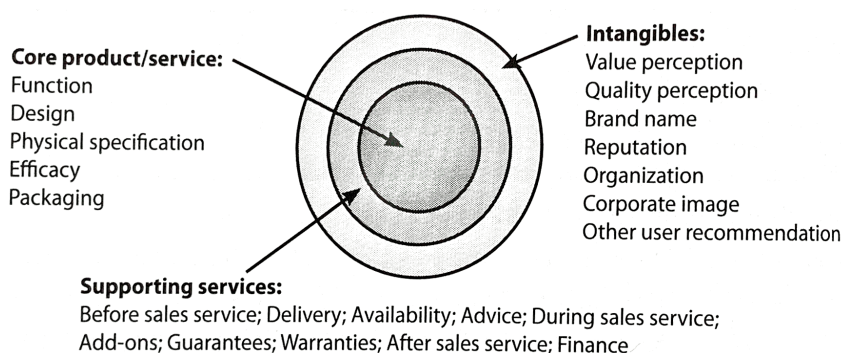


Figure 5. Features of a product or service (McDonald & Dunbar 2010, 172)

Secondly, where alternative products or service are purchased is recorded when studying micro-segment's purchasing behavior. It includes different channels used to place as well as deliver the orders. For example, it can be mail order, internet, wholesaler, department store, local independent retailer, through a buying group, and so on. (McDonald & Dunbar 2010, 172-173.)

Thirdly, the information of when it is bought refers to purchasing frequency or purchasing timings. There are different scales available to describe it, for example, monthly, seasonally, morning, every 10000 kilometers, degrees of urgency, special events, etc. Finally, the last category is how it is bought, in other words, what methods of purchase customers prefer to use. For instance, different methods include debit card, cash, credits, vouchers, lease-hire, sealed bid, and so on. (McDonald & Dunbar 2010, 174.)

Feature category	Group	Specification	Micro-segments				
			1	2	3	4	5
'What'	Style	Slipstream		***			
		Medium cover				*	**
		Full cover			**		
		Latest fashion	***				
	Colour	Bright				**	
		Subdued 'This year's'	***		*		*
Brand	Sports – general				*		
	Olympic link		***				
	Fashion label	***					
'Where'	Retailer	Sports specialist		**		*	
		Department store			**		
		Fashion house	***				
		Catalogue co.					**

Figure 6. Example of KDFs and grading (McDonald & Dunbar 2010, 187)

As a result, the output is shown in Figure 6 as an example. The KDFs should be selected among listed features. To prioritize the influential features, 80/20 rule can be applied. This rule means that only the features accounting for about 80% of the decision should be focused. (McDonald & Dunbar 2010, 154.)

Profiling characteristics

Second issue studied from micro-segments is their profiling characteristics. With these characteristics, customers are easily identified by their segments and targeted with specific offers (McDonald & Dunbar 2010, 56). There are selections of standard approaches to profiling divided separately for businesses and individuals. For business, the profiling approaches are:

- demographic characteristics: industry, size of company, ownership, department/section, multi-demographic ones combining of demographic criteria;
- geographic characteristics;
- geodemographic characteristics: combination of geographic and demographic criteria;
- psychographic characteristics:
 - personality: stage in its business life cycle, style of staff, and so on,
 - attitude: risk takers or avoiders, approaches to technology, sharing information, and so on,
 - lifestyle: community involved, environmentally concerned lifestyle and so on.

Besides, selections for individual profiling approaches can be divided as follows:

- demographic characteristics: age, gender, family life cycle, number of children, type of residence, income, occupation, qualifications, readership, viewing and listening, leisure interests, religion, ethnic origin, socio-economic classification, or multi-demographic characteristics;
- geographic characteristics;
- geodemographic characteristics;
- psychographic characteristics: personality, attitude, customer status, or lifestyle related ones.

(McDonald & Dunbar 2010, 192-202.)

These listed profiling characteristics are also graded for each micro-segment. It indicates each characteristic applies to what proportion of micro-segment's customers. Figure 7 shows an example of grading profiling characteristics to micro-segments. (McDonald & Dunbar 2010, 56.)

Feature category	Group	Specification	Micro-segments				
			1	2	3	4	5
'What'	Style	Slipstream Medium cover Full cover Latest fashion		***		*	**
...	and so on		***		**		
...	and so on		...	and so on			
Profiling category	Group	Specification					
Demographic	Age	Up to 15		✓			
		16 to 29	✓✓	✓		✓	
		30 to 45	✓	✓	✓	✓✓	✓
		46 and over			✓		✓✓
Psycho-graphic	Personality	Socialite	✓✓✓				
		Sports enthusiast		✓✓✓			
		Sports interested Traditionalist			✓✓✓	✓✓✓	✓✓✓
Acquisition routes	Outlet	Sports specialist		✓✓✓		✓✓✓	
		Department store			✓✓✓		
		Fashion house Catalogue co.	✓✓✓				✓✓✓
	Channel	Face-to-face	✓✓✓	✓✓	✓✓✓	✓✓	
		Direct – tel. & mail					✓✓✓
		Direct – internet		✓		✓	

Figure 7. Example of micro-segment's profiling characteristics and grading (McDonald & Dunbar 2010, 56)

2.1.3 Stage 3 – Segmenting the market

At the previous stage, customer behavior is recorded, listed, and graded. Then at this stage, the needs of customers are recognized by explaining the reasons why listed KDFs are important to decision-makers. In other words, this step is called benefit segmentation. When purchasing a product or service, the benefits that customer seek for in order to satisfy their explicit needs are an important motive to purchase. Therefore, the question of which benefits and relative value are generated from each feature need to be answered. (McDonald & Dunbar 2010, 207)

Decisive Buying Criteria (DBC)

To understand the real motivations and uncovered satisfied needs, the concept of decisive buying criteria is studied. They are *the attributes of a purchase that customers evaluate when choosing between alternative offers* (McDonald & Dunbar 2010, 58).

While KDFs are based on the offer and what it is, DBC are viewed from customers' perspective in terms of benefits generated from the KDFs that customers need explicitly (McDonald & Dunbar 2010, p.59). Notably, price is now included in the list of DBC. There are 3 concepts to be distinguished, namely feature, advantage, and benefit. Feature demonstrates what it is, advantage explains what it does, while benefit is *what customer gets that they explicitly need*. (McDonald & Dunbar 2010, 208-209.)

For example, in the sentence "Thermalon is a ceramic coating for utensils, which is non-stick, which means that less time for cleaning and little or no grease during cooking are required", "ceramic coating" is feature, "non-stick" is advantage, and "less time for cleaning and little or no grease during cooking are required" are benefits. Due to definition, one feature can deliver several benefits, simultaneously, different features can have the same benefits. (McDonald & Dunbar 2010, 58-60.)

Once the list of DBC is done, a grading system is applied to indicate their relative importance for each micro-segment. DBC can be graded by using a scale, for example, a 7-point scale ranged from 1 to 7 relatively strongly disagree, disagree, slightly disagree, neither agree nor disagree, slightly agree, agree, and strongly agree. Then, the rating is re-scored to total 100. Figure 8 is an example of how to convert the rating to total 100. So that, it is easily seen how many percentages each criterion accounts for in the decision. (McDonald & Dunbar 2010, 220)

Decisive Buying Criteria	Individual rating: 1 to 10	Re-scored to total 100
Maintains 'pioneering' status	9	26
Enables precision work	7	20
Reduces labour requirement	6	17
Occupies little floor space	6	17
Easy to move	5	14
Price	2	6
Total	35	100

Note: Re-scoring the individual ratings so that they total 100 is calculated by dividing each individual rating by the total of the ratings column (being 35 in this example) and multiplying the answer by 100 (as if you were expressing each individual rating as a percentage of the total). Although the dominance of 'maintains pioneering status' survives, its true relative importance, which in the example given could mean it accounted for over 35 per cent of the decision, is masked.

Figure 8. Example of re-scoring decisive buying criteria to total 100 (McDonald & Dunbar 2010, 221)

Forming segments

Next step is grouping micro-segments which have similar relative importance of the needs (DBC) to become a segment. Once the merging is completed, each concluding segment is consolidated by the profiling characteristics and size estimation that are possessed by each micro-segment. These DBC that connect micro-segments within the concluding segment become vital in segment-specific offer. (McDonald & Dunbar 2010, 252-253.)

Differences among the importance are tolerable, but within acceptable level. It is acceptable if it affects slightly on the offer best suited to one or the other. Otherwise, it is not acceptable in case the merging weakens the good offers to at least one of micro-segments. (McDonald & Dunbar 2010, 264)

To compare the importance of DBC among micro-segments, visual clustering or mathematical clustering are utilized to analyse. Visual clustering or pattern analysis is comparing the micro-segments' DBC rating and size visually by using tables, spider gram, bar chart, and so on. However, in this thesis, mathematical clustering is preferred to compare and create segments. It involves many calculations which can ensure the accuracy. (McDonald & Dunbar 2010, 254-258.)

Before the clustering, preparation should be done. Firstly, ensure the micro-segments using their most important criteria for example, by applying 80/20 rule mentioned earlier. Then, list all the market's DBC for each micro-segment in the same order. In the list, any criteria with the similar importance ratings in all the micro-segments should be removed. Figure 9 shows an example of the list for comparisons, including micro-segments, their DBC scores,

list of market DBC and the size of micro-segments. All the importance ratings are re-scored to total 100 as mentioned in the previous step. (McDonald & Dunbar 2010, 258)

Market DBCs	Micro-segments and their DBC scores					
		A1	A2	A3	A4	A5
	Value	£30k	£20k	£20k	£20k	£30k
Local availability – access	40	50	45	30	30	
Eco-friendly packaging	30	25	30	20	15	
Trusted brand – reliability	20	20	15	40	45	
Price	10	5	10	10	10	
Total	100	100	100	100	100	

Figure 9. Example of comparing micro-segments (McDonald & Dunbar 2010, 259)

Next, comparing scores should be done between those of two micro-segments at once. In Figure 10 as an example, difference between micro-segments' scores of the same DBC are calculated, squared. The total of differences squared are summed up then squared rooted. Similar steps are applied to other comparisons.

Market DBCs	Micro-segments and DBC scores		Difference between scores	Difference squared	Square root of total difference
	A1	A2	(A1 – A2)		√
Local availability – access	40	50	-10	100	-
Eco-friendly packaging	30	25	5	25	-
Trusted brand – reliability	20	20	0	0	-
Price	10	5	5	25	-
Total	100	100	-	150	12.2

Figure 10. Example of comparing 2 micro-segments' DBC scores (McDonald & Dunbar 2010, 259)

After completing the repetition of two-micro-segment comparisons, a summary can be stated as shown in Figure 11 for example. The closest matching micro-segments are the ones with lowest square root of total difference. In Figure 11, the closest matchings are A1 and A3, A4 and A5, with the same difference calculated at 7.1. These two combinations create 2 clusters CL1 and CL2 (Figure 13). (McDonald & Dunbar 2010, 260.) In case the comparison is complicated, this method is used. Otherwise, visual comparison can be utilized.

		Micro-segments				
		A1	A2	A3	A4	A5
Micro-segments	A1	0	12.2	7.1	24.5	30.8
	A2		0	10.0	29.2	33.9
	A3			0	30.8	36.7
	A4				0	7.1
	A5					0

Figure 11. Example of summary of micro-segment comparisons (McDonald & Dunbar 2010, 260)

Next consideration is the size and DBC attributes of the cluster after combination. In the example, CL1 includes micro-segments A1 and A3 which in turn has the size of £30k and £20k (Figure 9). Therefore, the total size of CL1 is the sum of these micro-segments, which are £50k or 100%, in which, micro-segment A1 accounts for 60% of the size and A3 accounts for 40%. (McDonald & Dunbar 2010, 260.) After that, the calculation for DBC's relative importance to CL1 is implemented in Figure 12.

	Micro-segment/ cluster	Volume/ value	DBC score × weight	Micro-segment/ cluster	Volume/ value	DBC score × weight	New cluster (CL1)
	A1	£30,000		A3	£20,000		Size: £50,000
	Weight – 60%			Weight – 40%			100%
Market DBCs	DBC score (a)	Weight (b)	(a) × (b) (e)	DBC score (c)	Weight (d)	(c) × (d) (f)	DBC score (e) + (f)
Local availability – access	40	60%	24	45	40%	18	42
Eco-friendly packaging	30	60%	18	30	40%	12	30
Trusted brand – reliability	20	60%	12	15	40%	6	18
Price	10	60%	6	10	40%	4	10
Total	100	–	60	100	–	40	100

Figure 12. Example of calculating weighted average DBC scores for a cluster (McDonald & Dunbar 2010, 261)

Continuing similar calculations for CL2, as a result, updates of clustering are shown in Figure 13. In Figure 13, micro-segment A2 does not belong to any clusters. There are solutions for this matter. Firstly, check if the micro-segment's size or potential future size is large enough to become a segment. In case it is not, it can also become a segment if it represents worthwhile marketing opportunities for niche operators or opportunities for 'blue ocean' market. Otherwise, there is no specific marketing strategies targeted at 'homeless' micro-segments. (McDonald & Dunbar 2010, 265-266.)

Market DBCs	Clusters, micro-segments and weighted average DBC scores		
	CL1 (A1 and A3)	A2	CL2 (A4 and A5)
	Value	£50,000	£20,000
Local availability – access	42	50	30
Eco-friendly packaging	30	25	17
Trusted brand – reliability	18	20	43
Price	10	5	10
Total	100	100	100

Figure 13. Example of clustering's result (McDonald & Dunbar 2010, 261)

All in all, the output of stage 3 can be checked if clustered formed are qualified as market segments through 4 checklist points. Firstly, the size of segment in terms of volume or value is checked if it worths being considered a significant business opportunity. The expenses of developing and delivering specific offers should be justified by the size of the segment. Secondly, offers required for each segment is differentiated from which required by other segments. So, marketing strategies are distinguishable and varied for different segments. Thirdly, the company is able to reach, communicate, and distribute its product or service to the customers by using the distinct characteristics used to identify their segment. Lastly, there is compatibility between the company and the segments. In other words, the company has ability and willingness to evolve to the structure, information and decision-making system that are required to serve the segment. (McDonald & Dunbar 2010, 270-275.)

2.1.4 Stage 4 – Identifying your target segments using portfolio matrix

As segments are developed, phase 2 or stage 4, which is prioritizing and selecting segments, ends the segmentation process. There are 2 steps in this stage, including measuring segment attractiveness, and understanding company competitiveness. Each step in this stage contributes to a part of portfolio matrix which is a result of this stage.

Portfolio matrix studies the relations of segments in a market in the context of criteria used, so that growth, cash flow, and risk are balanced when see the overview from the matrix. There are basically 2 dimensions used to plot the segments. In this thesis, these two dimensions are segment attractiveness as the vertical axis and relative company competitiveness as the horizontal axis. (McDonald & Dunbar 2010, 69.)

Portfolio matrix implies not only competitive analysis, internal analysis, but also marketing strategies for each segment. As the market situation is changing all the time, the overall nature of portfolio matrix is changing as well. So that, it should be reviewed gradually. (McDonald & Dunbar 2010, 69.)

Segment attractiveness

According to McDonald and Dunbar (2010, 64), segment attractiveness measures *the potential of a segment to yield growth in sales and profits*. Its factors for evaluate are based on the company's specific wishes. Normally, 5 to 6 factors are listed. Followings are some factors suggested by McDonald (2007, 181-270):

- segment factors: accessible size, growth rate per year, sensitivity to price, service features and external factors, bargaining power of upstream or downstream suppliers, cyclicity, seasonality;
- competition: types of competitors, changes in type and mix, changes in share, entries and exits, substitution by new technology, degrees and type of concentration and integration;
- financial and economic factors: maturity and volatility, complexity, differentiation, patents and copyrights, manufacturing process technology required;
- socio-political factors: social attitudes and trends, laws and regulations, influence with pressure groups, other human factors like community acceptance.

After the factors are listed, weight for each factor is set as its relative importance according to the firm's requirements. The total weight of all factors is 100 points. Next, parameters from high, medium, to low are defined for each factor in order to evaluate each segment. Based on the parameters, each segment has its score for each factor. These scores are valid for a specific of time due to market situations changing all the time. Each score then is multiplied by the weight given to respective factor and divided by 100. The same calculations continue to all the factors evaluated for one segment and others. So that, the total points of a segment for all the factors are compared to those of other segments. (McDonald & Dunbar 2010, 64-65.)

Figure 14 shows the example of the calculations. The results shown in Figure 14, which are 7.25 for segment 1 and 3.85 for segment 2, are then displayed in the vertical axis in the example portfolio matrix (Figure 16). As the segment with lower points is placed in the lower position of the matrix, it does not mean as unattractiveness, but it is less attractive than the segments on the top of the matrix (McDonald & Dunbar 2010, 306.)

Segment attractiveness factors	Weight	Parameters			Segment 1		Segment 2	
		High 10-7	Med 6-4	Low 3-0	Score	Total	Score	Total
Profitability	35	>15%	10-15%	<10%	8	2.80	3	1.05
Volume growth	25	>10%	5-9%	<5%	10	2.50	2	0.50
Size (m)	15	>100	33-100	<33	1	0.15	10	1.50
Competitiveness	15	Low	Med	High	6	0.90	2	0.30
Seasonality	10	Low	Med	High	9	0.90	5	0.50
Total	100					7.25		3.85

Figure 14. Example of segment attractiveness comparison (McDonald & Dunbar 2010, 65)

Company competitiveness and critical success factors (CSF)

This last step of the segmentation process consists of both internal and external analysis, which are company's and competitors' abilities. From the segment's viewpoint, it compares the capabilities of the firm and its competitors if they meet requirements set each concluding segment. (McDonald & Dunbar 2010, 17.) Therefore, portfolio matrix is not only a tool for market segmentation but also a part of competitive analysis.

The balance between a firm's competitiveness and segment attractiveness is vital. A company is easily under an illusion to think that a segment is the target one when because the company meets the requirements of the segments. However, the company should also consider the competitors' abilities since customers make their decisions based on which offers by competing companies is the 'fittest'. As a result, the aim of this step is examining the degree to which a company can take advantage of segment opportunities. (McDonald & Dunbar 2010, 66-67.)

While the decisive buying criteria (DBC) view the offer in terms of needs from customer's perspectives, critical success factors (CSFs) describe the marketing mix 4Ps from the company's perspectives. CSFs are *the constituents of an offer that enable companies to deliver the benefits customers are seeking*. (McDonald & Dunbar 2010, 67.)

As so, each DBC aligns with its constituent CSFs. Therefore, DBC and their constituent CSF are the competitiveness factors in the portfolio matrix. CSFs can be summarized as product requirements, price requirements, promotion requirements, and place requirements. These factors' weights are the same the DBC value weighted in previous stage in total of 100 points. After that, parameters for competitiveness factors are defined to score the company's and its competitors' capabilities to deliver such factors to each segment.

Same method of score calculation for segment attractiveness is applied here. Figure 15 shows an example of competitive strength evaluation. (McDonald & Dunbar 2010, 316-322.)

Segment 4

DBC's & CSFs	Weight	Your company		Competitor A		Competitor B	
		Score	Total	Score	Total	Score	Total
1. Delivery	50	6	3.0	9	4.5	4	2.0
2. Product	25	8	2.0	6	1.5	10	2.5
3. Image	15	8	1.2	8	1.2	6	0.9
4. Price	10	5	0.5	6	0.6	3	0.3
Total	100		6.7		7.8		5.7

Figure 15. Example of competitive strength evaluation (McDonald & Dunbar 2010, 322)

With the results shown in Figure 15 that company's score is 6.7, competitor A's is 7.8 and competitor B's is 5.7, the highest score belongs to competitor A. Therefore, to perform the relative company competitiveness, the ratio is created by dividing the company's score by the highest competitor's score within a segment. This ratio is presented in the horizontal axis of the portfolio matrix. In the example, the ratio is 0.86:1.0. In the matrix, a range of 3x to 0.3x is utilized to present the scale of competitiveness. (McDonald & Dunbar 2010, 323.)

Portfolio matrix formed

As a result, a portfolio matrix is formed by combining segment attractiveness as vertical axis and company competitiveness as horizontal axis. Figure 16 is a completed example of portfolio matrix. In which, intersection for each segment is the point where a circle is drawn to illustrate the size or forecasted size of the segment. (McDonald & Dunbar 2010, 324.)

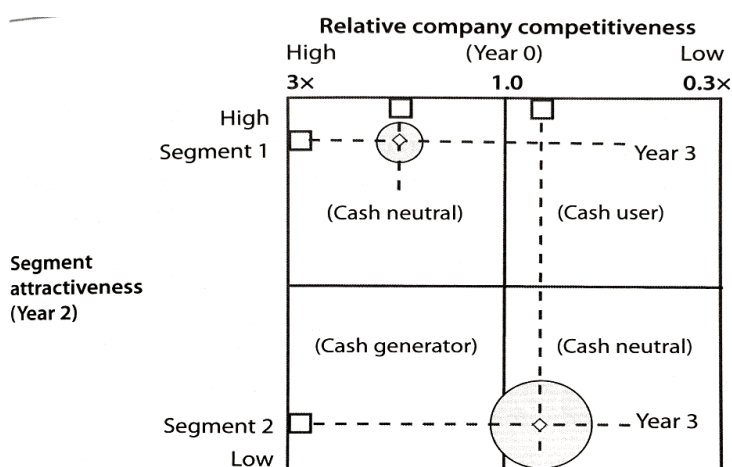


Figure 16. Example of portfolio matrix (McDonald & Dunbar 2010, 69)

The portfolio matrix is divided into 4 parts that shows how growth, cash flow and risk are balanced. As shown in Figure 16, cash neutral means that cash generated, and cash used is equal. Cash generator box is where the company is taking competitive advantages in the

market to make profits. Cash user is the market opportunities where the company requires to invest in its capabilities to increase the profits. (McDonald & Dunbar 2010, 69.)

Based on the portfolio matrix, there are strategies suggested for different segments which are at different positions in the matrix. Figure 17 are suggested strategies that is useful to analyze the portfolio matrix.

		Relative company competitiveness	
		High	Low
Segment attractiveness	High	<p>Invest for growth Defend leadership, gain if possible Accept moderate short-term profits and, if necessary, negative cash flow Consider geographic expansion, product line expansion, product differentiation Upgrade product development effort Aggressive marketing posture, viz. selling, advertising, pricing, sales promotion, service levels, as appropriate</p>	<p>Opportunistic The options are: 1 Move it to the left if resources are available to invest in it 2 Keep a low profile until funds are available 3 Divest to a buyer able to exploit the opportunity</p>
	Low	<p>Maintain segment position, manage for sustained earnings Maintain segment position in most successful product lines Prune less successful product lines, unless necessary to market success Differentiate products to maintain share of key segments Limit discretionary marketing expenditure Stabilize prices, except where a temporary aggressive stance is necessary to maintain segment share</p>	<p>Selective* Acknowledge low growth Do not view as a 'marketing' problem Identify and exploit growth segments Emphasize product quality to avoid 'commodity' competition Systematically improve productivity Assign talented managers</p>

Note: 'Selective*' refers to those segments or products which fall on or near the vertical dividing line in a directional policy matrix.

Figure 17. Strategies suggested for portfolio matrix analysis (McDonald & Dunbar 2010, 404)

2.2 Porter's five forces

In competitive analysis, there are two theories belonged to this analysis which are Portfolio matrix and Porter's five forces. In the previous chapter, portfolio matrix is explained already because analyzing competitiveness, a part of the matrix, is also a part of market segmentation to define which segments should be targeted. Therefore, the concept of Porter's five forces is introduced in this chapter.

In 1979, Porter's Five Powers of Competitive Role Analysis was developed by Michael E. Porter of Harvard Business School as a basic method for evaluating the competitive intensity and role of a business enterprise. This hypothesis is based on the idea that there are five strengths that decide the competitive intensity and attractiveness of the market. Porter's five powers are helping to define where control lies in a business situation. This is helpful both in recognizing the strength of the current competitive role of the company and the strength of the role that the company will aim to take. Strategic researchers also use Porter's five strengths to understand what new technologies or services are actually lucrative. By knowing where control lies, the principle can also be used to recognise positions of dominance, strengthen vulnerabilities and prevent errors. The five powers (Figure 18) are as follows. (CGMA 2013.)

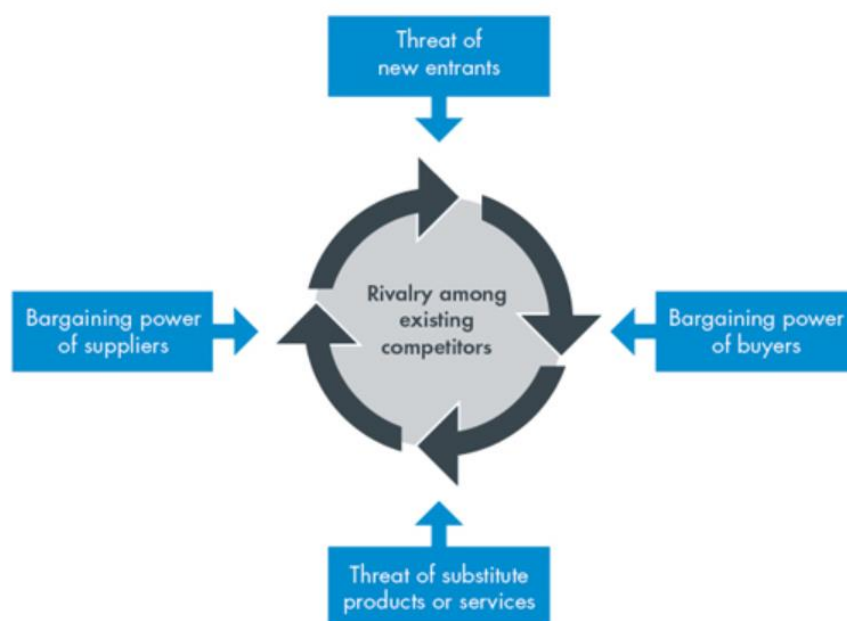


Figure 18. Model of Porter's five forces (CGMA 2013)

First force is supplier power which evaluates of how easy it is for manufacturers to push up costs. This is influenced by the number of suppliers of each critical input, the uniqueness of their product or service, the relative size and power of the supplier, and the expense of moving from one supplier to another. (CGMA 2013.)

Secondly, buyer power is an evaluation of how convenient it is for consumers to lower costs. This is influenced by the number of purchasers on the market, the value of each particular purchaser to the organization, and the cost to the purchaser of moving from one provider to another. If a company has only a few influential customers, they are always willing to enforce terms. (CGMA 2013.)

Third power is economic competition. The number and potential of rivals in the industry is the key factor. Many rivals, selling undifferentiated goods and services, would reduce the competitiveness of the market. (CGMA 2013.)

Fourth one is threatening of substitute. Where close replacement goods occur on the market, the risk of consumers converting to substitutes in response to price changes is increased. This decreases both the influence of the manufacturers and the market's attractiveness. (CGMA 2013.)

Last but not least, threat of new entry is that profitable industries draw new competitors, which reduces profitability. Unless incumbents have clear and enduring barriers to entry, such as trademarks, economies of scale, capital requirements or government regulations, profitability would sink to a reasonable pace. Regulatory, tax and trade strategies are expected to make regulation a sixth-largest power for many sectors. (CGMA 2013.)

Five forces analysis lets companies consider the factors that impact performance in a specific industry. Also, it can help make decisions on whether to join a specific industry, whether to expand capacity in a specific industry, and the creation of strategic strategies. (Porter 1979.)

The condition of competitiveness in a market is based on the five fundamental forces seen in the figure below. These powers' combined power determines the overall benefit capacity of an industry. In industries such as tyres, metal containers, and steel, where no business receives impressive returns on investment, it ranges from extreme to moderate in industries such as oil field facilities and machinery, soft drinks, and toiletries, where there is space for reasonably high returns. (Porter 1979.)



Figure 19. 5 Forces control the competition in an industry (Porter 1979)

In the "perfectly competitive" sector of economists, jockeying for position (Figure 19) is unbridled and very quick access to the industry. Of necessity, this sort of market structure presents the worst prospect of long-run profitability. Collectively, however, the smaller the forces are, the stronger the potential for superior results becomes. Awareness of these fundamental causes of competitive pressure gives the basis for a strategic action agenda. It represents the company's vital strengths and disadvantages, promotes the company's positioning in its market, clarifies the positions where the biggest payoff can be made from structural improvements, and identifies the locations where industry dynamics promise to hold the greatest value as either openings or challenges. (Porter 1979.)

In evaluating areas for diversification, understanding these origins often proves to be beneficial. The largest competitive force or forces thus decide an industry's viability and are thus of greater significance in the formulation of policy. For instance, as the leading producers of vacuum tubes and coffee percolators have found to their shame, even a company with a good place in a market unthreatened by potential competitors will gain low returns if it faces a better or lower-cost alternative product. Coping with the replacement commodity becomes the number one competitive goal in such a situation. In addition, all companies have an underlying structure, or a collection of fundamental economic and technological features, which give rise to these competitive powers. The planner must understand what makes the world tick, trying to position the firm to deal better with its market environment or to change the atmosphere in favour of the organization. Any barriers to market entry, on the other hand, can be discussed as follows: economies of scale, distinction of goods, access to delivery networks, government policy. At the same time, some features may become crucial for any strategic power, such as: changing situations, strong supplier and customer, plan formulation and business role. (Porter 1979.)

2.3 SWOT analysis

In order to develop the marketing plan which can gain competitive advantages for the firm, market research is not only about the market analysis but also about the integration of external environment and internal capabilities within the company. In this thesis, SWOT analysis is utilized to study this matter.

Analysis of SWOT, which stands for strengths, weaknesses, opportunities and threats, is a methodology used to determine the competitive position of a business and to establish strategic planning. Analysis of SWOT measures internal and external variables, as well as present and future prospects. In addition, to encourage a practical, fact-based, data-driven look at the strengths and limitations of an entity, its programs, or an industry, a SWOT review is intended. By eliminating pre-conceived beliefs or grey areas and instead concentrating on

real-life contexts, the company needs to keep the research accurate. It should be used by businesses as a reference and not necessarily as a prescription. (Investopedia 2020.)

SWOT analysis is a methodology for the evaluation of a company's results, competition, risk and potential, as well as of a part of a company, such as a product line or division, a sector, or some other organization. A SWOT analysis will also inform a business where it wants to change internally, using internal and external evidence, as well as help build strategic strategies. The technique can direct organizations towards initiatives that are more likely to be successful, and away from those in which they have been or are likely to be less successful, by using internal and external data. They may also be driven by independent SWOT analysis analysts, investors or competitors on whether a company, product line or industry may be strong or poor and why. (Investopedia 2020.)

Strengths define what a company excels and what distinguishes it from competition which can be a strong identity, a dedicated client base, a strong balance sheet, unique technologies, and so on. For example, a hedge fund may have built a proprietary trading approach that produces market-beating returns. It would then determine how to use the findings to draw new buyers. (Investopedia 2020.)

Weaknesses hinder a company from operating at the highest stage. This is a critical point that industry has to change in order to stay competitive: poor brands, higher-than-average turnover, high debt levels, insufficient supply chains, or lack of resources. (Investopedia 2020.)

Opportunities apply to advantageous external conditions which may give a company a competitive advantage. For example, if a country lowers tariffs, the car maker will sell its vehicles to a foreign market, increasing revenue and market share. (Investopedia 2020.)

Threats refer to causes that may affect an organisation. For example, drought is a danger to a wheat-producing organization, as it can kill or reduce crop yields. In addition, other common challenges include rising commodity prices, increasing inflation, tight labor supply, and so on. (Investopedia 2020.)

A SWOT analysis is a great way to guide business-strategy meetings. It is powerful to have everyone in the room to discuss the company's core strengths and weaknesses and then move from there to define the opportunities and threats, and finally to brainstorming ideas. Oftentimes, the SWOT analysis envision before the session changes throughout to reflect factors which were unaware of and would never have captured if not for the group's input. A company can use a SWOT for overall business strategy sessions or for a specific segment such as marketing, production or sales. This way, a firm can suggest and see how the

overall strategy developed from the SWOT analysis will filter down to the segments below before committing to it. Last but not least, manager can also work in reverse with a segment-specific SWOT analysis that feeds into an overall SWOT analysis. (Investopedia 2020.)

2.4 Marketing mix 4P's

In general, marketing mix or 4P (Figure 20) is crucial for marketing manager because of the benefits it provides to work on developing the goods as well as know how important of the equally related of each parts represented in placement strategy, selling of the products to final customers. To be more specific, the definition of the marketing mix was officially introduced by Neil Borden in 1953 which was the idea of James Cullition, who likes to combine variety definition. Therefore, the term "marketing mix" is known as the combination of 4 essential elements to reach certain market goal. Throughout the time, there were plenty of marketers such as Oxenfeldt (1962), Frey (1956) and Borden (1964) tried to clarify the complexity and interrelated description of marketing activities. Frey was standout with the clearly and directly to the growth of marketing plans. Beside Frey, McCarthy schemata became "dominant design" or "received view" to be known as 4P divided into 4 elements: Product, Price, Place and Promotion. (Marusic 2019.)

Four Ps (product, price, promotion and place) can be known as the key elements that make the successful product or service. Thus, when one P is missing, it will not reach the full potential of marketing process. Moreover, each element will be known with its own detail and importance to reach successful products. Therefore, it will be shown by using the theoretical method by famous marketer along with longtime work. For example, according to marketers such as Ames and Hlavacek (1984), Bagozzi (1986), Bell (1979) and plenty of others, they agreed that the 4P classification and go along with sub-division of promotion. (Waterschoot & Bulte 1992.)

Some authors expressed the idea of hybrid concept of promotion which include communication and promotion. Some others even call it communication eventually add communicative character to it. Following the concept of Stanton (1978), *Sales promotion is one of the most loosely used terms in the marketing vocabulary, sales promotion is muddled, misused, and misunderstood.* On the other hand, all of the four keys are important for certain product or service in order to complete the with success result and each element must be equally unique. Because every customer is unique thus every single product or service must have a unique way to approach based on 4 elements. (Waterschoot & Bulte 1992.)

Furthermore, a product will be considered as success when it satisfies all the requirements of customers by gaining their trust as well as royalty through quality, price and communication. Thus, marketing mix becomes crucial for clarify marketing strategy of a firm. For example, it is difficult to have customer attention when there is no strategy on how the products will be launched to the market as well as it is necessary for every company to make the products stand out among many similar products in the market. (Marusic 2019.)

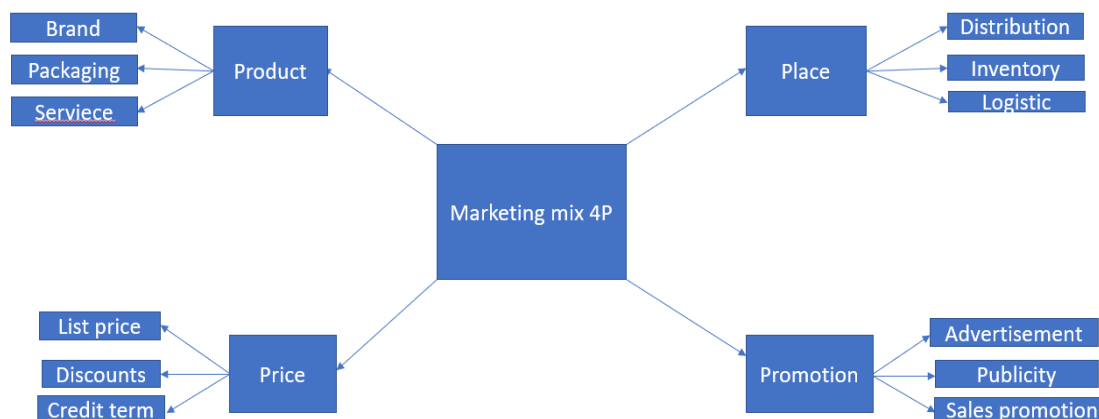


Figure 20. Marketing mix 4P

2.4.1 Product

Following the standard definition of Kotler et al. (2005), product is anything and it can be offered to meet the needs and wants of customers. This means, being able to easily draw development conclusions and bring a product to market is an easy task when in reality there is no more difficult task than developing a product that meets all needs of users, but also the most important task is developing a good and successful product to please customer. Successful development product needs plenty of time and effort, thus, sometimes even too difficult that the end user does not know about. Products can be physical objects, services or ideas and unknown option of the product cannot successfully execute the marketing strategy. The question is how to create a good product that users want. The answer lies in finding target fields that are focused on the products that the company offers. (Marusic 2019.) The product launch process is briefly described from personal experience of some high-trained skill marketer that goes in the following way:

- idea,
- market or competition research,
- production cost calculation,
- determine the selling price of the product,
- decide to launch the product on the market,

- manufacturing,
- positioning and introducing products on the market,
- promotion or investment in products,
- sales results.

Each product begins as a concept, so that based on three levels (Figure 21), product manufacturers need to think about the product. More consumer value is added by each stage. The core product is the most basic level, which answers the question “What do buyers really buy?”. The first thing is that the core product is at the core of the overall product, which is the core value or problem-solving service that customers actually order when they get the product. At the second stage, manufacturers of goods have to turn core interests into a real product. Actual goods may have up to five features, namely level of quality, features of product and service, style, brand names and packaging. Ultimately, by offering additional services and incentives to customers, product designers must create an enhanced product around real and core goods. (Kotler et al. 2005.)

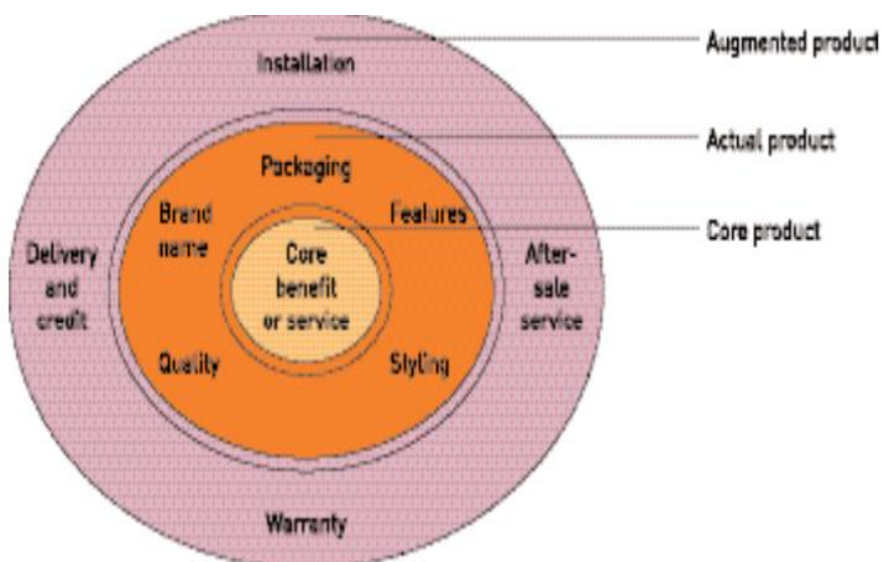


Figure 21. Process of creating a product (Kotler et al. 2005, 539)

Hence, a product is more than a simple set of tangible features. Consumers tend to view products as complex packages of benefits that satisfy their needs. When developing the product, firstly, the marketer must identify the core consumer needs that the product will satisfy, then design the actual product. Finally, marketer seek to enhance the product to deliver satisfying benefits to consumers. (Kotler et al. 2005.)

Products can be classified according to their durability and visibility. Non-durable products are commodities that are commonly consumed quickly and used during one or more usage occasions, such as beer, soap, and food products. A durable product is one that is used for

a long time and usually exists for many years. Examples are refrigerators, cars, and furniture. (Kotler et al. 2005.)

Furthermore, marketers have also divided products and services into two broad categories based on the types of customers who use them - consumer products and industrial products. In general, consumer products are products purchased by the end consumer for personal consumption. Marketers typically classify this commodity based on the consumer's buying habits. It is broken down into four factors including convenience product, shopping product, special product, and non-buyable product. These products differ in the way consumers buy, so it will affect the marketing method that should be used. (Kotler et al. 2005.)

Convenience products are consumer goods and services that consumers often buy on a regular and immediate basis with little effort in comparing and buying. Examples are soap, sweets, newspapers, and snacks. Convenience goods often cost low, and marketers place them in multiple locations, so they are ready to go when customers need them. (Kotler et al. 2005.)

Shopping products are purchased less often, and consumers spend more time and effort collecting information and comparing alternative brands carefully for relevance, quality, price, and designs. For instance, shopping products are furniture, clothing, used cars, and major home appliances. Shopping product marketers typically deliver their products through fewer stores but provide deeper sales support to provide customers with information and advice to help them in their comparison efforts. (Kotler et al. 2005.)

Specialty products are consumer goods that have a unique characteristic or brand identity for which a significant group of buyers are willing to make a particular buying effort. Examples include specific brands and types of cars, high-priced home entertainment systems and photography equipment, luxury goods, branded clothing, and the services of medical or legal professionals. For example, the jukebox is a specialty because buyers are often willing to go very far to buy one. Buyers usually do not compare specialty goods. They only invest the time it takes to reach dealers that carry the desired products. (Kotler et al. 2005.)

Unbought products are consumer goods that consumers do not know or know about but are often not thinking of buying. Most of the new innovations are not purchased until consumers know them through advertising. Typical examples are known but unaffordable merchandises are life insurance, home security systems, funeral services and blood donation. In essence, unsold merchandise requires a lot of advertising, personal sales, and other marketing efforts. (Kotler et al. 2005.)

Industrial products are products purchased for further processing or for use in business activities. Therefore, the distinction between a consumer product and an industrial product is based on the purpose for which the product is purchased. If a consumer buys a lawn mower for home use, then the lawn mower is a consumer product. If the same consumer buys the same lawn mower for the landscaping business, the lawn mower is an industrial product. (Kotler et al. 2005.)

Branding

Perhaps their ability to create, maintain, protect, and brand their products is the most distinctive skill of professional marketers. Trademarks are names, words, labels, symbols, designs or combinations of those things which identify the product or service manufacturer or seller. Consumers regard brands as an essential aspect of a product and the appeal of a product can be enhanced by branding. (Kotler et al. 2005.)

In addition, assurances of reliability and efficiency can be given by a brand. The brand has become so powerful that today there is almost nothing to branding. Salt packed in branded tanks, nuts and bolts are normally packed with distributor labels and auto parts - spark plugs, tires, filters - with brands different from the home brand car manufacturing. But for some products without the so-called Generic name, unbranded products, simple packaging, cheaper versions of conventional products, from items like pasta to paper towels and peaches boxed. They usually just black label and offer 40% lower price than the big brands. The lower price is due to lower quality ingredients, lower packaging costs and lower advertising costs. Here are some of the benefits for customers to use branded products:

- The brand name tells the buyer something about product quality. Buyers who buy the same brand know they get the same quality each time they buy.
- Brand names also increase shopper efficiency. Imagine a buyer walks into a supermarket and finds thousands of generic products.
- Brand names help draw consumers' attention to new products that can benefit them. The brand name becomes the basis for building the whole story about the special qualities of new products.
- Moreover, the branding also brings more values to customers and society.
- Brand advocates claim that it leads to higher and more consistent product quality.
- Branding also increases innovation by creating an incentive for manufacturers to look for new features that can be protected from competitor imitations. Consequently, branding leads to more diverse products and choices for consumers.
- A brand helps shoppers because it provides more information about products and where to find them.

(Kotler et al. 2005.)

Packaging

Packaging relates to the creation and development of a product's packaging. Label, the printed information that appears on or with the packaging, is also a part of the packaging. In recent times, many factors have made packaging an important marketing tool, in addition to containing and protecting products. Increased competition and clutter on retail shelves mean that packages now have a range of sales tasks to perform-from attracting attention, describing products, to selling. (Kotler et al. 2005.)

Companies are realizing the power of good packaging to generate immediate consumer recognition of their company or brand. Thus, in this highly competitive environment, the package could be a seller's last chance to influence buyers and it becomes a "five-second trade". As a result, manufacturers must use packaging designs in terms of shapes, graphics, and textures, to express their brand values and differentiate them in an overcrowded market. (Kotler et al. 2005.)

Innovative packaging can give a company an edge over its competitors. Developing a good package for a new product takes a lot of decisions. The first task is to establish the concept of packaging, which clearly states what effect the packaging should have on the product. Should the key functions of the packaging secure the commodity, implement a different form of dispensing, impart those attributes or something more about the product, brand or company? Packaging design choices that require particular elements of the product, such as scale, form, content, colour, writing, and markings, must also be made. These variables must work together to help the positioning and promotion plan of the product to be compliant with the advertisement, pricing, to delivery of the product. (Kotler et al. 2005.)

2.4.2 Price

Price represents the amount of money that consumers spend per unit of product in the market (Meler 2005). This definition can be extended with the statement that price is the amount a consumer is willing to spend on a certain product or in exchange for the appropriate value. It is the only element of a profitable marketing mix. (Kotler et al. 2005.)

Price, or more specifically-expenditure, is the remaining three variables. Therefore, the correct, "right" price along with the nature of the item creates the most significant requirement for the success of the commodity. The pricing strategy is difficult because it is not only a matter of determining a price for a product, but also the full variety of goods that a firm can sell, or, for example, different packaging of the same product, and/or how much per kilogram

per item would cost. It is necessary to set the price of the good or service low enough to reach a revenue outcome and high enough to meet the expense of growth, processing and delivery. (Daniels 2011.) It can also be remembered that the correct pricing helps the business to make short-term gains but is also a weapon required to maintain long-term competitiveness. It can be said that the price of a good is dictated by how much of the good's worth is interpreted by the customer. (Clinger 2015.)

The high price of the product generally indicates a higher quality of the product compared to other products of similar characteristics at average price. Therefore, the price of the product will be lower if the product belongs to the lower product group according to predefined quality criteria. The company must have knowledge of the breakeven point for its product, meaning it must know when the product starts making profits. It is also important to determine the break-even point to know what the minimum price the product must have. When the aforementioned criteria are met, the pricing policy or price strategy when launching the product on the market will be decided. (Kotler et al. 2005.) According to the strategy of Previšić J. Ozretić Došen Đ., the price will be set more precisely when following these guides based on product. (Marusic 2019.)

- Penetration pricing

This pricing strategy means that costs are cheaper and are used to penetrate new markets than their rivals. The lowest selling price below the market leading is always set as the firm joins the market as a competitor as it is the most possible willing way to try the commodity. This technique is also used as products or product segments are added to the market that will not spare a big budget. The dilemma is that goods cannot always be funded by ads (TV, print media, internet ads), market costs are the greatest method, then enticing style, placement as well as nice on the rack, in the shop itself, extra deals. However, it is not appropriate to neglect and look down on the customers, who are most important. Consumers will and will try a product once, but they will not buy it again if it does not provide any added benefit that is important to them such as quality, flavour, pricing, ease of use, product availability. (Marusic 2019.)

- Premium pricing

High pricing is often designed for luxury products whose production is intentionally or naturally limited, for example, caviar, luxury cars, high-end purses. Through limited supply created is the effect of consumption in the sense of the need to own something that the average majority of consumers cannot afford. Mass market and big sales are not the target here but on the contrary - lower supply, lower sales but profitable due to high prices. (Marusic 2019.)

- Maintaining existing market share

This is used when a company's primary goal is to maintain existing market share and adjust price policies in relation to that goal. In this position, there are companies with fierce competition and very active like the dairy industry. A vast variety of suppliers selling a diverse range of styles of packaging and package sizes battle for prices for individual customers. Any customer is important and an increase or decrease of 1 percent is important. If it's a luxurious commodity or an important milk grocer, the price strategy of a business for each form of product has to be decided. That also involves setting specific expectations for what goods to obtain in the industry and how to win market share, whether the product will be offered at a discount over time or specifically at a price where the product will normally be offered (or in big shops or supermarkets and/or small convenience stores or only in smaller stores or niche stores). All of these are obstacles that must be identified by corporations prior to selling goods. The pricing strategy is clearly defined as the foundation for a successful product as it is also an additional tool for consumers who are driven by "fair" or "good" prices to try the product in the first place and top customer could also become regular customers. (Marusic 2019.)

2.4.3 Promotion

A successful product does not mean anything if it is not communicated to the consumer. Promotion includes any form of communication with a target market whether the communication is done by the manufacturer or by the retail chain. It serves everything from advertising and promotions to social activities. However, the most important thing is how the product will be introduced to the market. The product's advantages are clearly communicated and successful can cause consumers to buy the product, even if they do not normally buy it. (Kotler et al. 2005.)

For a successful marketing strategy, it is necessary to know what, to whom, when and why to communicate. For any organization, effective customer communication is a must, because that is what separates truly successful businesses from other good average businesses. Consumer engagement is all that consumers recall and enjoy (or do not). The message they receive from goods and services is profoundly rooted in their subconscious minds and has a decisive effect on brand loyalty. In short, a corporation can have the world's biggest commodity, but if the advantage is not conveyed well to its target market, it makes little sense. (Kotler et al. 2005.)

Five ways of contact are protected by the classic promotional blend, or media blend, as it is also known as advertisement, promotion of purchases, public relations, personal sales and direct marketing. (Kotler et al. 2005.)

- Advertisement is any form of non-personal representation that is paid for and promotes an identified sponsor's ideas, goods or services.
- Personal sale or corporate sales force presentation of the company aimed at sales and building relationships with customers.
- Promotion is short-term incentives to encourage buying or selling a product or service.
- Public relations build good relationships with a wide variety of corporate audiences by engaging the favorable public, building a good 'corporate image', and handling or eliminating negative rumours, stories and events.
- Direct marketing connects directly with carefully targeted personal consumers both to get immediate feedback and to cultivate long term customer relationships. Phone, mail, fax, email usage, Internet and other tools are used for communicating directly with specific consumers.

(Kotler et al. 2005.)

Each category in the promotion mix involves specific tools. For example, advertising includes print, radio and television, outdoor and other forms. Advertising can be considered any form of impersonation communicating by means of mass media (Nizam 2014). However, the most important thing to emphasize is that the purpose of advertising is to get a positive response from the consumer, and in addition to all communication channels, there is a completely free, independent channel. It is word of mouth (WoM) and very influential. Personal transactions typically include sales presentations, exhibits and trade fairs, and incentive schemes. Sales include events such as exhibitions at points of sale, premiums, discounts, coupons, tournaments, special promotions and demonstrations. It also represents all that helps people purchase the goods and all that can be classified as ads, personal sales, advertising, public relations, all operations in brief. Point of sale which affects a product's sale. Each business, however, does not have its own market marketing department and, although it is an important boost to the selling of the products, it is also an important expense source for the business. (Kotler et al. 2005.)

Direct marketing includes directory marketing, telemarketing, fax, kiosk, Internet, and more. Thanks to technological breakthroughs, people today can communicate through traditional means (newspapers, radio, phone, television) as well as through newer media (fax machines, mobile phone, computer). New technologies have encouraged many companies to

move from mass media to more targeted communication and one-to-one dialogue. (Kotler et al. 2005.)

At the same time, communication goes beyond these specific promotion tools. The design of the product, the price, the shape and the colour of the package and the stores that sell it - all convey something to the buyer. Therefore, while the promotion mix is the company's primary communication activity, the entire marketing mix - promotions and products, pricing and location - must be coordinated to have a major media impact. (Kotler et al. 2005.)

2.4.4 Place

Set goals for the way in which the company delivers its services or products to the end consumer. In distribution channels, the placement of the product or service is an extremely important element of the marketing mix. Why, some may ask. Simply knowing what location, which location - real or virtual - is the right fit for a company's products or services to be successful. When talking about physical location, a company must consider what type of store they want to order its products from, whether it is a retail chain or not, if so, what the size of its store will be, a supermarket or hypermarket, or the product will be offered through specialized channels such as gas stations. The company can offer its products on all types of channels from supermarkets to specialized channels. Certainly, the location of the product in the stores is also not allowed to be forgotten and must be clearly defined as it is also the important factor for the product's success. (Marusic 2019.)

For different parts of the categorization distribution strategy, it may differ depending on whether the entire classification will be accessed at the national or possibly regional level. Not all products are equally successful in all parts of the country because consumption habits are not the same. Therefore, a company must keep this in mind when defining and setting up a distribution strategy. (Marusic 2019.)

With the growth of the internet and online shopping, an increasing number of companies, small or large, are deciding to open their own online stores because it is less expensive and easier to do. However, it's important to know who to sell purposeful products to because limiting yourself to the site also means limiting yourself to the number of potential consumers of your product or service that can reach you. (Kotler et al. 2005.)

Distribution by sale can be direct or indirect. Direct distribution means the distribution from producer to consumer. This form of distribution allows for total control of the products. On the other hand, indirect distribution means there is a middleman between the producer and the consumer in the form of a retail chain. If the company does not have its own distribution system, the middleman also will perform this role of distributing products to the retail chain.

There are four types of retailers, namely, self-service, self-selection, limited service, and full service. (Kotler et al. 2005.)

The growth of online shopping creates new distribution channels but also new challenges for companies selling their products on a global scale. Internet shopping allows for fast, easy, and reliable ways of delivery. To grow their market, many businesses around the world use the Internet. However, it also brings difficulties and issues, such as the case of Facebook being banned in China. No matter what hurdles may exist, it is almost inevitable that technology will grow, and the availability of delivery networks will, therefore, expand with the continued growth of the internet. In general, there are four marketing networks in terms of distribution which are:

- a zero-level marketing channel or a direct marketing channel without intermediaries between suppliers and customers,
- a single-tier channel with just one retailer serving as a sales intermediary or intermediary,
- a two-level channel in which we also have another intermediary in the form of an intermediary between the retailer and the manufacturer. (Kotler et al 2005.)

3 Research methods

This thesis includes both primary research and secondary research. Primary research is carried out by specific company for its own usage while secondary one uses the research carried out already by someone else (Proctor 2005, 16.) The market covered by ViTiFi Oy is small so that secondary research about the market is limited. Therefore, primary research is required so that the thesis can gather enough information to analyze customers, end-consumers, and market competitiveness.

Besides, qualitative and quantitative research are also used in this thesis since the patterns of quantitative research enrich the result from quantitative research (Proctor 2005, 222). In this thesis, qualitative research aims at collecting information from business customers of ViTiFi while quantitative research targets at gathering data related to end-consumers.

Qualitative research studies the attitudes, feelings, and motivations of customers. Although its sample size is small, it focuses on the information gained from each respondent that is rich and revealing, and in form of words. Because of the small number of samples, qualitative research can be carried out with low cost but taken more times to do, for example, interviews than filling up a simple questionnaire. The analysis relies on subjectivity and interpretation of the researcher. (Proctor 2005, 221-222.)

An approach of directly collecting information in this thesis is semi-structured one-to-one interview. It means that the topics and themes of the interview are outlined. Instead of having wording and order of questions fixed, the interview's mode is conversational, and interviewer are possible to add follow-up questions depending on the answers. Nevertheless, a list of questions is prepared beforehand, especially key questions based on the main topics and the information expected to be gain. Open-ended questions are chosen to develop the questions. This type of question avoids the interviewees from yes-or-no answers but digging deep into the insights. (Zojceska 2018.)

The number of samples for this research depends on how many focused segments are targeted. One sample is chosen from each target segment. To reach targeted samples, case company takes advantages of its relationship with the shops or restaurants' owners to arrange the meetings. Otherwise, interviewer may need to contact directly to targeted locations to search for the representatives.

For ViTiFi's customers, the interview is divided into 3 themes. First theme is current situation of purchasing fresh mushrooms and vegetables. This theme describes what, where, when, how products are purchased currently. Secondly, the next theme is to understand general

issues such as criteria customers concern when purchasing products as well as their consumers. The last theme is about ViTiFi's propositions and customers' suggestions for it. Questions for interviewing shop owners are presented in Appendix 1.

Beside customer interviews, interview with company representatives is also held to study about company's resources and capabilities to find out their competitive advantages as well as weaknesses compared to its rivals. Furthermore, criteria related to segment attractiveness to case company is also discovered in the interview. So that, the target market is defined based on the company's specific interests. Appendix 2 demonstrates the theme and related questions for the interview.

4 Empirical study and research results

4.1 Asian-familiar kinds of cultivated mushroom and vegetable market segmentation in Finland

4.1.1 Market map

The scope of the segmentation is defined based on the main products of case company, ViTiFi, which are Asian-familiar kinds of cultivated mushrooms and vegetables. The geographic area for the scope is narrowed as within Finland. Customers' needs or intentions to enter the market is to sell or consume Asian-familiar kinds of cultivated mushrooms and vegetables in Finland. Following this definition of market for the segmentation project, market map is illustrated in Figure 22.

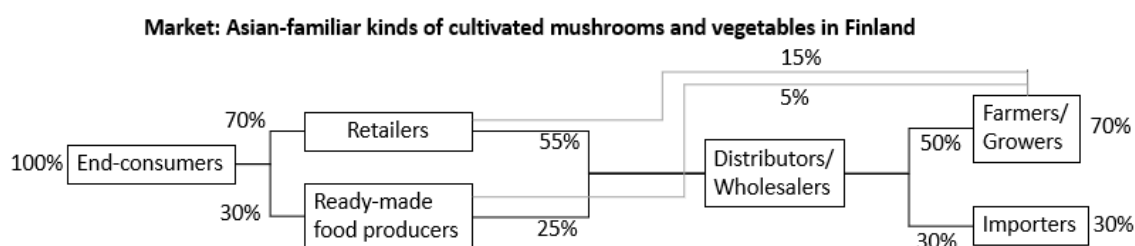


Figure 22 Market map

There are 6 influencers playing as buying mechanisms found in the value-added chain of the market. Farmers or growers, and importers are suppliers of products. Then, products are distributed through distributors, retailers, and ready-made food producers before reaching end-consumers.

In this segmentation, estimation of the size and role of each influencers is based on figures found for domestic utilisation of fresh vegetables. The reason is that data related to mushrooms, especially Asian-familiar kinds of vegetables and mushrooms is limited. Moreover, figures of mushrooms production or utilisation is much smaller than those of vegetables. For example, in 2014, total production of mushroom was 1,25 million kg while total production of vegetables was 129 million kg (Luke 2014a; Luke 2014b; Luke 2014c).

First of all, fresh mushrooms and vegetables are not only cultivated by domestic farmers but also imported from growers outside Finland through importers. According to Table 1, production which presents the number of products cultivated domestically accounted for 68% in 2017 while imports accounted for 32%. As a result, in the market map, products sourced from farmers are estimated about 70% while from importers are about 30%.

<i>(Data of 2017)</i>	Production	Imports	Domestic utilisation, total
Fresh vegetables (million kg)	264,8	125	389,2
Fresh vegetables (%)	68%	32%	100%

Table 1. Number of fresh vegetables production, imports, and total domestic utilisation (Luke 2019)

Yet to be mentioned, the typical Asian-familiar kinds of products are mostly imported. Indeed, Asian wholesalers in Helsinki import most of the products within and outside EU. There are not any Asian fresh product suppliers in Finland that they source from. (Li 2020; Jagannath 2020)

Next, wholesalers are the main customers of suppliers to which 80% of the products are distributed from suppliers. To be specific, 100% products from importers, or 30% products of whole market, directly go to wholesalers while only 80% products of farmers, or 50% of whole market, are distributed to wholesalers. Besides, from farmers, 15% products are distributed to retailers and 5% are to ready-made food producers.

Within 80% products of market distributed to wholesalers, 55% of which are sourced to retailers and 25% of which are to ready-made food producers. Then finally, retailers and ready-made food producers deliver in turn 70% and 30% of products to end-consumers.

In other words, market map can also be explained by the reversed side starting from end-consumers. End-consumers buy 70% of Asian-familiar kinds of cultivated mushrooms and vegetables from retailers. The other 30% are consumed through ready-made food producers. The 70% bought from retailers is, in turn, split 55%:15% between distributors and farmers. The 30% handled by ready-made food producers is also split between wholesalers and growers respectively 25%:5%. Totally 80% sourced to retailers and ready-made food producers by wholesalers is split 50%:30% respectively sourced from farmers and importers.

4.1.2 Segmenting

Micro-segmenting and sizing

Figure 23 shows initial market segmentation into micro-segments, attached with estimated sizes as consumption in million kilogram per year. The size of whole market is 389 million kilograms per year, estimated according to Table 1 as total domestic utilisation of fresh vegetables.

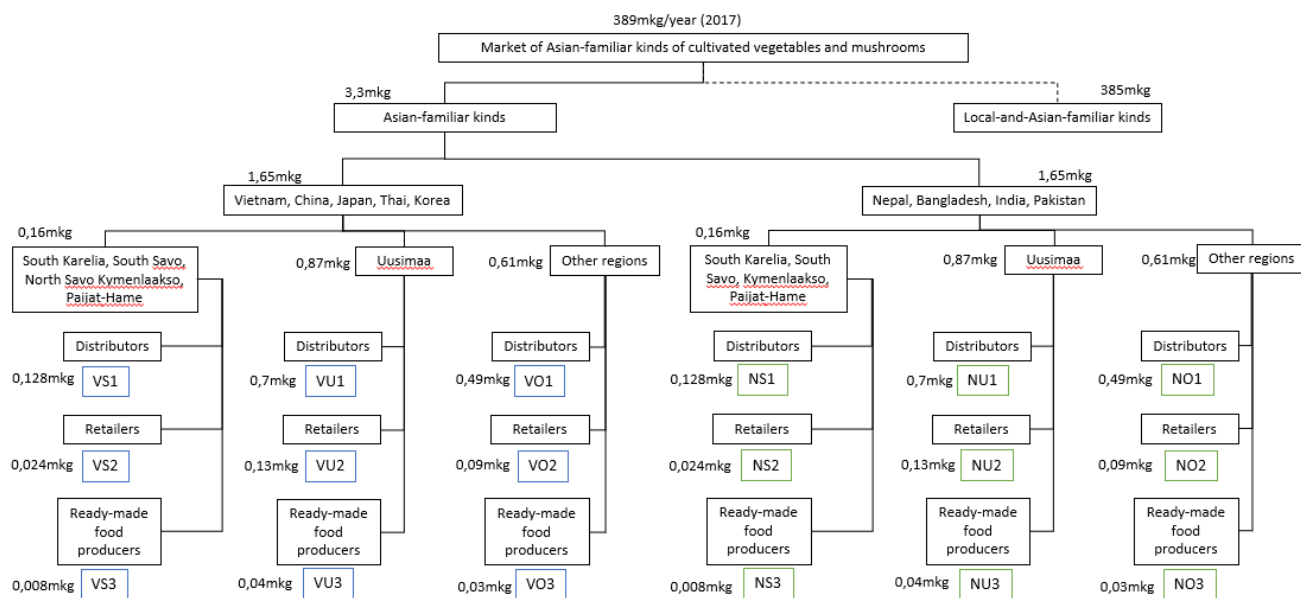


Figure 23. Micro-segments and sizing

Firstly, market is split into Asian-familiar kinds of products and Local-and-Asian-familiar kinds of products because Asians in Finland are familiar with both kinds. However, in this thesis, only Asian-familiar kinds are focused due to small scale of the case company and its target products.

The consumption of Asian-familiar kinds is estimated based on Asian populations in Finland. Since Asian-familiar kinds are consumed very little by the locals, only the value consumed by Asians are counted to size these kinds. According to Statistics Finland (2019), Asians in Finland account for 1,7% total population. So that, Asians consume about 1,7% of total consumption, which is 6,6 million kilograms. Because Asians consume both local-familiar and Asian-familiar kinds, the consumption of Asians can be divided in half between 2 kinds. Therefore, consumption of Asian-familiar kinds of mushrooms and vegetables can be estimated around 3,3 million kilograms per year.

The next tier is segmented based on Asian food cultures. There are two groups of food cultures that are clearly distinguishable, East and South-East Asians, and Middle East and South Asia countries. East and South-East Asia countries are represented by China, Vietnam, Thai, Japan, Korea. While Nepal, Bangladesh, India, Pakistan represent Middle East and South Asia countries. The size for each food culture group is divided equally based on the group they originated, which is "Asian-familiar kinds".

For each food culture, the next tier is segmented by geographic areas. First area includes regions that are close to the location of ViTiFi in South Karelia. These regions consist of

South Karelia, South Savo, Kymenlaakso, Päijät-Häme. Besides, Uusimaa region is the second area. Finally, the rest regions of Finland are grouped as the last area.

The last tier is segmented by the types of company. Based on the market map, there are three main business outlets which are distributors, retailers, and ready-made food producers. As a result, there are 18 micro-segments coded as presented in Figure 23.

Concerning sizing, consumptions of three regions are compared based on the numbers of outlets available in three regions. East and South-East Asia restaurants are chosen as samples to compare the size of three areas. Because of lacking exact data on how many restaurants there are in specific areas, the restaurants were counted manually as they appeared on the search engine. As a result, there are 53% consumption accounted for Uusimaa areas, 10% for areas near ViTiFi, and 37% for other regions (Table 2). Therefore, 1,65 million kilograms of each food culture group are divided by 10%:53%:37% respectively among ViTiFi areas, Uusimaa regions, and other regions.

Representing micro-segments	VS3	VU3	VO3
Number of restaurants counted	26	135	94
By %	10%	53%	37%

Table 2. Counted numbers of East and South-East Asian restaurants in Finland

Sizing for each type of business is based on the division shown on the market map (Figure 22). To be specific, distributors handle 80% of products from suppliers, 15% handled by retailers, and 5% by ready-made food producers. Size of each final micro-segments are estimated based on the size of group it originated from and divided based on the division mentioned above.

Indeed, this estimation of size in this thesis is sufficiently reliable. The consumption of a sample from VU1 and VU2 is about 800kg per week while the consumption of a sample from NU1 and NU2 is 2000kg per week (Li 2020; Jagannath 2020). Besides, the consumption of a Nepalese restaurant in Lappeenranta for fresh products are about 20kg per week. (Ram 2020).

Micro-segments' profiling characteristics and key discriminating features (KDFs)

After identifying and sizing micro-segments, profiling characteristics and key discriminating features of micro-segments are listed to understand the purchasing patterns of each micro-

segments. Along with that, relative importance of these features to each micro-segment is rated that the interviews with shop owners support the rating process. The results are presented in detail in Appendix 3.

Regarding profiling characteristics, there are 3 groups to segmenting the micro-segments. First group is type of company including 3 specifications, namely wholesaler, retailer, and food service activities. Secondly, geographic characteristics identifies the location of each micro-segment. Last group is based on products related cultures consisting of East or South-East Asian culture, Middle East or Middle or Southern Asian culture, and the local culture.

Concerning KDFs, the features demonstrating purchasing patterns are developed based on 4 feature categories of what, where, when, and how products are bought. For category “What”, there are 3 groups which are packaging, quality, and product type. Studying if customers prefer purchasing by kilogram or cartons or purchasing in package helps to understand the importance of packaging to each micro-segment. The quality of products can be premium and normal. The quality may affect directly to the price of products so that the demand of different customers may differ when choosing. The last group for category “What” is product type. As mentioned several times earlier, cultures affect greatly to which products are chosen. The products can be familiar with both locals and Asians, or Middle East or Southern Asians, or Eastern or South-East Asians.

Next category to studying purchasing patterns is “Where”. This category is divided into sourcing from importers and sourcing from domestical suppliers. Sourcing from importers can be within or outside Europe. If sourcing domestically, shop owners may source directly from farm or source from wholesalers. Moving to category “How”, shop owners may wish the products to be delivered or picked up.

Last but not least, category “When” refers to the frequency of purchasing and the consecutive availability of products. The fresh products are normally kept within a week so the frequency of purchasing can be once or twice a week. Besides, the consecutiveness of purchasing also depends on the available of supply. It can help understand how important the constancy of supply is to the demand of each micro-segment. Finally, although the size of each micro-segments is stated in previous part, the quantity per purchase is also vital for suppliers to know how large each order of different segments is.

Micro-segments’ decisive buying criteria (DBC)

Based on KDFs listed above, there are 8 DBC created from customers’ perspectives. Firstly, premium products with good packaging either by cartons or in package provide good quality

and appearance to the products. Second criterion is to reduce importing costs. It leads to third criterion which is to reduce inventory and lead time as the demand for domestical supply if available. For example, fast delivery, and higher frequency of purchasing. The fourth, fifth, sixth criteria are related to product type. They are to attract different types of cultural people who are East and South-East Asians, or Middle East and South Asians, or the locals. Last but not least, the importance for consecutive availability leads to the criterion of having products on shelves or menus continuously. Finally, the crucial criterion for every segment is price.

The list and importance rating score are presented in Appendix 3. The DBC is rated on a scale from 0 to 10 in which 10 is the most important criteria while 0 refers to least importance. All criteria are scored their importance to all micro-segments. Then the rates are rescored to total 100 in order to figure out the most 80% crucial criteria. These most crucial criteria are highlighted so that it is easy to compare the micro-segments which have relatively similar criteria scores. The micro-segments with the similar criteria scores can be grouped together to become concluding market segments.

Forming market segments and their decisive buying criteria (DBC)

After comparing micro-segments' relative importance to DBC listed, 6 market segments are formed. The market segment is consolidated by all the criteria and profiling characteristics of micro-segments included in the market segment. Therefore, the DBC scores should be recalculated to give average scores to concluding segments (Appendix 4). As a result, market segments with their DBC and sizing is concluded in Figure 24 and Figure 25.

Size:	0,732	0,078	0,83	0,732	0,078	0,83					
VS1, VS2, VO1, VO2	Segment 1	VS3, VU3, VO3	Segment 2	VU1, VU2	Segment 3	NS1, NS2, NO1, NO2	Segment 4	NS3, NU3, NO3	Segment 5	NU1, NU2	Segment 6
DBC	DBC score	DBC	DBC score	DBC	DBC score	DBC	DBC score	DBC	DBC score	DBC	DBC score
Attracting to East and South-east Asian customers	25	Reduce inventory storage and lead time	25	Attracting to East and South-east Asian customers	22	Price	26	Reduce inventory storage and lead time	25	Attracting to Middle east and South Asian customers	22
Good appearance and quality	21	Having products on shelf / menu continuously	23	Good appearance and quality	20	Attracting to Middle east and South Asian customers	24	Having products on shelf / menu continuously	23	Reduce importing costs	20
Price	25	Attracting to the locals	21	Reduce importing costs	23	Good appearance and quality	21	Attracting to the locals	21	Good appearance and quality	23
Reduce inventory storage and lead time	16	Price	18	Price	22	Reduce inventory storage and lead time	16	Price	18	Price	22
Having products on shelf / menu continuously	13	Attracting to East and South-east Asian customers	14	Reduce inventory storage and lead time	13	Having products on shelf / menu continuously	12	Attracting to Middle east and South Asian customers	14	Reduce inventory storage and lead time	13
Total	100	Total	100	Total	100	Total	100	Total	100	Total	100

Figure 24 Market segments and their DBC scores

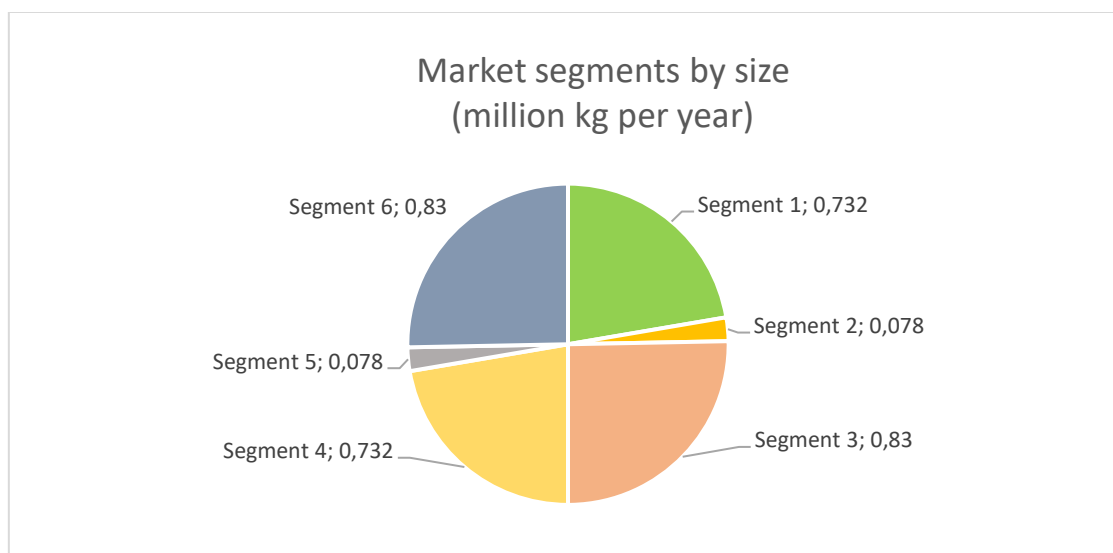


Figure 25 Market segments by size

- Segment 1 and Segment 4 – Asian wholesalers and retailers in all Finnish regions except for Uusimaa region

Segment 1 is consolidated by 4 micro-segments which are VS1, VS2, VO1, VO2. It includes East and South-East Asian wholesalers and retailers. In turn, segment 4 consists of micro-segments NS1, NS2, NO1, NO2. It presents Middle East and South-Asian wholesalers and retailers in all Finnish regions except for Uusimaa region. The only difference from segment

1 is the food culture group. Their sizes are the same as the consumption of 0,732 million kilograms per year. Although this size is quite large, the geographic area covered is also huge so the distances among shops are far from each other.

Regarding decisive buying criteria (DBC), these two segments have similar criteria with acceptable differences in scores. The first criterion is to be attractive to Asian customers with their relative food culture. Secondly, price is also a crucial criterion. Thirdly, the quality and packaging are concerned. Fourthly, this segment wants to reduce inventory storage and lead time. Most shops within this segment source the products domestically from wholesalers in Uusimaa areas or nearby areas. So, the last criterion which is having products on shelf constantly depends a lot on availability from other wholesalers.

- Segment 2 and Segment 5 – Asian ready-made food producers around Finland

Same segment 1 and segment 4 above, segment 2 and segment 5 are similar in terms of description and DBC as well as DBC scores. However, the only difference is their targeted food culture group. Segment 1 is concluded from 3 micro-segments VS3, VU3, VO3. Similarly, micro-segments NS3, NU3, NO3 consolidate segment 5. In other words, segment 2 is represented by East and South-East Asian ready-made food producers or restaurants and segment 5 include Middle East and South Asian restaurants all around Finland. Estimated consumptions are also quite small at 0,078 million kilogram per year for each segment.

Based on interview with a sample in segment 5, a Nepalese restaurant owner in Lappeenranta, the concluding criteria are agreed by the shop owner. First, they want to reduce the inventory especially of fresh products as well as to reduce lead time when delivering. Indeed, from Lappeenranta, the Nepalese restaurant owner picks up fresh products twice a week from Helsinki then delivers by car to Lappeenranta.

The continuous supply of products is important to these segments. The restaurant owner explained that he wanted the menu to be fixed. So that, if the products are seasonally available, he needed to change the menu regularly that he did not wish to do so.

Furthermore, although the restaurants in these segments serve Asian foods, they also wish to attract not only Asian customers but also the locals. Especially, for restaurants in other regions than Uusimaa, their customers are mostly the locals, therefore, they would prefer the ingredients that are familiar to the locals as well. Indeed, Nepalese restaurant in Lappeenranta confessed that the Asian ingredients are usually mixed with the local-familiar ones so that customers can get along with.

Last but not least, price is a criterion for most of the segments not except for these two. For restaurants, the ingredients do not need to be premium, but they expect the quality to be the same every time. Therefore, Asian-familiar kinds of vegetables and mushrooms are hard to meet the criteria of restaurants in general at this moment when most Asian fresh products are imported and seasonal with unstable quality due to long time of transportation. However, if the products can be grown domestically, the restaurants may have interest in upgrading the ingredients.

As a bonus criterion, the restaurants usually use ready-made vegetables or mushrooms for example, ready-cut vegetables, sliced mushrooms in cans. As a result, they can reduce time, effort, and personnel to do such activities in the kitchen.

- Segment 3 – East and South-East Asian wholesalers and retailers in Uusimaa region

This segment includes both VU1 and VU2 micro-segments which are East and South-East Asian wholesalers and retailers in Uusimaa region. To support the information, interview with the owner of Chinese wholesaler and retailer in Helsinki is conducted.

The size of this segment is largest size in the market at 0,83 million kilogram per year. Indeed, 53,4% of Asian lived in Uusimaa in 2017 (Statistics Finland 2019). Furthermore, wholesalers in Uusimaa do not only supply to businesses in Uusimaa but also distribute to businesses around Finland.

The customers of this segment are both individuals and businesses. They are mostly Asians, sometimes the locals. Therefore, they want to attract to customers coming from East and South-East Asia such as China, Vietnam, Thailand.

This segment requires the products to have good appearance and quality. For wholesalers, the packaging is not very important when purchasing and selling to business customers. However, they would put them into small packages when selling to individuals. They purchase products at both normal and premium quality. Restaurant customers only need normal quality, every few of them require premium quality. Chinese wholesaler and retailer owner confessed that most fresh products are consumed in retail stores to individual because restaurants customers rarely use fresh ones, and they would prefer ready-made ones as mentioned earlier. Also, the fresh products regard as “premium” as they usually have high prices due to importing.

Importing cost is a problem that may be faced by many Asian wholesalers and retailers. The demand for such products is high, however, the importing costs including transportation

fee, custom fee, and VAT push the prices to so expensive that may make the competitiveness of these products less attractive. However, they could not find any domestic suppliers, so they have no choice at the moment. Products are mostly imported from within EU as Asian wholesaler and retailer owner who is interviewed confessed. Consequently, importing costs are carefully considered by this segment.

In fact, the wholesalers and retailers are willing to purchase the products no matter if suppliers are inside or outside Finland. However, they would prefer domestic suppliers due to deducting importing costs. Moreover, domestic supply may minimize the risk of quality of products being ruined during long transportation time.

Price is an important criterion. It is usually negotiated with suppliers. As Asian products are not available commonly in local markets, Asian wholesalers and retailers have an advantage to Asian consumers. However, if the selling prices are too high, the demand for Asian fresh products is lowered even though consumers really want it. Furthermore, high prices are weakness of Asian products for their competitiveness in the local market. The purchasing prices of Asian products may not high but the importing costs are added up so the shop owners have to consider the prices as a whole to calculate selling prices.

Last but not least, this segment also wants to reduce inventory storage and lead time. As fresh products are usually kept within a week, they need to be imported at least once a week. Fast delivery is a criterion concerned by this segment. For this criterion, domestic supply may have an advantage in solving delivery and inventory problems.

In contrary to restaurant segment, this segment does not care about the continuous availability of products on shelves. Therefore, Asian products are seasonal, yet to say about the quality when importing. So that, domestic supply can also help to improve this situation and probably increase the demand from restaurant segment to source from Asian wholesalers as well.

- Segment 6 – Middle East and South Asian wholesalers and retailers in Uusimaa region

Segment 6 represents also Asian wholesalers and retailers in Uusimaa region, but they focus on Middle East and South Asian products. An interview with Indian wholesaler and retailer owner in Helsinki was conducted to assist this analysis.

The customers of this segment are mostly Asians from the Middle East, Middle or Southern Asia such as India, Nepal, Bangladesh. Therefore, products that attract these customers are prioritized. People from other Asia countries or Africa as well as the locals also come. These customers can be both individuals and businesses like restaurants.

Same as segment 3, this segment also mostly imports their products. According to the interview conducted, the shop imports from both within Europe and outside Europe. Some popular places within Europe are the Netherlands, England. Besides, fresh Asian products are also imported from countries outside EU such as India, Africa, Dominican Republic, and so on. They source from different suppliers from different countries in order to ensure the continuous supply around the year. At this moment, they don't source any products domestically due to lack of domestic suppliers. Therefore, having same problems explained for segment 3, segment 6 also wants to reduce importing costs. Additionally, the pandemic situation makes it harder to importing process. The transportation fee is doubled than normal.

Good appearance and quality are concerned by the shop owners. The packaging of products is not important to them when purchasing. When selling to individual customers, they also sell by kilogram so that package is not concerned. Regarding quality, as purchasing online, the quality check is difficult to controlled. Long distance transportation ruining the products is happening regularly. Transportation is the duty of suppliers that shop owners can claim the compensation from suppliers if the quality requirements are not met when arriving. Furthermore, the importing process is complicated and requires strict checking procedure. Therefore, there are some quality requirements should be met, for example, no pesticide.

The price is an important factor when deciding to purchase. It is negotiated with the suppliers as well as transporting companies. The shop owner from the interview confessed that they have not gained many profits from fresh products because of many reasons despite of high demand from customers. First of all, the importing costs are mentioned earlier. Secondly, lots of fresh products have to be thrown away if the quality is bad that no one buys after 1 week. Thirdly, the risk at the custom department is incurred that there were times when all products are thrown away at the custom. This situation could be claimed with the suppliers but not all were compensated.

This segment also wishes to reduce inventory storage and increase the cycle speed of purchasing process. The shop owner who is interviewed imports products many times a week as they source from many suppliers and the fresh products should only be kept within a week. So that, the shorter transporting process and storage time are, the better quality products have.

As many risks have stated because of importing process, the shop owner also prefers domestic supply if it is available.

4.2 Competitive analysis

4.2.1 Portfolio matrix and case company's target segments

Thanks to the market segmentation process, there are 6 concluding segments in the market of Asian-familiar kinds of cultivated vegetables and mushrooms in Finland. Portfolio matrix is formed by segment attractiveness and relative company competitiveness (Figure 26).

Attractiveness of these segments are rated based on the specific case company's criteria. The criteria include volume per purchase, concentration of geographic coverage to distribute, size, including activities required human resources, and competitiveness. Simultaneously, relative competitiveness between case company and its rivals are calculated. The competitiveness is based on rating for critical success factors (CSFs), in other words, the performance of delivering products and services to satisfy decisive buying criteria (DBC) of relative segments. Appendix 5 presents all the ratings and calculations in detail.

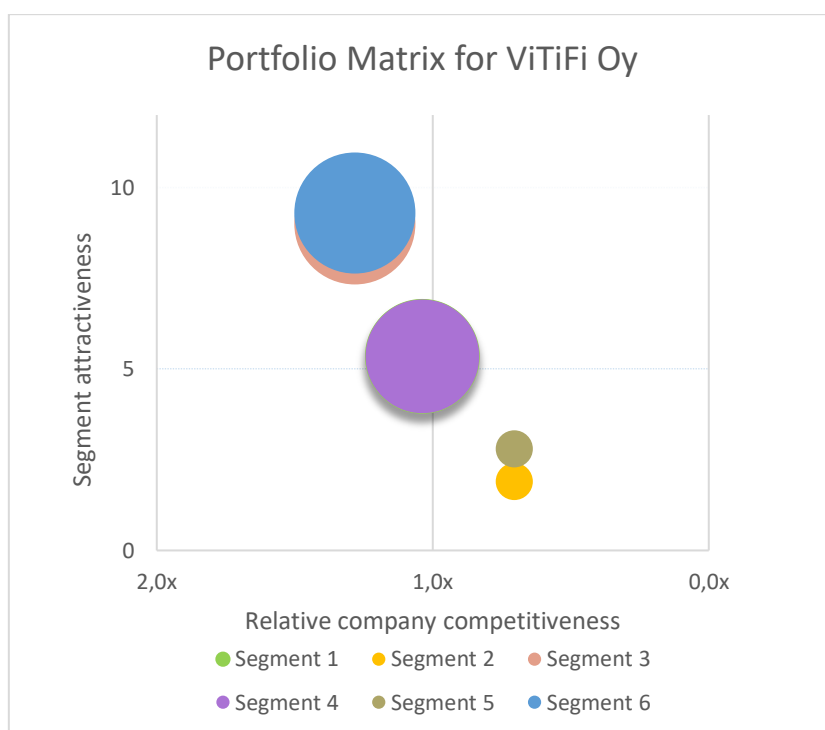


Figure 26. Portfolio matrix for case company

In figure 26, relative company competitiveness is scaled in the range of 0x-2,0x. Getting closer to 2,0x means that the company has advantages in the competition. Besides, the scale for segment attractiveness to the case company is lowest at 0 and highest at 10. The combination of these two data locates the position of relative segment in the portfolio matrix. Together with that, the size of each segment is also depicted as the size of the circle.

As clearly shown in the matrix, there are 3 groups of segments located in special positions. First group involves segment 2 and segment 5, representing Asian restaurants all around Finland. The sizes of these segments are smallest compared to others. Moreover, this group has low attraction rate based on ViTiFi's requirements. Both volume per purchase and the sizes of consumption is small. Moreover, although the number of restaurants is vast, the geographic coverage for distribution is large that may require considerable human resources to deal with. Especially, product type used by these segments require to be familiar with the locals mostly. The uniqueness of culture is limited. Therefore, competitiveness in this group is medium to high because the competition includes a large proportion of local food.

Concerning competition for segment 2 and 5, the monopoly for these segments now is domestic wholesalers. ViTiFi has only advantages on the continuous availability and prices of products but not significantly, otherwise, all other needs from customers are better met by domestic wholesalers. Consequently, together with the attractiveness to the case company explained earlier, segment 1 and segment 4 should not be the target segments of ViTiFi.

Second group consists of segment 1 and segment 4, which are Asian wholesalers and retailers all around Finland except for Uusimaa region. Segments in this group have similar size regarded as considerably large. Overall, this group is positioned nearly in the central of the matrix. In other words, both segment attractiveness and company competitiveness are neutral. To be specific, the weaknesses on segment attractiveness of segment 2 and 5 now better meet requirements of case company. For example, volume per purchase is bigger; competition is open as the demand for uniqueness of culture in product type increases. Although the number of shops in these segments is less than segment 2 and 5 which lead to the more concentration of distribution locations, the geographic coverage is still huge as it spreads all around Finland except for Uusimaa area. Therefore, the attractiveness stays at medium level to the case company.

Besides, the company does not have significant competitive advantages in the competition for segment 1 and 4. The performance of companies for these segments are relatively similar. The considerable rivals of ViTiFi are domestic wholesalers as they have been specialized in distributing to these segments already. Besides shops in these segments are familiar with the procedures to import from EU importers as well. Therefore, although the restaurants may prefer ViTiFi's products thanks to the quality and continuous availability, domestic wholesalers and EU importers still have advantages on the variety of products and especially delivery from wholesaler side. The relative competitiveness scores 1,04 meaning ViTiFi has neither advantages nor disadvantages in these segments.

Lastly, the final group includes segment 3 and segment 6, Asian wholesalers and retailers in Uusimaa region. The sizes of these segments are biggest in the market. Furthermore, these segments are most attractive to the case company. First of all, the volume per purchase is large as the shops in these segments do not only consume products within the Uusimaa region but also distribute to other regions around Finland. Since the segments are identified in Uusimaa region, the geographic coverage to distribute to is concentrated only in 1 region where about half of Asians in Finland live. Therefore, it may require least human resources compared to other segment groups. The competition for these segments is low due to very limited number of domestic suppliers provide Asian fresh products to these segments. Therefore, these segments are extremely attractive to case company.

Concerning competitiveness of case company in segment 3 and 6, ViTiFi have significant advantages in the competition. Other sources of supply for these segments include EU and non-EU importers as well as domestic growers if any. The strongest rival of ViTiFi is EU importers who are mostly the suppliers of these segments at this moment. The strength of ViTiFi that makes the company be outstanding from other rivals is domestic supply. This factor may lead to better quality control, and deduction of importing costs. In other words, ViTiFi can offer better qualified products at a lower price compared to others. However, the only limited offer by case company is product variety since the company is small scaled. Nevertheless, this weakness can be overcome by the expansion of production and product list later.

In conclusion, segment 3 and segment 6 are chosen to become target segments of ViTiFi in this early period of business. Segment 1 and 4 are suggested as alternative targeted segments in case the company wants to expand its market shares in the future since these are potential to be invested as well.

ViTiFi should focus its strengths on product differentiation. The products to be offered by ViTiFi are valuable that fulfilled the uncovered needs by the segments, to be specific, domestic supply of fresh Asian products. At this early stage of competition, the proposition for domestic supply of Asian fresh products is rare that very few domestic growers offer such products. Moreover, the imitability is low as the business model requires a thorough understanding of Asian culture and growing techniques of Asian-rooted products. Furthermore, the production requires a large investment in infrastructures such as greenhouses. As a result, these factors also create competitive advantages for the company in the market. However, to turn these advantages into sustained advantages, the company should build a strong organizational structure where the process of supply chain works smoothly. This structure can be for example, management control systems, or compensation policies.

4.2.2 Porter's 5 forces

Supplier power

First thing first, due to the pandemic, growing tools and seeds price are getting enormous but thanks to the preparation of the company manager, the company has started making mushroom seedling on their own. However, the company still has to import vegetable breed from Asia countries but mostly from Vietnam for instance water spinach, mustard leaf, methi leaves, etc. Although importing breed from Vietnam, the company is currently using services from company called Trang Nong which offers affordable prices. It will bring the advantage for having better price when comparing to local breed price.

However, due to importing regulations for agriculture in EU the company may have to face some problems when importing breeds from outside EU. Breeds have to be gone through checking process to be qualified. For example, the qualification is not accepted by the customs, all breeds might be thrown away. Thus, in this case, it is an experience to make a clear contract with suppliers when importing from other countries, so it is easier for the company when claiming for compensation. Moreover, due to the pandemic, it is more difficult to import at the moment. In addition, some breeds like watercress can be purchased in EU but in limited variety.

Besides, the company still has to buy chemical to make spore and fertilize from Finnish suppliers. Therefore, the company need to take into consideration some regulations following Finnish Safety and Chemicals Agency. For example, recently the company is doing business with ELVICS, which is a Finnish company providing fertilizers located in Lahti.

Buyer power

Secondly, according to interviews with some wholesalers and retailers in Uusimaa area as well as restaurant and customer in town, the purchasing amount for fresh vegetables and mushrooms is enormous for a week, thus, it would be a huge chance for company. On the other hand, because when coming to growing something, it also depends on many things like fertilize, spore, water, etc., it would be better when preparing some back up plan for the company like growing other plants or preparing soil regeneration. Moreover, the amount required to supply for Asia markets' need in total is 3,3mkg a year in which targeted segments of ViTiFi, Asian wholesalers and retailers in Uusimaa area, handle 1,66mkg a year. Target customers of the company are, for instance, Golden Crop, Viivoan, Aseanic trading, Jiahe Asian market, Indian market, and so on. With this amount of demand, it is a huge potential for ViTiFi to develop in a long run. The buying process would take a little bit longer, but it is easier for making offers when dealing with enormous quantity.

Threat of substitute

Next thing is that economic competition in the agriculture market is huge, therefore, the company should be aware of substitutes in the market. For instance, some experience Finnish farmers or moreover, agricultural companies with better scale in Finland.

After that other growing home kit for mushroom is considered at the critical for substitute in agriculture product. But overall, the harvested amount for growing home kit is very small, therefore, the competitiveness is not strong, but it also should be listed in plan. Besides, Finnish market is offering local-familiar kinds of mushroom in S and K chain, for example, champion mushroom which is sold with affordable price and easy to access, moreover, Finnish people can pick it in the jungle. Therefore, this would be a critical risk for the company also. Moreover, canned or frozen mushrooms is also a choice in agriculture market.

Threat of new entry

At the moment, the main mushroom and Asia veggie startup company in Finland will need to master growing techniques as well as huge initial investment in technology to the market. Besides, Finnish government has some bailouts from 16 January 2020 that a total of approximately 319 million euro is used to support agriculture production and financial support for agriculture during the pandemic as well as for startup company from Ministry of agriculture and forestry. For instance, farmers may also be eligible for investment support to develop their farms, in addition to support forms that ensure the basic viability of production depending on differed expenditure target and payment amounts. In order to start up as a farmer, young farmers can obtain setting-up assistance.

Rivalry among existing competitors

Farmers and producers focusing on Asian products like ViTiFi are new in Finland, therefore, competitors of ViTiFi are not many. After doing research, there are 2 direct competitors including Jarvikyla FamFarm Oy and Mikkolan Sienilote MST Oy. To be more specific, Fam-Farm grows mostly herbs and salad mix with some Asian veggies which are sold rapidly in local market chains in Finland. Moreover, Mikkolan Sienituote is also a company growing organic mushrooms like king oyster mushrooms as well as Shitake mushrooms. There are 2 significant differences between these two companies, ViTiFi and Mikkolan Sienilutoe. First one is that Mikkolan Sienilutoe grows with organic spore and breed. More than that, it is imported from Japan, thus the quality of the mushroom is better. Meanwhile, ViTiFi makes spore and breed by using its own growing techniques that is qualified in Finland with also being labeled "100% made in Finland". Furthermore, Asia markets in Finland still have to import Asian products from other countries, thus, this is a good chance for ViTiFi to stand

out in the market and develop by growing fresh, sending fast to customers in Finland. Besides, the target segments of ViTiFi are different from other competitors. As a result, ViTiFi still has a lot of chances to grow in Finland market despite of the difficulty in the pandemic. Nevertheless, ViTiFi only must face with Mikkolan Sienilutoe which has been already launching so many products as well as marketing campaign to the market. Therefore, this could be a challenge for the case company while its marketing department is a weak point. Besides, target customers of Mikkolan Sienilutoe are both B2B and B2C, thus, it would be more difficult for Vitifi to compete. More than that, importers should be also considered as existing competitors.

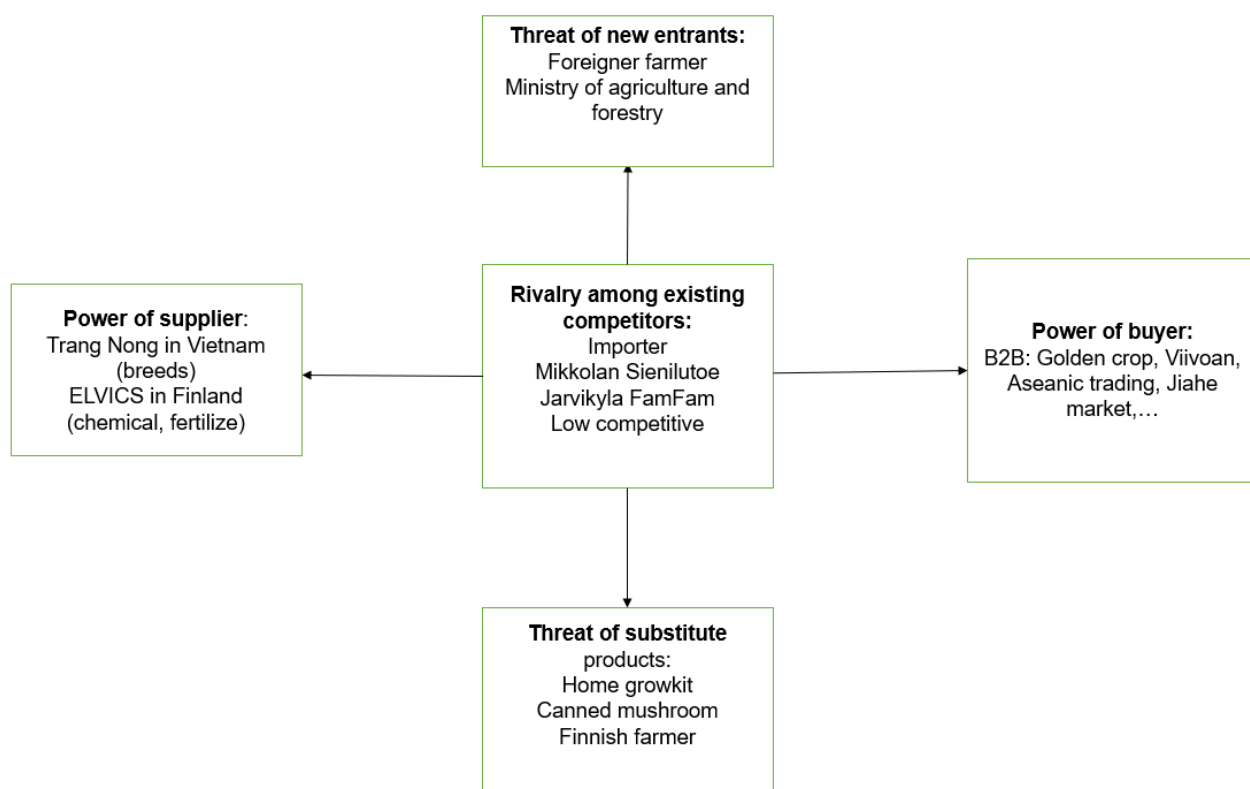


Figure 27 Porter's five forces for case company

4.3 SWOT analysis

Table below summarizes SWOT analysis for ViTiFi based on the interview with the founder of the case company.

Strengths	Weaknesses Lack of financial support.
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<p>Unique products – Asian-familiar kinds of mushrooms, vegetables, herbs at competitive prices, high quality.</p> <p>Using hydroponic system that provides products domestically constantly in all seasons.</p> <p>Propagation skills that enables to multiply different kinds of plants.</p> <p>Positive attributes of team members who have different backgrounds of cultivation, engineering, business.</p> <p>Have good relationships with Asian markets in Uusimaa regions.</p>	<p>Lack of human resources.</p> <p>Weak organizational structure.</p> <p>Team members don't have good Finnish skill therefore it would be misunderstanding about laws and regulations.</p> <p>Lack of experience in doing business.</p> <p>Sourcing seeds from Asia in the beginning.</p>
<p>Opportunities</p> <p>Expanding the scale of production to extend the area of sales to market chains like S, K and reach out to the locals.</p> <p>Growing more products and product lines.</p> <p>Upgrading delivery services and logistics process.</p> <p>Our vision towards organic products, becoming a sustainable company.</p> <p>Creating agricultural tourism to the locals as well as experience / education to childrens</p>	<p>Threats</p> <p>Misunderstanding laws and regulations.</p> <p>Lack of seed supply due to importing from Asian countries and Covid-19 effect.</p> <p>New competitors entering the market.</p>

Table 3. ViTiFi's SWOT analysis

Strengths

First of all, internal resources and capabilities contribute to the company's strengths. The founders' Asian background leads the company towards unique business products that are rare in the market at this moment. Competitors who have the same business in Finland are rare. In the market, such products are mostly grown only in family size in summertime. Otherwise, the products are imported that pushes up the selling prices. Therefore, the proposition offered by the case company is unique and plays as a great solution for its customers.

The founder has seen an opportunity gap in the market where not many farmers in Finland are focusing on, market for Asian consumers. Thanks to the expertise of founder team, they can offer customers consecutive domestic supply by growing products in greenhouses. This growing technique helps them be independent on the external factors like weather. Therefore, the solution offered by ViTiFi not only is much cheaper than importing but also ensures the availability of products on shelves at their finest quality.

Moreover, the company has ability to propagate that any plants can be reproduced from the parent stock. So that, ViTiFi does not depend on any third parties to source Asian seeds that may be hard to be found in Finland. As a result, the company can open its product lines easily if they find them potential to invest in.

Besides, organizational strengths are important for the competitive advantages of the company. ViTiFi has a good founder team whose knowledge background spreads from agriculture, engineering, to business. Every single employee is seen as a positive factor leading to the company's prevailing success with the professional working style. In addition, standardization and inheritance by generation have been illustrated in the staff training program. Indeed, new applicants or no experience workers who are on probation or internship are typically directed by seasoned employees or company experts who have generated competitive differences. Last but not least, the case company also has social resource which is good relationships with its clients in Uusimaa areas. This resource can bring advantages for the company when entering this new market.

Weaknesses

Beside mentioned strengths, ViTiFi has been also facing different obstacles that weaken or delay the capabilities of the company at this early stage of starting up period. These weaknesses include lack of financial support and human resources which result in delaying the progress. In general, these obstacles are common that many start-ups must meet. These may slow down the progress, however, the company can overcome the situation by going slowly to use resources in the most effectively and efficiently way.

There have been still some weaknesses in the organizational structure which should be solved in order to stay competitive in the market as well as grow in the future. To be more specific, marketing and financial department is considered as the weakest point in the whole company. First reason is the lack of human resources in those department thus it is difficult for designing and organizing crucial marketing campaigns as well as calculating running cost for the firm. With regards to market research, it seems like the organization is not absolutely paying important attention to the significant application or growth of market analysis. Clearly, the organization does not actually have its own marketing department, so the

absence of market research efforts may lead to situations that are impossible to speculate about the potential trends of the consumers, as well as difficult to come up with realistic growth strategies.

Furthermore, as the founder team members are all foreigners, they may find it hard to get along with Finnish laws and regulations, especially when they have no previous experience in doing business in Finland. So that, going slowly and consulting advices from experts are necessary for the company if they want to get ahead towards new market.

Although ViTiFi can propagate itself, this process requires large financial investment in laboratory in the beginning which is limited at this stage, the company's solution is sourcing vegetable seeds from Asia. This solution may save time and money for the company at this moment. In the long run, propagation is the better solution for case company to grow independently.

Opportunities

The vision of ViTiFi does not limit itself only at Asian consumers but target also at the locals. To make that happen, the company has to ensure its production volume and quality by expanding the scale of production. This must be a huge project for the company later on that requires in-depth customer and consumer market research and competition further than this thesis. Nevertheless, this growth opportunity is realistic and worthy of visioning.

Based on the ViTiFi's capability of propagation, growing more products and product lines should be closely considered. By focusing on different food cultures, the need gaps that are uncovered are discovered. For example, at this stage, the company is targeting at East or South East Asian food cultures. Further businesses aiming at Middle East or South Asia food cultures are great growth opportunities for the company.

Regarding logistics, the case company is not making deliveries by itself. From customers' point of view, wholesalers and retailers in Uusimaa region may arrange pick-ups; however, they would prefer delivery to self-pickup (Li 2020; Jagannath 2020). Other alternative target segments of ViTiFi, Asian wholesalers and retailers in all other regions may concern about delivery. Therefore, if the company can arrange deliveries, it would become an advantage to develop businesses.

Concerning its vision, the company has a friendly attitude towards environment. It strives to reduce waste as much as possible during the growing and packaging process. Moreover, it is motivated by the desire to grow organic products. These mindsets attribute to the sustainability of the company as well as the society.

Last but not least, ViTiFi expresses a growth opportunity towards agricultural tourism. This path does not only play as a part of marketing strategy but also contributes to the agriculture attraction through experience and education to the locals. The visitors may come to visit the greenhouses, experience the growing process as well as learn about different aspects of Asian culture through agriculture.

Threats

First threat stems from misunderstanding laws and regulations. Without researching or consulting laws and regulations before implementation, it is dangerous if some activities are undertaken but not permitted to do. This may result in, for example, penalties, activities being suspended or terminated. Yet to say, it wastes time, money, effort and the company's reputation can be affected later on.

Sourcing seeds from Asia may imply risks from external factors. Indeed, the seed exporting and importing process has been severely controlled by the custom among countries that seed is a product requiring difficult checks. Furthermore, due to the effect of pandemic, this process becomes more severe. Therefore, the vegetable seed supply had to be postponed, resulting in the delay of vegetable growing process. Thus, the company has to come up with mushroom growing first.

Last but not least, as the market is newly penetrated, more companies may see the potentials and invest in the market later. In this case, the competition can become tougher especially if existing companies who grow vegetables and mushrooms expand their product lines to Asian-familiar kinds.

4.4 Suggestions on marketing plan

4.4.1 Product

The variety of products that ViTiFi offers to the agriculture market in Finland is huge. Notably, the product types should be divided into two groups of food cultures as mentioned earlier in Figure 23. One is East and South-East Asian food culture, and another is Middle East and South Asian food culture. In East and South-East Asian food culture, people are familiar with different kinds of highly nutritious mushrooms such as king oyster mushroom, straw mushroom, enokitake, as well as some veggies like water spinach. The Middle East and the South Asian people don't usually eat mushrooms but consume a lots of vegetables kinds such as bean sprouts, methi leaves.

Furthermore, there are some vegetables kinds that both food cultures are familiar with, for example, okra, bitter melon, lemon grass, etc. Besides, although the mushrooms are not

consumed much by the Middle East and South Asians, mushrooms are international products that the locals, Finnish people are may also interested in especially in winter when the wild mushrooms in forests are no longer available.

Regarding ViTiFi's capacity for production at this early stage, the harvested amount per week approximately 150kg for mushrooms and 600kg for vegetables (Ngo 2020). These amounts are not enough yet to meet the demand of its targeted segments, Asian wholesalers and retailers in Uusimaa region. Indeed, an Asian wholesaler in Helsinki purchases about 40kg of mushrooms and 800kg of vegetables a week while another wholesaler in Helsinki purchases about 2000kg of vegetables a week (Li 2020; Jagannath 2020).

Concerning packaging, customers prefer purchasing by big cartons of 5-10kg (Li 2020; Jagannath 2020). The packaging is not a big deal for them so the company may not need to focus on. What they really concern about is quality of products. Since domestic supply reduces the time for transportation, customers would expect the products at higher quality and longer time on shelves than before. Therefore, ViTiFi should focus on the quality of products to meet the requirements of customers.

For branding, ViTiFi is going slow but steady in the market because it is still an agriculture startup company. However, the company can gain reputation by taking its advantages of the first mover in the market as "the first domestic suppliers of Asian fresh products". Therefore, ViTiFi can be flexible on its products supplied to customers based on their needs, feedbacks and create close and long-term relationship with its customers.

Furthermore, ViTiFi can take packaging as a tool for branding. As ViTiFi origins as a printing company, brand name can be printed on cartons by the company itself. Although customers may not need put products on small packages, the company can actively offer that if it wants to brand some special premium products, for example, king oyster mushroom. Besides, the king oyster mushroom is produced 100% by the company, ViTiFi can name the products and build the brand for this specific product. In the future, this may help the company to market it to the locals easier, for instance, "100% made in Finland" as the locals care about the origin of products (Jagannath 2020).

4.4.2 Price

Regarding selling prices of products, there is a hook for prices of products that customers may compare among alternatives. However, the existing products are imported, moreover, ViTiFi are the first mover who supplies products domestically. Therefore, there are spaces for companies to flexibly negotiate and adjust selling prices to customers.

The pricing strategy can be based on the hook, the existing prices that customers import from foreign countries. The selling prices are calculated as the sum of product price, transportation fees, custom fees, VAT, and expected margin profit. The margin profit is flexible adjusted depending on the quality of the products. Furthermore, the purchasing prices as well as other terms and conditions concerning transportation and custom fees are negotiated with suppliers. (Jagannath 2020.)

Considering ViTiFi's case, domestical supply may have several advantages on deducting importing costs including transportation and custom fees. Therefore, even if the prices stay the same as the prices of imported products, ViTiFi can still get profits and customers may still prefer ViTiFi's products because lead time decreases, and quality is easier to be controlled during the domestic transportation process. However, the pricing strategy is suggested to be penetration pricing that the prices are set lowered compared to other rivals. As a result, the product prices offered by ViTiFi is competitive when comparing with importers and simultaneously, keeping expected profits. To be more specific, for example, according to Li (2020), price for king oyster mushroom purchased by Asian wholesaler is about 7€/kg, thus ViTiFi may offer lower prices at 6-6,5€/kg which is a competitive price for Finnish quality.

Nevertheless, besides considering the hook prices, cost structure should also be taken into consideration so that total revenue can cover costs. Cost structure that concerns pricing of ViTiFi consists of costs of production, costs of delivery, salary and insurances for employees, accounting fees, and marketing related costs. However, there are only costs of production and costs of delivery that directly affect the selling prices of products.

Concerning costs of production, firstly, the founder has solid knowledge in growing techniques as well as culture skills that may cut costs of sourcing seeds in the future. Moreover, the engineer team of the company has abilities to build infrastructure and manufacture equipment themselves. This may help save the initial investment in case the company lacks financial supports. Furthermore, it helps reduce the pressure on pricing strategy to gain returns on investment.

Regarding delivery costs, in pandemic situation, this is a good moment for the manager and staffs to take a chance to learn more experience in growing as well as in marketing by offering better price for customer in order to be more competitive when comparing to importing from foreign countries like Holland, Vietnam, India, or African countries. To be specific, for importing, normal transportation cost is around 40€/kg but in the pandemic situation, it has been doubled at 80€/kg. This is a huge chance for ViTiFi to gain more reputation by offering fresh but fast delivery agriculture product as well as good service too.

Moreover, the delivery costs should also consider the terms and conditions included during transportation process. For example, foreign suppliers have duty for the damage of products during the transportation that help reduce the risk of long delivery time. In case of damage, the solutions can be compensation, discounts, or other methods negotiated with customers. However, to minimize the risks of transportation, the suggestions for the beginning of business concerning delivery are that customers may arrange deliveries themselves, otherwise, a third party may be responsible for transportation. So that, the delivery costs are separate from selling prices to customers. Nevertheless, in the future, ViTiFi can consider offering deliveries as well in order to add value to the products by providing an offer package including both products and services. So that, the company can expand the business and build closer relationship with customers.

4.4.3 Promotion

As the target customers of ViTiFi are Asian wholesalers and retailers in Uusimaa area, promoting methods to business customers would be different from promoting to end-customers. Thanks to the relationship of case company with some targeted shop owners, the selling process can be ensured and go steadily. Nevertheless, in case the production capacity increases when the business expands, the company should also market the products to further shops by using direct sales to shop owners or using emails, phone calls. Moreover, social relationships are also taken advantages of to reach shop owners.

To penetrate the market in the beginning, some promotion campaign should be taken into consideration that helps business customers be familiar with the purchasing process. Discounts or similar deals can be made for first orders so that two sides can understand each other better their reactions on issues concerning the procedures, quality, prices, and so on.

Moreover, together with wholesalers and retailers, ViTiFi should use some marketing methods on, for example, social media, websites to promote new products from ViTiFi. It is to attract more end-consumers to not only the ViTiFi but also for markets.

4.4.4 Place

The production location of ViTiFi is positioned in Simpele, South Karelia. Thus, delivery is faster than existing methods of purchasing from foreign countries that is a huge advantage for the company. Furthermore, there is direct marketing channel, in other words, there are no intermediaries between the company and business customers. This make distribution channel be less complicated compared to importing.

As locations of ViTiFi's targeted segments are concentrated within Uusimaa area, the distribution is arranged easily. There are some solutions for delivery as follows. First suggestion is that let markets pick up themselves from Simpele. Second one is indirect distributing through a distribution centre in Uusimaa from which different shops can come and pick-up. Thirdly, ViTiFi can offer deliveries directly to markets. Last suggestion is outsourcing to the third party to arrange distribution directly to customers. Depending on different customers' needs, flexible solutions can be offered to customers when negotiating terms and conditions.

Additionally, the inventory for preservation should only be kept within 1 week, therefore, inventory level should stay at acceptably low.

5 Conclusion

5.1 Summary of main results

In conclusion, concerning all of the research questions stated at the beginning of the thesis, all answers as well as suggestions were given to the case company, ViTiFi Oy. Thanks to the support of the founder as well as other shop owners, interviews were conducted to assist the research process of the thesis.

First of all, the target market of ViTiFi is Asian-familiar kinds of cultivated vegetables and mushrooms in Finland. In which, Asian wholesalers and retailers in Uusimaa region is the segments ViTiFi should focus on. The “Asian” can be divided into two group of food culture, East and South-East Asian culture, for example, China, Vietnam, Thai, Japan; and another group is Middle East and South Asian culture whose representatives are India, Nepal, Bangladesh.

The significant advantage of ViTiFi in these segments is domestic supply. As most of markets in these segments import fresh Asian products from other countries, ViTiFi is considered as a first mover in this market who specializes in supplying domestically Asian fresh products. The company can its unique product niche. It has discovered the unfulfilled needs by these segments for domestic supply of fresh Asian products at competitive prices.

There are some other growers inside Finland, but they offer limited product variety with limited quantity and very high purchasing prices. However, the company need to be careful if number of domestic growers increases later when the company achieve some successes from these segments. In this case, the advantages of first mover may still exist, for example, long-term relationship or reputation. However, the competition can become tougher and some shops in these segments only care about prices and quality. Therefore, suggestions on marketing plan can help the company to penetrate the market successfully.

Despite of mentioned advantages, ViTiFi should concentrate on developing its internal resources and capabilities to build a strong foundation for the company to grow in the future. To be specific, a unique skill of the company to stand out in the market is propagation and growing techniques. Furthermore, engineer team can save initial investment by self-manufacturing. Last but not least, ViTiFi should create a marketing team who specializes in dealing with the market, customers, as well as end-consumers. Finally, most important thing is to build strong organizational structure, for example, with teamwork, management control system, and so on.

Overall, human capital is the main resources that enable to company to gain competitive advantages in the market. In spite of some challenges of lacking financial resources at the beginning of the start-up business, there are still lots of potentials and opportunities in the market that are waiting to be discovered by the case company with its unique business idea.

5.2 Recommendations

Since the thesis is about market research, it focuses on the customer market research, to be specific, business-to-business market research. There is a recommendation for further research on end-consumer research. The case company may need this kind of research so that it minimizes the risks when launching new products. Besides, promotion research, marketing environment research, product research, sales research, as well as distribution research are all included in market research. At the beginning stage of the business, the customer research is initially needed, however, in the future, mentioned list of research can help the case company during the operations and further expansion of businesses.

5.3 Contribution

	Parts	Contributors
Theoretical parts	Market segmentation	Trang
	Portfolio matrix	Trang
	Porter's five forces	Phuc
	SWOT analysis	Phuc
	Marketing mix 4P	Phuc
Empirical parts	Research method and interviews	Trang
	Market segmentation	Trang
	Portfolio matrix	Trang
	Porter's five forces	Phuc
	SWOT analysis	Trang and Phuc
	Marketing mix 4P	Trang and Phuc

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Appendix 1. Themes and theme-related questions for the interviews

Theme 1: Current business

Sub-theme 1: What

- Which (Asian) fresh products or ingredients are your bestsellers or using the most?
- Would you prefer purchasing by kilogram or package or both?
- Do you care about final packaging of your product?
- How many you purchase at once?
- Are there any Asian fresh products that you want but are not available in Finland so that you must use alternatives?

Sub-theme 2: Where

- Where do you source vegetables and mushrooms?
- Would you prefer sourcing domestically or importing? Why?
- If domestically, do you source directly from farm or wholesalers?
- If importing, do you import from outside or inside EU?

Sub-theme 3: How

- How does your buying process work?
- How are the products delivered to you?

Sub-theme 4: When

- How frequent do you purchase?

Theme 2: General issues

- Who are mostly your customers?
- What method do you use to promote new products?
- Which criteria do you concern when purchasing? Why? Rate them in order. (considering quality / price / delivery / package / availability / consecutiveness / etc.)
- What do you try to avoid most when purchasing?
- Are there any problems or opportunities of current business related to purchasing that you want to make changes to?
- How do you calculate the final selling price?

Theme 3: ViTiFi's proposition: If Asian-familiar kinds of mushrooms and vegetables are able to be grown in Finland with consecutive supply,

- Which kinds of mushrooms and vegetables would you prefer to add to your product or ingredient lists?
- How frequent do you purchase? Quantity?
- Why do you prefer ViTiFi's offer?
- How much do you concern about quality of products (appearance, taste)? Would you prefer premium products or normal products or both?

Appendix 2. Interview questions for the founder of case company ViTiFi

Theme 1: Strengths and weaknesses

- What strengths do your company have?
- What makes your offer to the market unique from other suppliers?
- Does your company have any obstacles or problems at this early stage of start-up?
- Does the company have any resources that weakens your capabilities to satisfy customers?

Theme 2: Opportunities and threats

- What is the company's vision?
- How do you think about growth opportunities in the market?
- How would the company expand its business in the future?
- Are there any threats that prevent you from doing your mission?

Theme 3: Segment attractiveness

- What are criteria of segment that are attractive to your company?

Theme 4: Current situation of company

- Which stage of business the company is in?
- How many outputs approximately the company plan to provide per week?
- How would you expect about pricing and profit strategies?
- How is your company's cost structure?
- Who are mostly your suppliers?
- What kind of relationship between you and your customers do you wish?

Appendix 3. Micro-segments

Micro-segments' key discriminating features (KDFs), profiling characteristics and quantity sizing.

Feature category	Group	Specification	VS1	VS2	VS3	VO1	VO2	VO3	VO1	VO2	VO3	NS1	NS2	NS3	NU1	NU2	NU3	NO1	NO2	NO3
Profiling characteristics	WHAT	Packaging	by kg/carton	***	*	***	***	*	***	*	***	***	*	***	***	*	***	***	*	***
		In package		**	***		*	***	*	***	*	***	*	***	*	***	*	***	*	***
		Premium		**	***	*	**	***	*	***	*	***	*	***	*	***	*	***	*	***
		Quality	Normal	***	**	***	***	**	***	**	***	***	**	***	**	***	**	***	**	***
		Product type	Local-and-Asian-familiar kinds	*	*	***	*	*	***	*	***	*	*	***	*	***	*	***	*	***
			Middle-east/Southern Asia kinds	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
			(South)Eastern Asia kinds	***	***	**	***	***	**	***	***	**	*	*	*	*	*	*	*	*
		Importer	Within EU	*			***	**	*	*	*	*	*	*	*	*	*	*	*	*
			Outside EU				*			*			*			***			*	
		Domestical supply	Direct from farm	**	*	*	**	*		**	*	*	**	*	*	*	*	*	**	*
Sizing	HOW	Delivery	Wholesalers	***	***	***	*	***	***	***	***	***	***	***	*	***	***	***	***	***
		Self-pickup		*	**	***	*	**	***	*	**	*	**	***	*	**	***	*	**	***
	WHEN	Availability	Consecutiveness	*	*	***	*	*	***	*	*	*	*	*	*	*	*	*	*	*
		Frequency	once a week	***	**		***	**	***	**	***	**	***	**	***	**	***	**	***	**
			twice a week		**		***	*		**		***	**		***	**		***	**	
		Type of company	Wholesalers	***			***					***						***		
		Retailers		+	***		+	***		+	***		+	***		+	***		+	
		Food service activities				***			***			***			***			***		
		Geographic	Uusimaa				***	***	***				***			***	***	***		
			200km around Simpele	***	***	***							***	***	***					
		Others							***	***	***				***	***	***			
	Culture	(South)Eastern Asia	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	
		Middle-east/Southern Asia	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
		Local	+	+	++	++	++	++	+	+	++	+	+	++	+	+	++	+	+	

Micro-segments with decisive buying criteria (DBC) and initial grouping of micro-segments by colors.

KDF related	Decisive Buying Criteria (DBC) rated 0-10	VS1		VS2		VS3		VU1		VU2		VU3		VO1		VO2		VO3		NS1		NS2		NS3		NU1		NU2		NU3		NO1		NO2		NO3	
		VS1	VS2	VS3	VU1	VU2	VU3	VO1	VO2	VO3	NS1	NS2	NS3	NU1	NU2	NU3	NO1	NO2	NO3																		
Packaging and Quality	Good appearance and quality	6	9	3	8	9	3	7	9	3	6	9	3	8	9	3	7	9	3	6	9	3	7	9	3	8	9	3	7	9	3	8	9	3			
Importer	Reduce importing costs	2			10	6		4	2		2		10	6		4	2			4	2				4	2											
Domestic supply, delivery, and frequency	Reduce inventory storage and lead time	5	7	10	5	7	10	5	7	10	5	7	10	5	7	10	5	7	10	5	7	10	5	7	10	5	7	10	5	7	10	5	7	10	5		
Product type	Attracting to East and South-east Asian customers	8	10	5	9	10	6	8	10	6	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3			
Product type	Attracting to Middle east and South Asian customers	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3			
Product type	Attracting to the locals	4	4	8	4	4	8	4	4	8	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4			
Consecutive availability	Having products on shelf / menu continuously	4	4	9	4	4	9	4	4	9	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4			
	Price	7	8	7	9	8	7	9	8	7	9	8	7	9	8	7	9	8	7	9	8	7	9	8	7	9	8	7	9	8	7	9	8	7			
Total of highlighted DBC		30	38	39	41	40	40	33	38	40	32	38	39	41	40	40	33	38	39	41	40	40	33	38	39	41	40	40	33	38	39	41	40	40			

Micro-segments grouping into segments with DBC rescoring of micro-segments.

Segment 1	VS1	VS2	VO1	VO2	Segment 2	VS3	VU3	VO3	Segment 3	VU1	VU2
Attracting to East and South-east Asian customers	27	26	24	26	Reduce inventory storage and lead time	26	25	25	Attracting to East and South-east Asian customers	22	25
Good appearance and quality	20	24	21	24	Having products on shelf / menu continuously	23	23	23	Good appearance and quality	20	23
Price	23	21	27	21	Attracting to the locals	21	20	20	Reduce importing costs	24	15
Reduce inventory storage and	17	18	15	18	Price	18	18	18	Price	22	20
Having products on shelf / menu continuously	13	11	13	11	Attracting to East and South-east Asian customers	13	15	15	Reduce inventory storage and lead time	12	18
Segment 4	NS1	NS2	NO1	NO2	Segment 5	NS3	NU3	NO3	Segment 6	NU1	NU2
Price	28	21	27	21	Reduce inventory storage and lead time	26	25	25	Attracting to Middle east and South Asian customers	22	25
Attracting to Middle east and South Asian customers	25	26	24	26	Having products on shelf / menu continuously	23	23	23	Reduce importing costs	24	15
Good appearance and quality	19	24	21	24	Attracting to the locals	21	20	20	Good appearance and quality	20	23
Reduce inventory storage and lead time	16	18	15	18	Price	18	18	18	Price	22	20
Having products on shelf / menu continuously	13	11	12	11	Attracting to Middle east and South Asian customers	13	15	15	Reduce inventory storage and lead time	12	18

Appendix 4. Market segments

Calculation of averaged DBC scores for market segments.

	Micro-segment	Size (mkg/year)	DBC score x weight	Micro-segment	Size (mkg/year)	DBC score x weight	Micro-segment	Size (mkg/year)	DBC score x weight	Micro-segment	Size (mkg/year)	DBC score x weight	Segment 1
	VS1	0,128		VS2	0,024		VO1	0,49		VO2	0,09		Size: 0,732
	Weight - 17,5%			Weight - 3,3%			Weight - 66,9%			Weight - 12,3%			100 %
	DBC score	Weight	(a) x (b)	DBC score	Weight	(c) x (d)	DBC score	Weight	(e) x (f)	DBC score	Weight	(g) x (h)	DBC score
Market DBC	(a)	(b)	(i)	(c)	(d)	(j)	(e)	(f)	(k)	(g)	(h)	(l)	(i) + (j) + (k) + (l)
Attracting to East and South-east Asian customers	27	17,5 %	4,7	26	3,3 %	0,9	24	66,9 %	16,1	26	12,3 %	3,2	25
Good appearance and quality	20	17,5 %	3,5	24	3,3 %	0,8	21	66,9 %	14,0	24	12,3 %	3,0	21
Price	23	17,5 %	4,0	21	3,3 %	0,7	27	66,9 %	18,1	21	12,3 %	2,6	25
Reduce inventory storage and lead time	17	17,5 %	3,0	18	3,3 %	0,6	15	66,9 %	10,0	18	12,3 %	2,2	16
Having products on shelf / menu continuously	13	17,5 %	2,3	11	3,3 %	0,4	13	66,9 %	8,7	11	12,3 %	1,4	13
Total	100		17,5	100		3,3	100		66,9	100		12,3	100

	Micro-segment	Size (mkg/year)	DBC score x weight	Micro-segment	Size (mkg/year)	DBC score x weight	Micro-segment	Size (mkg/year)	DBC score x weight	Segment 2
	VS3	0,008		VU3	0,04		VO3	0,03		Size: 0,078
	Weight - 10,3%			Weight - 51,3%			Weight - 38,4%			100 %
	DBC score	Weight	(a) x (b)	DBC score	Weight	(c) x (d)	DBC score	Weight	(e) x (f)	DBC score
Market DBC	(a)	(b)	(i)	(c)	(d)	(j)	(e)	(f)	(k)	(i) + (j) + (k)
Reduce inventory storage and lead time	26	10,3 %	2,7	25	51,3 %	12,8	25	38,4 %	9,6	25
Having products on shelf / menu continuously	23	10,3 %	2,4	23	51,3 %	11,8	23	38,4 %	8,8	23
Attracting to the locals	21	10,3 %	2,2	21	51,3 %	10,8	20	38,4 %	7,7	21
Price	18	10,3 %	1,9	18	51,3 %	9,2	18	38,4 %	6,9	18
Attracting to East and South-east Asian customers	13	10,3 %	1,3	13	51,3 %	6,7	15	38,4 %	5,8	14
Total	101		10,3	100		51,3	100		38,4	100

	Micro-segment	Size (mkg/year)	DBC score x weight	Micro-segment	Size (mkg/year)	DBC score x weight	Segment 3
	VU1	0,7		VU2	0,13		Size: 0,83
	Weight - 84,3%			Weight - 15,7%			100 %
	DBC score	Weight	(a) x (b)	DBC score	Weight	(c) x (d)	DBC score
Market DBC	(a)	(b)	(i)	(c)	(d)	(j)	(i) + (j)
Attracting to East and South-east Asian customers	22	84,3 %	18,5	25	15,7 %	3,9	22
Good appearance and quality	20	84,3 %	16,9	23	15,7 %	3,6	20
Reduce importing costs	24	84,3 %	20,2	15	15,7 %	2,4	23
Price	22	84,3 %	18,5	20	15,7 %	3,1	22
Reduce inventory storage and lead time	12	84,3 %	10,1	18	15,7 %	2,8	13

	Micro-segment	Size (mkg/year)	DBC score x weight	Micro-segment	Size (mkg/year)	DBC score x weight	Micro-segment	Size (mkg/year)	DBC score x weight	Micro-segment	Size (mkg/year)	DBC score x weight	Segment 4
	NS1	0,128		NS2	0,024		NO1	0,49		NO2	0,09		Size: 0,732
	Weight - 17,5%			Weight - 3,3%			Weight - 66,9%			Weight - 12,3%			100 %
	DBC score	Weight	(a) x (b)	DBC score	Weight	(c) x (d)	DBC score	Weight	(e) x (f)	DBC score	Weight	(g) x (h)	DBC score
Market DBC	(a)	(b)	(i)	(c)	(d)	(j)	(e)	(f)	(k)	(g)	(h)	(l)	(i) + (j) + (k) + (l)
Price	28	17,5 %	4,9	21	3,3 %	0,7	27	66,9 %	18,1	21	12,3 %	2,6	26
Attracting to Middle east and South Asian customers	25	17,5 %	4,4	26	3,3 %	0,9	24	66,9 %	16,1	26	12,3 %	3,2	24
Good appearance and quality	19	17,5 %	3,3	24	3,3 %	0,8	21	66,9 %	14,0	24	12,3 %	3,0	21
Reduce inventory storage and lead time	16	17,5 %	2,8	18	3,3 %	0,6	15	66,9 %	10,0	18	12,3 %	2,2	16
Having products on shelf / menu continuously	13	17,5 %	2,3	11	3,3 %	0,4	12	66,9 %	8,0	11	12,3 %	1,4	12
Total	100		17,5	100		3,3	100		66,9	100		12,3	100

	Micro-segment	Size (mkg/year)	DBC score x weight	Micro-segment	Size (mkg/year)	DBC score x weight	Micro-segment	Size (mkg/year)	DBC score x weight	Segment 5
	NS3	0,008		NU3	0,04		NO3	0,03		Size: 0,078
	Weight - 10,3%			Weight - 51,3%			Weight - 38,4%			100 %
	DBC score	Weight	(a) x (b)	DBC score	Weight	(c) x (d)	DBC score	Weight	(e) x (f)	DBC score
Market DBC	(a)	(b)	(i)	(c)	(d)	(j)	(e)	(f)	(k)	(i) + (j) + (k)
Reduce inventory storage and lead time	26	10,3 %	2,7	25	51,3 %	12,8	25	38,4 %	9,6	25
Having products on shelf / menu continuously	23	10,3 %	2,4	23	51,3 %	11,8	23	38,4 %	8,8	23
Attracting to the locals	21	10,3 %	2,2	21	51,3 %	10,8	20	38,4 %	7,7	21
Price	18	10,3 %	1,9	18	51,3 %	9,2	18	38,4 %	6,9	18
Attracting to Middle east and South Asian customers	13	10,3 %	1,3	13	51,3 %	6,7	15	38,4 %	5,8	14
Total	101		10,3	100		51,3	100		38,4	100

	Micro-segment	Size (mkg/year)	DBC score x weight	Micro-segment	Size (mkg/year)	DBC score x weight	Segment 6
	NU1	0,7		NU2	0,13		Size: 0,83
	Weight - 84,3%			Weight - 15,7%			100 %
	DBC score	Weight	(a) x (b)	DBC score	Weight	(c) x (d)	DBC score
Market DBC	(a)	(b)	(i)	(c)	(d)	(j)	(i) + (j)
Attracting to Middle east and South Asian customers	22	84,3 %	18,5	25	15,7 %	3,9	22
Reduce importing costs	20	84,3 %	16,9	23	15,7 %	3,6	20
Good appearance and quality	24	84,3 %	20,2	15	15,7 %	2,4	23
Price	22	84,3 %	18,5	20	15,7 %	3,1	22
Reduce inventory storage and lead time	12	84,3 %	10,1	18	15,7 %	2,8	13
Total	100		84,3	100		15,7	100

Appendix 5. Portfolio matrix's components

Segment attractiveness to case company.

Segment attractiveness factors	Weight	Parameters			Segment 1		Segment 2		Segment 3		Segment 4		Segment 5		Segment 6	
		High 10-7	Medium 6-4	Low 3-0	Score	Total	Score	Total	Score	Total	Score	Total	Score	Total	Score	Total
Volume per purchase	30	Large	Medium	Small	6	1,8	2	0,6	9	2,7	6	1,8	3	0,9	10	3
Concentration of geographic coverage to distribute	25	High	Medium	Low	4	1	2	0,5	10	2,5	4	1	2	0,5	10	2,5
Size (mkg/year)	20	>0,8	0,3-0,8	<0,3	6	1,2	1	0,2	9	1,8	6	1,2	2	0,4	9	1,8
Include activities required human resources	15	Little	Medium	Many	5	0,75	2	0,3	8	1,2	5	0,75	2	0,3	8	1,2
Competition	10	Very low	Low	Medium	6	0,6	3	0,3	8	0,8	6	0,6	7	0,7	8	0,8
Total	100					5,35		1,9		9		5,35		2,8		9,3

Company competitiveness and critical success factors (CSFs)

Segment 3 and Segment 6		ViTiFi		EU importers		Non-EU importers		Other domestic growers if any	
DBC & CSF	Weight	Score	Total	Score	Total	Score	Total	Score	Total
1. Delivery	35	10	3,5	6	2,1	4	1,4	9	3,15
2. Quality	25	9	2,25	6	1,5	5	1,25	7	1,75
3. Product variety	20	4	0,8	7	1,4	9	1,8	1	0,2
4. Purchasing price	10	7	0,7	7	0,7	7	0,7	5	0,5
5. Continuous availability	10	7	0,7	5	0,5	7	0,7	5	0,5
Total	100		7,95		6,2		5,85		6,1
<i>Relative competitiveness</i>			<i>1,28</i>						
Segment 1 and segment 4		ViTiFi		EU importers		Domestic wholesalers		Other domestic growers if any	
DBC & CSF	Weight	Score	Total	Score	Total	Score	Total	Score	Total
1. Quality	25	9	2,25	6	1,5	6	1,5	8	2
2. Purchasing price	25	7	1,75	7	1,75	6	1,5	5	1,25
3. Product variety	20	4	0,8	7	1,4	7	1,4	1	0,2
4. Delivery	15	7	1,05	5	0,75	10	1,5	7	1,05
5. Continuous availability	15	7	1,05	5	0,75	5	0,75	5	0,75
Total	100		6,9		6,15		6,65		5,25
<i>Relative competitiveness</i>			<i>1,04</i>						
Segment 2 and segment 5		ViTiFi		Domestic wholesalers		Other domestic growers if any			
DBC & CSF	Weight	Score	Total	Score	Total	Score	Total		
1. Continuous availability	30	7	2,1	6	1,8	7	2,1		
4. Asian-and-local familiar products	25	5	1,25	7	1,75	5	1,25		
3. Price	20	6	1,2	7	1,4	5	1		
4. Small quantity per purchase	15	4	0,6	10	1,5	3	0,45		
5. Ready-made products	10	1	0,1	10	1	1	0,1		
Total	100		5,25		7,45		4,9		
<i>Relative competitiveness</i>			<i>0,70</i>						