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The marketing strategy of a biofore company: a case study of UPM, Helsinki

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The marketing strategy of a biofore company:
a case study of UPM, Helsinki

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The main objective of this thesis is to evaluate the marketing strategies of a case company UPM. This thesis analysis is related to the business activities among stakeholders and UPM as forest based products of a multinational company. UPM is engaged in various development projects with customers. Many of the projects are related to product development, supply chain efficiency and optimization as well as the co-planning of activities. So, the observation is focused on customer collaboration in UPM's business.

UPM is a multinational biofore (Bio means 'biomass' and fore means 'forest') company. As a forest industry whose products are made from biomass plant materials, vegetation agricultural wastes. The world is becoming more polluted day by day for industrial particles and substances. In this case, 'Biofore' business is less polluted than those of another in the world.

The theoretical section focuses on marketing communication tools, word of mouth marketing, product marketing, organizational buying behavior and the experience economy. An approach of qualitative research has been used for the empirical section. The opinions of a marketing executive are examined with interviews and open dialog.

The research result indicates that the marketing activities of UPM are developing their business with forest based raw materials as demand of future markets. The research and development of this company are always trying to use reusable and recyclable items as raw materials of a product for saving cost and time. UPM is a prominent paper mill in the world which is executing business successfully in spite of the long term economic recession in Europe. UPM integrates bio and forest industries. The mission statement of UPM is "Putting biofore in action means living biofore every day." Their developments are going on creating new products suitable for people and the environment.

The most significant strategic initiative was made in wood-based renewable biofuel which is going to marketed at the end of 2014. UPM has constructed the world's first biorefinery to produce high quality, second-generation renewable diesel from crude tall oil. As their future prospects, renewable diesel is a new opportunity for the company's growth business. In the long term, biocomposite, biofibrills and biochemical will complement UPM's ranges of innovative new products.

Key words Biofore, Marketing strategies, New product, Competitors analysis.

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1 Introduction

Bio means 'biomass' and fore means 'forest.' Biomass plant materials, vegetation agricultural waste are used as paper products, fuel or energy sources. Biomass also refers to the organic material on Earth that has stored sunlight in the form of chemical energy. Biomass fuels, including wood, wood waste, straw, manure, sugar cane, and many other byproducts from a variety of agricultural processes, continue to be a major source of energy in much of the developing world.

Fiber and biomass-based businesses, recyclable raw materials and products are cornerstones of UPM's business. UPM comprises of six independent business areas: Energy, Pulp, Forest and timber, Paper, Label and Plywood. UPM uses fibre and forest biomass in its current products but its aim is to create new growth opportunities based on continuous product development and innovation. UPM provides smart and sustainable products and solutions for its customers worldwide.

As the frontrunner of the new forest industry UPM governs the integration of bio and forest industries into a new, sustainable and innovation-driven future. They create value from renewable and recyclable materials. Cost leadership, change readiness, engagement and safety of their people form the foundation of their success. UPM comprises of three business groups: Energy and pulp, Paper, and Engineered materials. In 2012, UPM's sales exceed € 10 billion. UPM is present in 67 countries and has production plants in 17 countries. The company employs approximately 22,000 people worldwide. UPM shares are listed on the NASDAQ OMX Helsinki stock exchange.

Biofore is a new business category of UPM has created to define the future markets for the trade. **Bio** stands for future orientation, sustainable solutions and good environmental performance. **Fore** stands for forest and the company's position at the forefront of development. Their success in being the biofore business and leading the industry is driven by innovation, dedication and sustainable activities. They look at the forest and their present business with new eyes. UPM combines bio and forest industries. "Putting biofore in action means living biofore - every day."

To create more with less is UPM's means for better materials efficiency, sustainable and efficient use of resources brings with it benefits with regards to energy, production and cost efficiency. The products of UPM are produced, in a way, that uses less water and energy and generates less waste, thereby giving product more economic and environmental values. Recycling allows UPM to minimize the life cycle of bio mass and manufacture products in an eco-efficient system. The long term efforts of UPM are to enhance the resourcing efficiency and sustainability of their operations and innovation play a key role in devel-

oping products that provide resource-efficient alternatives for the future. UPM's new products find innovative way to replace non-renewable materials with renewable, recyclable and low impact alternatives. The focus is on creating tangible result from biofuel, biocomposite, biofibrills and CO2 neutral energy.

1.1 Purpose and scope of the study

The purpose of this thesis is to research the future orientation of forest marketing from Finland and analysis its strategies through the activities of UPM. The lacking of raw materials, pollution of the world and ecological balance are becoming very critical of future marketing for marketers. Some business organizations and researchers are experimenting to develop new business ideas which are welfare for both people and environment simultaneously. In that case, UPM is producing and marketing such products that are eco-friendly for people and environment globally. The study will be focused on determining the present situation of paper marketing and research of new product development. The basic background information of paper marketing and as a new product of 'biofuel' and how UPM is getting competitive advantages from their running products and how they are going to establish their new products in the market. In addition, the opinions of marketing and sales executives of UPM are important to measure because they will determine the case organization's services for their company as well as the possible demand for the customers.

The study will thoroughly examine the case company, its background and current situation, its client and activities. The marketing strategies and method used by the example, company will be examined from both business to business (B2B) and business to customer (B2C) perspective with supporting theoretical research focusing on product market and business market. Organizational buying behavior and marketing communications are focused on a word of mouth marketing. It is essential to write about the case company for understanding comprehensive images of the organization because the company is very immense and also a multinational business. Based on the theoretical and empirical findings the writer will determine the purposes of beneficial and profitable activities among stakeholders and UPM. Finally, based on the results of research, the author will propose a course of action for the case company as well as analyze the outcome of his research.

1.2 Choice of the research context

To fulfill the demands of our daily life, we are producing many things with our competitive attitudes and polluting the world. We do not think what happen will be next when the world will become more toxic. In that case, UPM is such type of industry which is using trees as a raw material of their product with less pollution in the world. They are not only

using forest but also growing plantation for future purposes. They are also doing recycling and using less water with more responsibilities. UPM's products store carbon and offer alternative non-renewable materials. UPM uses water responsibility with regards to the company's water consumption and effluent quality. The target is to minimize the impact of an operation of local water resources and safeguard the natural water cycle in the forest. (Report 2012, 26). So, my choice is that as a larger paper producing company UPM is not only using forest resources but also developing the forests as demand of future purposes. Their research works are also involved with innovating new products. I am very inspired of UPM's new product is "Bio-Diesel." This product is not still marketed; probably it is going to be sold at the end of 2014. On the other hand, their business is expanded in around 67 countries, so my objective is primarily to know how they are performing through marketing activities in the overseas markets.

1.3 Limitations

This thesis is not intended to be an extensive research of a paper industry of Finland due to lack of resources and the unavailability of getting information from the source of practical field. Data and information are mostly based on UPM's annual report, financial report, monthly base interim report and the magazine Griffin, web sites and personal interview. In spite of limitations, I have tried to bring data out as the marketing related of foreign business.

1.4 Structure of thesis

This thesis has been divided among five main sections in figure 1 on page 10. In the first part, the introduction, the author has introduced and described the purpose and limitations of the study. Following the introduction is the theoretical background which focuses on theory that is used as a basis for thoroughly describing the case organization in the empirical part. In this part, the marketing methods and overall practices and services of the case company are examined. It is followed by an explanation of the methodology toward the result of research and the author's recommendation of a case company. Finally, the last part is consists by the conclusion.

2 Theoretical background

The theoretical backgrounds of this thesis are included about the characteristics of business related. The author has tried to focus on business market, behavior, communication, marketing mix and other marketing tools.

2.1 Characteristic of business market

It is important about reviewing the basic characteristics of business markets because this study is pointed on forming a potential business relationship. Business markets consist on products and services bought by organizations for the purpose of creating their own products and services that are offered to their customers. There are fewer customers in business markets than in customer markets, and the purchases are made significantly larger in value. Business markets are concentrated geographically so, the need is a driven force of marketing activities. The demand is also inelastic, it means that the changes of pricing do not effect on total demand in the short term. Business markets also have a fluctuating demand; it means that a market can change more drastically and quicker than in the consumer needs (Kotler, Armstrong 2006, 171-172). As a Biofore company, UPM's strategies are to lead the integration of bio and forest industry. Cost competitiveness, materials, energy efficiency with high quality products and ability of quick adaptation to change circumstantial strength on UPM's competitive position.

2.2 Organizational buying behavior

The objective of case company is to sell its products and aims to increase profitability, growth outlook and the valuation of the business, by renewing its business portfolio. It is important to understand that the motives and incentives that drive organizational buying behavior. By the mentions six different ways in which organizational buying behavior differ from that of the buying behavior of consumers. Firstly, organization buys or produces larger quantities of raw materials than individual consumers. Secondly, there are few buyers in the B2B market than in B2C markets. Thirdly, few sales are made in terms of the number of conducts. Fourthly, the buying and negotiating techniques are more complex. The last two ways of organizational buying behavior differ the B2B buying process which may be reciprocal. There are many people are involved in the buying process usually (Blythe 2005, 34).

It is important to understand that the buying product is an element for supporting the buyer in majority cases when the buying decision is significantly related with products. There are numerous people are involved in influencing the buying decision. Therefore, buying decisions are not made by any one single person in an organization. The principal concerns from an organizational perspective are related with price, quality, delivery and service however it is important for salespeople to understand that in addition to the buyers' organizational interests and needs and objectives that they want to fulfill. Kotler and Armstrong (2006, 178-179) also stress the importance of realizing the emotional factors influencing buying decision in addition to the economic factors. The authors have described four indi

vidual (See Table 1). Successful and perspective salespersons will consider all of these influential factors that affect the buyers' interest and motives.

As an observation of UPM's buying behavior, UPM's businesses vary in the products and services that they offer. Each business has its own customer management process and a way of interacting with customers. A comprehensive understanding of market knowledge is the end uses and understanding of customer needs from the basis of UPM's customer relationship management. UPM's target is to provide customer with a solution that improve customers' business process, with a special focus on creating mutual benefits with increased efficiency. Topic related to environmental performance are also using at the center of UPM's customer offering. The customer values of UPM are versatile product range, reality, product quality and excellent environmental performance. In services, customers appreciate local customer service and technical support as well as reliability. (Annual report 2012, 18). Based on dialogue and survey, UPM's customers are interested in the company's environmental performance and the sustainability of its operations. Product safety, forest certification, origin of wood, eco label, carbon footprints, recyclability and waste reduction are among in the most important topics.

UPM must rethink and continuously develop collaboration with suppliers in order to achieve success in an increasingly competitive environment. UPM manages and develops its supplier base and has long term plans in place with some 400 suppliers in order to ensure systematic performance and quality development (Annual report 2012, 18).

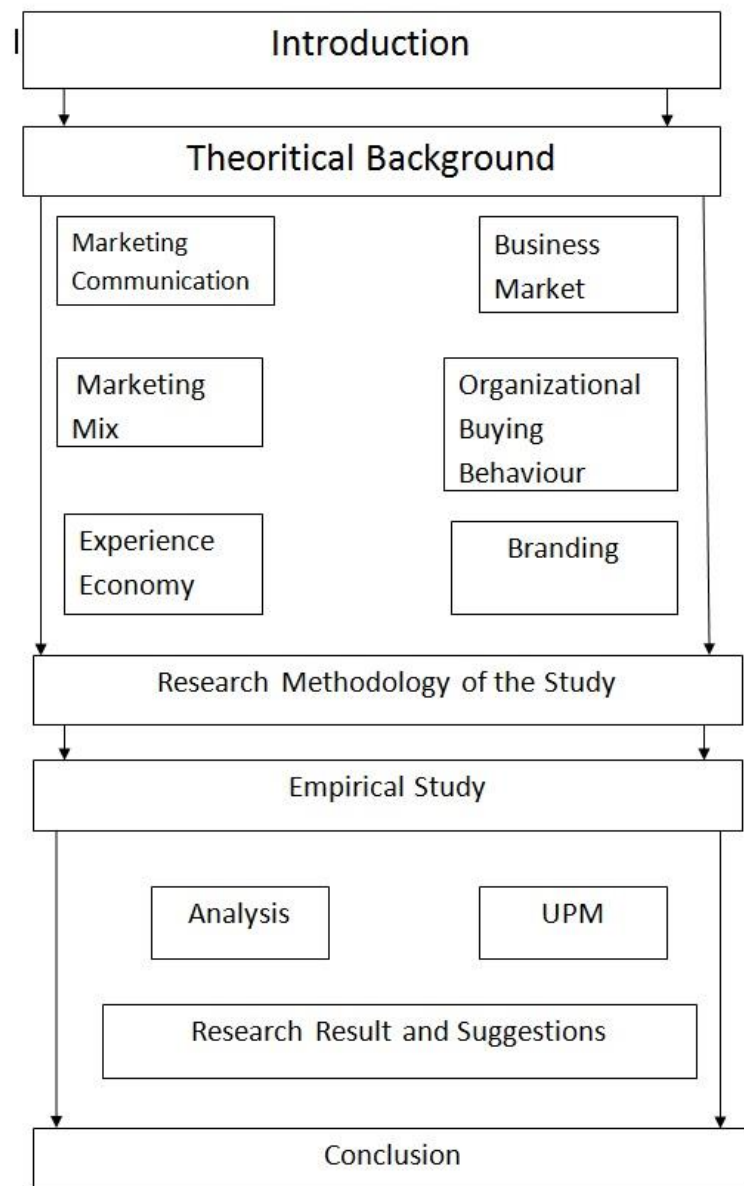


Figure 1: Thesis Structure

2.3 Marketing communications

Theoretical information on marketing is used as a basis for describing the case company's marketing practice in the empirical part of this study. Each of the marketing tools will be described from a theoretical perspective in this part and the theory will be adapted into the empirical part to describe each of the tools used by the case case.

Marketing has been defined as “the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.” Marketing is the result of meticulously prepared strategies planned to achieve desired responses. Successful marketing plans have clear target markets and the marketing is planned, prepared and executed with the customer as the main focus point. In other words, successful marketing is customer oriented (Kotler & Armstrong 2004, 5). Marketing communication is defined as the act of communicating with the present and prospective customers. The messages are being sent planned in advanced and all of the information efforts combined into a consistent and coordinated communication plan (Kotler & Armstrong 2006, 427).

Marketing communication is becoming more challenging due to the overwhelming quantity of marketing messages that target prospective customers each day. Messages are often sent through different channels and utilizing several communications tools that support each other. The tools included in a marketing communications program are personal selling, sales promotion, public relations, advertising and direct marketing (Kotler & Armstrong 2006, 427). These tools can be used separately, however most commonly they are used to support each other. For example, advertising can be integrated with other information tools such as personal selling. Salespeople can support their presentations with advertising materials which they can distribute to the customers as their process of information.

As a dissertation study, UPM has a strong communication tool as their media center. This centre provides all kinds of information to their customers, suppliers and all stakeholders. This centre release news like stock exchange release, investor news, press release, product news and archive. Every three months later they release the interim financial report. They also involved with social media like facebook, twitter, UPM blog, YouTube, LinkedIn etc. Their annual report also gives us more information as helping of thesis review.

Environmental	Organizational	Interpersonal	Individual	
Economic development	Objectives	Authority	Age	B
Supply conditions	Policies	Status	Education	U
Technological change	Procedure	Empathy	Position	Y
Political and regulatory development	Organizational structure	Persuasiveness	Personality	E
Competitive developments	Systems		Risk attitudes	R
Culture and customs				S

Table 1: Major influences of business buying behavior (Kotler & Armstrong 2006, 179)

2.3.1 Personal selling

Personal selling occurs when a representative of a company gives a face to face presentation in order to achieve sales and build customer relationships. As a marketing communication tool, it is effective and widely using in business markets. The importance of personal selling is as a part of a company's marketing mix which depends on the market, product or service, the company's objectives, financial decision and potential customers. As a big multinational company UPM does depend on personal selling in every case of business. But they follow the personal selling in some products like biofuel, plywood and new innovated products.

2.3.2 Sales promotion

Sales promotion includes short-term incentives for customer to make buying decisions. These are often implemented in consumer markets, for example, fast-food restaurants offer toys with meals to link the product with a current event. Sales promotion can also take the form of discount and premium that can also be performed in business market sales (Zeithaml et al 2006, 497). UPM has variety of sales promotion, and these are shown in the table 3.

2.3.3 Public relation

Public relations (PR) refers to communicating with public bodies and gaining favourable publicity, building a positive corporate image as well as actions involved in managing unfavourable publicity or rumors. Tools involved in PR are for example press releases, events and sponsorships. (Kotler & Armstrong 2006, 427)

So, public relation of UPM is how effective when analyzing this thesis report, it is found in their media blog. They have different type of publicity centers and activities where stakeholders can get information and communicate with UPM very easily.

2.3.4 Advertising

Kotler and Armstrong (2006, 4) describe advertising as follows “Any paid form of non personal presentation and promotion of ideas, goods or services by an identified sponsor.” Example of forms of advertising included printed materials such flyers and posters, broadcasted advertisements on radio or television and the use of banners on the internet.

UPM uses many types of advertisement tools because of their wide range of business in the world as a multinational company. They are using both print and electronic medias as their publicity of focusing the business activities. As UPM’s advertisement policy, they have own blog, own media department and also have individual media center which is involved with images, videos, webcast and interactive.

2.3.5 Direct marketing

Direct marketing is direct communication with specific consumers with the use of communication tools such as the internet, e-mail, or telephone. Direct marketing can acquire an immediate response and it can help maintain and nurture customer relationships. As an example, we find many ways of direct marketing like telemarketing, catalogue marketing, on-line marketing and direct-mail marketing (Kotler & Armstrong 2006, 504, 509). UPM is using all of

them. As per their business place, they do not depend on direct marketing but for marketing of new product they are using direct marketing like for 'Bio-diesel' and 'Ply-wood.' On the other hand, in the paper marketing, UPM has acquired leading position in the world market. In this case they are not so depended on direct marketing.

2.3.6 Word of mouth as a marketing tool

Word of mouth happens on a daily basis but when people tell their friends or acquaintances about a product, service or experience they had with the business. The customer can be a co-marketer for a business without even acknowledging this himself. People are beginning to be increasingly unaffected by marketing communications; therefore one of the most effective, inexpensive and credible forms of marketing is when a customer hears about a product, service or trade from another customer who is spreading the word of mouth on his own initiative (Storbacka & Lehtinen 2001, 65). "There are plenty of advertising executives who think that precisely because of the sheer ubiquity of marketing efforts these days, word of mouth appeals have become the only kind of persuasion that most of us respond to any more" (Gladwell 2000, 32). Storbacka and Lehtinen claim that the average consumer is exposed to as many as 3,600 commercial messages a week, and as no one can digest that amount of information, customers have created their own filtering mechanisms or they automatically reject most of the messages. Consumers are rejecting these messages by putting up "No advertisement" sign on their mailbox, changing channels during advertisement breaks on television, a phenomenon which the authors refer to as a cocooning (Storbacka & Lehtinen 2001, 71).

Both writers suggested several different solutions to the customers' immunity to traditional marketing; decreasing the number of messages being sent, targeting consumers when their interest in any given purchase possibility is the highest and affinity group marketing. "Affinity group marketing occurs when a company markets its product through an organization to the member of the company" (Storbacka & Lehtinen 2001, 72-73). Authors identified two criteria for affinity group and those are firstly that the group should be locally organized and have local group leaders and secondly that the group's activities should involve social interaction between its members.

Now we will see the marketing communication in table 3 as customer collaboration in UPM's business.

2.3.7 Customers collaboration in UPM's business

Activities	Energy	Pulp	Wood sourcing forestry and biomass business	Timber product	Paper	Label	Plywood
Product range	Trading in physical and derivative market	Soft wood and hard wood pulp	Logs, chips, pulp-wood, etc.	Swan timber and further process product	Newsprint, Magazine, Papers, Fine paper and Selected paper	Self-adhesive paper and film label stock	Construction, vehicle flooring, Concrete forming, LNG carrier.
Service	No service to external customers	Technical and supply chain service	Forest service and biomass supply solution	Supply chain service and environmental product data	Consultancy, Stocking, Vendor managed and Inventory service	Technical support and Tailored to end-use	Supply chain and Tailored to end-use
Customer industries	Supply in the Nordic countries & central Europe.	Produce of printing and writing papers, tissues	All UPM businesses using wood-based biomass, forest owners, energy companies and wood processing industries	Building construction, furniture, joinery and packaging industries	Newspaper, magazines, publishers and retailers, cataloguers, printers, distributors and converters	Label printers, brand owners in e.g. food, beverage, personal care, pharmaceutical, retail, and logistics	Construction, transport and parquet industries
Sales & Distribution	Electricity exchanges (Nord Pool, Nasdaq, OMX, EEX, ECX, and OTC market)	Own sales network agents. Own distribution	Own wood sourcing network in North Europe, central Europe, and overseas Forest services through network of offices in Finland and UK. Biomass business: Own sales net work in Europe	Own sales network, agents, distributors, direct sales. Deliveries from the mills to customers.	Global sales and agent network and distributors (paper merchants) Own distributor and partners	Roll Product: Through slitting and finishing terminals. Sheet product: through agents and merchants.	Own sales network supported by agents. Landed stock in main markets. Direct sales to major industrial customers and to selected distribution partners.
Measurement of customer satisfaction	-----	Continuous dialogue and customer survey	Continuous dialogue and regular customer survey	Continuous dialogue and feedback, annual customer surveys	Continuous dialogue and annual customer surveys	Customer surveys every other year, continuous dialogue, meetings, trainings, seminars	Continuous dialogue and bi-annual customer survey
Action 2012	Follow up with electricity market rules and regulations	Strengthening of the sales organization, particularly in Asia and Europe. First customer survey. Focus on pulp quality and appearance.	Development of supply chain efficiency and services. Implementation of new way of operating. Development of web solutions to improve customer service	Product range and customer service. Improvement of deliveries to optimize production to meet customers required properties. Optimization of raw material use	Solving customers challenges i.e. timely supply and the right selection of paper. Joint product development. Promotional campaigns for office papers with	Joint product development. Local solutions for recycling label stock by-products. Focus on environmental issues. Improved product packaging.	Proactive sales management and customer oriented organization. Defining value propositions with customers. Customer categorization.

Table 2: Customer collaboration in UPM (Annual report 2012, 33)

2.4 Integrated marketing communications

Due to changes in the marketing environment marketers are focusing their marketing efforts less on mass marketing and more on narrowly defined micro markets to help build closer customer relationship. Segmented marketing is also overpowering mass marketing due to improvements in information technology. Hence, a clear shift is occurring from mass marketing to target marketing (Kotler & Armstrong 2006, 428-430). Consumers form an image of an organization according to the information they receive from different channels. It is essential for marketers to ensure that the same information is being sent, no matter what channel is being used. The concept integrated marketing communications (IMC) refers to the act of companies integrating and coordinating their communications channels for the purpose of sending a clear and consistent message about the organization. Therefore, IMC means that all of the advertising material project the same information look and feel like the internet website, the public relations material and direct mail campaign, for example, as marketing communication (Kotler & Armstrong 2006, 427-430).

2.5 Channels of international distribution

From a strategic perspective, most firms establish channel policies that are uniformly applied to all intermediaries, but this may be suboptimal. Because customers in different geographic segment are different, they require different distribution services, so different quality service levels should be provided. Competitive advantage may be gained by differentiating the service provided by market segment. Astute use of the perceived quality of distribution service significantly affects the closeness of exporter - importer relationship. So, producer or distributor or exporter re able to understand some points:

- Evaluate the relevance of various channels for the international distribution of different types of product;
- Specify how and why distribution channels vary from country to country;
- Specify the role Internet in the possible disintermediation of international distribution channels;
- Understand the factors to be considered in motivating channel members;
- Understand why channel conflicts occur and how they can be resolved.

While distribution channel decisions face all international firms at sometimes, they are very much concern of firms that decide to enter foreign markets through exporting. At the same time, firms that enter using other modes such as alliances or acquisition or investment usually discover that exporting and hence, distribution feature in the decision at some stages in the internationalization process (Bradley 2005, 301-302).

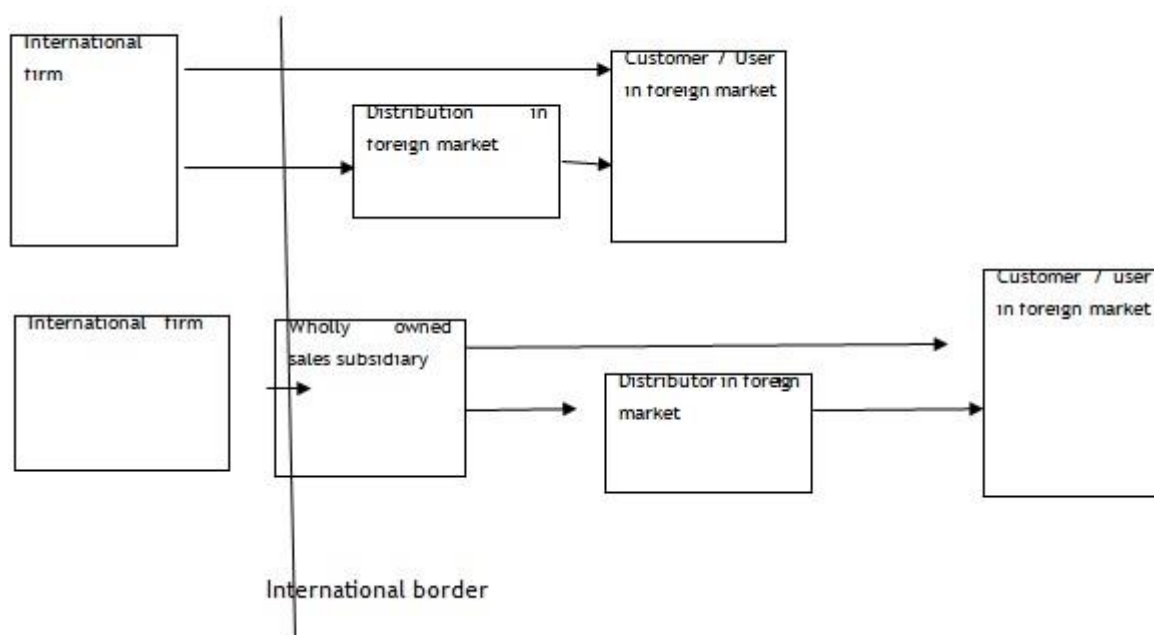


Table 3: Channel of Distribution in International markets

Logistics form the foundation for the company's on time deliveries. UPM logistics is responsible for UPM's sea traffic and port operations, forest logistics and distribution. The majority of UPM's haulage is handled by contract partners. UPM aims to create strategic long- term alliance in order to create benefits for the business and its customers (Annual report 2012, 32-33).

2.6 Experience economy

The experience economy as described by Baron and Harris are an economy in which the case organization operates. To describe the value of the services provided by the case organization fully, experience economy is described in this section. Both authors state that the service economy is being replaced by "experience economy," meaning that consumers are spending their money on experiences rather than services or product. The definition of consumer knowledge from the service marketers' point of view is that are "a memorable episode based on a consumer's direct personal participation or observation" (Baron, Harris 2003, 23-24, 86). Consumer often perceives feel negatively, relating to poor service or a bad experience, and this easily creates a so-called "us and them" effect, us meaning the consumers and them meaning the service providers or the companies. This effect is minimized significantly by enabling consumers to engage in the service or experience. Making them responsible for their own experience. Baron and Harris also emphasized the importance of providing consumers opportunity to actively engage in the service experience in respect to make the experience

rience memorable to the consumers to the extent that they talk about the service to friends and acquaintance (Baron & Harris 2003, 79).

2.7 Branding

Wood (2003, 81) defines branding as follows: “Branding gives a product a distinct identity and differentiates it from competing product products using word, design and symbols.” A strong brand supports customer loyalty and customer lifetime value. Customer lifetime value is the total amount of money a customer spends during a long time relationship. Wood states that brand extension can help customers achieve brand acceptance, granted that the brand has a positive image. Brand extension is the strategic act of placing an established brand on a new product or service in another category or market (Wood 2003, 81).

2.8 Framework of the theoretical Section

The objective of this thesis is to discover the opinion marketing executive have of cooperation with the case company but the theory section has been built around this purpose. Theory on marketing communication, branding, the experience economy and marketing mix have been used to help describe and analysis the case company, its service marketing practices and the environment in which it operates. The differences between marketing products and marketing services were defined because there are different aspects that affect services marketing that must be considered. Word of mouth is the primary marketing tool utilized by the case company; therefore it was also examined in the theory section. Organizational buying behaviour was studied because the objective is to sell a product of UPM and it is essential to understand the motives and reasons behind of buying decision. Theory on the characteristics of a business market is explored because the desired outcome of this research is forming a relationship of the case group but this would be a business relationship by nature.

3 Research methodology of the Study

The research methodology is accomplished when we wish to understand meanings, look at, describe and understand an experience, ideas, beliefs and values, intangibles such as these. Example: an area of study that would benefit from qualitative research would be that of students’ learning styles and approaches to study, which are described and understood subjectively by writers.

3.1 Qualitative research

The two main market research techniques are quantitative and qualitative market research. A qualitative research is used to discover information about the way in which people think and behave. This research is an exploratory research, meaning that it explores particular ideas or

attitudes of people, usually for the first time and often to provide the basis for further research. The results of an exploratory study determine whether it is worth executing the initial idea or suggestion (Adam & Brace 2006, 23). Goodyear writes that the qualitative research method's main strength is the ability to gain insight to perception (Birn 2002, 262-263), therefore, a qualitative research approach was used to collect the research material for this thesis. Proctor (2003, 208) states that qualitative research examines the attitudes and motivation of people, and the research findings are not subject to quantification or quantitative analysis. Face to face interview with open-ended questions were determined to be the most appropriate method of measuring the personal interest and motivation of the marketing executive towards UPM and the personal interviews allowed for the possibility of open discussion of ideas and questions.

Different methods and sources were utilized in the information gathering process for this thesis. Primary sources, meaning personal interviews with a marketing executive of UPM were conducted to gather data for the empirical part. For the theoretical part, the author obtained information from secondary sources meaning material those have been published previously, for example books, the internet, articles, publication and annual report of UPM 2012 and 2013. The conclusion are based on information collected both primary and secondary sources.

The internet was used to collect information on UPM. General information was gathered from UPM's annual report and the internet. The interview was conducted with a marketing executive who is involved in decision making authority. The purpose of interviews with executive of UPM was to define the strategies of the marketing mix as getting of competitive advantage. Interview was chosen as the method of data collection due to a nature of information being collected and also due to the necessity presenting UPM. The aim was to understand the personal insight of the respondents and to have the possibility of open discussion. As the interview had not made any specific cooperation plans to the interview, it was hoped that the executive could openly give his or her ideas and suggestions.

3.2 Validity and reliability

"Reliability refers to the degree of consistency with which instances are assigned to the same category by different observers or the same observer on several occasions" (Hammersley 1992 in Silverman 2006, 403). As the research is qualitative, it cannot be expected that this definition applies directly as the main research instrument in this case is the interviewer. The purpose this study was to determine the interest of marketing executive in participating with and buying a product from UPM. It is important to acknowledge that the writer spoke to an executive of this organization. The options and thoughts are not based on whole UPM. The trustworthiness and reliability of qualitative research should be examined but all the factors affecting these issues considered.

In qualitative study validity is more significant than reliability, as validity depends on whether the study approaches, techniques and methods sufficient measure and explore the issues defined by the researcher. The findings of research are relevant for those who read the study is another aspect of validity according to Hammersley (1998) (Daymon & Holloway 2002, 90-92). The validity of face to face interview must be questioned because the result and conclusions made based on the interviews can be seen as being subjective, especially as there was only one interviewer.

3.3 Empirical study

Empirical studies are those based on actual and objective observation or experimentations. Articles that describe empirical studies are brought out in scholarly or academic journals. Many scholarly or academic journals are peer-reviewed or refereed, meaning that a panel of experts in the field selects and reviews the articles circulated in the journal. These articles are general, but not always empirical studies. Empirical research articles comprise the following factors (wording may vary): abstract, introduction, method, result, discussion or conclusion and references.

4 Case organization: “UPM”

4.1 Introduction

UPM was formed in autumn 1995 when Kymmene Corporation and Repola Ltd and its subsidiary United Paper Mills Ltd announced their merger. The new company, UPM-Kymmene, officially started its activities on 1 May 1996.

UPM has a long tradition in the Finnish forest industry. The group's first mechanical pulp mill, paper mills and sawmills begin operations in the early 1870s. Pulp production started in the 1880s when paper was converting in the 1920s with plywood production starting the following decade.

The present group comprises some 100 production facilities, which were originally operating as independent companies. Among others, the following companies have been amalgamated into the group: Kymi, United Paper Mills, Kaukas, Kajaani, Schauman, Rosenlew, and RAF. Haarla and Rauma-Repola's forest industry operations.

The oldest of UPM's mills, Papeteries de Docelles, is established in northeastern France. The mill was already providing quality handmade paper at the end of the 15th century. The first paper machine for this mill was attained in the 1830s.

Biofore is a new business category UPM has designed to describe the future of the business. Bio erects for future orientation, sustainable solutions and good environmental performance. Fore sets for forest and the company's position at the forefront of development. Their success in being the Biofore business and leading the industry is driven by innovation, dedication and sustainable operations. They look at the forest as their existed business with new eyes. UPM accommodates bio and forest industries. Putting biofore in action expresses living biofore every day. (UPM History Pages)

UPM provides sustainable products that are primarily produced from renewable, biodegradable and recyclable materials. Ecodesign indicates that environmental aspects are systematically integrated into product design at an early stage. UPM's all businesses and R&D have assumed ecodesign in their product development processes. UPM's biofore thinking entails that each phase of the product lifecycle, including raw materials, production, distribution, use and disposal, is taken into consideration when considering the environmental impacts of a product. UPM BioVerno and UPM Formi are good instances of such new products.

Good design can significantly decrease the environmental effects of the product as the majority of the final product's environmental impacts are defined during product development. Making their own processes and the processes of their customers and suppliers more efficient and decreasing the environmental impacts of our products saves everyone's costs throughout the value chain.

Paper is truly a biofore product, produced from renewable and recyclable materials. As the world's leading producer of graphic papers, UPM paper provides customers with high-performance products. Their product portfolio ranges from publication and office papers to specialty papers for various end-uses. "Create your story, trust your paper." SFO (Sheet Fed Offset Paper) papers are especially suitable for high-quality publications and advertising material in short print runs. "Touch the brilliant colors face the value." A wide range of HSWO (Heatset web Offset Papers) papers mainly used for magazines, catalogues and inserts. Usual end-uses for RG (Rotogravure Papers) papers are magazines, catalogues and advertising material. CSWO (Coldset Web Offset Papers) papers are typically used for newspaper production to print large runs at fast pace.

Energy of UPM is significant product for consumers. UPM Energy continues to develop in line with the growth of the climate-friendly power market. They have built a solid platform for further development based on their expertise in market operations, as well as their unrivalled knowledge in renewable and versatile energy production. They have roughly 70 energy professionals operating in Nordic and central European energy business. The company's versatile and cost efficient generation capacity consists of hydropower, nuclear power, condensing power, wind power and biomass-based combined heat and power. UPM's annual electricity

production capacity is approximately 15 TWh. As energy supply company is a net seller of electricity in Finland and Uruguay.

Yearly, UPM generates approximately 30 TWh of heat. The main sources are forest residues, such as bark and energy wood, and process by-products, such as black liquor from chemical pulp production. Part of the heat is recuperated from thermomechanical pulping (TMP). Since 2000, UPM has spent over one billion euros in renewable energy production, mainly in biomass-based combined heat and power production. In addition, UPM is empowering in CO₂ emission-free nuclear power in Finland. In addition to electricity, UPM trades in emission allowances, guarantees of origin and fuels, such as gas and coal.

Pulp is produced as chemical pulp from four modern pulp mills - three in Finland and one in Uruguay. The total annual production capacity is 3.3 million tons of high quality pulp. UPM's multipurpose pulp products range from northern softwood and Birch pulp to Eucalyptus pulp made from plantation-based wood. They only use wood from sustainably managed forests and plantations.

Timber is manufactured from sawn pine and spruce timber for the construction and joinery industries. UPM sawn goods originate solely from sustainable sources. UPM sawmills in Finland have the PEFC (PEFC/02-34-05) and FSC Chain of Custody (DNV-COC/CW-000275) certifications. All sawn timbers produced by UPM timber can be sold either PEFC or FSC controlled wood. Timber business is part of UPM Biorefining business area.

Label of UPM Raflatac develops and manufactures high-quality, high-performance self-adhesive label materials. The paper and film label stocks are used for product and information labeling across a wide range of end-uses like food, wine, beverage, pharmaceuticals, cosmetics, and durable logistic and security label. UPM Raflatac's product portfolio is shaped to meet the specific needs of each end-use. Label materials are supplied in rolls and sheets. Typical customers are label printers doing roll-to-roll printing, and the packaging industry. Paper merchants in Europe distribute sheet products for offset and screen printers in the graphics industries.

Plywood of UPM is manufactured and developed as a high-quality plywood and veneer products for customers worldwide. UPM's product range consists a high quality spruce and birch plywood panels. They offer uncoated and coated plywood for various end uses such as building and construction, formwork system, horizontal casting and wall casting, vehicles, furniture and parquet composite. UPM has given special effort for WISA plywood and veneer properties on the areas that our customers find important; durability, strength and surface properties, keeping in mind also efficient and economical production as well as the environmental aspects.

Composites of UPM are biocomposites that consist of UPM ProFi outdoor products and UPM Formi granulates. The composites blend the best characteristics of natural fibers and plastic. Both environmentally sustainable products are based on UPM's own research and development.

Biochemical is chemical made of biomass. UPM creates wood based chemical building blocks and performance chemicals. Product development of UPM biochemical is at pre-commercial phase but UPM is actively developing industrial applications with its partners. Chemical building blocks are price competitive, one-to-one replacement of fossil based monomers and chemicals. Intermediates to bioplastics are on example of them. The primary design of performance chemicals is the natural biopolymers of wood, e.g. lignin, hemicelluloses or cellulose. This format gives a unique performance for e.g. adhesives, resins, plastics and coatings. Products are one example on UPM's performance chemicals. **Biofibril** is UPM's brand name for its cellulose micro and nanofibril products that can be used for shaping materials and giving them new characteristics. Biofibrils cellulose items can be used as a suspension aid and rheology control agent or reinforcement and barrier element.

Biofuel is an innovative and significant product of UPM, they have huge plans for marketing at near future in the world. UPM attempts to become a major player in the production of renewable, advanced biofuels for transport. The company is promoting new, innovative business with wood-based biofuels. Sustainability of operations has been one of the main criteria in the expansion of the biofuels business. All of UPM's biofuel ideas are based on residue raw materials that are not suitable for food production. UPM plays a role in the forest biomass value chain creates a competitive edge. Biofuels are frontrunners in quality, usability and sustainability. UPM will significantly decrease greenhouse gas emissions compared to fossil fuels. "BioVerno" is the brand name for the biofuels of UPM. BioVerno illustrates the advancing of the biofuels business, as well as the new ideas and the renewal within the industry. BioVerno grows green for the world.

4.2 Brand

The brand of any organization or company is seen as a promise to the customer that a particular set of feature or level or quality will be obtained when buying a product or taking part in the service. The part of eagle and part of a lion in UPM's logo is admitted as a griffin. Originally, it was a fabled beast, which was a popular heraldic symbol with its head and wings of an eagle and body and tail of a lion.

The oldest griffins can be detected in the fables of Assyria and Babylon, but they subsequently developed in many different guises in e.g. Egyptian and Persian art. They created their way to Europe via ancient Greece and the English word 'griffin' is in fact of Greek origin (Greek

gryps, Latin gryphus), from which it passed into many of the modern languages of Europe (English griffin, French griffon, German der Greif, Swedish grip).

This famous figure became the symbol of UPM as the result of competition. Towards the end of the 19th century, it was adjudicated there was a need for a distinctive trademark to be introduced, most notably for trade with Russia. One of the predecessors of the present UPM Corporation, Kymmene Aktiebolag, divert to two well-known artists, Hugo Simberg and Louis Sparre, with a request for a suitable design. The decoration of a griffin drawn by Simberg was the chosen winner and purchased by the company in 1899. The image was thereafter approved for official use a couple of years later.

One very probable reason for designating a mythological animal is the symbolic message of the griffin, an animal that changed to a northern context, watched over the green gold inherent in the forests. Today the UPM symbol is the ancient corporate logo used continuously in Finland throughout its history. (UPM History Pages)

4.3 Organizational structure

A clear organizational structure is needed to help make internal communication and delegation of tasks more efficient and to facilitate the growth of the organization.

4.4 Marketing mix analysis

A marketing mix is one the basic marketing concepts. The traditional marketing mix is made up of the 4 P's: product, price, place and promotion. These factors are controlled by organizations, and they are interrelated and depend on each other to the extent but they are used to satisfy or communicate with customers. These four elements can be and are applied to product or service marketing. They are essentially the four main aspects upon which any marketing plan is based; however three additional P's should be added to create an extended marketing mix (Zeithaml et al 2006, 25).

Different between goods and services were discussed at below table

Goods	Service	Resulting Implication
Tangible	Intangible	Product can be inventoried but Service cannot be. Product can be easily patented but Service cannot be easily. Product can be readily displayed but Service cannot be. Pricing is comparatively easy in product than service.
Standardized	Heterogeneous (variability and inseparability)	Basically customer satisfaction depend on employee in the service but many factors are involved for customer

		satisfaction in product Service quality depends on uncontrollable factors rather than product. There is no sure knowledge that the service delivered matches what were planned and promoted but product delivered matches on demand of situation.
Production separate from consumption	Simultaneous production and consumption	Customers participate and affect the transaction in service but many things are related in product. Employees affect the service outcome. Price and quality affect in product. Decentralization may be essential in service but not in product. Mass production is difficult in service but not in product.
Non-perishable	Perishable	It is difficult to synchronize supply and demand in service but possible in product. Service cannot be returned and resold but product can be.

Table 4: Basic different between product and service

One of the differences was related to the production and consumption of the service. In the traditional marketing mix developments include activities and decision related to the sale, advertising, sales promotion and publicity. Services are produced and consumed simultaneously, persons are involved in service delivery and also involved in the promotion of the ser-

vice but goods are not as same as services because of production, and distribution and consumption are related with many things. Intangibility causes consumers to seek tangible quality clues and consumers are a part of the service experience themselves.

The elements of marketing mix are shown at below table:

Product	Price	Place	Promotion
Features	Flexibility	Channel	Promotion blend
Quality level	Price level	Exposure	Salespeople
Accessories	Terms	Intermediaries	Advertising
Packaging	Differentiation	Outlet location	Sales promotion
Warranties	Discount	Transportation	Publicity
Branding	Allowances	Managing channels	Strategies
People	Physical Evidence		Processes
Employees	Facility design		Flow of activities
- Recruiting	Equipment		Number of steps
- Motivation	Signage		Customer involvement
- Rewards	Tangibles e.g. business cards, reports		Policies and procedures
- Teamwork			Delivery cycle time
Customer being serviced			
Service provider			
Other customers and employees			

1

Table 5: Expanded marketing mix of product

4.4.1 Product

Product refers to the combination of goods or services which the company offers its target market to satisfy its needs. Quality level, features, packaging are all elements which affect the final product (Zeithmal et al 2006, 25).

As a Biofore Company UPM's main raw material is renewable and recyclable wood. UPM's sustainable and innovative products are sold in worldwide. UPM has many products like, paper

pulp, energy, label, timber, plywood, biochemical, forest service and composite. All are export oriented and new product “Biofuel” is going to be exported end of 2014.

Fiber-based businesses continue to assemble the foundation for UPM’s strategy. A single purpose unites their businesses are united to create value from renewable and recyclable materials by combining expertise and technologies. In the long term, UPM attempts to complement its existing business with innovative products with high added value. They will develop their product scope and offer opportunities for further growth. (UPM Business Pages)

Strategy: To find the new opportunities from the forest, the world demands new qualities from raw materials. For this reason, UPM’s research and development is always trying to innovate new product as raw materials for renewable, recyclable and energy-efficient.

4.4.2 Price

Price refers to how much money was paid to obtain the product or service; including possible hidden costs that customer must pay including time, physical effort and convenience (Zeithaml et al 2006, 25). As per UPM’s report 2012, they decreased cost for improving efficiency. That means they are following competitive price strategy to gain as a competitive advantage.

Strategy: Because of long term economic recession is existed in the world, they are following ‘Penetration’ pricing method. That means product quality is high, but price is low. Though UPM has a leading position in the world with their business, they are going to proceed with this strategy due to the economic recession.

4.4.3 Place

Place defines all aspects involved in making a service available to the target customer such as the physical location where the service is provided, time and convenience of delivery, methods and channels used (Zeithaml et al 2006, 25).

As per thesis analysis, logistics form the foundation for company’s on time deliveries. UPM’s logistic is responsible for UPM’s sea traffic and port operation, forest logistics and distribution. UPM’s delivery approximately 21,000 loads of products and raw materials globally every week. 69% of UPM deliveries are by road and rail and rest of 31% by sea port. Contract person handles the majority of UPM haulage. UPM’s aim to create strategic long term alliance in order to create benefit for the company and its customer. The criterion is forming these alliances are: level of service, safety, flexibility, stability, efficiency, and ability to meet environmental demands. UPM has set compulsory requirements for the handling, transportation, warehousing of UPM product.

As more stringent regulation on transport emission into force, UPM is delivering alternative logistics and fuel solution with alliance partners. UPM's own biofuel project is closely related to this development. (Annual report 2012, 32-33)

Strategy: To capture more values and physical deliveries and making strength the market position in selected businesses by offering services to improve customers' process efficiency.

4.4.4 Promotion

Promotion involves both in and outbound communication. In the service industry communication is often educational in nature due to having to teach especially new customers the benefits of using the service, where and how to obtain its promotional performance. Promotion channels include for example salespeople, clerks, customer, the service provider organization's website, and media channels such as television, newspaper and social media (Lovelock et al 1999, 22).

UPM is engaged with large aspect of promotional activities in many countries. UPM is supporting social development in Uruguay. The UPM foundation has been active in Uruguay since 2006, advocating development activities in rural areas of Uruguay through education, training and entrepreneurship, to promote a culture of safe and healthy living. In 2012, the foundation's support reached some 10,000 people across five areas of Uruguay. The UPM Foundation has been active in Uruguay since 2006, promoting development in rural areas of Uruguay through education, training and entrepreneurship, to foster a culture of safe and healthy living. In 2012, the Foundation's support reached some 10,000 people across five regions of Uruguay.

In the Yuunan province southwestern China, UPM together with Beijing Green and Shine Foundation donated some 3000 books of launce "Mini library" project in two primary schools. The project aims to develop rural areas in China by promoting education and reading in schools that have limited access information and books.

With UPM's help, the foundation was able to set up the first batch of mini libraries in Yuunan, a less develop area in China where there is a stronger need to improve local education and cultivate reading habits. Pupils aged between 6 and 11 can now enjoy classical literature, fairy tales, history and nature books. University volunteers also helped pupils to set up library and organized interactive reading session.

Above discussion of promotional activities, UPM plays vital role in this case as a business organization.

Strategy: The principles of UPM's responsibility are parts of the company's strategy process which are prerequisite for continuous improvement and also ensure the attention of a member of the management. To provide promotional facilities in such places where future businesses will be expanded and also developed.

4.4.5 People

The extended P's include People, Physical evidence and Processes. People refer to all of the persons who have a role in service delivery because each person affects the customer's perceptions. Possible influences include personnel and other customers in the service environment. Consultants, teachers and other professional relationship-based service providers, in fact, the service hence the importance of the person in creating the customer's opinions on service quality cannot be underestimated in such cases. It can be assumed that for instance, a telephone installer plays a small role in the overall service quality; however his or her behavior or dress, for example, he or she can reflect on the consumer's image of the entire organization but they are focal points of service encounters.

Customers themselves can also affect their own service outcome or the service experienced by other customers. Examples include customers who do not provide the necessary information in sufficient time which may lead to delayed delivery time, or customers actively taking part in a service such as a theatre presentation by either enhancing or detracting from the experiences of other customers (Zeithaml et al 2006, 26-27). "People are one the key factor behind UPM's success" For UPM, people development means promoting employee motivation and continuous growth in line with their business goals. Therefore, they encourage and support personal and professional development by providing all employees with development opportunities such as training, learning from other activities and learning on-the-job.

By focusing UPM's competence development efforts on strategically important areas and new businesses, they also ensure, and they are building competencies that are useful for the employees in the future. They use their performance management process to set strategy-related targets and development plans for their employees globally. Clear target setting for staffs is one of the highest priorities of UPM. Their responsibility principle of people development is to make high performing people. Their target is employee personal performance review (PPR) coverage exceeding 90% globally by 2015.

How do they reach their target?

- Target setting and personal performance reviews with employees.
- UPM considered as an attractive employer.

- Growth opportunities for employees.

Strategy: After analysis the thesis, the strategy of UPM is to make high professional workforces. (UPM People_development Pages)

4.4.6 Physical evidence

Physical evidence refers to the environment in which a service takes place and where customer and provider interactions take place, as well as tangible goods such as equipment, business cards and brochures. Based on these elements, customers form an image and an expectation of the quality of the service (Zeithaml et al 2006, 26-27).

We have found the elements of physical evidence, there are sales or staff contact experience of brand, product packaging and online experience. As per thesis UPM has strong physical evidences as a multinational company. Example that UPM provides 3 month wise interim report, Annual report, corporate magazine “ The Griffin”, UPM’s code of conduct, UPM’s policies and rules, UPM’s disclosure policy, UPM’s human resource rule, UPM’s occupational health and safety rules etc.

Strategy: UPM provides proper guide with their reports, magazine and brochures.

(UPM Presentation Pages)

4.4.7 Process

The last element is Process which includes the procedures, mechanism and flow of activities involved in service delivery. The delivery of a service can be complex, requiring the customer to complete many bureaucratic tasks before completion. Alternatively the delivery of a service can be as simple providing an e-mail address to receive a weekly newsletter (Zeithaml et al 2006, 26-27).

As per thesis analysis, UPM has strong process as a element of marketing mix these are all news, contact, press kit, media centre, social media, UPM blog. They provide stock exchange releases, investors’ news, press news, product news archive. UPM arranges media contact of specific persons with their all data to the stakeholders. UPM provides access to their press kits, collections of various material published on the site, related to selected topics like UPM globally, Business, Environment and responsibility, UPM & Design. Their media center is included with Images, Videos, Webcast, and Interactive. UPM is engaged with social medias like, YouTube, Facebook, LinkedIn, Twitter and UPM blog.

Strategy: The diversified ways of media are the strong process of information for satisfying stakeholders. (UPM Media-Centre Pages)

4.4.8 UPM biofore strategy in action 2013

Business Area	Strategic Targets	Action in 2013
UPM Biorefining	<p>Growth in cost competitive, high quality pulp and advanced biofuel.</p> <p>Utilizing synergies and increase value added in biofuel.</p>	<p>Increase production permit for UPM Fray Bentos pulp mill in Uruguay.</p> <p>Debottlenecking action identified in all pulp mills targeting 10% increase production capacity.</p> <p>Strategic pulp sales and marketing cooperation with Canfor pulp.</p> <p>Continued construction of Lappenranta biorefinery.</p> <p>Sales of Pestovo sawmill in Russia.</p>
UPM Energy	<p>Expand in reliable cost competitive and low emission power generation.</p> <p>Value creation with physical training and hedging.</p>	<p>Continued OL3 construction.</p> <p>OL4 planning.</p> <p>Refurbishment of hydro power plant continued.</p>
UPM Raffiatec	<p>Growth through product renewal in emerging market.</p>	<p>Expansion of distribution terminal network in 2012 continued.</p> <p>Growth based on new added value product continued.</p> <p>Manufacturing operations in Switzerland, South Africa and Australia.</p>
UPM Paper Asia	<p>Growth in China and Asia paper market.</p> <p>Growth in the global label paper market.</p>	<p>Investment in new production unit for wood-free specially paper and labeling materials at UPM Changshu in china.</p>
UPM Paper ENA	<p>Cash flow generation and cost efficiency consolidation in Europe.</p>	<p>New, leaner organization.</p> <p>Profitability improvement actions involving fixed and variable cost savings.</p> <p>Closure of UPM paper mill in France and Germany</p>

		(Closed to January 2014). Construction of CHP power plant investment at UPM Schongau, Germany continued.
UPM Plywood	Operational efficiency and flexibility.	Increased productivity on the restructure production assets. Improved sales following customer driven organization initiated in 2012.
New Business Development	UPM Biocomposites: Business creation and market entry in UPM Formi and continued growth in UPM Profi Biocomposite.	UPM Formi commercialization progressed with several customers in various end-use segments. Joint development agreement with Ranmatix Inc. biochemicals. Cooperation agreement with Ashland Inc. on development in UPM's biotabrils technology.
Wood Sourcing and Forestry	Secure competitive biomass.	Sold 36,000 hectares of forest mill land remote from UPM mill. Development of supply chain efficiency and services. Implementation of a new way of operating.

Table 6: UPM biofore actions in 2013 (Annual report 2013, 8)

5 Research and development of UPM

The aim of UPM's R&D programmes and business development is to support the development of new technologies and product for UPM's emerging business and to ensure the competitiveness of its current products. UPM's development expenditure has steadily increased, especially in growth business. In total, UPM spent approximately EUR 81 million on research and development for existing and development business which equates to 6.7% of UPM's operating cash flow.

5.1 Focus on wood-base renewable diesel

UPM is developing a range of new businesses with the potential for increasing added value in UPM's value chain. These new businesses are based on UPM's long term development work and synergies with existing business. UPM plans to become a major player in high quality, advanced biofuels for transport. Biofuel provides good business opportunities for UPM with high added value, large target markets and synergies with the existing business. UPM is currently

building the world's first biorefinery for producing renewable wood-based diesel in Lappeenranta, Finland. The biorefinery uses hydro treatment technology, and the main raw materials, crude tall oil, is a residue of pulp manufacturing. Production is scheduled to start in the summer 2014.

UPM will continue to clarify the investment prerequisites in France. The investment decision is subject to the economic operating environment and the long-term outlook for the market price and availability of wood. The final assessment on the investment will be made in 2014.

5.2 Creating new business opportunities

In 2012, UPM continued the development and commercialization of the bio-based products and solutions in three selected areas - biocomposites, biofibrils and biochemicals. All these areas have taken important steps forward in product development with customer and external partners. UPM ForMi is a recyclable composite material that is manufactured from cellulose fibre and plastic. With UPM ForMi, as much as 50% of oil-based non-renewable raw materials can be replaced with renewable fibre. Products manufactured from UPM ForMi complied with food contact material requirements stipulated in EU and US Food and Drug Administration (FDA) regulations. The composite also complies with EU toy safety regulations. UPM ForMi is already being used in the manufacture of furniture, electronics and various household goods. Production of UPM ForMi started in Lahti, Finland in January 2012.

UPM Biofibrils are micro and nano-fibrillated cellulose products that can be used for shaping materials and giving them new characteristics. They are suitable for many industrial applications that require a high stabilization capacity and high viscosity. In 2012, the focus of UPM Biofibril was on developing pilot and plant scale industrial applications. UPM managed to produce different grade of biofibrils at the pilot plant in Finland. UPM has also been running trials to test biofibrils on paper applications at several UPM paper mills. Externally, the main development work has been concentrated on concrete, oil-field drilling fluid and industrial coating application.

5.3 UPM ProFi develops new applications

UPM ProFi develops, manufactures, markets and selling high quality composite products made mainly for the surplus paper and plastic left over from the production of self-adhesive label materials. UPM ProFi products are used for outdoor, indoor and industrial application. The R&D work of the UPM ProFi Deck product development in 2012 concentrated on creating new coating technique and developing processes to be able to use the recycled plastics as a raw materials.

UPM ProFi has production plants in Lahti, Finland and Bruchal, Germany. The R&D work for material development and new product innovation is carried out in Lahti.

5.4 Exploring resourcing efficiency

UPM's R&D focuses in a mature business on improving resources and materials efficiency. UPM is exploiting drinking process waste and recycle surplus materials from paper mills. The aim is to find innovations and technologies in co-operation with paper mills in order to use waste streams more efficiently.

In Austria, the Steyrermuhl paper mill has developed a new construction product made of fly ash from the thermal recovery biogenic waste materials. The product is used for stabilization and improvement of soil. The use of fly ash at the mill has decreased landfill waste significantly and reduced potential CO₂ emission by approximately 50,000 tonnes of CO₂ per year on average. In addition, UPM participated in the construction project in Finland to prepare a gravel road using fly ash, fibre clay and cement as a stabilizer that will improve the forest and insulation properties of the road.

5.5 Partnering with research institutes

Tekes - the Finnish Findings Agency for Technology and Innovation - has become an important partner of UPM by supporting several research projects, such as the development of energy - saving technologies and biochemical competence and the creation of biofibril's technology. These projects have been carried out in cooperation with research institutes, universities and other companies. In 2012, UPM received approximately EUR 3.7 million from Tekes from its research projects. UPM is a shareholder in Finnish Bioeconomy cluster (FIBIC) that evolved from the strategy of research of forest cluster Ltd. FIBIC research programmes concentrate on the bioeconomy and product based on renewable materials; they also support UPM's internal R&D activities.

5.6 Global network of research centres

UPM has a global network of research centres supporting its business. The focus at the UPM research centres in Lappeenranta, Finland, is mainly on fibre, raw materials, paper and bio-fuels. The UPM biorefinery development centre for piloting biofuel and biochemical is located in Lappeenranta. UPM's recycled fibre research is based in Augsburg, Germany. The WISA R&D centre for plywood and composite is located in Lahti, while labelstock R&D takes place in Tampere, Finland.

The UPM Asia R&D centre in China is responsible for researching local raw materials, as well as manufacturing and technical customer service support for UPM's production units in China

and the Asia Pacific region. At the Fray Bentos pulp mill in Uruguay, UPM's competence centre focuses on researching eucalyptus species and their impact on end product properties. The centre works in cooperation with Uruguayan research institutes and universities.

The construction work will continue until spring but the assembly of the machinery will begin in summer 2013. The UPM Lappeenranta biorefinery will be completed in 2014 and once started up, will annually produce approximately 100,000 metric tonnes of renewable diesel for road transport. UPM's biorefinery project has aroused a lot of interest in the media, at seminars and among customers and other stakeholders. In November 2012, the Finnish Forest Association awarded the UPM biofuel business the Pro Silvis medal for its innovative, bold and open minded contribution to develop the forest based bio economy.

6 Risk management of UPM

UPM regards risk management as a systematic and proactive means to analyses and manage the opportunities and threat related to its business operation. This operation includes also avoided by careful planning and evaluation for future project and business environment. UPM seeks to transfer insurable risk through insurance arrangements if the risks exceed the defined tolerance. The insurance cover is always subject to the applicable insurance conditions. The main risk factors that can materially affect the company's business and financial result are set out below. They have been classified as strategic risks, operational risks, financial risks and hazard risks (Annual report 2012, 74-75).

6.1 Strategic risks

The energy, pulp, timber, paper, label and plywood markets are highly competitive. This competitive environment is manifested pricing pressures in UPM's main business areas and geographic markets, leading to particular large fluctuations in operation margin. The paper and forest product industry could in the future experience a further wave of consolidation, driven, in part, by a desire to achieve a lower cost base and better customer service. Participation in mergers and acquisition involves risks such as the ability to integrate and personnel successfully, as well as to achieve the economic targets set for an acquisition.

UPM is subject to various environmental laws and regulations. Its environmental related process and management are based on full compliance with such laws and regulations, and environmental investment, audit, measurement are carried out on a continuous basis. UPM is currently not involved any major legal proceedings concerning environmental matters. However, the risk of substantial costs and liabilities is inherent in industrial operations.

UPM is to face some political risks where they do business as a manufacturing operation in certain emerging markets, including among others Uruguay, China and Russia. The political,

economic and legal system in emerging market countries may be less predictable than those in countries with more established and sustained institutional structure. Investment and procurement in these countries may also be subject to additional risk and uncertainties, such as unfavourable taxation treatment, trade restriction inflation, currency fluctuation and nationalization. Emerging markets represented approximately 20% of UPM's sales in 2012.

6.2 Operational risks

In 2012, the third party suppliers announced for approximately 80% of UPM's wood requirements. Other productions input, such as chemicals, fillers and recovered paper, are obtained from third party suppliers. Disruption of supply in key inputs would impact upon manufacturing operations, for example, by interrupting and downscaling of production or a change in product mix. They could also cause price increases for critical inputs or shift in the availability and price of wood. It is also uncertain how proposed policies of the EU energy package may impact upon the availability and cost of fibre and energy.

UPM currently works together with many partners without control over strategic direction and operational output. The highly competitive market situation and, for example, new developments in biofuel or bioenergy are likely to increase the importance of partnership in search for higher efficiency. Partnerships, however, may create risk to the profitability, e.g. through changes occurring within the partner entirely or the changes in how the partnership operates.

6.3 Financial risks

Exchange rate exposure primarily affects export operation when sale is denominated in currencies other than those which in manufacturing costs are incurred. Part of UPM's sales and purchases are denominated in currencies other than the euro (primarily the US dollar and British pound sterling). To manage exposure to such exchange rate fluctuation, close monitoring of the exposure to currency risk is carried out simultaneously with the hedging of such risk, using financial instruments including forward foreign exchange agreements and currency swaps. Furthermore, change in interest rates may have a considerable impact on the values of the company's assets that are valuable discounted cash flow model.

Availability of capital to UPM is dependent on conditions of the financial markets and the Group's financial health. If either or both these factors were to change too dramatically for worse, the cost and availability of capital would be at risk. To mitigate materialization of these risks, the UPM has liquidity reserve the form of committed multiyear loan facilities.

6.4 Hazard risks

UPM operates a significant number of manufacturing facilities in globally; mostly UPM owned and were also the largest private owner of forestland in Finland. UPM is exposed to risk in areas such as occupational health and safety, environment, fire, natural events and site security. These risks are managed through established management procedures and loss prevention programs. UPM's insurance programme also provides coverage for insurable hazard risks, subject to terms and conditions.

7 Environmental analysis of UPM

UPM has defined sustainable product as well as climate, water, forest, and waste management, as the key areas of its environmental responsibility. UPM has long term 2020 environmental targets. In addition, UPM has defined indicators to measure performance in key areas that are the basis on the annual performance evaluation (Annual report UPM 2012, 76-77).

7.1 Environmental performance and investment.

In 2012, UPM's environmental investment totaled EUR 35 million. The target investments were made in effluent treatment plants. UPM's environmental costs, which were mainly attributable to effluent treatment and waste management, totaled EUR133 million depreciation. In 2012, no significant environmental incident occurred. However, there were several minor temporary deviations from permit conditions. These deviations were related to the relevant authorities immediately but corrective and preventive measures were taken. The measure from the part of UPM's internal Clean Run campaign, which aims to improve UPM's environmental further performance and to promote environmental awareness.

7.2 Taking care of entire lifecycle

UPM provides sustainable products that are made from renewable, biodegradable and recyclable raw materials to customers and consumers. All of UPM's businesses have adopted eco-design in their product development process, meaning that environmental aspects are integrated systematically into product design at an early stage and cover the entire lifecycle.

The majority of UPM's production site, as well as the forestry operation, are covered by environment, quality, health and safety systems which are certified in accordance with the ISO 9001, ISO 14001, and OHSAS 18001 standards respectively. All UPM's European pulp and paper mills are now registered with the EU Eco-management and Audit Scheme (EMAS). In 2012, the Fray Bentos pulp in Uruguay becomes the first ever non- European mill to be included in the EMAS.

7.3 Effective energy usages and solutions benefit the climate

UPM aims to maximize the use of carbon dioxide-neutral energy and aims to increase the use of biomass-based energy. Biomass-based fuel makeup is approximately 85% of the fuels used by UPM in Finland and approximately 65% of those are used worldwide. In 2012, UPM continued to invest in efficient power generation and will build a new combined heat and power plant (CHP) at Schongau paper mill in Germany. UPM and its partners have announced plans to conduct the world's first research programme which aims to investigate the possibilities of using bio-coal, i.e. torrefied biofuel to replace coal in power production.

7.4 Less water - more responsibility

UPM has decreased water per ton of paper by 31% and 28% per ton of pulp over the last ten years. The chemical oxygen demand (COD) load has decreased 37% per ton of paper and 54% per ton of pulp in the last ten years. In 2012, UPM's materials efficiency programme continued and several projects were carried out with the aim of improving water management in the production sites. At the Pietarsaari pulp mill, UPM will rebuild the biological effluent treatment plant. UPM also conducted an extensive study of bioindicator monitoring. In 2012, WWF and UPM Raflatac worked together in order to protect the Oder River Valley in Poland.

7.5 More forest certification - keeping forest full of life

UPM has worked systematically to increase the amount of certified wood. In 2012, approximately 77% of all wood used by UPM was sourced from certified forest and 80% of UPM's paper was produced using fibre that meets the criteria of either the FSC or the PEFC forest certification schemes.

Furthermore, UPM conducted a pilot study with the world's largest environmental organization IUCN (The International Union for Conservation of Nature) in 2012 in order to review the implementation of the UPM global biodiversity programme in Finland and the UK. UPM also participated in multi stakeholder dialogue with The Forest Dialogue (TFD) on sustainable forest management. Wide reaching cooperation projects with birdlife were carried out in Finland, the UK and Uruguay.

7.6 Less waste - reduce, reuse, recycle

Nowadays, over 90% of all UPM's production waste is reused or recycled. Nearly all organic production residues, including bark and wood residues, as well as fibre containing solids from drinking and effluent treatment are used in energy production at UPM mill sites. Ash that is left over from energy production of the power plants from the most significant proportion of

solid waste of UPM. A large amount of ash is reused in applications ranging from building roads to constructing aggregates. In 2012, over 99% of ash was reused.

UPM's in-house solution for recycling paper release liner is available throughout the industry thanks to the UPM RafCycle waste management concept in Europe. With the help of unique RafCycle concept by-products of the labelstock industry are used to produce UPM ProFI wood plastic composite products or paper, alternatively they are converted into energy. The number of waste sent to landfill sites has gradually declined in the past year. In 2012, UPM was able to decrease the number further to 109,000 tons. That 30% less than in 2011 (Annual report 2012, 76-77).

8 Demand and supply

The markets for paper and forest products are the cyclical being characteristic by periods of imbalance between supply and demand during which the price of paper and forest products can fluctuate significantly. UPM's main markets for graphic papers are mature but market is forecasting to decline in the long term. The paper industry needs to adjust production accordingly by also closing volume. In Asia and other growth markets need has graphic papers continued to increase and new volume is being built or planned which is adding to the competition for export markets from Europe.

8.1 Suppliers are an integral part of UPM value creation

The objective of UPM sourcing operation is to ensure that the supplier base is capable of both delivering cost effective and innovative material and service solution to UPM's business and meeting future requirement and expectations. UPM aims to be a professional partner to suppliers to develop relationship in a responsible manner that delivers a long term benefit to both parties.

Today, UPM has over 22,000 approved suppliers around the world that deliver a variety raw materials, products and services. UPM continuously evaluates the number and quality of supplier relationship. The sourcing of UPM strategic priority is the continuous improvement of innovation, cost-leadership, supply capability, optimized product and service quality together with suppliers.

8.2 Requirements for suppliers

UPM follows clearly defined selection and follow up process when evaluating suppliers. Strategic fit, service range, product performance, quality and sustainability are the important factors when selecting and evaluating suppliers. Additional specific requirements are used for areas such as chemical, safety, logistics, pulp and packaging. Suppliers are encouraged to ap-

ply management system based on internationally recognized standard (such as ISO9001, ISO14001 and OHSAS18001) and the best techniques and practice available. Based on risk assessment, UPM identifies suppliers whose operations will then be evaluated or audited to ensure that the set requirements are met. UPM requires all suppliers to apply the principles of the code of conduct and to fulfill its criteria concerning social and environmental responsibility. These suppliers' requirements are defined in the UPM supplier code.

8.3 Supplier management and collaboration

UPM must rethink and continuously develop collaboration with suppliers in order to achieve success in an increasingly competitive environment. UPM manages and develops its suppliers' base and has long term plans in place with some 400 suppliers in order to ensure systematic performance and quality development. In conjunction with selected suppliers, UPM builds strategic partnerships that require long term commitment and openness between companies. This cooperation aims at the joint optimization of the entire value chain while sharing best practice for areas such as supply chain manufacturing and product development.

In addition, UPM participates dialogue with stakeholders at the national, European and global level through its membership of industry and business association and other networks. UPM also collects regular feedback from its suppliers through a survey. The latest study from 2011 showed a clear improvement in suppliers' opinion about the cooperation. Based on the study results, UPM has defined which actions are to be developed further (Annual report 2012, 32-33).

8.4 UPM's supplier code is the basis for responsible sourcing

UPM requires its suppliers to apply the principles of the company's code of conduct and to fulfill its criteria on social and environmental responsibility. UPM also expects its suppliers to promote the requirements actively among its suppliers. In 2012, UPM complemented its responsible sourcing framework with the UPM's supplier code. The suppliers' code is based on UPM's code of conduct, defines suppliers' minimum compliance requirements in terms of responsibility with regard to matters such as environmental impact, human rights, labour practices, health and safety and product safety.

The supplier code applies to all product and service providers and is complemented with more detailed rules, guidelines and supplier requirements, such as the list of restricted substances for paper and pulp businesses. The aim is for 80% suppliers spend to be qualified based on the UPM's supplier code. In 2012, a total of 56% suppliers spend was qualified according to the requirements set by the company. Other means of ensuring compliance are supplier questionnaires during supplier qualification, supplier audits and monitoring of performance against

agreed key performance indicators. Contractor safety on UPM premises was one of the focus areas for 2012. As part of the safety initiative, UPM has created new method and standards for managing the safety of contractors, subcontractors and their employees (Annual report 20102, P 40).

8.5 Practice related to customer satisfaction

UPM focuses the importance of customer relations by regularly conducting third-party customer satisfaction surveys. Since 2008, UPM has acquitted an annual online survey among paper customers. In 2013, the online survey was published in October to UPM paper customers around the world, and the response rate was 39%. The customer satisfaction survey classifies two dimensions of the relationship, adding the satisfaction of customers with UPM's overall performance, and their relationship with the important sales contact person.

8.6 Result of customer satisfaction Survey

Despite the challenging market situation in 2013, overall satisfaction with UPM as a supplier abided at a high level (6.0 out of 7.0). The score was narrowly higher than in 2012 when it reached a score of 5.9. "Cooperation with the contact person" also acquired a very good score, 6.4 out of 7.0 (compared to 6.3 in 2012).

The study denotes that the biggest strengths of UPM are environmental performance, authenticity of invoicing as well as product and service offering. In addition, one of the areas with outstanding progress was the speed of response to enquiries and confirm orders. In relation to contact persons' performance, the greatest strengths alluded were professionalism, reliability and trust, service-mindedness and availability.

8.7 Customer satisfaction is a continuous development

The annual survey is a continuous development tool that brings an external customer dimension to presentation management. Through these surveys, UPM has acquired a lot of knowledge about customer attitudes, thoughts and perceptions. They have accommodated valuable input to improve operations further. UPM will highlight on both local performance and further improvement of our global processes and guidance.

9 Future prospects of UPM

UPM has many innovative plans to run into the future markets with their products. As per research analysis, we found some products which are going to launch in the market like Biodiesel, UPM ForMi, UPM ProFI and Biofibrils. UPM is developing a range of new businesses with

the potential for the increasing value in UPM's value chain. These new companies are based on UPM's long term development works and synergies with existing businesses.

9.1 Biofuel business

UPM's long term target is to become a better player in Europe in the production of renewable, high quality advanced biofuels. Biofuels fit well in UPM's current businesses - their profound experience in forest biomass and extensive resources can be used efficiently for developing biofuels business. Their biofuels business is an essential part of the company's Biofore strategy. Biofuels currently have a world market of €70 billion and the market is estimated to grow by 8% to 18% annually by 2020.

Producing biofuels from renewable raw materials in accordance with UPM's plans conduce to the European Union's long- term climate and energy targets. The EU has made a commitment to promote the use of renewable energy by 2020. A minimum of 10% share of biofuels use in transport is opposite in all EU Member States. Demand for advanced biofuels will enlarge in the coming years as the EU's target cannot be reached with the current first generation biofuels alone. (UPM Biofuel Pages)

9.2 UPM biocomposites (UPM ProFi and UPM ForMi)

UPM Biocomposites contains UPM ProFi outdoor products and UPM Formi granulates. UPM Biocomposites business enhances manufactures, markets, and sells high-quality composite products for outdoor end uses and granulates for a wide range of industrial and consumer applications. UPM ProFi and UPM Formi composites combine the best characteristics of natural fibres and plastic. Their principle ingredients are cellulose fibres and polymers, which are either virgin or recycled or reprocessed. Main raw material for UPM ProFi is recycled paper and plastic which is manufacturing residue from UPM's self-adhesive label materials production. UPM Formi is made from virgin polymers and certified pulp.

An innovative material engineering of the raw materials ensues new level of composite performance. Both environmentally sustainable items are based on UPM's own research and development. UPM's Biocomposite factories are established in Finland and Germany. UPM Biocomposite is part of UPM's new businesses innovation.

All **UPM ProFi** items feature stylish looks with long lifetime and low maintenance. UPM ProFi Design Deck range brings a modern alternative with stone-as appearance for private and public terraces, swimming pool areas and marina walkways. UPM ProFi Classic Deck range is formed for those looking for composite with real hardwood look. UPM ProFi floor is an elegant and easy to install floor tile system for balconies. UPM ProFi facade provides a long lasting and low maintenance cladding system.

UPM Formi opens a brand new world for sustainable composite items in a wide range of industrial and consumer applications. UPM Formi is a recyclable and odourless composite material with an accordant quality. It brings new possibilities to injection molding by combining high-quality to sustainability. UPM Formi composite granulates are made from clean polymers and pulp. Thanks to reprocessed raw material and UPM's sourcing, granulates have low carbon footprint. They offer the granulates in three grades for injection molding - Formi GP for general use, Formi SP for special surface, and UPM Formi EFP for thin-walled applications. Other grades are attainable upon customer request. UPM Formi complies with the requirements of food contact regulations and it is applicable as a raw material for toys. The biocomposite's cellulose fiber raw material is obtainable either with FSC® or PEFC™ certification. (UPM Wood-plastic-composite Pages)

9.3 UPM grada

UPM Grada is a latest thermoformable wood material for the form pressing industry. Grada technology revitalizes the forming of wood with heat and pressure and opens up new opportunities for designs not achievable with traditional methods. UPM Grada's unique forming properties empower high quality and ecological designs which are also visually appealing. UPM Plywood's latest composite technology is a result of years of determined scientific research and development. The core of the new technology is a unique adhesive film that approves the plywood to be formed after manufacturing. Customarily, bonding wood is a one-time operation. The bond-line remains intact but it cannot be changed after the adhesive has set.

UPM's new adhesive creates a unique chemical bond with wood, which can be modified afterwards by heating. The adhesive will apply again as it cools down. This characteristic allows the plywood to be formed into a desired shape in a simple three-step process of heating, forming and cooling. The use of thermoformable wood material in form pressing is also safer, as working with it does not affect handling hazardous chemicals. It can also be reprocessed at the end of its life, by grounding it down to produce raw material for other composites.

9.4 Bio chemical (Biofibril)

Biochemical is chemical made of biomass. UPM creates wood based chemical building blocks and performance chemicals. Product development at UPM biochemical is at pre-commercial phase but UPM is actively creating industrial applications with its partners. Chemical building blocks are cost competitive, one-to-one substitute of fossil based monomers and chemicals. Intermediates to bioplastics are on example of them. The important structure of performance

chemicals is the natural biopolymers of wood, e.g. lignin, hemicelluloses or cellulose. This design gives a unique performance for e.g. adhesives, resins, plastics and coatings.

Biofibrils™ items are one example on UPM's performance chemicals. Biofibrils™ is UPM's brand name for its cellulose micro and nanofibril items that can be used for shaping materials and giving them new characteristics. Biofibrils cellulose products can be used as a suspension aid and rheology control agent or reinforcement and barrier component. GrowDex® is an exclusive type of cellulose nanofibril product suitable for biopharma applications. (UPM Biofibrils Pages)

As per thesis analysis, UPM's future prospects are related with recyclable and reprocessed raw materials which are sustainable with environmentally.

10 Research conclusion

The objective of the thesis was to focus the strategic marketing activities of UPM are how much effective as an overseas business that I have tried to learn and find out their innovation of new product development as their research as bigger forest based multinational company in the world. Their new product development like 'bio-diesel' made me enthusiastic to learn about their business strategies. That is why; I always included the elements, data, figures that are related with the viewpoints of business strategy and their business performance. In spite of existing long time economic recession in the Europe, UPM is doing their business successfully but not so remarkable. As a business management student, one question comes always in my mind, why European export is being gone down in every year. Many reasons can be included or happened. But I have watched that the price is an important factor to compete with other parts of the world due to production cost is very high in Europe. In that case, the raw materials of UPM are forest based, recycled, reusable, using less water and less energy. As a result, they provide their products to customers with competitive price.

I am appreciated by the one dialogue of UPM is " Putting biofore in action means living biofore everyday." Because the products of UPM are produced, in a way, that uses less water and less energy and generates less waste, thereby giving products more economic and environmental value. Recycling allows UPM to maximise the lifecycle of biomass and manufacture products in an eco-efficient system. " Bio" erects for future orientation, sustainable solutions and good environmental performance. "Fore" sets for forest and the company's position at the forefront of development. Their success in being the biofore business and leading the industry is driven by innovation, dedication and sustainable operations. UPM's all businesses and r&d have assumed eco design in their product development processes. UPM's biofore thinking entails that each phase of the product lifecycle, including raw ma-

terials, production, distribution, use and disposal, is taken into consideration when considering the environmental impacts of a product.

As my personal observation, UPM's research and products development are inquisitive to create items of eco design. It is a good sign of a multinational company because as a business organization they can create demand for consumers of the modern age with expansion of business. As my dissertation topic, UPM's product strategy is remarkable to create new customers and new markets beyond the domestic business. Their recyclable method is significant to supply as a raw material of further product developments. During my thesis analysis, I followed UPM is very conscious about the ecological balance of the environment. They are empowering in CO₂ emission-free nuclear power in Finland. "BioVerno" is the brand name of the biofuel of UPM. Biofuel means biodiesel. UPM plays a role in the forest biomass value chain creates a competitive edge. Biofuels are frontrunners in quality, usability and sustainability. UPM will significantly decrease greenhouse gas emissions compared to fossil fuels. As their business strategies, they have huge plans for marketing at near future in the world. UPM attempts to become a major player in the production of renewable, advanced biofuels for transportation. As per my expectation, they will be successful with this item in the near future. They are going to market this product the end of 2014.

Already mentioned all types of strategies in the marketing mix at before. UPM is getting benefits from all strategies of business except pricing. Because of economic recession, the sales volume is slightly decreased than previous years. Hopefully, they will overcome after removing recession. I strongly support their promotional strategies. As giving examples; the UPM's foundation has been active in Uruguay since 2006, promoting development in rural areas of Uruguay through education, training and entrepreneurship, to develop a culture of safe and healthy living. In 2012, the foundation's support reached some 10,000 people across five regions of Uruguay. In the Yuunan province southwestern China, UPM together with Beijing green and shine foundation donated some 3000 books of launce "mini library" project in two primary schools. The project aims to develop rural areas in China by promoting education and reading in schools that have limited access information and books. These two examples are the good reputation of business organization for expanding their business.

At last but not least, my observation and suggestion are that the places where forestation is suitable for UPM, they will be beneficial to extend their business in the future. Because UPM research and development are focusing and indicating such kind of marketing strategies that will indicate a path for developing new businesses.

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