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**Business Potential of Arctic Berry Wax in the beauty industry of California,
USA**

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ABSTRACT

Oulu University of Applied Sciences
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Universities from Finland, Sweden and Norway have a joint project on examining the extraction, properties and marketing opportunities for a new wax made from the skin and leaves of wild-grown lingonberries. This thesis focuses on market potential of this new ingredient in the state of California, United States. The wax is not produced on an industrial scale and the research on its features and benefits is on-going or it is not published yet. The chosen research method for this thesis is desktop research.

There is no Arctic Berry Wax based product on the market at all yet, but none the less the market potential was examined through existing trends of the cosmetics market. The trends relevant for this research were vegan, organic and cruelty-free. Lingonberry, the ingredient for Arctic Berry Wax is carefully studied through its known health benefits and socio-economic effect. The most common waxes in cosmetics were studied and their relation to chosen trends. These trends were examined through social media channels and statistics. A research on how well these trending properties outstand on existing products were examined and defined. On theory part the potential of Arctic Berry Wax was examined through market opportunity analysis, defining customer value and market demand.

Based on the results and findings the business potential might be there, but the Arctic Berry Wax does not stand out from the other waxes. On cosmetics industry the cruelty free and vegan are not enough to stand out. Organic cosmetics on an industrial scale is very hard to execute, but there is something to be further researched. On thesis writers' opinion the business potential could be obtained by further research on possible health benefits of Arctic Berry Wax. The dermatology and healthy cosmetics might be the right direction because the lingonberry itself has a lot of proven health benefits. The purity of Scandinavian nature could be used for marketing purposes.

Our conclusion on the topic is that the most important thing there should be done is further product development to find out what are the functions and values of the refined product and to which level the price will set. In the marketing the product needs to be distinguished further by leaning on either on medical or healthy benefits of the product, deep exotic marketing image or both.

Keywords: Cosmetics, lingonberry, business potential, California, mega trend, Berry Wax

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1 INTRODUCTION

In this thesis we are going to study marketing opportunities for a Scandinavian based berry wax in California, USA. The Arctic Berry Wax, as the produced substance is known at this phase of the process, is an outcome of multi-university study that includes Oulu University, Oulu University of applied sciences, Luleå Technological University and University of Tromsø. Our goal is to find out if the Arctic Berry Wax has business potential in the State of California, USA. The main viewpoint is to examine the product from marketing point of view. In this thesis the trends of late have been considered alongside with exotic and unique, yet not so well-known ones. Nordic countries are considered to the most advanced in many different fields and they are seen somewhat of a model societies in the USA. Political reforms of the Nordic Countries during past decades and of late and the rapid rebound especially in Island after the most recent financing crisis are seen as fine examples of an unprejudiced way of thinking and problem solving. The top-level education and cutting edge technological savvy are also inseparable part of the Nordic image. (Economist 2013, retrieved 12.3.2018.) When promoting new type of ingredient for a branch with fierce competition like cosmetics, it is essential to have that kind of image build up to get the attention of the potential buyers and cooperatives.

The focus on the project has been mostly on the technical side examining the features and ingredients of the berry wax and the ways to best extract it from the berries. That research work is being done by Luleå University of Technology and Oulu University unit of Microscopy and Nanoscience. The Oulu University of Applied Sciences is focusing on finding potential industries and markets for the Arctic Berry Wax. Since the exact composition and features of Arctic Berry Wax are unknown or unpublished the leading question in our research is what kind of business potential does the Arctic Berry Wax have, and how it could be marketed. In the research we will examine the existing waxes used on the cosmetics industry and take a close look on the lingonberry industry as well. We also examine the added value of Arctic Berry Wax through mega trends organic, vegan and cruelty free. Originally the empirical part of this desktop research was planned to include interviews and surveys, but the plan had to be changed due to Californian cosmetics companies' unwillingness to take part on the study. As an alternative we chose to examine the trends through social media, Instagram and YouTube, and benchmarking two different cosmetics companies, Glossier and L'Oreal.

The environment in Northern hemisphere and especially in Nordic countries which are Finland, Sweden, Norway and Iceland provides a unique platform and climate for plants to grow. In southernmost parts of the Nordic countries the climate is not that harsh in comparison to the Northern parts of Finland, Sweden and Norway. In that environment, cold and dark during the wintertime, warm and light around-the-clock during the summertime, the evergreen plants such as lingonberry has been forced during the evolution to develop certain type of metabolic to protect them from the climate and make it possible to survive and thrive. It is speculated that the very same ingredients that make these plants able to survive the surroundings in the North could also work for human's benefit as they work for the plants. It is by scientific measurements already proven, that wild berries, especially growing in North, have great amount of ingredients that have health benefits when digested. It is yet to be examined if those benefits can also be found from the products that are used externally. (Siivari 2017, retrieved 12.3.2018.)

The market of natural cosmetics itself has been growing rapidly and is estimated to keep doing so also in the future. The number of shops selling only pure natural beauty products is growing in California and Worldwide. (Gallagher 2017, retrieved 13.3.2018.) It is easy to predict that when shops selling only natural beauty products keep opening it will accelerate the change in the shopping habits even more. It will be easier for customers to make the decision of buying natural when they do not have to put extra effort in finding it. When the time that customer must to use to find the product decreases, the customer perceived value increases making the product more desirable. (Kotler 2003, 60-61)

This thesis is structured in five main chapters. The chapter number 2 introduces the reader to the world of natural waxes and to the Arctic Berry Wax. In this chapter uses and attributes of these waxes are examined and compared. In chapter number 3 the marketing potential of the Arctic Berry Wax is examined through variety of marketing theories and by comparing to earlier business models. In chapter number 4 the peculiarities and areal characteristics of the state of California are examined. In chapter 4 also megatrends of cosmetic industry are examined. In chapter number 5 the business potential of the Arctic Berry Wax in California is evaluated in the light of these earlier findings presented on chapters 2-4. Chapter 6 draws a conclusion about this research. In chapter 6 the opinion of the writers towards the findings of the thesis is also presented.

2 INTRODUCTION TO THE BERRY WAX

In this chapter the essential features of the Arctic Berry Wax are examined and compared to the features of other natural waxes. Types of different natural waxes such as beeswax, carnauba wax and candelilla wax are examined and compared to one another. Characteristics and features of these waxes are examined and compared as will be the usability in different fields of industry of each wax. In this following chapter the social, economic, and environmental impact that each of these waxes have are also reviewed. The social impact in this context means the effect that the industry has on people in manufacturing chain and people and communities that are affected directly and indirectly by production of beeswax, candelilla wax or carnauba wax.

2.1 Types of natural waxes

In general waxes are a diverse class of organic compounds that are lipophilic, malleable solids near ambient temperatures. For waxes it is typical to have melting point around 40 °C. Waxes include higher alkanes and lipids. Waxes are insoluble in water but soluble in organic, nonpolar solvents. (Endlein, Peleikis 2011, 2.)

Waxes that are not manufactured artificially and which exist as form of wax in the nature are called natural waxes. *"Natural waxes are derived by biogenesis in a sustainable process and are physically refined without any chemical transformation."* Some of natural waxes are renewable and some are not. Renewable waxes can be produced by plants or other type of micro-organism or by animals. That kind of waxes are for example beeswax, candelilla wax and carnauba wax. Non-renewable waxes are not produced by growth of the nature and they are typically petroleum based. (Endlein, Peleikis 2011, 2.) The Arctic Berry Wax that we are examining is also renewable and it occurs naturally in the nature on the surface of lingonberries growing wild.

Natural waxes are complicated mixtures constructed by alcohols, fatty acids and esters. Natural waxes are less greasy and harder than fats, but more brittle. Natural waxes are found in petroleum and produced by different plants and animals. Their resistance for moisture, oxidation and microbiological degradation is very high. In the products of cosmetic industry natural waxes such as beeswax, carnauba wax, candelilla wax, castor wax and sunflower wax provide stability and

are enhancing their viscosity and consistency. (MakingCosmetics Inc. 2018a, retrieved 13.3.2018.) Natural waxes are also used in manufacturing candles (Aussie candle supply 2018, retrieved 13.3.2018). In this thesis study we will consider on the most noteworthy of those waxes, meaning the ones that are mostly used in cosmetic industry and are therefore the essential subjects of comparison for our market research presented later.

2.1.1 Beeswax

Even the purest form of the beeswax is a very complex biological structure. Beeswax from *Apis Mellifera*, which is the Western honey bee, also known as the European honey bee has over 300 different compounds including hydrocarbons, esters and free acids. (WebArchive 2014, retrieved 14.03.2018.) Beeswax is commonly used in manufacturing cosmetics because of its superior properties in comparison to many other natural and artificial waxes. It is a raw material with lot of means to use. Beeswax is used for example in following the products: creams, lotions, pomades, balms, ointments, lipsticks, mascara, foundations, eye shadows, cold creams and protective creams. (MakingCosmetics 2018b, retrieved 13.3.2018.) The production process of the beeswax begins when bees collect pollen and nectar from the flowers and plants. Most of the nectar turns into honey in the hive. The parts that do not convert into honey are turned into beeswax. The beeswax is the main building material of the beehives. (Fain's Honey, retrieved 13.3.2018.)

Beeswax is not considered as a vegan product because of its animal-based origin. Even if the nectar comes originally from flowers animals are used in the production. It is not cruelty-free product neither since the exploitation of the farmed animals in the manufacturing. According to PETA many bees are harmed and mishandled during the production process of beeswax. (PETA 2018a, retrieved 13.3.2018.) The question whether the beeswax is organic or not is very controversial. Some of the bee farmers advertise their products as organic but it is very hard to keep track if bees have been exposed to any chemicals during their pollen collecting. (Wyatt 2012, retrieved 13.3.2018.) The price range of beeswax varies on an online store New Directions Aromatics. The lowest price is \$7.6 per lb is for "Beeswax Block (Yellow) Cosmetic Grade Refined" on the portion of 2.2 lbs (New Directions Aromatics Inc. 2018a, retrieved 3.5.2018). The highest price, \$15.96 per lb, is for "Beeswax Premium Canadian Organic" on a 14.3 lbs sales lot (New Directions Aromatic Inc. 2018b, retrieved 3.5.2018).

2.1.2 Carnauba wax

The carnauba wax is produced from the leaves of carnauba palm tree. The carnauba palm tree grows naturally in northeast parts of Brazil. The plant has been planted in Sri Lanka, Africa and other parts of South America it can only produce wax in Northeast Brazil. The wax is produced by cutting the leaves and after drying the wax is beaten off the leaves. The production of the wax is limited to only cut 20 leaves per a tree per a year due to the risk for the tree. (Encyclopaedia Britannica 2009, retrieved 15.3.2018.) In cosmetics and skincare products it is used as a thickening agent in deodorants, lipsticks, mascara, eye shadow and dental floss (Rick 2017, retrieved 15.3.2018). The total global market size of carnauba wax in 2015 was USD 246.0 million and it is predicted to grow as the figure 1 indicates.

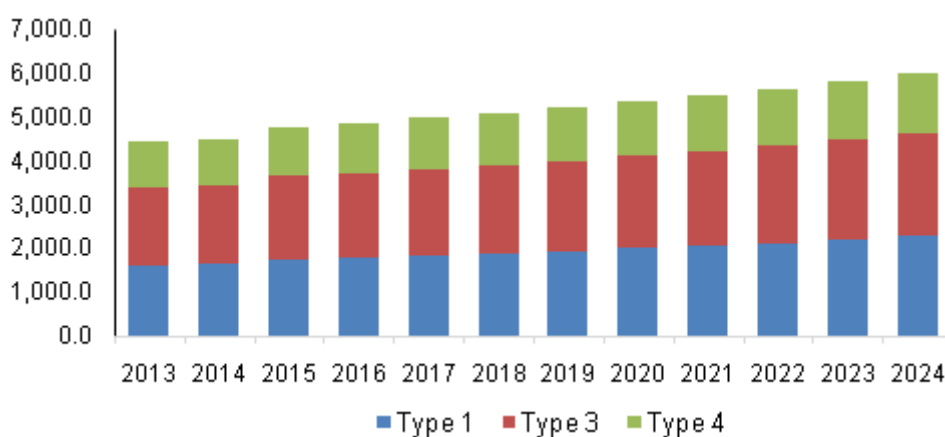


Figure 1. U.S. carnauba wax market volume, by product, 2013-2014 (Tons) (Grand View Research 2016a, retrieved 17.3.2018)

On New Directions Aromatics it retails for \$10.46/lb in a portion of 2.2 lbs (New Directions Aromatics Inc. 2018c, retrieved 3.5.2018). The melting point and hardness are the highest of the natural waxes. The melting point of carnauba wax is from 82 °C to 85 °C (New Directions Aromatics Inc. 2018d, retrieved 3.5.2018). Carnauba wax is considered a vegan product since it is produced from the leaves of the carnauba palm tree (Herb & Hedgrow Ltd. 2018, retrieved 4.5.2018). The working conditions of the producers have risen social concern, so the ethic side of the production is questionable. (Williams 2018, retrieved 4.5.2018).

2.1.3 Candelilla Wax

Candelilla plant grows in northern Mexico and the wax is produced from it. The commercial use of producing wax started in the beginning of 20th century and it has become one of the main economic activities in the Chihuahuan desert area. The production method of candelilla wax is old and inefficient. The harvesters of the plant travel to areas where the plant is in abundance and after harvesting it move to other location. The plant is harvested usually by pulling it from the roots and transported to collection centers where the wax extraction process is conducted. The wax is extracted using water and sulfur acid. The wax will dissolve to the boiling liquid forming a layer of foam to be collected. (Candelilla Institute 2018a, retrieved 16.3.2018.) In cosmetics the candelilla wax is used in lipsticks, lip glosses and creams, body creams, hair preparations, eye-lash mascaras and body lotions due to its protective properties (Candelilla Institute 2018b, retrieved 16.3.2018). The harvesting and producing the wax is regulated to guarantee the sustainability of the candelilla plant (Candelilla Institute 2018c, retrieved 16.3.2018). On new directions aromatics the candelilla wax retails for \$17.36/lb in the smallest portion of 2.2 lbs (New Directions Aromatics Inc 2018e, retrieved 3.5.2018). Candelilla wax is considered a vegan product since it is extracted from a plant (Herb & Hedgrow Ltd. 2018, retrieved 4.5.2018).

2.2 Arctic Berry Wax

Arctic Berry Wax is a compound wax extracted from several wild grown berries such as lingonberries and bilberries using supercritical carbon dioxide extraction developed in University of Oulu. Berries used in the process are mostly lingonberries, but the process has been tested also with bilberries. The extraction method and manufacturing methods are still on the phase of development and there is no production of industrial scale. (Sundqvist 2017, abstract.) The berries used in the process are side-flow from food industry and would otherwise go to waste. The gathering of the berries does not harm the environment since only the berries are gathered. The wax is a vegan product since it is extracted solely from biomass. It is a cruelty-free product, no animals are harmed in the gathering of the berries nor during the manufacturing process. The health benefits of the wax are yet to be researched but the health benefits of lingonberries as human food are documented. It has proven positive effects on the blood sugar levels and antiseptic effects (Nina 2018, retrieved 17.3.2018).

2.2.1 Production of the Arctic Berry Wax

Gathering of wild berries happens solely by manual labor. Most of the workers gathering berries come from foreign countries of lower income. Berries are gathered by handheld devices from the woods. The outcome of a harvest is dependable on the environmental forces and changes year by year. The lingonberry harvest of 2016 was 11,2 million kilograms. Biggest regions producing lingonberries in Finland in year 2016 were western Finland, Oulu-Kainuu and Eastern Finland. (Maaseutuvirasto 2017, 7.) Most of the workforce gathering berries for businesses come from abroad. Biggest provider of workforce was Thailand followed by Ukraine and Russia. 1,5 million kilograms of lingonberry gathered was certified "organic" based on the location of picking. 1,4 million kilograms of lingonberries gathered were exported. (Maaseutuvirasto 2017, 37.) As the figure Year 2016 was best harvest of lingonberries in recorded history dating back to year 1990. During year 2016 the quantity of lingonberries that came in to the market was higher than ever before recorded. The total amount of berries gathered is of course hard to accurately calculate but it follows the trend of berry commerce. (Maaseutuvirasto 2017, 7.) In the figure 2 the quantity of lingonberries that entered the market is illustrated.

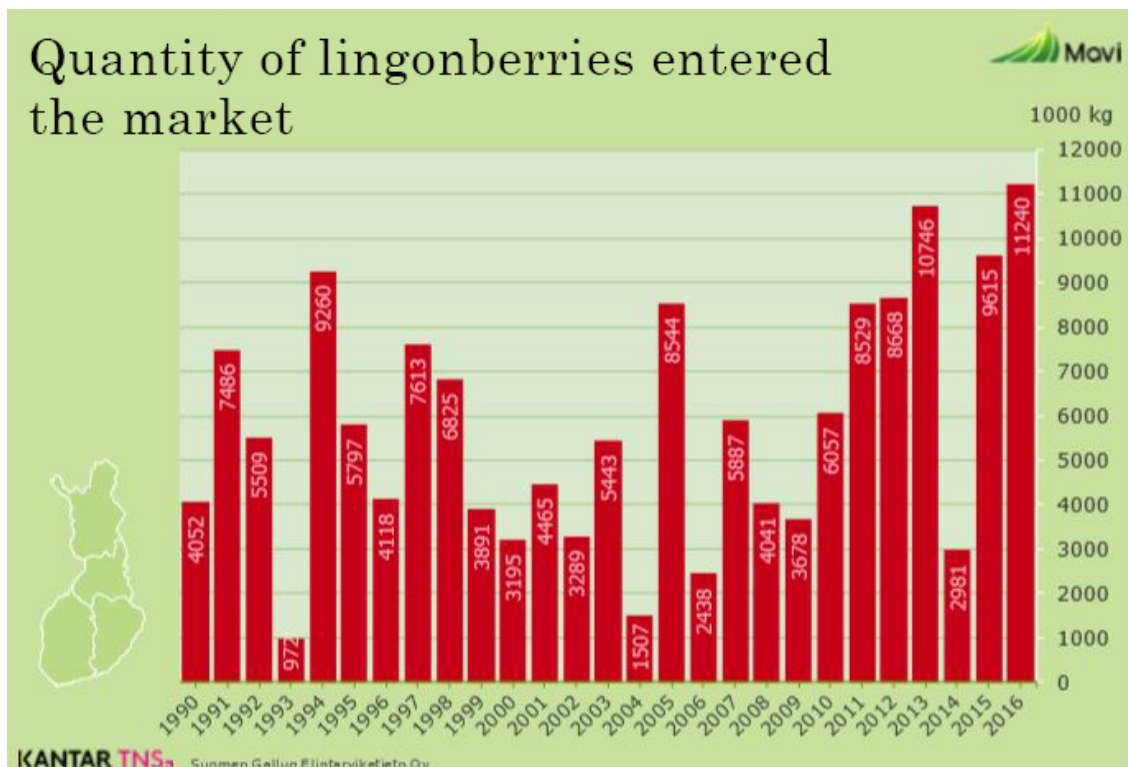


Figure 2. The quantity of lingonberries that entered the market (Maaseutuvirasto 2017, 18)

The production of the berry wax has been done only in test conditions in Oulu University and there is no company producing it in industrial scale yet. In the process berry wax is separated from dried berry cakes using supercritical carbon dioxide extraction. Supercritical fluid extraction means in this case that components are separated by using carbon dioxide above its critical temperature and pressure. Supercritical extraction is a sustainable way from the ecological point of view. Carbon dioxide is non-toxic and manufacturing process does not harm the environment. (Sundqvist 2017, 31.)

2.2.2 Ingredients of the Arctic Berry Wax

The accurate amounts of certain ingredients of berry wax are not yet public knowledge due the ongoing academical research. In this chapter the wax is examined to the most accurate precision possible at this point of the research. Also, the know health benefits of raw berries used as raw material for the wax are examined. Health benefits of the wax are yet to be clinically tested. It is not yet proven that the wax has health benefits like raw berries do when used as food.

Lingonberry is sometimes referred as the most underestimated berry of the Northern forests. Earliest mention that was found about the foreign sales of lingonberries from Finland are from 19th century. There is a mention in Suomalainen Wirallinen lehti from 14.03.1868 about export of lingonberries from Finland (then part of the Russian Empire) to the Great Britain. This was the earliest mention of international berry trading that occurred during the research. (Kansalliskirjasto 2018, retrieved 19.3.2018.)

Lingonberry has many positive health impacts according to several researches. Most of the benefits are gained by digesting edibles made of lingonberries or raw lingonberries. The benefits of external use of lingonberries are yet to be examined since the tradition of using it on the cosmetics or skin care products has developed only recently. Lingonberry is documented to contain large quantity of flavonoids. There are lots of assumed health benefits with flavonoids included in the berries. These health benefits are not yet completely proven in clinical tests. It is assumed that flavonoids prevent several diseases including cancer, allergies, inflammatory, viral infections, brain strokes and heart and vascular diseases. Flavonoids are quickly pushed out by human metabolic and digestive system which processes them as an alien substance. When flavonoids are exiting the human metabolic system they take carcinogens and mutagens with them. Those

are the genes causing cancers. (Flavonoidi 2018, retrieved 19.3.2018.) It is yet to be discovered and to be proved clinically if berry wax extracted from lingonberries have the same inflammatory effect as raw lingonberries and edible products made of lingonberries have. Lingonberries are documented to have high amount of fiber, which is good for a human digestion. Many people in developed countries lack fiber on their diet. This causes constipation and other negative health effects. Lingonberries has clinically tested to have positive effect on functionality of blood veins and blood pressure. These effects were tested on rats by using lingonberry juice. Lingonberry is also documented to have a positive effect on the blood sugar levels. (Törrönen 2017, 35-36.)

2.2.3 Impact to the environment

In Finland the tradition of gathering berries has been around as long as there has been people living in Finland. The way how people gather berries has very much remained the same it has always been. Nowadays people are of course using motorized vehicles to get to the forest but the gathering itself does happen almost like it has always happened, by hand and using simple tools to make it a bit faster. First patents of these tool in Finland are from the beginning of 20th century and there are records which indicate that these types of tools have been used by Finnish and Sami people even earlier. (Viitaharju 2014, retrieved 20.3.2018.) There are no records showing that using these tools would harm the plant itself. When the berries are gathered the traditional way, the gathering does not harm the plant nor the environment.

2.2.4 Social impact

Social impact of gathering berries from the wild seems to be mostly positive and there are only minor problems occurred and they have been usually solved without any long-term complications within the society.

There has been rising concern about the issue of picking the berries raw with the stem. This is done because the berry continues maturing when it is attached to the stem and some of the gatherers do that to be the first ones to gather the berries. This has been done mostly by professional picker and it has caused some argue between locals and professionals coming from abroad. (Tuominen 2017, retrieved 20.3.2018.) Other problem similar has been the exploitation of the "Jokamiehenoikeus" which grants every man and women the right to gather berries freely in

the forest without the permit of the landowner. Some of the pickers have gone to private yards of the people near their houses to gather berries which has caused turbulence between the two. Usually these people are foreign labor who has insufficient advice how to conduct within the proximity of the inhabited areas. (Palokallio 2016, retrieved 20.3.2018.)

The question of poor working environment has also been an issue lately within the foreign labor. The number of businesses especially small ones with no prior experience has rapidly expanded during the last years. This has caused problems with some operators who have not had prepared in sufficient way to accommodate the number of foreign laborers they have invited to the country. (Rantanen 2018, Retrieved 20.3.2018.) Another issue that has sparked debate has been the question of salary paid to the laborers coming mostly from Thailand. The foreign workers come to Finland by regular Visa and they are not in employer-employee relationship with the company who buys the berries from them. That means that there is no minimum wage guaranteed for the workers. In good years they earn very well in comparison to the average income in their country of origin. Vernu Vasuntama from Kiantama Oy commented to Iltalehti about the salaries of the workers. He told that in average year the picking season lasts for 70 days and workers typically make 5000-6000 euros during that time. After expenses that fall from accommodation, travelling expenses, food and transport, the average workers are left with 2500 euros. (Hujanen 2015, retrieved 21.3.2018.)

Finnish national health situation has been threatened by the lack of functional exercise in the everyday life of the people. According to researches only the fifth of young adults in Finland walks the recommended 10 000 steps every day. This lack of functional exercise shows up in statistic measuring the frequency of heart and vascular diseases among the Finnish population. (Toikkonen 2012, retrieved 22.03.2018; Hirvensalo, Telama, Schmidt, Tammelin, Xiaolin, Magnussen, Vkari & Raitakari 2011, retrieved 21.03.2018.) Harvesting berries is a good form of a functional exercise. It's done in low level pulsation and it usually lasts several hours at the time. It can be done for several months every summer and autumn. Usually first lingonberries are ripe in the middle of the autumn and berries are good to be gathered until the snow falls. It is also a great way for senior citizens to keep up with the active lifestyle and maintain their overall vigor. There has been proved to be direct causal connection between exercise and physical, mental and social capabilities of elder people. According to Sari Lehtonen's Pro Gradu work exercise in regular basis is essential in preventing several diseases such as cardiovascular diseases, high blood

pressure, coronary disease, brain strokes, osteoporosis, cancer of the large intestine, depression and adult age obesity (Lehtonen 2007, 5).

Besides being a good functional exercise and overall activator, gathering wild berries is also a good way to make little extra income if one knows good places to gather berries. Selling self-collected berries is non-taxable income in Finland, which means that independent citizen are not obligated to pay any taxes from incomes gained by trading self-collected berries as long it is not done as a profession. In practice this means that berries cannot be refined to a jam or juice or any other kind of product. They cannot be packed in sales package or any preservative ingredients cannot be added. If one makes a contract about gathering the berries it is considered as a taxable income. (Verohallinto 2017, retrieved 22.3.2018.)

2.2.5 Impact to the economy

Most of the berry market at this moment comes from domestic food market. In figure 3 below is described an estimation of the size of the Finnish berry market. It is calculated by conducting research in which the researcher contacted the companies and asked about their sales. It is lacking couple of businesses and the total amount includes both wild berries and farmed berries, but it gives a close figure about the size of the industry. (Moisio 2017, 17, retrieved 21.3.2018.)

Total turnover of companies selling, marketing and refining wild berries in Finland 2014-2016 (Million euros)

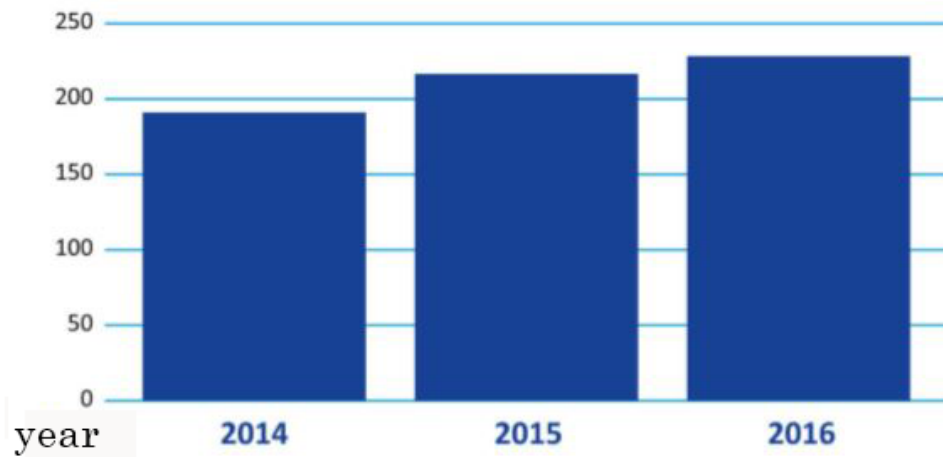


Figure 3. Total turnover of companies selling, marketing and refining wild berries in Finland 2014-2016 (Million euros) (Moisio 2017, 17, retrieved 21.3.2018).

Arktiset Aromit Ry conducted research about the benefits of the berry industry for the Finnish national economy. In this research only 35% of the companies that answered told that they export their products. 75% of the companies participating in that research were on food business. Although businesses from cosmetic industry were poorly represented so the research does not draw the accurate picture of the size of Finnish organic beauty industry and its demand for berries. (Moisio 2017, 14, retrieved 21.3.2018.)

When examining the employing factor of the berry industry it is relatively minor in comparison to many other industries. In this research conducted by Arktiset Aromit the estimation was that there were little short of 700 whole time employers within the wild berry industry and over 1 000 seasonal workers. The number only includes the Finnish workers, not the berry pickers that come from abroad. This number is almost solely employed to fulfil the needs that comes from domestic demand from foods industry. It would be safe to assume that this number could be way higher if there was high refining value chain utilizing berries. That could be for instance cosmetics business or company providing healthy food supplements and other health products based on organic berries. (Moisio 2017, 16, retrieved 21.3.2018.) Berry industry also indirectly employs people from transportation business, retailers, shopkeepers, bakers, shops selling equipment for berry gatherers et cetera.

Globally the value of organic cosmetics market is estimated be worth over 30 billion US dollars. The number is hard to accurately assume since the line between organic and non-organic cosmetic tend to be slightly different in different countries. In the United States and in Europe the value of the market is approximately 8,5 billion dollars. There is no accurate estimation about the market size estimation from the Finnish market. The market in the Nordic countries is estimated to have doubled its value between years 2008 and 2014. (Hallanaro 2017, 7.)

3 MARKETING OPPORTUNITIES FOR THE ARCTIC BERRY WAX

In this chapter the business potential from marketing point of view is examined. Marketing opportunities are researched to find out if what would be the added value of the Arctic Berry Wax for a consumer in the cosmetics industry. The cosmetics industry is very sensitive field for trends which means that company penetrating the market should pay close attention for the most relevant trends. The purchasing decision is in many cases based on emotion rather than in cold logic. Megatrends are nowadays a noteworthy part of the customer perceived value. In this chapter the theory of marketing opportunity analysis is presented. To be able to define marketing opportunities one must understand the environment which in cosmetics field trends and non-tangible values are huge part of. From the different viewpoint, if one comprehends the theory of the marketing opportunity analysis, it is easier to make useful observations on trends. On this context it is essential to understand the concept of marketing opportunity and the theory of marketing opportunity analysis. The goal of this chapter is to provide theories for processing the data presented in chapter 4.

Companies and new businesses starting up are operating in many ways in a tougher competitive environment than ever before. Certain fields have of course harder competition than others. Companies in those branches of business need to focus keener on their competitive advantages, to identify them, to create them and to nurture them. In tough business it is customary to make the customer the center of all thinking. Especially when the industry is selling something that causes strong emotional reactions in people. (Kotler 2003, 59). For a new product in a hardly competed branch of business it is vital to determinate accurately what is the value delivered to the customer and how is the value greater or more desirable for the customer than those ones that competitors are offering. The company should ask itself "what are we doing better?" It is not only the competition of providing fulfilment for certain need for the customer. Customer does not necessarily have certain clear need or desire that the customer seeks to be filled. In many cases, especially when it comes to new products or product families, it is normal that customer do not have any kind of attitude or emotional reaction towards the product. The customer needs to be educated and informed about the product, the features of the product and the perks of it. This type of information influencing plants and grows the need and desire for the product. (Suttle 2018, retrieved 17.03.2018.)

3.1 Market opportunity

Market opportunity is a business opening on a certain field of business. Market opportunities can come in surprising ways, so it is a paramount priority for a company to keep up with the most recent data to be among the first to learn about the new market opportunities. It is a universal law that if you do not seize the opportunity, someone else most definitely will. Market opportunities can be and usually are ignited by actors in the market. (Kotler 2003, 102.) In this research case the main example of seizing the market opportunity is the Glossier case presented on chapter 4.

There are several different scenarios when new market opportunities typically present themselves. The First scenario is a situation where a company invents a new, more cost-effective way of procuring or manufacturing existing products that are already available in the market. This does not apply with the Arctic Berry Wax since it is a completely new ingredient which have not been used in any product whatsoever earlier.

The second scenario is a situation where a company creates ability to meet the need of the customer that no one could have satisfied earlier. That might be the case with the Arctic Berry Wax if new health attributes are discovered during the clinical tests of products including the Arctic Berry Wax.

The third possibility gain market opportunity is situation where a company creates more personalized or customized version of product in comparison to others in market. A good example of that are high-end protective ear plugs for musicians that are molded to be custom fit the customer ears according the measurements of their ears. (TM Manufacturing Inc 2018, Retrieved 18.03.2018.) The Arctic Berry Wax could take advantage from this point of view since it could provide a new unique way to manufacture cosmetics products. The unique point is that producing the Arctic Berry Wax does not harm the environment like producing of carnauba or candelilla wax.

The fourth scenario is situation where a company creates a new capability or feature for the product. As an example self-driving Tesla electric cars, which are providing a feature that has not yet been offered by anyone else. (Tesla 2018, retrieved 18.03.2018) There is possibility to utilize this viewpoint in the marketing of Arctic Berry Wax based products if health benefits that lingonberries have do proof to occur also in the berry-based wax. The most probable feature is the possibility of anti-inflammatory effect that the Arctic Berry-based skin and lip products might have.

The fifth possibility to create a new market opportunity is a scenario where a company develops ability to provide faster, easier or more reliable or discrete way to deliver the product to the customer. Example given so-called adult toys retailers were the pioneers of ecommerce to keep the trade discreet for the customer (Virolainen 2017, Retrieved 18.03.2013). This is not so relevant for the Arctic Berry Wax products right now since there is no competition in the market that provides the exact same product. Delivering the customer experience might be a disadvantage if handled poorly.

The sixth and probably the most used way to create a market opportunity is when a company offers same product at lower price or creates substitute with lower price. The problem with this last option is that it usually hurts everyone in the market. It is usually used in industries that have very simple products and large volumes, for example food industry is a good example of this. This usually occurs for products that have existed for a longer time. It should not be a problem in the launching period of the Arctic Berry Wax based products since the supply is near to nonexistent at this point.

Market opportunities are examined and analyzed by variety of environmental scanning and research. The attractiveness of the opportunities for the company and the probability of success is examined using MOA (Market Opportunity Analysis). (Kotler 2003, 103.) In this study the researching method preferred is the Market Opportunity Analysis. When researching market for new opportunities there are five basic steps to define the characteristics of the market and possible openings for new opportunities.

First one must examine the market and identify the social, regulatory and environmental forces that affect the market and companies operating in it. In these cases the environmental forces are strong attitudes that people have towards the cosmetics industry and certain ways to manufacture beauty products. The vegan movement has been gaining popularity during the last years as Google trends chart later at the figure 8 indicates. The cruelty-free way to produce beauty products has been gaining popularity even it is not trending as much as vegan or organic in Google search. State of California is planning to ban all animal tested products by the year 2020. (Hugo 2018, retrieved 20.3.2018; Kotler 2003, 103.) The popularity levels of these trends are further examined on chapter 4.

Secondly company needs to get familiar with the basic variables of the market. Peculiarities of the certain branch of business, the size of the market, how the consuming is divided seasonally and geographically and other data about the market. In the state of California the beauty industry is divided in big and small retailers. There are seven giant international companies who are constantly acquiring promising smaller beauty companies globally. According to the Forbes magazine 62 privately owned beauty companies were acquired in the year 2016. Many of the smaller companies start from a scratch using outsourced lab services for product development. (Sorvino 2017, Retrieved 20.3.2018) Nowadays many of the companies and especially those that gain rapid growth in sales and popularity rely strongly on a background company story that usually involves the founder of the company in a very personal level. (Willett, Gould 2017, retrieved 20.3.2018; Kotler 2003, 103).

When examining the new market opportunities, the third one is to benchmark competitors. Company must gather data about competitors and learn what they do well and what are their weak points. Company should learn what competitors are doing good and do it at least as good as the competitor and if possible, better. Company needs to learn what competitors are doing poorly and avoid doing the same mistakes. In the beauty industry rapid growth is possible in comparison to many other industries. This is because for many companies their brands are their most valuable assets. (Kotler 2003, 103.) In chapter 4 two companies that might present future competition are examined. Both companies are very different in their own way and both are very successful. This is the reason they were picked as benchmarking examples. These are the type of companies that new company should observe and learn from.

These three steps are helpful when executing the fourth step. Fourth step is to find suitable target market. Sometimes there is target market that has not been targeted by anyone earlier and is therefore natural option for the company. Sometimes there are markets that competitors are so strong at that it does not pay of to compete about the same customers. For example most of the new beauty products are targeted to young females. This also works another way around. If there is a target market on which the competitor is performing very poorly it might be natural target of aggressive attack. If the Arctic Berry Wax based beauty products do have health benefits for the skin they can be marketed for people suffering from a skin condition. Usually old people suffer more from fragile and dry skin and they are often able to pay more than young customers. When company has thoroughly studied the market, the competitors, their market shares and strong and weak qualities it is time to form a plan based on these facts (Kotler 2003, 103).

The last step of the five is to create sales plan and goals. These should be decided in correlation of the research findings of the first four steps. The accomplishment of goals should be monitored very closely. (MBASKool 2018, retrieved 20.3.2018.) At this point it should be decided if the Arctic Berry Wax is sold as a raw material or as a refined product. If there is a company ready to start selling refined products it should decide whether is going sell products to wholesalers or directly to the customers or both (Kotler 2003, 103).

3.2 Market Opportunity Analysis

The Market opportunity analysis is conducted to measure the potential value of any opportunity and its future potential. In practice it is focused on examining attractiveness and success probability of any given new opening for business. (Kotler 2003, 103) The MOA -analysis can for instance help to predict what kind of impact new technological innovations or new more advanced practices of business might have on the market. This analyze is also helps in defining the actual financial value of the opportunity. (Internet Research Group 2018, retrieved 20.3.2018) The Market Opportunity Analysis is found on five base questions. Using these questions as a guideline, the company entering a new type of business can determinate what should be its key value proposition and how to enter the market. (MBSkool 2018, retrieved 20.3.2018) Key value proposition is the main reason or the spearhead argument of the company that it is proposing to the customer as a reason why customer should purchase their product or service. In (Investopedia 2018, retrieved 20.3.2018) There are five steps in Marketing Opportunity Analyze which business need to examine to learn if the opportunity is worth of the try.

The first question in market opportunity analyze is whether it is possible to communicate the perks provided by the opportunity to the aimed target market. In this case it practically means that these benefits that the Arctic Berry Wax has need to get communicated effectively to a potential customer. This step is yet hard to answer since researching the benefits of the wax is not ready yet.

The second phase in marketing opportunity analyze is to determinate if is reaching the target is logistically reasonable and economically effective. In this scenario the nature of the supply chain depends on the Arctic Berry Wax as a raw material. If it is possible to sell the Arctic Berry Wax

directly to the companies developing products from it the supply chain and business model is different from selling refined cosmetics products. The wax itself is not logistically demanding component and could even be transported by airmail if needed. If refined products are transported to the United States the fee per kilogram will be much higher since in this case refined products tend to weight more. In California there are many private label contractors operating and many cosmetics startups are using outsourced labs in their product development and manufacturing. Using the local laboratories the company selling the products is able to use "Made in California" phrase which can cause positive emotions among some of the potential customers.

The third question of the market opportunity analyze is does the company have necessary material and immaterial capital and reserves it needs for providing the benefit to the customer or access to capital and reserves. In this case funding is needed to do the product development and start the production. Further numbers need to be calculated.

The fourth question in Kotler's model of market opportunity analyze is if company can provide value and benefit to the customer better than its competitors in the market. Company can aspire to provide know benefits better or more plentiful than its competitors or it can aim on delivering new kind of benefit to customers. If there are health benefits in the Arctic Berry Wax that occur when used in cosmetics products then the benefit to the customer is something new and it can't be compared to the existing products on the market. The environmental friendly impact is also a value that differentiates the Arctic Berry Wax from carnauba and candelilla waxes. Production of those waxes is more or less depending on the source, consumes the environment. The production of the Arctic Berry Wax is based on wild berries that are not endangered.

The final question in the process of defining the marketing opportunity is that is the new business profitable and what is the return on investment? This is the most important question from the business point of view and even if all those questions earlier presented can be answered this question usually solely dictates whether the new business should be started. (Kotler 2003, 103) At this point more research on industry scale manufacturing of the Arctic Berry Wax needs to be conducted.

For classification of opportunities and threats Opportunity matrix and Threat matrix are used. In these matrixes threats and opportunities are divided in four different class based on the seriousness and how probable it is that they realize. In the opportunity matrix there are two characteris-

tics of definition: the success probability of the opportunity and attractiveness of the probability. In that matrix there are four boxes with numbers from 1 to 4. Number 1 is the one which contains opportunities likely to happen and attractive to the company. In this case this could be a famous social media influencer finding the product and making a positive post about it to his/her followers. These should be pursued by the company. Opportunities in boxes 2 and 3 should be followed in case their attributes change and they move up to the box number 1. These opportunities could be a nationwide retail chain such as Walmart or Target accepting the product in their selection or giant beauty company making long lasting contract on purchasing large quantity of the wax. Opportunities in box number four are neither attractive or possession of success probability. They should be ignored.

Threat Matrix has similar division of threats. Threats in box number 1 have high probability of occurrence and grave consequences for the company. Company should prepare its operations shall these threats come to realization. Company should also make all changes possible when preparing itself for the collision. Threats in boxes 2 and 3 should be monitored keenly but do not require imperative planning. Threats in box 4 are minor and should be ignored. A box 1 risk situation could scenario in which no company wants to start product development on their risk on new unknown ingredient. Threats in boxes 2 and 3 could risk of partial or complete loss of credibility or reputation. This could happen by causing a social scandal or if scientific data used in promotion of product is publicly questioned. (Kotler 2003, 103)

In the figure 4 below opportunities and threats are described for one lightning company to better illustrate the theory behind the opportunity and threat matrix.

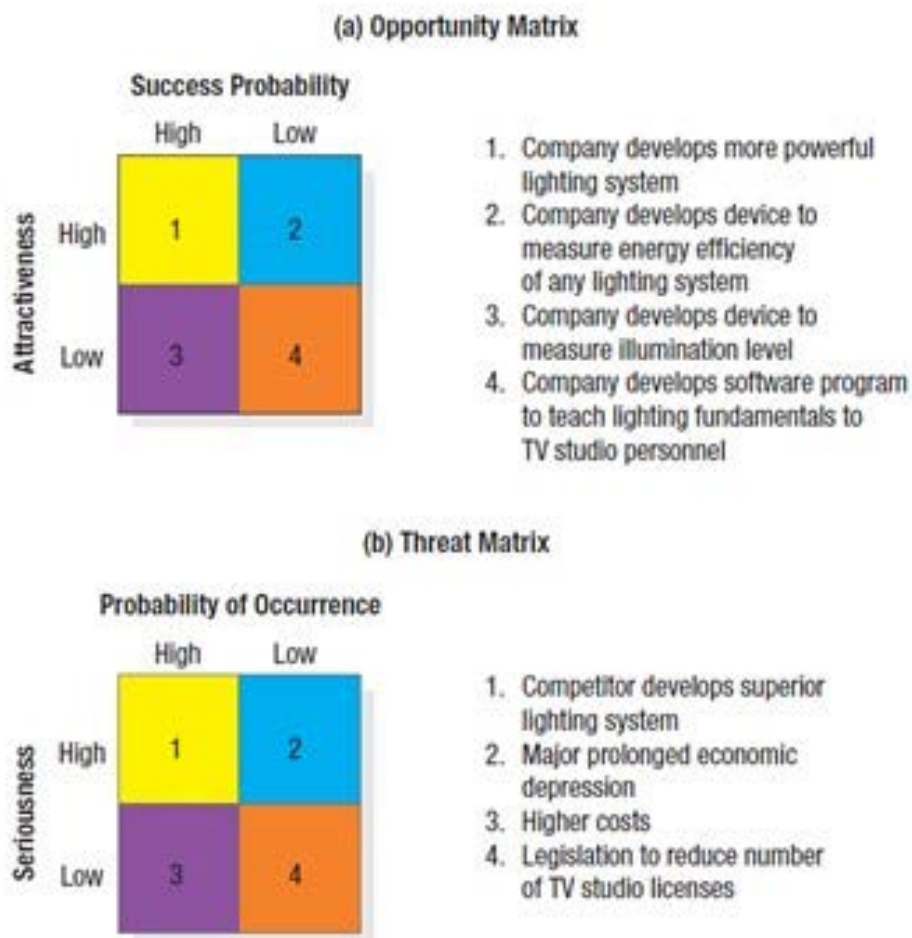


Figure 4. Opportunity and threat Matrix (Ahmed 2018, Retrieved 21.3.2018.)

3.3 Defining the customer value

The idea of creating customer value is based on the hypothesis that the customer will buy the product that seems to hold the best value/cost ratio. That is called customer perceived value or CPV. The meaning of the CPV is There are Two main forces that affect the customer perceived value. These are Total customer value and Total customer cost. Total customer value is all the real and presumed benefits that customer anticipated to achieve by purchasing the service or product on hand. Nowadays supporting an idea or movement of change might be major benefit for a customer. These ideas might be supporting vegan or cruelty-free ideologies or Fair Trade. These types of ideas are important to consider when defining the customer perceived value of the Arctic Berry Wax since the product is completely vegan and not tested on animals. Total customer cost is more than just the money that customer spends on acquired product or service. It means the total overall cost that falls on persons tangible and intangible assets from the effort of

purchasing the goods. Some of the costs, usually the biggest part of it, come usually right away as a payment of the sales. Some of the costs may fall only later for example as a service or maintenance fees. That kind of expenditure are common when purchasing motor vehicles or high-lever technological equipment. In total customer cost are also counted trouble caused and time used in purchasing process of the product. In these times of rapidly increasing ecommerce, many small buying decisions are made very quickly, almost without any consideration. This applies especially when people are ordering stuff from China or other low-cost countries. (Alma Media, retrieved 20.3.2018.)

On the other hand it is common for people to use significant amounts of time to compare competing alternatives when it comes purchases of greater value. When buying a car some of the customers are indeed avoiding the purchase on the account of the possibility that the purchase may be faulty therefore the customer would lose the time and effort he has invested in gathering knowledge, comparing potential options and learning about the using and maintenance of the new vehicle. This type of thinking originates from the idea of time being a limited resource and therefore not to be wasted. (Kangosjärvi, Sassi 2016, 30.) When considering buying such as the Arctic Berry Wax that has ingredients that is new on the market getting the first customers is the hardest part since product itself is unknown and customers need to invest considerable amount of time in getting to know with the product. After that phase it is usually easier for customers to buy if they can read or hear recommendations of other people who have already tried the product. In this type of situation peer recommendation such as the Glossier company that is presented in chapter 4, is relying on might be the functional and effective way to build customer trust and new customer base.

Total customer value defines the set of benefits that the customer expects to gain from the purchase. These gains may be economical, health or practical benefits. Example given customer might buy beauty products to look better when going to a disco. The quality of the product that customer buys depends on number of variables. Nowadays many cosmetic brands rely strongly on strong stories and environmental principles. The customer experiences feelings of belonging when she is buying beauty products that others are buying too. Some of the products do have claimed health benefits for the skin. Some claim not to consume the skin and some claim to be anti-aging. Many brands have given up all animal tested products and have developed vegan and organic products for modern aware people. (Kotler 2003, 60-61.)

3.4 Market demand

Market can be defined as a set of actual and potential buyers. The size of the market is relative to the number of potential buyers that exists on the market. Potential market can be described as a more dynamic group of the whole with more interest to the market. The market demand is estimated later in the text by examining relatable trends.

The available market is where the potential buyer has the interest and income to acquire a particular portion of consumer goods. Noticing the demand of said goods a company can target the market and provide the goods demanded by the consumer. (Kotler 2003, 144.) In a target market the actual demand cannot be measured as a fixed number, it is more like a function of the stated conditions (Kotler 2003, 145). According to Kotler the *"market demand is the total volume that would be bought by a defined customer group in a defined geographical area in a defined time period in a defined marketing environment under a defined marketing program."*

When estimating market demand there are to be estimated the current demand and the future demand. When considering the product like the Arctic Berry Wax the estimation of demand had to be done by comparing it to the trends most relevant to the product and to the sales image since it has not been sold in California or anywhere else. The trends relevant to the Arctic Berry Wax are presented in the chapter 4. The current demand can be broken down to three things, total market potential, area market potential and total industry sales and market shares (Kotler 2003, 147). The total market potential is the maximum amount of sales in an industry on a given time. This estimation treats the market as one, with all potential buyers involved. Very often the area of the market must be narrowed down to different cities, states or nations for example the state of California and within the state of California the city of San Francisco, the city of Los Angeles and so on. (Kotler 2003, 148) Besides estimating the total and area market potential the Industry sales and market sales. Evaluating the actual sales on a specific industry and identifying the competitors and estimating their sales

4 MARKET ANALYSIS OF THE STATE OF CALIFORNIA, USA

The cosmetic industry is separated in so many niche markets and sub-segments that it might be impossible task to create one product that would suit every customer. People have different taste for beauty products, different consuming habits and some people are allergic to some of the ingredients, so they are not even able to use certain products. The United States is considered one of the toughest markets for a foreign company to penetrate. It is probably the most advanced country from marketing point of view. The State of California is even tougher nut to crack. It has the San Francisco Bay Area, which is the cradle of the social media as we know it and Los Angeles with Hollywood and all the new rising brands and products. In the other hand, if the product can make it in the California, it most likely can make it anywhere. In this chapter we will analyze the market and how thesis writers see the product in it. We examine the target customer and estimated number of potential buyers in the market.

4.1 The market in the State of California

The State of California is the biggest economy within the United States of America measured in gross domestic product. It has been estimated to be sixth largest economy in the world only exceeded by USA, China, Japan, Germany and United Kingdom. (Nichols 2017, retrieved 26.3.2018.) To put it in a form that is easier to understand: gross domestic product consists three variables: individual consumer spending, business spending and government spending. California is sixth largest economical area in the world measured by spending. This one of the reasons why California is our target market. In 2015 total GDP of the State of California was 2,46 Trillion US Dollars. In comparison to rest of the USA the economic growth in California has been significantly bigger after the financing crisis of 2008. During the year 2017 the average growth in personal income among the population of US was 2.3%. During this same period the average growth in California was 5.0%. Total population of the California was almost 40 million in November 2017. (Forbes 2017, retrieved 26.3.2018.) According to these facts it is safe to say that the State of California is De Facto a great pulling force for the economy in the US and one of the biggest influencers both in US and global market.

The economy of California is very diverse. It produces over half of the fruits and vegetables of the whole US yet agriculture makes less than one tenth of the whole GDP. Variety of fruits, crops and vegetables are produced in California but probably the most well-known of them is wine. Besides agriculture California is especially known of the IT and computer industry; the Apple, Google, Twitter, Facebook and the others and of Hollywood. The nine industries driving GDP growth in California according to Downie (2017, retrieved 26.3.2018) are listed below.

1. Professional and business services: This category includes computer systems and design. Technological services and consulting and employment services. This branch employs 18% of the total labour force in the state and its input to the GDP is 13% of the total.
2. Educational and health services: This segment includes medical practise, hospitals, social and family services and schools and universities. The employing impact of this segment is huge and 18% of the total workforce. The input of the educational and health service sector to the GDP is far minor in comparison to professional and business services even though these categories are almost exactly same size. This is explained by the nature of this subsegment. Many effects it has are secondary so they do not show directly.
3. Financial activities: 5,9% of the workforce has a job in the financial activities. It measures 19% of the total GDP. The gap between the number of people employed and GDP generated is explained by the capital-driven nature of the industry.
4. Leisure and hospitality: This segment includes people working in hotels, restaurants, amusement parks and other dine and accommodation businesses. From total workforce of the state 13,6% is working within the industry. 4% of the total sum of GDP comes from the spending in leisure and hospitality. This industry is particularly delicate for the financial turmoil since leisure is not a mandatory spending for the most people.
5. Retail trade: total input of the retail trade to the GDP of the state of California is 6% and it employs 12.1% of the workforce at the state. Manufacturing: 10% of the total gross domestic product of the state of California is originated to the manufacturing segment, which has been very strong industry in California for a long time. From the total workforce

9,4% are working on the jobs provided by the states manufacturing industry which is biggest in the United States.

6. Construction: Following the trends, construction industry is growing again after the financing crisis. The constructing industry of California currently employs 5% of the total workforce and generates 3% of the total gross state product. Companies of the industry are all levels of constructing contractors and companies working on building new or renovating.
7. Information: This category is abnormally large in California in comparison to any other state in the world. The industry leaders are gigantic companies such as Google, Twitter and Facebook. Industry contains all software companies. The segment employs 3% of the workforce but its input to the GDP is up to 8%. Farming: 3% of the Californian workforce is working in the agriculture. Its impact to the economy is quite minor, it constitutes only 1% of the total gross state product. The segment is quite steady in comparison to others, which causes its portion from total GDP to grow in harder times and shrink during the good times.

According to the IBISWorld the revenue of beauty market annually in the State of California is approximately 3 billion US dollars. The number includes beauty products, cosmetics and fragrances. The annual growth rate of the industry is almost up to 5% so it can be considered as a growing industry. Much like spending on the leisure, peoples spending to the beauty products take a leap when times are financially promising. The biggest companies in California beauty industry are L Brands, Luxury Perfumes, Nigel Beauty Emporium, Sally Beauty Holdings Inc. and Sephora. (IBISWorld 2017, retrieved 26.3.2018.) L Brands is known for brands such as Victoria's Secret, PINK and Bath and Body Works. Their products are mainly manufactured in USA, China, Sri Lanka and India. (Vault.com Inc. 2018, retrieved 2.5.2018.) In 2017 the company generated 12,6 billion US dollars in sales (L-Brands Inc. 2018, retrieved 2.5.2018). Luxury Perfumes is an online retailer of beauty products. Nigel Beauty Emporium is also a retailer of beauty products with variety of brands it represents in web and brick and mortar shop. Sally Beauty Holdings is also an international beauty product distributor. Sephora is a high-end retailer of beauty products and it also offers make-up sessions done by professionals and beauty classes. Four out of five biggest beauty industry companies are mainly concentrated on the retailing rather than manufacturing. (Clerk 2015, retrieved 27.3.2018.)

4.2 Market benchmarking

In this chapter the most relevant competition is examined. The goal of this chapter is to provide ideas for developing a supply chain and business plan for the Arctic Berry Wax or products based on the Arctic Berry Wax for companies that might have interest to start selling the Arctic Berry Wax based products in the future in the state of California. Second purpose of this chapter is to further map out the market to define the marketing opportunity of the Arctic Berry Wax. B2C companies are studied to figure out how trends are build in cosmetic market nowadays. In this chapter the social media popularity of these B2C companies is also studied and compared to each other. This is done to find out how popular these ideas that could be linked to the Arctic Berry Wax are. These ideas are organic, vegan and cruelty-free consumption. Companies picked are from article "11 Beauty Startups to watch in 2017" published by fastcompany.com

4.2.1 Glossier

Glossier is a good example of a modern time cosmetics company that has grew rapidly during a short span of time and gained remarkable financial success. Glossier is a relevant company to study in this thesis because it started from nothing and delivered its message so effectively without a great amount of money to be invested in marketing. It started from a blog called Into the Gloss which was written by the founder of the company Emily Weiss. One more reason for the relevance of the company is its ability to generate money from investors. Its latest funding round totalled 52 million US dollars. (Hart 2018, retrieved 27.3.2018.)

Glossier is a New York based company, but it is operating worldwide. The business model of Glossier is to sell products directly from the company to the customer via e-shop. Company started at 2014 and has since gained over 1.1 million Instagram followers Glossier does not publish sales numbers but it announced to have three times the revenue in 2017 it had in 2016. Glossier involves its most committed followers and fans in the product development phase by actively asking their feedback on new products. (Loizos 2018, retrieved 27.3.2018.)

During the time period from 19.3.2018 to 19.04.2018 Glossier had 40 posts on their Instagram account. Average post on Instagram generated 36,620 likes. (InstagramGlossier 2018, retrieved 19.4.2018.) From a control group of 25 of their products from their web shop 9 claimed to be ve-

gan and 23 made cruelty free. The two products not having cruelty-free claims were fragrances. Strong social media presence is great part of their brand. and they have utilized it in a unique way by recruiting social media representatives who are doing much marketing on their behalf (Wischover 2017, retrieved 27.3.2018).

A company like Glossier could be rival in competition or a good partner in product development. Many of Glossier products are vegan and cruelty free but none of them is not their key marketing argument. None of the 40 Instagram posts have any mention of vegan or cruelty-free ingredients of the products. Glossier is not selling any animal tested products but it does not really show in their marketing. Only mention about the lack of animal testing is on their website on the frequently asked questions section.

4.2.2 L'Oreal

L'Oréal was the biggest cosmetics company in 2016 by having net sales of 27.6 billion US dollar surpassing the second Unilever by 5,3 billion US dollars (Rodman Media 2016, retrieved 27.3.2018). L'Oréal employs 82600 employees and operates in 150 countries (L'Oreal 2018, retrieved 27.3.2018). During the last quarter of 2017 the like-for-like sales of L'Oréal grew 5,5% from the earlier year. For the whole year the net like-for-like sales decreased 4,1% from earlier year. (Reuters 2018, retrieved 3.5.2018.)

L'Oréal has divided social media presence. It has four main Instagram accounts: L'Oréal Paris Makeup, L'Oréal Paris Skincare, L'Oréal Paris Hair Official and L'Oréal Professionnel. L'Oréal Paris Makeup has 4,7 million followers at 1.5.2018. The account has 66 posts during 1.4-1.5.2018. the average number of likes in a publication was 22,120. (InstagramMakeup 2018, retrieved 1.5.2018) For L'Oréal Paris Skincare the numbers were following: the number of followers: 551 000., the number of publications during 1.4-1.5.2018: 16 and average amount of likes per posting: 5808. (InstagramLorealSkin 2018, retrieved 1.5.2018) The L'Oréal Paris Hair Official has 1 million followers in 1.5.2018. There were 69 postings during the time period from 1.4 to 1.5.2018. Average posting during this time period generated 4071 likes. (InstagramHair 2018, retrieved 1.5.2018)

The L'Oréal Professional had 918000 followers in 1.5.2018. During the time between 1.4 and 1.5.2018 there were 90 new publications in that account. The average amount of likes in a posting in this account was 2293 at 1.5.2018. (InstagramLorealPro 2018, retrieved 1.5.2018.)

In L'Oréal web site the company claims 44 different cosmetics brands which all have their own social media accounts and marketing. From these brands Lancôme is considered a luxury brand and it is among the most valuable brands that L'Oréal owns. According to the Forbes its value is 7.1 billion US dollars alone. (Forbes 2018, retrieved 27.3.2018.). It has 2,5 million followers on Instagram. During 1.4-1.5.2018 its official Instagram account published 75 posts. The average amount of likes during that time was 8378. (InstagramLancome 2018, retrieved 1.5.2018.)

For all the four L'Oréal main accounts when compared the number of followers to the number of likes in the postings the postings had 0,47% from the total number of the followers. Some portion of people liking the postings might not be followers of the pages. The number is used as reference number when comparing the commitment level of the followers between the brands. In the official account of Lancôme the number were lower than with official accounts of L'Oréal. The number of likes per publication was 0,33% of the total number of followers. When compared to Glossier these numbers are low. Glossier had likes on average 3,33% of the number of their followers. If this number is used to measure the commitment of an average customer to the brand the number of Glossier is 609% higher than L'Oréal's number and 909% higher than Lancôme's number. It is important to know how targeted customer groups act and what attracts them when planning marketing for new exotic product like cosmetics made of the Arctic Berry Wax. For companies with very committed fans it is easier and less risky to present new product lines because they are capable to get so much feedback from their target audience. Statistics of the commitment level of these example companies are illustrated on figures 5 and 6. (InstagramLorealSkin 2018, retrieved 1.5.2018; InstagramLorealHair 2018, retrieved 1.5.2018; InstagramLorealMakeup 2018, retrieved 1.5.2018; InstagramLorealPro 2018, retrieved 1.5.2018; InstagramLancome 2018, retrieved 1.5.2018; InstagramGlossier 2018, retrieved 1.5.2018.)

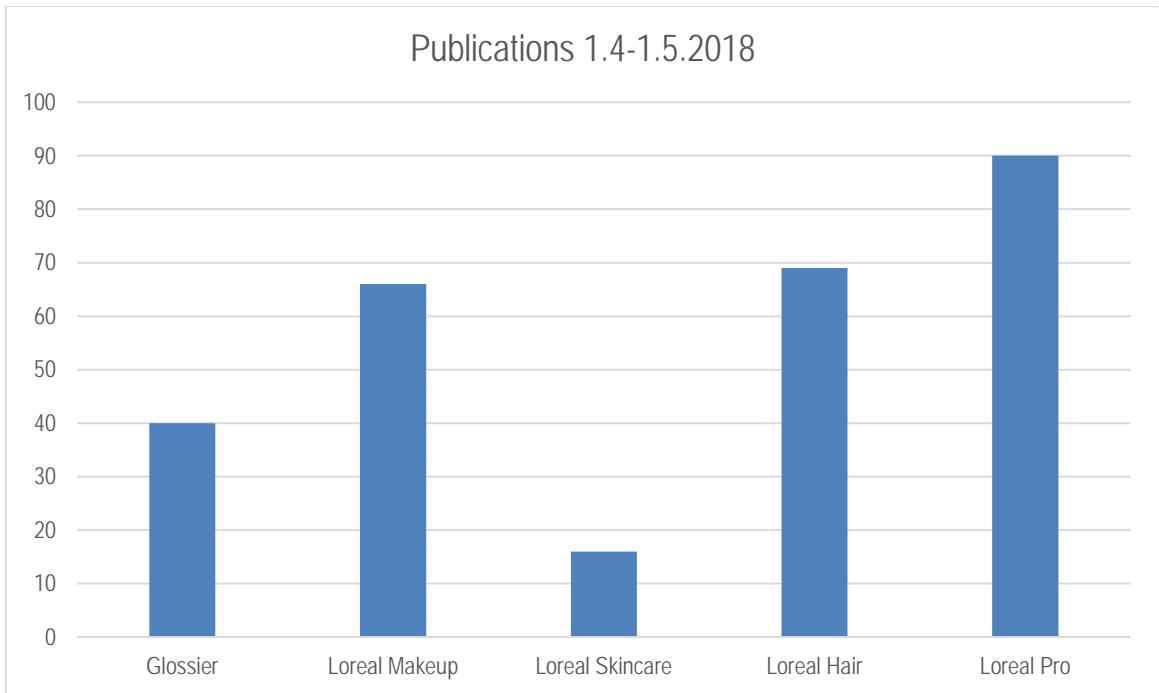


Figure 5. The amount of publications on mentioned Instagram account during 1.4-1.5.2018

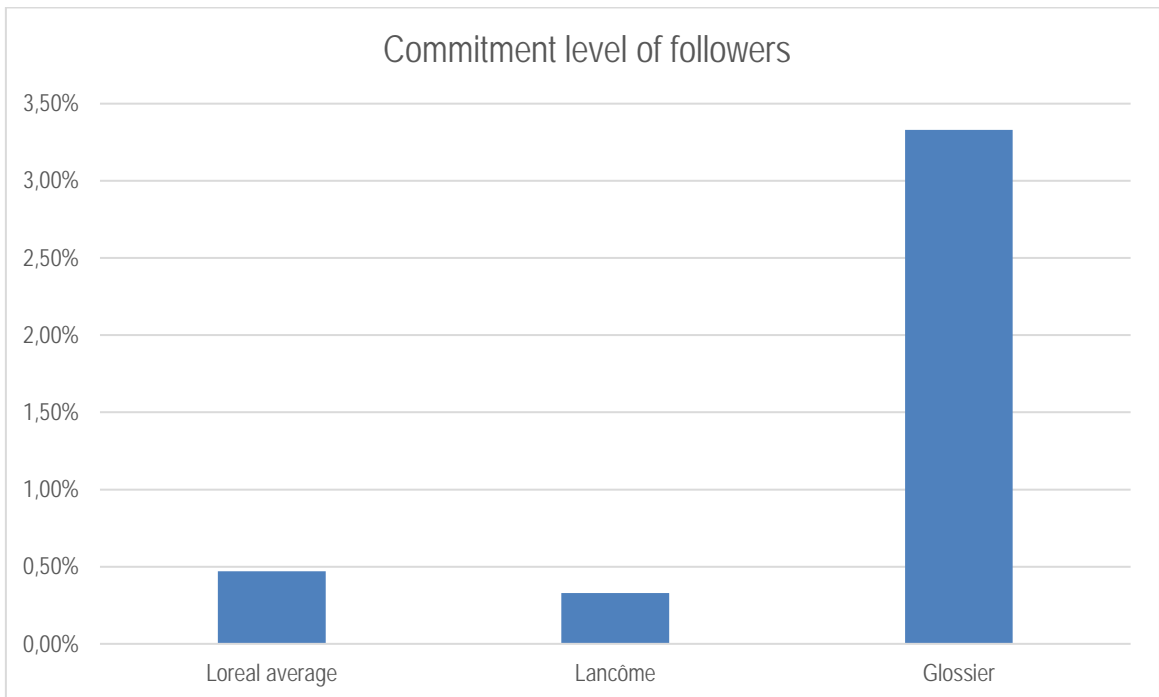


Figure 6. The percentage of audience following that reacted post on the company's Instagram account by clicking the "like" -button

4.3 Trends

In this chapter we will examine global rising beauty trends related to our research subject. We will study trendsetting companies on the beauty industry and social media influences effecting opinion of consumers. In this chapter statistic of YouTube trends in cosmetics is presented. Three main trends are presented that are relevant from the Arctic Berry Wax viewpoint. In table 1 below product data of three different companies are presented. Companies are picked from the list "11 Beauty Startups To Watch in 2017" (Fast Company 2017, retrieved 27.3.2018). In this chart products from top-selling categories are picked and compared according to how many of the products were vegan, cruelty-free or organic. From total of 75 products 47 were labelled as vegan 64 were advertised as cruelty-free and none were claimed to be organic. Two of the companies claimed not to have any animal tested products. The trend among the new start-ups in the cosmetics industry seems to be to avoid all animal tested products and to favour vegan products. Among the new start-ups it seems to be more of a new normal not to sell animal tested products rather than new and exciting curiosity that companies use to differentiate themselves from the competitors.

Company	Products examined	Vegan	Cruelty Free	Organic
Glossier	25	9	23	0
Milk Makeup	16	16	16	0
Seed Beauty/Colorpop	25	22	25	0

Figure 7: Products of examined companies and number of vegan, cruelty-free produced and organic products in the selection of each company.

Figure 7 below presents the amount of Google searches for search words vegan, organic and cruelty-free. The searches for vegan has been growing and it is the most popular search word from the three at the present. The searches for the word organic has been more stable over the years. The most marginal search word of the three is cruelty-free. Google does not give accurate numbers to how much the words are searched. Instead they give relative numbers that show how

popular those searches were in comparison to each other.

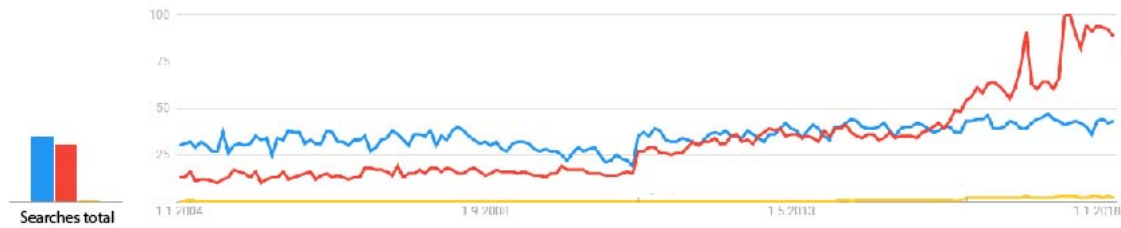


Figure 8. Trending of Vegan (red) Organic (blue) and Cruelty-free (yellow) in Google searches

On the figure 8 are presented the relative quantity of searches on YouTube. The search words compared are same than in the Google search word chart. The YouTube charts dates back to the 2008 which is not so much than the Google chart which starts from the year 2004.

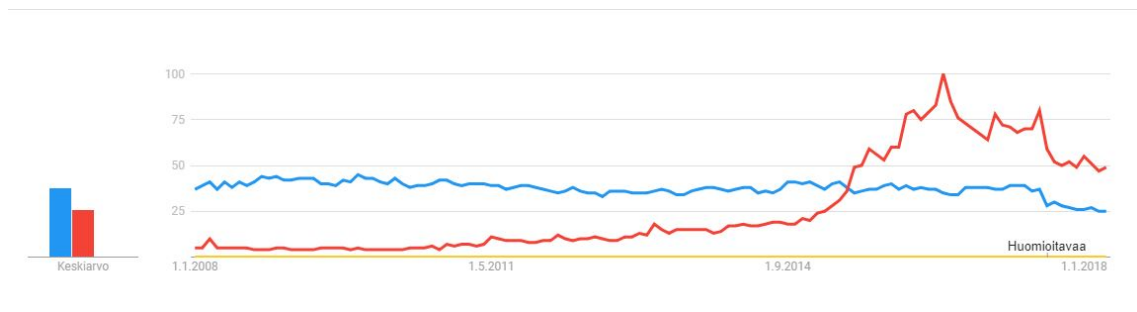


Figure 9. Trending of Vegan (red), Organic (blue) and Cruelty-free (yellow) in YouTube

4.3.1 Organic

According to Dictionary.com, the definition of organic is: “nothing or pertaining to a class of chemical compounds that formerly comprised only those existing in or derived from plants or animals, but that now includes all other compounds of carbon.” (retrieved 23.4.2018). A market research report published by the Grand View Research in January 2016 predicts Compound Annual Growth Rate of 18% for organic cosmetics industry during the years 2015 to 2022 (Grand View Research 2016b, retrieved 27.3.2018). Organic consumption is coming to a new normal, in California 90% of households purchase organic products in 2016. (Organic trade association, retrieved 27.3.2018). In the whole United States of America the consumption of organic goods has increased during from 3,6 billion dollars of 1990 to 43.3 billion dollars of 2015 according to Organic Trade Association. According the United States department of agriculture the sales and production of organic is rising. The total sales of certified organic commodities rose by 23% in The

United States in the year 2016 from the previous year. The total sales was 7.6 million dollars of which California's share was 38%. (NASS Highlights 2017, 1.) As the figure 9 shows the sales and production of organic goods are rising. The figure also shows ten biggest states in sales of organic products. The sales of California are bigger than next eight states combined.

Top 10 States by Total Certified Organic Product Sales: 2016 and 2015

Geographic area	2016			2015		
	Total sales (\$1,000)	Total certified farms	Total certified acres	Total sales (\$1,000)	Total certified farms	Total certified acres
United States	7,553,872	14,217	5,019,496	6,163,472	12,818	4,361,849
California	2,889,156	2,713	1,069,950	2,435,594	2,637	790,413
Pennsylvania	659,629	803	93,418	331,503	681	85,164
Washington	636,245	677	78,739	626,445	598	71,781
Oregon	350,896	461	194,769	269,462	409	175,675
Texas	297,484	217	146,801	210,293	134	86,665
Wisconsin	255,450	1,276	219,266	222,429	1,205	209,615
New York	215,859	1,059	264,385	220,850	934	238,700
Michigan	201,067	402	76,192	186,918	298	55,926
Colorado	181,297	181	176,496	155,206	136	151,571
North Carolina	144,917	247	31,800	82,427	203	28,727

Figure 10. Top 10 States by Certified Organic Product Sales: 2016 and 2015 (USDA, National Agricultural Statistics Service 2016, retrieved 24.4.2018.)

As a trending life-style organic and organic cosmetics are present on the social media platforms. The table 2 shows average amount of ten most viewed videos under search term "organic cosmetics" adds to 438600 views on YouTube. On Instagram #Organic had 27 939145 publications on 19.4.2018 and #OrganicCosmetics 128519 publications on 23.4.2018.

4.3.2 Vegan

According the vegan society the definition of veganism is "Veganism is a way of living which seeks to exclude, as far as possible and practicable, all forms of exploitation of, and cruelty to, animals for food, clothing or any other purpose." The plant-based diet that is included in vegan lifestyle avoids all animal products like meat, fish, dairy and honey. (The Vegan Society 2018, retrieved 27.3.2018.) The Arctic Berry Wax is considered as a vegan product. It does not include any animal-based ingredients and animals are not harmed during the gathering of the raw materials or during the manufacturing. According to Statista the annual U.S sales of Vegan food products is 2.22 billion dollars (Statista 2018, retrieved 27.3.2018). Veganism is growing and that has expanded to different sectors. The plant-based dairy industry is growing and according the data

Plant Based Food Association and The Good Food Institute released the plant-based dairy category that includes cheeses, yogurts and ice creams had a 20% growth and plant-based milk category 3.1% growth in 52-week period ending at 12th August 2017. The plant based milk had market share of 9.3% of milk sales at the end of the control period. (PRWEB 2017, retrieved 27.3.2018). In 2017 a luxury car manufacturer Tesla announced that seats made of a new synthetic material will be their standard and leather seats will not be sold. (Dow 2018, retrieved 27.3.2018). The popularity of veganism on social media channels is visible. As the table 2 shows on YouTube the search term vegan cosmetics on average of ten most viewed videos was 282800 views 12.4.2018. On Instagram #Vegan adds to 58 440 409 publications on 19.4.2018 and #VeganCosmetics 224 618 publications on 23.4.2018.

4.3.3 Cruelty free

Cruelty free in cosmetics industry consist products that are developed without animal testing or harming animals in any other ways in production. In this sense the Arctic Berry Wax is different from for example beeswax. Cruelty free movement is very strong in the state of California. Politicians and activist are campaigning to ban all animal testing and sales of animal tested cosmetics products in the state. The law would make it illegal for cosmetic manufacturers to knowingly import or sell any cosmetics in California if the final product or any component was tested on animals after 1.1.2020 (Flores 2018, retrieved 27.3.2018). From the 75 products in our target group 64 claimed to be cruelty-free. It is not so trending in Google or YouTube searches but it is a strong opinion divider in cosmetics. Non-profit organizations such as PETA have campaigned years with the goal to ban all animal testing and animal tested products. PETA is granting certifications of cruelty-free to companies that do not test products, formulas or ingredients on animals. (PETA 2018b, retrieved 26.3.2018.) The businessoffashion.com presents a Nielsen study that claimed that 57 percent of 1 000 people that answered the survey found "not tested on animals" the most important packaging claim in cosmetics and beauty products. 43 percent of these 1 000 interviewees stated that they were ready to pay more for products that were not tested on animals. As table 2 shows the search term #CrueltyFreeCosmetics had 175762 publications on 23.4.2018) and #CrueltyFree 7 885 695 publications on 19.4.2018 on Instagram. The average view count of ten most popular videos with search term Cruelty Free Cosmetics was 472 000 on 12.4.2018 on YouTube.

Platform	Search term	Views/Publications	Date of retrieval
YouTube	Organic Cosmetics	438 600	12.4.2018
YouTube	Vegan Cosmetics	282 800	12.4.2018
YouTube	Cruelty Free Cosmetics	472 000	12.4.2018
Instagram	#OrganicCosmetics	128 519	23.4.2018
Instagram	#VeganCosmetics	224 618	23.4.2018
Instagram	#CrueltyFreeCosmetics	175 762	23.4.2018
Instagram	#Organic	27 939 145	19.4.2018
Instagram	#Vegan	58 440 409	19.4.2018
Instagram	#CrueltyFree	7 885 695	19.4.2018

Figure 11: Search popularity of relevant search words on YouTube and Instagram.

4.3.4 Environmentally friendly

Besides the Vegan, organic and cruelty-free there are other trends on the market. One of them being Environmentally-friendly products and packaging (March 2017, retrieved 26.3.2018). According a study "Features consumers in the United States value most about organic cosmetics and personal care products as of May 2017" made by Statista 38 percent valued product being environmentally friendly. The same study also showed 33 percent valued Environmentally and resource-friendly production and 24% Environmentally friendly packaging. These results can be interpret so that environmentally sustainable products are highly valued. The respondents on the study also valued natural sources. The option "Made from natural resources (vegetable oils, fats and waxes)" was valued by 34% as figure 10 shows.

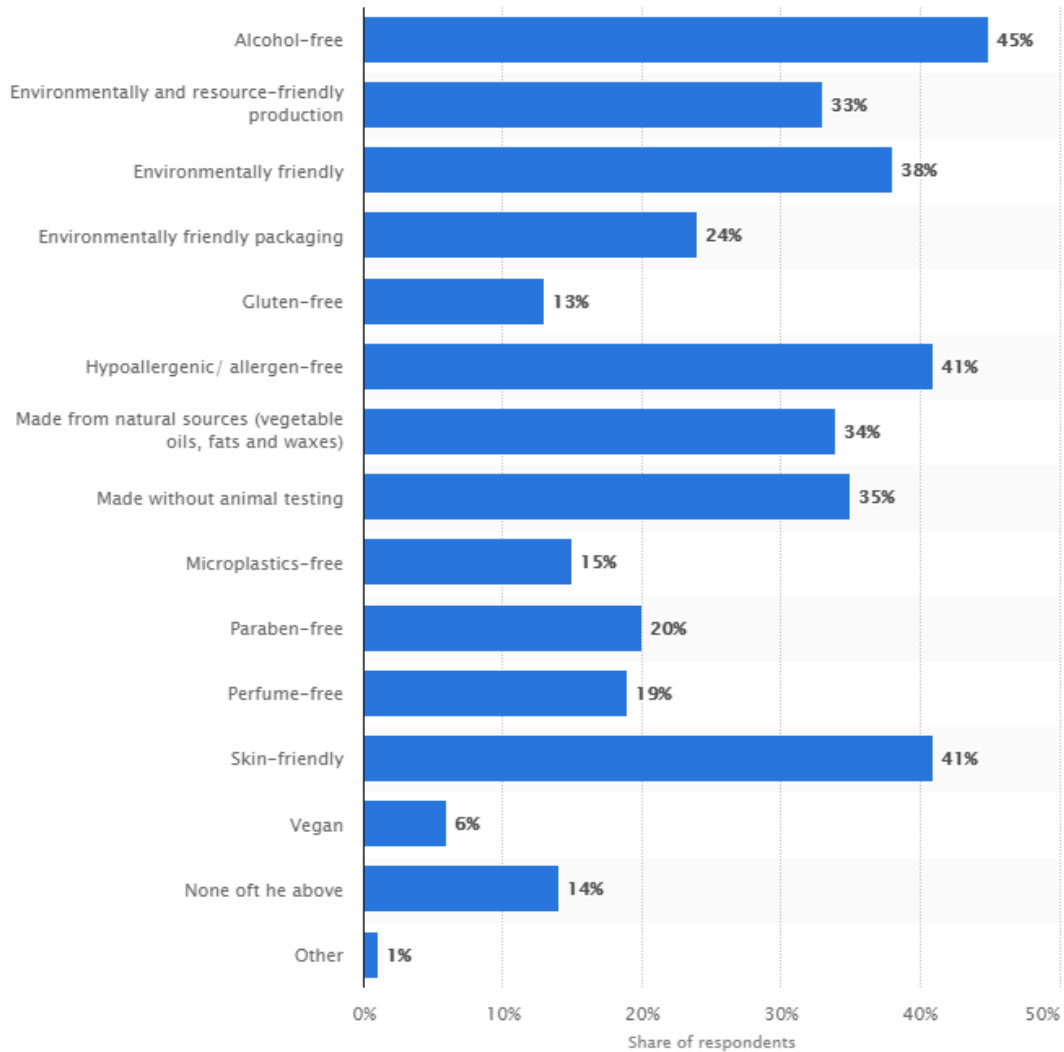


Figure 12. Features consumers in the United States value most about organic beauty and personal care products as of May 2017 (Statista 2018, retrieved 24.4.2018.)

More companies and industries are going green. A study made in 2013 claims that 71% of Americans consider the environment as a factor when shopping (Sena 2018, retrieved 27.3.2018). On energy industry eco-friendly solar panels' capacity has grown from five gigawatts to approximately 306.5 gigawatts from 2005 to 2016 globally (Statista 2018, retrieved 26.3.2018). Another environmentally friendly way of producing energy is wind power. In 2017 539 gigawatts of wind capacity was installed. The growth on wind power production has been significant. The Figure 11 shows how in 2001 only 23,9 gigawatts of wind capacity was installed.

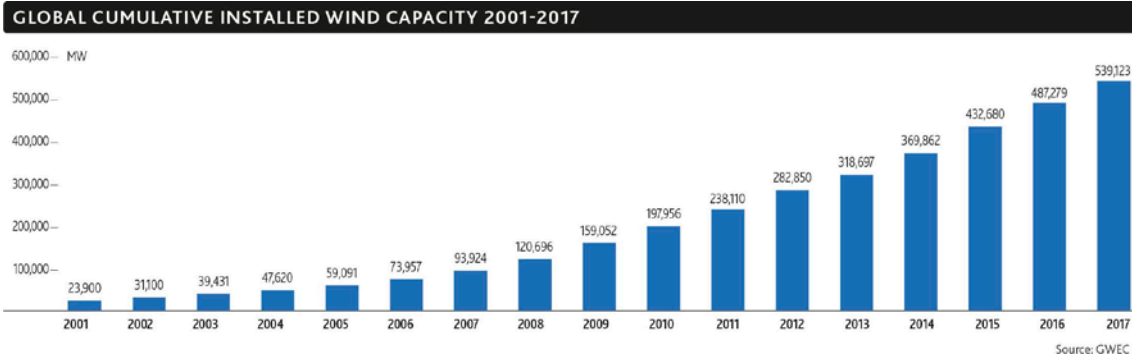


Figure 13. Global Cumulative Installed Wind Capacity 2001-2017 (Global Wind Energy Council 2018, retrieved 24.4.2018.)

The eco-friendly way of life is also present on social media platforms. In cosmetics it is not as popular as other examined trends, but the search term Environmentally friendly cosmetics added to average 614 00 views on YouTube with ten most viewed videos on 1.5.2018. On Instagram #EnvironmentallyFriendly had 201360 posts on 1.5.2018.

5 BUSINESS POTENTIAL OF ARCTIC BERRY WAX IN CALIFORNIA

In this chapter the business potential of Arctic Berry Wax based beauty products is examined by utilizing the data gathered in trend research of chapter 4 by acknowledging the theory base of chapter 3 within the scope of possibilities defined by environmental setup presented in chapter 2 and in the beginning of chapter 4.

There are several ways to do business with the Arctic Berry Wax in the state of California. Since the supply for lingonberries, especially wild-grown, is near to nonexistent, the market situation is not too competed yet. A company trying to profit from the Arctic Berry Wax could either sell the wax as a raw material for companies manufacturing refined products from it or the company could do the refining by itself and sell ready-made products B2B or B2C. The Arctic Berry Wax could be presented as a substitute for ingredients already existing or as a completely new ingredient with new features and benefits. Products made of the Arctic Berry Wax could be branded as Scandinavian or Nordic to gain competitive advantage by image of high quality and pure ingredients. That would require a partner with money and marketing experience.

Selling refined product for cosmetics companies or directly to the customers could be more reasonable way of doing business. The price for refined product is higher and it is easier to add brand value for a product with a distinguishable name and design than for a raw material. It is also less risky for a co-operating company to buy products than start a product development project of their own. When manufacturing products for the end-user in cosmetics it is also easier to utilize various channels in sales. When picking small companies for partners to manufacture the products it is likely that they are not capable of taking enough risks with new product developments. When using a big company as a manufacturing partner it is possible that they can grow too important customers for the company, which leads to situation where they are having too much negotiating power on the prices and conditions. Having refined product does not motivate the potential competitors to get into the business as much as selling only the ingredient. If there is only supply for the raw material, the customer buying it will soon begin to look for a bidding competition to maintain the cost-effectiveness of the product. If buying company wish to do so with the refined product, there will be issue of developing first the extracting method and secondly the actual refined product. During that they lose the opportunity of selling the product with maximal novelty value and when entering the market they have to start immediate price competition

against the company having the original product. They can also be seen as “knock-off” product which basically means that people think that they have copied their product.

In the marketing it seems that the product should have some other key branding value besides being vegan, organic or cruelty-free. In the new cosmetic start-ups being cruelty-free and at least partly vegan seems to be a regularity rather than a curiosity or an advantage. The product should either have benefits that the other products do not poses such as health benefits, better usage or more better effect for the user. The beauty company Matchco has launched an application which scans the tone of the skin and makes suggestion for a make-up to the user. That is a good example of a competitive advantage and differentiating. To gain competitive advantage the product image should be something that stands out and is not so easy to copy if it proves to be working. The product could be branded as Scandinavian, wild-grown or form of a fair trade. The effects of berry picking to the economies of foreign labor coming to work in Scandinavia could be presented as a positive community value. As a Scandinavian product the high quality of the product could be a key marketing point for a product based on the Wax. It could be a high-end product sold in exclusive shops and advertised in platforms such as the Norwegian Airlines cabin magazine. The health benefits of the Arctic Berry Wax are yet unknown but there are scientific studies that have proven the health benefits of lingonberries used as food. If the Arctic Berry Wax or a berry compound including the wax can prove health benefits it could be a huge marketing advantage in comparison to other cosmetics products. The resiliency against the weather and the role of the berry wax in it could be one sales argument for the product especially if the wax proves to have similar protecting effects on the skin of a human.

The aimed target group should be involved in the product development process from the beginning to create a product they truly desire and to find out what kind of marketing has positive effect on them. People adapt easier ideas they feel they have contributed on which is easy to see in the Glossier case that was presented earlier. Glossier involves its most committed fans in product development process and lets them to have earlier access to products than general public. In exchange their fans or fan-representatives give them feedback and attention in social media. In our brief study the average Glossier Instagram follower was 6-9 times as active as an average L’Oréal Instagram follower. The social media presence of the Glossier is sometimes described to almost cult-like and the followers sometimes wait weeks to get the new releases when products are sold-out.

One of the challenges for the Arctic Berry Wax is the price which seems to be rather high according to the knowledge from the pilot processing of the wax. The refined product should be stationed to luxury section or the price must be lowered. The third option is to use very little of the wax in the production or to mix it with other ingredients such as seed oil or skin powder of the berries.

The price of the product development is one restricting factor when entering the market of California. When selling simply raw material for the production the buying company needs to conduct their own research on the effects of the Arctic Berry Wax and they are fully responsible for its health impacts for the customer. To create more value for the product either health benefits of the product or the protecting effect on the skin should be proved scientifically.

The business potential as a substitute for other waxes is not so great if the manufacturing cost of the Arctic Berry Wax cannot be lowered. In comparison to other ingredients the Arctic Berry Wax is the only one in the control group that is wild-grown, completely organic, vegan and cruelty-free. These functions are highly valued in the society nowadays. It is very likely that the price of the Arctic Berry Wax cannot get so low that it will replace the other waxes mentioned. It must have some additional value for the customer so the price of the refined product can be higher in comparison to products made of other substitutes.

In order to achieve sales the company releasing the product based on the Arctic Berry Wax needs to invest heavily in the marketing. The awareness of the health benefits of the lingonberries does not come from practical source because there is no natural source of lingonberries in the market. The report on non-citrus fruits and nuts published by United States Department of Agriculture does not include lingonberries at all although blueberries occur in the document. Other report by the name of Fruits and Tree Nuts Outlook holds no mention about lingonberries although production and import of other berries such as blueberries and strawberries are widely examined. From this observation it is safe to draw a conclusion that lingonberries are not so familiar for the average citizen in the California market as blueberries are. According to a study by Cornell University there has been some efforts to start an industrial scale farming of lingonberries in North America but there are no operations of scale at the work currently. There seems to be neither demand nor provide for lingonberries in the USA at this point. The lack of business indicates the lack of knowledge on the product. For a product being currently unknown for the major

portion of the people the marketing and branding will be expensive and time consuming. (USDA 2017, 35.)

The state of California is not necessarily the best place to start a cosmetics entrepreneur. It has more competition than any other place in the world and Scandinavian quality might not be very well-known there. We started to conduct a survey for local cosmetics businesses but despite contacting 60 different businesses we were not able to get any company representatives to talk to us. This implicates that they are not very eager to open their business process for outsiders. The technical and logistical barrier for starting a cosmetics business in California is quite low. The production and even the product development can be outsourced like warehousing and logistics also.

At this point the health and other benefits that the Arctic Berry Wax could have for a cosmetics product should be examined. If only benefits it has are being vegan, organic and cruelty-free it will not be enough at the present market.

6 CONCLUSION AND DISCUSSION

In the following chapter, the results of the desktop research are presented and the marketing and business potential of the Arctic Berry Wax in practise is overviewed and further speculated in the environment of the trends and market realities that collecting data and researching the market at this point has provided. We failed to collect empirical data from potential business and manufacturing partners in California which somewhat restricts the research but on the other hand implicates the hardship that must be faced if those companies are to be contacted to form an alliance in business with them.

The megatrends we researched partly came as a suggestion from the Arctic Berry Wax research group and partly from our own experience. Three main megatrends in the research were vegan, organic and cruelty-free. The volume of these trends in the social media and how they have developed during the last years was researched. Media platforms chosen to be examined were Google, Instagram and YouTube. In Google both searches in the Google and searches in YouTube were researched. In Instagram two companies were picked and benchmarked. Those companies were Glossier and L'Oréal Paris and its subaccounts which are considered on the company's hairdressing, makeup, professional and skincare products. The company's posting activity was researched and the reacts of their audience was measured and compared.

The vegan megatrend has grown rapidly during the last years and many companies have included vegan cosmetics on their product portfolio. Recently there has been shop openings both in brick and mortar and online for shops that sell only vegan cosmetics products. This has been ignited by the fact that it is rather inconvenient to check every product independently if they are vegan or not. This implicates that non-vegan cosmetics will face drop in sales when the public adapts that type of shop.

Probably the most attention provoking trend in cosmetics business during the recent decades has been the animal rights movement which has been campaigning for the cruelty-free cosmetics products that have not been tested on animals. That trend has also found its way into the mainstream and many companies, especially fresh founded start-ups are considering solely on the non-cruelty products from the very beginning. It is very likeable that the law that prohibits selling

and manufacturing animal tested cosmetics in California will soon pass. That would be the final step on transforming cruelty-free from a trend to a basic requirement.

The organic trend is not so strong in cosmetics business since it is very hard to define what is organic and what is not. For example in beeswax production it is nearly impossible to tell has the flowers that bee gathers been effected by anti-pesticide poisons or artificial nutrients. Organic is not really a trend in cosmetics industry in California, but is something to keep an eye on.

The fourth trend researched is environmentally friendliness which as a term is vague and consist multitude of variables. In generally being environmentally friendly can be several things which do not require each other to co-exists. Product can have environmentally friendly packaging or manufacturing. In cosmetics industry the pressure gas of spray products has been a topic of conversations because of the effect it has on the ozone layer. Reducing the usage of these gases is one example of reaching for more environmentally friendly products. Environmentally friendliness was quite highly valued on the consumer research and it is a natural trend to attach on the Arctic Berry Wax product. After all berries used are completely renewable and there is no shortage of them. It is virtually impossible to gather all the berries from the forest.

After our trends research we came into a conclusion that none of the trends mentioned above is enough. Even if the product has all these features it does not really stand out. The company producing the Arctic Berry Wax product should come up with a completely new marketing idea which would deliver such value to the customer that has never been offered before. For a suggestion for later research or marketing plans couple of potential marketing ideas are presented below.

The exotic Scandinavia could be one marketing trend to utilize. Like the quality image that people usually have on the Swiss products people have positive image on Scandinavia, even if the image of quality might have somewhat decreased after Nokia and Eriksson has been losing the market, Volvo being sold to Chinese and H&M flirting with the racisms in its marketing, we still have wilderness, northern lights and Santa Claus. For a competent marketing team that should be enough to build on. The people in USA generally love self-made-man/woman stories which should suit the Nordic craftsmanship tradition well. It is very likely that the end-product will be quite valuable in comparison to other products made of ingredients at the market right now.

The second potential trend to consider is dermatology and healthy cosmetics. The health benefits of the Arctic Berry Wax need to be better examined to find out if there is a benefit to be provided for the consumers. Lingonberries are proved to have anti-inflammatory effects on clinical trials. If there are similar attributes on the Arctic Berry Wax for the skin, it could be marketed for people with dry or brittle skin that tend to have small wounds on their skin. It also could prove to be a benefitting ingredient on a lipstick or balm. The idea of the Arctic Berry Wax used in apothecary cosmetics sounds very fitting for the writers but after all it should be tested on a target audience on the target market. The idea of the apothecary cosmetics and the idea of natural berries are quite different for a people from California that they are for an average Finn.

The third issue to be further researched is rather a function than a trend. Nowadays people are more and more aware of the risks of the skin cancer. People are exposing themselves to the sunlight by sunbathing to get tanned. The ozone layer that filters the ultraviolet sunrays that cause the cancer has thinned because the corrosive effect of the pollution that mankind produces. The wax layer of the berries has proved to be very resistant for the environmental stress factors. These functions should be further researched and its resistance against the ultraviolet sunlight should be examined. This might be very valuable factor if proved to be real and functional.

From our thesis writers' viewpoint after the experiences we had with our failed endeavour to reach for the companies interested in the project it is logical thing to assume that starting a cooperation with United States based cosmetic company on the Arctic Berry Wax product development might be very hard task to achieve. The companies are very hard to reach and only three of them answered our emails we sent to them. We tried to figure out the reason and change our message but with displeasing outcome. We could not get a company for an in-depth interview. We speculated with the reason and came up with couple of explains. These explains are not verified by any scientific data so their accuracy and correctness are issues to be questioned, nevertheless they must be addressed to provide possibility of continuity for probable market researches conducted later-on.

First probable reason for companies lack of interest is that the topic lacks of recognition. People we contacted did not have any image on the topic and we failed to communicate it in interesting manner in our message. The company representatives did not get feeling that this opportunity might present value to them. The topic might be so strange that people we contacted did not want to invest time in getting familiar with it.

Second reason might be that our message drowned in the flood, figuratively speaking. Nowadays people in business world get a lot of emails and are forced to prioritise. For future project we recommend contacting potential partners in face-to-face in trade fairs and other professional gatherings.

The third one is that there is no product ready. Smaller companies usually do not have too many product lines at once. Big corporates prefer to buy mature businesses that have proved to have capability to attract the customers. Companies do not have people with expertise of natural Nordic berries, so they cannot evaluate the level of risk or the level of possibility that the product poses.

As conclusion there should be a Scandinavian, preferably Finnish company partnering in product development and in medical research of the ingredient. When penetrating the US market there should be refined product and sales should be started in internet to figure out the level of demand.

In total we are quite happy with the outcome of our thesis research. We did not achieve the goals we set in the beginning, yet we were able to form a picture of the market we were researching. Our research question was clarified during the process so the questionnaire we failed to carry out was not that essential after all. To successfully execute that sort of questionnaire aimed to reach top-level corporate executives we should have been able to invest more assets that we were able to. We are satisfied with the results of our desktop research. It proved that trends such as vegan and cruelty-free alone are not powerful sales arguments enough to alone convince the customer. This data hopefully will be useful for the Arctic Berry Wax project later on.

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