



Lautakylä Oy New Store in a New City

Research on Demand & Factors

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ABSTRACT

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The purpose of this thesis was to look in to the factors of opening a new clothing retail store into a new city. The current store Boardvillage is located in Kokkola. The new location in question was Idearpark in Seinäjoki. The goal was to find and take into account as many factors as possible and in as wide of a field as possible. Financial factors are talked about, but the exact numbers are not dealt with.

The research was done by conducting an interview on the two owners of Lautakylä Oy and by researching, studies, articles, and other similar sources. Surprisingly few studies were found that dealt with this kind of situation. The research in this thesis was qualitative.

The research brought up many aspects that the company must take into account if it wants to expand the business and open a new store. The factors include financial, social, logistical and personal aspects among others. These factors were researched separately. Any definite conclusion whether to open a new store or not cannot be determined as it depends entirely on the situation of the company and the owners as a whole. This thesis is more of a document or a reminder on what to consider before deciding to expand the business.

Key words: retail, store, expansion

CONTENTS

1	INTRODUCTION	4
1.1	Objectives and purpose of the thesis	4
1.2	Methodology and research methods	5
1.3	Limitations in research	6
2	RESEARCH QUESTIONS	7
2.1	What are the factors favoring the decision to expand?	7
2.2	What are the factors opposing the decision to expand?	8
3	REASONS TO EXPAND TO A NEW LOCATION?	9
3.1	Avoiding stagnation	9
3.2	Reaching new markets and expanding brand awareness	9
3.3	Larger stock and webstore growth	10
4	CHALLENGES OF THE EXPANSION?	11
4.1	Personal challenges	11
4.2	Locational challenges	12
4.3	Staff management challenges	14
4.4	Logistical challenges	16
4.5	Social Challenges	18
5	SWOT ANALYSIS	20
5.1	SWOT Analysis Specified	22
5.1.1	Strenghts	22
5.1.2	Weaknesses	22
5.1.3	Opportunities	23
5.1.4	Threats	23
5.1.5	Current situation to ideal	25
6	SUGGESTIONS	27
7	CONCLUSION	31
8	REFLECTION	32
	REFERENCES	33
	APPENDICES	34

1 INTRODUCTION

Lautakylä Oy is a privately owned company founded in Kokkola in 2010. The company runs a clothing and skateboard store located in Kokkola called Boardvillage. Boardvillage also operates through a webstore that sells and ships products all around EU. Lautakylä Oy has two owners that work in the store. Boardvillage has become a cornerstone of the ever-diminishing brick-and-mortar store scene in Kokkola. Even though the market for brick-and-mortar stores has gone down gradually during the years, Boardvillage has been able to grow its reputation and keep its revenue stream steady.

The vast majority of customers are B2C customers, and the demographic is mostly men and women between the ages of twelve and sixty. This estimation is qualitative research that I have conducted myself during my one and a half years working for the company. Boardvillage sells clothes for children as well, but of course in these instances the parents are the acting customers. The backbone of Boardvillage consists of quality brands, broad collection, efficient and fast customer service, reliability of service and locality. By utilizing these strengths, Boardvillage has been able to grow a solid customer base within Kokkola and the neighboring areas as well.

1.1 Objectives and purpose of the thesis

The subject of this thesis was requested by the owners of Lautakylä. The Boardvillage store has been operating in the same location for the past ten years. During that period of time the inventory has grown exponentially and the need for additional space has grown ever larger. The business model has also remained virtually the same since 2012. Because of these factors the owners of the company are eager to try new business avenues to modernize the concept of Boardvillage. The most appealing idea would be to expand business to a new

location. Ideapark shopping center in Seinäjoki has proven to be the most interesting and promising location. The objective of this thesis is to research the factors that need to be considered when opening a new store in Ideapark. This paper seeks to provide data and information about the demands of expansion. Using the research conducted in this thesis, Lautakylä will gain knowledge that it needs to move forward in deciding future business ventures.

1.2 Methodology and research methods

The research method of this thesis is an interview that is conducted for the two owners of the company. The goal of the interview is to collect as much knowledge as possible of all the aspects of expanding one's business to another location. As interviews are used to collect data from a small group of subjects on a wide range of topics it makes sense to use an interview in this particular case as well. The interview in this case is conducted on a smaller sample size as it is all that is required. The people in this sample size possess all the information needed. One can conduct structured or unstructured interviews. Structured interviews are similar to questionnaires in that they ask the same questions in the same order for each subject and have multiple choice answers.

There is no fixed set of possible answers for unstructured interviews; questions can vary by subject and may be dependent on answers given to previous questions. In this particular instance the interview can be viewed as a mix of an unstructured and a structured interview. The questions are the same for both participants and they will answer them simultaneously. The basic structure of the interview is planned in advance, but based on the answer given to the questions, additional questions will be added to expand the questions further. This creates a much more unstructured aspect to the interview. The basic frame of the interview will be found in the appendices of this paper, and they will be analyzed separately. (Data collection methods: BMS - BMS Datalab.)

1.3 Limitations in research

A few limiting factors have arisen in regards of the research for the thesis. Due to lack of possibilities, surveys cannot be conducted at the target location of Ideapark. The planned survey would have been conducted on the customers of Ideapark and it would have provided information about the need and demand of a store profiled like Boardvillage.

2 RESEARCH QUESTIONS

2.1 What are the factors favoring the decision to expand?

There are two main research questions that this thesis tries to search for. The first one concerns the factors that favor the decision to open a new store in a new location. As a small company the risks of expanding one's business in a drastic way are much greater than a bigger company or corporation. Bigger companies are in most cases more able to withstand the financial loss if the new business location fails, and needs to be shut down. In the worst-case scenario, the new location or in this case, the new store doesn't catch wind at all, and the business only drains the finances from the company account hurting the already functioning store. If the new business location is able to stay functional for a longer period of time, then the losses will most likely be more manageable. There is also a point where the company must cut its losses if it seems that the new store doesn't provide sufficient funds. If the losses are too big this may in the worst case cause the whole business to shut down. Including the base location that has already proven to be profitable. This is why the favoring factors must be thought of carefully and compared to the opposing factors.

Questions about the favoring factors aim to conceptualize the factors and make them more easily researchable. Financial factors are the broadest as they are a crucial part of both positive and negative instances. The question seeks to answer is the financial aspect of this particular case more prevalent in a positive or negative scenario. What are the other factors? Even if the financial aspect is the main goal of expanding the business, what does one have to contemplate to achieve financial success.

2.2 What are the factors opposing the decision to expand?

There are lots of risks when one expands a business to a completely new location. The major risk is the financial risk, but what are the other aspects the company must think of to minimize the risk of failing? It includes the question of staff management, logistics and social aspects as well as the current world situation. All of these factors must be taken in to account when planning on the expansion. The following chapters will go through these variables in more detail.

3 REASONS TO EXPAND TO A NEW LOCATION?

3.1 Avoiding stagnation

The idea of expanding the business to another location has been in consideration for multiple years. As the revenue streams and business stabled in 2013, the opportunity and possibility of business expansion became a reality. Despite the possibility of expansion, Boardvillage was a relatively new company with plenty of room for growth at its current site. Lautakylä experienced rising profits yearly and the supply value increased the same rate. These factors lead to plans of expansion of the business to be positioned in the background. After a period of the years, the business growth has stabled and Boardvillage has reached its full capacity at the current location. This has resulted for the idea of expanding the business to resurface. The current location still provides steady profits, but in order to grow the business and create new sources of income new business ventures have to be made. One of these is the opening of a new store in a new location. At his point in time the profits of the company have almost reached a stagnate point and measures need to be taken to avoid stagnation.

3.2 Reaching new markets and expanding brand awareness

The possibilities for business growth are close to maximum capacity at the current location for Lautakylä. This means that it is crucial in the near future to reach new market areas. New market areas will most likely be obtained through new customer demographics and the raising of brand awareness. A new store location will attract a new client base that may differ from the current one. When expanding to a new location, the clientele of that specific location is mostly unaffected by preconceptions. This allows for the testing of new product lines and therefore penetrating new markets within the garment industry. The opening of a new store also creates brand awareness for a new demographic. This requires professionalism when conducting business at the new location. As the word of mouth reaches more clients, that in turn strengthens the image of the company. Evaluating the new market and creating a client base before. One

should try to use a variety of channels to increase brand awareness. This can be accomplished through a variety of means, including local partnerships, influencers, public relations, local ambassadors, and website feedback. This would help because the people the company is trying to reach need to see you in a variety of contexts, the best of which is when someone else recommends you to them. Another excellent method is to encourage people to give you honest and sincere feedback on your product and business. (Kroshkina, 2021.)

3.3 Larger stock and webstore growth

Adding a new location also means that the added space provided by the location can be utilized to acquire additional stock. This directly broadens the scope of clothing which Boardvillage is able to provide to its customers. Products can be transported between locations to ensure the optimal selection of set products. When having two locations the company can research the sales and determine what works best and where. Larger stock automatically results in the growth of webstore stock as well as the webstore stock is equivalent to the stock of the store location. the stock is directly comparable to the sales of the webstore. The larger the stock is, the more sales are conducted through the website. A new location also reaches more potential customers and therefore increases the awareness of the Boardvillage brand. This creates more traffic to the website that leads to increased sales transactions. Growing the webstore is one of the most important and promising ways for Lautakylä increase sales revenue. This is why it requires special attention.

4 CHALLENGES OF THE EXPANSION?

4.1 Personal challenges

Personal aspects play a large when the company considers a business maneuver of this magnitude. Lautakylä is a small company in which the whole ownership is divided between just too entrepreneurs. This creates a situation where the risk is much more prevalent than for example for a big corporation. The two entrepreneurs in question have both had offspring in the last four years. Two children for each means that parenting has been in the forefront of both of their lives. Inevitably this has led to the situation that growing the company has not been the priority number one.

The family situation has also lead to the situation where the entrepreneurs have had to take more financial burden in their personal lives and increasing financial risks have been made towards the company. In most cases one must decide during these situations whether to prioritize family or business. Larger financial contributions to the company usually are postponed indefinitely as they might affect personal finances negatively if gone awry.

Time is also a big factor when it comes to making large business decisions for example expanding the business to a new location. New children require lot of time and attention and therefore the time spent at work is greatly diminished. Taking care of small children also takes a toll on ones working capacity and stress management. The amount of sleep has been cut down greatly and this affects decision making and cognitive skills which are needed in stressful situations. The number of sick days increase exponentially as small children are prone to illness and therefore one must stay home much more frequently. This creates uncertainty about the working capabilities. Time management is critical in these situations, but in many cases one cannot prepare for all scenarios.

4.2 Locational challenges

There have been challenges in finding a suitable location for a new store in a different city. Previously Lautakylä has done research on expansion and has approached multiple locations regarding collaboration. Some of the locations have shown interest but Lautakylä has also encountered resistance. As Lautakylä is not a large, or therefore well-known operator in the garment industry, they have encountered prejudice from other company executives. This is one of the reasons why plans of business expansion have been delayed. At this time there is no certain knowledge if Ideapark would be open for collaboration.

The new location also provides challenges regarding new customer segments. Seinäjoki Ideapark is located next to a busy interstate that is used by a great number of traveling individuals. This entails that in addition of the people located in and near the Seinäjoki area, Ideapark serves a large number of people all across Finland. The customers base in the Kokkola location has solidified during the running years of the business and the new location would most certainly introduce new types of customers. Although it a challenge to learn about the new customer segments, it creates new business opportunities as well.

The customer range that visits the Ideapark location may possess different preferences regarding the clothing industry. Therefore, it is possible to try out new lines of clothing and apparel. This in turn will make the image of the company increasingly more versatile as well as grow the stock value. Also, according to the info provided by the Ideapark website, the collection of store located there does not include one with the same profile as Boardvillage. This makes it possible to enter the market with a profile that might have great demand. In the clothing business it quite difficult to find new markets, but in this situation penetrating this market could result in success. This could have been researched further by conducting a questionnaire at the Ideapark location, but due to a lack of possibilities it could not be performed.

As a location Ideapark possesses a completely different profile compared to the current one in Kokkola. Ideapark is a large scale shopping mall compared to the relatively small brick-and-mortar store in Kokkola. The current location provides freedom and decision making power in terms of opening hours, renovations and other business decisions. When one is located in a shopping mall, the opening hours are fixed and decided by the representatives and the companies renting the business spaces are obligated to work with those hours. In most cases the opening hours are longer.

This implies that the cost of staff will increase as they are required to work longer hours and extra compensation has to be paid. Special contracts can be agreed, but they usually follow strict guidelines. As a sales environment Ideapark provides possibilities. The flow of customers differs vastly from a brick-and-mortar store. This can be regarded as a positive aspect as it widens the reach of customers. The customer flow is much higher in Ideapark and it is divided evenly throughout the week peaking at the weekend. I have personally witnessed this in many occasions by working in retail in Lempäälä Ideapark. Lempäälä Ideapark has the same location profile as the Ideapark in Seinäjoki.

One critical aspect of a successful expansion to Ideapark is the exact location within the premises. Especially as a smaller company it can be a challenge to find a business space that suits the needs of the company. Bigger corporations are able to rent out larger spaces and they are usually prioritized ahead of the smaller operators. Nevertheless one can in many cases find smaller companies in productive business spaces as well. Extensive research could be made in regards of the most lucrative spaces within Ideapark, but in this situation it is not possible. To maximize customer turnover one ideally is located along the paths with the most traffic. In addition to this it is helpful to be in the immediate vicinity of a well know company. All of these factors directly affect the price per square meter within the premises. The main focus for a smaller sized company

such as Lautakylä the most important aspect is to find a business space with educate square meters with a reasonable price point.

The company image is one important aspect that need to be taken to account. As a small-scale company that only operates in one location, Boardvillage has not accumulated an image that is broadly known. The customers of the new location are not familiar with the company and its values. Boardvillage upholds an extremely professional business image and quality of service. It is important to go to great lengths to communicate this to new customers. In this situation it would be beneficial to conduct a campaign to increase the awareness of the company at the new location even before the actual act to expand. This could be done by running marketing campaigns.

4.3 Staff management challenges

One of the most challenging aspects of running any kind of business is the field of staff management. It can be considered the most time consuming and the financially burdening. At the same time, it is certainly the most important. Opening a new location automatically implies that a new section of staff must be recruited. In this particular situation the new location demands approximately three full-time employees and two part- time employees.

As the owners of the company are located in Kokkola and would visit the Ideapark store weekly, it essential to find a shop manager who is willing and able to take on a great amount of responsibility. Trust between the owners and the shop manager must be seamless as the shop manager would have full accountability of all functions happening in the Ideapark location. The person recruited for this task would preferably have prior experience of similar duties and staff management. In this kind of situation the company also wishes for commitment to the task. The person in charge of the new location must possess profound information about the working of the company and all that it stands for.

All the IT systems require training and will take up to weeks to complete. This requires dedication from the resilience and dedication.

It is common within the retail industry that the turnover of staff is rapid. The current location of Boardvillage has experienced various hiring processes in during its operational years. Approximately one to two hiring processes have to be conducted within the calendar year. The job description and wages in retail are usually such that workers do not stay at the same company for substantial periods of time. Hiring new staff takes a great toll on the owners of the company as the process is time consuming and likely postpones other tasks. The process itself includes the actual application time which in this case can take up to a month. In addition to that the interview process often lasts several weeks and when the suitable employee has been found, the starting date of the employment may push the schedule ever further. During this time the excess work load has to be done by replacement work force whether that is a current employee of the owners themselves. This is why it is extremely important to conduct the hiring process as thoroughly as possible so the ideal employees can be found.

Customer satisfaction is a key component in a well-functioning business model. It is a collective of several aspects. The quality of the products is of course one of the main focuses when it comes to customer satisfaction. It is easy to be satisfied in good quality. Customer service is also one important aspect. Boardvillage has always made an effort to have high quality customer service in multiple languages. An active and interested attitude towards the customer goes a long way. This is why the right kind of workers need to be hired to maintain the high level of customer service. (Salo. 2021.)

The working environment must be kept pleasant so that it encourages the staff for longevity at the company. It is shown that good working conditions, relationships with co-workers and management as well as a positive environment within the workplace are extremely important especially if the salary is not considered to be at the high end. In conclusion the company must strive for minimum staff turnover even if it cannot be avoided completely.

Part time employees are also an addition that Lautakylä has not utilized to full potential before as it has not been needed. Lautakylä has employed part time employees occasionally, but in the case of the new location part time employees would be a crucial part of the business. The business model in the Ideapark differs vastly from the Kokkola location. As the Ideapark location is primarily run by employees and without the presence of managers, more employees are needed. The employee turnover is even more prevalent in part time employees as they are usually students who change location with a moment's notice.

4.4 Logistical challenges

Logistics might be considered as the most challenging aspect of this type of business expansion. Solving logistic problems is major issue for many accomplished companies nevertheless in smaller ones. One must prepare for many types of variables and scenarios when planning logistic function for the new location as well as how to make the process proficient with the current location.

The first challenge is countered when ordering the starting stock for the new location. Most companies require orders to be placed approximately eight months in advance. For example, the orders for the third quartal of the year must be placed at the end of the last quartal of the previous year. This requires foreseeing and predicting the trends of next year to the best of one's ability. The order schedule combined with negotiations of the starting date of the rent in the new location create a conundrum. A number of unexpected incidents may occur during the eight-month period.

Negotiations regarding the renting of the space may fall through, unexpected financial issue may arise or delivery issues with the orders may occur. The starting stock is also a big financial investment and risk. The stock value at the time of opening has to reach approximately 100 to 150 thousand euros. This

kind amount requires loan capital to be purchased and the order has to be delivered straight to the new location as there is limited warehouse space. This financial risk is unfortunately unavoidable because the current stock even with added value won't be adequate.

One of the essential parts of Lautakylä is the webstore. The webstore enables sales across the whole of EU with quick delivery. Webstore is one component that the company wishes to grow as a result of the expansion. Having two warehouses creates another set of challenges in regards of logistics. Both warehouse locations cannot include all the available stock and products. Therefore a system need to be put in place to organize the shipments ordered through the webstore. These challenges entail various changing variables and therefore it has not yet been resolved. Ideally the solution would require minimum interference of third-party factors. Another issue arises when dealing with customer returns. Programs have to be modified so that stock value can be monitored effectively between the two warehouses. Also the possibility of a outside courier service may have to be integrated if product shipping becomes very frequent.

The owners of the company must visit both of the stores frequently as to make sure everything is running as smoothly as possible. Both owners reside in Kokkola and this will have to come up with a plan in regards of when either of them visit the Seinäjoki location. One example would be to spend a day of two in Ideapark every other week.

Delivery problems have always caused problems to retailers in some form or the other. The current situation of the world has increased the probability of logistical issues even more. Deliveries have increased in price and become more unreliable. During the years 2021 and 2022, it has become more common that deliveries are delayed by quite a big margin. They may arrive even months behind schedule. This of course differs between companies. Companies and brands have also increased prices and require a bigger minimum amount of order. This directly leads to more caution when ordering products that are not a sure sell. Products will also end up on sale much quicker that would be benefi-

cial because they arrive later than expected. In short, everything is more expensive and less reliable than ever so the risks are higher.

4.5 Social Challenges

The last couple of years have not been easy for many businesses. Multiple factors have come up that have made running a business exponentially harder. The most prevalent factor is the Covid-19 pandemic. The pandemic is something that the world has not seen in a very long time. It has effected everything and people across the world have had to adjust to a different norm. Countless businesses have gone out of business, and if businesses have succeeded to overcome the obstacles caused by the pandemic, they have had to change their day to day business practicalities to suit new covid guidelines. Lautakylä Oy has also felt the effects of the pandemic and it can be seen in the sales. More and more customers are shopping through e-commerce and that is why it is very important to keep the webstore in prestige condition.

Before COVID-19, e-commerce was booming. The pandemic drove even more US consumers online, causing them to spend more money online and more frequently. According to Digital Commerce 360, the pandemic contributed an additional \$218.53 billion to e-commerce's bottom line over the last two years. According to Digital Commerce 360 estimates, the coronavirus contributed \$102.08 billion to US ecommerce in 2020 and \$116.45 billion in 2021. (Berthene, 2022). These numbers are reflected to the US market, but the same trend applies within the EU. Boardvillage has luckily been able to stay open and functional during all the years the pandemic has been around. Some layoffs had to be done during the start of the pandemic, but luckily they were short lived. The location of Kokkola is a relatively small city so this has also had an effect. People are scarcer so moving though the pandemic has been easier. The sales of Boardvillage have taken a toll by the covid-19 years, but not to the extent some might think. Many other retail stores have had to close up shop. Opening a new location is therefore a more of a risk than it would normally be. The pan-

demic situation is ever changing even at this point so the flow of customers cannot be ensured.

In addition to the pandemic related issues, the Ukraine Russia conflict has caused a lot of turmoil. Countless lives have been lost, because of Russian invading Ukraine. The war has caused great amounts of financial issues across the world. Numerous sanctions have been issued upon Russia itself and Russian related companies. This has among other things, caused the gas prices to go up globally which has led to price elevations in almost all areas of business. This has affected Lautakylä as well as the higher costs trickle down from larger companies. Logistical cost go up as well as the price of products.

The global smart retail market is expected to grow at a compound annual growth rate of 25.7% from \$27.46 billion in 2021 to \$34.51 billion in 2022. The Russia-Ukraine war, at least in the short term, hampered global economic recovery from the COVID-19 pandemic. The conflict between these two countries has resulted in economic sanctions against a number of countries, a surge in commodity prices, and supply chain disruptions that have impacted many markets around the world. (ReportLinker, Smart Retail Global Market Report 2022: Ukraine-Russia War Impact 2023.)

Because of these issues such as the pandemic and the war, customers have become more careful with their spending habits. People tend to save more money even if their financial situation has remained unchanged. Money is spent mostly on necessities and luxury items are being left on the shelves. People have started to use their money a little more, but it is still a long way to go to reach pre-pandemic levels. Companies are hesitant to expend their business in this kind of business climate, but this could also be looked at as a possibility. A company that expands their business at this time might be viewed highly and could penetrate markets that competitors will not.

5 SWOT ANALYSIS

In this kind of case a SWOT analysis is a great tool lay down all the strengths, weaknesses, opportunities, and threats. This way all those attributes can be summarized into visual form. SWOT (strengths, weaknesses, opportunities, and threats) analysis is a method for identifying and analyzing internal and external strengths and weaknesses that shape current and future operations and aid in the development of strategic goals. The following illustration of a SWOT analysis displays the current situation of the company as well as the opportunities and threats regarding the expansion. (Kenton, 2022.)

STRENGTHS

- + QUALITY BRANDS
- + QUALITY CUSTOMER SERVICE
- + CUSTOMER BASE
- + WEBSTORE

WEAKNESSES

- COMPANY SIZE
- PERSONEL SITUATION
- RECOGNIZABILITY



Figure 1: Illustration of a SWOT analysis regarding the expansion of Lau-takylä Oy.

5.1 SWOT Analysis Specified

5.1.1 Strenghts

The strength of Lautakylä Oy is the variety of quality brands that they sell. The collection of items is among the best in Finland. Very few competitors are able to compete with Lautakylä when it comes to selection. There are a few companies that possess a bigger stock, but they are mostly located in the Southern regions of Finland. Especially the region of Seinäjoki does not have a store that owns such a versatile selection of brands. Ideapark would benefit greatly from the arriving of Lautakylä as they do not have a store within the premises that is hold the same quality and profile.

Lautakylä and Boardvillage have gathered a solid customer base during the years. This makes it possible to take risks as the Kokkola store and the webstore bring in sufficient amounts of revenue. Even though the Boardvillage brand is not that widely known across Finland, Boardvillage has its fare share of customers and fans in other cities as well. Customers coming from south would be able to stop in Ideapark as well and this would lead to word of mouth spreading further.

Boardvillage is also known for the high quality of the customer service they provide. Customer service is conducted in Finnish, Swedish and English. The management of the company has lots of experience of recruiting and recognizing quality staff. This would of course be the case in the new location as well. Also, the webstore functions swiftly and reliably.

5.1.2 Weaknesses

Lautakylä is a relatively small company so the financial risk is higher. Smaller companies have a higher threshold when entering new markets. All aspects must be optimized as well as possible to minimize the risks. This also includes the staff situation. If a company has fewer staff, the chance of complication is

greater. For example, if there is a situation where an employee is out sick, other must step in to cover the work. If multiple people are unable to work. The management are forced to fill in and it is far from an ideal situation especially if the reside in a different city.

Recognizability is also an issue as Boardvillage has not gathered countrywide recognition in a large scale. There are customers around the country, but not in the amount that would be considered as reliable. My personal belief is though, that Boardvillage will attract a customer base quickly as long as the store and brand are presentable and of high quality.

5.1.3 Opportunities

The expansion naturally creates a opportunity for large scale revenue growth. Attaining a completely new customer base hopefully does just that. Ideapark is located next to a arterial road that a many people use when traveling from the south of Finland to the north. Ideapark is a popular stopping location and therefore attracts many different types of shoppers. In this situation the awareness of the brand will possibly travel with the traveling clientele.

Naturally if the expansion catches wind, it creates the possibility for further expansion and growth. This will of course take time, but with a steady cashflow it is entirely possible. And with the growth of the business comes the possibility of more staff. Lautakylä has the potential to grow much bigger, but it will takes time and a great amount of effort and luck.

5.1.4 Threats

Preconceptions against new companies that do not have a great following may have a negative effect in the beginning especially. If marketing is not done correctly and effectively, customers may stray away from the store. In this situation, social media plays a big role as it has the possibility to reach a wide audience.

The act of opening a new store by itself has a great financial cost. In addition to this, the situation within the few previous years has shown that anything can happen. The pandemic and the Ukraine war are examples of unexpected situations that affect everyone. Both instances were near disastrous for companies around the world. Costs may increase unexpectedly within a short period of time an example being the high cost of electricity. This kind of additional financial burden is a substantial threat for a starting branch of the company.

5.1.5 Current situation to ideal

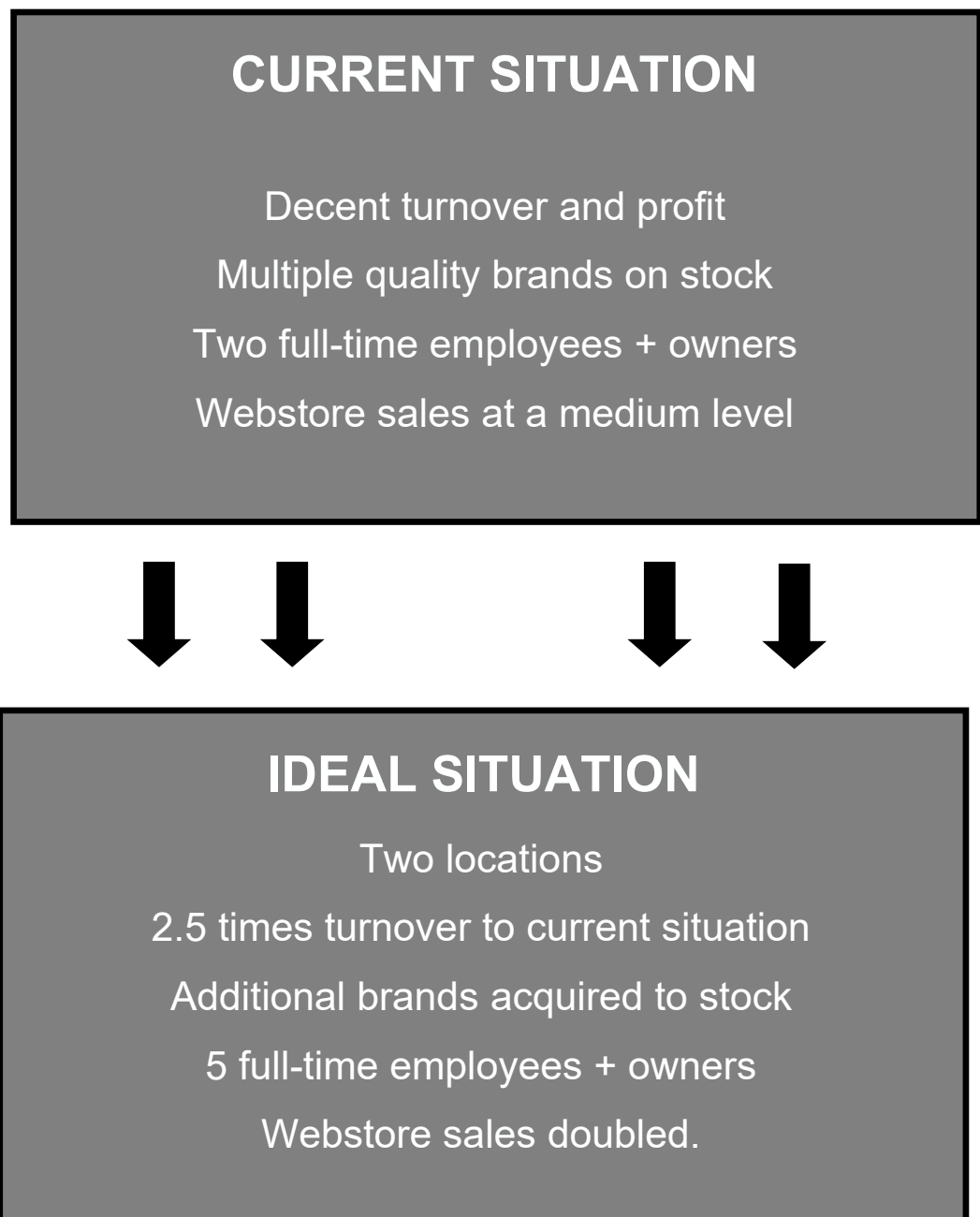


Figure 2: Illustration of the current situation of the current state of Lautakylä Oy and the ideal situation after the expansion to the new location.

The picture on the previous page illustrates the current situation of Lautakylä Oy and the ideal future situation after the expanding to a new location. The information in the picture is constructed using the information I have received from the owners during the years working at the company. There are other possible outcomes as well but in this illustration, I decided to bring up the ideal outcome of the expansion. The ideal situation is attainable, but it will take some time to get to that situation. In my opinion this kind of illustration helps to visualize the outcome that the company strives for. It summarizes the longer written texts to a smaller, simpler form.

6 SUGGESTIONS

What would be the answer to the question whether to open a new shop or not? Or what would be the way or time to do it? Researching this topic on the internet and going through literature, I could not find a case that is directly similar to this one. I could find multiple theses that addressed opening a new store, but the starting point was from zero. Meaning that the writers were researching ways on how to start the process of becoming an entrepreneur or a franchiser. The lack of literature or research regarding this topic surprised me.

The fact is that online shopping is has a huge market in today's business environment. This has created a desire for people to visit traditional stores where they browse and try on the clothes. For customers this creates a familiar environment where they may discover something completely new be surprised. The customer experience is also enhanced by the staff as a human contact in a shopping situation is very welcome. (Deloitte, 2021.)

The Deloitte study "Retain Operation Model of the Future" is a study that resembles closest to the research in this thesis. It does not address exactly the same subject but has good points and ideas that can be applied in this thesis. The study brings up 8 different points that are important to take notice in the future when opening a new retail store. The points go through aspects that have not been dealt with in detail in this thesis. These 8 points make a good addition to this paper. This was an interesting study and a new perspective and therefore I decided to implement it to this thesis.

1. Put the client into focus

When opening the new store, think about the client base that is in the new location. As the company has a good customer base to begin with, it can be said with fair certainty that the business model works. Therefore, the same products and business model should be implemented in the new store location.

2. Breaking up old structures

Even if in the previous chapter it was stated that the business model should be the same as it is in the current location, opening a new store is a perfect opportunity to try new ideas as well. Adding new styles of products or a new line of products completely. A new store appearance that differs from the current one. What direction the store wants to go in. will it focus more on specific brands, skate gear or go more towards a luxury feel. In this case it is not really about breaking up old structures as they have been found to be successful, but to re-structure and build on top of them.

3. Digitalize to fix the basics

This case does not involve digitalization to a considerable extent. The basic computers and cash register programs will of course have to be in good order and there can also be a possibility for a upgrade if necessary. Tablets can be implemented in the store as a way to help customers find the right size of a product or check the stock. The webstore handling can also be digitalized further but that requires much more research.

4. Make value out of your database

At the current situation, the tracking of inventory and other aspects of the company is in a good situation. The same programs and practices should be used in the new locations as well. The business is always changing and the practices can be modified as time goes on and things change.

5. Speed beats planning

In some cases speed does beat planning. When opening a new store there is no room for hasty decisions unfortunately. Speed is helpful when it comes to marketing for example. Especially in the realm of social media, one must be quick with one's actions as the trends change very swiftly. When opening the store the marketing must be active and frequent. It is also quite certain that in the process of the expansion, unexpected problems will arise. In these situations one must be ready to change the course with speed if needed.

6. Ensure knowledge sharing

Before the opening of the store, it could be a good idea to have a training period in the current store. If the staff is already competent in the computer systems and how everything is managed in the store, the opening process will go smoother. It is better to have the knowhow beforehand. This also creates trust so that everything must not be overseen by the managers. Communication between staff and the two locations must be frequent and knowledge is important to be shared, even if it may be a minor detail. Group chats are a perfect way to keep everybody up to speed at all times.

7. Win the "war for talent"

This simply means to hire the best possible staff. Boardvillage has a youthful and stylish profile that attracts especially young people to apply. The managers have lots of experience in recruiting new staff as they have done it multiple times during the years. I believe that the new location would not have too many issues in finding capable workforce as the location does not have a store that has the same profile as Boardvillage.

8. Find your own way

As mentioned before, the opening of a new store in a new location is a perfect opportunity to try and experiment with new ideas. Keeping the base business model the same and expanding on top of it. Most likely the new store would find its own way and take a shape of its own different from the current Boardvillage store. This can be taken as a desirable effect as it broadens the customer base.

7 CONCLUSION

At the beginning of the thesis process the goal was to collect as much information about the factors that need to be considered when opening a new store. The first idea was to do both qualitative and quantitative research using financial data provided by the company. This idea was later during the process discarded due to various reasons. This meant that the research done in the thesis was purely qualitative. The goal was not to have a definite answer to the question of whether to open a new store or not, but to simply lay down the information of what should be considered outside of the financial aspects.

This topic has been on the minds of the owners for a long time. It seemed a decent spot for this kind of thesis study. During the writing process I found that there is very little studies done regarding this topic. Luckily, some studies and articles were found, and they could be referenced. It would have been more desirable if more concrete conclusions could have been done as the data and information in this thesis ended up feeling already widely known in to some extent.

The research shows that Lautakylä Oy has all the credentials for an expansion. Many factors were considered, both positive and negative but all together the positives faze out the negatives. The decision is mostly up to the fact of whether or not the risk is something that the company is willing to endure. Considering the current situation it might be a good idea to wait for some time but plan for the expansion in the future.

8 REFLECTION

In its entirety, I regard the thesis as a decent paper. It may not provide the client company straight answer to the question, but most of the information can be found in the thesis. Financials are not dealt with, but the other aspects around are written down and can be expanded on. This thesis may work as a good base on what to remember in this kind of case and it can be possibly used in future cases or research.

The process in writing the thesis was a road full of obstacles. The obstacles were mainly personal as my situation in life changed many times during the writing process. Writing a thesis and following academic guidelines was a challenge as I had been not attending my studies for two years. Re-learning academic writing was a challenge. Time management was also a challenge for me as I was working full time. The writing process itself taught me patience and strengthened my English writing skills. Searching for information on the thesis subject was also a challenge and I found that there is not a lot of information directly regarding this topic. There was also no thesis written about this topic, at least on Theseus.fi.

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APPENDICES

Interview questions translated in English. The interview was conducted in an unstructured manor. This means that there were base questions, but the conversation was fluent during the interview. These are some of the questions asked within the main questions.

1. Why does Boardvillage want to open a new store?

- How long has the expansion been in your mind?
- What kind of financial growth do you hope for?
- How important is it to raise awareness about the Boardvillage brand?
- How long has the current revenue stream stayed the same?
- How many new personnel need to be hired?
- What kind of timetable does the opening of a new store require?
- What kind of new customer segments do you wish to reach?

2. What challenges are there in opening a new store?

- What kind of financial aspects must you think of?
- How does your current personal and family situation affect the decision to expand the business?

- What are the challenges when it comes to hiring new staff and what is the most important aspect of it?
- How many people must be hired for the new store?
- What is the most important thing you have to think of regarding logistics?
- How does the current world situation affect the business and the expansion plans?