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TELLA Oy: nordic boutique or finnish global enterprise?

Bonita Russell, Cory Issacs, and Oscar Ruelas wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Liina-Maaria Lönnroth, the chief executive officer of Tella Oy (Tella), a small Finnish hat-making firm, was reviewing the designs for the company’s summer line and wondering how she could bring these unique hats to a larger market. Tella hats and accessories sold well within the region, but growth opportunities were limited. Lönnroth knew that for a small firm seeking to internationalize, a strong domestic market was essential, which she believed she had achieved. Lönnroth was currently targeting Germany and the other Nordic countries for expansion, but she wanted to take her small family business beyond that. Her goal was for the business to have €2 million[[1]](#endnote-1) in turnover by 2025. The Canadian consultants who had recently visited suggested she think about becoming an exclusively online shop catering to a global market. Was this really possible, or should she stick to her current regional growth strategy?

Tellay Oy products and History

The hats and accessories Tella produced for men, women, and children were known for their quality workmanship and timeless designs. The eco-friendly raw materials used in the hats were sourced within Europe (30 per cent within Finland) and were fully traceable. The hats themselves were designed and manufactured locally, using a network of independent fabricators. There were two main lines: summer and winter (see Exhibit 1). The products were sold primarily in specialty retail outlets and online, at prices that ranged from €25 for a summer hat for a child to over €70 for a winter hat for an adult.[[2]](#endnote-2)

Lönnroth acquired the family-owned Tella brand and the assets associated with the hat collection from Teuvan Markkinointi ja Vuokraus Oy in 2016 and founded Tella Oy. Once a traditional wholesale manufacturing enterprise, Tella was now an e-retailer engaged in both business-to-consumer (B2C) and business-to-business (B2B) retailing. The firm’s newly designed website hosted an online catalogue in Finnish, Swedish, and English in support of its B2C business.[[3]](#endnote-3) In addition, the firm supplied product to a network of specialty retailers, many of which had online catalogues of their own.

Lönnroth, who held a master of arts degree as well as a degree in business, had started working in the family business in her early teens. Some of her early designs were still in use. Coupling these with a treasure trove of patterns dating back over 80 years and a background in art and design, Lönnroth had been able to combine the old with the new to create designs that supported the values of naturalness, thriftiness, and durability. Her passion for designing hats stemmed from her belief in their power to let people be who they were, as the hats told their stories.

Early in the development of her business, Lönnroth established the sustainability principles that would guide her decision-making: The business would employ local workers, use natural and organic materials, cut patterns with little waste, use recycled materials wherever possible, and manufacture within 30 kilometres of the head office to keep carbon emissions low. (This commitment to keeping carbon emissions low also extended to the company’s supplier network; Tella sourced from firms in countries closer to Finland, rather than those at a distance.)

For her work, Lönnroth was named the Handcraft Entrepreneur of the Year in 2018,[[4]](#endnote-4) and, more recently, had been nominated in a productive idea competition hosted by the Finnish Chamber of Commerce.

Growing the Business

At the start of 2020, the firm had a small showroom, a website that supported its online sales, and no employees. Lönnroth herself worked with a select group of Finnish fabric agents and local fabricators to manufacture her designs. In a good year, the firm produced between 5,000 and 10,000 hats. Lönnroth also managed order processing with the support of an enterprise resource planning system. Web services were contracted out.

Each fabricator could fashion four to eight pieces of headwear per hour. They were paid for their work according to individually negotiated piecework rates, which depended on the selling price and the number of pieces to be fabricated—with large-volume fabricators paid at a lower rate. Small-volume fabricators were paid between 30 and 40 per cent of the selling price. Prices aligned with the basic 60 per cent profit margin for Finnish-designed goods.

Sales were primarily through small specialty retailers located throughout Finland. For B2B orders, the latest collection was always on display in the online catalogue, and orders could be placed at any time. Delivery times ranged from one to two weeks; for special orders, delivery could take up to four weeks. Retailers typically placed their orders five to 10 months ahead of the upcoming season. A comprehensive image bank was available to support the marketing efforts of the company’s B2B customers.

For B2C customers, the delivery time was typically two to four weeks. There was a broader range of products and sizes available through the online catalogue than through the distribution network. The website also provided B2C consumers with access to information on the designers, the materials used to fabricate the products, and the care instructions. Tella typically maintained an inventory of some 500 hats in support of its online sales.

Tella was also developing its social media presence. In addition to its website, the firm had a blog and was connected to Facebook, Instagram, LinkedIn, and Twitter. It had reached an agreement in late 2019 with a communications agency to produce professional blog posts for the LinkedIn and Twitter sites. Tella also had an influencer, the fashion stylist, Sandra Holmäng, who periodically promoted the brand on one of her social media channels.

Lönnroth’s target for her business was to reach €2 million in sales by 2025. By June 2020, Tella’s sales had reached €1,552,000 and its return on sales was at the break-even point. At the €2 million sales mark, the firm would be able to hire permanent staff to manage the day-to-day operations of the business—based on an average annual salary in Finland of €56,300 plus 6.2 per cent social security contributions[[5]](#endnote-5)—thus freeing up the owner to continue developing her business (see Exhibit 2).

Tella was not the only Finnish company offering distinctive headwear that was ethically produced from materials sourced within the European Union. Other suppliers, including the Kati Niemi (KN) Collection, Costo Accessories, and Myssyfarmi Oy, also targeted consumers who were looking for products that aligned with their lifestyles. Some of Tella’s competitors used distributors, whereas others were exclusively online retailers (see Exhibit 3).

The Enduring Appeal of Finnish Design

Design had been an integral part of Finland’s national identity since the country had gained its independence from Russia in 1917. Inspired by the natural world, Finnish designers transformed everyday objects into works of art characterized by their “simplicity, sturdiness, innovative materials and functional design.”[[6]](#endnote-6) In 2012, Helsinki was named a World Design Capital.[[7]](#endnote-7)

Good design was also seen as a source of competitive advantage at the firm level. Beyond the aesthetic appeal of incorporating design thinking at every step in the production process, a design perspective allowed the firm to better meet the desires and expectations of consumers and to generate additional value.[[8]](#endnote-8) Organizational design thinking tended to evolve from a scenario where design had no role in the development of a product to a scenario where design was recognized first as style, then as a component of product development, and, finally, as innovation. The design capabilities of firms that had embraced design as innovation led to increased product differentiation and the creation of products intended to meet the unmet, and perhaps unknown, desires of the consumer.[[9]](#endnote-9)

Lönnroth knew that it was possible for a small Finnish firm to internationalize on the strength of its existing designs, as a number of other small firms had successfully done just that. Artek, Iittala, and Marimekko were three notable examples of small firms that had successfully internationalized using designs developed early in their histories.

Artek, a furniture, lighting, and accessories firm, was established in 1935; the original designs of two of the co-founders, Alvar Aalto and his wife, Aino, formed a major part of the firm’s current collection.[[10]](#endnote-10) Iittala, which had been producing glassware since 1881, recruited its designers by competition, and one of its early competition winners was Aino Aalto. Aalto’s designs, along with some from Alvar Aalto, were still being manufactured by the firm in 2020.[[11]](#endnote-11) Finally, Marimekko, a fashion and home furnishings firm founded in 1951, attributed its enduring success to the work of Maija Isola, one of its early textile designers; Isola’s bold, graphic designs—particularly the red, black, blue, and white poppies—were still in popular use.[[12]](#endnote-12)

Some Finnish firms were also born global, having bypassed the need to establish themselves domestically before internationalizing. In 2002, some 89 Finnish firms from high-tech, high-design, high-service, high-knowledge, and high-system business areas were identified as born-global firms. The high-design firms specialized in niche products and, like other born-global firms, engaged in advanced marketing strategies, used the Internet for marketing communications, employed multiple channels, and entered into strategic alliances to extend their reach.[[13]](#endnote-13)

International Retailing and the Rise of Social Media Marketing

International retailing was undergoing significant changes. Consumers were spending more time online, researching and comparison shopping before committing to purchases, and while physical stores were still an integral part of the process both before and after sales transactions, online sales as a percentage of total sales were increasing. In 2019, online shopping represented over 14 per cent of all retail sales worldwide, and by 2023, online sales were expected to account for over 20 per cent.[[14]](#endnote-14)

In a 2017 white paper, Euromonitor International[[15]](#endnote-15) identified several megatrends that were expected to seriously affect international retailing in the next decade: China and India were expected to account for 35 per cent of the international retail industry’s sales growth over the next five years, but this growth was expected to arise not in the major cities but rather in the fast-growing mid-sized cities, where distribution channels were underdeveloped. By 2023, 85 per cent of households worldwide were expected to have smartphones, and over half of all retail purchases would be made using a smartphone or a tablet. Consumers would be connecting to the Internet not just to shop but also to experience and interact with digital content. Finally, middle-income consumers in the developed world would be looking for value for money as their incomes had not fully recovered from the recession of 2008.[[16]](#endnote-16)

A 2020 McKinsey & Company report on the state of fashion identified three major opportunities for international retailers in the fashion industry, namely, sustainability in terms of prolonging the lifespan of clothing, growth through digitization, and continuous innovation in product and customer experience. Transparency and traceability were also seen as important to younger consumers, who wanted to know not only where the materials were sourced from but also whether the labour practices involved were ethical.[[17]](#endnote-17)

The use of social networks such as Facebook had been found to accelerate the internationalization process for small- to medium-sized firms in some jurisdictions. Facebook exposure allowed firms to access distant markets, reduce transaction barriers, and increase sales. Order placement on Facebook took the place of exporting and was somewhat easier for small firms to manage.[[18]](#endnote-18)

A global survey of small businesses found that those that chose to have an online presence most often chose to represent their companies on websites rather than social media platforms, and few had embraced the move to mobile. Further, small business owners believed that websites made their businesses look more credible and were critical for success. The researchers also discovered that many small businesses were missing out on inexpensive opportunities such as using branded email addresses that could strengthen their brands.[[19]](#endnote-19)

where to go next

Lönnroth set aside her designs for the new summer line and thought again about the recommendations of the consultants. As she saw it, she had five strategic options to consider: (1) stay regionally focused, (2) pursue options in the Japanese market, (3) become an exclusive supplier to a luxury retailer, (4) license a millinery firm to produce her designs, and (5) become an exclusive online retailer of distinctive headwear.

Stay Regionally Focused

There were good reasons for continuing to exploit the opportunities within the regional market. The five Nordic countries (Finland, Sweden, Norway, Denmark, and Iceland) were quite similar in many ways. They were all small, open economies that had taken advantage of the opportunities to internationalize. High productivity, sound financial policies, and low inflation had placed the Nordic countries among some of richest countries in the world based on gross domestic product per capita.[[20]](#endnote-20)

Moving beyond the immediate region to include the Netherlands and Germany in the catchment area, would give Tella access to markets of approximately 127 million people (see Exhibit 4). Recent visits to specialty retailers by Lönnroth within this expanded region had identified several new outlets for Tella products.

Pursue Options in the Japanese Market

Strong interest in the product had emerged from Japan, where Finnish designs had long been sought after by Japanese consumers.[[21]](#endnote-21) Authentic materials, quality workmanship, and connections to the natural world paralleled Japanese design characteristics in many respects, and were thought to be the reason behind the Japanese love for Finnish design.[[22]](#endnote-22)

Japan was also the third-largest luxury market in the world. Luxury goods were sold principally through Japanese department stores, although online sales had become significant in recent years. Digital marketing was also a factor, as 80 per cent of all offline luxury sales were influenced by consumers’ online experiences. Digital marketing strategies that were found to be most effective in attracting luxury goods consumers were (1) telling the story behind the brand, (2) using the visual social networks, and (3) dominating search engine results.[[23]](#endnote-23)

Nonetheless, as the Tella brand was not well known in Japan, building the brand could be a challenge for Lönnroth’s small firm. Tella’s relationship with Lapuan Kankurit—a Finnish linens, textiles, and home goods firm—was the mechanism through which Tella’s products had entered the Japanese market. Lapuan Kankurit had a retail outlet in Tokyo that carried products designed and manufactured by leading Finnish design houses, including Marimekko, Iittala, and Artek.[[24]](#endnote-24) Tella’s sales to Lapuan Kankurit, however, were less than €10,000 annually, and Tella was not among the brands listed on Lapuan Kankurit’s website.

Become an Exclusive Supplier to a Luxury Retailer

Globally, the hat market was valued at $US15 billion annually. Hats were becoming a form of personal expression. According to one designer, “The hat is about looking cool, about looking now. . . . That hat adds a bit of sparkle in what is a very grey and frightened world at the moment.”[[25]](#endnote-25)

The classic fedora, panama, and other hats with brims were the most popular styles for both men and women. Sales were particularly strong in Hong Kong and mainland China, although sales were also up in the major fashion centres of the world. Some major department stores, such as Printemps in Paris, had in-store designer hat boutiques (see Exhibit 5).

Tella’s timeless designs, quality fabrication, and brand value made Tella hats a good choice for a luxury retailer. One option might be for Lönnroth to approach Marimekko, the Finnish design house, to propose opening a boutique in its flagship store in Helsinki.

License a Millinery Firm to Produce Her Designs

Lönnroth had often thought of licensing other firms to produce her designs in exchange for royalties. This option would allow her to focus solely on her design work and to build her brand. She could also consider expanding into other related product categories, such as handbags, small leather goods, or home goods.

Licensing would provide an ongoing revenue stream. Royalty rates based on sales were typically in the range of 3–5 per cent.[[26]](#endnote-26) Licensing to a third-party manufacturer would mean giving up control over the fabrication process, as the licensee would take over the manufacturing, marketing, and distribution of Tella hats; however, it would be necessary to maintain tight control over the design and quality standards to preserve the brand image.[[27]](#endnote-27) With the right licensee, however, Lönnroth could take her designs to the world.

Become an Exclusive Online Retailer of Distinctive Headwear

This last option was the one recommended by the consultants. Online luxury sales were expected to reach US$91 billion by 2025, and 20 per cent of personal luxury sales would take place online. Lönnroth could sell her hats exclusively using the existing Tella website, or she could use a third-party reseller.[[28]](#endnote-28) Third-party retailers such as Amazon.com Inc. (Amazon) typically charged a monthly selling plan fee of €20 plus a per item referral fee of between 8 and 15 per cent depending on the product category.[[29]](#endnote-29)

Lönnroth would need to make significant investments in the existing Tella website to support international sales. She would also need to engage a firm to manage the site and begin to use her social media channels more aggressively. Monthly e-commerce website maintenance fees were in the range of €2,000 to €4,000.[[30]](#endnote-30) One of her first priorities would be to develop a flagship style or a logo to brand the product. Working with an established online marketplace such as Amazon would give Tella access to a large customer base and the tools to help the firm grow its business (see Exhibits 6 and 7).

The consultants had also mentioned the business model of the Danish firm Miinto ApS (Miinto), founded in 2009, as another e-commerce model she could consider. Miinto brought online shoppers together with local, independent boutiques and an assortment of brands in seven European markets. Lönnroth might be able to recover some of the costs of upgrading the existing Tella website to support international sales by making the platform available to other Finnish design houses.

the Coronavirus disease 2019 (COVID-19) Pandemic

Finland recorded it first case of COVID-19[[31]](#endnote-31) in late January 2020. As in many other countries, the number of cases slowly increased, and Finland recorded more than 7,000 active cases by the middle of June 2020.[[32]](#endnote-32) Also similar to other countries, Finland experienced a shortage of personal protective equipment for medical personnel.[[33]](#endnote-33) In response to the shortage, Tella began making personal protective clothing for professional use. The jackets were certified for international sale, but the domestic market remained the priority. Tella’s network of fabricators had the capacity to produce between 30,000 and 40,000 jackets per week. Perhaps this could be where Tella’s future lay.

conclusion

Lönnroth’s conversations with the consultants had given her much to think about. As she continued to mull over their recommendations, she began to think that the real question was not what she should do but rather what she wanted to become: Did she want to be the designer of exquisite hats or the managing director of a growing enterprise? She did not believe she could be both.

A person and person posing for a picture wearing Tella Oy hats.

Exhibit 1: Tella Oy PRoducts

A person and person sitting in a field with their arms around each other wearing Tella Oy hats.



Source: Company files.

Exhibit 2: Tella Oy Financial information, 2017, 2018, and 2020

| **Item** | **12/2017** | **12/2018** | **06/2020** |
| --- | --- | --- | --- |
| Sales (in €1,000s) | 28 | 43 | 1,552 |
| Gain (Loss) | (27) | 9 | 31 |
| Break-Even | (86%) | (38%) | 1% |
| Employees | ­— | — | — |

Source: Company files.

Exhibit 3: sales and reach of Top finnish and european retailers

| **Region** | **% Total Sales** | **Top Retailer** | **Reach** |
| --- | --- | --- | --- |
| Finland | 85% | Scandinavian Outdoor  (43% of Finnish sales) | * Eight retail outlets in Finland (three in Turku, and one each in Helsinki, Vantaa, Tampere, Salo, and Pori) |
| Europe | 15% | Lapuan Kankurit  (6% of European sales) | * Two retail outlets in Finland (Helsinki and Lapua) and one in Tokyo, Japan * Online store linked to multiple retailers in Europe, Southeast Asia, and North America |

Source: Compiled by case author based on data from Scandinavian Outdoor website, accessed November 1, 2020, https://scandinavianoutdoor.com, and Lapuan Kankurit website, accessed November 1, 2020, www.lapuankankurit.fi.

EXHIBIT 4: Selected Country Information (2019)

| **Country** | **Ease of Doing Business Index** | **GDP per Capita (in US$)** | **Disposable Income per Capita**  **(in US$)** | **Total Population (and trend)** | **Consumer Expenditures on Clothing and Footwear**  **(% of GDP)** | **% of Individuals Who Purchased Online in Past 12 Months** |
| --- | --- | --- | --- | --- | --- | --- |
| Finland | 80.2 | 48,783 | 29,943 | 5,532,156  ↑ | 2.0 | 76 |
| Sweden | 81.27 | 60,437 | 34,098 | 10,183,175  ↑ | 1.8 | 82 |
| Norway | 82.95 | 84,935 | 38,274 | 5,357,000 ↑ | n/a | 82 |
| Denmark | 83.64 | 66,196 | 33,873 | 5,797,446 ↑ | 1.9 | 84 |
| Iceland | 79.0 | 66,945 | 33,604 | 356,991  ↑ | Not available | 83 |
| Netherlands | 76.04 | 57,903 | 34,810 | 17,231,017  ↑ | 2.3 | 81 |
| Germany | 78.90 | 53,276 | 38,996 | 82,927,922  ↑ | 2.3 | 79 |

Note: GDP = gross domestic product; n/a = not applicable.

Sources: Created by case authors based on data from World Bank Group, *Doing Business 2019: Training for Reform* (Washington, DC: World Bank Group, 2019), accessed June 17, 2020, www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report\_web-version.pdf; Statista, “Gross Adjusted Household Disposable Income per Capita of OECD Countries in 2019 (in U.S. dollars,” Statista, accessed June 17, 2020, www.statista.com/statistics/725764/oecd-household-disposable-income-per-capita/; Worldometer, “European Countries by Population (2019),” Worldometer, accessed December 2, 2019, www.worldometers.info/population/countries-in-europe-by-population/; Eurostat, “Household Consumption by Purpose,” Eurostat, 2020, accessed June 17, 2020, <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/49480.pdf>; Eurostat, “E-Commerce Statistics for Individuals,” Eurostat, January 30, 2020, accessed June 17, 2020, <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/46776.pdf>.

Exhibit 5: Luxury Retailers

| **Retailer** | **Home Country** | **Locations** | **Target Markets** | | **Millinery Brands** | | **Notes** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Marimekko | Finland | * 151 stores in Northern Europe, North America, and the Asia-Pacific region | * Primarily women and those who valued authenticity, sustainability, and empowerment | | | * Hats and beanies in Marimekko’s distinctive fabrics | * This Finnish fashion and lifestyle brand was known for its bold patterns and prints. * Finland accounted for 50% of sales. * Japan, with its comprehensive network of Marimekko stores, was a key market in Asia-Pacific. | |
| Nordstrom | United States | * 110 full-line stores in the United States (and six stores in Canada) * Three Jeffery boutiques that carry women's and men's designer apparel, shoes, and accessories | * High-end shoppers | | | * Brand-name hats and beanies for women and men | * This full-line retailer carried clothing, footwear, handbags, jewellery, accessories, and cosmetics. * It focused on high-quality, brand-name and private-label merchandise. * It participated in both full-price and off-price retailing. | |
| Saks Fifth Avenue (owned by Hudson’s Bay Company) | Canada | * 42 full-line stores in the United States, Canada, and Puerto Rico | * High-end shoppers | * A full range of brand-name hats for women and men | | | * This luxury retailer carried specialty apparel, footwear, cosmetics, and home goods. | |
| Printemps (owned by a Qatari investment firm) | France | * 19 stores in France * Stores in Andorra, Japan, China, and Saudi Arabia | * High-end shoppers | * A full range of brand-name and private-label hats for women and men * Few designer labels | | | * This department store chain focused on beauty, lifestyle, fashion, accessories, and men's wear. | |

Sources: Compiled by case authors based on data from Marimekko, “About Marimekko,” Marimekko, accessed February 15, 2020, https://company.marimekko.com/en/about-marimekko/; Marimekko, “Outlook,” Marimekko, accessed February 15, 2020 https://company.marimekko.com/en/investors/marimekko-investment/outlook/; Nordstrom Inc., “Form 10-K: Nordstrom Inc. Annual Report [Section 13 and 15(d), not S-K Item 405],” US Securities and Exchange Commission, March 20, 2020, accessed March 1, 2020, https://press.nordstrom.com/static-files/b1e371e3-4130-40c3-8c84-b537c167a575; Nordstrom Inc., “Jeffrey Kalinsky to Lead Nordstrom Efforts Across All Designer Merchandise Categories,” Nordstrom, press release, June 6, 2007, accessed March 1, 2020, <https://press.nordstrom.com/news-releases/news-release-details/jeffrey-kalinsky-lead-nordstrom-efforts-across-all-designer>; Hudson’s Bay Company, “Annual Information Form for the Fiscal Year Ended February 2, 2019, SEDAR, May 3, 2019, accessed March 12, 2020, <https://sedar.com/GetFile.do?lang=EN&docClass=1&issuerNo=00033738&issuerType=03&projectNo=02912030&docId=4515302>; Pascale Denis and Dominique Vidalon, “Le Printemps Looks Abroad as It Seeks to Double Sales by 2030,” Reuters, May 15, 2019, accessed March 12, 2020, www.reuters.com/article/us-printemps-expansion/le-printemps-looks-abroad-as-it-seeks-to-double-sales-by-2030-idUSKCN1SL1PY.

exhibit 6: SELECTED Third-Party Resellers (2019)

| **Third-Party Reseller** | **Number of Sellers** | **Active Buyers** | **Fees** | **Type of Merchandise** |
| --- | --- | --- | --- | --- |
| Amazon | 2.5 million | 310.0 million | * Monthly plan fee * Per-item fee * Closing fee * Referral fee | * Mass merchandise |
| eBay | 25.0 million (2018) | 168.0 million | * No set-up fee * Per-item listing fee * Per item final sales fee | * Primarily new, mass-produced products |
| Walmart | 33,000 | 101.0 million (2017) | * Commission fees only | * Mass merchandise |
| Etsy | 2.5 million | 45.7 million | * Monthly subscription fee * Transaction fee * Payment processing fee (if using Etsy Payments) | * Specialized merchandise; primarily artisanal goods |
| Alibaba.com | 150,000 | 10.0 million | * Annual seller fee * Commission fee on each sale | * Mass merchandise |
| Facebook Marketplace | 800 million people used the marketplace each month to browse, buy, and/or sell. | | * No listing fees * Seller’s e-commerce provider required to integrate with the Facebook Marketplace | * Some category limitations |

Sources: Compiled by case authors based on data from Michael Guta, “There Are 168 Million Active Buyers on eBay Right Now (INFOGRAPHIC),” Small Business Trends, March 23, 2018, accessed March 10, 2020, <https://smallbiztrends.com/2018/03/ebay-statistics-march-2018.html>; Abha Bhattarai, “More People are Shopping at Walmart Online as the Retailer Tries to Go Upscale,” *Washington Post*, May 17, 2018, accessed March 10, 2020, www.washingtonpost.com/news/business/wp/2018/05/17/more-people-are-shopping-at-walmart-online-as-the-retailer-tries-to-go-upscale/; Cindy Puryear, “Selling on Online Marketplaces: Best Platforms for Selling Your Products,” Big Commerce (blog), accessed June 10, 2020, www.bigcommerce.com/blog/online-marketplaces/#what-is-an-online-marketplace.

exhibit 7: Selected social media information (january 2020)

| **Media Platform** | **Active Monthly Users** | **User Information** | **Marketing Opportunities** |
| --- | --- | --- | --- |
| Facebook | 2.4 billion | * 500,000 new users per day * 60 million active business pages * 5 million active advertisers | * Prioritized content that fostered interactions between people, especially family and friends |
| YouTube | 2 billion | * The average person watched 40 minutes of YouTube content daily | * Second-largest search engine after Google * Could be used for advertising and brand promotion |
| WhatsApp | 1.6 billion | * Users sent 29 million messages per minute | * Business platform could provide customer support and share updates with customers about their purchases |
| Facebook Messenger | 1.3 billion | * Higher membership rate than WhatsApp but a lower user rate | * Businesses could use Messenger to advertise, create chatbots, and send newsletters |
| WeChat | 1.1 billion | * All-in-one app * Minimal cost to set up an account to gain a following | * Important for businesses with an interest in Asia, especially where social media platforms such as Facebook were banned |
| Instagram | 1 billion | * The average Instagram user spent 15 minutes a day on the app | * Firms with a business profile could capture data on who was engaging with the business on Instagram |
| Twitter | 330 million (2019) | * 500,000 daily visitors each month who did not log in * 75% of users felt more positive about the brand if their tweets were replied to | * Users shared small pieces of captivating information and photos in an effort to drive traffic to particular websites or landing pages |

Sources: Compiled by case authors based on data from Dave Chaffey, “Global Social Media Research Summary 2020,” Smart Insights, August 3, 2020, accessed June 10, 2020, www.smartinsights.com/social-media-marketing/social-media-strategy/new-global-social-media-research/; Statista, “Number of Monthly Active Twitter Users Worldwide from 1st Quarter 2010 to 1st Quarter 2019 (in Millions),” Statista, April 2019, accessed June 10, 2020, www.statista.com/statistics/282087/number-of-monthly-active-twitter-users/; Kit Smith, “126 Amazing Social Media Statistics and Facts,” Brandwatch, December 30, 2019, accessed June 10, 2020, www.brandwatch.com/blog/amazing-social-media-statistics-and-facts/#section-10; Mansoor Iqbal, “WhatsApp Revenue and Usage Statistics (2020),” Business of Apps, December 5, 2020, accessed June 10, 2020, www.businessofapps.com/data/whatsapp-statistics/; Tony DeGemmaro, “The Ultimate Beginner’s Guide to WeChat Official Accounts for Business (2019),” Dragon Social, January 28, 2020, accessed June 10, 2020, www.dragonsocial.net/blog/beginner-guide-wechat-for-business/; Alfred Lua, “21 Top Social Media Sites to Consider for Your Brand,” Buffer, accessed June 10, 2020, <https://buffer.com/library/social-media-sites/>; Karisa Egan, “The Difference between Facebook, Twitter, Linkedin, YouTube, & Pinterest [Updated for 2020],” Impact Learning Center, February 10, 2017, accessed June 10, 2020, www.impactbnd.com/blog/the-difference-between-facebook-twitter-linkedin-google-youtube-pinterest.

Endnotes

1. € = euro; €1 = US$1.1089 in January 2020; all currency amounts are in € unless otherwise specified. [↑](#endnote-ref-1)
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