Bachelor's thesis

Bachelor of Business Administration, International Business

2022

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Market research on Finnish wooden earrings

TURKU AMK
TURKU UNIVERSITY OF APPLIED SCIENCES

Bachelor’s thesis | Abstract

Turku University of Applied Sciences

Bachelor of Business Administration, International Business

2022 | 67 pages

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Market analysis is an important part of a business strategy. When starting a new company understanding the current market, products available and the demand for products is essential for a successful business venture. The motivation for this thesis started from the researcher's idea of starting a small woodworking company making wooden earrings.

The blue ocean strategy was chosen as the theoretical basis for this thesis. This answers the first research question: what is a competitor analysis and how can it be done? Based on this theory, the researcher studied Finnish companies making wooden earrings and what kind of wooden earrings they currently offer. This market research answers the second research question: what are the main key factors on which Finnish wooden earring manufacturers are competing on?

The data was collected mainly from the manufacturer’s websites in two stages. The first stage focused on finding competitors fitting the profile for this thesis. In the second stage the actual market research was done based on a coding schedule made by the researcher.

The findings show that most Finnish wooden earrings are machine-made and are relatively cheap. There are only very few manufacturers making hand made wooden earrings focusing on wood as the material.

Keywords:

Market research, Blue Ocean strategy, Wooden earrings, competitor analysis

Opinnäytetyö (AMK) | Tiivistelmä

Turun ammattikorkeakoulu

Bachelor of Business Administration, International Business

2022 | 67 sivua

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Markkinatutkimus suomalaisista puukorvakoruista

Markkinatutkimus on tärkeä osa liiketoimintasuunnitelmaa. Uutta yritystä aloittaessa on oleellista ymmärtää tämän hetkinen markkinatilanne, saatavilla olevat tuotteet ja kysyntä markkinoilla, jotta hanke olisi menestys. Idea tämän opinnäytetyön kirjoittamiseen lähti kirjoittajan ajatuksesta aloittaa pieni puutyöyritys, joka valmistaa puisia korvakoruja.

Sinisen meren strategia valikoitui tämän opinnäytetyön teoriapohjaksi. Tämä myös vastaa ensimmäisen tutkimuskysymykseen: mikä on markkinatutkimus ja miten sellaisen voi tehdä? Tämän teorian pohjalta kirjoittaja tutki Suomalaisia yrityksiä, jotka valmistavat puisia korvakoruja ja millaisia koruja nämä tarjoavat. Tämä markkinatutkimus vastaa toiseen tutkimuskysymykseen: mitkä ovat päätekijät, jotka toimivat suomalaisten puukorvakoruja valmistavien yrityksien kilpailun pohjana?

Tieto kerättiin valmistajien nettisivuilta kahdessa jaksossa. Ensimmäinen jakso keskittyi kyseisten yritysten löytämiseen, jotka sopivat opinnäytetyön raameihin. Toisessa jaksossa tehtiin varsinainen markkinatutkimus kirjoittajan laatimaa arviointitaulukkoa hyödyntäen.

Tulokset kertovat, että suurin osa suomalaisvalmisteisista puukoruista ovat valmistettu koneella ja ovat verrattain halpoja. Markkinoilla on hyvin harva valmistaja, jotka tekevät puisia koruja käsin keskittyen puuhun materiaalina.

Asiasanat:

Markkinatutkimus, Sinisen meren strategia, puiset korvakorut, kilpailija-analyysi

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1 Introduction

The purpose of this thesis is to gain knowledge on how to undertake a competition and market analysis, and based on this knowledge to perform a market research. I am planning on starting a business sometime after completing this thesis. The thesis therefore serves as groundwork for the business plan for the company that I have in mind.

I am a 33 years old man with a passion for design and arts. I have background in several fields such as sales, furniture making and photography through work, study history and personal interests and hobbies. My professional background is mostly from more recently over two years of experience in sales at an insurance company with many in house training, a degree in joinery and diverse manual labor from during the study years. Through studies and hobbies I have strong background in joinery and furniture making as I also gained a degree in furniture making through a vocational school after high school. Furthermore I am soon to graduate with a Bachelor's degree in international business. Ever since joinery school I have continuously created furniture and smaller wooden items with emphasis on design and quality. Moreover I have also studied photography for a year and actively photographed approximately for 15 years including traditional silver printing.

This background provides a foundation for starting a woodworking design company and the thesis provides an opportunity to explore the business ecosystem by doing market research. By knowing the market and competition I can avoid many pitfalls. In this thesis I will not go into details about the company and its products, but the main idea is to provide bespoke wooden products including furniture and smaller wooden items.

The motivation for the thesis is both professional and personal. This thesis provides practical value in starting the company and in regards of personal motivation the topic is very close to personal passions: woodworking and art. Furthermore being an entrepreneur has always interested me.

1.1 Research objectives

The core objective of the thesis is to provide a solid knowledge base on what a good competition analysis includes. Based on this knowledge a competition analysis is made. Regarding the competition analysis this thesis focuses on local Finnish woodworkers and design companies (B2C) which make wearable wooden objects, more specifically earrings. To keep the thesis clear and concise, it does not take other woodworking products into consideration.

The market research part of the thesis aims to identify the main key factors on which competitors are competing on. This helps to undestand what the competitors are doing and what ‘the rules of the game’ are.

The thesis aims to answer the following questions:

1. What is a competitor analysis and how can it be done?
2. Market analysis: what are the key factors on which Finnish wooden earring manufacturers are competing on and what are their main competitive advantages?

1.2 Structure

After the introduction and research questions the thesis moves on to the theoretical background for the market research. Next the thesis focuses on the practical part of the thesis: the competition analysis. First there is a brief section on the methodology which describes the scope and guidelines for the market research, how the data was collected and the limitations of the thesis. After this the collected market research data is presented. Next there is a short analysis of the data which also ties together the data and theory.

2 Literature review

This chapter on literature review forms the theoretical basis for the market research. The main focus of this chapter is on answering the first research question. In order to do a market research it is crucial to first understand what should a good quality market research include. There are many frameworks and theories that can be used for this purpose such as the five force framework and the value chain, which were introduced by Michael Porter. However this chapter focuses on and explains how the Blue Ocean framework works and how it can be used to make a competition analysis. This framework was chosen because it can help set one apart from the competition and find demand, which is not currently met by the competition.

2.1 Blue ocean strategy

To be successful, a company must perform better or deliver something that the competition cannot. This is usually done by determining what others are doing and to try to do it better, cheaper or preferably both. By doing so, companies are fighting over the same existing market space. Therefore one company's gain is another's loss. By trying to outperform the competition, a company is focusing on the competitors, which are the supply side of the equation. Instead a company should be focusing on on the demand side of the equation, which is the people actually buying the products or services. (Chan & Mauborgne, 2005)

While competition is a relevant aspect of business, is this the best way to outwit the competition? Chan and Mauborgne (2005) argue that this strategy is not the optimal way to defeat the competition. They argue that the best way is to make the competition irrelevant by creating a new market space. In a new market space there naturally are no competitors yet and therefore the competition is also irrelevant. Furthermore, the aim should be to make the competition irrelevant by making a leap in value for the customers. (Chan & Mauborgne, 2005)

Chan and Mauborgne named these two different situations red oceans and blue oceans, respectively. Red oceans are all the industries and market spaces in existence today. In other words red oceans are the known market space. Blue oceans are all the uknown market spaces yet to be discovered. (Chan & Mauborgne, 2005)

In red oceans competitors follow the same rules of competition and the industry boundaries are also known and accepted. To succeed in red oceans companies compete for the existing demand i.e. the existing market space. This is achieved by trying to outperform the competition by doing something better for a lower price. When products become similar with each other and they become commodities, people make their buying decision more based on price. Therefore red oceans do not offer the best opportunities for profit and growth. (Chan & Mauborgne, 2005)

Blue oceans on the other hand are undiscovered markets which go hand in hand with demand creation. Most often blue oceans originate from red oceans and are created by expanding the existing industry boundaries. Because a blue ocean product or service is not within the existing industry boundaries, the current competition is irrelevant. Therefore blue oceans also offer better possibilities for profit and growth. (Chan & Mauborgne, 2005)

Chan and Mauborgne did a study of business launches in 108 companies. They found that only 14% were blue ocean launches – new products or services aimed at creating new markets, but these launches totaling 61% of the companies' profit. In other words most launches were red ocean launches or line extensions– competing in existing markets, but the most significant amount of profit came from the few blue ocean launches. This study supports their view that blue oceans are more profitable than red oceans. (Chan & Mauborgne, 2005)

In light of the blue ocean strategy, a competition analysis should give insight whether a market is an oversaturated red ocean or not. It also should discover what the 'rules of the game / competition' are in the current market e.g. what are

the key factors companies are competing. This then would help to move from red oceans to blue oceans by making the competition irrelevant partly by changing the key factors.

While considering the blue ocean strategy it should be taken into account that blue ocean strategy has received criticism. For example Aspara et al. (2008) criticize blue ocean strategy for the lack of scientific theoretical corpus. They approach this strategy with uncertainty in terms of research and theoretical foundation. However, they concluded in their research that utilizing blue ocean strategy has a positive relationship with higher profitability in sales. (Aspara et al., 2008)

Utilizing the blue ocean strategy could be a good approach for this thesis and on starting a small woodworking company making wooden wearable objects for several reasons. Firstly, it helps to set one apart from the competition and it does not seem to be a good idea to be a newcomer in a saturated market. Rather it would make more sense to make something different and aim to create new demand. It could be reasonable to assume that starting a company has typically many challenges. Therefore, competing with companies with a foothold in the market and which have (presumably) their cost structure on a good level, does not seem like a good approach. Secondly this approach seems suitable for this thesis considering the available resources and work required.

2.2 The strategy canvas

Chan and Mauborgne developed tools and frameworks to help analyse the market and create blue oceans. The fundamental framework is the strategy canvas. This helps to understand the current state of a known market space: where the competitors are currently investing, main factors competitors are competing on, and what competitors offer to the customer. (Chan & Mauborgne, 2005)

The stragegy canvas can be presented in a simple graphic form. On the horizontal axis are all the main factors of the existing market space on which

competitors are competing and investing in. On the vertical axis is depicted from ‘low’ to ‘high’ how much the customer receives on these key factors and how much the competition is investing in these factors. All these factors and how a company performs in each category can be connected to form a curve, which is called the value curve. (Chan & Mauborgne, 2005)

An example of what a value curve could look like for a company, which makes and sells wooden earrings is presented in figure 1. Vertical axis is the emphasis on each key factor 0 being low and 6 being high.

Figure 1. An example value curve. (Juvonen, 2022)

Chan and Mauborgne (2005) argue that to cause a significant shift in the strategy canvas of an industry one should move their focus from competitors and current customers to alternatives and non-customers. In other words this means to look into other and alternative industries, which can give valuable insight into how to reconstruct the value curve and redefine the problem instead of trying to answer the existing problem with slightly better and / or cheaper solutions.

An example that Chan and Mauborgne provided was of the U.S. wine industry. Basically there were two main groups of wines: premium wines and budget wines. Both categories tried to offer a sophisticated wine for special occasions with the main difference being the price. An Australian wine company created a new market space by offering an easy-to-enjoy wine for everyday. Instead of trying to offer a more sophisticated wine to be enjoyed on special occasions, they focused on the fun aspect of wine. They came up with this problem and solution by looking at industry alternatives which were beer, spirits and cocktails. With the insight they gained from these industries they formed a new value curve which answered a problem for the customers, that the competition could not. (Chan & Mauborgne, 2005)

The wine company in question found out by exploring industry alternatives such as beer, cocktails and spirits, that a significant amount of American adults considered wine as a turnoff. To reach these non-customers, the company reformulated the value curve and created a wine accordingly, partly by utilizing the four actions framework (explained in chapter 2.3). For example, instead of heavy emphasis on the prestige and complexity of the wine, they focused on an easy to drink and a non-intimidating wine for people, who previously did not enjoy wines. (Chan & Mauborgne, 2005)

Figuring out the competitors' value curves and the most important key factors for their wearable wooden items (earrings), could also prove to be beneficial in starting a company making wooden wearable objects. Similar information could explain what needs are already being met. Furthermore, by looking at industry alternatives and non-customers, valuable insight could be gained regarding what new market spaces and needs could be created. Similarly, as in the example, there are many alternatives to wooden jewelries and other industries with similar characteristics. For example watches, bags, jewelry made out of gold, silver and / or gems, even shoes and clothes could be industries to look into. With the insight from those industries, non-customers could be reached by forming a new value curve as the basis for the products. This thesis and market

research aims to find out what the current value curves and key factors are in the wooden earring industry.

2.3 The four actions framework

Chan and mauborgne introduced the four actions framework to help identify value proposition, and create a new value curve. Essentially this framework consists of asking four questions (see figure 2) relating to the industry factors of a value curve and taking actions based on the answers. The questions can be divided into two categories: reducing and increasing. The first category consists of two questions, which aim to lower the cost structure of a company by reducing emphasis on certain keyfactors and eliminating key factors wholly. The second category consists of two questions, which aim to increase value offered to the customer and to create new demand by adding emphasis on certain factors and adding new factors to the value curve. Examples for each of these are under each questions below. The most important questions are number one and four: eliminate and create, because they force companies to look beyond the existing industry boundaries and change the factors themselves (removing factors and adding new factors), thus creating a new market space. (Chan & Mauborgne, 2005)

1. Which factors on the value curve can be **eliminated**? The idea behind this question is to evaluate whether a factor is still relevant and necessary or should it be eliminated. For example some factors may be taken for granted or the customers may value some other factor more today than yesterday. The wine company mentioned earlier eliminated the use of terminology, which only wine enthusiasts would understand. Additionally they removed emphasis on the aging of the wine. Conversely other wine labels had a heavy emphasis on these factors on the value curve.
2. Which factors on the value curve should be **reduced**? This helps to understand if a customer is over-served on a product or service. If a company invests too much in a factor which provides little extra value for

a customer, it raises its cost structure without any real gain. For example, the same wine company reduced the complexity of their wine and lowered emphasis on the vineyard's prestige and legacy. They decided that the customers were overserved on these factors and such heavy emphasis on these was unnecessary. In other words emphasizing these factors was just not worth the cost.

3. Which factors on the value curve should be **raised** or invested in? The same wine company priced their wines above the budget wines.
4. Which factors should be **added** to the value curve? In other words, what can the company offer to the customers that the industry does not currently offer? In the wine company case, they added three new factors to their value curve. They made their wine easy to drink, easy to approach by making it easy to decide which wine to select for non-customers and created a fun, adventurous and laid-back 'personality' for the wine. (Chan & Mauborgne, 2005)

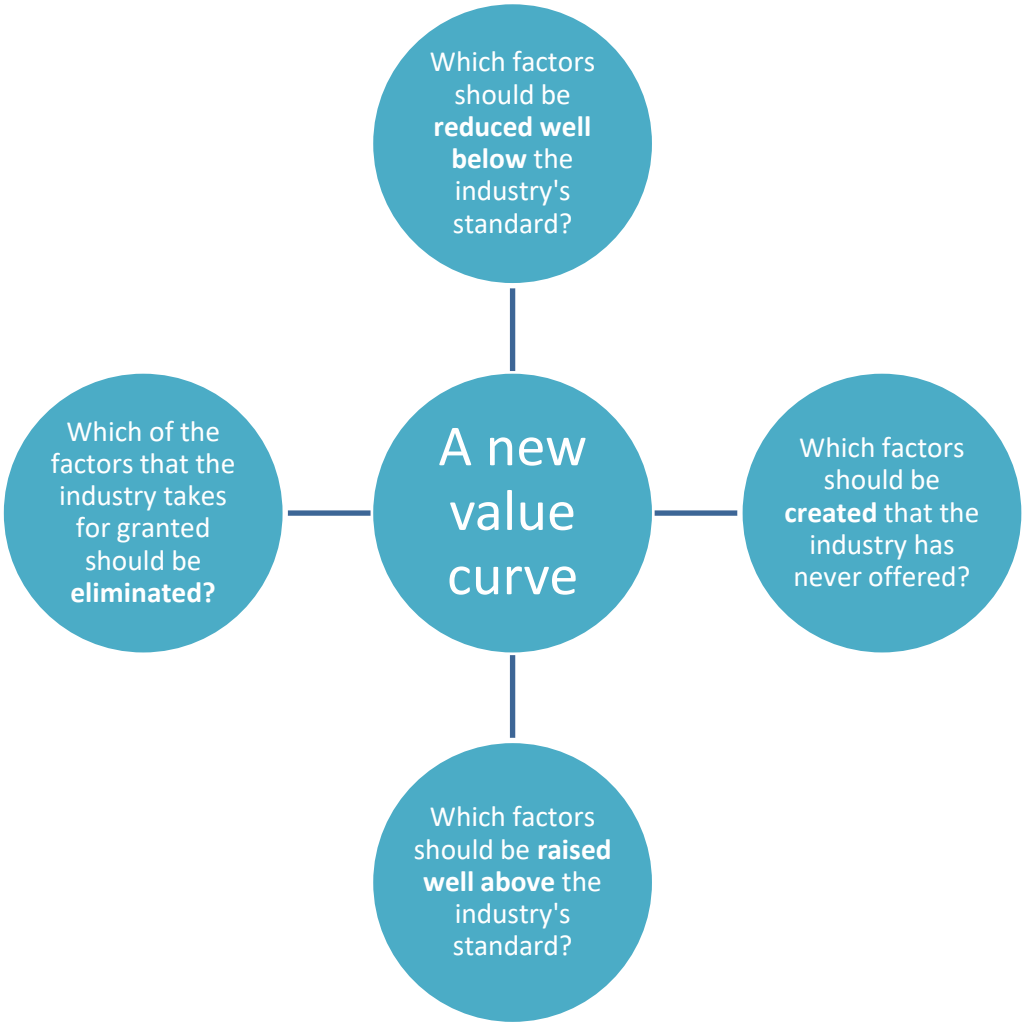

Figure 2. The four actions framework (Chan & Mauborgne, 2005)

2.4 The eliminate, reduce, raise, create grid

The eliminate-reduce-raise-create grid is a third tool that helps in seeking blue oceans. It is a supplementary tool to the four actions framework. The idea behind this tool is to not only ask the four questions in the four actions framework, but to also act on them This tool is more action-oriented and rather simple. The grid should be filled in with the answers to the four questions in the four actions framework (which factors to reduce, eliminate, raise and create). (Chan & Mauborgne, 2005)

Eliminate	Raise
Which factors should be eliminated from the value curve?	Which factors in the value curve should be raised above the industry standard / the competitors?
Reduce	**Create**
Which factors in the value curve should be reduced below the industry standard / the competitors?	Which factors should be added to the value curve?

Figure 3. The eliminate-reduce-raise-create grid. (Chan & Mauborgne, 2005)

2.5 Identifying a good blue ocean strategy

Chan and Mauborgne identified three characteristics of a good blue ocean strategy. According to them, a good blue ocean strategy has a clear focus and this is also seen in the the value curve. The company does not scatter their efforts all across the value curve and key factors. Secondly along with focus, a good strategy should have a clear tagline which conveys the product's or service's purpose in a way, which is easy to understand. Lastly the strategy's value curve should differ remarkably from the competition. If the value curve is similar to the competition, the company is competing in a red ocean and has not created a new market space. A differing value curve can be achieved by analysing industry alternatives. (Chan & Mauborgne, 2005)

2.6 Value creation logics

Stabell and Fjeldstad's value creation logic (cited by Sheehan, 2009) can also be used as a supplementary tool to discover blue oceans in addition to the ones proposed by Kim and Mauborgne. The value creation logic consists of three different ways a company, product or service can offer value to customers. Sheehan argues that by using two or more of these value creation logics, a

company can offer more value to customers and this way discover blue oceans. The three logics are: industrial efficiency logic, network services logic and knowledge intensive logic.

In the industrial efficiency logic the aim is to mass-produce products at low costs. This in turn offers value to customers by offering these products at low prices. These products typically are standardized to minimize costs. As examples Sheehan gives fast food restaurants, items in Discount Dollar Stores and producers of private label products. The better a company can produce standardized products at low costs, the more it offers value to customers. (Sheehan, 2009)

The network services logic creates value to customers by connecting them to other customers and also other members within the company's network. The company can create networks where individuals can connect with others. This could be done for example using social media, other virtual networks or even physical communities. Customers can review products and other customers can read them. The company could also provide supplementary products and accessories to the original product or connect the customer with other partners who provide such products. Sheehan gives examples such as eBay by connecting customers and sellers or a sailboat company, which participates in arranging sailing competitions and encourages customers to take part in these. The more connections the company can make, the more it creates value to the customers. (Sheehan, 2009)

The central idea in the knowledge intensive logic is by creating value to customers by offering products and services which can be tailored according to a client's specifications. This requires high levels of expertise in the field in question. The customizability provides value that the other logics cannot. Sheehan argues that a close relationship with the customer is key. By doing so, the company better understand the needs of the customer and is better able to fulfill them at the correct time. To help with this, customer relationship management is crucial. An example of such logic use is high-end hotels, which provide customizable service and rooms based on the clients taste using

customer relationship management and marketing, where customers can even have their preferred type of pillow or bedsheets. The bigger the gap between a customer's capabilities and the company's expertise and offerings is, the more value the company offers to a customer and the more it can charge for its services and products. If customers are able to produce the product or service themselves, the company offers little value and cannot charge as much. (Sheehan, 2009)

In the case of this thesis, the value creation logic could be used as a supplementary tool to categorize the competitors and to help differentiate a company from others. As discovering the current value curves in an existing industry can be challenging, using this tool could also help in identifying the key factors of the value curves. By identifying which value creation logics are used, reasonable assumptions could be made regarding what the key factors and the level of emphasis on each factor is. For example, if the industrial efficiency logic is employed, it could be reasonable to assume, that the company in question emphasizes lower prices. Conversely, a company employing the knowledge intensive logic, could emphasize customizability, uniqueness and / or higher prices. For the market research in this thesis, this tool is only meant to be used as an aid in identifying the key factors of the competitors' value curves.

Profit sustainablity should also be taken into consideration when choosing which logics to employ. The more sustainable the profits are, the more it makes sense to employ the logics in question. Sheehan argues that the industrial efficienfy logic is typically the easiest for other companies to copy, because there are many consultants to help implement the latest tools in reducing costs. Therefore it is important to add aspects of other logics as well to drive up the sustainability of profits. For example by utilizing knowledge intensive logic the company better fulfills the customers' needs, which generates customer loyalty. Additionally knowledge intensive logic is harder for competitors to copy. Whereas the greatest opportunities for sustainable profits lie in network services logic. This is especially true when a company gains a large amount of users. A great example of this is eBay, which has an immense amount of buyers and

sellers. On the other, a hand a threat to a company employing network services logic are other companies employing the same logic and offering similar services. Therefore a critical mass of users is key in employing this logic along with customer loyalty. (Sheehan, 2009)

To summarize using the value creation logics to discover blue oceans and maintain profit sustainability, Sheehan offers three actions that companies can take:

> Offer lower prices by employing an industrial efficiency logic.
>
> Enhance the offering's fit with customer needs using a knowledge intensive logic.
>
> Connect users using network services logic.

By successfully combining two or more of these actions (logics), companies have higher potentials for long-term success. (Sheehan, 2009)

2.7 Supporting theories

Although Kim and Mauborgne named this strategy blue ocean, many of its core ideas are not new and have been written about by other authors before the blue ocean strategy. As an example Hamel and Prahalad wrote the book Competing for the future in 1996, which shares similarities with the Blue ocean theory.

In brief, Hamel and Prahalad (1996) argue that companies should focus on the future instead of yesterday. In other words, it is not enough for companies to try to compete in existing markets by doing things cheaper and better while profit margins decline due to tough competition. Instead, they should focus on creating and dominating new or emerging competitive market spaces (business opportunities). However, Hamel and Prahalad (1996) do acknowledge that competing in existing markets is necessary also.

Hamel and Prahalad (1991) argue that for companies to survive and stay ahead, the only solution is to find new markets or business opportunities and get there before the competition. These new markets they termed white spaces.

White spaces typically can be found between existing business units. Corporate imagination is one key element in finding white spaces.The way to unleash corporate imagination is through logical process – it is not some magic that just happens. Corporate imagination means not being limited to conventional ideas, ways of thinking or existing markets and to harness the imagination of individuals in the company (including individual business units). Furthermore, companies should think of themselves more as a portfolio of key competencies instead of a portfolio of key products. For finding new market spaces, they give four key elements cited below. (Hamel & Prahalad, Corporate Imagination and Expeditionary Marketing, 1991)

> Four elements combine to quicken a company's corporate imagination: escaping the tyranny of served markets; searching for innovative product concepts; overturning traditional assumptions about price / performance relationships; and leading customers than simply following them.

Furthermore, in 2010 Johnson described white space as "a place where a company might have room to maneuver in a crowded playing field". Other definitions mentioned by him are "a place where there's no competition", "an entirely new market" or it could also be used for describing gaps in existing markets. Regardless of the definition, white space is a metaphor for a successful new business opportunity. (Johnson, 2010)

There are many similarities between the blue ocean strategy and Hamel and Prahalad's white space theory. Both argue on behalf of the necessity of finding uncontested business opportunities or market spaces and getting a foothold there first. Although the two theories have slightly different ways or tools for getting there, both stress the importance of not being limited by traditional ways of thinking or the existing markets and looking into alternatives for finding blue oceans or white spaces. Alternatives could mean for example alternative industries or business units within a company.

Reeves, Haanæs and and Sinha (2015) introduced the visionary business strategy. In line with the blue ocean and white space strategy, the visionary strategy aims at the same goal: developing new markets or fundamentally changing the rules of the game in an existing market i.e. disrupting an existing

market. This strategy is a three-step-strategy. The steps are: envisage, build and persist. First, one must envisage a market opportunity for example by discovering a latent need, which is not fulfilled currently. Second, one must be the first to tap into the market opportunity, i.e. build the product and if necessary even the company to fulfill the need in the new market. Third, one must persist in pursuing the market opportunity. In this strategy, timing is critical. For example by being first, one can set the industry standards and one can influence the market and the preferences of the customers. On the similarity to blue ocean strategy, the authors even mention, that one might know the visionary strategy as blue ocean strategy. In the same context the also mention the book Competing for the Future by Hamel and Prahalad and the Clayton Christensen's disruptive-innovation concept. (Reeves, Haanaes, & Sinha, 2015)

2.8 Basics of woodworking and materials

The purpose of this section is to give the reader a basic understanding on some aspects of woodworking and materials used in wooden earrings, which are relevant to this thesis. This information helps the reader understand the relevance of some of the key factors examined in section 4, the market research. The information provided is based on knowledge of the researcher as a professional woodworker unless a separate source is cited.

Plywood is a durable, easy to work with and easy to handle material (MetsäWood, 2022). It is a flat and rather stable material consisting of typically at least three thin sheets of wood glued together, whereas solid wood essentially is an unprocessed chunk of wood. Regarding earrings, plywood is a good material for making 'flat'earrings e.g. by laser cutting and serving as a 'base' for designs to be printed or painted on, whereas solid wood in principle offers more flexibility to create 3D earrings. One of the greatest advantages of solid is displaying the beauty of wood and makes each piece more unique. Depending on the species of solid wood, plywood is more readily available.

Computerized Numerical Control (CNC) means that the machine is automated and controlled by a computer (Goodwin University, 2018). Typically the machine can be equipped with different tools such as drills, cutters or laser cutters. Using a CNC laser cutter for earrings is cheap and fast in the sense that it is automated and can produce a large number of products quickly. However, the CNC machine itself is costly and requires a bigger initial investment unless the laser cutting is outsourced. The desired designs or shapes are entered in to the program controlling the CNC machine, which the machine then cuts. Many differenct kinds of materials can be used with a CNC-machine including plywood and solid wood.

On the other hand, making earrings by hand is slower and produces typically more unique pieces even though the design is the same (it should be noted though, that it is possible to replicate pieces by hand or hand tools to a very high degree). Regarding earrings perhaps the most usable / typical wood working skill would be carving by hand and turning pieces with a lathe. Depending on the skills of the woodworker, hand making e.g. hand carving gives perhaps more control over the end result since the wood worker makes a decision with each cut and it is a slower process. Typically hand made pieces are more expensive when compared to mass produced and machine made pieces. One of the advantages of hand making is the low initial investment costs. One could make an earring even with only one good knife.

3 Methodology

This chapter explains how the data for the market research was gathered and why these particular methods were chosen. The previous section aimed to answer the research question 1. and the market research section aims to answer the research question 2.

The data collected for the market research is primary data. Primary data means data, which is gathered by the researcher (Saunders, Lewis, & Thornhill, 2012, p. 304).

Data can be divided into quantitative and qualitative data. Quantitative data refers to data, which is numerical data or can be measured. Qualitative data on the other hand refers to data, which is not numerical or cannot be measured such as an interview. (Saunders, Lewis, & Thornhill, 2019, p. 175)

This research uses both types of data and therefore uses a mixed methods research. Mixed methods research combines both qualitative and quantitative data (Saunders, Lewis, & Thornhill, 2019, p. 181). This research collected quantitative data regarding the key factors of Finnish wooden earrings and qualitative data regarding other observations made by the researcher.

The data collection was divided in to several stages. First, the researcher used preliminary unstructured observation to collect qualitative data to prepare for the second stage (Saunders, Lewis, & Thornhill, 2019, pp. 380-382). This data was collected from possible manufacturer's websites and mainly consists of a list of possible manufacturers to consider and observations made both on possible key factors and value logics employed. As the thesis aims to answer the question what are the key factors on which Finnish wooden earring manufacturers are competing on, the purpose of the preliminary stage was partly to identify these key factors. This kind of preliminary stage is called descriptive observation (Saunders, Lewis, & Thornhill, 2019, p. 393).

The first step was to determine relevant key factors on which wooden earring companies might compete on. These were partly determined based on

assumptions made by the researcher and based on notes during the preliminary research stage. From the results the most plausible factors were chosen. These factors were then validated in an applies / does not apply manner by non-structured observation in the company search phase (preliminary research). Furthermore, during this phase an eye was kept on key factors, which were not noticed while making the initial assumptions

The next step was to search for Finnish companies which make wooden earrings. Convenience sampling was chosen as the sampling method. Convenience sampling means selecting easily available or convenient samples (Saunders, Lewis, & Thornhill, 2019, p. 324). The search was conducted online using Google and relevant search terms (in Finnish) during 3.1.-8.1.2022. The search terms were based on what a private consumer might use while searching for wooden earrings. The keywords used for the online search were: puukoru, puinen koru, puukorvakoru, puinen korvakoru, puukorvis, puinen korvis, puukoru Suomi, käsintehdyt puukorut, suomalaiset korvakorut, käsintehdyt korvakorut, kotimaiset puukorut.

First all competitors which were found were listed. After the search phase these competitors were narrowed down to make sure each is relevant to the purpose of this thesis. Additionally some were discarded later due to various reasons (see results for more details). The following criteria were used for narrowing down the companies:

- Finnish – the company is based in Finland.
- Earrings are made in Finland.
- Wood is the main material used in the earrings.
- The company must have a clear focus on wooden earrings. In other words, wooden earrings must be a considerable part of their product selection.
- Has over 10 different earring designs.

After the preliminary stage, the main research stage used a structured observation method to collect quantitative data on the key factors identified in

the first stage. Structured observation uses a predetermined structure and it focuses on specific aspects which to observe (Saunders, Lewis, & Thornhill, 2019, pp. 380-382). A coding schedule was created to determine the level of emphasis on each key factor by each company. A coding schedule is a standardized observation instrument, which records specific predetermined and defined aspects to be observed (Saunders, Lewis, & Thornhill, 2019, p. 404). This method was chosen, because the structured observation was necessary to be done for each company separately and to produce results, which can be compared to each other (Saunders, Lewis, & Thornhill, 2019, p. 382). The coding schedule also included a step to determine which of the three value creation logics were employed by each company and which was the main value logic if several were employed. The data was recorded in Excel for easy data handling and ease of drawing value curves in Word. The coding schedule and instructions on how to use it and the scoring system is in the appendices (see Appendix 1).

Based on the results given by the coding schedule (the numerical results on each key factor for each company), a value curve was drawn for each company. Each factor was rated from 1 (low) to 5 (high) or in a ‘yes / no’ manner for each company. To keep the length of the thesis appropropriate and due to limited resources, only the companies, which stood out the most, are presented in this thesis individually. The data gathered on each company is mainly collected from their own websites.

3.1 Limitations

Convenience (non-probability sampling) sampling method is subject to bias as the samples are only the ones which were easy to obtain and leaves others out (Saunders, Lewis, & Thornhill, 2019, p. 324). The researcher considered this aspect and felt this sampling method to be appropriate for this research for two reasons. First, the aim is not to produce fully generalizable results, but rather gain a good understanding of the competition in the Finnish wooden earring market. Second, the samples were obtained using the same method as

consumers could use for finding wooden earrings (web search). With non-probability sampling the logical relationship between sampling technique and the research questions is more important than e.g. the sampling size (Saunders, Lewis, & Thornhill, 2019, p. 315). Therefore the researcher considered this sampling technique to be suitable for this thesis. Although it should be noted that consumers might also visit local stores, find wooden earring brands through social media or through recommendations.

Some issues with reliability of data collected through observation are observer error, observer drift and observer bias. Observer error refers to a situation where the observer is over-familiar with the subject or lacks understanding on the subject, which therefore leads to misinterpretations. Observer drift refers to a situation where the observer redefines how a similar situation should be interpreted. This can happen when an observer spends a lot of time on a subject and typically observer drift happens unintentionally. This can lead to inconsistencies in data and is a factor, which must be taken in to consideration also with this thesis. To avoid observer drift, the observer may need to revisit earlier observations to make sure the observations are consistent. Lastly observer bias can happen when an observer makes subjective observations or interpretations instead of objective due to lack of time or understanding of the subject. (Saunders, Lewis, & Thornhill, 2019, pp. 396-397)

4 Market research results and analysis

Each of the key factors evaluated in the market research are described in section 4.1 as to what each means in this thesis. Section 4.2. gives a brief introduction / overview of the most notable competitors. Following this section the main findings of the market research are presented in section 4.3.

4.1 Key factors

Most factors identified in the preliminary research stage are included, but some factors were left out, because they were not relevant for the purpose of this thesis. Some factors were merged into one factor. The factors included in the market research are below. How each key factor was scored in this market research is briefly explained (see tables 1 and 2 below). For more detailed scoring explanations see Appendix 1.

Price: What is the selling price for a pair of earrings on average for a company? The average of the most expensive and the cheapest earrings of a company was chosen as the basis for scoring this factor.

Variety of price: How wide a range of prices does a company offer? The difference between the most expensive and the cheapest earrings of a company was chosen as the basis for scoring this factor.

Variety of design: How wide a variety of designs does a company offer? This includes both completely different designs and color variations of the same design. This is strictly rated based on numbers (how many different kind of earrings does a company offer).

Material: This factor determines a company’s emphasis on solid wood as the material used. For this thesis, the use of solid wood was chosen as a high emphasis on this factor. This is because the researcher wanted to find out how many companies use solid wood and how many use other materials such as

plywood. To give more reliable results, rating this factor was simplified. Instead of rating this factor as a scale from 1 (low) to 5 (high), it is rated 1, 3 or 5.

Hand made: Are the earrings made by hand or by a machine such as CNC-machines (e.g. laser cutting). In this thesis hand made are rated 5 (high) and machine made 1 (low), because the researcher wanted to find out how many companies produce fully hand made earrings. It should be noted, that designs which are originally made by hand e.g. painted on paper, then photographed and printed on plywood and laser cut are not considered hand made at all, instead they are fully machine made. As with the ‘material’ factor, this is also rated 1, 3 or 5 to give more reliable results by simplifying the observations necessary to determine the rating for each company. Otherwise determining this factor reliably could be hard based on information available online (not physically seeing the earrings).

Funness (humor) of design: This factor aims to determine whether a company emphasizes ‘funness’ or humor in the earring designs. This could be done for example by using humorical references or ‘cute’ cartoon animal designs. It should be noted, that rating this factor objectively is nealy impossible and the rating in this thesis is based on the objective judgement of the researcher. This is also rated 1, 3 or 5 to give more reliable results by simplifying the observations necessary to determine the rating for each company.

Originality of the design / uniqueness: This aims to describe how unique the offering of a company is compared to the competition. Do other companies have similar designs or are the designs unique to a particular company? This factor is rated in a yes / no manner. It should be noted, that this factor is also hard to measure and the results are based on the objective observations of the researcher. Therefore the researcher decided not to rate this with a scale from 1 to 5, to give more reliable results.

Customization: Does a company offer customization options for their earring designs or not. In other words can a customer customize existing designs or

order earrings based on their own designs. This is also rated in a yes / no manner.

Table 1. and 2. shows the criteria for how each factor was rated. For more detailed instructions see Appendix 1. To avoid confusion, ‘price’ means the average of the most expensive and the cheapest earrings of a company, while ‘variety of price’ means the difference between the most expensive and the cheapest earrings of a company. Also note that mixed materials includes other wood based materials found in nature such as bark and cork, which are not processed into a product such as plywood. Some factors were rated in a yes / no manner. See table 2. for the criteria for these factors.

Table 1. Criteria for rating each factor from 1 to 5. (Juvonen, 2022)

Score	Price	Variety of price	Variety of Design	Material	Hand Made	Funness (humor) of design
5	50€+	40€+	50+	Solid wood	Clearly all made by hand	Clear emphasis
4	40-49.99€	30-39.99€	40-49	-	-	-
3	30-39.99€	20-29.99€	30-39	Mixed materials*	Both made by hand and machine	Some emphasis / some effort made
2	20-29.99€	10-19.99€	20-29	-	-	-
1	0-19.99€	0-9.99€	10-19	Plywood	Clearly all made by machine	No clear emphasis / effort

Table 2. Criteria for rating the factors ‘originality of design / uniqueness’ and ‘customization’. (Juvonen, 2022)

	Originality of design / uniqueness	Customization
Yes	Unique; the company’s designs are clearly unique from most competition	The company offers the possibility to customize the earring designs.
No	Not unique; most of the company’s designs are not cearly unique from competition / other companies have very similar designs.	The company does not offer the possibility to customize the earring designs.

Factors left out

Availability: Evaluating this factor would give little value to the thesis, because search engine optimization and marketing could have more meaning than availability online in terms of ‘in how many webstores a certain company’s earrings are sold’. This decision was acceptable to the researcher because data was collected only online. Visiting local stores in the researcher’s home town seemed to add little value and conversely could have caused more biased results, because data gathered in another city in Finland could give very different results.

Made in Finland / local: This factor was left out, because it was used as a criteria for the company selection and therefore the researcher did not see it necessary to include it as a key factor. Furthermore, since this aspect was partly taken into consideration in the company selection phase (all earrings considered here are made in Finland), this was left out to make the results more focused and meaningful.

Quality: This factor was originally considered to be included as a key factor, but it was left out, because it would be very difficult to rate this factor based on only

information available online (not being able to see products in person and handle them).

Value logics

For this market research the idea and use of value logics was simplified. Below is a brief explanation how each logic was defined for the purpose of this thesis.

- Industrial efficiency logic: producing products in larger quantities and offering them at a lower cost.
- Network services logic: connecting customers with other customers or other companies for example through virtual networks or physical communities. However, companies' social media presence and the use of social media was not included in this thesis.
- Knowledge intensive logic: having a big gap between a customer's capabilities and the company's expertise i.e. having a high level of expertise in wooden earring manufacturing / woodworking.

If a company showed mainly simple elements of one value logic, it was rated '1' for that particular logic, for example a company making cheap plywood earrings by machine without the need for any exceptional skills, would score followingly: industrial efficiency = 1. If a company showed some simple elements of another logic in addition to the main logic, this secondary logic was rated '2', for example a company making plywood earrings by machine, but they hand paint some of the earrings, this would be scored followingly: industrial efficiency = 1, knowledge intensive = 2. No company included in the market research used all three logics. Note that social media was not taken into consideration in this thesis, which could affect the results for network services logic.

4.2 Notable competitors

This section gives a brief overview on the most notable individual competitors. Their individual value curves are presented and why each company is notable.

Pitu Woodellery

The most notable and interesting competitor in light of this thesis and the personal motivation of the researcher is Pitu Woodellery. They make fully hand carved earrings out of solid wood. They mostly use local wood species such as pine, ash, bird's eye birch and juniper. These could be regarded as premium earrings for their hand made nature, availability (earrings are made only after an order is placed) uniqueness (no other company included in this thesis offer similar earrings) and their price. The prices range from 67€ to 207€. The company also offers the possibility to custom order designs. They mostly employ the knowledge intensive logic, because all earrings are fully hand made per order.

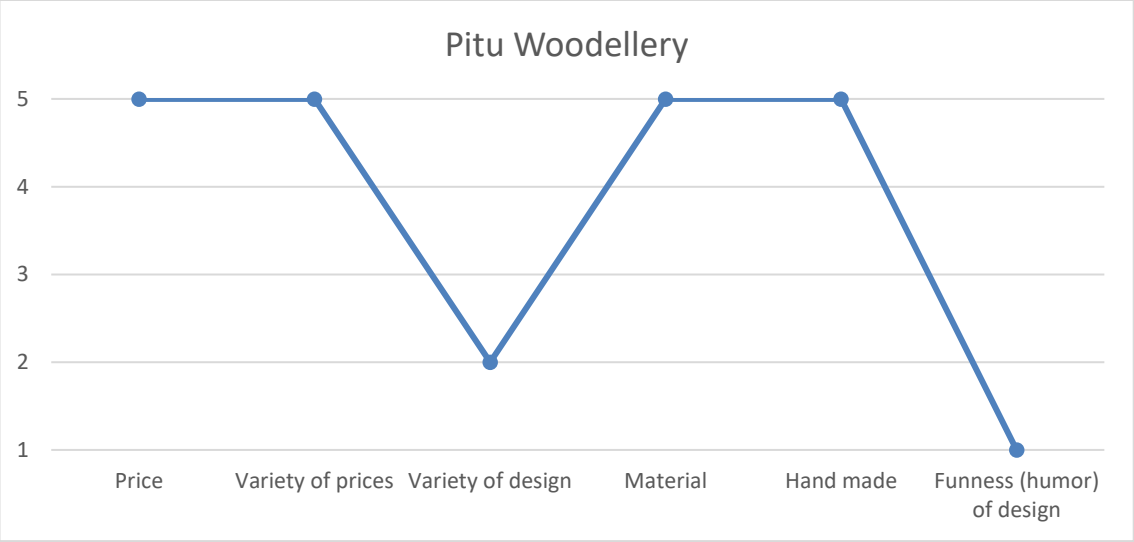

Figure 4. The value curve of Pitu Woodellery. (Juvonen, 2022)

Hermandia

The second most notable competitor is Hermandia. They are the only other company to make earrings out of solid wood. The earrings are made by hand to some extent, but clearly with the aid of machines. They differ significantly from Pitu Woodellery by mostly using exotic woods such as teak, mahogany and walnut. The designs however are also timeless and simple in a sense e.g. tear

drop shapes. They clearly emphasize wood (material) and simple design. Their earrings are unique compared to the competition, but they do not offer the possibility to customize the design. Their main value logic seems to be knowledge intensive and industrial efficiency seems to be their secondary logic.

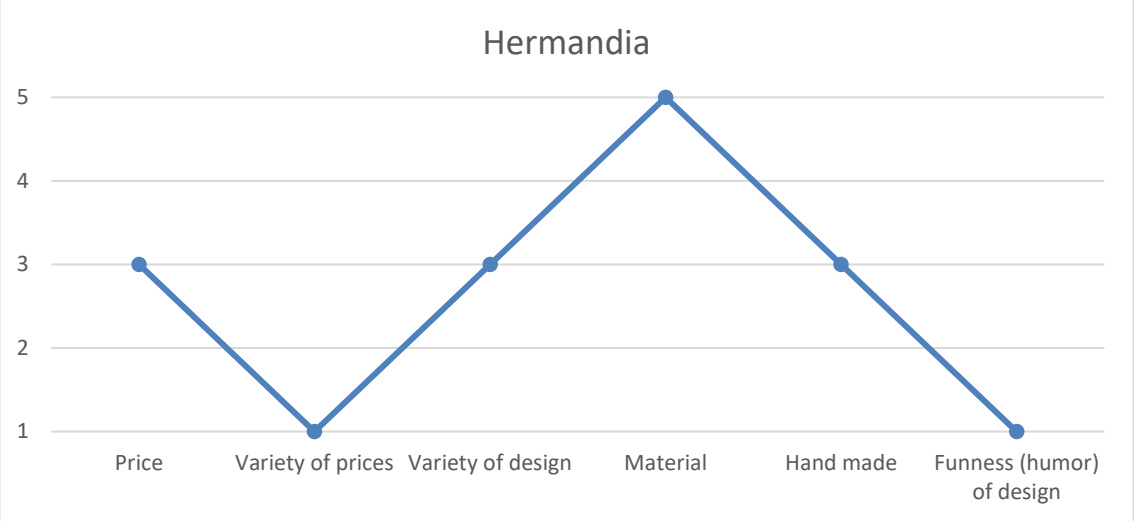

Figure 5. The value curve of Hermandia. (Juvonen, 2022)

Wagtail Design

Wagtail design is an interesting competitor in the sense that they are the only company that makes earrings out of cork. Regarding key factor ‘material’, cork is rated as 3 (mixed materials / other wood than solid wood or plywood). Despite the exotic nature of the material, their earrings are rather modestly priced. Their most notable strengths are the exotic material and large variety of design. Their main value logic seems to be industrial efficiency and secondary logic is knowledge intensive. Their earrings are unique compared to the competition. However, as they seem to mostly rely on the material to differentiate themselves from the competition, it is only a matter of time before another company decides to make earrings out of cork. Not considering the material, their designs are rather generic and easy to copy.

Figure 6. Wagtail Design's value curve. (Juvonen, 2022)

Vieno Puustjärvi

Vieno Puustjärvi is an artist, who hand paints earrings and uses wood as the base material. Due to the hand painting, each earring is unique to some extent even though the design is the same. Vieno Puustjärvi is one of the only earring makers who hand paints the earrings. Most others who utilize hand painting, paint the design, photographs the design, prints the design on plywood and laser cuts the individual earrings. The main value logic employed is knowledge intensive (hand painting individually each earring) and secondary logic seemed to be industrial efficiency. Vieno Puustjärvi's advantages are a modest price and a very large selection combined with the hand painted nature of the earrings

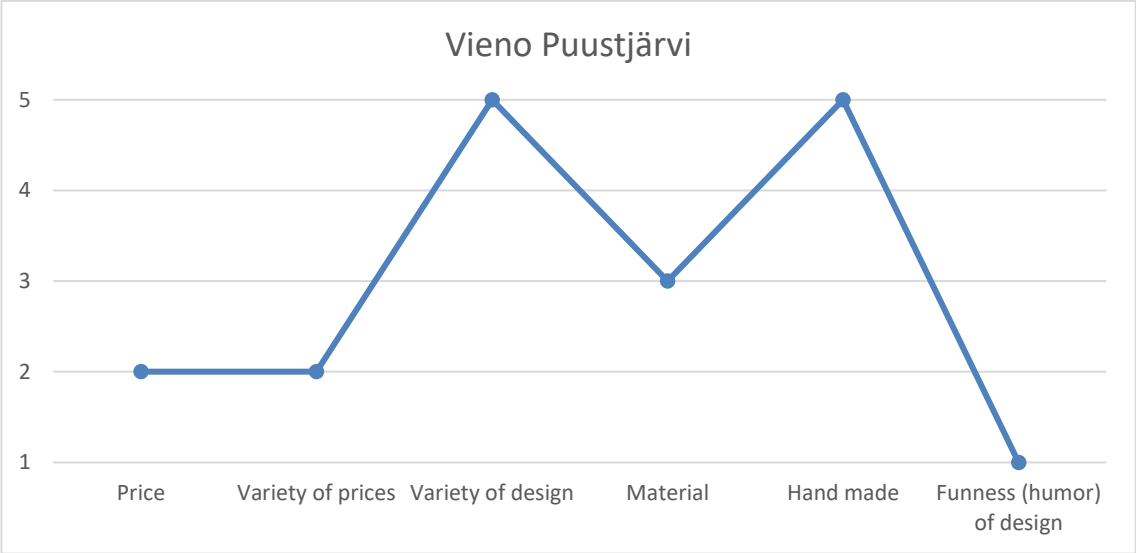

Figure 7. Vieno Puustjärvi's value curve. (Juvonen, 2022)

Haldin

Haldin makes earrings by laser cutting plywood and printing their designs on them. They offer unique earrings compared to competition by having a heavy emphasis on humor and the funness of design, which seems to be their only advantage. As an example of the funness of their designs, one design is a vampire penguin and another design is a penguin with a laser gun. Additionally the designs are rather colorful. Their average price is in the mid range (30-39,99€). However, they have a small selection of designs. Their main value logic seems to be industrial efficiency, for making all design by machine.

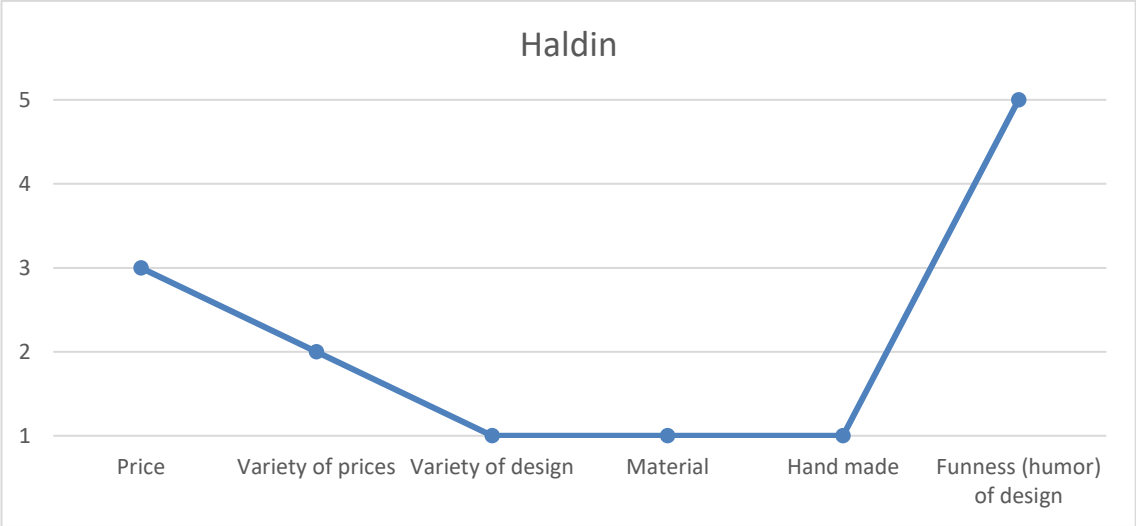

Figure 8. Haldin's value curve. (Juvonen, 2022)

Milanka Jewellery

Milanka Jewellery's main advantage over the competition is their designs, where they print their original photos on plywood and cut them by laser. Their prices are in the lower / mid range, but they have a large selection of designs. Some of their designs are similar to some of the competitors'. However their designs with their own photographs (some designs are originally painted by hand then photographed) are unique from the competition, and this seems to be one of their main advantages. They also have some emphasis on the funness / humorical nature of their designs. Their main value logic is industrial efficiency (plywood, laser cut & printed designs) and the secondary logic is knowledge intensive (photography, hand painted original designs). They do not offer the possibility to customize their designs.

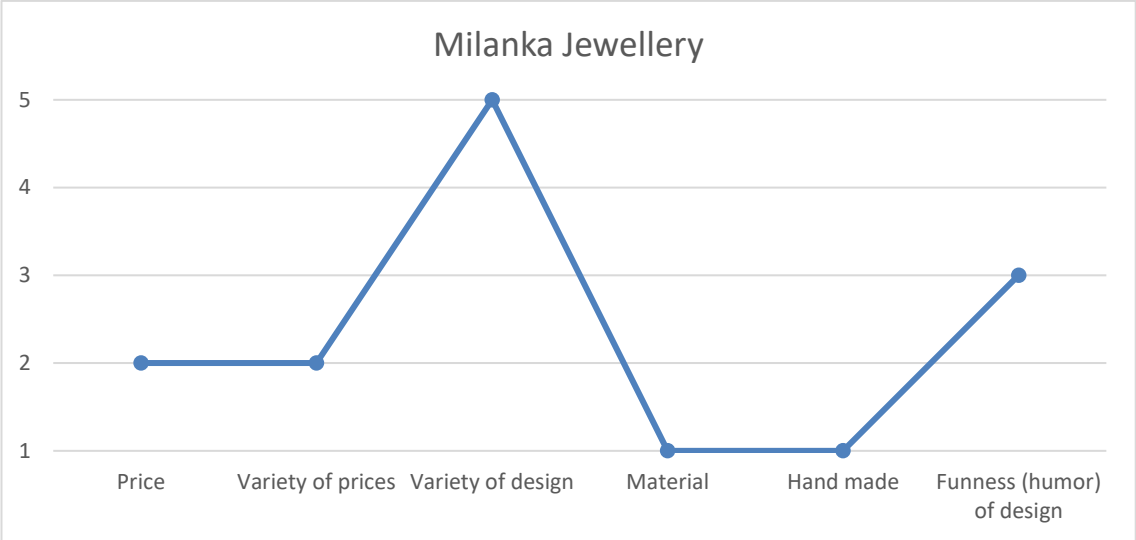

Figure 9. Milanka Jewellery's value curve. (Juvonen, 2022)

Crazy Granny Design

Crazy Granny Design is another company with a heavy emphasis on the humorical nature / funness of the design, as even their name suggests. Their humorical designs make their earrings unique. As is the case with most companies, their earrings are laser cut from plywood and printed. They also offer earrings mostly in the mid-lower range and have a large variety of prices along with a wide selection of designs. What is notable about their selection is that they offer a mix & match possibility where the customer can create their own earrings. However, customers cannot affect the design of the individual pieces. Their main value logic is industrial efficiency (printed & laser cut designs, plywood).

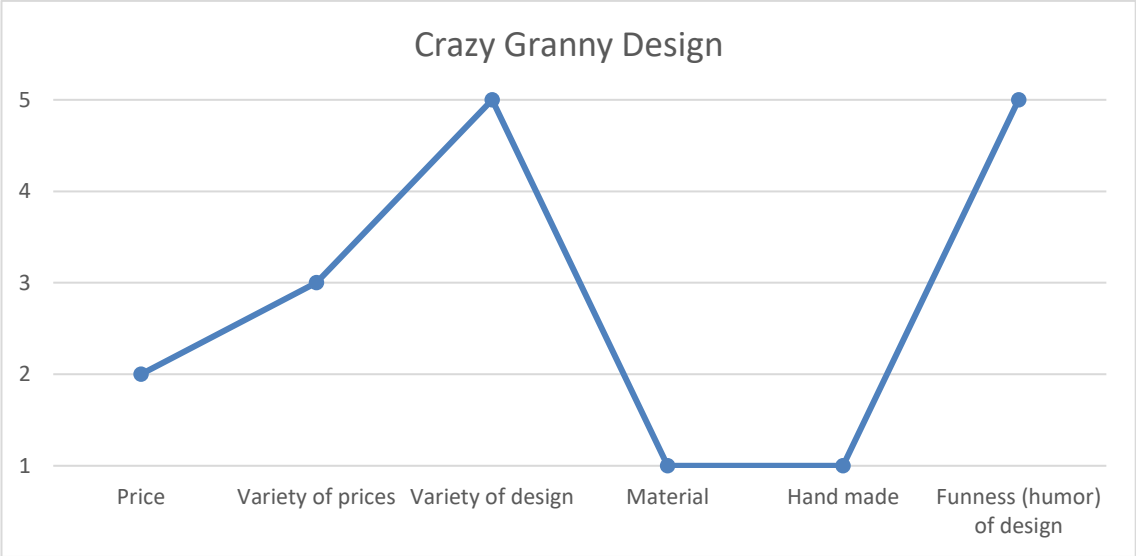

Figure 10. Crazy Granny Design's value curve. (Juvonen, 2022)

Maanantaimalli

Maanantaimalli offers printed and laser cut earrings like most other competitors. What sets them apart from the competition is partly their SO-PI-VA earrings (English translation: suitable / fitting), which is sort of an earring puzzle, where the customer can create their own earrings from smaller pieces. This is very similar to Crazy Granny's mix & match option. More importantly, Maanantaimalli offers 'make your own earrings' evenings, where there is a Maanantaimalli representative to give guidance for customers creating their own earrings. Due to Covid-19, they offer only private evenings, but normally they would offer open evenings. Their main value logic is industrial efficiency and their secondary logic seems to be network services (make your own earrings evenings). Although this thesis does not consider branding and marketing, what the researcher noted on Maanantaimalli was their strong and cohesive brand when compared to competition. However their earrings / designs themselves are very similar to other companies'.

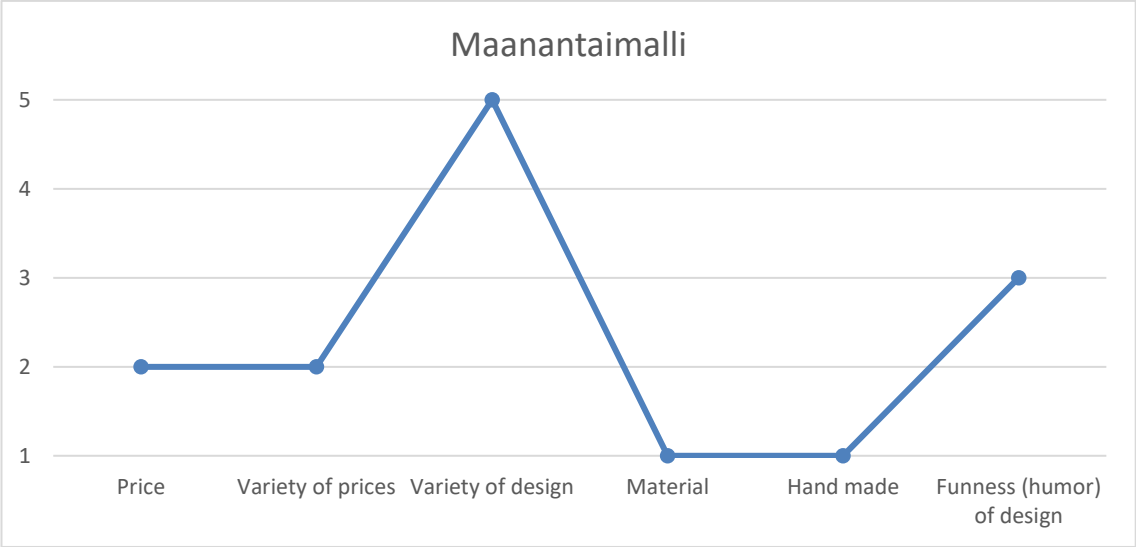

Figure 11. Maanantaimalli's value curve. (Juvonen, 2022)

4.3 Results

The general results of the market research using the coding schedule are presented in this section. First the most notable results regarding companies making plywood earrings by machine are presented in section 4.3.1. Next, the most notable results for companies making other than plywood earrings are presented in section 4.3.2. Lastly, the other notable results, notes and suggestions are presented in section 4.3.3. This last section also includes an analysis using the four actions framework.

Initially 82 companies were discovered and this showed that the initial criteria for this research were too broad. While going through each company in more detail in the main research phase, 26 companies were discarded for various reasons. The most typical reason for not fitting the profile was using too many different materials (wood was not the main material). Many of the 56 remaining companies included in this market research do use other materials also, but they have a clear selection of wooden earrings (for these companies only the wooden earrings were considered for this thesis). Another common reason for being discarded was not having a large enough selection of wooden earrings (companies with a selection of less than 10 earring designs were discarded).

4.3.1 Plywood earrings made by machine

This section presents the results only for companies, which made earrings out of plywood by machine (key factors ‘material’ and ‘hand made’ = 1). The results for these companies are presented separately, because 84% of the companies (47 out of 56) fell in to this category and represent the largest part of the competition.

Figure 12. shows the value curves drawn for each of these companies. The main point of this figure is to give an overview of plywood earrings' value curves (therefore individual companies / names are left out). In total there were 47 such companies included in this market rerearch. As can be seen, there was some variation between each company, but a unifying trend is that the prices are in the lower-mid region. Since the earrings are mainly made by machine, the prices can be kept lower than companies making hand-made wooden earrings such as Pitu Woodellery.

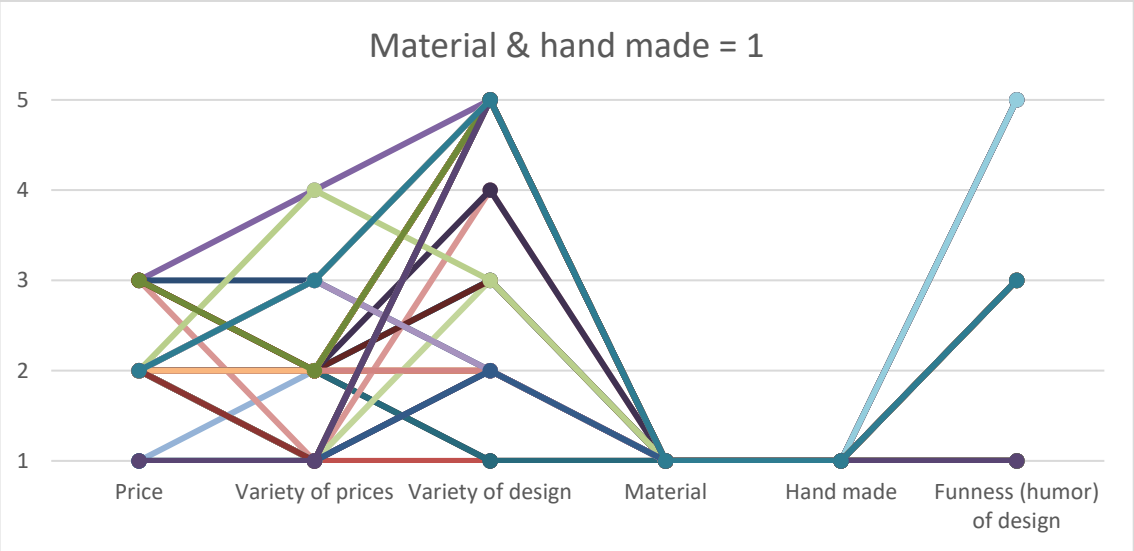

Figure 12. The value curves of companies making plywood earrings by machine. (Juvonen, 2022)

The researcher wanted to see, if there is a correlation between price and variety of design. To do this, the companies were divided in to two groups based on results for the key factor ‘variety of design’ followingly: group 1: variety of design

= 1, 2 or 3 and group 2: variety of design = 4 or 5. Then the averages for each key factor for both groups were calculated and their value curves were drawn (see figure 13).

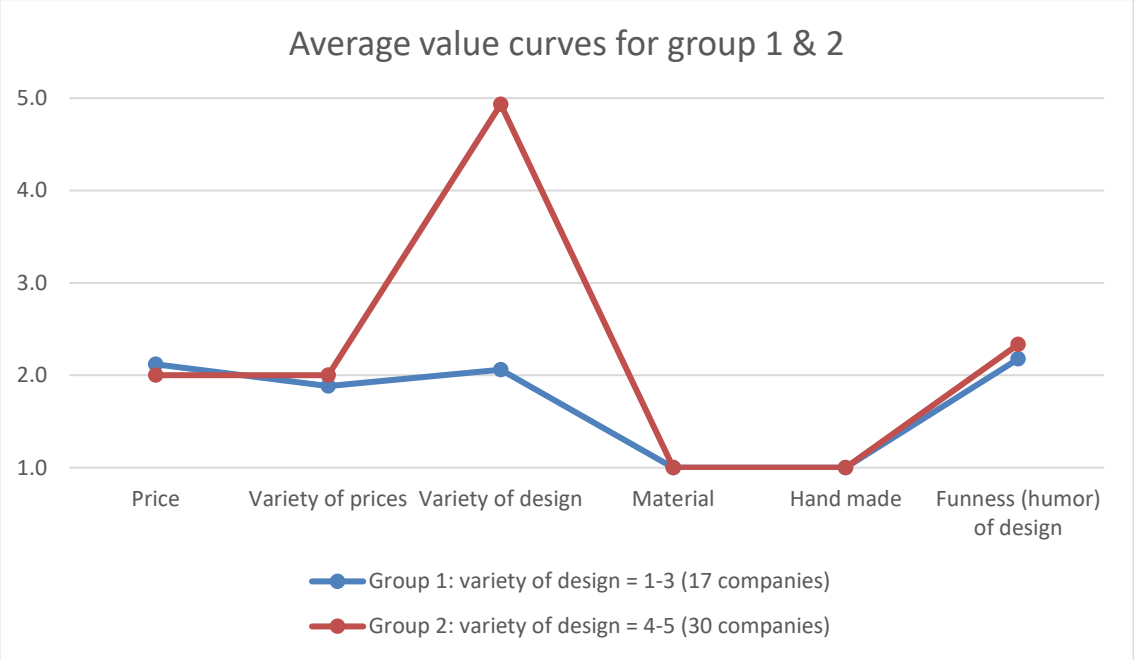

Figure 13. The variety of design does not seem to affect the price or 'funness (humor) of design'. (Juvonen, 2022)

As can be seen from figure 13, there seems to be no correlation between variety of design and prices. Additionally, there is no real difference in the key factor ‘funness (humor) of design’ between the two groups. The averages of key factors ‘price’, ‘variety of prices’ and ‘funness (humor) of design’ are all within a fraction between both groups.

What is also notable with these two groups, is that roughly 2/3 (30 companies) have a higher variety of design (i.e. 40+ different designs). While the rest 1/3 (17 companies) had less than 40 designs. This is also reflected in figure 14 with the overall average ‘variety of design’ being around 4.

The researcher wanted to simplify more and find the average value curve for companies making plywood earrings by machine. To do this, the averages for each key factor were calculated. The result is shown in figure 14. Simply put,

machine made plywood earrings on average are rather cheap, the variety of design is large and some level of funness / humor is typically used in the design. The researcher concluded that the modest prices and large variety of design are a direct result of using laser cutting and printing the designs (basically industrial effective logic in simplified terms), because it is cheap and fast to manufacture the earrings. Furthermore making different designs is considerably easy using these methods.

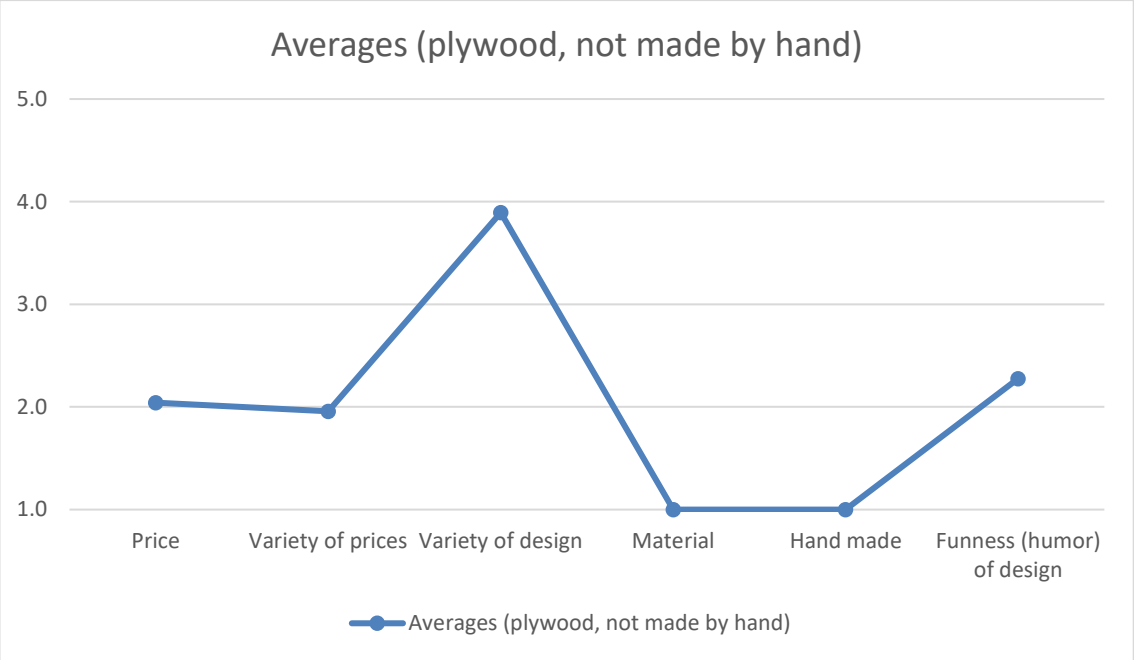

Figure 14. The average value curve for plywood earrings made by machine. (Juvonen, 2022)

Figure 15. below shows how the average value curve compared to some of the individual companies mentioned in the beginning, who make earrings out of plywood by machine. The value curves for each are very similar. The only real differences being that there is some variation regarding ’funness (humor) of design’ (Haldin and Crazy Granny Design scored 5) and that Haldin has a small selection of designs. Note that Milanka Jewellery and Maanantaimalli have an identical value curve for these factors.

Figure 15. Comparison of the average value curve to individual companies'. (Juvonen, 2022)

Out of these 47 companies only 5 (10%) had designs, which were considered unique from the competition (key factor 'originality of design / uniqueness'). The others had very similar designs to other companies. Furthermore, only 2 companies (4%) out of the 47 companies had an option for the customer to customize the design. See figure 16. These two factors were scored yes / no and therefore they are presented separately from the other factors.

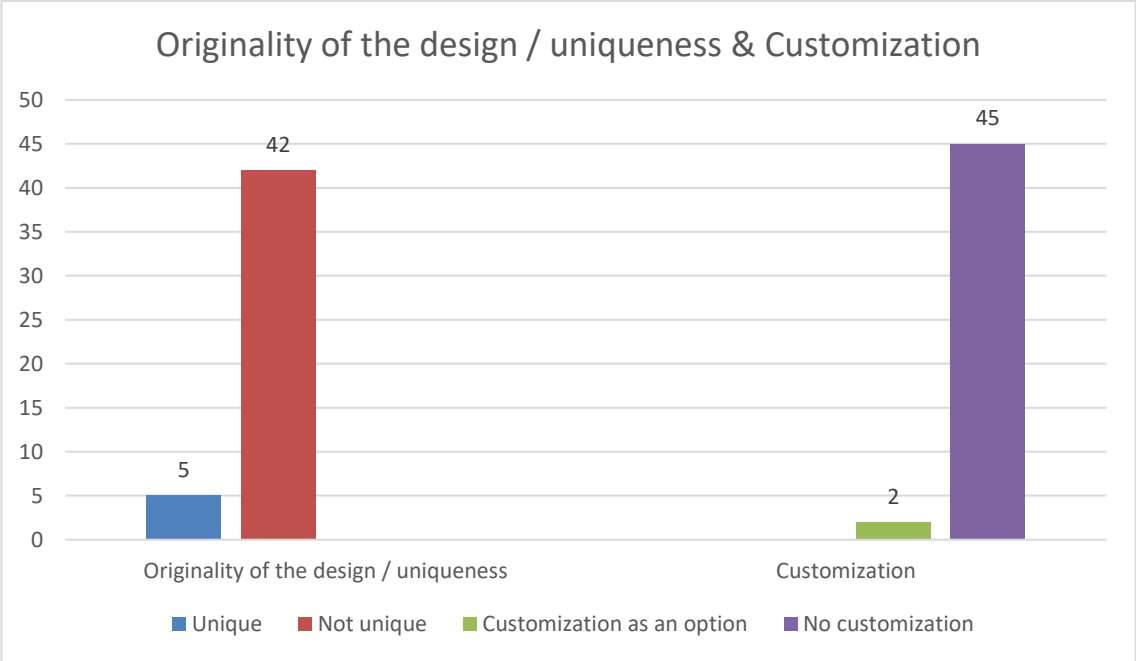

Figure 16. Results for ‘originality of the design / uniqueness’ and ‘customization’. (Juvonen, 2022)

Regarding value logics, all 47 companies mainly employed the industrial efficiency logic. Only seven companies seemed to employ a secondary logic (red and green in figure 17). Six companies seemed to employ knowledge intensive logic as their secondary logic. Only one company (Maanantaimalli) seemed to employ network services logic as their secondary logic. None seemed to make use of all three logics. See figure 17 for illustration.

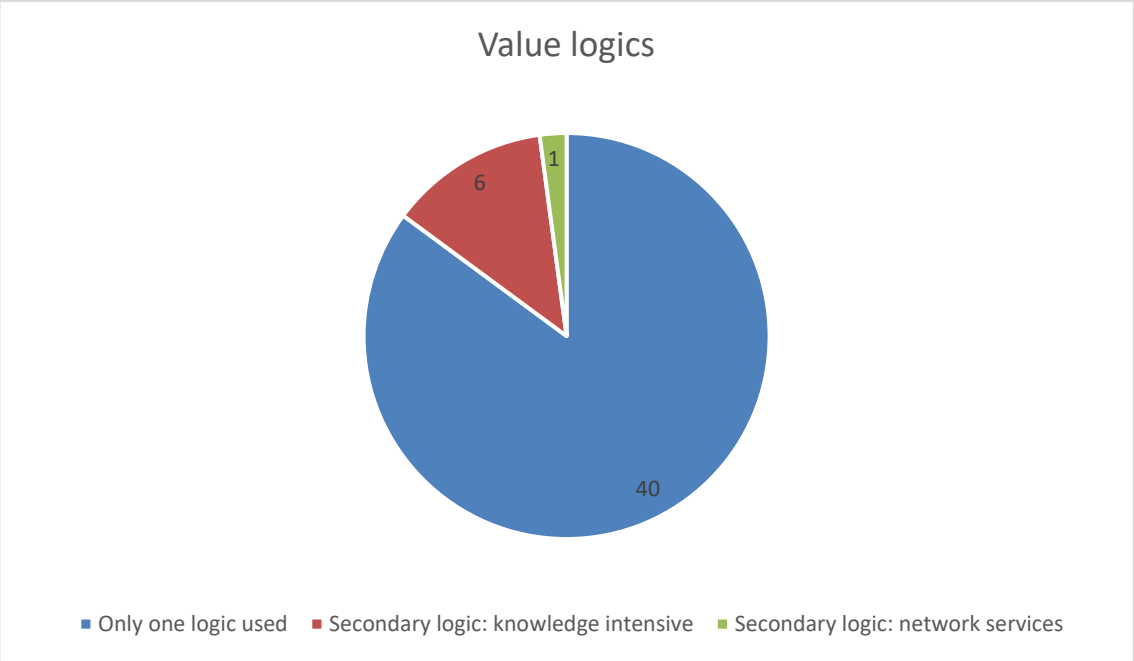

Figure 17. Value logics employed by companies making plywood earrings by machine. (Juvonen, 2022)

4.3.2 Other than plywood earrings

Only 7 companies in total used a mix of wood materials (material = 3) or used only solid wood (material = 5) in their earrings. Mix of wood materials included materials such as cork and bark, which originate from wood, but is not solid wood. Also if a company made both plywood and solidwood earrings, it was rated 3. Because there were so few companies that fell into these categories, the researcher did not consider the results to be reliable, if an average were calculated for these companies.

The individual value curves for 4 of these companies were presented in section 4.2 (Pitu Woodellery, Hermandia, Wagtail Design and Vieno Puustjärvi).

What was most interesting regarding these seven companies was that six companies out of seven offered designs which were considered unique. However, only one company (Pitu Woodellery) offered the possibility of customization. This company made earrings fully by hand. See figure 18.

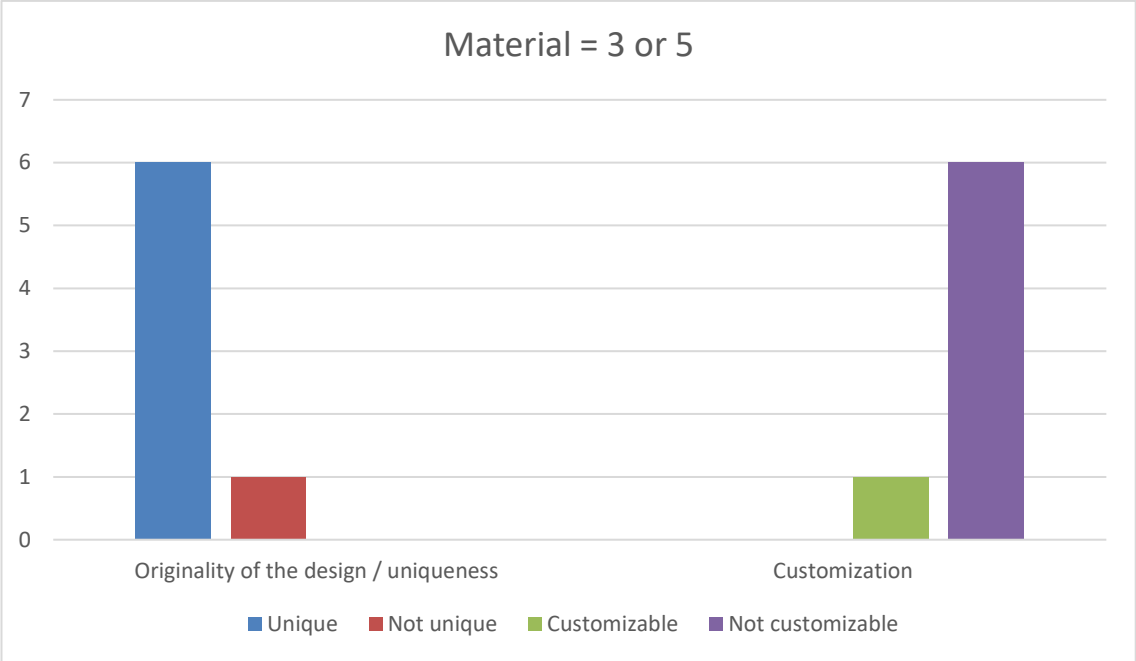

Figure 18. The relationship between the key factor ‘material’ and the key factors ‘originality of the design / uniqueness’ and ‘customization’. (Juvonen, 2022)

4.3.3 Additional observations made

This section covers the most significant results regarding all companies included as a whole. Additionally most significant notes made during the market research are presented here.

Perhaps the most interesting key factors were ‘material’ and ‘hand made’. Both factors were rated 1, 3 or 5 to give more reliable results (material: 1 = plywood and similar wood materials, 3 = mixed materials (solid & plywood) or other materials originating dirctly from wood such as bark and cork, 5 = solid wood; hand made: 1 = clearly mainly made by machine, 3 = partly made by hand, 5 = clearly made by hand). Figure 19. shows that only 4% made earrings solely out of solid wood. Furthermore, only 5% made earrings clearly by hand. Out of these three companies, one hand painted all earrings while the two other emphasized wood in their design and did not cover the earrings with paint.

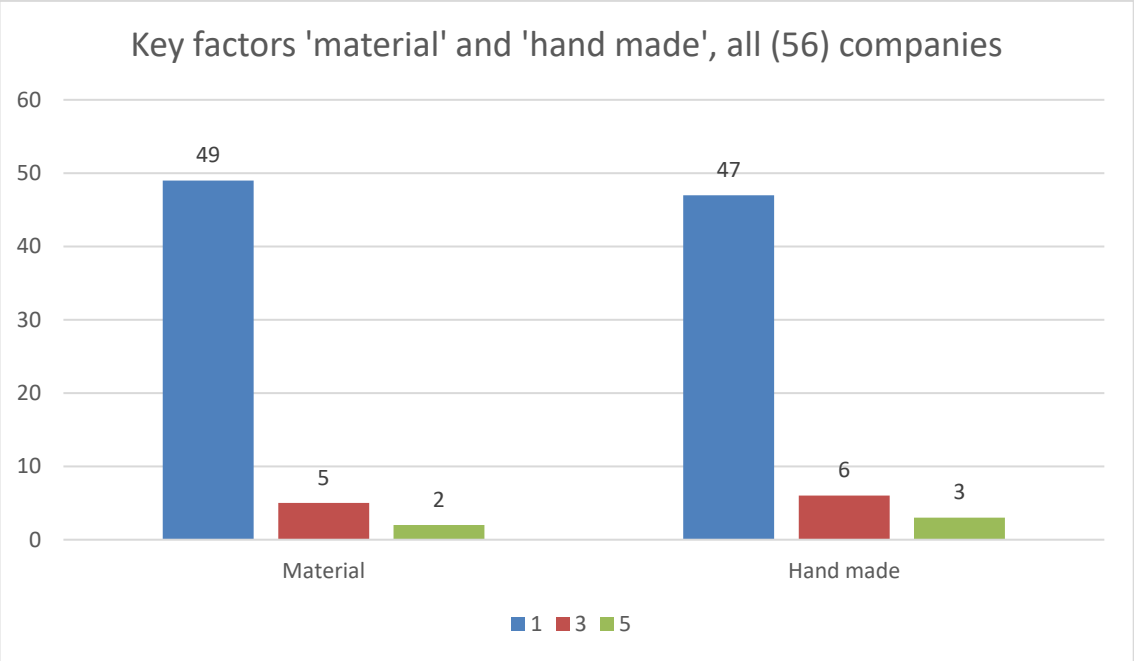

Figure 19. Results for factors ‘material’ and ‘hand made’. (Juvonen, 2022)

There seems to be a connection between hand made earrings (hand made = 3 or 5) and the uniqueness of the design (originality of the design / uniqueness = yes). In total there were 11 companies with unique designs. Out of these 6 were made to some degree by hand. In total there were 9 companies, which made earrings by hand to some degree. Therefore, the design of 67% of earrings made to some degree by hand were unique. Conversely, only 5 out of the rest 47 companies, which made earrings by machine, made earrings which were considered unique. This translates to 11%. However, the sample size is rather small for hand made earrings and therefore a reliable generalization cannot be made. Regardless, the results do suggest a clear connection between hand made earrings and uniqueness and the results give a realistic overview of the main competitors in Finland. Additionally all three companies, which made earrings fully by hand (hand made = 5), made unique earrings. See figure 20.

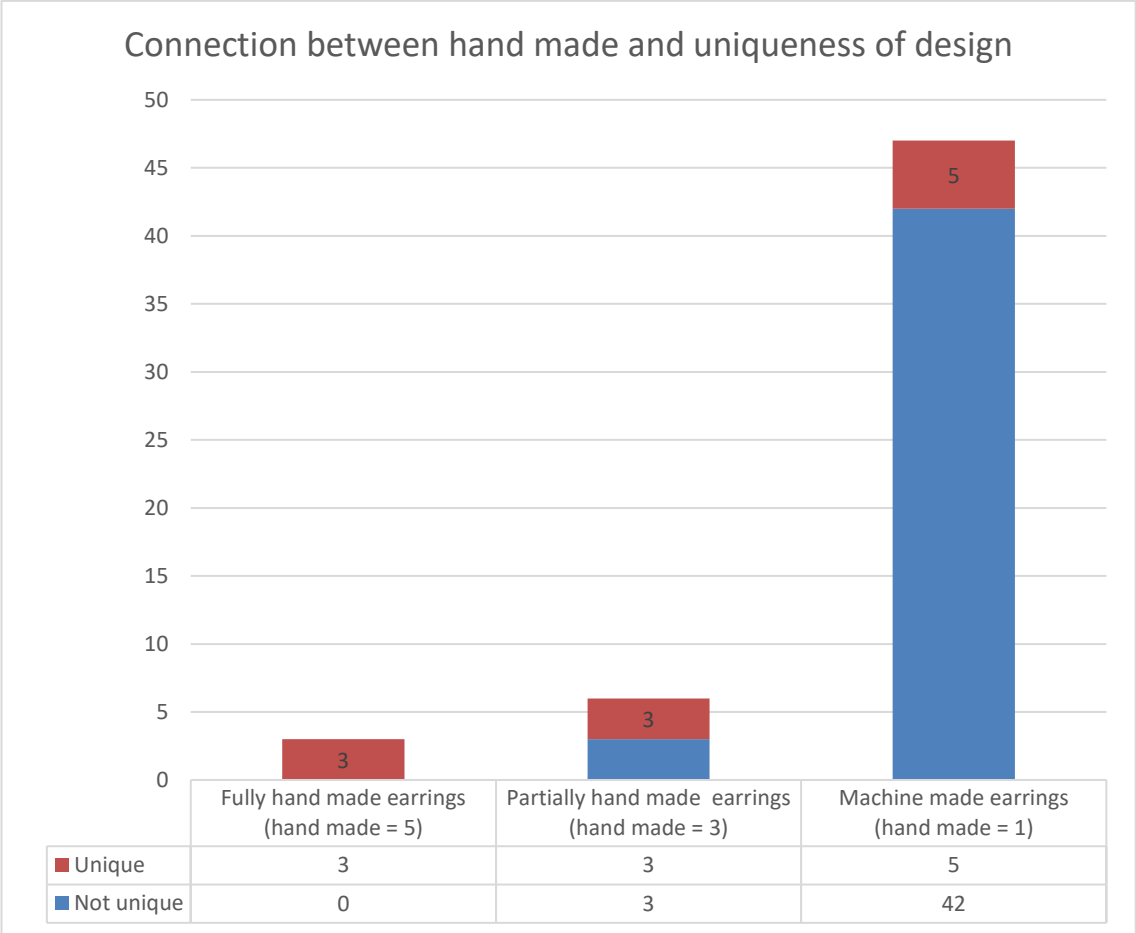

Figure 20. Connection between hand made and the uniqueness of design. (Juvonen, 2022)

Similarly there seems to be a connection with the material to uniqueness of design. Both companies' designs were considered unique, which made solid wood earrings. Additionally, out of the five companies, which used mixed materials (material = 3), four (80%) companies made unique designs. Conversely, out of the companies, which made plywood earrings, only 5 (10%) made unique designs. See figure 21.

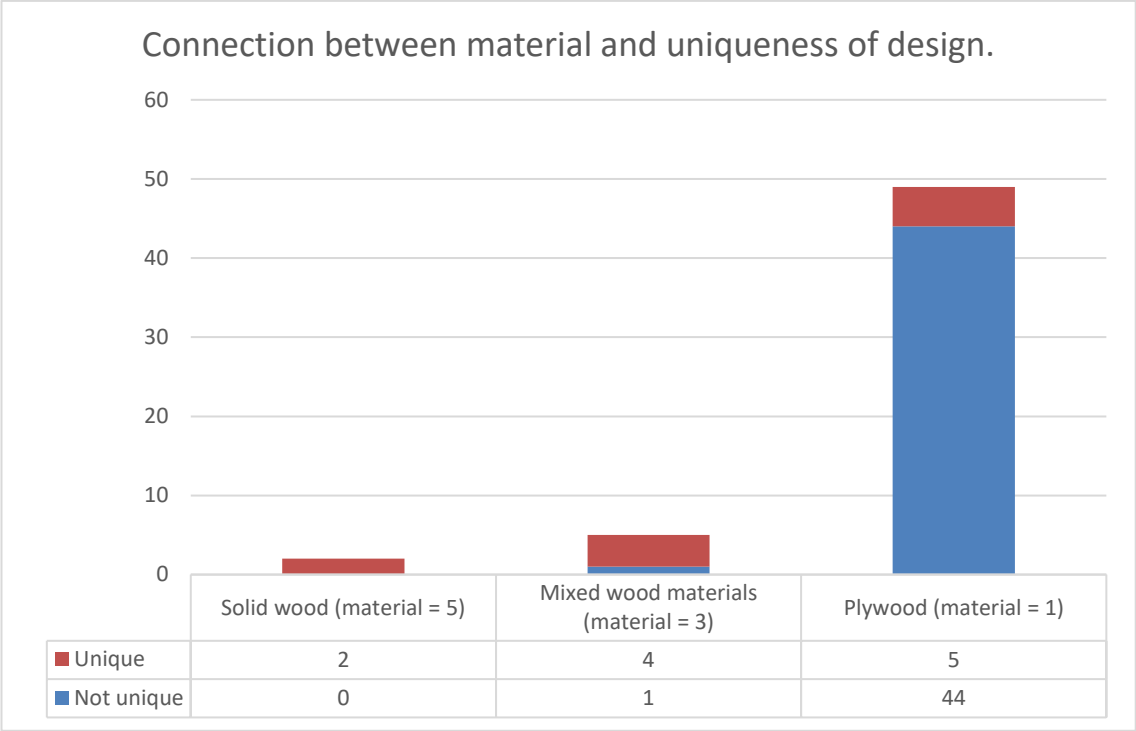

Figure 21. Connection between material and the uniqueness of design. (Juvonen, 2022)

There may be several reasons for the connections both between material and uniqueness of design and between hand made earrings and uniqueness of design. One could be the small sample size, but perhaps a more reasonable cause could be the fact, that there are not many companies making hand made earrings out of solid wood. Therefore, hand made earrings made out of solid wood could be considered a blue ocean at least to some extent.

Value logics

This section briefly presents the results regarding value logics including all 56 companies.

A clear majority of the companies (52 companies or 93%) used the industrial efficiency logic as their main logic and two companies used it as their secondary logic. Conversely only four companies (7%) clearly used the knowledge intensive logic as their main logic. However, 10 companies (18% used the

knowledge intensive logic as their secondary logic. It is interesting to see that only one company (Maanantaimalli) used the network services logic to some extent. They used it as their secondary logic. As mentioned before (see section 4.2), Maanantaimalli offers ‘make your own earrings’ evenings, where customers can make their own earrings with other customers and there is a representative of the company also present. In this market research it was considered using the network services logic, because the company connected customers with other customers and the company during these evenings. See figure 22.

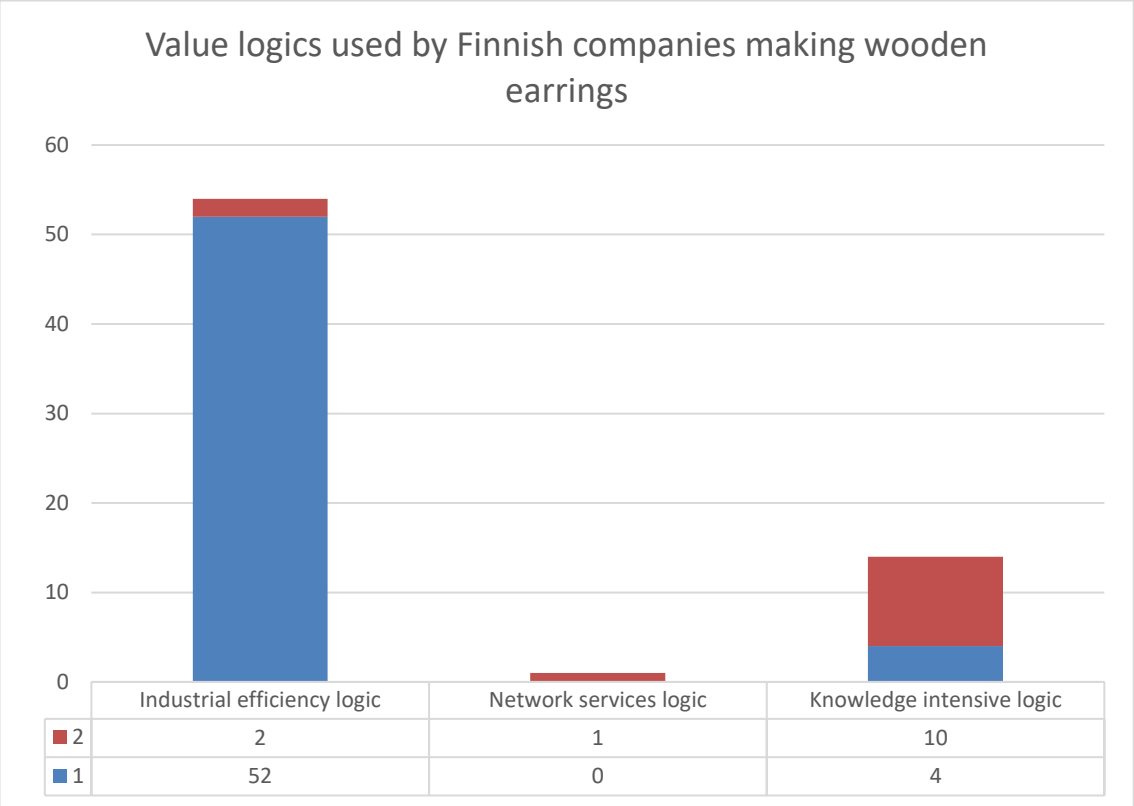

Figure 22. Results for value logics. (Juvonen, 2022)

The fact that most companies priced their earrings in the lower-mid price range (see figure 14.), supports these results. By using the industrial efficiency logic, the aim is to make products efficiently for a low price. 84% of all companies included in the market research made plywood earrings by machine, which is in

line with the results that 93% of all companies used the industrial efficiency as their main logic.

Other notes

This section briefly covers key points observed during the research and worthy of a brief discussion.

- As the reader has already noticed, clearly most companies make cheaper earrings by machine.
- Most of the the machine made plywood earrings are covered in paint or a design is printed on them.
- Very few companies actually focus on wood as the material and use it effectively in their designs.
- A handful of companies used other wood based materials than solid wood and plywood. These materials were bark and cork.
- Very few companies focus on or use actual hand wood working skills. Only Pitu Woodellery very clearly focused on these aspects and Hermandia to some extent.
- Only 4 companies offered some possibilities for customization of the design.
- One company (Sola visuals) offered a limited editions earrings.
- Most typical designs for plywood earrings made by hand were geometrical shapes, animal or floral designs.
- Most companies advertised their earrings as hand made, even though they were made from plywood by cutting them with laser cnc-machines and printing the designs on them. In other words, they were only assembled by hand. Therefore, a company truly making the earrings by hand from start to finish, should go more into detail how the earrings are made.

- ‘Hand made’ and solid wood as material are not enough to set oneself apart from all competition, even though it clearly helps. One should also give careful attention on design itself.
- Many companies offered the customer the possibility to choose from several different materials for the hook metal part.

4.3.4 Suggestions

This section applies the four actions framework to the results. Table 3 shows the following thoughts in a visual form as a conclusion.

Table 3. The four actions framework applied to the results regarding starting a new wooden earring company. (Juvonen, 2022)

Eliminate	**Raise**
- Funness (humor) of design - Use of plywood and laser cutting designs (manufacturing method)	- Price - Hand made (all made 100% by hand) - Material (focus on solid wood) - Customization - Originality of design
Reduce	**Create**
- Variety of design	- This is the next step. - (Use network services logic)

As the results presented in the previous sections show, most companies make modest priced plywood earrings by machine. Very few companies actually use wood as a focal point in their earrings and designs. Furthermore, only one other company (included in the market research / found) makes fully hand carved earrings out of solid wood for a premium price.

These facts support the researcher's idea of starting a company making wooden earrings by hand. While it may not be a blue ocean, it appears, that there are very few direct competitors offering similar products. The results also support the idea of focusing solely on solid wood earrings, utilizing wood's uniqueness and beauty in the design. Additionally, while considering the competition, the results support the idea of having a heavy focus on 'hand made' / hand wood working skills, due to the lack of heavy competition.

It also seems pointless to emphasize 'funness (humor) of design', which means in this context the use of humorical or funny designs or references, because many companies emphasize this key factor to some extent. Including this factor could 'muddy' the message and value of the company / earrings. It could also be assumed that customers interested in solid wood hand made earrings may be more interested in more traditional or straight forward designs instead of 'funny' designs.

Avoiding the use of CNC-machinery would also make sense to the researcher, because large initial investments are then not needed and all work can be kept in-house (no need for outsourcing) and so having full control over the end result / product. Furthermore, the researcher already has all the tools needed for making 100% hand made wooden earrings, thus avoiding any significant initial investments. By doing so the researcher also minimizes risk in this matter.

Furthermore, focusing on hand wood working skills, makes it harder for other companies to copy the designs and make identical earrings (using mainly the knowledge intensive logic). This also gives the customers more value since there would be a bigger gap between a customer's capabilities and the company's expertise and offerings. This would make it also possible to be able to set higher prices for the earrings as was explained regarding the knowledge intensive logic in section 2. However, finding a way to utilize the network services logic would be a big step in creating even more value to customers and to set the company apart from competition (only one company utilized this logic to some extent).

5 Conclusion

The purpose of this thesis was twofold. The first objective was to understand what is a competitor analysis and how can it be done. The second purpose was to undertake a market analysis and find out what are the key factors on which Finnish wooden earring manufacturers are competing on and what are their main competitive advantages.

The first question was answered through a literature review on Blue ocean strategy. A good understanding of the competition in a certain market can be gained by determining what the key factors are for products in that market and how much each competitor emphasizes each key factor. This can be done using the value curve framework. Furthermore, the four actions framework can be utilized to help find new market spaces and to differentiate from the competition. The researcher feels that he gained a good understanding on the topic in the process.

The second question was answered by setting the parameters and methods for the market research and then actually collecting the data and analyzing it. The results clearly show that most Finnish companies making wooden earrings made them by machine out of plywood. Only a few companies made solid wood earrings and similarly few companies made earrings fully by hand. To sum up the results in one sentence, only one company made solid wood earrings fully by hand, which means there is little competition in the market.

The results of the market research support the initial personal views of the researcher: most Finnish companies, which make wooden earrings, make mainly lower-mid priced plywood earrings utilizing CNC-machinery, lasercutting and printing or painting the designs, while there are not many competitors making solid wood earrings by hand with a focus on the natural beauty of wood in the designs.

These results strengthened the reseachers believe in the idea of making solid wood earrings with a heavy emphasis on hand made nature of the earrings /

hand wood working skills and wood as a beautiful and unique material. Furthermore, this lowers the threshold for starting the company and bringing products on the market, because the researcher does not need to make any significant investments and can ‘directly’ start making the products with existing tools ans skills.

However, this thesis had a rather narrow scope and focused only on Finnish companies and did not consider their marketing and branding aspects Therefore, additional research should be made. The researcher suggests that one of the next steps would be to take a look at the marketing and branding aspects (including social media presence) of these companies to further help set the company and its products apart from competition. Another important next step is to take a look at alternative industries for ideas how to set oneself apart from competition and to find non-customers, as the example wine company did in section 2.

This market research was limited to online research. Local stores were not visited and social media and other possible market platforms were not included. The researcher suggests taking a look at these also with a similar approach as in this thesis. Some manufacturers, especially smaller one-man companies and individual wood workers / artists may sell their earrings for example directly on social media platforms.

While this thesis focused only on wooden earrings, the researcher plans to include wooden necklaces in his product offerigs. Necklaces would go well together with earrings and in this way would also provide more value to customers by offering matching earings and necklaces. A separate market research should be done on necklaces also.

To conclude, the researcher makes the following three suggestions as the next steps after this thesis. Firstly, this thesis did not consider the marketing and branding aspect of Finnish wooden earring companies. Making a market research on this topic would be a sensible next step. Furthermore, since this thesis considered only Finnish companies, the researcher suggests to take a

look at foreign companies making solid wooden earrings, which are readily available in Finland. Thirdly, and perhaps most importantly, the researcher suggests taking a look at alternative industries to look for ideas of how to provide customers with more value and new offerings. These industries could be other wearable items such as precious metal jewellery, shoes, watches, bags and sunglasses.

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Coding schedule

Company name	Price	Variety of prices	Variety of design	Material	Hand made	Humor / funness of design	Originality of the design / uniqueness	Customization	Industrial efficiency logic	Network services logic	Knowledge intensive logic	Source	Notes
Company A													
Company B													
Company C													
…													

The factors 'price' and 'selection' are scored on rather strict given terms (see below). The rest of the factors are scored based on observation based on the researcher's best objective judgement. Things considered and some examples are mentioned below. Particularly curious details are mentioned in the 'notes' section.

Key factor	**Score**	**Things considered & examples**

Price		This is scored based on the average of the company's most expensive and cheapest earrings (original price, discounts are not taken into consideration).
	5	50€+
	4	40-49.99€
	3	30-39.99€
	2	20-29.99€
	1	0-19.99€
		Example 1: a company's cheapest earrings cost 10€ and the most expensive cost 54€. The average of these two prices is 32€ and therefore the company scores a 3 on this factor.
Variety of price		This is scored based on the difference between the cheapest and most expensive earrings of a company (highest price - lowest price). The difference gives the score followingly:
	5	40€+
	4	30-39.99€
	3	20-29.99€
	2	10-19.99€
	1	0-9.99€
		Example 1: a company's cheapest earrings cost 16.99€ and the most expensive earrings cost 54.99€. The difference between these two prices is 38€ and therefore the company scores 4 on this factor.

		Example 1: a company's cheapest earrings cost 49.99€ and the most expensive earrings cost 54.99€. The difference between these two prices is 5€ and therefore the company scores 1 on this factor.
Variety of design		This is scored based on the number of different wooden earring designs a company offers. This includes both fully different designs and different color options of the same design.
	5	50+
	4	40-49
	3	30-39
	2	20-29
	1	10-19
		Example 1: a company offers 8 different designs and 4 different color options for each design totalling 32 different options. Therefore, the company scores 3 on this factor.
		Example 2: A company offers 15 totally different designs, but does not offer different color options for the same design totalling 15 different options. Therefore the company scores 1 on this factor.
Material		This factor aims to quanify a company's emphasis on materials (wood) used. To simplify and give more reliable results, this factor is rated 1, 3 or 5 followingly:
	5	Solid wood
	3	mixed materials (eg. Solid wood and plywood)

	1	Plywood or other similar materials
		Example 1: a company offers earrings made only of solid wood and therefore scores 5 on this factor.
		Example 2: a company offers earrings made both of solid wood and plywood (different earrings for different materials). Therefore the company scores a 3 on this factor.
		Example 3: a company offers earrings in which are used both solid wood and plywood in the same earring. The company scores a 3 on this factor.
		Example 4: a compny offers earrings only made out of plywood and therefore scores 1 on this factor.
Hand made		This factor describes to what extent a company's earrring offerings are made by hand. To simplify and give more reliable results, this factor is also rated 1, 3, 5 or information is not available (N/A) followingly:
	5	All earrings are clearly made by hand.
	3	Both hand made and machine made
	1	All earrings are clearly machine made
	N/A	The information is not available or it is hard to determine reliably whether earrings are made by hand or by machine
		Example 1: All earrigns offered by a company are clearly made by hand e.g. hand carved. This company scores a 5.

		Example 2: Some of the earrings offered by a company are clearly made by hand and some are clearly made by machine (CNC-machine). This company scores a 3.
		Example 3: All earrings offered by a company are clearly partly made by hand, but also includes some parts, which are clearly machine made (CNC). This company also scores a 3.
		Example 4: All earrings offered by a company are clearly made by machine (CNC / laser cut from plywood). This company scores a 1.
Humor / funness of design		This factor aims to determine if a company incorporates humor (e.g. humorical references) and / or 'funness' (e.g. cute and colorful cartoon animal designs) in their earrings. The scoring is based on the as objective as possible observations of the researcher, but this factor is subject to more bias than the others, since humor / 'funness' may differ significantly from one person to the next. Since this factor is also hard to accurately score, it scored 1, 3 or 5 followingly. Note that if a company scores 1 (low) on this factor, it does not mean that wearing the earrings could not be fun and this factor focuses only on the design itself.
	5	A very clear emphasis
	3	Medium effort / some emphasis
	1	No apparent emphasis
		Example 1: It is clearly apparent that a company emphasizes the humor / funness in their designs e.g. cute cartoon animals prints are used or humorical references to pop culture. The company scores a 5 on this factor.

		Example 2: A company has made some effort to emphasize humor / funness in their earrings but not more than most others. This company scores a 3 for this factor.
		Example 3: A company has made no clear effort to emphasis the humor / fun aspect of the designs. This company scores 1 on this factor.
Originality of the design/ Uniqueness		Do many other companies have comparable / similar designs? This factor is rated in a yes / no manner, because originality of design is very subjective and the yes / no rating was chosen to simplify and give more reliable results.
	Yes	The designs are unique to this company
	No	The designs are not unique to this company (other companies have very similar designs)
		Example 1: A company has designs which are very similar to other companies' designs e.g. geometrical shapes laser cut from plywood and therefore is rated 'no' for this factor = not unique.
		Example 2: A company prints their own photos of wild animals on plywood to make earrings. Since the pictures are taken by the company specifically for the earrings and no other company prints their own pictures on plywood to make earrings this company is rated 'yes' for this factor = unique designs.
Customization		This factor determines whether a company offers customization options for their earrings or not. In this context customization means either ordering earrings based on own design or making customization to the design of existing earrings. If a company offers only the option to choose the earring hook material, this is not counted as customization in this context.

	Yes	The company offers the possibility to customize designs
	No	The company does not offer the possibility to customize designs

The key factors (blue field) are scored from 1 to 5 as follows:	
5	very high
4	high
3	medium
2	low
1	very low
Note:	
If a key factor is not applicable to a company, it is scored 0.	

Each of the three value logics (yellow fields) are rated based on their importance followingly:	
1	The main logic employed
2	Secondary
3	Tertiary
Note:	
Only the logics employed are rated. If a logic is not employed by a company, the relevant field is left empty.	

Any additional notes made on a certain company are noted down in the green 'notes' field. Also if other websites than the manufacturer's were used in collecting the data, this should be mentioned here. Otherwise data is collected from each of the company's / manufacturer's website. Actual source is cited under the 'source' field.