

# **Entering the Finnish Market 2021**

**Case company: Uniqlo**

## Abstract

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<p>Abstract</p> <p>Since making a big hit in Japan, Uniqlo, a famous global brand, has become more and more popular worldwide. Realizing Finland is an untapped market for Uniqlo's products, the authors research to figure out the potentialities and barriers of this market. From that, set up an appropriate entry strategy for Uniqlo to join in.</p> <p>The authors apply both quantitative and qualitative in the study. An online list of questions is conducted on social media channels to a large-scale consumer survey. In addition, the authors apply the qualitative technique by interviewing face-to-face customers and professors related to the industry.</p> <p>The study shows the background of the case brand and deep research about the Finnish market by applying the PESTEL and SWOT tools. In addition, the authors also study consumer behavior through data collection and analysis. The competitive advantage is discussed to determine the strengths and limitations of the brand compared to local competitors. Finally, there is an appropriate entry strategy suggested according to the Entry mode theory and data analysis.</p> <p>The result of the study is that Finland is a potential for Uniqlo when consumers tend to accept international brands. Otherwise, there are difficulties Uniqlo must face when opening a physical store during the Covid-19 pandemic. Consumer behavior has changed since the pandemic broke out. Therefore, the case company should join the market by an online base platform at the beginning. Conducting market research and analysis after the pandemic for making further market development strategies is suggested.</p>		
<p>Keywords</p> <p>Finnish Market, Consumer behaviour, Entry strategy</p>		

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# 1 Introduction

## 1.1 Research background

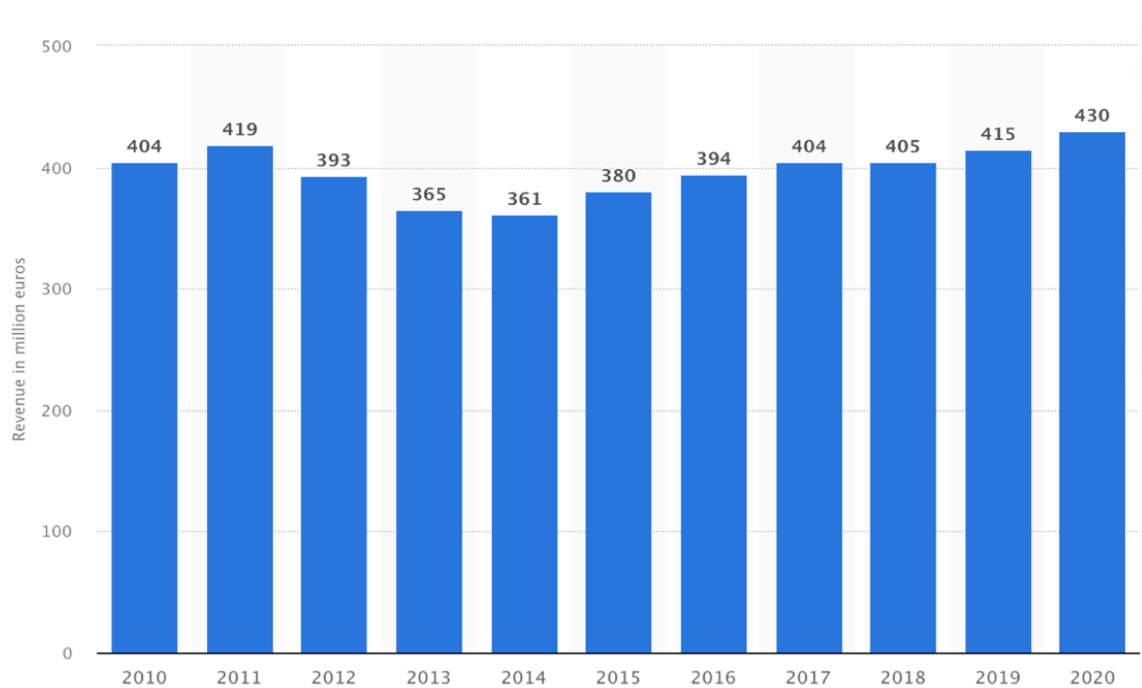


Figure 1. Annual revenue of textile industry in Finland from 2010 to 2020 (in million euros) (Clausnitzer 2021.)

In 2020, the income of the fashion business in Finland was around 430 million euros, an expansion of five per cent from the earlier year. Beginning in 2011, the yearly income of the fashion business diminished until 2014. From that point, the income figures started to rise again, outperforming the 2011's level in 2020.

However, the revenue is not only from local fashion brands but also contributed by international brands. According to the Finnish Council of Shopping Centres (2020), worldwide textile retailers in Finland have consistently developed in recent years. Many sizeable global fashion companies include H&M, Zara, New Yorker, Mango, etc. However, the portion of worldwide retailers in Finland is still lower contrasted with the remainder of Europe, and there is extraordinary potential for new retailers to enter the generally untapped market.

	2017	2016	Annual Change (%) Vuosimuutos
<b>Total number of shopping centers</b> Lukumäärä	101	99	2,0 %
<b>Sales (M€)</b> Myynti (M€)	6 358	6 086	4,5 %
<b>Comparable sales, 2016–2017 (M€)</b> Vertailukelpoinen myynti, 2016–2017 (M€)	4 402	4 323	1,8 %
<b>Visitors (M)</b> Kävijämäärä (M)	401	387	3,6 %
<b>Leasable retail area (M sq m)</b> Liikeala (M m <sup>2</sup> )	2,15	2,08	3,5 %
<b>Sales / Visitors (€ / visitor)</b> Myynti / kävijä (€ / kävijä)	15,86	15,72	0,9 %
<b>Sales / Leasable retail area (€ / sq m)</b> Myynti / m <sup>2</sup> (€ / m <sup>2</sup> )	2 956	2 930	0,9 %
<b>Total retail sales (bn €) **</b> Vähittäiskaupan myynti (mrd. €) **	38,77	38,01	2,0 %
<b>Market share Shopping Centers *</b> Kauppakeskusten markkinaosuus *	16,40 %	16,01 %	2,4 %

\* Service sales included  
\*\* Sectors that are not in Shopping Centers included

Figure 2. Shopping Center Market Statistic of Finland in 2016 and 2017 (Finnish Council of Shopping Centres 2020.)

According to the chart, in 2017, 401 million consumers were shopping at malls even though online shopping is on the rise. It proves that people in Finland still prefer shopping in commercial centres. It is the reason why the authors decided to choose Uniqlo as their case company for the research. In recent years, Uniqlo has had a certain number of customers from Finland shopping through the website. Therefore, opening stores in the Finnish market will be an advantage for Uniqlo to develop because it meets the shopping habits of Finns.

Moreover, in summer 2021, UNIQLO and Marimekko (a famous Finnish brand) has announced a new limited-edition capsule collection. (Marimekko 2021.) Due to the cooperation, Uniqlo had been in the Finnish market. Therefore, entering the Finnish market can support Uniqlo in increasing brand recognition and sales.

The points discussed above are why the author is interested in studying the chosen topic through theory and practice. There is a great scope for Uniqlo to expand its operation in Finland. It is the opportunity for the authors to apply what they have learned from Lahti University of Applied Sciences for improving their skills. The authors have decided to learn deeper about bringing Uniqlo, an international brand, into the Finnish market. Otherwise, due to the Covid-19 pandemic, consumer behavior has been changed dramatically.

Therefore, the authors also conduct research to learn about the changes in consumer behavior affected by the pandemic. As a result, it can help figure out appropriate strategies for the case company when joining the Finnish market during this pandemic.

## 1.2 Objectives, Research questions, and Limitations

### 1.2.1 Objectives and Research questions

The goal of this thesis is to figure out the potentialities and barriers Uniqlo must face when entering the Finnish market. In addition, suggesting the most appropriate entry strategy Uniqlo should apply for this entry. According to the aim of the thesis, the authors designed two main research questions as below:

*What are the potentialities and barriers of the Finnish market?*

*Which entry strategy should Uniqlo apply to enter Finnish market?*

### 1.2.2 Limitations

In this study, limitations of the research scope must be mentioned, such as geography, research timeline, data sources, research objectives and scale.

Firstly, this study will be conducted in the socio-economic context of the Helsinki metropolitan area in 2021. Due to the pandemic situation, the authors do not research other regions. Therefore, the research analysis, conclusions and recommendations given by the authors in this thesis are only applicable to the capital area of Finland in 2021.

Secondly, the research objectives and scale are specific and consistent. The authors mainly concentrate on defining the potentialities and barriers in the Finnish market and then suggest the appropriate entry strategy for Uniqlo. Thus, other aspects will be left out of this study.

Finally, due to data sources' limitations, including the company's privacy policy and research network, this thesis mainly relies on the empirical data collected from market surveys and interviews. In addition, the secondary data from reliable sources are also cited selectively in supporting the theoretical framework.

## 1.3 Theoretical framework

The key theories are used in this report to lead the reader to how to help a new brand enter a new market. To set up the most appropriate entry strategy, it should have the company's current situation and competitive advantages. Hence, the background of the



case company is deeply analysed in the first part of the study. Researching the company is not enough for entering a new market. After learning about the case company, the next step is to conduct the Finnish market, consumer behavior research by PESTEL, SWOT analysis, and an online survey. As a result, the authors can determine the potentialities and barriers the brand must face when entering the Finnish market. In the last part, the authors will assess the compatibility of entry strategies and other factors affecting choosing the most appropriate strategy that should be applied for this case study. The picture below shows how the authors apply the main theories for achieving the goals of this study.

### How the theories are applied?

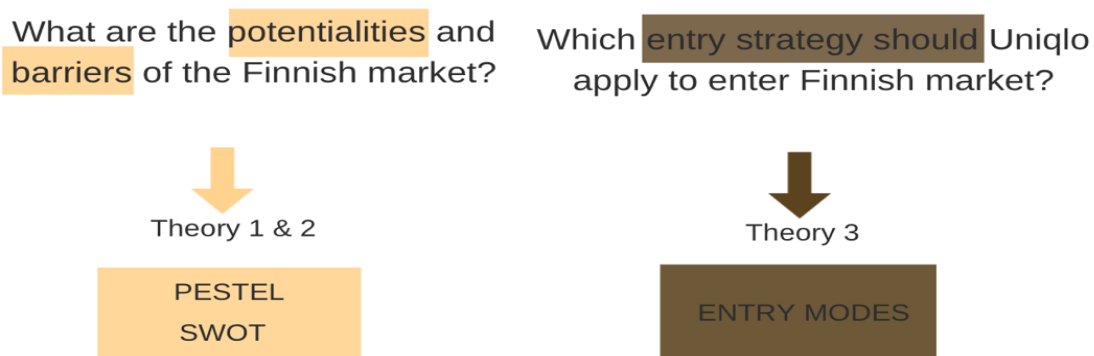


Figure 3. The way theories are applied

#### 1.4 Research Methodology and Data Collection

Based on the aim of the study, to figure out the potentiality of Uniqlo's entry into the Finnish market, the combination of primary and secondary data is applied.

In this study, secondary data sources are cited to support the authors in building a theoretical framework for the research and having more references for the reality and objectivity of the article.

In the primary empirical data, both quantitative and qualitative methods are applied. The quantitative method with the market survey is conducted to understand consumer behavior in the Finnish market. As a result, the authors continue to making the analysis of the potentialities and barriers in the Finnish market. Moreover, the goal of the interviews in the qualitative method is to define the appropriate entry strategy for the case company.

In the research plan, the authors collect data as below details:

**Qualitative Data Collection:** The authors plan to ask some experts in the international business field to participate in an interview session to share their views.

Quantitative Data Collection: The authors survey to understand the fashion consumers' expectations and demand to collect and analyse data from 200 fashion customers in Finland.

## 1.5 Thesis Structure

In this part, the authors present the structure of the thesis. Each chapter of the report will play a vital role in contributing to finding answers to research questions as well as solving problems to achieve the set goals. The branches are inseparably connected. The content will be arranged in the most logical way for the reader to quickly grasp during the reading process. In chapter 1, the authors state the research background, objectives, research questions, and limitations of the study. In addition, the case company is mentioned in this chapter. From chapter 2, the readers will better understand the case company. In this part, the authors present the case company background and that brand's products. In the following chapters, the theories are also applied to the case company for resolving the main goals and figuring out the answers to research questions. The implementation of data collection and analysis are combined in those chapters to support the thesis. In the last chapter, the authors conclude the main ideas with answers to research questions. Furthermore, there are suggestions for another analysis related to the case company in the future.

## 2 Company background

### 2.1 Overview of the company

Uniqlo was first founded in Yamaguchi, Japan in 1984 as an apparel manufacturer, owned by Fast Retailing Co., Ltd. From the opening of the first store in Japan, today Uniqlo has expanded its market and brand value beyond the borders of Japan with the large store operation around the world. Thanks to the breakthrough development directions by focusing on R&D and integration of advanced technology in textile products, Uniqlo is known today as a global fashion brand with the rapid growth and development every year. High-quality products and functional fabric materials at remarkably reasonable prices is the key factor help Uniqlo's product lines increasingly being accepted by the public, which creates a huge annual revenue stream for the owner company, Fast Retailing Co., Ltd. (Fast Retailing 2021a.)

Criteria	Facts (FY2021)
Annual Revenue	1.77 trillion Japanese Yen
Stores	2,312
Countries	25
Main products	Casual and functional clothings

Table 1. Uniqlo's basic profile (Fast Retailing 2021a.)

About the owner company, Fast Retailing Co., Ltd is one of the leading Japanese corporations operating in the apparel manufacturing and retailing industry. In addition to Uniqlo, Fast Retailing Co., Ltd, currently run by Tadashi Yanai, also owns GU and Theory, two other famous fashion brands in Japan. With the philosophy, keeping developing simple products but bringing more benefits to life, this corporation has contributed to changing the fashion and apparel industry towards sustainable development and textile technology improvement revolution in the world. Figure 4. was extracted by the authors from Fast Retailing's annual revenue report for recent years (from 2018 to 2020 and estimated for 2021) to describe its rapid growth.

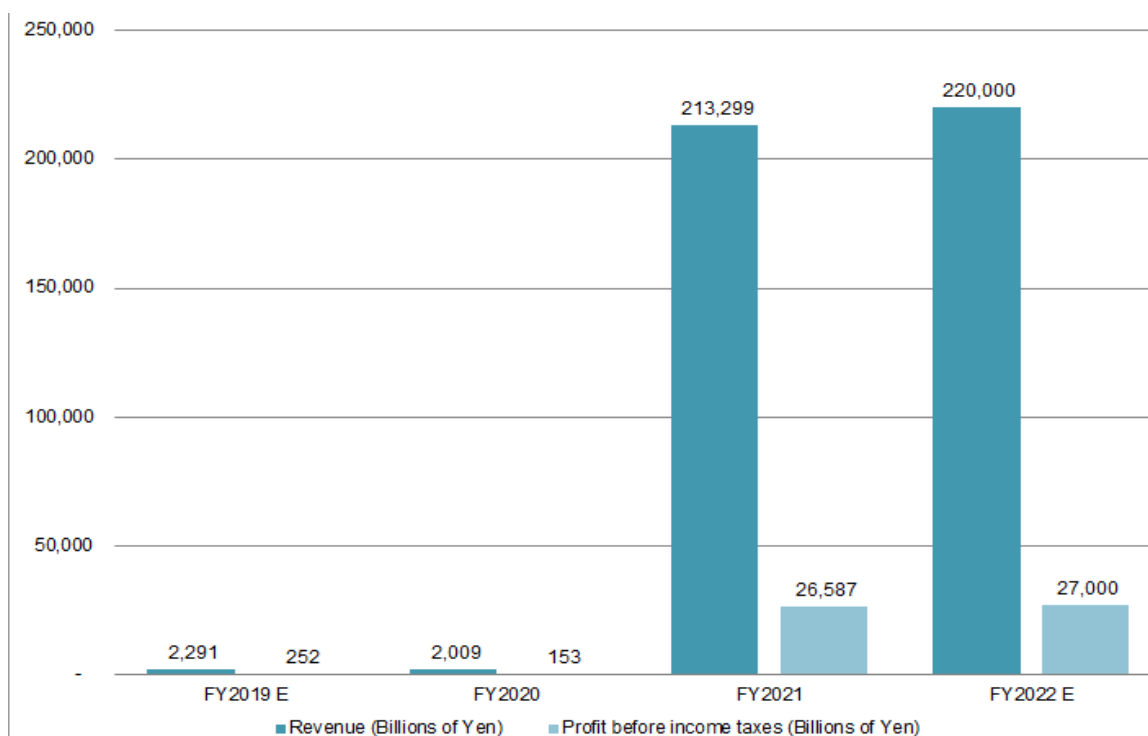


Figure 4. Fast Retailing's annual revenues 2018-2021 (Fast Retailing 2021a.)

## 2.2 Mission and vision

The company's mission statement defines what a company is. It should be a sentence that describes the company's functions and markets. Uniqlo has adapted to a new mission statement: "Unlocking the Power of Clothing." This mission has driven Uniqlo's growth towards sustainability and making the world becomes better. Uniqlo is committing to selecting the best materials for functional and high-quality products but still cares about the environment. Uniqlo wants to be a long-term companion for all customers and stakeholders by working with them towards better earth where we are living. (Uniqlo 2021a.)

Uniqlo's vision statement is: "To become the number 1 clothes retailer in the world." To achieve the goal, Uniqlo establishes steps based on the following factors: Leading retail apparel brand, commitment to customers, affordable clothes, and innovative ideas. (Mission-statement 2021.)

## 2.3 Products and services

The development of Uniqlo's products and services targets the core needs of consumers' demand, so they mainly focus on enhancing products and services functions by technological integration. A team of skilled workers in the garment industry was established to research and develop materials, clothing designs. They focus on developing functional textiles and minimizing the use of unnecessary materials. Technology is one of the key

factors that Uniqlo applies to develop its wide digital sales platform and distribution system around the world. In addition, Uniqlo is continuously seeking and cooperating with long-term strategic partners to take advantage of low-cost production in many developing countries. These have contributed to creating products and services with not only quality but also competitive prices. Figure 5. shows this model. (Fast Retailing 2021b.)

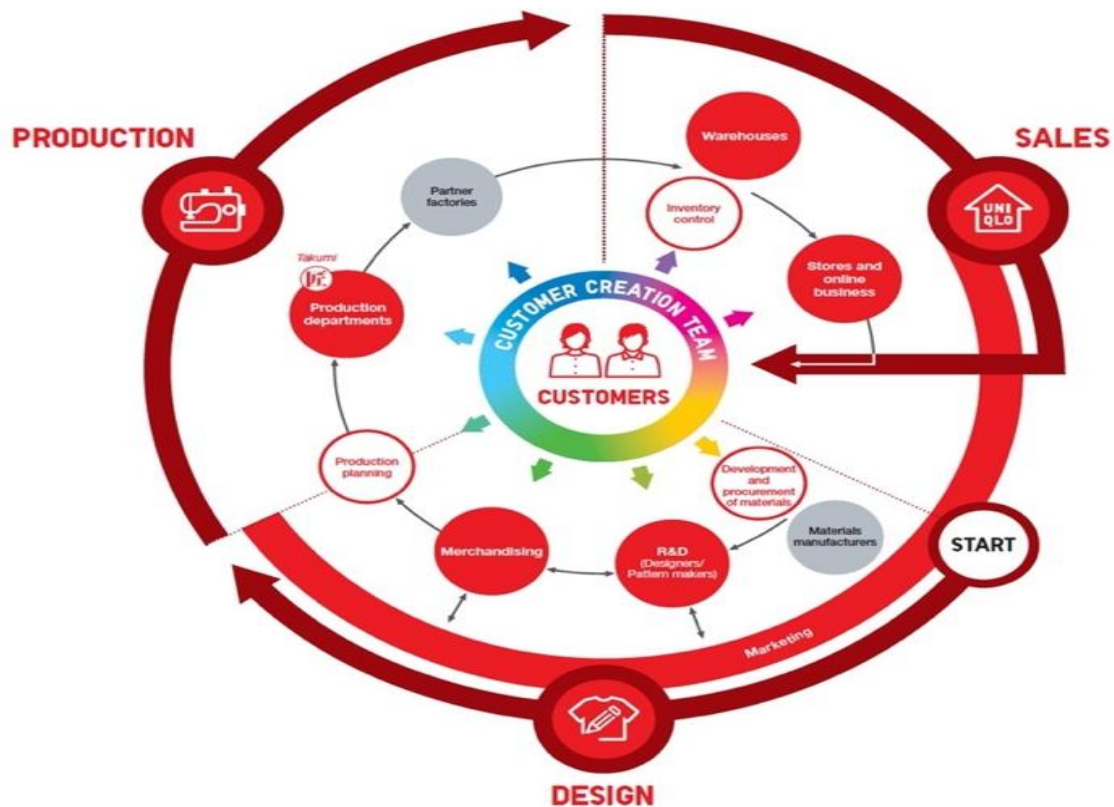


Figure 5. Uniqlo's business model (Fast Retailing 2021b.)

Uniqlo core products are designed and functionally optimized to suit the weather characteristics of the seasons of the year such as Heattech, Ultra-Light Down, AIRism, and Bra tops. These core products are continuously improved in technology and widely promoted to consumers through media campaigns each season in the year. (Fast Retailing 2021b.)

Below are some images of Uniqlo core products currently.



Figure 6. HEATTECH collection from Uniqlo (Uniqlo 2021b.)



Figure 7. Ultra-Light products from Uniqlo (Uniqlo 2021c.)



Figure 8. AIRism products from Uniqlo (Uniqlo 2021d.)

**AIRism**  
comfort unlimited

**BRA TOP**

ABSORBENT AND PERMEABLE	HEAT RELEASE
TEXTURE	SOFT TEXTURE
DRY	COOL TO THE TOUCH
STRETCH	ODOR CONTROL

**BRATOP**

- Enhanced side cups support the bust firmly for a beautiful silhouette.
- Molded cups ensure a natural fit and shape to the bustline.

※Easy to wear; simply step into the garment and pull up.

Figure 9. Outstanding features of bra top products from Uniqlo (Uniqlo 2021e)



### 3 Potentialities and barriers of Finnish market

#### 3.1 PESTEL theoretical framework

PESTEL is an analysis method created in 1967 by Francis J. Aguilar, a famous management professor at Harvard University. Various organizations use it to analyze and evaluate the intricacy and alterations of external factors. (Marmol et al. 2015, 5.). By capturing the panoramic view of the macro-environment surrounding the operation, this tool contributes to defining the optimal development orientation aiming to improve the capacity of the enterprise in the industry.

According to Perera (2017), PESTEL is an effective model that organizations usually apply to examine the potential opportunities and threats as well as prepare the appropriate strategies for the impacts of external factors on their operation. Oxford College of Marketing (2016), states that influence levels caused by factors in the business environment are unstable. This change can create new opportunities or threats to a business. Thus, the PESTEL analysis ought to be conducted at regular intervals since outside factors are consistently evolving.

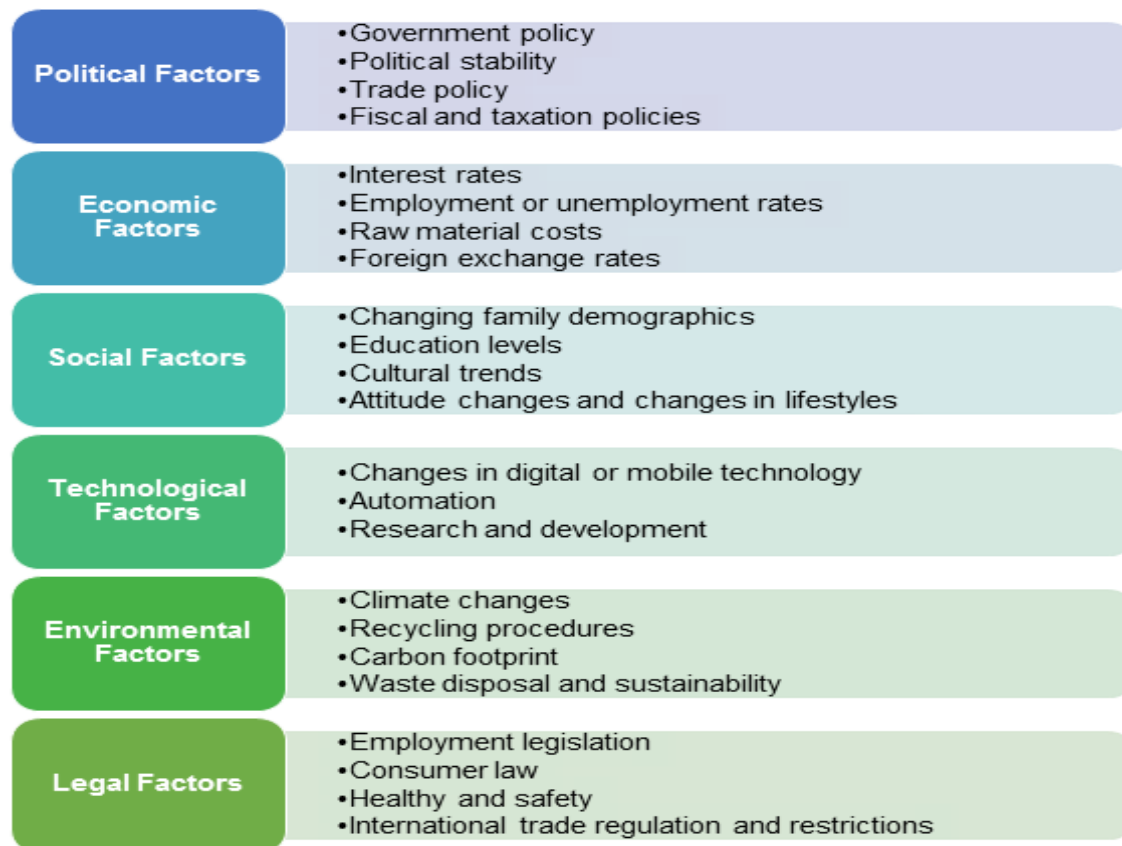


Figure 10. PESTEL analysis (Oxford College of Marketing 2016.)



### 3.1.1 Political Factors

Political factors affecting business relate to law, representatives of government agencies, and other pressure groups. To ensure the construction and maintenance of a healthy and fair business environment for all businesses operating, the provisions in legal documents and legal corridors are established and updated regularly in most countries around the world. (Kotler & Armstrong 2012.) Therefore, the analysis of political factors is critical that organizations should conduct before determining their business establishment or expansion in the country so that businesses can be aware of the impact of the potential political consequences and have a good preparation for these circumstances.

### 3.1.2 Economic factors

Businesses need to invest in the analysis of economic factors and government intervention in the economy both in the short and long term. One factor could be the state of the economy that any economy has cycles in which businesses must flexibly make different investment decisions to adapt to the cyclical changes in the industry. According to Kotler & Armstrong (2012), influence factors in the economic environment have significant effects on consumer buying power and spending behaviour.

In addition, economic factors include two groups of internal and external factors. Internal factors can be mentioned such as internal financial capacity, profitability, and accounting structure of the organization. While External factors come from changes in the country's fiscal and tax policies. Some external economic factors are controlled by the government to monitor business activities in the market. (Marmol et al. 2015, 8.)

### 3.1.3 Social factors

The diversity in society and culture in each country is expressed through differences in community characteristics, traditional cultural values, customs, and beliefs. These elements, especially spiritual culture, are protected widely and contribute to the public beliefs and the development of society. Consumers' perception of the brand identity, reputation, and business activities of any organization are influenced by social and cultural factors. Factors arising from the socio-cultural environment can change consumer demand for any company's products, customer awareness of any brand, or even the working motivation of any individual employee. These changes significantly affect the business operation and activities. Therefore, the analysis of social and cultural aspects affecting business activities should be considered in a comprehensive way to have an appropriate development orientation in the market. (Marmol et al. 2015, 8.)

#### 3.1.4 Technological factors

Technology is often identified as an essential development element of an organization. Thanks to advanced technological applications, organizations can enhance their competitive advantages compared to other competitors in the marketplace. Technology can be used directly to create improvements in production processes, business operations, product quality, and cost management. In addition, technological factors are changing and developing rapidly that technological innovations are continuously created to upgrade existing technical models of the company, provide added values to products and services, or even establish new business models in the new industries. The impacts of technological factors contain both opportunities and challenges that organizations should constantly update and evaluate. (Marmol et al. 2015, 9.)

#### 3.1.5 Environmental factors

This influence factor group is comprised of climatic conditions, geographical location, natural disasters, and natural resources of the target market that significantly affect business activities and performance. It is essential that the company should have a specific perception and analysis of the level of potential impacts of season or climate change to identify the positive benefits that they can achieve as well as build up alternative plans for the risky situations that may occur. The natural condition of each country is specific and different, so the company should be aware and thorough research before making decisions and developing appropriate strategies to optimize the advantages of environmental conditions and natural resources and avoid long-term consequences. (Marmol et al., 2015, 9.)

#### 3.1.6 Legal factors

Any organization must comply with both domestic and foreign legal regulations such as labor law, trade law, tax law, and other regulations related to its operation. For multinational enterprises with international business activities in different countries are governed not only by domestic law but also by international and host country laws. These factors directly determine the legal validity of any business activity. Therefore, the analysis of the legal factors in the target market is essential and should be considered as one of the necessary priorities before making any establishment or expansion strategies. (Marmol et al., 2015, 9.)

## 3.2 PESTEL analysis of Finnish market

### 3.2.1 Political Factors

As mentioned above on the theoretical basis in section 3.1, the political factors are defined below include four main groups of government policy, political stability, trade policy, and fiscal and taxation policies.

#### **Government policy**

According to Organization for Economic Co-operation and Development (OECD) (2020), in the challenging context under the severe influence of the COVID-19 pandemic from the first half of 2020 until now, the Finnish government has shown its leading role in helping to revive the economy after the crisis. A series of support measures from the government to help businesses and households overcome the negative impacts of economic slumps were implemented, creating positive effects, and attracting attention from domestic and foreign businesses.

For the workers, the Finnish government provided the measures to support employment and income for workers by strengthening the temporary layoff scheme, adequate sickness benefits in the unemployment benefit system to preserve more jobs and maintain the income of temporarily laid-off workers during the shutdown period in 2020. (OECD 2020.)

At the same time, to help small and medium companies overcome the crisis substantial financial support and increase loan guarantees by EUR 10 billion were offered. In addition, tax burden and social security contributions were also reduced to ease business cash as well as up to 24 months extension for fulfilling the obligation of paying corporate income tax. The Finnish Bankruptcy Act was also amended to limit creditors' right to request for bankruptcy till the end of October 2020 to avoid mass bankruptcies in the industries. A downward trend of the number of bankruptcies can be demonstrated clearly in Figure 11. The number of business bankruptcies was kept low during the pandemic. (OECD 2020.)

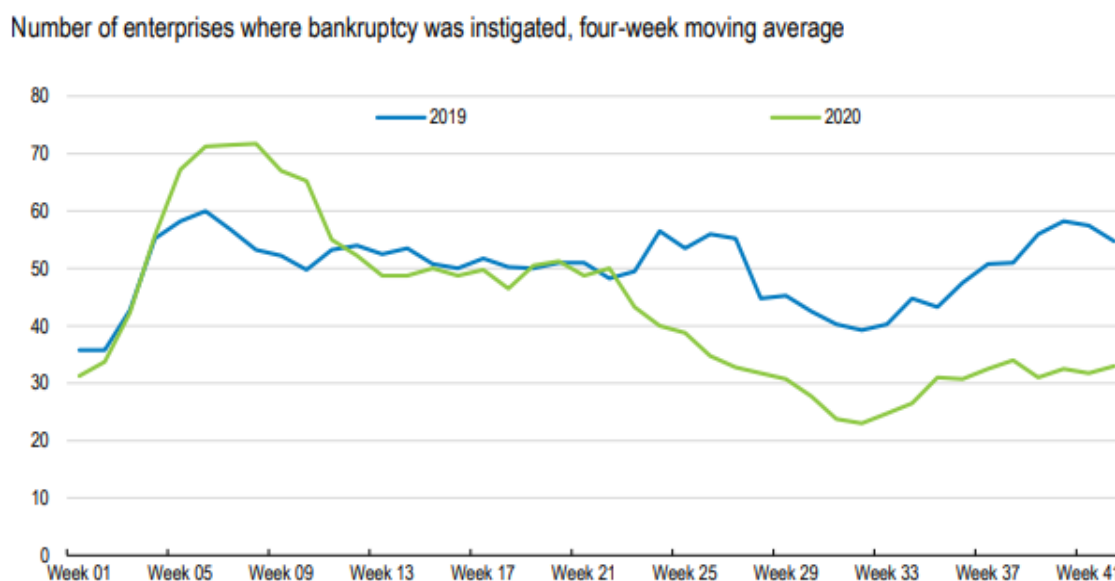


Figure 11. The number of business bankruptcies. (OECD 2020.)

### Political stability

Finland is one of the few countries with high stability and transparency in the world. In the corruption index in 2020, Finland was ranked as the third out of 180 countries having the lowest corruption rate in the world. (Transparency International 2020.). Compared with other countries in the OECD area, Finland has its own strengths of an open and transparent economy with fewer strict legal barriers for start-up and foreign companies, stable political institutions with low corruption, high-level of technological innovation, a safe society with a low crime rate, and a green environment. However, the amount of FDI investments to Finland is still lower than other Nordics and the Baltics in relation to GDP. The bottlenecks for new investments to Finland were identified coming from complex administrative procedures and passivity of labor markets. To improve these limitations, the Finnish government has been processing significant solutions such as cutting down the time for bureaucracy, increasing the flexibility in labor policies, and the role of contributions from foreign multinational enterprises (MNEs) is more properly appreciated. (Business Finland 2021a.)

### Trade policy

Trade policy in Finland is set up to create and maintain an equal and friendly environment where all businesses operate without concerns about the discrimination of preconditions or opportunities as regards competition in the global market. Nowadays, most traditional cross-border barriers such as tariffs have been removed or lowered whereas non-tariff regulations are much focused on maintaining the domestic economy. Currently, Finland has been a member of many economic organizations in the world including World Trade

Organization WTO (participated in 1995), Trade and Development - Aid for trade (participated in 2005), The United Nations Economic Commission for Europe (UNECE) (participated in 1955), and World Intellectual Property Organization (WIPO) (participated in 1921). Therefore, the trade policy setting in Finland is established not only according to its own internal policies but also closely linked with the mutual policies of these international trading communities. (The Ministry for Foreign Affairs of Finland and Finland's missions abroad 2021.)

### **Fiscal and taxation policies**

OECD (2020) stated that the Finnish government released expansionary fiscal and taxation policies to support a strong rebound from the slump in 2020. For instance, one of the government support measures during the pandemic is taking 0.8% of GDP from six billion euros (equivalent to 2.6% of GDP) to assist enterprises' capital and cost. In addition, subsidize a temporary reduction of 845 million euros (equivalent to 0.3% of GDP) of corporate income and value-added tax payment.

Besides fiscal policies, tax policy is also one of the factors that directly affect the investment decisions of foreign enterprises. In general, the tax rate in Finland is still high. Finland is ranked as the fifth country in European countries having the highest standard rate. According to the Ministry of Finance (2021) and Finnish Tax Administration (2021), in Finland, the corporate tax rate is 20 percent while the standard rate of VAT has been maintained at the level of 24%. However, registering for VAT is voluntary the sales of a business are below 10,000 euros. In some exceptional cases, the lower tax rates of 10%, or 14%, or even a zero-rate of VAT are applied to certain goods, such as export deliveries. In addition, business taxation is also applied for entrepreneurs, corporations, partnerships, and joint owners in Finland.

In conclusion, with the supportive government policies, the openness of trade policies in attracting foreign investment, political stability, and significant fiscal, especially during the pandemic, Finland could be considered as a safe and promising country for foreign investors in the world. However, the high level of taxation policies is also one of the barriers that the company should consider when entering the Finnish market.

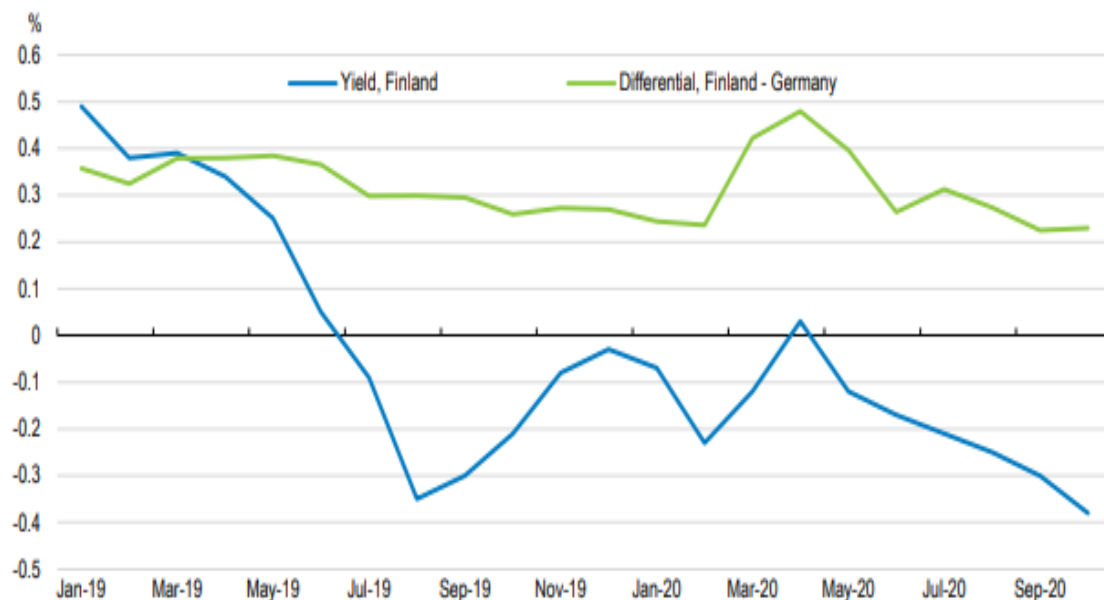
### **3.2.2 Economic Factors**

#### **Interest rate**

With the significant decrease of interest rates in monetary policy which is supported by the European Central Bank (ECB) combined with the fiscal policy from the Finnish govern-

ment, the deficit status in this country is always under safe control. In the long run, the interest rates in Finland are tending to be still low, shown in Figure 12. Long-run interest rates are low (OECD 2020), which is also a plus point to attract foreign investors.

Yield on 10-year Finnish government bonds and differential with Germany



Source: OECD, Main Economic Indicators database.

Figure 12. Long-run interest rates are low (OECD 2020.)

### Employment/ Unemployment rates

Citing the source of data from Finland's Labour Force Survey, EURYDICE (2021) stated that in February 2021, the huge number of 220 000 unemployed persons is recognized, which is approximately 35 000 more than in previous years. The change of the employment rate and the unemployment rate over the four recent years is detailed in Figure 13. Changes in the employment rate of people aged 15-64.

Employment/unemployment 2018/10 – 2021/02 persons aged 15–64

	2018/10	2019/08	2020/02	2021/02
Employment rate	71.5	73.5	70.3	70
Unemployment rate	6.3	6.1	6.9	8.1

Figure 13. Changes in employment rate of people aged 15-64 (EURYDICE 2021.)

The statistics show that the unemployment rate keeps increasing, whereas the employment rate tends to decrease. The considerable changes can be attributed to the aging population and the severe impact of the pandemic on the job market in 2020 and 2021.

The shortage of labor force eventually can lead to certain difficulties in expanding the production scale of enterprises in Finland.

### **Raw material costs**

In the context of rising prices, future environmental concerns, and scarcity of material resources, advanced innovations to replace the use of raw materials are constantly being researched and developed in Finland. From the beginning of 2020, a material audit is one of the efficient solutions launched by Business Finland. In this program, 50% of the total cost spent on the audit project (up to 15,000 euros for each project) will be granted. As a concrete way to promote the circular economy is tool is expected to help companies have better control of the use of raw materials and waste treatment. Applying material audit, the potential cost saving can be equivalent to at least three percent of turnover. (Business Finland, 2020.)

### **Foreign exchange rates**

In addition to the above economic factors, the exchange rate is also one of the influence factors that foreign investors consider. At the time of the survey on November 10, 2021, the foreign exchange rate of the euro to the Japanese yen was EUR 1 = JPY 130.9. The fluctuation of the exchange rate of the euro to the Japanese yen in six months (from the 10th of May, 2021 to the 11th of November, 2021 is demonstrated as a downward trend (figure 14.) (European central bank 2021.)



Figure 14. Changes of exchange rate of the Euro to the Japanese yen from 10 May 2021 to 10 November 2021. (European central bank 2021.)

The fact that the Japanese yen has become increasingly valuable against the euro in the last six months can be an advantage for Uniqlo when bringing investment capital into the Finnish market.

In conclusion, thanks to the significant support of monetary policies from the Finnish government, foreign companies are facilitated in recovering their business activities after the economic crisis during the epidemic. In addition, the advanced innovations in minimizing material consumption and costs as well as the downward trend of the exchange rate of the Euro to Japanese yen are opportunities that Uniqlo can take advantage of when investing in the Finnish market. However, some challenges from the shortage of labor workforce should be considered in choosing the entry strategies.

### 3.2.3 Socio-cultural Factors

#### Demographics characteristics

Finland is one of the Nordic countries that continuously receive the title of "the happiest country in the world". However, the population in Finland is quite modest (approximately 5.5 million people). According to Statistics Finland (2021a.), the population structure tends



to be old when the birth rate is exceptionally low while the death rate is increasing. Thanks to the increase in the number of immigrants, the population of this country are forecasted to increase to 5.6 million by 2034. However, after this year the population is projected to decline gradually. Especially in the 2050s, this number is predicted to be even lower than at present. The imbalance between birth and death rates and the considerable decrease of the number of people of working age led to the shortage of labor force in the country. Figure 15. describes more clearly the imbalance of population structure between the population under 15 years old and the population of working age.

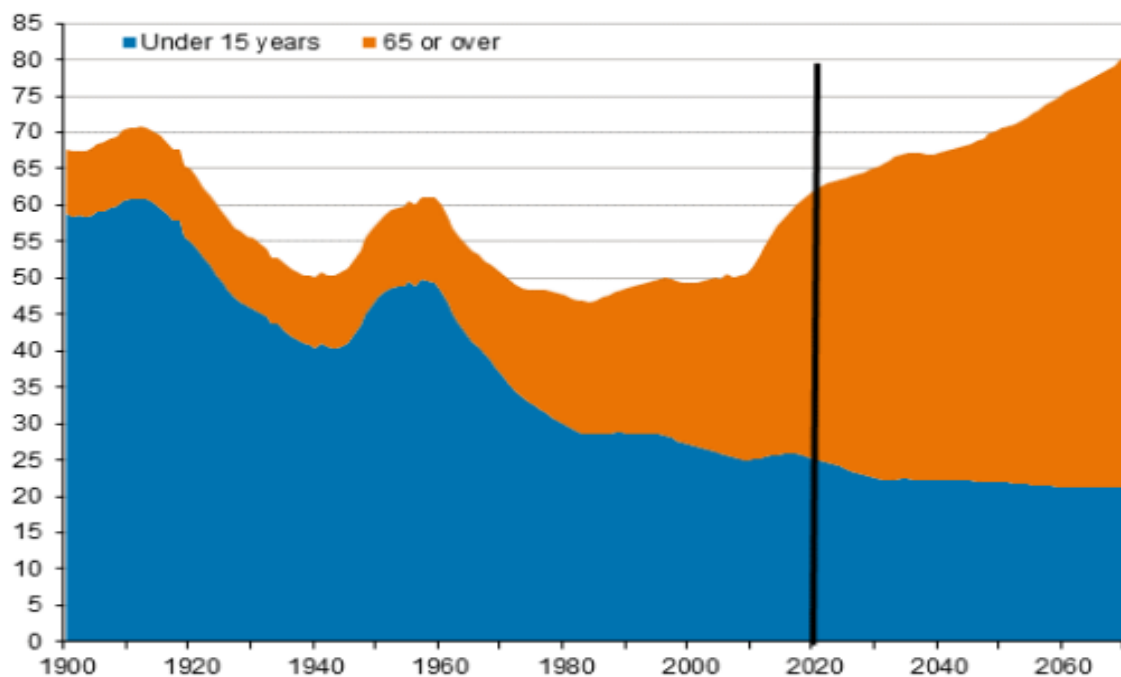


Figure 15. Demographic dependency ratio in 1900 to 2020 and projection until 2070. (Statistics Finland 2021a.)

Large territory with 338 000 square kilometers compared with the low population, Finland is considered as a very sparsely populated country. The average population density is small, only 18 residents per square kilometer. Most residents are living in large metropolitan areas. In Finland, there are nine cities with more than 100 000 inhabitants. Among them, Helsinki is the economic and political center of Finland where most of the fashion brands and financial institutions are located. In fact, the population in this area is occupied 25% (equivalent to 1.5 million people) of the entire population in Finland. (EURYDICE 2021.)

As countries in the Nordic region, Finland is a high-income country, with an average earning from wage and salary of a citizen is approximately 3,460 euros per month for men and

2,896 euros per month for women. A small proportion of their income, about 4.1 percent, is spent on clothing and footwear. (Statistics Finland 2021b.)

### Immigration policy and Cultural trends

The consequences of an aging population structure while the birth rate is decreasing leads to considerable pressure on the government. In the demographic report in spring 2020, the Prime Minister's Office launched a project with a series of solutions related to examining and making policy recommendations to ensure sustainable demographic development in Finland. In this report, the steady decline of the birth rate in Finland in 2018 was mentioned as unprecedented on an international scale. (Prime Minister's Office 2020.)

The consequences of an aging population structure while the birth rate is decreasing leads to considerable pressure on the government. Therefore, immigration policy is easing to supplement the labor shortage and maintain the development of the economy and society. Population structure changes with the considerable increase of immigrants (approximately 7.3% of the entire Finnish population in 2018) contributed to the diverse social and cultural characteristics such as language, religions, and lifestyles, which is also shown in Figure 16. The largest groups of immigrants are from Estonia and Russia and following by European Union countries. However, the official languages in Finland are Finnish and Swedish. (EURYDICE 2021.)

Population 31.12.2020 5 533 793	
Persons with Finnish background 5 089 762	
Persons with foreign background 444 031	
Born in Finland Native language:	5 036 413
Finnish	4 751 564
Swedish	274 431
Sami	1 934
Other language	8 484
Born abroad	53 349
Native language:	
Finnish	39 924
Swedish	6 961
Sami	34
Other language	6 430
Born in Finland	76 614
Native language:	
Finnish	12 852
Swedish	1 186
Sami	8
Other language	62 568
Born abroad	367 417
Native language:	
Finnish	6 727
Swedish	5 293
Sami	32
Other language	355 365

Source: [Statistics Finland, Population](#)

Figure 16. Population by origin and language, 2020. (Statistics Finland 2021c.)

### Education levels

In general, the proportion of the population with educational qualifications in Finland is high and increasing (73.8% in 2019). In which, the proportion of the population with upper secondary education is 40.7%. The clear demonstration of the population by level of education is shown in Figure 17. (Statistics Finland 2021b.)

	2010	%	2019	%
<b>Population aged 15 or over</b>	<b>4 487 599</b>	<b>100</b>	<b>4 654 256</b>	<b>100</b>
Population with educational qualification, total	3 004 903	67.0	3 435 385	73.8
Upper secondary education	1 737 248	38.7	1 892 279	40.7
Post-secondary non-tertiary education	20 808	0.5	44 372	1.0
Lowest level tertiary education	472 283	10.5	426 481	9.2
Lower tertiary level	395 862	8.8	557 666	12.0
Higher tertiary level	342 598	7.6	464 953	10.0
Doctorate level	36 104	0.8	49 634	1.1
Only basic education	1 482 696	33.0	1 218 871	26.2

Figure 17. Population by level of education. (Statistics Finland 2021b.)

In a society, the education levels have a significant influence on public perception of social issues. Consciousness about the role of sustainable development based on environmental protection and social ethical issues is increasing among the Finnish people. In addition to factors related to products and services, consumers also have stricter criteria when choosing a purchase such as the origin of raw materials, ethical issues in using labor workforce in factories, the impacts on the surrounding environment, and the living conditions of the community that business activities can cause.

In conclusion, the changes in population demographic, and the diversity of socio-cultural characteristics in Finland can contain challenges such as language barrier, socio-cultural distance, and consumer demand that foreign businesses should consider having the appropriate approach when entering new markets in Finland.

#### 3.2.4 Technological Factors

In Finland, technology plays an important role in promoting economic development towards modernization, bringing unprecedented values to human life. In particular, technological improvements replace out-up-date technologies in the business operation and manufacturers to optimize the production capacity and process of products and services in the long term.

## **Change in digital and mobile technology**

In the general digital transformation of the world, every aspect of life has the presence of high digital technology and mobile applications with Big Data, AI. Finland is one of the leading countries in ICT and digitalization. Advanced innovations contribute to the development of society. Breakthrough inventions and technology revolutions help people have incredible experiences and solutions for their lives. Applied technology can promote a digital world in economic sectors such as financial technology, retail tech and e-commerce, smart mobility, intelligent connectivity, digital trust, and a new space economy (Business Finland 2021b.)

## **Automation**

The development of automation enhances the production capacity of the entire industry. Thanks to modern automation, productivity is rapidly increased compared with manual work. Especially, applying automation and robots in production helps reduce heavy, repetitive workload for the labor force while human mistakes and risks are mostly eliminated in the toxic and harmful working environments.

## **Research and Development**

According to Statistics Finland (2021b), research and development expenditure in 2020 is estimated at 6.8 billion euros. A remarkable portion of 29% of this expenditure was accounted multinational enterprise. In addition, 26% of the R&D workforce in Finland was employed by these companies. International companies have been contributing to the Finnish economy in many aspects (OECD 2020.)

## **Large number of social media users**

A survey on the use of ICT by individuals was conducted in 2020 by Statistics Finland indicated that the largely increasing population uses the Internet for social media and for communication. The portion of the population aged 16 to 89 who used the Internet many times per day was up to 82%. (Statistics Finland 2020.)

This notable increase is critical for retail businesses as Uniqlo in establishing the most effective approach to their potential customers in new markets in Finland through the development of their digital communication platforms, social networks, and marketing channels in the waving stage of their entry strategy.

In conclusion, Finland's technological strengths create promising conditions for businesses to maximize their capacity and reach the target customers quickly and efficiently.

### 3.2.5 Environmental Factors

In 2021, Lahti is the city honored to receive the title of European green capital 2021 thanks to being a pioneer of smart, sustainable solutions with the significant contribution of universities, companies, and the residents in the city. (The Ministry of Environment in Finland 2021.)

Finland is a Nordic country, well-known for its forests and lakes occupying most of its territory. Environmental issues are bold in most people living in the country. Nowadays, businesses put their effort not only into improving the quality of their products and services but also in maintaining the surrounding ecosystem. (Statistics Finland 2021b.)

In the following section, environmental factors in Finland are analyzed.

#### Climate changes

The negative effects of climate change around the world in recent decades make people responsible awareness awakens. More and more proportion of the Finnish population is aware of their impact on the living environment. The consequences of over-exploitation of natural resources and minerals for production consumption are increasingly condemned. Traditional fossil fuels and peat energy industries are gradually being replaced by nuclear and renewable energy industries, which are much more green, eco-friendly and sustainable. Figure 18. Total energy consumption.

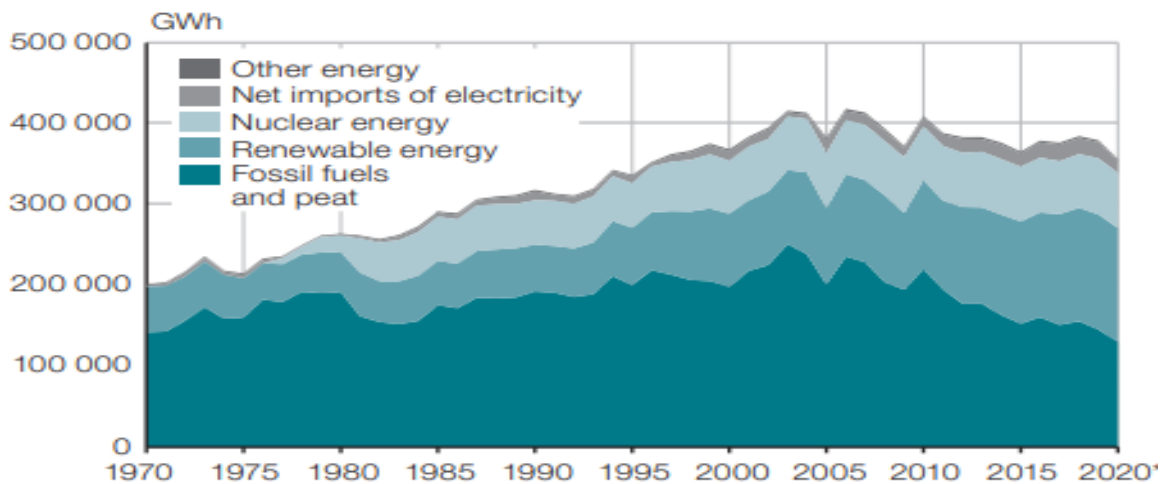


Figure 18. Total energy consumption (Statistics Finland 2021b.)

#### Recycling process, carbon footprint

According to Statistics Finland (2021b), the amount of CO<sub>2</sub> emissions and removals in waste management, agriculture, industrial processes, and product use is significantly de-

creased in recent years. (Figure 19.) This positive signal illustrates clearly the efforts of businesses and governments in reducing CO<sub>2</sub> emissions and removals in Finland. Carbon footprint is a familiar phrase to anyone living and working in Finland. In the working life, many competitions were held to motivate organizations to minimize energy sources consumption and waste emission into the environment.

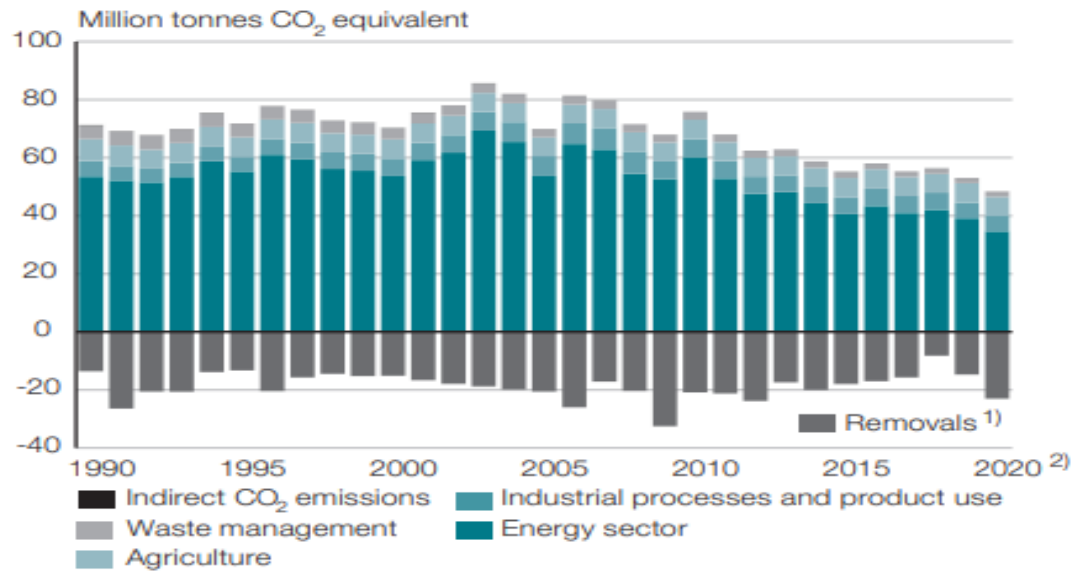


Figure 19. Greenhouse gas emissions and removals (Statistics Finland 2021b.)

### Waste disposal and sustainability

Waste treatment processes are monitored by municipalities. Investing in research and development of the conversion between the waste treatment methods is also seriously considered. According to statistical data from Statistics Finland (2021b), the number of waste treated by both material recovery and energy recovery tends to increase over the years. Meanwhile, this number in landfilling method is being eliminated.

In addition, the classification of waste is also extremely important and is well implemented in most manufacturers, organizations and households. This shows that people's awareness of sustainable development has improved markedly. Many campaigns calling for purchasing or donating for products and services with the integration of the sustainable development solutions have been always attracting the attention and support from a mass of population in the country. For instance, Finnish government calls for the reduction of its dependency on imported fossil fuels by 50 percent and ban the use of coal in power generation by 2030 with the promotion strategy of using electric cars and public transportations. (Ministry for Foreign Affairs, Department for Communications 2021.)

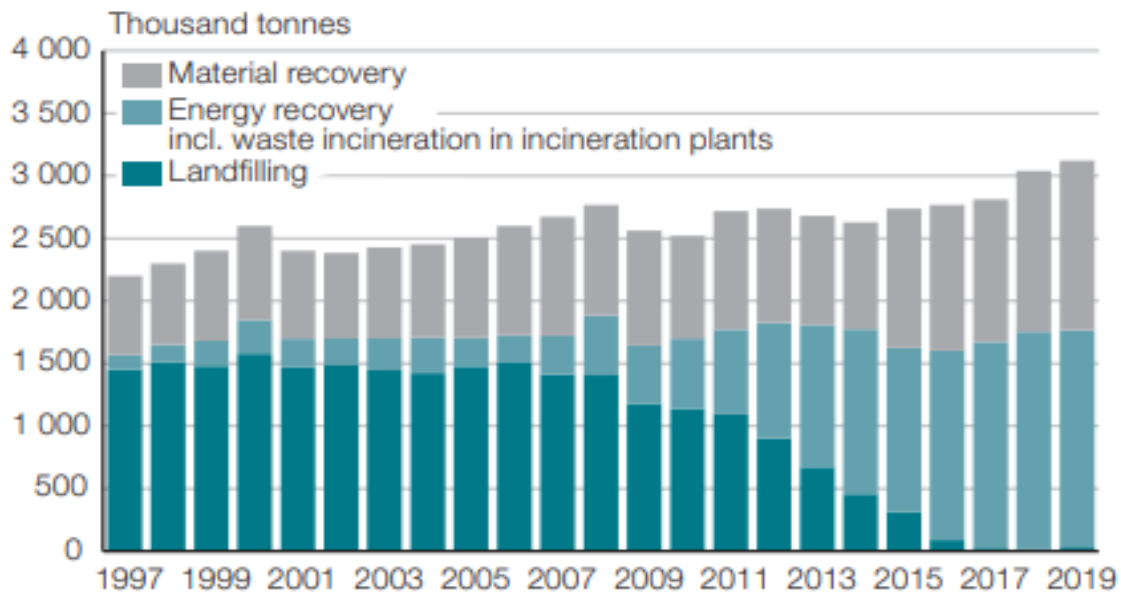


Figure 20. Municipal waste by treatment method (Statistics Finland 2021b.)

### 3.2.6 Legal Factors

#### Employment legislation

According to the Ministry of Economic Affairs and Employment (2021), Labor law is drafted and promulgated on the basis of 3 parties, including the participation of organizations representing workers and employers such as trade unions and associations. Working conditions, salary, holidays, and other issues related to employment contracts are subject to employment legislation and collective agreements. The key principle of employment acts and contracts is to equally protect the rights and obligations of both employers and employees. (The City of Helsinki 2021a.)

#### Consumer law

According to The Consumer Protection Act (2005), in Finland, a consumer who has purchased any goods or services is protected by the rights of consumers in Finland. The consumer has the right to ask for compensation, or a replacement or refund if the item purchased has faults that have not been caused by the consumer.

#### Healthy and Safety

In Finland, there are five occupational health and safety divisions operated to assure the good compliance of safety instruction and regulations in the working places. The health and safety regulations of the employment contracts are also guided by these divisions. (The City of Helsinki 2021b.)

## Trade regulations and restrictions

Trade regulations and restrictions could be recognized as the barriers foreign enterprises must face and be subject to. They are some legislation provisions in trade law monitored by authorities for arising troubles in the trade of products or services, or for the establishment and expansion of an organization, or for the restrictions of employees' movement. Other restrictions on investment or import/ export policies can be also counted as trade barriers for businesses. Some typical trade barriers are shown in figure 21.

<b>Trade Barriers</b>	Various standards and technical regulations inspection, testing or certification requirements
	Import licensing, import quotas, import bans
	High or discriminating export or import customs duties
	Discriminatory taxation practices, VAT refunds
	Violation of intellectual property rights (IPR)
	Foreign exchange regulations, regulations on repatriation of profits
	Discriminatory rules of public procurement and domestic content requirements
	Investment restrictions
	Customs procedures, special border documentation requirements
	Deficient compliance with legislation in force

Figure 21. Typical trade barriers in Finland (The Ministry of Economic Affairs and Employment 2021.)

In addition, other competent authorities cooperate with the Ministry of Economic Affairs and Employment taking charge of solving arising procedures between enterprises and other parties in Finland and other European countries. Meanwhile, the Ministry for Foreign Affairs is the authority taking the responsibility for handling trade barriers in countries outside the EU. (The Ministry of Economic Affairs and Employment 2021.)

In conclusion, in Finland, legal laws and regulations are released to ensure equality and transparency for all individuals and businesses. Therefore, to ensure the proper compliance and avoid legal barriers, having the critical analysis or consultant of these legal factors before making any decision is very essential.



## 4 SWOT Analysis

### 4.1 SWOT theoretical framework

A SWOT analysis is a great helper supporting a business in developing a strategy, even when you're planning for a new business or an existing one. In addition, it helps to find the right direction, form a solid foundation for development. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. The below figure demonstrates the four factors of a SWOT analysis. (Parsons 2018.)

<b><u>Strengths</u></b> <ul style="list-style-type: none"> <li>• Competitive advantages of the company</li> <li>• Capabilities and resources to achieve performance objectives</li> <li>• Enable the company to satisfy its customers.</li> </ul>	<b><u>Weaknesses</u></b> <ul style="list-style-type: none"> <li>• Limitations, faults, defects that prevent the company to achieve goals.</li> <li>• Competitive disadvantages compared to its competitors.</li> <li>• Need to be minimized as much as possible.</li> </ul>
<b><u>Opportunities</u></b> <ul style="list-style-type: none"> <li>• Any prospective situation in the external environment that support the company's product or service and helps enhance its competitive position</li> <li>• Help convert weaknesses to strengths, and leverage capabilities.</li> </ul>	<b><u>Threats</u></b> <ul style="list-style-type: none"> <li>• Any unfavorable situation in the external environment that currently or potentially damages or threatens the company's business</li> <li>• Threats can turn strengths into weaknesses, and demotivate the company's managers.</li> </ul>

Figure 22. Four factors of SWOT analysis (Babette & Craig 2013.)

"Strengths" and "Weaknesses" are the internal factors that an operator can manage. Other than, the external factors are "Opportunities" and "Threats" that the company has less or no control over. (Parsons 2018.) According to Sarby (2016, 8), the factors in the columns of the SWOT table stand for helpful and harmful factors. "Strengths" and "Opportunities" contribute to the success. Otherwise, "Weaknesses" and "Threats" are harmful which generate barriers for a company. Sarby (2016, 11) argues that matching and converting are two techniques applied to the SWOT performance that can help to take full advantage of the tool.

#### 4.1.1 Matching Technique

There are four matchings performed throughout the SWOT analysis. The first one is the combination between the "Strengths" and "Opportunities". It helps a company take advantage of the "Strengths" to maximize the "Opportunities". The second one is between the "Weakness" and "Opportunities". It helps the company set up strategies to minimize the "Weakness" by using "Opportunities". The third combination is between the

“Strengths” and “Threats”, which generates actions to mitigate the “Threats” by the “Strengths”. The last variety is between “Weakness” and “Threats”. It helps the company to minimize the “Weakness” that avoid the “Threats”.

A UK clothing retailer that has successfully applied this technique is Marks and Spencer. In the 19080s, M&S was a famous fashion brand in the UK. It has a strong performance in the high-end clothing industry. In addition, the brand has a vast customer group purchasing based on quality as opposed to cost. Utilizing those strengths, M&S decided to participate in the food and beverages industry. The organization started by selling pre-arranged sandwiches and bites produced using more excellent fixings than its rivals. This quality attention was remarkable at that point and empowered M&S to corner the market until its competitors started to duplicate the recipe. After thirty years, M&S has become a crucial part of the UK quality food and drink market, and these things represent a significant piece of its all-out benefits. As a result, M&S is an example that successfully applied the match technique. The figure below illustrates the matching method in the SWOT analysis.

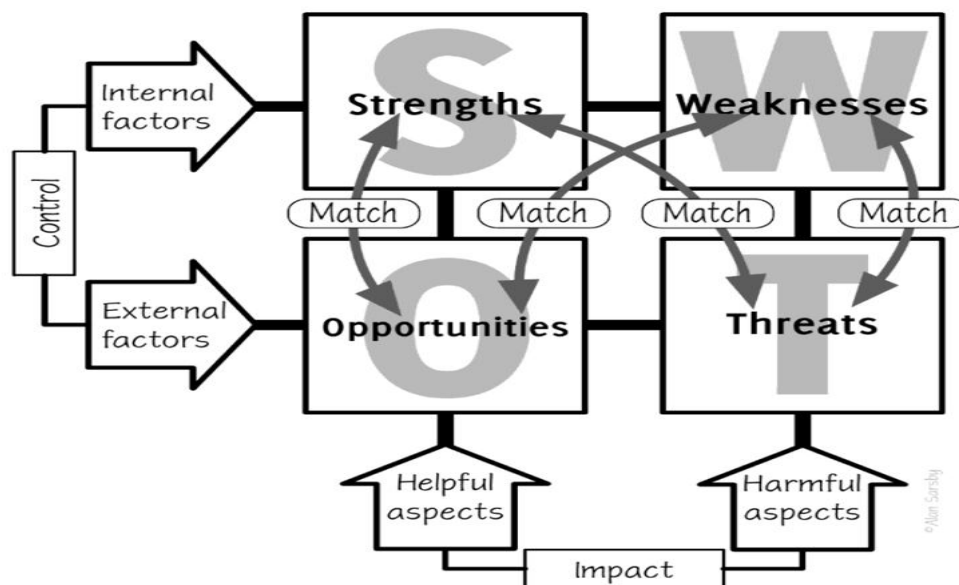


Figure 23. Potential matching between internal and external factors (Sarby 2016, 12.)

#### 4.1.2 Converting Technique

Sarby (2016, 11) claims that converting is the action to alternate harmful factors with helpful factors. That means converting the “Weakness” or “Threats” into “Strengths” or “Opportunities”. For instance, Hermès is a luxury fashion brand. Hermès Birkin is a collection of the brand that has the highest price in the world, ranging from 40,000 US dollars to 500,000 US dollars for a single bag (Houston & Kim 2021). One of the factors that make

bags so expensive is there could be no different creators of these embellishments over the world, and it requires one craftsman seventeen hours beginning to the consumers. The purchaser stands by an ideal opportunity to buy these restrictive jewels depending on a few years. Therefore, this is acknowledged by all and worth the pause. Because the products are manufactured by hand, the time and quantity will be limited. It is considered a weak point of the company. However, Hermès succeeded in turning a weakness into a strength. It means they can maintain high retail prices and reasonable profits. The figure below illustrates the converting technique in the SWOT analysis.

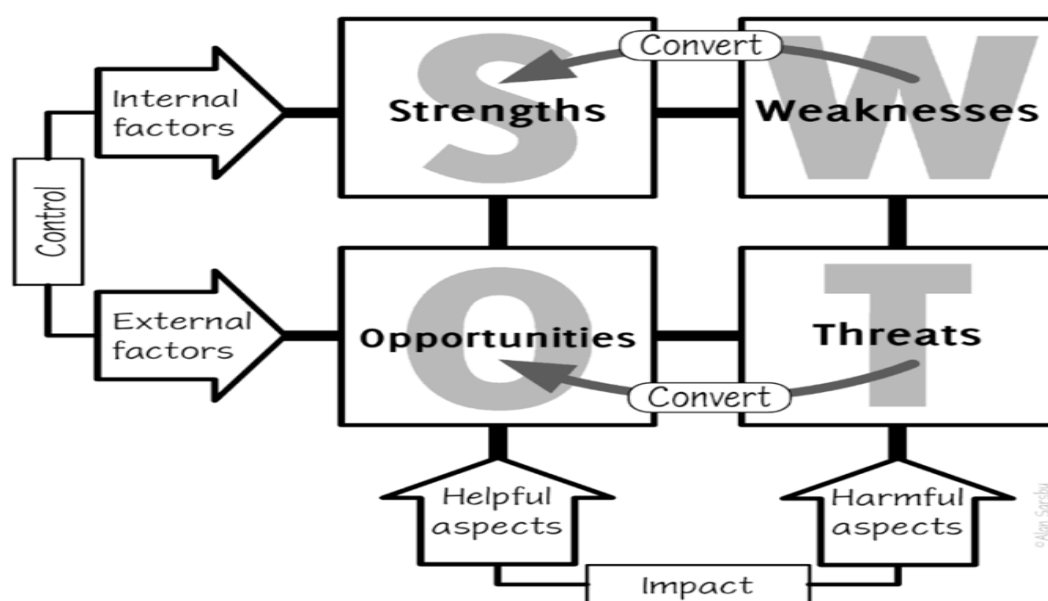


Figure 24. Potential conversion between harmful and helpful factors (Sarby 2016, 13)

#### 4.2 SWOT Analysis of Uniqlo

Based on the goals of the thesis, the SWOT analysis will allow the authors to focus on areas that can help maximize strengths, eliminate weaknesses, take advantage of opportunities, and solve the threats when joining a new potential market. SWOT analysis helps the authors to figure out the advantages for Uniqlo when entering the Finnish market. Moreover, mentioning the disadvantages that the company must face in the new market environment. In addition, the matching and converting are applied to the SWOT analysis to figure out the optimal strategy for Uniqlo when joining the Finnish market.

Strengths	Opportunities
<ul style="list-style-type: none"> <li>Foundation of internationalization</li> </ul>	<ul style="list-style-type: none"> <li>Potential market (customers,</li> </ul>

<ul style="list-style-type: none"> <li>• Functional based products</li> <li>• Well-known and highly trusted brand</li> <li>• Sustainability of products</li> <li>• Environment/people/society respectation</li> </ul>	<p>demand, weather)</p> <ul style="list-style-type: none"> <li>• Attractive business environment</li> <li>• Finland - Technologic leader of Europe</li> <li>• Finland - Caring about environment people/society and sustainability</li> </ul>
<p style="text-align: center;"><b>Weakness</b></p> <ul style="list-style-type: none"> <li>• New brand in target market (Finnish)</li> <li>• Lack of local experience, brand awareness</li> <li>• Operation in near zero margin business model</li> <li>• Reliance on certain regions for production</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Language and culture barriers</li> <li>• Local competitors</li> <li>• More new competitors in Finland</li> </ul>

Table 2 SWOT Analysis of Uniqlo

#### 4.2.1 Strengths

By 1998, Uniqlo only operates in Japan with about 300 stores. Therefore, people outside Japan, they would get confused about Uniqlo. But noticing Uniqlo to any worldwide resident today, it comes to their mind a qualified, affordable, and fashionable brand. Until September 2019, the brand has developed to over 2,250 stores in 25 nations across Asia, Europe, and the US. That is how Uniqlo has succeeded in creating a well-known and highly trusted brand in global customers' minds. (Martin Roll 2021.) A thriving internationalization background is considered an advantageous strength when Uniqlo participates in the Finnish market.

Another outstanding strength of Uniqlo is the production of functional product lines. Heattech and AIRism are two kinds of innovative fabrics used for the manufacturing process. Uniqlo develops these technologies for the inner-wear product line. The Heattech product line helps keep warm, while the AIRism products help cool down in hot weather. (Uniqlo 2017.)

Recently, Uniqlo has launched a new sustainability mission statement, "Unlocking the Power of Clothing" (Uniqlo 2021a). Tadashi Yanai said that: "Materials and manufacturing processes must be sustainable. At the same time, it will be more important for clothing to play a part in making the environment a better place to pass on to the next generation." (Uniqlo 2021f.) In 2019, Uniqlo carried out a most representative environmental protection and waste reduction campaign. The campaign is switching the materials used for bag producing, from plastic to paper. (Japan times 2019.) The picture below shows the new bags made from paper that Uniqlo introduced globally in 2019.



Figure 25. Recycled bags of Uniqlo (Japan times 2019.)

Corporate social responsibility (CSR) is a social campaign contributing to society and people and increasing the value of the brand itself. UNIQLO started collaborating with UNHCR in 2006 with the first time they donated clothes to refugee families. This donation is clothing donated by UNIQLO customers through their in-store recycling program (UNHCR 2021).

#### 4.2.2 Weakness

Although Uniqlo has joined in many global markets worldwide, this is the first time it has entered the Finnish market. Therefore, the operation must start from a near-zero margin business model. It still lacks local experiences to determine the risks. Brand recognition in customers' minds is at a low level compared to other clothing brands.

The existing competitors in Finland have more strengths. They are more familiar with the customers, the government, and local experiences. Uniqlo needs time adapting to the new market, learning about consumer behavior to build up strategies and products that can meet customers' demand.

The last weakness is Uniqlo does not have its factory. Uniqlo chooses to outsource for operating product production. They formed business relationships with partner factories in other countries, including Vietnam, Bangladesh, Indonesia, and India. (Fast Retailing 2021c.)

#### 4.2.3 Opportunities

To succeed, a company should define and take full advantage of its opportunities. The first opportunity of the case brand is the potential market. Having an existing customer base in an untapped market is an opportunity for Uniqlo to enter that market. The chart below illustrates the number of customers in Finland who shopped online at Uniqlo from April 2020 to September 2021. Although it has a decreasing trend of the number of customers shopping, this is also a good sign that there is already an interest in Uniqlo products in Finland. Typically, the forecast trend for the period after September 2021 tends to increase.

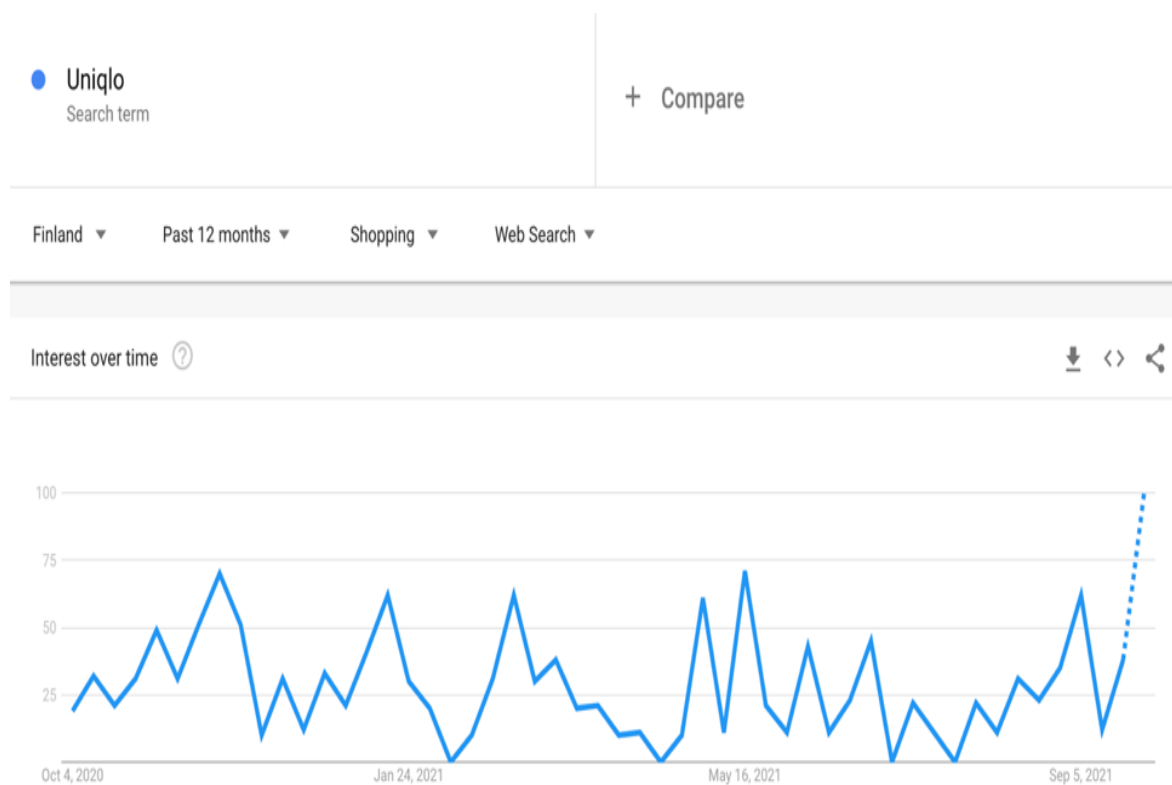


Figure 26. Sales of Uniqlo in Finland (Google Trend 2021.)

Finland, an attractive business environment, is the second opportunity for Uniqlo. According to Business Finland (2021c), as reliably positioned among the innovators in different worldwide examinations, Finland offers a business environment with an interestingly undeniable degree of steadiness, progression, and consistency. An ever-innovative knowledge base and openness to investment in a globalized economy have helped Finland succeed in becoming a highly industrialized economy. The benefits from infrastructure to a highly specialized workforce are incentives that international companies can take advantage of when entering the Finnish market. (Business Finland 2021c.) The chart below shows Finland's percentage of corporate tax compared to some of the world's most developed economies. A corporate tax is a tax levied by the government on the profits of a company (Kagan 2021).

### **CORPORATE TAX RATES 2019**

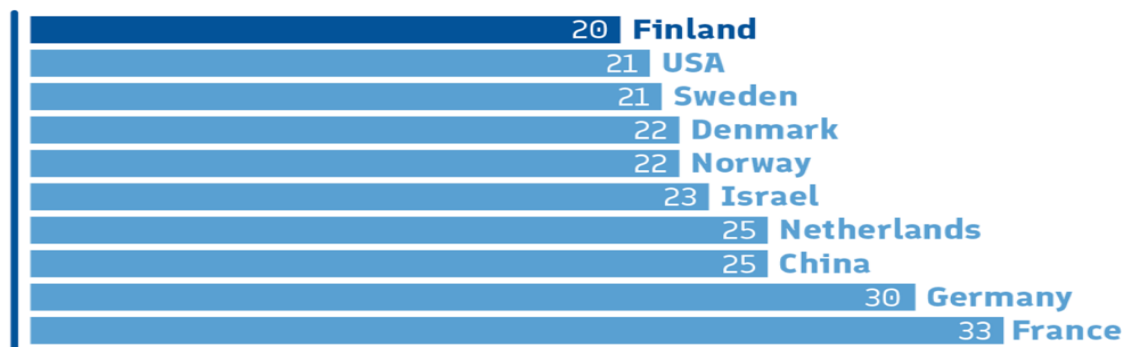


Figure 27. Corporate tax rates of some countries in 2019 (Business Finland 2021c.)

Compared to other developed countries, Finland has the lowest corporate tax rates. Moreover, Finland's corporate tax rate (20%) is among the lowest in the EU. As a result, this is a desirable market for global investors.

In addition, Finland is considered a country with highly well-developed technology. (Cordis 2001.) It is an opportunity for a brand that applies many advanced technologies to the product manufacturing process like Uniqlo. When entering the Finnish market, Uniqlo will have a chance to approach new and modern technology trends to improve the product manufacturing process.

The last opportunity for Uniqlo is Finland - the country caring much about society and sustainability. According to the Fund For Peace (2021), Finland is the most stable country in the world. All their inhabitants are guaranteed good living conditions. Finland had one of the most extensive welfare systems in the world for all its residents in the late 1980s. (UK Essays 2017.) Due to the article of Visit Finland (2021), sustainability is a concept that

comes naturally to Finns. It is a way of life tied to their DNA due to their close relationship with nature. Therefore, Finns' shopping habits will often be towards sustainable products. Businesses in this market also focus on launching sustainable product lines to meet market demand.

#### 4.2.4 Threats

Certain threats need to be identified when entering a new market. Firstly, language and culture barrier are always a threat for foreign business when joining the Finnish market. Sometimes, what may be satisfactory business practice in one country is not applicable abroad. Finnish is a potential market for international retailers which were discussed in the research background part. Therefore, it is not only a local competitor, but Uniqlo must also face new competitors entering the market in the future.

### 4.3 Matching and Converting Technique for Uniqlo

This thesis aims to figure out the potentialities and barriers Uniqlo must face when entering the Finnish market and the most appropriate entry strategy Uniqlo should apply. Matching and converting techniques should be used when Uniqlo has already entered the Finnish market. Therefore, the authors do not discuss the matching intensely and converting strategies. In this part, there are some suggestions for the case company when joining the Finnish market.

#### 4.3.1 Matching Technique

<b>Strength - Opportunity</b> (Use Strengths to take advantage of Opportunities)	<b>Threat - Strength</b> (Use Strengths to counteract the damage of Threats)
<ul style="list-style-type: none"> <li>• Functional products meet the demands of Finnish market due to the climate.</li> <li>• Cooperate with Finland to develop the CSR campaign.</li> <li>• Keep using sustainability bags in Finnish market and produce more sustainability products.</li> </ul>	<ul style="list-style-type: none"> <li>• Utilizing internationalization experience to research deeply about the new market for minimizing the language and culture barriers.</li> <li>• Keep develop functional clothing to be outstanding from competitors.</li> <li>• Use high reputation to counter competition.</li> </ul>



<b>Weakness - Opportunity</b> (Use Opportunities to overcome Weaknesses)	<b>Threat - Weakness</b> (Minimize Weaknesses and avoid Threats)
<ul style="list-style-type: none"> <li>• Operate a factory in Finland to be independent in the production of goods.</li> <li>• Take advantage of all supports from the Finnish government for foreign brands to develop and adapt to this market.</li> </ul>	<ul style="list-style-type: none"> <li>• Due to existing customer base in Finland, operating online store at the beginning for gathering more experiences, researching more about the market and also having profits.</li> </ul>

Table 3. Matching technique suggestion for Uniqlo

#### 4.3.2 Converting Technique

<b>From Weakness to Strength</b>	<b>From Threat to Opportunity</b>
<ul style="list-style-type: none"> <li>• Having factories in countries with low operating costs. When entering Finland, Uniqlo can sell products at cheaper prices than competitors.</li> <li>• As a completely new brand in the market, Uniqlo should take the opportunity to invest in branding and marketing strategies to stimulate curiosity customers .</li> </ul>	<ul style="list-style-type: none"> <li>• Instead of competing with competitors, Uniqlo can cooperate with those brands to increase awareness and credibility with customers.</li> </ul>

Table 4. Converting technique suggestion for Uniqlo

## 5 Consumer behaviour in Finnish market

### 5.1 Objectives of the data collection and analysis

To join a new market, understanding the consumers' behavior is one of the most critical concerns. It helps the business to define the potentialities and barriers of the target market. During the COVID-19 pandemic crisis, the shopping habits of global consumers are gradually changing. Consumers are getting used to shopping online instead of in-store methods. Due to the government's restriction policies aiming to ease the pandemic exposure, people must compile keeping social distance in their shopping. In addition, retailers must close stores or limit the number of customers per day. That is why the authors decided to survey consumer behavior in the Finnish market. Implementing the qualitative and quantitative surveys below also helps better identify consumer behavior as barriers or potentialities for Uniqlo. They are assisting businesses to shape and build appropriate strategies to penetrate new markets in Finland.

### 5.2 Quantitative data collection

#### 5.2.1 Data collection

The authors designed a list of survey questions to research the consumers' behaviors in Finland. The survey was launched on 10.10.2021 and collected responses in a period of 15 days until 25.10.2021. The survey has been delivered to both citizens and foreigners around the Uusimaa region, the target market of Uniqlo. In total, there are 200 respondents answering the questions. The online survey results will be discussed in this chapter.

#### 1. What age group do you belong to?

[Xem thêm Chi tiết](#)  Insights




	18-24	97
	25-34	91
	35-44	10
	45-54	1
	Khác	1



Figure 28. Age group of respondents

## 2. What is your gender?

[Xem thêm Chi tiết](#)
 Insights

<span style="color: blue;">●</span> Male	45
<span style="color: orange;">●</span> Female	150
<span style="color: green;">●</span> Prefer not to say	5
<span style="color: red;">●</span> Khác	0

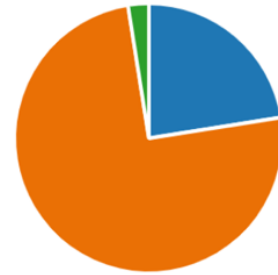


Figure 29. Gender of respondents

In the first two questions, the authors aim to ask about basic information of the respondents. Question 1 aims to find out the respondents' age, to define whether they are in the target group of Uniqlo products, which is between 18 and 34 years old. As can be seen from the figure above, there are 188 respondents said that they belong to this group. Therefore, those 188 respondents will be included in further analysis. The respondents who belong to other age group will be excluded from the analysis because they do not match the target group of Uniqlo. There are 45 survey respondents are men, 150 are women and 5 people prefer not to show their gender.

## 3. Which of the following is your average salary per month?

[Xem thêm Chi tiết](#)
 Insights

<span style="color: blue;">●</span> Less than 1000 euro	91
<span style="color: orange;">●</span> 1000 euro – 3000 euro	87
<span style="color: green;">●</span> More than 3000 euro	22



Figure 30. Income of respondents

People earning less than 1000 euros accounted for 45,5%, followed by groups of income of 1000-3000 euros with 87 respondents occupying 43,5%. The minor participants who have a salary of more than 3000 euros are 22 respondents.

#### 4. What percentage of your monthly income do you spend on fashion items?

[Xem thêm Chi tiết](#)  Insights

<span style="color: blue;">●</span> Less than 10%	136
<span style="color: orange;">●</span> 10% - 20%	57
<span style="color: green;">●</span> More than 20%	7



Figure 31. Percentage of monthly income respondents spend for fashion items

This question indicates that most of respondents spend less than 10% of their income for fashion items. While there are 57 respondents spend from 10% to 20% and the rest belongs to more than 20%.

#### 5. How often do you purchase fashion items?

[Xem thêm Chi tiết](#)  Insights

<span style="color: blue;">●</span> Very often (a few times a week)	6
<span style="color: orange;">●</span> Sometimes (2-3 a month)	55
<span style="color: green;">●</span> Not often (Once a month)	58
<span style="color: red;">●</span> Rarely (Once in every few mon...)	79
<span style="color: purple;">●</span> Khác	2



Figure 32. Respondents purchasing frequency of fashion products

This question figures out consumer purchasing frequency of fashion products in the Finnish market. Most respondents purchase fashion items once every few months. There is a small number of people usually buy clothing (few times a week), while the others (55 and 58 respondents) choose the option not often and sometimes.

#### 6. Do you prefer buying online or in-store shopping?

[Xem thêm Chi tiết](#)  Insights

<span style="color: blue;">●</span> In-store	128
<span style="color: orange;">●</span> Online	62
<span style="color: green;">●</span> Khác	10



Figure 33. Shopping behavior of respondents

It can be seen from figure 32. that consumers still prefer buying fashion at store than online or any other methods. Most people (128 people) choose to shop in-store, while the number of people choose to shop online is only a half.

### 7. Do you prefer simple or showy style?

[Xem thêm Chi tiết](#)  Insights

<span style="color: blue;">●</span> Simple style	171
<span style="color: orange;">●</span> Showy style	18
<span style="color: green;">●</span> Khác	11



Figure 34. Clothing style of respondents

Question 7 aims to learn about the clothing taste of consumers in Finnish market. From that, the authors can figure out if the products of Uniqlo meet the demands of the consumers or not. The results shows that 85% respondents like to wear casual style clothes. Only 18 respondents choose to purchase for showy clothing, and 11 people choose for the option other. This is quite a good sign because Uniqlo's products are simply designed to perfectly suit the fashion taste of consumers in Finland.

### 9. What factor would influence you to buy fashion products?

[Xem thêm Chi tiết](#)

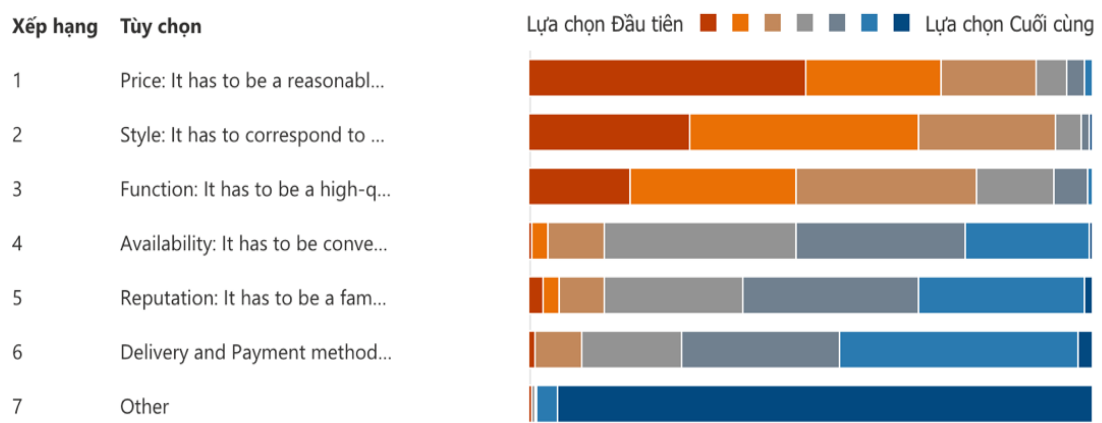


Figure 35. Factors influencing respondents' purchasing decision

When asking about their motivation behind shopping decisions, the respondents have pointed at price, style and, function as the three main priority factors influencing their choices other than the other factors (availability, reputation, and purchasing method).

In the next section of the survey, the authors will mainly exploit the information related to Uniqlo that consumers in Finland know about. This aims to assess Uniqlo's brand recognition in the Finnish market.

#### 8. Have you ever heard about Japanese brand Uniqlo?

[Xem thêm Chi tiết](#)



Figure 36. Uniqlo's brand recognition in Finnish market

#### 10. How have you heard about Uniqlo? (You can choose more than 1 option)

[Xem thêm Chi tiết](#)

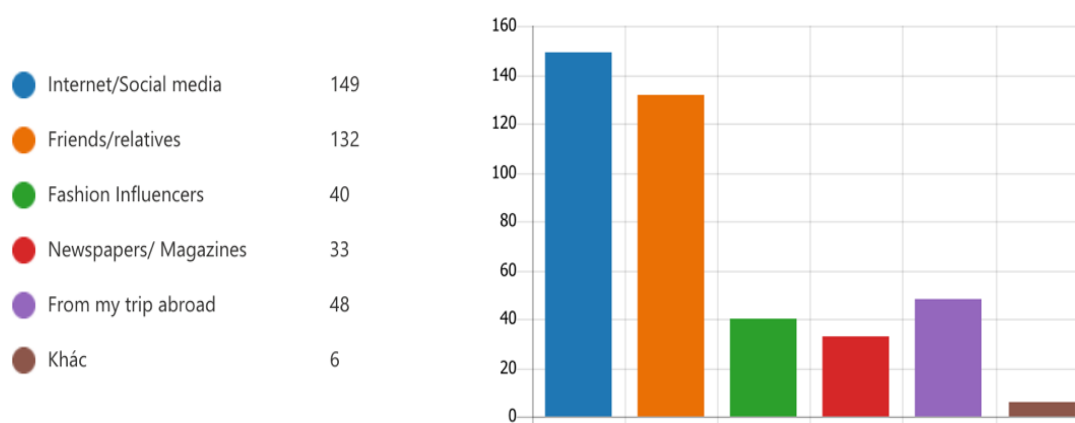


Figure 37. Uniqlo's brand recognition in Finnish market

#### 11. Which of the following do you associate with this brand?

[Xem thêm Chi tiết](#)

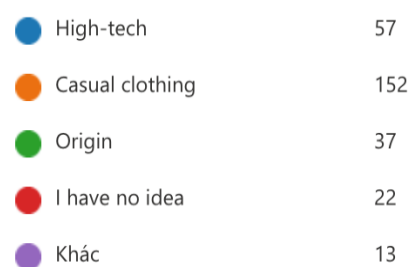


Figure 38. Uniqlo's brand recognition in Finnish market

Based on the survey results, Uniqlo currently has a good level of recognition in the Finnish market (95% respondents know Uniqlo brand). However, the number of respondents are too small to be representative for the Finnish population. A larger scale research could provide more accurate information on Uniqlo's brand image in Finland when opening a store here.

From the chart (figure 36), most respondents (149 respondents) have heard about Uniqlo on the internet/ social media. In addition, when 132 respondents have listened to about Uniqlo from their networking, word of mouth also contributes to the brand's reputation in Finland. With this information, the case company can prepare a well-planned marketing strategy in the new market.

After asking about the level of recognition of Uniqlo, the authors want to explore more about what consumers know about Uniqlo brand. Based on the collected results, the three outstanding factors of Uniqlo that are known to consumers in Finland are: High-tech (28,5%), Casual clothing (76%), and Origin (18,5%).

## 12. Rate the level of your agreement with these following statements:

[Xem thêm Chi tiết](#)



Figure 39. Respondents' idea of statements

In this survey question, the authors aim to survey customers who have experienced and have knowledge about the Uniqlo brand. The list of the statements represents Uniqlo's strategies for entering the Finnish market. From there, consumers can assess the level of agreement to assess the feasibility of the Finnish market for Uniqlo.

The first statement: The sustainability of a brand affects me when making a purchase decision. Sustainability is one of the main directions that Uniqlo has been aiming for. Therefore, a survey on the extent of the impact of sustainability on consumers' buying decision is one of the essential things. For the first statement, most respondents are neutral (42,5%) and agree (39,5%).

The second statement: Having a physical store in Finland would increase the credibility of a fashion brand. The third statement: I am satisfied when shopping Uniqlo products. The fourth statement: If Uniqlo opens a shop in Finland, I will buy their products. The last statement: I will recommend Uniqlo to my friend. The above four statements all received agree and strongly agree from the respondents. This proves that, in terms of product quality and brand credibility, it is supported by consumers in Finland. This is considered a potential push for Uniqlo to enter this market.

13. Choose two (2) fashion brands which are your first choices when shopping clothing (Only 2 options)

[Xem thêm Chi tiết](#)

<span style="color: blue;">●</span> H&M	125
<span style="color: orange;">●</span> Zara	131
<span style="color: green;">●</span> Luhta	24
<span style="color: red;">●</span> Peak Performance	26
<span style="color: purple;">●</span> Khác	61



Figure 40. Other popular fashion brands in Finland

The last question aims to determine the two main local competitors of Uniqlo when joining the Finnish market. By asking the consumers to choose two fashion brands in Finland that they will first think about when shopping. Based on the results on the chart, H&M and Zara will be Uniqlo's two main competitors in the Finnish market. The analysis of strengths and competitive strategies will be mentioned and discussed in chapter 4 of the thesis.



### 5.2.2 Data Analysis

After collecting the results, the authors can determine how the potentialities and barriers according to the consumer behavior. In addition, it helps to specify the customer target group when Uniqlo joining Finnish market, and strategies to increase the brand awareness.

**Target customer in the Finnish market is determined from Q1 to question Q3:**

- Male & Female
- Aged 18 to 34
- Monthly income between less than 1000 euros to less than 3000 euros

From the results of Q6 and the statement 2 of Q12 (Having a physical store in Finland would increase the credibility of a fashion brand), it can conclude that opening a store in Finland help to increase the brand awareness. In addition, the result from Q10 helps Uniqlo build promotional strategies to increase brand image among consumers in the Finnish market. Social media and word-of-mouth are two options Uniqlo should focus on investing in brand building.

**The potentialities of Finland for Uniqlo to operate in this market according to the consumer behavior and demands in Finnish market:**

Matching customer behavior in Finnish market: From the results of Q6, consumers still prefer to shop for fashion products in-store rather than online. Moreover, the statement that Uniqlo opened a store in Finland is greatly supported by consumers. The majority of consumers would agree to visit Uniqlo's store if it opens in Finland (statement 4 from Q12).

Matching fashion taste and demands of customers in Finnish market: According to Q9, the authors can figure out the most important priorities affecting the purchasing decision of consumers. They are reasonable price, matching clothing taste, and function clothing.

Matching clothing taste	The result of Q7 shows that consumers in Finland prefer simple style than showy style. This is a potentiality for Uniqlo when Uniqlo's products have simple and easy-to-wear designs to fit the clothing taste of consumers in Finland.
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Reasonable price / Function clothing	Reasonable price and functional clothing are the other two important factors. These are also the factors that Uniqlo aims to develop for their products. Uniqlo always seeks for the highest-quality products at lowest price material over the world by trying to deal with their manufacturers. (Narita 2015.) As mentioned in the SWOT part (Chapter 4), functional clothing is a strength of Uniqlo with two unique technical fabrics Heattech and AIRism.
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Table 5. Main priorities affecting purchasing decision

**The barriers Uniqlo must face when enter the Finnish market according to the consumer behavior and demands in Finnish market:**

- The local competitors: H&M and Zara.
- Small size target customer group: Only from 18 to 34.
- Small budget for fashion items: Most respondents from Q4 choose to spend only less than 10% of their income for fashion items.

Frequency of shopping for fashion products: The result of Q5 figures out that fashion consumers in Finnish do not usually buy clothing.

### 5.3 Qualitative data collection

#### 5.3.1 Data Collection

In addition to researching customer behavior by using an online survey, the authors also conducted interviews. The interviews targeted customers who have experienced buying at Uniqlo. The interviewees are divided into two groups. One group are customers who purchased through an online website, represented by Sasha (29-year-old, a restaurant manager in Finland), a regular customer shopping for Uniqlo products on their website. Group two are customers who directly shopped at Uniqlo stores. Representing this group is Mike (34-year-old, a graphic designer in Finland), a typical person of a group of customers with traditional shopping behaviours mainly directly at Uniqlo's physical stores. These interviews were conducted to study more and have in-depth views about indeed customers' shopping experiences aiming to compare the differences of service and the advantages and disadvantages between shopping online and in-store. The questions in the interview

will discuss the customer's service experience at Uniqlo. It helps to point out the barriers of the online shopping experience, one of the driving reasons for Uniqlo opening a store in a market that already has customers and demand. The results of the interviews will be presented in the below table.

Questionares	Sasha's Answer	Mike's Answer
Where did you purchase Uniqlo products?	Because there is no Uniqlo store in Finland now. She mainly orders Uniqlo products from their official website operated by the Uniqlo branch in Germany: <a href="https://www.uniqlo.com/de">https://www.uniqlo.com/de</a>	In-store shopping is the best option he preferred. He usually bought Uniqlo products when traveling to other countries having Uniqlo physical stores.
What kind of products do you usually purchase at Uniqlo?	Socks, Underwear, Casual clothing, Sport-wear and Out-door wear	Socks, Underwear, Casual clothing, Sport-wear and Out-door wear
How often do you purchase Uniqlo products?	3-4 times a year with the big orders (10-15 items at least per order time) for her family members.	2 times a year (8-9 items)
How do you associate with Uniqlo brand?	Japanese fashion brand, minimalist design	Japanese fashion brand, minimalist design
Which factors of Uniqlo's products affect your buying decision?	<p><b>Price:</b> Very competitive price comparing to other fahsion brands in the same segment but the quality of products is much higher intergrated with advanced production technologies (Heattech, Airism, Ultra light,...)</p> <p><b>Quality:</b> Durable, high-tech and ultra-</p>	<p><b>Price:</b> Competitive price. Compare with other stores like H&amp;M and Zara, the price is much more reasonable but stable quality.</p> <p><b>Quality:</b> Very good quality fabric, durable for a long time use and hard to loose form even</p>

	<p>light material, easy to wear, optimizing customer comfort when wearing.</p> <p><b>Origin:</b> Products from Japanese fashion brands bring greater trust. Especially, they offer lots of function outfits with the simple and light design suitable for multiple purposes (working, sport activities,...)</p>	<p>after many washing times. Various product ranges with outstanding features are suitable for the seasons in Finland (Heattech, arism, ultra light and ultra-warm)</p> <p><b>Simple designs:</b> not too fussy but not out of fashion. Minimalist style without ostentatious brand logo.</p>
What is the most challenging when purchasing Uniqlo products?	<p>With the role of a restaurant manager, she is so busy to travel so online shopping is the only option for her to purchase Uniqlo products in Finland.</p> <p><b>Delivery and return process:</b> Normally the waiting time for an order to be delivered is around 7-14 working days. Thus, when she needs to buy some necessary items, she usually has to order a long time in advance. Moreover, online shopping always has many difficulties and inconveniences, when customers cannot either directly try on the actual size, style or test the material of the products with their own hands for the favorite clothes. During almost 3 years of ordering Uniqlo products from online website, Sasha had a bad experience when ordering a new jacket for her mother last Spring, she tried to return it because of the wrong size. However, the return policy is so complicated and time-</p>	<p><b>Trust and reality:</b> Mike mainly buy the fashion products directly from physical Uniqlo stores in the countries he traveled to such as USA, Japan, and Germany. Personally, he is belonging to the kind of person who prefer to touch and try the fashion clothing on before deciding of purchasing. This is because in some cases, Mike received the online shopping items with the unexpected style and unsatisfied quality. However, in the pandemic situation, the restrictions of traveling have causes him some inconvenience shopping Uniqlo products due to the lack of physical stores in Finland.</p> <p><b>Delivery and return policies:</b> Besides, the waiting time for delivery and shipping process is</p>

	<p>consuming, she had to contact to many different parties of postal delivery and payment agencies about tracking her return package for a refund. Despite the very supportive customer service team from Uniqlo, the process was so slow and complicated with many steps.</p> <p><b>Ethical issues:</b> she considers ethical and environmental issues important. Recently, there are many arguments that Uniqlo's products are not environmentally friendly because of the high use of cotton in garment products, which causes environmental pollution. In addition, according to Sasha, there is some negative news related to the ethical issues in Uniqlo's refusal to take responsibility for the closure of a manufacturing plant in Indonesia in 2015, causing a series of sudden job losses for many workers. This is frustrating her if she should buying products from this brand</p>	<p>also the significant challenge. As Mike's personal experience, he found some inconveniences and limitation of online shopping related to the complicated exchange and return policies and process. Especially, when he in the urgent cases to shop new clothing for unexpected events.</p>
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Table 6. Data collection from the interview

### 5.3.2 Data Analysis

By analyzing the opinions about the individual experiences of different customers who have purchased and used Uniqlo's services, the authors have added some qualitative perspectives on the opportunities and challenges that Uniqlo should consider when entering the Finnish market is as below:

#### **Opportunities/ Potentialities:**

The advantage that Uniqlo has is the reputation of product quality that is highly appreciated by customers who have used the service. High-tech and casual clothing is preferred by

most customers. They are also outstanding features that customers associate with the Uniqlo brand when they have a demand to buy fashion products. In addition, competitive price and high quality are the factors most mentioned and highly appreciated by the respondents. Successes in developing ultra-light, ultra-warm, and durable fabric materials help Uniqlo products stand out products from other brands at the same price range in the market. Moreover, the stability in the minimalist designs and the high quality of the goods also bring complimentary reviews from the existing customers. They could be considered as potential prospects for Uniqlo.

### **Threats/ Challenges:**

Online shopping is the most suitable choice for customer groups working in the hectic industry like Sasha, especially for most Uniqlo consumers in Finland. This brand currently has no official stores here. However, shopping for fashion products through the website also brings certain risks, limitations, and annoyances to these customers when they cannot touch or try on the actual product before making the purchase decisions. Respondents said that the biggest challenge for them when ordering Uniqlo products through the online website was the hassle of returning or exchanging an item they had purchased. After waiting a long time (around 7-14 days) to receive the package delivered from Uniqlo official stores in Germany and realizing that the items they bought are not the right size, fashion style, design, or material unfit to what they expected. Without the physical stores in Finland, Uniqlo will find it difficult to reach a group of potential customers who have frequent demand for clothing products in the Finnish market. Especially for the group of prudent and reserved customers are afraid to try new products that they have not been familiar with or tested well through shopping at physical stores. Besides positive feedback for product quality and outstanding benefits that customers receive from Uniqlo products, the factors related to availability, ease of access, delivery process, and return policies are extremely important to customers' expectations. Physical presence is one of the significant factors that actors consumer behaviors and brand awareness lack these connections. The expansion of business scale and brand recognition in Finland also has some specific limitations. Moreover, sustainable and environmental development is critical to most customers nowadays. Therefore, any organization should consider having a significant investment in research and development to enhance the brand's sustainability in the long run.

## 6 Competitive advantages

### 6.1 Competitive advantages theoretical framework

The concept of competitive advantage is relative. There is no definitive answer to the question of what competitive advantage is and what elements it includes. According to Andrews (1971, 49), competitive advantage analysis is about finding out the strengths and weaknesses of a business, while Porter (1985) did not introduce any concept of competitive advantage. He describes strategies to position an interaction concerning the five forces or forces of the market. Competitive advantage is categorized into two basic types: low-cost and differentiation advantages (Porter 1985, 3). An excellent pricing strategy is accomplished when a business offers the same product/service with lower price compared to its competitors. Differentiation advantage is achieved when a company provides superior values/utilities than competitors' products/services. A business outstands from the competition if it creates a unique product/service that the competitor does not have. Customers will be willing to pay for those unique differences of a product/service. (Porter 1985, 3.)

### 6.2 Competitive advantages analysis of Uniqlo

The brands can be defined as Uniqlo's direct competitors operating in the same segment, selling similar items with sustainable value. Besides, those brands have a strong reputation in the Finnish market. In this section, the authors will analyze the unique points of Uniqlo compared to the competitors. Based on the authors' point of view, determining competitive advantage is highlighting the strengths and recognizing the limitations is also essential. Therefore, the authors combine the analysis of the strengths and weaknesses of Uniqlo compared to the main competitors in the Finnish market. The two leading competitor brands of Uniqlo in this part have the highest ranks from our respondents in question 13 of the online survey. The table below shows some basic information about the three brands.

Brand	UNIQLO	H&M	ZARA
Price range	€10 - €50+	€10 - €50+	€10 - €50+

Customer segment	Women, men, children, and babies	Women, men, and children	Men, women, and children
Categories	Clothing, function clothing, accessories.	Clothing, accessories.	Clothing, accessories.
Business Type	A Japanese clothing apparel company.	A Swedish multinational clothing-retail company.	A Spanish fast fashion retailer.
Product features	Innovation, function, minimalism.	Fashion, variety, and up-to-trend.	Fashion, variety, and up-to-trend.
Production	China, Vietnam, Bangladesh and Indonesia and Turkey.	~ 800 independent suppliers Asia and Europe.	Spain

Table 7. Competitors comparison

Tadashi Yanai, founder and chief executive of Fast Retailing, which owns Uniqlo, is fond of saying that "Uniqlo is not a fashion company, it's a technology company." (Kansara 2013). Indeed, the way Uniqlo operate its clothing production shares many similarities with the product development approach adopted by the technology industry cyclically. In contrast, top rival Zara and H&M have built the world's largest clothing business to respond rapidly to modern fashion trends. As a result, it doesn't take too much time from production to sale. Precisely, H&M can perfect the process and bring new products to market in just one week (Manrique 2015). Otherwise, Zara can design, manufacture, marketing and distribute within two weeks. Fashion catwalks do not inspire the designs Uniqlo focuses on producing basic and essential products for modern people. It does not require Uniqlo to update trends constantly like Zara or H&M. Therefore, Uniqlo takes the exact opposite approach, planning to produce essential items for customers a year in advance. (Martin Roll 2021.) While competitors sell a wide range of trendy clothes, Uniqlo focuses on delivering a few basic styles. Concentrating on products with simple designs, Uniqlo has a stable customer base compared to modern fashion-update brands. However, everything has two sides as customers tend to catch up with the trends. Brands that want to maintain relationships with customers need to capture the up-to-date trends rapidly, understanding what consumers desire for. Somewhere, Uniqlo hasn't reached this point. In terms of design, the brand has not attracted younger audiences. For young customers



who have a sophisticated taste in clothing and trendy fashion products, it may not be suitable for this customer segment. Therefore, this narrows the target customer range of the brand.

Uniqlo still has the upper hand in the variety of colours and sizes available at physical stores compared to the competitors. The chart below demonstrates the comparison between the three brands' sizes and colours available at stores.

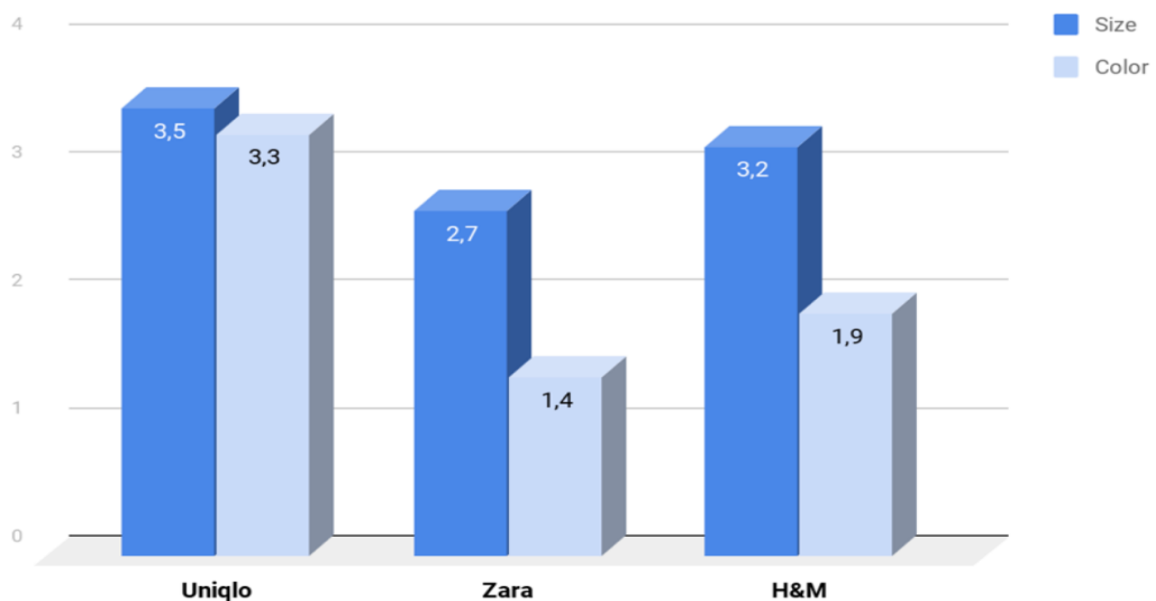


Figure 41. The variety of sizes and colors available at stores of Uniqlo, H&M, Zara (VIRAC 2020.)

Product features is an outstanding competitive advantage of Uniqlo that cannot be ignored. The Japanese brand has invented a variety of new materials to attract consumers. Their innovation distinguishes them in design with fabrics made in their home country. The company sets up the opposite direction of its competitors when it concentrates on the quality over the design. Uniqlo invests in innovative product lines using HeatTech, LifeWear, and AIRism fabrics. (Fast Retailing 2021d.) These fabrics are branded and copyrighted, which poses a struggle for competitors trying to match this point of difference. Although Uniqlo's products are applied modern technologies in the production process, the price is not pushed up too expensive compared to competitors. Prices of Zara and H&M products mainly range from 10-20€ while Uniqlo ranges around 20-30 euros (Figure 40.) It shows that the pricing strategy is an outstanding competitive advantage of Uniqlo.

Product price list of 3 famous fashion brands			
	UNIQLO	H&M	ZARA
0-10€	8,0%	12,5%	7,5%
10-20€	27,2%	<b>35,7%</b>	<b>28,2%</b>
20-30€	<b>35,0%</b>	26,2%	24,9%
30-40€	14,1%	12,9%	18,4%
40-50€	3,9%	4,9%	11,5%
50+ €	3,3%	4,0%	5,7%

Figure 42. Product price comparison of Uniqlo, H&M, Zara (VIRAC 2020.)

The factor that helps Uniqlo's product cost not be too high compared to the quality is a potential competitive advantage. Uniqlo chooses to outsource and cooperate with factories in countries with cheap labor, such as Vietnam and China (Fast Retailing 2021d). It helps to reduce production costs and selling prices. Otherwise, a barrier of outsourcing production is the quality control limitation. However, Uniqlo has conquer this problem with the "Takumi". The company recruits Japanese textile masters named Takumi, who are responsible to work directly with manufactures to improve and control high-tech fabrics for Uniqlo. They send about 400 skilled textile artisans to manufactures to share technical skills, maintain quality standards, and ensure worker safety (Fast Retailing 2021c.) It helps Uniqlo, although not directly manufactured but can control the progress and quality of products. Another disadvantage of outsourcing is facing sourcing challenges as factories deal with the COVID-19 pandemic. Due to the COVID-19 outbreak, most clothing manufactures in Asia, especially in Viet Nam, have a backlog of orders due to the lack of workers, especially in areas with a high number of infected people. It leads to delays in production and delivery time. Therefore, Uniqlo must experience product shortages.

In conclusion, Uniqlo's competitive advantages to compete with two competitors in the Finnish market include maintaining a stable customer group due to basic designs of clothes with unique features, various sizes, and colors suitable for everyone. In addition, the outsourcing method contributing to the pricing strategy is also an outstanding strength. However, there are limitations Uniqlo needs to pay attention for not to fall behind in this competition. The first weakness is the limitation of the customer target group due to not

updating the trend. The second limitation is the reliance on outsourced factories to produce products.

## **7 Entry Strategies – Entering new market**

### **7.1 Entry strategy theoretical frameworks**

#### **7.1.1 Export entry strategy**

##### **Direct export**

Direct export is one of the most common entry strategies utilized by many operations when entering a new market. The company itself can control the selling and buying process with importer in the target market. Direct exporting works well if the volume is in small size. The main feature of the direct import model is that there is no middleman. (CEOPedia, 2019.)

##### **Indirect export**

This is an entry strategy in which the manufacturer does not directly participate in the sales and distribution activities of its products in the foreign markets, but completely depends on intermediaries. (Hollensen 2007.)

##### **Cooperative export**

Cooperative export means the exporter sells goods through the distribution system of a foreign partner. Take advantage of the partner's pre-established distribution channels. In this export mode, the company and its partner both share risks. (Hollensen 2007.)

#### **7.1.2 Intermediate export strategy**

##### **Licensing**

Licensing is the process of creating, administering a contract between the owner of a trademark and the company that wishes to use the trademark in association with its products. It also refers to licensing given to a particular organization to trade in a certain territory. In this foreign market entry strategy, a home country licensor provides limited rights or resources to a home country licensee. Rights or resources may include patents, trademarks, supply chain management, technique skills, and other things. The licensee has the right to produce and sell a similar product without requiring the licensor to extend its operation abroad. (Hill 2013.)

##### **Franchising**

Franchising can be defined as cooperation. A franchisee pays costs and authority for a franchisor to identify with its trademark, sell the same products/services, and apply a simi-

lar business margin. Compared to licensing, franchise agreements have a longer-term validity. Typically, the franchisee is responsible for infrastructure investment and human resources costs. The franchisor transfers the business model, training, operating/managing instructions, and all required supports for the franchisor to develop the business. (Hill 2013.)

### **Contract Manufacturing**

Contract manufacturing is an entry strategy for a global brand to export its operation to other countries by setting up a factory in the target market. Industrial companies that major in complicated manufacturing techniques often use contract manufacturing as an entry strategy. This can help to avoid problems such as investment capital, labor, tariff and non-tariff barriers. Besides, product costs can be reduced if the cost of labor and raw materials at the place of production are low is also an advantage of this strategy. (Albaum & Duerr 2011.)

### **Joint Venture**

A joint venture is a cooperation in which more than one party is freeholders sharing ownership, management/operation rights, and enjoying property rights. For the economic advantages such as: integrating the strengths of the parties in technological terms, capital, and operating methods in the form of joint ventures, there are certain limitations: when running a company, it could have different ideas on production, operation, and development strategy. (Hill 2013.)

#### **7.1.3 Hierarchical entry strategy**

Hierarchical entry strategy also called an investment mode is the last kind in the group of market entry strategies suitable for businesses that want to increase their control and influence over their market entry activities. This group of strategies includes merger/Acquisition and Greenfield. (Hollensen 2007.) Compared with the other types of market entry strategies, export, and intermediate entry strategies, when applying the hierarchical entry strategy, enterprises totally own and control over the company's entry strategy; however, the risks and expenses are also higher.

### **Merger / Acquisition**

Mergers and Acquisitions is a popular strategy that a company acquires and merges with one or more other companies. The result of this process is a joint company created with synergistic values from the former companies. This entry strategy helps foreign businesses reduce expenses for researching and expanding new markets as well as take ad-

vantage of available resources from local businesses such as capital, facilities, offices, sales, and distribution channels. (Hollensen 2007.)

### **Greenfield**

In this mode, the firm invests directly to build and operate its own new manufacturer, marketing channel, office, or administrative facilities, which are different from the merger and acquisition of existing businesses in the foreign market. (Hollensen 2007.)

## **7.2 Choosing entry strategy**

**Naive rule:** The key feature of this rule is that the company considers only one path to enter multiple foreign markets. The fundamental disadvantage of applying this principle is that the complexity and the differences of entry conditions in the individual target market are not considered comprehensively. Moreover, the flexibility of this principle is very low, thus limiting the company's approaching methods in achieving market opportunities. (Albaum & Duerr 2011.)

**Pragmatic rule:** This principle applies when a company prefers to start its business in the international market with the lowest risk entry strategy if it is workable for their case. (Hollensen 2007.) This principle allows the company to avoid the wrong decision method, thereby minimizing information collection costs and management time spent for investigating other potential alternatives for the company that result in the workable entry strategy the firm chooses may not be the most optimal one. (Albaum & Duerr 2011.)

**Strategy rule:** Applying this rule in choosing an entry strategy, the company analyses, evaluates, and compares different penetration methods based on influence factors such as cost, revenue, and expected profit. This helps the company choose the most suitable entry strategy for each target market, which contributes to maximizing the company's profits and objectives. (Hollensen 2007, Albaum & Duerr 2011.)

## **7.3 Factors influencing the choice of entry strategy**

To maximize the competitive advantages and financial benefits of new markets in the world, global brands in the world are constantly accelerating their investment in target markets in many different countries around the world. The process of globalization, internationalization is a complex process carried out through the selection and formulation of appropriate market entry strategies when entering new markets. Each target market has potential factors that bring opportunities for business success, but at the same time, there

are certain challenges that businesses need to be aware of and analyze carefully to limit the risks that they face. (Albaum & Duerr 2011.)

There are two main groups of factors affecting choosing the entry strategy for entering the target market. Internal factors are related to the internal environment of the enterprise such as firm size, international experience, and product characteristics while external factors are related to the external environment of the enterprise (Figure 43.). To easily consider different entry strategies, enterprises often compare and analyze the pros and cons of entry strategies under the analysis of the influencing factors to choose the most appropriate entry strategy suitable for business in the new target markets.

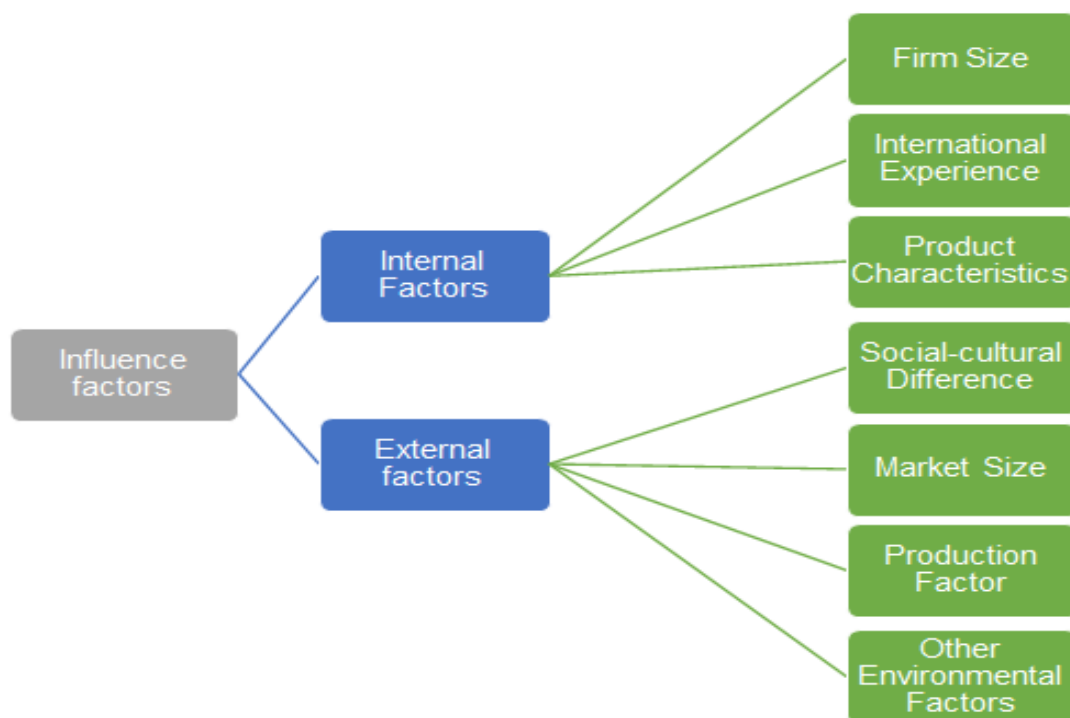


Figure 43. Influence factors in choosing entry strategies (Albaum & Duerr 2011.)

**Firm Size:** Mention the impact of internal factors on the choice of new market entry strategies, Albaum & Duerr (2011) argue that the firm size directly affects and plays a key role in the company's choice of entry methods in new markets. They include factors such as financial capacity, production capacity, investment capacity, and competitive advantage. In the first period of the entry process, SMEs can consider choosing for themselves the appropriate entry strategies by cooperating with other businesses or exporting directly to minimize international investment risks due to competitive pressure from companies having more capital and resources capacity in the market. On the contrary, bigger enterprises with large scale, capital capacity, high advantage competitiveness compared to strong

competitors in the market can have more options to build their entry strategies in the target market.

**International experience:** As mentioned in the same book, international experience is also a key factor in choosing an entry strategy. The enterprises with extensive experience in internationalization investment or entering a new market will be more confident and flexible in strategy formulation, operational management capacity, controlling the investment risk so they can consider making direct investment and establishing their own management in the new market. However, crises that can occur in new markets or come from great competitive pressure in new markets always exist. International experience increases the potentiality of successful integration into new markets, minimizing costs and risks from new market uncertainty. Therefore, to minimize investment risk due to lack of international experience, SMEs companies can choose to cooperate with other agents with stronger international experiences instead of making a direct investment. (Albaum & Duerr 2011.)

**Product characteristics:** The characteristics of products and services in which the firm plays a role are equally important in choosing a new market entry method. The reason is that depending on the characteristics of the product group, businesses must have an appropriate strategy to minimize risks while still ensuring the quality of products and services. For example, the groups of electronic products, electrical appliances, and equipment have the complex product nature, high value, and the requirement of after-sales and maintenance services, so businesses should consider choosing a hierarchical method instead of licensing or franchising because these methods do not have total control and manage over products and services. Meanwhile, for some other products and services to minimize transportation and operating costs, enterprises can choose to export through intermediaries to increase the competition in price. (Albaum & Duerr 2011.)

**Socio-cultural differences:** The differences, distance in the social culture between the host country and the target country creates certain differences between the advantages and disadvantages of the entry strategies. In cases, the socio-economic differences are too great, it is difficult for firms to maximize their advantages gained in the old market. Understanding the market is extremely important to minimize risks, costs, and available resources, in which case businesses can consider choosing between immediate methods such as licensing, franchising, or joint venture instead of hierarchical methods. (Albaum & Duerr 2011.)

**Market size:** Albaum & Duerr (2011) state that market size is extremely important, directly influencing investment decisions in new markets. The large enough market capacity and



development potentialities help businesses easily consider making investment decisions and build long-term business plans through hierarchical methods. With small markets, low growth, and fewer potential opportunities, direct investments in hierarchical strategies could bring higher risks of capital loss and wasting resources.

**Production factors:** Comparing production advantages from the target market with other environmental factors can help businesses make the most of local resources such as labor. If these factors include infrastructure, investment attraction policies, labor qualifications, and regulations on minimum wages in the host country, there are more incentives than the host country, then consider choosing long-term investment direction through hierarchical strategies is worth considering. On the other hand, if the production costs and conditions in the target country are too high compared with the host country, the choice of export method will help businesses reduce production costs. (Albaum & Duerr 2011)

**Other environmental factors:** In addition to the external factors mentioned above, there are other environmental factors influencing choosing entry strategies such as political, economic, technological, environmental, legal that the company should consider based on the PESTEL analysis.

#### 7.4 Entry strategies analysis and suggestions for Uniqlo

When entering a new market, besides understanding the local consumers' demand, it is vital to determine which entry strategies the company should apply. An appropriate penetration strategy will help the company reduce many costs incurred and bring high profits. In this chapter, the authors will figure out the available entry strategies Uniqlo can choose when entering the Finnish market. As a result, the authors will recommend the most suitable one according to the analysis of influence factors.

Firstly, the authors analyze the internal influencing factors including business size, international experience, and product characteristics compared with SWOT analysis and competitive advantages that Uniqlo has. Originally founded in Japan in 1949 by Tadashi Yanai, Uniqlo, a global clothing apparel company, is now developing its market with over 1000 stores around the world. (Fast Retailing 2021b.) Therefore, it could be said that with the available strengths in terms of capital, human resources, strategic partners, and brand reputation, Uniqlo's firm size is completely large enough to be able to build for itself any new market penetration strategy.

With current great achievements, being a leading brand in the field of garment trading and manufacturing, Uniqlo has intensive knowledge and experience in internationalization. Hongjoo Woo and Byoungcho Jin (2014) argue that Uniqlo has an effective internationali-

zation and flexible supply chain system around the world thanks to positioning fashion products with simple style, high quality, and low price. Uniqlo's major entry strategy when entering new markets in most foreign countries is that open flagship stores in large cities to increase its brand recognition before the further investment. In fact, until now, Uniqlo successfully applied its international experience in entering and expanding its markets in many European countries. These bridgeheads help this brand enhance its global reputation in the area to open the following official stores in other countries (Fast Retailing 2021d.) In the SWOT analysis in the above chapter, the solid foundation of international experience is also mentioned as a strength of Uniqlo in this case study.

Regarding the product characteristics, Uniqlo's main product ranges offering is fashion wear including many different product groups, suitable for seasonal weather conditions. The competitive advantages in reputation are derived from investing in R&D high-quality products, high-tech raw materials based on sustainable development. In addition, businesses do not invest in building or owning production plants, but take full advantage of outsourcing the production of goods by continuously searching and establishing strategic cooperation relationships with apparel manufacturers in most developing countries and many of which are in China. This helps businesses reduce production costs, make the most of raw materials, cheap labor, and preferential policies from these countries but still control the stability of product quality by holding annual conventions to promote dialogue with factories. (Haghirian 2021.)

The characteristics of the internal factors mentioned above show that Uniqlo has some specific advantages in entering the new market in Finland. However, the consideration of choosing a suitable and correct strategy also depends on the influence of external factors including socio-cultural distance and other environmental factors which have been already discussed in chapter 3 - PESTEL analysis. In that part, the potentialities and barriers in the Finnish market are defined so in this section, the authors will be only mentioned and analyze market size and production factor.

In order to have a more multi-dimensional view of the market entry strategy that Uniqlo should apply, the authors conducted an interview with experts on aspects related to market characteristics and the necessary influencing factors considered before officially entering the Finnish market. Our interviewee, Ms. Marja Viljanen, a senior lecturer from LAB University of Applied Science in Lahti has some sharing ideas. About the market size, from the perspective of an expert with many years of experience in the field of international business and international marketing, Marja stated that the Finnish market is showing positive signals, increasingly accepting foreign brands. Generally, the Finnish market is

still very new and has quite potential, but the market size is still small compared to other European countries due to the characteristics of the population structure. Finland's population is just over 5.5 million people while the population density is low. In addition, in Finland, the considerable decline of birth rate and the significant storage of population in the working-age has been accelerating (Statistics Finland. 2021a.) Besides promising signals of matching customer demand, high-income customers, significant advantages from other external factors there are some specific challenges of the small market size and the aging demographic trend in population. Moreover, production expenses in Finland are much higher than in other countries where Uniqlo has established long-term relationships with its outsourcing manufacturers. This shows that not only the potentialities the new markets in Finland do contain but also some significant risks. In this case, the application of the hierarchical entry strategy is not much recommended. Based on the available advantages of the Uniqlo business model, the author proposes that it is possible to combine methods of market entry strategies flexibly and depending on each stage. At an early stage, businesses can choose to import goods from factories in other regions close to the target market in Finland to minimize transportation costs but still achieve competitive prices thanks to the low production cost.

Moreover, the application of a strategy of cooperation with other businesses in Finland such as the cooperation between Uniqlo and Marimekko to create unique product lines that attract the attention of consumers can also be considered (Marimekko 2021). However, from the author's research perspective, the market survey above shows that Uniqlo's reputation is large enough for businesses to develop and build their own sales systems. This is to ensure quality and take full advantage of the inherent advantages of the business to improve its position, coverage, and as a springboard to dominate other markets in the region in the Nordic market.

In addition, analyzing the appropriate entry strategy compared with the strategy Uniqlo has done when entering other European countries, the authors also emphasize the differences in economic and political contexts at the time of the research in 2021 when the Covid-19 pandemic still seriously affect many aspects of life. A detailed plan for entering the Finnish market is essential, in the early stages of entering the new market in Finland, Uniqlo can further strengthen brand awareness through communication channels and build a comprehensive online sales channel system in Finland. However, online shopping channels bring certain conveniences to consumers in Finland to access Uniqlo's products when the brand has not officially entered this market yet. Customer trust is also significantly influenced by not only the brand image and reputation that the company builds but also their experience through physical presence. Agreeing with this opinion, Marja also

suggested that businesses can consider opening flag-ship stores in the biggest cities in Finland in the early step, then continue to research and analyze the market to take further steps in building more official stores on a larger scale.

Finally, to have success in entering a new market in Finland, businesses need to consider building a long-term and comprehensive strategy to raise brand awareness, brand values, and sustainable development. Sustainable development also has environmental and ethical issues that need to be concerned and developed significantly. Especially, not only in Finland but also in the general development trend of the whole world about the aspects related to sustainable development orientations are issues that receive great attention from lots of customers around the world. According to Marja's observations, she believes that Finnish consumers' awareness is increasing and paying more attention to environmental and ethical issues. In the future, to be able to dominate and develop in the long-term in the market, businesses need to make more efforts in developing not only the quality of products and services but also the benefits of the community, and social contribution.

## 8 Conclusions

In this chapter, the authors are going to conclude the thesis. First, there will be answers to the research questions and figuring out the achieved goals of the study. Attached after that, the chapter concentrates on the study's validity and reliability. In the last sub-chapter, the authors make some suggestions for further research in the future.

### 8.1 Answers for Research Questions

#### What are the potentialities and barriers of the Finnish market?

Potentialities	Barriers
<p>Internal</p> <ul style="list-style-type: none"> <li>- Competitive advantages for the competition: stable customer base, unique product features, pricing strategy.</li> <li>- Highly-trusted and well-known brand</li> <li>- Having experiences in internationalisation</li> </ul>	<p>Internal</p> <ul style="list-style-type: none"> <li>- Risks from outsourcing consequences</li> <li>- Limitation of customer target group</li> <li>- Related to negative ethical issue</li> </ul>
<p>External</p> <ul style="list-style-type: none"> <li>- Matching the demands of consumers in the market</li> <li>- Matching the sustainable development of the market</li> <li>- Brand awareness in the market</li> <li>- Technological, government support from Finland</li> </ul>	<p>External</p> <ul style="list-style-type: none"> <li>- Local competitors</li> <li>- Language &amp; culture differences</li> <li>- Small market size</li> <li>- Covid– 19 pandemic – Consumer behavior changes</li> <li>- Political &amp; Legal issues</li> </ul>

Table 8. Potentialities and barriers of the Finnish market

There are potentialities to support Uniqlo's entry into the Finnish market. Besides, there are also many barriers that make it difficult.

**Potentialities:** Uniqlo's strengths are considered as potentialities for the brand to develop in the new market. The first potentiality is Uniqlo's competitive advantages compared to a famous brand in the Finnish market. It helps Uniqlo to compete with its rivals. The next one is a highly trusted, well-known brand and having experiences in internationalization. The existing popularity will make it easier for Uniqlo to build a brand image in a new market.

Moreover, having experience in internationalization is a potentiality for Uniqlo when joining a new market. It helps Uniqlo to reduce the adaption period. In addition, the potentialities of the Finnish market (external factors), as mentioned in the table above support Uniqlo's entrance. According to the analysis of the survey results in chapter 5, Uniqlo's products completely satisfy the consumer market and their shopping habits. Having sales in Finland, although not yet entering the market, promotes the brand to enter the market. Then, the sustainability direction of Uniqlo completely matches the developing criteria of Finland. Finally, when penetrating the Finnish market, Uniqlo will support the government both in policy and technology.

**Barriers:** Uniqlo's weaknesses are considered as barriers for the brand to develop in the new market. They are outsourcing methods, limitation of the customer target group, and negative ethical issues. Due to outsourcing production, Uniqlo bears many risks due to not fully managing the production process. The limitation of the customer target group comes from the development orientation of product lines. In the context that ethical issues are gradually being appreciated, Uniqlo needs to pay more attention to moral issues. In addition, barriers from external factors are also worth considering. Finland's characteristics, such as market size, potential, and development direction or fierce competitions in the present and the future. Those factors are considered as the challenges that Uniqlo must face. The cultural and social gap between the host and target markets also requires the company to invest in in-depth research, analysis, and evaluation to build the appropriate market expansion plan.

### **Which entry strategy should Uniqlo apply to enter Finnish market?**

The authors recommend that Uniqlo should apply the direct import method when joining the Finnish market. Importing products from the partner manufacturers that have cheap labor helps Uniqlo to maintain a stable pricing strategy. In addition, considerable changes in customer behavior and purchasing methods in the context of the Covid-19 epidemic are also significant barriers that Uniqlo needs to analyze, update, and establish the solid and

prudent approach method in every single step of the implementation process. Consumer behavior has changed a lot since the Covid-19 pandemic. Uniqlo should operate a flag-ship store as the first action. This helps Uniqlo to utilize time and budget for R&D from the beginning.

## 8.2 Validity & Reliability

Good measurements in research are based on two critical criteria: Validity and Reliability. Generally, the thesis and the results are considered valid and reliable. The thesis implementation is the information data collection from both primary and secondary sources. In the theory discussion part, the authors collect information and knowledge from modern and relevant studies. The secondary data were searched from valid sources, such as printed books, articles, reports, and Uniqlo's official website. Then, the primary data is collected by analyzing the results from online surveys and interview results. The information obtained from the study is carefully recorded and analyzed. For the informational data of the interview questions, the author directly interviewed the selected people. The interview process was carefully documented and analyzed. As a result, the collected data are valid.

As a result, the collected data are valid.

## 8.3 Suggestions for Future Research

In 2015, the Jaba Garmino factory in Indonesia, which manufactures products for Uniqlo, was closed due to bankruptcy. One of the reasons for this bankruptcy was the withdrawal of the order from main partners, including Uniqlo. It caused more than 2,000 workers at the factory to lose their jobs. As a result, the workers were unpaid, and the debt amounted to USD 5.5 million. The workers deserve this salary after years of hard-working for UNIQLO and other clothing companies. The importance of the case is that all the unemployed workers continue to be vulnerable as most of them are women, and some are considered "out of age" to find another job in any other factory. (Winterstein 2020.) Recently, the incident is being noticed by consumers around the world, especially in the European market. The most recent proof is in Milan, the fashion capital of Italy. In 2019, Uniqlo opened a store here, and the first difficulty Uniqlo faced was a consumer protest demanding rights for Jaba Garmino factory workers. (Labour Behind the label 2019.)



Figure 44. Consumer protest in Milan (Labour behind the label 2019.)

Even though this incident of Uniqlo happened 6 years ago, consumers are gradually tending to pay more attention to the ethical issues of a brand. This is a sign that the ethics of any business will become extremely important to customers in the future. The aim of the study only focuses on market research and setting up the entry strategy. However, understanding deeply about the consumers of the target market is also important. There should be a deep analysis of the factors affecting consumer behavior in Finland, for instance, ethical issues. In addition, further strategies when Uniqlo joins the Finnish market are not discussed in this study. The matching and converting techniques were not deeply discussed to set up further strategies. This could be considered as a suggested idea for further analysis and research.



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## Appendix 1. Online research survey

This survey will be conducted to collect quantitative data used for analysing customer behaviour, then define the potentialities and barriers of Finnish market.

### Basic information

1. What age group do you belong to?
  - a. 18-24
  - b. 25-34
  - c. 35-44
  - d. 45-54
  - e. Other:\_\_\_\_\_
2. What is your gender?
  - a. Male
  - b. Female
  - c. Prefer not to say
  - d. Other
3. Which of the following is your average salary per month?
  - a. < 1000 euro
  - b. 1000 euro – 3000 euro
  - c. >3000 euro
4. What percentage of your monthly income do you spend on fashion items?
  - a. Less than 10%
  - b. 10% - 20%
  - c. More than 20%
5. How often do you purchase fashion items?
  - a. Very often (a few times a week)
  - b. Sometimes (2-3 a month)

- c. Not often (Once a month)
- d. Rarely (Once in every few months)

**Customer behaviors and brand awareness**

6. Do you prefer buying online or in-store shopping?
  - a. In-store
  - b. Online
  - c. Other: \_\_\_\_\_
7. Do you prefer simple or showy style?
  - a. Simple style
  - b. Showy style
  - c. Other: \_\_\_\_\_
8. What factor would influence you to buy fashion products? (You can choose more than 1 option)
  - a. Price: It has to be a reasonable price
  - b. Function: It has to be a high-quality product
  - c. Style: It has to correspond to my clothing taste
  - d. Reputation: It has to be a famous brand
  - e. Availability: It has to be convenient to try on in store
  - f. Delivery and Payment method: It has to be easy and quick for purchasing
  - g. Other: \_\_\_\_\_
9. Have you ever heard about Japanese brand Uniqlo?
  - a. Yes
  - b. No
  - c. Maybe
10. How have you heard about Uniqlo? (You can choose more than 1 option)



Internet/Social media	
Friends/relatives	
Fashion Influencers	
Newspapers/ Magazines	
From my trip abroad	
Other:	

11. Which of the following do you associate with this brand?

- a. High-tech
- b. Casual clothing
- c. Origin
- d. I have no idea
- e. Other: \_\_\_\_\_

**Rate the level of your agreement with these following statements:**

(1-Strongly Disagree/ 2-Disagree/ 3-Neutral/ 4-Agree/ 5-Strongly Agree)

Statements	1	2	3	4	5
12. The sustainability of a brand affects me when making a purchase decision.					
13. Having a physical store in Finland would increase the credibility of a fashion brand.					
14. I am satisfied when shopping Uniqlo products					

15. If Uniqlo opens a shop in Finland, I will buy their products.					
16. I will recommend Uniqlo to my friends					

17. Choose two (2) fashion brands which are your first choices when shopping clothing (Only 2 options)

H&M	
Zara	
Luhta	
Peak Performance	
Others (if your choices are not in the above list)	

## Appendix 2. Interview questionnaire for customers in Finland purchased Uniqlo products

1. Where did you purchase Uniqlo products?
2. What kind of products do you usually purchase at Uniqlo?
3. How often do you purchase Uniqlo products?
4. How do you associate with Uniqlo brand?
5. Which factors of Uniqlo's products affect your buying decision?
6. What is the most challenging when purchasing Uniqlo products?
7. Do you think it would meet the demands of consumers in Finnish market?
8. Do you prefer Uniqlo having a store in Finland or shopping online can still work?

Appendix 3. Interview questionnaire for experts in Finland who working or studying in the fields related to international marketing and process

1. How is the openness of the Finnish market for foreign fashion companies?
2. Which influence factors the company should consider when choosing the entry strategy for Finnish market?
3. Which entry strategy should be the most appropriate for global fashion brand to join in Finnish market?