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# Defining Marketing Strategies For Vihreä Tekno Finland

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## Defining Marketing Strategies For Vihreä Tekno Finland

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The main objective of this thesis is to define marketing strategies for Vihreä Tekno, a company in Vantaa, Finland. The company runs several businesses such as providing IT services, website designing, business/loyalty cards, professional logo design, PC repairs and installations, mobile application development, translation services, cleaning services, advertising and distribution services, billing/invoicing systems and so forth.

In this thesis, the author analyzed the company's current situation, their products/services, target markets, etc. based on the questions and answers in interview section. Furthermore, the author analyzed the current marketing strategy of the company and its objectives for developing their marketing strategy.

Moreover, the author also compared the current strategies of Vihreä Tekno with further marketing strategies found in the literature in order to create a solid marketing strategy which would help the company to achieve its goals. Although, the scope of this thesis cannot be considered as the final marketing strategy. As the literature says, marketing strategies will be updated during the years.

The theoretical dimensions of this thesis are focused on marketing strategies and concepts of marketing plan. These information are taken into account in support of the current marketing strategies of Vihreä Tekno. This thesis is implemented in close cooperation with the company's manager.

In conclusion, the author will report the most precious marketing strategies for Vihreä Tekno that come out of the interviews, the theoretical research and the wishes of the company itself that help the company to have better position in the Finnish market.

Keywords: Marketing Strategies, Marketing Mix, SWOT analysis, Strategy identification, Strategy selection

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## 1 Introduction

"The enigma of marketing is that it is one of man's oldest activities and yet it is regarded as the most recent of the business disciplines." stated by Baker (2008, 3).

Kotler and Keller (2006) state that marketing is ubiquitous. People and organizations formally or informally involve in numerous activities that can be called marketing. Effective marketing has become more and more a crucial element for business success. Moreover, marketing deeply influences our daily lives for example, from the clothes we wear, the websites that we click on, the advertisements that we see, and so forth.

Baker and Hart (2008) demonstrate marketing as a discipline is included in the transition process of a practiced art into a work with powerful theoretical foundations. If marketing is meant for development, it should make the transition of art into applied sciences and enhance complete theoretical foundations. Being skillful at this work must become a necessary qualification for practice.

A key element of the process of marketing management is insightful, creative marketing strategies and plans that can help and show direction to marketing activities. A mixture of discipline and flexibility is required in order to develop the correct marketing strategy over time. Businesses must choose a strategy, but must also discover new ways to constantly enhance it. A clear understanding of how marketing works is also required (Kotler & Keller 2006).

Every organization needs a strategy. Fifield (2007) describes strategy in this way that it is all about how an organization will achieve its goals. He (2007) also adds that the original meaning of business strategy is focused on how the key unit of decision-making of organization or the board intended to marshal its resources in order to reach its stipulated business objective.

Kotler and Keller (2006) argue that a number of decisions must be made in order to develop and implement marketing strategies and plans. Decision making is both an art and a science. Companies must benefit complete, updated information on of macro trends and more micro effects especially to their business in order to be able to create insight into and inspiration for decision making of marketing. Holistic marketers accept that marketing environment is continuously introducing new opportunities and threats, and they realize the importance of constantly monitoring and becoming familiar to adapt to that environment.

Furthermore, according to Kotler and Keller (2006) marketers must develop specific knowledge in terms of their specified markets. Good marketers need information to assist them assess past performance as well as plan next activities. Marketers must make the best available tactical and strategic decisions in the short term and long term respectively.

### 1.1 Objectives of thesis

The case company, Vihreä Tekno is a recently established company in Finland. The company needs to define its marketing strategies in order to be able to compete in the market. Business marketing strategies consists of several elements and each of them is a vast topic to be discussed. In this thesis, the author just drew the main framework of business marketing strategies in order to mentions the parts that must be taken into account when the company needs to write its short and long term marketing strategies.

### 1.2 Limitations of study

In this thesis, the author did research the marketing strategies based on a framework of the theory by David Aaker as well as other sources of information in order to come up with the most effective marketing strategy for the case company, Vihreä Tekno. The information related to current marketing strategy and the situation of company in the market is obtained only through the interviews with the manager of the company.

Vihreä Tekno avoided to provide with the author of the thesis the current marketing strategies in the written format due to likely access of current competitors to these information and the risk of disclosure as the manager of company says. Instead of this, the company's manager agreed to provide with me some information during the interview in order to help me come up with the best possible strategy within current conditions.

### 1.3 Case Company

Vihreä Tekno has been established on August 2014. It provides IT services in many areas to its customers. In the beginning, the primary area was hardware gadgets services, but later, it has been expanded to software and web apps developments.

Vihreä Tekno is a new company with less investment capital in a competitive environment. It based its strategies on providing services in Finland and localization is in its agenda. Vihreä Tekno's business activities involve offering some services to its customers through numerous actions. Of them, providing IT solutions as the pivot of the business can be mentioned.

## 2 Business Strategies

Aaker (2001) argues that successful management requires the crucial steps of development, assessment, and implementation of business strategies. Management system is a key that will assist the managers:

- Create vision for their businesses.
- Check and realize a dynamic environment.
- Make visionary and creative strategic possibilities that will be responsive to changes encountering a business.
- Develop strategies according to SCAs, Sustainable Competitive Advantages.

### 2.1 Definition of Business Strategy

According to Aaker (2001) a business strategy is also sometimes called competitive strategy or strategy in this case is simply defined by six parts or dimensions. The first four of these can be used for any type of business, even if the business exists by itself. The rest, two more dimensions are presented when the business exists with other business units in an organization. A business strategic specification consists of a determination of

1. The product market in which the business is to compete.
2. The level of investment.
3. The functional area strategies needed to compete in the selected product market.
4. The strategic assets or competences that underline the strategy and provide the sustainable competitive advantage (SCA).
5. The allocation of resources over the business units.
6. The development of synergistic effects across the businesses - the creation of value by having business units that support and complement each other.

“A strategy is an action plan designed to move an organization toward achievement of its vision” according to Hoskisson, Hitt and Ireland (2009). The authors also state in the same book that a firm’s mission is concentrated on the markets in which it serves as well as its products either as goods or services.

The products that a business offers and the choices that it does not offer, the market that a business looks for to serve or not, the competitors that a company wants to compete with or not, and by its level of vertical integration defined the scope of a business, stated by Aaker (2001). He (2001) also argues, the products and the segments that company decides to avoid can sometimes be considered the most important business scope decision because, if it is

followed by discipline, might result in protecting resources needed to compete successfully somewhere else.

Aaker (2001) also adds that it is useful to conceptualize the alternatives as following even though, there are evident variations and refinements. These alternatives are:

- Invest to grow or in other words, enter the product market.
- Invest just to maintain the current position.
- Milk the business by reducing investment.
- Recover the assets as much as possible by liquidating or divesting the business.

Aaker (2001) defines one of or some of functional area strategies can characterize a specific way to compete in the selected product market. These functional area strategies are followings:

- Strategy of product line
- Strategy of communication messaging
- Strategy of pricing
- Strategy of distribution
- Strategy of manufacturing
- Strategy of IT
- Strategy of segmentation
- Global strategy
- Internet

A firm should also benefit some competencies. “Core competencies are capabilities the firm emphasizes and performs especially well while pursuing its vision” stated by Hoskisson, Hitt and Ireland (2009, 70). Aaker (2001) describes a strategic competency by this means, for instance, manufacturing or promotion is something that a business unit does well much greater than usual. Therefore, the strategic competency has strategic importance to the business in question. A resource such as brand name or installed customer base is a strategic asset that is strong in comparison to the competitors. Strategy formulation must take into account the cost and feasibility of creating or maintaining of both assets and competencies that will result in the basis for a sustainable competitive advantage- SCA.

Aaker (2001) also adds that all generated financial resources either internally or externally as well as nonfinancial resources for example, plant, equipment, and people have to be allocated. Allocation decision is a crucial part to the strategy even for a small organization. Logically, multiple business organizations with synergistic effects will have advantage over



those that eliminate or are unsuccessful in achieving the synergy. All these six elements of a business strategy can be summarized into three main elements as illustrated in Figure 1:

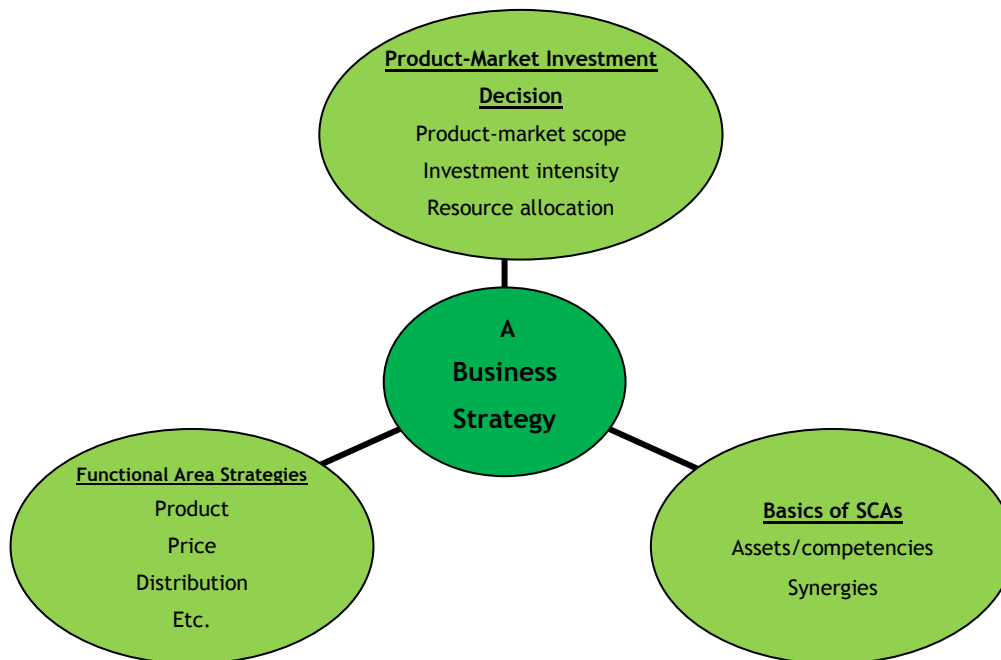


Figure 1: three elements of a business strategy (Aaker 2001, 6)

## 2.2 Strategic types

According to Barney and Hesterly (2012) some firms pursue a cost leadership strategy, whereas some others may pursue a product differentiation strategy.

In this case, Aaker (2001) discusses that there are two main strategic subjects (or he calls them strategic thrusts) that are especially encompassing. These two are differentiation and low-cost strategies. Besides of these two standing out, there are three other ones which are called focus, preemptive moves, and synergy strategies. Michael porter has mentioned the idea that differentiation and low-cost strategies describe the two main basic strategies available to the companies and businesses that all successful strategies will include one of or both of these strategic types, mentioned in Aaker's book (2001).

- Differentiation

“Product differentiation is a business strategy whereby firms attempt to gain a competitive advantage by increasing the perceived value of their products or services relative to

perceived value of other firms' products or services" stated by Barney and Hesterly (2012, 150).

Differentiation strategy is the strategy that differentiate the product offering from the competition. It provides value to the customer, probably through improving the performance, quality, prestige, features, service back up, reliability as well as the product's convenience. A successful differentiation strategy can result in the price to be less critical to the customers and subsequently in a price premium. In some cases, it will also result in increased customer loyalty at a parity more than a premium price, argued by Aaker (2001).

- Low-Cost (Cost Leadership)

Some organizations adopt low-cost strategy for their business. Fifield (2007) describes low-cost strategy as a strategy of overall cost leadership which implies that the organization will do anything in its power in order to reduce prices to the point at which it is capable to manufacture products or deliver services at lower costs in comparison to its competitors.

A low-cost strategy is focused on reaching a sustainable cost advantage in some important part of the product or service in comparison to differentiation strategy. A high market share or other advantages, for instance, favorable access to raw materials or the state-of-the-art manufacturing equipment can lead to reaching the overall cost leadership position. A low-cost strategy does not necessarily has to be involved with low prices, because lower cost could result in improved profits or added advertising or promotion instead of diminished prices stated by Aaker (2012).

Lowest cost does not have to mean lowest price. There is nothing to stop the lowest cost provider marketing at a price that is similar (or even above) its competitors (Fifield 2007, 99).

In some industries, dependence on one of these strategies - differentiation and low-cost - may expose a business vulnerable to its competitors. Even though, majority of strategies will consists of either or both of differentiation and low-cost strategies, as described above, but other strategic types, for example, innovativeness, global thinking, entrepreneurial style, the capability to use IT, and a focus on operations can be identified. These other strategic types are summarized on three important types as mentioned earlier as focus, preemptive moves, and synergy strategies, according to Aaker (2012).

Besides of two above-mentioned strategies, Fifield (2007) states that focus strategy is also applied in some organizations. A focus strategy for an organization means the concentration

of its efforts on one or more specific segments of the marketplace and not access the entire market as in the case of differentiation and cost leadership strategies.

### 2.3 Strategic Business Unit

Aaker (2001) describes SBU or strategic business unit in an organizational as a unit that has or has to have a described business strategy with a manager that takes the responsibility of sales and profit. Some firms such as General Electric formulated the concept of SBU as a means to assist enhance an entrepreneurial thrust in a diversified company by allowing business units to be more independent and strategy enhancement to be decentralized.

Campbell, Edgar & Storehouse (2011) state a large amount of strategic decision-making occur at the level of the business or SBU. They also argue that if there is potential for synergy and economies of scale and scope for deciding a context set by strategic level but which might let significant strategic autonomy.

SBU might also encompass other elements. Aaker (2001) also argues that a strategic business unit may include a single brand, product as well as market. Despite that most of the businesses have to take into account aggregating brands, products, or markets to create SBUs that are more effective and more responsible to the market. The aggregation's level will highly rely on two elements: commonality and size. If two businesses have a high level of commonality in fields for example, manufacturing, distribution, or customers, it can strategically important to ignore inconsistencies. Moreover, the size should also be taken into account. A strategic business unit has to have enough size to support its own organization.

### 2.4 Strategic Market Management

According to Aaker (2001) several terms such as budgeting, long-range planning, strategic planning, and strategic market management explained the process of development and implementation of strategies over years. All of these terms share some similarities in common in terms of their meanings and are sometimes applied interchangeably. However, some useful differences appear when they are placed in a historical perspective as Aaker (2001) argues them by this way;

- Budgeting

Controlling deviations and managing the complexity is the emphasis of budgeting. An annual budget is decided for different departments and its deviations are carefully examined to

discover explanations and decide whether improving action is suitable or not. The basic belief is that the past will repeat itself.

- Long-Range Planning

The main concentration of long-range planning is on taking action in terms of growth and managing the complexity. The basic assumption of long-range planning is continuation of past trends into the future. Its process normally consists of projecting sales, costs, technology, etc. into the future through applying data and experience from the past. Then developing human resources and facilities in order to find a place for anticipated growth or contraction.

In comparison to budgeting systems that the time frame was limited, it is unnecessary in long-range planning and can take into action, depending on the context for two, five, or even ten years. What must be considered in long-range planning is gap analysis. If the determined sales and profits do not meet the organizational objectives, then a gap happens. In order to eliminate the gap, taking some actions in operations such as adding the sales force and/or plant capacity are taken into account.

- Strategic Planning

Strategic planning concentrates on the market environment encountering the business. Therefore, the emphasis is not just on projections, but on a deep understanding of the market environment as well, especially the competitors and the customers. Besides, it also enables the firm to be capable to anticipate changes that have strategic implications, rather than being hopeful to obtain insight into current conditions.

- Strategic Market Management

Strategic decisions must be taken in advance and made outside the planning cycle in order to cope with strategic surprises and fast-developing threats and opportunities. The main assumption of strategic market management, or simply, strategic management is that planning cycle is insufficient to deal with the quick rate of change that can happen in external environment of a business.

Strategic market management does not accept the environment as given, and is more proactive and future oriented. Strategy might be proactive, affecting environmental change with strategic role confined to adaptation and reaction. Therefore, creative and active strategies can influence and probably even control governmental policies, customer needs, and technological developments, stated by Aaker (2001).

Gary Hamel and C.K. Prahalad in 1994 say “Managers should have a clear and shared understanding of how their industry may be different in 10 years and a strategy for competing that world, Aaker (2001, 11). The application of the term market in the phrase ”Strategic Management” makes it important that strategy development has to be taken by the market and its environment rather than by an internal orientation. Moreover, it also refers that its process has to be more proactive than reactive, and the task needs to be to try to affect the environment and respond to it, Aaker argues (2001).

## 2.5 Advantages of Strategic Market Management

According to Anderson, Narus, & Narayandas (2009), in management practice, strategy is something that written about more than any other topic. Strategy is something that management designed and intentionally follow to strategy as quick learning and taking lessons from mistakes, experiments, and chance occurring in the market place.

“We can think of business strategy as the overarching strategy that brings together, sourcing strategy, technology strategy, and market strategy in ways that reinforce on another”, stated by Anderson, Narus, & Narayandas (2009, 137). Now if we imagine a service company wants to bring together these strategies and what the consequences will be.

Bringing together these under an umbrella which is called a strategy must result in increased efficiency of the business. According to Grönroos (2007, 210), “Efficiency is a complicated phenomenon with at least two dimensions, internal and external efficiency”. Grönroos (2007) explains these two efficiencies by this way;

Internal efficiency means efficient use of production (and administrative) resources what was formerly known as “productivity”. External efficiency means the external effectiveness of the company’s activities as believed by its customer.

There are several advantages of strategic market management to increase the efficiency and letting the strategy happens in the long term as well as enabling the business to cope with constantly changing market. Aaker (2001) argues that environment is very tough to understand and anticipate, so strategic market management is sometimes frustrating. Strain and internal resistance can be created through communication and choices required within the organization. Management time, the most important organizational resource is taken into account. The alternative of simply waiting for and reacting to remarkable opportunities sometimes seems effective and enough.

Strategic market management has some potentials, despite of these costs and problems. According to Aaker (2001) potentials as follow:

- Making happen the consideration of strategic choices. What is occurring externally is resulting in opportunities and threats to which an on time and appropriate reaction has to be taken? What strategic problems encounter the firm? What strategic options has to be taken into account? Becoming absorbed in daily issues is moving strategically and is often the alternative to strategic market management.
- Forcing a long-range view. Strategic errors frequently occur when there are strong pressures to manage with a short term focus.
- Allowing the resource allocation decision to be visible. Making resource allocation to be dictated by the accounting system, political strengths, inertia is very easy. A small business but showing some signals that will be successful with "no problems" or the inexistent business likely suffer from a lack of resources, whereas greater business areas with "problems" likely absorb an excessive amount.
- Helping strategic analysis and decision making. Concepts, models, and methodologies are available to aid a business gather and analyze information and point out difficult strategic decisions.
- Providing a strategic management and control system. The basis for strategically managing a business requires concentration on assets and competencies and the development of goals and programs followed with strategic types.
- Providing both horizontal and vertical communication and coordination systems. Strategic market management facilitates a way to communicate problems and suggested strategies within a business particularly, its vocabulary increases accuracy.
- Aiding a business coping with change. Nowadays, most businesses are in fast changing and more and more unpredictable environments. Therefore, they need approaches in order to strategically cope with. If a specific environment is very stable and the patterns of sales are satisfactory, likely there is a little need for meaningful strategic change. This can be either in direction or intensity. Therefore, strategic market management is much less necessary.

Just to summarize, a business strategy consists of the determination of the scope of product and market, the business investment's intensity, the strategy of function area as well as

assets and competences. In cases that several businesses are included, the strategy consists of resources' allocation over business units and the generation of synergy.

In addition, differentiation, low cost, focus, preemptive moves, and synergy are many available strategic types which lead to sustainable competitive advantage- SCA. Moreover, strategic market management has gradually developed from and includes budgeting, long-range planning, and strategic planning. Finally, some of the characteristics of strategic market management are; externally oriented, proactive, timely, and entrepreneurial and being supported globally through information systems and knowledge management programs, according to Aaker (2001).

## 2.6 The Elements of Strategic Market Management

Strategic market management can assist the managers to make proper decisions. Aaker (2001) explains that strategic market management is a system designed to aid management both precipitate and create strategic decisions. It also helps the management to make strategic decisions. A strategic decision comprises of the creation, change, or the retention of a strategy. In comparison to tactical decision, a strategic decision is often expensive related to resources and time needed to reverse or change it. The expense of changing an incorrect decision might be very high as a threat to the organization's existence. A strategic decision always has a time frame beyond than one year; oftentimes some decades are required.

A strategic vision implies a future strategy or sets of strategies. There may be a delay in understanding of an optimal strategy due to the lack of readiness of the firm or the upcoming conditions are not still in place. A vision can create direction and intention for interim strategies and strategic operations according to Aaker (2001).

Aaker (2001) also adds that system has to precipitate and make strategic decision. It is a crucial role of the system. A frequent important step is the identification of the need for a strategic response. If a strategic decision process is never activated, several strategic blunders will occur not due to a wrong decision that was made. Moreover, strategic market management's role is not limited to choosing from decision alternatives, but it also consists of the identification of alternatives. Therefore, most parts of the analysis are involved with identification of the alternatives.

Overview of strategic market management consists of three principal elements. These are external, internal analyses (strategic analysis), and strategy identification and selection. The output of external and internal analyses provide input for to strategy development and the set of strategic decisions that is the final output according to Aaker (2001).

### 2.6.1 External Analysis

External analysis includes an examination of the related external elements to a business. The analyses has to be purposeful as well as concentrating on the identification of opportunities, threats, strategic uncertainties, and strategic options as the outputs. Aaker (2001) explains that external analysis comprises of;

- Customer analysis:

Customer analysis is the first step of external analysis and it includes identifying the business's customer segments and each segment's motivations, and unmet needs.

The identification of segment explains alternative product market and therefore structures the strategic investment decision. Customers' motivation analysis provides the data needed to determine whether the business can or should try to gain or main a SCA, Sustainable competitive advantage. Strategically, an unmet need is important because it describes a way to remove entrenched competitors.

Customer's satisfaction may result in their loyalty and measuring it is crucial for the survival of business. "A popular way to build repeat business is to have customer loyalty program. It can provide insights into the brand values of the company as well as the threat they pose to competitors" according to Kourdi (2015, 232).

- Competitor analysis:

Competitor analysis begins with the identification of current and potential competitors. Some of them compete more strongly than others. It is helpful to put together the competitors with similar characteristics into a group. To develop a strategy, it is crucial to realize the competitor's performance, image and personality, objectives, current and past strategies, culture, cost structure, as well as strengths and weaknesses.

To plan effective marketing strategies, the company needs to find out all it can about its competitors. It must constantly compare its marketing strategies, product, prices channels, and promotion with those of close competitors. In this way the company can find areas of potential competitive advantage and disadvantage, according to Kotler and Armstrong (2006, 527).



- Market analysis:

Aaker (2001) argues that there are two main goals for market analysis; first is to understand the market's and submarkets' attractiveness, and second goal is to realize the market's dynamics therefore threats and opportunities can be identified and strategies adapted. Market analysis should involve an examination of

- Market size: the analysis must take into account the potential of market in addition to current sales. It means that if new users were interested, new uses were discovered, or current buyers were persuaded to frequently use the product or service, the additional sales can be gained.
- Projected growth: the analysis must evaluate the growth trend and product life-cycle stage for the industry and its submarkets.
- Profitability: it depends on five elements - the number and strength of current competitors, the threat from new competitors, the threat of substitute products, the impact of profit on strong suppliers, the customers' power to force price concession.
- Cost structure: value-added stage is the most important cost element. In a crucial value-added stage, reaching a cost advantage can be important.
- Distribution systems: A realization of the alternative distribution channels and trends might be strategic value.
- Trends: The market's trends can affect existing or future strategies and evaluation of market profitability.
- Key success factors: Any competitive asset or competence that is required to win in the market place either as an SCA or just a parity point with the competitors of business can be considered a key success factor.

- Environmental analysis:

Environmental analysis is the process of identifying and realizing emerging opportunities and threats generated by important forces such as those outside of an organization's immediate markets and competitors that can form its operation and thrust. Environmental analysis includes five components; technological, governmental, economic, cultural, and demographic, according Aaker (2001). Filed

(2007) also adds one more component which is international factor to those previous mentioned factors. International factor can be applied for international companies or the organizations that desire to expand their activities in international level.

While these environmental classifications are 'standards' it is important that each organization which of the six classifications given earlier have the most severe impact on its activities and its profits. Obviously this is where the attention needs to be directed, according to Fifield (2007, 54).

### 2.6.2 Internal Analysis

Internal analysis specifically comprises of an analysis of performance and the strategy's examination of key determinants, for instance, strengths, weaknesses, and strategic problems. Similarly to external analysis, internal analysis often has an SBU as a reference frame, but can also be productive at aggregation' level of SBUs, for example, divisions or firms, argues Aaker (2001).

- Performance analysis

Profitability and sales provide an assessment of past strategies and show a product line's current market viability. The most commonly applied measure of profitability, return on assets (ROA) must be compared to the cost of capital in order to decide if the business is increasing the value for the shareholder. Another performance measure that can cause changes in the customer base that have long-term effects is sales. Nonfinancial performance measures sometimes suggest better measures of long term business health:

- Customer satisfaction/brand loyalty - refers to a comparison between us and our competitors in terms of attracting customers and creating loyalty.
- Product/service quality - refers to if the product provides value with the customers and if it is performing as wanted or not.
- Brand/firm association - refers to association of customers and the business about seen quality, innovativeness, and expertise of product class, customer orientation and so forth.
- Relative cost - refers to with consideration of materials, assembly, design of product, or wages, is the business at a cost disadvantage or not.
- New product activity - refers to a series of new products or improvement of product that have made impact or not.

➤ Manager/employee capability and performance - refers to creation of the type, number, and the depth of employees needed to assist the projected strategies or not.

- Product portfolio analysis

The output of an organization or business can be called product or service. According to Campbell, Edgar and Storehouse (2011), "The range of products is termed the product portfolio". A broad portfolio shows a business has a presence in a broad range of product and market sectors, whereas a company with a limited range of portfolio may only operate in a limited product or market sectors. Therefore, its analysis is important for a business

Aaker (2001) argues that product portfolio analysis takes into account the performance and the strength of each business area as well as their attractiveness in each area that they compete. One objective is to create a business mix with a suitable balance between new and mature products. The lack of a stream of new products causes stagnation or decline of an organization. There also has to be a balance between the products that make cash and those that use cash.

#### Determinants of strategic options

Characteristics of the business that will affect strategic options must be reviewed as well through internal analysis. There are some areas that determine the firm's strategy. Aaker (2001) explains that the determinants are summarized into five areas as: past and current strategy, strategic problems, organizational capabilities and constraints, financial resources and constraints, and strengths and weaknesses.

- Review of strategy: the past and current strategy should be realized and it also provides a necessary point of reference. There are some questions related to review of strategy; has the strategy been either milking, maintenance, or growth? Has the strategy applied differentiation or low cost? What are the target segments of strategy? What is SCA?
- Strategic problems: a strategic problem is the problem that if remains wrong without correction, could have damaged strategic effects. The problems need to be corrected and a strategy or through overcoming by strengths can neutralize weaknesses.

- Organizational capabilities and constraints: internal analysis consists of internal organization's examination, its structure, systems, people, as well as culture. The internal organization can strategically have a great value when it is a source of
  - A strength - A positive and strong culture in a firm can provide a basis for SCA.
  - A weakness - It can be a lack of marketing employees to compete in a business that marketing is a key success factor.
  - A constraint - An intended strategy has to be suitable in internal organization. An organization's realistic appraisal can prevent some strategies.
- Financial resources and constraints: A financial resources analysis ready for investment, either from planned cash flow or from debt financing, assists in deciding how much net investment has to be taken into account.
- Strengths and weaknesses: Creating on strengths and neutralizing weaknesses can sometimes develop future strategies. Strengths and weaknesses are based on assets for example, brand name or competencies like advertising or manufacturing.

### 2.6.3 Business Vision

According to Lipton (2003, 17), "a vision is a vivid picture of a specific destination, a desired future, that is both descriptive and challenging. It also specifies the way an organization going to work and the essence of what people can expect if they are going to work there".

A business vision can play many roles for several decades. First, it can influence strategy, recommending strategic routs for the business. Second, it can help because the core of business to continue, and make sure that its main competencies are kept well. Third, and likely the most important, it can influence those in the organization through providing them with a reason that is useful and important and ennobling and that becomes more than maximizing the wealth of shareholder, Aaker (2001).

A business vision should consists of three following components: core values, a core purpose, and one or more BHAGs, or " Big, Hairy, Audacious Goals" as James Collins and Jerry Porras suggested in an insightful study of visionary companies. Figure 2 depicts it.

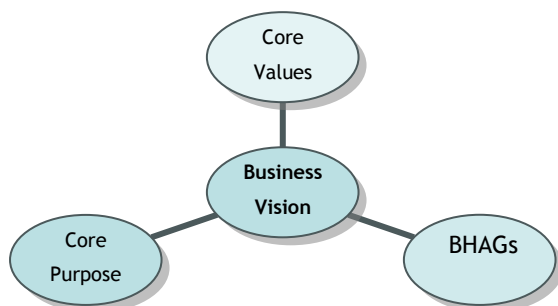


Figure 2: elements of a business vision (Aaker 2001, 28)

**Core values**, usually refers to three to five in terms of number, are an organization's timeless guiding principles that are passionately held.

**Core purpose**, has to last for a century at least. It is also the organization's purpose for existence that goes further away of current products and services.

**BHAGs** (big, hairy, audacious goals), provide a clear and exciting hope and challenge. They can take many forms, for example, concentrating on a target, common enemy, role model, internal transformation.

As a matter of fact, a vision must be the definition of a strategy, but not only from standpoints of business planning or classical strategic-planning. The strategy should assist establish the identity of organization and the recognizable traits that make it totally distinctive from other competitors, according to Lipton (2003).

#### 2.6.4 Identification and selection of strategy

As Aaker (2001) states external and internal analyses have a two-part purpose: to assist create strategic alternatives and to make criteria to choose from among them. He (2001) also states that following three ways are meant to identify strategic alternatives: 1. product-market investment strategies, 2. functional area strategies, and 3. bases of sustainable competitive advantage.

##### 1. Product-Market Investment Strategies

Product-market investment strategies itself involves three subsections; the scope of product and market, growth directions, and investment strategies.

- Scope of product and market
  - Product Definition: many strategic decisions practically involve products and the questions around it such as which product line to carry on, which to add, which to remove.
  - Market Definition: the markets in which the business is going to compete to have a competitive advantage must be chosen.
  - Vertical Integration: vertical integration is a strategic option that is not included by the scope of product and market. At which vertical level a firm has to operate?

- Growth directions

Having a focus that is dynamic rather than static is important in strategy development. In the product-market matrix, there are four growth options. Market penetration into present markets is the first one. A company may try to encourage customers from its competitors or surge usage by current customers.

Product expansion while staying in the existing market is the second option. To apply the current products in new markets is the third option. Diversification into new product markets is the fourth growth option. Another dimension that the product-market matrix introduces is vertical integration which is the fifth growth option. The figure xxx illustrates market-product matrix.

- Investment Strategies

Four investment options are available for each product market. The business can invest to penetrate or grow, invest to maintain the current position, milk the business through preventing any investment, or quit. The quit option might result from if prospects become very unpleasant or if the business area becomes inconsistent with the overall strategy of firm.

## 2. Financial Area Strategies

The specification of the strategies in functional areas, for instance, sales, brand management, research and development, manufacturing, and finance can be involved in the development of a business strategy. It cannot be easy to coordinate several

functional are strategies therefore that they do not function at cross-purposes. The role of strategic goals is to assist in that matter.

Five strategic types representing several functional ways to reach sustainable competitive advantage, SCA were discussed earlier. All can be obtained in a many of ways such as differentiation and low-cost strategies. The remaining strategic types as introduced earlier like focus, preemptive moves, and synergy are the strategies' characteristics that accompany either differentiation or low-cost strategy.

### 3. Bases On Competitive Advantage - Assets, Competencies, Synergies

A strategy must involve assets and competencies or synergies according to unique combinations of businesses in order to be effective over time. Therefore, a key decision is identifying which assets, competencies, and synergies to enhance or preserve.

Positioning should also be taken into account. Strategic positioning defines how the business is to be realized comparing to its competitors and market by its customers, people, and partners. It shows the core of a business strategy, according to Aaker (2001).

#### 2.6.5 Choosing among strategic alternatives

There are five useful criteria for choosing alternatives according to Aaker (2001):

- **Take into account scenarios.** Strategic uncertainties or environmental opportunities or threats can stimulate a future scenario. It is helpful and cautious to assess strategy alternatives in the context of any main scenarios identified.
- **Follow a sustainable competitive advantage.** A helpful operational criterion is whether a sustainable competitive advantage is available as part of the strategy. In order to reach sustainable competitive advantage, a strategy must apply well the assets and competencies of the firm and neutralize the weaknesses.
- **Be compatible with vision and goals of the organization.** What a future strategy should be is the main purpose of an organization's vision, and the goals is to assist make strategic decisions. Of course, they can change if situations warrant.

- **Be pragmatic.** A strategy must be feasible based on a practical criterion. It must be within the organization's resources. It also has to be internally compatible with other characteristics of organizations, for instance, system, people, and culture.
- **Take into account the relationship to other firm strategies.** A strategy can connect to other business units through balancing the sources, and uses of cash flow, improving the flexibility especially when heavy commitments are made flexibility is decreased, and exploiting synergy.

Furthermore, other factors can also be considered when the business chooses the right approach. According to Kourdi (2015, 36), "choosing the right approach involves:

- gathering the right information;
- developing market awareness;
- deciding what action needs to be taken;
- assessing risk;
- thinking critically."

#### Implementation and Review of Strategy

Hoskisson, Hitt, and Ireland (2009, 9) say that "Strategy implementation is the set of actions firms take to use a strategy after it has been selected".

The implantation step includes converting strategic alternatives into a feasible plan. A systematic plan needed to develop or acquire products as an entry vehicle, if a new product market is targeted to be entered. The operating plan may last for more than one year. It can be helpful to provide a plan with details for the next year that consists of specific short-term goals, Aaker argues (2001). Implantation of strategy is crucial for every firm along with its vision and distinction from its competitors. Hoskisson, Hitt, and Ireland (2009, 9) emphasize that:

A strategy is an action plan designed to move an organization achievement of its vision. Strategy is about finding ways for the firm to be different from its competitors.

Aaker (2001) mentions it must be determined when a strategy needs to be reviewed or changed as it is as one of the key questions in a strategic market management system. It is sometime needed to take under control a limited number of core measures of strategy



performance and the environment. Therefore, sales, market share, margins and profit and return on assets can be regularly reported and analyzed.

#### 2.6.6 The process

Aaker (2001) argues when external and internal analysis are finalized, the details of strategic alternatives are available and the optimal one is chosen. Finally, the operating plan and the program of reviewing the strategy are begun. Probably later, the process can be repeated and the plan updated in the next annual planning cycle.

The process must be more continuous to improve and circular rather than being consequential. During the external and internal analysis, the identification and strategies selection must be done. Sometimes, there is a need for extra external analysis when assessing the strategies. It requires necessarily to cycle through the process many times. Strategies and their indicators for changing them must be continuously monitored to prevent sticking to an annual planning cycle Aaker (2001) explains.

### 3 Marketing Mix

Each business needs to design its own marketing mix. Kotler and Armstrong (2006, 46) explain the marketing mix by this means:

Guided by marketing strategy, the company designs a marketing mix made up of factors under its control-Product, price, place, and promotion. To find the best marketing strategy and mix, the company engages in marketing analysis, planning, implementation, and control. Through these activities, the company watches and adapts to the actors and forces in the marketing environment.

According to (learnmarketing.net n.d.) marketing mix is a conceptual framework that is especially helpful in assisting practitioners structure their thinking in terms of marketing problems. The final goal of marketer is to devise a product or service which will be considered distinctive in prospective customers' eyes. In division of this different selling offer or set of benefits, the marketer has four main elements which they can put together in an approximately unlimited means to reach different results.

#### 3.1 The Elements of Marketing Mix

Marketing mix consists of four main elements even though it also has an extension part to which we will talk in the next part. According to (learnmarketing.net n.d.) the 4Ps-Product,

Price, Place (or distribution) and Promotion- as the main elements are frequently referred to marketing mix.

According to John O'Shaughnessey (1984), they may be put together to make a different marketing mix. Product, price, distribution, and promotion are factors that, within limits are capable of being influenced or controlled, mentioned by Baker and Hart (2008). The reflection of these elements -marketing mix- can be considered as marketing strategy. As each market has its own logic in which excellence on of the marketing mix elements is sometimes an important condition to succeed. Understanding the key elements of marketing mix is important in creating marketing strategy, as it means knowing what to emphasize.

Marketing procedure must properly be done. According to (learnmarketing.net n.d.) the combination of marketing mix factors must be right to effectively market a product or service. These factors must be viewed as one unit and combined to support each other; otherwise marketing strategy of a business will be confusing and uncoordinated.

### 3.1.1 Product

“Product means the goods-and-services combination the company offers to the target market”, according to Kotler and Armstrong (2006, 50).

According to (learnmarketing.net n.d.) product is the item that will be sold to the customer and it will bring the profit for the business. Therefore, its features and design must carefully be taken into account. A business must realize that what features of product whether it is being manufactured by itself or being bought will attract the target market. The following questions must be asked when the business introduces a product into the market;

- Who is the buyer of product?
- What are customers' expectations from product?
- What is this product's advantage over competitors' products? Or its unique selling point?
- How does the business plan to position the product in the market?

The answers of these questions will assist a firm design, package and add value to its own products.

### 3.1.2 Price

“Price is the amount of money customers have to pay to obtain the product.”, according to Kotler and Armstrong (2006, 50).

According to (learnmarketing.net n.d.) there are several pricing strategies, but every strategy should cover the costs at least, unless it is being used to appeal the customers to the business (loss leader pricing). A product is just valuable as much as customers are ready to pay for it. Product’s features and the target market’s budget can be decisive in terms of the amount the target market of business is ready to pay for its products or services. Competitors’ pricing strategies and factors within a business’s marketing environment must be considered as well. Effective pricing consists of balancing many elements to discover.

It is important to realize customers’ expectations and the target market itself. Kourdi (2015) argues that a clear understanding of the particular needs and target market’s nature -actually what exactly customers need and demand- can also lead to successful pricing. The culture of the market is also important in this way that if any specific pricing structure is popular, the pricing strategies of business will usually follow it. If there are few new customers within a mature market, pricing strategies must focus on taking the customers from competitors as well as continuing to hold market share.

### 3.1.3 Place

“Place includes company activities that make the product available to target consumers.” according to Kotler and Armstrong (2006, 50).

According to (learnmarketing.net n.d.) the element of place refers to place that a product is manufactured, place that is stored, and how it is transported to the customer. The place for each of these things must ensure that the product will be in the right place at the right time without damage or loss. An ideal place is:

- convenient both for the customer and the business.
- accessible for the customer to purchase the product.
- low-cost or free for the customer to buy the product.
- reasonable to the business in terms of costs.

### 3.1.4 Promotion

“Promotion means activities that communicate the merits of the product and persuade target customers to buy it” mentioned by Kotler and Armstrong (2006, 50).

According to (learnmarketing.net n.d.) promotion is an activity to increase the awareness of people in terms of a product or service in order to encourage them to purchase it. A form of promotion is advertising, but all promotion is not about advertisements.

Furthermore, promotional activities for business to customer sales is different than promotional activities for business to business sales. The following items affect how a business decides to promote its product:

- The purpose of promotional campaign
- The promotional campaign’s budget
- Legal rules regarding what and how a business can promote
- The product’s target market
- The marketing environment in which the business operates

## 3.2 Extension of Marketing Mix

Besides of above mentioned Ps in marketing mix, there are more three elements which extend marketing mix. According to (learnmarketing.net n.d.) if a business is selling services rather than products, then service marketing mix is the ideal marketing strategy. It consists of traditional marketing mix as described above and three additional elements: people, process and physical evidence.

### 3.2.1 People

Learnmarketing.net (n.d.) explains people are a crucial part providing service. Recruiting and training the right staff is needed to generate a competitive advantage. Customers judge services provided and its delivery based on the people representing the business. The reason is, staff are one of the factors of the service that customers can communicate and interact with. People must have appropriate interpersonal skills, aptitude, and service knowledge to deliver a service with the highest quality possible.

### 3.2.2 Process

According to (learnmarketing.net n.d.) This factor of the marketing mix refers to the systems used to deliver the service to the customers. The efficient process that allows the customer to obtain an efficient service delivery is important for customer. It results in fostering customer loyalty and confidence in the company. All services have to be underpinned by clearly defined and effective processes. It also results in avoiding confusion first and then promoting a consistent service for the customers. To explain it more clearly: processes mean that every employee knows exactly what to do and how to do it.

### 3.2.3 Physical Evidence (Physical Environment)

Learnmarketing.net (n.d.) states that physical evidence refers to where the service is being delivered from. It is especially related to retailers operating out of shops. This factor of the marketing mix can make a business distinguishable from its competitors. Physical evidence can be used to charge a premium price for a service and establish a positive experience. Customers will make judgments the firm in terms of the physical evidence.

## 4 SWOT Analysis

It is evident that SWOT analysis is a useful tool for profiling believed abilities and deficiencies of an organization and how the environment has given some opportunities and threats. Actually, it is a simple tool and useful that is sometimes forms the beginning point of strategic development for several organization, according to Campbell, Edgar and Storehouse (2011).

SWOT analysis is the overall assessment of a company's strengths, weaknesses, opportunities, and threats. It consists of monitoring of both external and internal marketing environment. External environment includes opportunity and threat while internal environment includes strengths and weaknesses. As Campbell, Edgar and Storehouse (2011, 188) explain,

Completing a SWOT analysis allows us to better understand the strategic position of an organization. The strategic position is, in effect, where the organization is placed in competences terms and competitive terms relative to the competitors in the market or industry.

#### 4.1 External Environment

According to Kotler and Keller (2006), key microenvironment forces such as demographic-economic, natural, technological, political-legal, and social-cultural and important microenvironment actors such as customers, competitors, suppliers, distributors as well as dealers that influence profit earning ability must be monitored by a business unit. A marketing intelligence system has to be set up by business unit to follow trends and significant developments. Management has to identify the followed opportunities and threats for each trend and development.

Furthermore, Kotler and Keller (2006) add that there are three major source of market opportunities. The first one is to supply a service or product that is in short supply. In this case, as the need is almost obvious, little marketing talent is required. The second one is to supply a current product or service through a new or better way. The improvement can occur by asking consumers in terms of their suggestions related to problems or their imagination for ideal version of existing product or service, or asking them to acquire, use, and dispose a product or service. Actually, the third one results in a completely new product or service.

According to Kotler and Keller (2006), opportunities has several forms, and the marketers must be good at observing them. These forms are following;

- Converging industry trends can be beneficial for a company and it can supply hybrid products and services that are new to the market.
- Making a buying process more convenient or efficient may be considered an opportunity for a company.
- Fulfilling the customers' needs by providing them further information and advice can also be considered an opportunity for a company.
- Customization of a product and service that was previously supplied just in a common way could lead to an opportunity for a company.
- Introducing a new capability for company's product or service could be seen as an opportunity as well.
- Delivering a product or service faster in a company might be beneficial.
- Reducing the price of a product or service might also be considered as an opportunity for a company.

Kotler and Keller (2006) state that an unpleasant trend or development can cause a challenge which is called an environmental threat. It can lead to lower sales and profit in the absence of defensive marketing measure. Threats must be classified based on the seriousness and probability of occurrence. When the major opportunities and threats related to a specific

business unit were identified by management, then it can characterize overall attractiveness of that business.

#### 4.2 Internal Environment

According to Kotler and Keller (2006) internal analysis includes the assessment of the strengths and the weaknesses of a business. Every business must assess its internal strengths and weaknesses. A business does not necessarily need to correct its all its weaknesses, nor should it be proud of all its strengths. Should the business limit itself to opportunities that it owns the required strengths or should the business take the opportunities into account which means it might have to gain or develop specific strengths? This is a big question that must be answered.

A business often does not function properly not due to its people that lack required strengths, but due to lack of teamwork among them. Winning companies are those that have reached better in-company capabilities, and not just core competencies, suggests George Stalk, a leading management consultant. A company needs to manage some basic processes for example, development of new products, generation of sales, and fulfillment of order. Every process generates value and needs teamwork among departments, stated by Kotler and Keller (2006).

#### 5 Interview's results

In this section of thesis, the author presents the interview's results according to the answers by manager of the company to designed questions based on the theory in order to realize the framework of current marketing strategies. The answers are gathered together through three sessions- the first session was an oral conversation on October 21<sup>st</sup> 2015 via Skype, and the second and the third sessions were done through written interviews on September 2<sup>nd</sup> and 16<sup>th</sup> 2015 respectively. The questions can be found in the appendix section.

In terms of current business strategy, Vihreä Tekno provides affordable IT services to smaller businesses and individuals. The company has low-medium investment plan/strategies as well as almost tactical and calculative investment. Vihreä Tekno has no huge loan and relies only on personal investments and basic one-time loans.

Functional area strategies are innovative product development, effective customer service, and calculative financing. The biggest asset is highly skilled staff, good qualification and experiences (low third-party subscriptions) as the manager of the company says in terms of

strategic assets or competences that underline the company's strategy which provides the sustainable competitive advantage for them.

In terms of allocation of the resources over the business units, Vihreä Tekno allocates its resources on computers and accessories as well as staff remuneration. The manager of the company also believes that technological services are interdependent in many ways. Those interdependencies are carefully considered and related ones offered to reduce expensive investment costs for the creation of value in their business units.

Two main strategies- Differentiation and Low-cost- were discussed earlier in theory section. In Vihreä Tekno, both strategies are being implemented. However, IT services cannot totally be differentiated from those already on market. Little modification (differentiation) could be made, but results will not differ so much. For example, fixing broken down PC cannot be differentiated, but the customer services process could be differentiated.

Furthermore, the company uses both web-based applications and physical repair services. Each of these services are labor intensive with low-cost initial investment capital. Most of the capital investment goes into adverts and labors' salary. The IT market is highly competitive but the demand still exists. Therefore, what matters at any point in time is finding the right niche to provide services especially, if the niche is viable enough and not geographically dispersed as the manager of the company says.

In terms of Strategic Business Unit, Vihreä Tekno has at least 4 SBUs. These are Ecommerce/online shop ([www.tilaaheti.com](http://www.tilaaheti.com)), Web Apps, Web-based services and student training programs (Billing/invoicing services, websites, (on-job training program - OJTP) etc. related to [www.laskupro.com](http://www.laskupro.com), Portal Services ([www.orientalshops.fi](http://www.orientalshops.fi), [www.siivouslyritykset.fi](http://www.siivouslyritykset.fi), and [www.autokartta.com](http://www.autokartta.com)) and finally, Computer and Hardware Repair Services. All the above mentioned SBUs have their own line and marketing strategies. Primarily, the more profitable/productive and easy to implement at low cost are being focused on. The other units are ready to be executed once the right variables are ripped to give the green light, as manager of company states.

Manager of the company also defines the vision, the core values as well as core purpose as "Getting a sizeable business portfolio that is lucrative enough to serve smaller-scale businesses and to provide employment for unemployed. We give consideration to talented and unemployed and to make such ones productive".

The competitive advantage in comparison to competitors described by manager of the company as "Focused" strategy. Furthermore, he also added that we understand the need of



the niche market, having pricing friendly and no rigid complicated debt collection processes. Their customers have the freedom to choose and to leave with no long term binding policies. Aftersales services are great and it has 0% customer complaint so far. Thus, 100% customer satisfaction.

Related to external analysis which consists of customer analysis and its segments, customers' motivation, competitor analysis, and market analysis etc., competitors are mostly those offering similar services as shown on company's website ([www.vihreatekno.com](http://www.vihreatekno.com)). Manager of the company says, meanwhile, strategically speaking, they are not our competitors in the sense that we also do not serve same market and besides, we are using more of pull promotional strategies while, the big players are using the traditional push strategies - the one which prospective customers are tired off. Mostly, word of mouth has brought them major highly loyal customers. Business is just 1 year old now and most of their services are still under development. Manager of the company says that hopefully new strategies will be implemented soon.

Furthermore, manager of the company adds that their customers are mostly new companies, individuals and businesses. In terms of customers' motivation and analysis, our customers are motivated when the services really can benefit them. Highly competitive environment and several businesses to serve and countless individuals are the results of competitor analysis. Furthermore, related to Market analysis, the potential to grow if promotion is done well is the result.

Strategic vision of the company for the future is "Focus". The manager of the company believes "Focus on the right niche, profitable product, localization and grow steadily". He also added "High potential to grow in the sector since hundreds of new companies are being established each day" is the key success factor of business.

Related to environmental analysis (emerging opportunities and threats), saturated market is one of threats for the company. In addition, many companies are offering similar services and newly one are being established. Focusing on a segmented market is considered as an opportunity, or manager of the company call it "unparalleled".

Related to employees' performance analysis, Manager of the company says all current employees are either part-time or remote-based. Since the company has separate business sectors within the product lines, selling service packages is an unparalleled and appears to be new on the market. For instance, a business may pick one, two or more services at a time and will be bundled for one price. It seems that it can be a bit different and somewhat

difficult to analyse every employee's performance based on profitability and sales at least in this stage of doing business.

Related to product and services of company, the buyers are individuals and businesses. Customers' expectation is something to benefit their business in an affordable price. It helps Vihreä Tekno to stay in business but necessarily to gain new customers. Furthermore, almost every company needs one or two of the services they offer. Companies use computers, need a website, need a billing system etc. Vihreä Tekno provides training on how to use services. Services are sold at affordable prices. According to manager of the company, these are the company's advantage over competitors' services. In addition, offering affordable and user friendly services is part of business plan to position the services in the market. Therefore, the company applies mostly penetration pricing strategies.

The availability of the company's products and services is convenient for both the customer and the business. It is also accessible for the customer to purchase the product. Besides, it is low-cost for the customer to buy the service. It can also be mentioned that the place is reasonable to the business in terms of its costs.

Leaflets, newsletters, and word-of-mouth are used for the purpose of promotional campaign. The budget of promotional campaign is based on the objective of the campaign and target market. More importantly, legal rules regarding what and how a business can promote is taken into account, for instance, not attacking competitors head on or condemning their services. The company is morally obliged by these principles.

Moreover, marketing environment usually operates under laws stipulated in Finland. Therefore, as long as the services offered are online, the environment is hardly affected. Most of the laws are stipulated by Ficora (Finnish Communication Regulation Authority) Viestintävirasto.

Manager of the company in terms of target market for their services says "doesn't matter who really to target, but one standing fact is that most customers have contract with their service providers and are binding. You cannot do anything to kick them away until the contract ends".

The company hires the employees when they are needed. Some of them are employed according to part-time bases until their contract ends. They benefit trainings in terms of customer services, technical and IT related issues, as well as how the system or even the applications are used. In addition, for delivering the service, the company has applications for

customer services and support, servers, invoicing etc. It is efficient since three-day training put them on the edge to perform.

Vihreä Tekno's strength is mainly focused on professional knowledge and IT services by labor intensive than finance intensive. Its weakness is low-investment potential and a bigger or better working environment. Opportunity is that the market is ripped and it depends a lot on IT services. Threats are about similar services exist and are offered by local Finns/native Finns that might give them competitive edge since most Finnish customers are used to patronizing local providers.

## 6 Conclusion and Suggestions

In conclusion section, the author summarizes the most important mentioned points related to developing marketing strategies and combine them with the answers obtained from manager of the company. The author also suggests the points that have to be done or improved according to his personal perspective.

Whatever comes out of this section does not necessarily mean it is the ultimate strategy for the company. It tries to assist the company to improve its marketing strategies. As the theory itself says, the marketing strategies have to be updated over years and what the author did is only to draw the main framework. The suggestions came along with conclusion section in the order of paragraphs.

The company knows well the business strategic specifications as it provides affordable IT services to smaller businesses and individuals, but the point is it runs other minor businesses along with its main business which is IT services. It can be either problematic or helpful for the company, because the company might lose its concentration on extension of its activities related to IT services, but on the other hand, it can also be helpful as the company markets for itself, it can also sell other services to the same companies that might be in need of, for instance, printing business cards, PC repairs and installations, mobile application development, translation services, cleaning services, and so on.

Nevertheless, the company needs to increase the level of investment as it has currently low-medium investment plan. Bringing in more capital without proper management cannot solely help the company. The capital must be injected into business and of course allocated in the needed sections as we will be talking about them in continue.

The functional area strategies such as strategy of pricing and strategy of segmentation are needed to compete in the selected product market. Strategies have to be improved in order to be capable to compete in this highly competitive market. IT solutions themselves have made some jobs easy for some companies such as website designing. Therefore, the strategic assets or competences that underline the company's strategy must result in the sustainable competitive advantage.

As the company says, the biggest assets are highly skilled staff, their good qualification as well as their experiences. People is one part of marketing mix and the company should consider this fact that the product or the service that it delivers is a key element of marketing mix. Innovative services can lead to sustainable competitive advantage, SCA. Therefore, it is necessary to hire people based on high competencies in order to come up continuously with new ideas.

In addition, the company should allocate the resources especially financial resources over the business units in this case employment and people. It is good that the company has staff remuneration. The allocation also has to be done for the development of synergistic effects across the business. The company's technological services are interdependent in many ways as the manager of company says and it is totally helpful for the company.

Related to two main strategies -Differentiation and Low-Cost Strategies, Vihreä Tekno implements both strategies and it is a suitable strategy for the company, because all successful strategies will include one of or both of these strategic types as mentioned in the theory section. As company itself believes in, IT services can hardly be differentiated from those already on the market. Therefore, it is suggested to continuously apply both strategies on appropriate times.

As the company provides services with its customers, it should be taken into account that "lowest cost does not have to mean lowest price. There is nothing to stop the lowest cost provider marketing at a price that is similar (or even above) its competitors" (Fifield 2007, 99). Therefore, the investment on some services for further innovation in order to gain some capabilities to compete in the market despite of increased costs is suggested.

Related to Strategic Business Unit, the company needs it as they run several businesses. As the theory says, SBU can be based on two factors; commonality and size. The provided services have some points in common and a strategy unit that can shorten the process of delivering services. Therefore, specifically, strong marketing is required.

Company's vision is "getting a sizeable business portfolio that is lucrative enough to serve smaller-scale businesses and to provide employment for unemployed". The company should also define its core values and core purpose. As mentioned earlier by Aaker (2001); core values usually refers to three to five in terms of number, are an organization's timeless guiding principles that are passionately held. Core purpose, has to last for a century at least. It is also the organization's purpose for existence that goes further away of current products and services. These results in a clear vision for the company to step in a path to grow in the long term, if the correct strategies are adopted.

Related to competitive advantage in comparison to competitors, the company says "understanding the need of the niche market", but it cannot be considered a competitive advantage. The competitors also try to understand the needs of market. On the other hand, "Pricing friendly and no rigid complicated debt collection processes" will not be considered as competitive advantage either. Competitive advantage must be something that distinguishes the company from others, but no tough collecting money for provided services can be problematic in the long terms. Therefore, a competitive advantage is continuously required as the company continuously grows.

As mentioned in customers section, the customers judge the product and service and these must be distinguished from competitors. The company may not be tough in pricing, but if the competitor has something better to offer, the customer might probably switch to that competitor. Therefore, this is the point that must be taken into account. Good point "Aftersales services are great and with 0% so far customer complaint....thus, 100% customer satisfaction" it can be considered as one of the competitive advantages if competitors are not specifically good at it.

Related to strategic market management and its three principal elements like external analysis, environmental analysis, and internal analyses must be considered when the business is growing more and more. Whatever the business going forward, the necessity of these analyses will be felt. The results of these analyses helps the company to adopt the best strategic options possible.

In addition, external analysis which includes customer analysis and its segments, customers' motivation, competitor analysis, market analysis such as size, growth, profitability, distribution, and trends is very important for developing the business. It requires a solid strategy for further development and again it depends on the growth of the business. But what should not be ignored is customers and their needs as well as realization of competitors' strengths in the way that they serve the segment.

Moreover, environmental analysis (emerging opportunities and threats) must be carried out. The company says the result of their analysis in terms of threat is 'Saturated market'. It also stated that "many companies are offering similar services and newly one are being established - those are threats but focusing on a segmented market is unparalleled". In this situation, innovative services and strategic pricing can play key role. Furthermore, internal analyses are also required. It measures employees' Performance based on Profitability and sales. It seems that company implements this kind of analysis as all its current employees are part-time or remote-based.

Company's strategic vision is 'Focus'- Focus on the right niche, profitable product, localization and grow steadily. A strategic vision implies a future strategy or sets of strategies. This can be agreed to a certain extent about this kind of strategic vision. Therefore, it is acceptable in current position in the market. However, deciding the key success factor is important for continuous success, but it seems that it is not yet identified as the company says "High potential in growth the sector since 100s of new companies are being established each day" is my key success factor. I suggest to pay more attention to key success factor.

Related to pricing strategies, the company applies 'mostly penetration pricing strategies'. This can be agreed to a certain extent with this strategy as the company is in the beginning of its way, but what should be taken into account is that the pricing strategy must cover the expenses related to that product or service.

Furthermore, the place is convenient both for the customer and the company. It is also accessible for the customer to purchase the product. In addition, it is low-cost for the customer to buy the service. And finally, the place is reasonable for the company in terms of costs, because mostly internet services are in the form of subscription and the prices are reasonable based on the type of subscription and service chosen. In this case, the company benefits.

In addition, promotion is being carried out in a number of proper ways such as leaflets, newsletters and word-of-mouth. The promotional campaign's budget is based on the objective of the campaign and target market. The legal rules are also considered. In this case, the company benefits as well. Fortunately, the company is aware of its operation under Finnish laws. Most of the laws are stipulated by Ficora (Finnish Communication Regulation Authority) Viestintävirasto.

Related to the people of marketing mix, the company provides enough training for its employees who are the key factor for firms. Besides, it also provides trainings with its

people in terms of customer services, technical and IT related issues, and how the system is used are crucial for the company. I think that the company will benefit from these as these are somewhat costly for it. And, trainings must be continuously implemented.

The company knows very well the applications that the customers use, because it offers IT services such as applications for customer services and support, servers, invoicing etc. 3-day training that company provides with its customers can be considered a key success factors in comparison to the competitors that ignore this important factor or do not take it seriously. In this case, the company benefits.

The company is aware of its strengths, weaknesses, opportunities, and threats around its business. Sometimes, it can occur for any company at any level that it does not function properly. As the company grows, these factor are changed, sometimes in favor and sometimes against the company. By a decent teamwork and its members who have specialty in different fields, weaknesses can be solved.

Furthermore, SWOT analysis must be done at least once a year before deciding the strategies for next year. Whatever the SWOT analysis is more comprehensive, it helps better to realize the strategic position of the company and therefore the proper strategies will be adopted for the company to walk in the right path.

As a matter of fact, the company should apply both strategies- differentiation and low cost- , but as the company offers services to its customers, differentiation strategy plays a key role in its success. It requires hiring people with innovative ideas in terms of solutions and services. This process can be done during internship vacancies for students as the company hires students for short period of time. It should not be considered the end of cooperation when students finish their internships, it must be the beginning of cooperation with Vihreä Tekno. The winning companies are those that have reached better in-company capabilities, and not just core competencies, suggests George Stalk, a leading management consultant.

For the final word, selecting a strategy for the company, the factors such as sustainable competitive advantage, being compatible with vision and goals of the organization, and being pragmatic in implementing the plans must be taken into account. Plans should not be just in the written format and they have to be feasible and consistent with other characteristics of the firm, for example, system, people, and culture in order to put the company into growth direction in the long term.

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## 8 Appendix 1: Interview Questions and Answers

1: What is your business strategy in terms of?

1.1: The product market in which your firm is to compete?

1.1: We provide affordable IT services to smaller businesses and individuals.

1.2: What is the level of investment in your company?

1.2: We have low-medium investment plan/strategies....almost tactical and calculative investment. No huge loan - personal investments and basic one-time loans.

1.3: What functional area strategies are needed to compete in the selected product market?

1.3: Innovative Product development, effective customer service, calculative financing.

1.4: What are the strategic assets or competences that underline the strategy and provide the sustainable competitive advantage?

1.4: The biggest asset is highly skilled staff, good qualification and experiences (low third-party subscriptions)

1.5: How do you allocate the resources over the business units?

1.5: We allocate on computers and accessories as well as staff remuneration.

1.6: The development of synergistic effects across the businesses - How does the creation of value by having business units supports and complements each other in your business?

1.6: Technological services are inter-dependent in many ways (those interdependencies are carefully considered and related ones offered to reduce expensive investment costs.

2: According to Aaker (2001), there are two main strategies -Differentiation and Low-Cost Strategies. How your services are differentiated from competitors? How low cost strategies affected your business? Do you see any threat from competitors by using either of these strategies or both?

Both strategies are being implemented. However, IT services can hardly be totally differentiated from those already on market. Little modification (differentiation) could be made, but results won't differ much (e.g.) Fixing broken down PC cannot be differentiated - but the customer services process could be differentiated. We use both web-based applications and physical repair services. Each of these services are labor intensive with low-cost initial investment capital. Most of the capital investment goes into adverts and labor - salary. The IT market is highly competitive but the demand still exist and therefore, what matters at any point in time is finding the right niche to service especial if the niche is viable enough and not geographically dispersed.

3: Do you have Strategic Business Unit (A strategic business unit may include a single brand, product as well as market) in your company? Despite that most of the businesses have to take into account aggregating brands, products, or markets to create SBUs that are more effective and more responsible to the market. The aggregation's level will highly rely on two elements: commonality and size.)

Web-based apps and Physical gadgets repairs - sales services.

4: Do you benefit Strategic Market Management (management related to budgeting, long-range planning, and strategic planning (market environment)?

We have at least 4 SBUs. Primarily, the more profitable/productive and easy to implement at low cost are being focused on. The other units are ready to be executed once the right variables are ripped to give the green light.

5: What's your company's vision and its core values as well as core purpose?

Get a sizeable business portfolio that is lucrative enough to serve smaller-scale businesses and to provide employment for unemployed. We give consideration to talented and unemployed and to make such ones productive.

6: What is the competitive advantage in your business in comparison to your competitors?

Focused. Understanding the need of the niche market. Pricing friendly and no rigid complicated debt collection processes - customers have the freedom to choose and to leave with no long term binding policies. Aftersales services are great and with 0% so far customer complaint....thus, 100% customer satisfaction.

7: Strategic market management consists of three principal elements. 1. External analysis (Customer analysis and its segments, Customers' motivation, Competitor analysis, Market analysis such as size, growth, profitability, distribution, trends, and key success factor) 2. Environmental analysis (emerging opportunities and threats g), 3. Internal analyses (Performance analysis based on Profitability and sales, (strategic analysis), and strategy identification and selection. Have you implemented them separately for your business?

Our competitors are mostly those offering similar services as shown on our website ([www.vihreatekno.com](http://www.vihreatekno.com)). Meanwhile, strategically speaking, they are not our competitors in the sense that we also do not serve same market and besides, we are using more of pull promotional strategies while the big players are using the traditional push strategies - the one which prospective customers are tired off. Mostly, word of mouth has brought us major highly loyal customers. Business is just 1 year now and will still say that most of our services are still under development hopefully new strategies would be implemented soon there off-

8: A strategic vision implies a future strategy or sets of strategies. What is your strategic vision for the future?

Focus. Focus on the right niche, profitable product, localize and grow steadily.

9: Have you ever had external analysis which includes: 1. Customer analysis and its segments, 2. Customers' motivation, 3. Competitor analysis, 4. Market analysis such as size, 4. Growth, 5. Profitability, 6. Distribution, 7. Trends?

Mostly new companies, individuals and businesses. 2. Customers are motivated when the services really can benefit them - not necessarily having more customers 3. Highly competitive environment 4. More than 10,000 businesses to serve and countless individuals. Potential to grow if promotion is done well. 5. 70% profitable in relation to cost of investment 6. Online and personal 7. Recent trends are mobile friendly applications.

10: Do you observe any success since the company has been established? If so what is "key success factor?"

High potential in growth the sector since 100s of new companies are being established each day.

11: Have you ever had Environmental analysis (emerging opportunities and threats)? Saturated market. Many companies are offering similar services and newly one are being established - those are threats but focusing on a segmented market is unparalleled.

12: Have you ever had internal analyses (especially for employees' Performance analysis based on Profitability and sales?

All my current employees are part-time or remote-based. Since we have separate business sectors within the product lines, selling service packages is an unparalleled and appears to be new on the market. For instance, business may pick one, two or more services at a time and will be bundled for one price.

13: I want a brief explanations related to product/service of company these are;

- Who is the buyer? Individuals and businesses
- What are customers' expectations? Something to benefit their business and affordable pricing - something they really need to stay in business not necessarily new customers
- What is this product's advantage over competitors' products? Or its unique selling point? Almost every company needs one or two of the services we offer. Companies use computers, need a website, need a billing system etc. we provide training on how to use our services and the services are sold at affordable prices.
- How does the business plan to position the product in the market? Affordable and user-friendly

14: What are your pricing strategies? Does the strategy cover the costs or it is being used to appeal the customers to the business (loss leader pricing)? Mostly penetration pricing strategies.

15: Related to the place of marketing mix, where do you offer the service to your customers? And; online services - from any one point of the globe connected to the internet

- Is the place convenient both for the customer and the business? Yes
- Is the place accessible for the customer to purchase the product? Yes
- Is it low-cost or free for the customer to buy the product? Low
- Is the place reasonable to the business in terms of costs?
- Yes - mostly internet services are subscription and the prices are reasonable based on the type of subscription service chosen.

16: Related to the promotion of marketing mix, how do you promote your business?

The purpose of promotional campaign? (Leaflets, newsletters and word-of-mouth)

The promotional campaign's budget? (Based on the objective of the campaign and target market) Legal rules regarding what and how a business can promote? Not attacking competitors head-on or condemning their services - morally obliged by these principles.

17: The product's target market?

Doesn't matter who really to target - but one standing fact is that most customers have contract with their service providers and are binding. You cannot do anything to kick them away until the contract ends.

18: The marketing environment in which the business operates?

These market usually operate under laws stipulated in Finland. So long as the services offered are online - the environment is hardly affected. Most of the laws are stipulated by Ficora (Finnish Communication Regulation Authority) Viestintävirasto

19: Related to the people of marketing mix, do you have training for new employees? Do they benefit the ongoing training during their contract?

When I do employ workers - I do when they are needed. And often on part-time bases until their contract ends. Yes, they need training on customer services, technical and IT related issues, and how our system is used - even the applications we use.

20: Related to the process of marketing mix, which systems do you use to deliver the service to the customers? Do you deem these are efficient based on customers' feedbacks? Do you see any weak point which must be improved?

We have applications for customer services and support, servers, invoicing etc. It is efficient since 3days training put them on the edge to perform.

21: And finally SWOT Analysis, have you ever done SWOT analysis for your company? If so, how do you explain every part?

Our strength is mainly professional knowledge and IT services is labor intensive than finance-intensive. Weakness is low-investment potential and a bigger or better working environment. Opportunities: The market is ripped and it depends a lot on IT services. Threats: similar services exist and are offered by local Finns/native Finns - that might give them competitive edge since most Finnish customer (bigger chunk) of the market are used to patronizing local products.