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Business model for an International Trade Agent

Importing apparel, footwear and accessories from Colombia

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<p>This thesis proposes a business model for a start-up business that will act as an International Trade agent, the aim of which will be to enhance trade relations between Colombia and Finland due to a free trade agreement between the European Union and Colombia. The scope of this thesis was limited to the products of apparel, footwear and accessories.</p> <p>The primary research was conducted in the form of an unstructured interview with an entrepreneur who has more than two decades of experience in the business-to-business trade. The aim of this thesis was to suggest a possible business model for entrepreneurs who are considering establishing start-ups companies specialised in imports, and international trade of clothing and accessories. Two new approaches were used to create the business model "the business model canvas" and "the value proposition canvas". The business model canvas presents only in a general level the elements that are necessary in business planning and actual implementation of a business plan. The results derived from this thesis served as the basis for the elaboration of the business plan, which was submitted to "Enterprise Helsinki" in August 2014.</p>	
Keywords	Business model canvas, value proposition canvas, international trade agent, entrepreneurship, apparel, footwear, accessories, Colombia, business-to-business

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1 Introduction

In economies that are constantly changing, adapting and searching for new markets there are great opportunities for new business ideas, ventures and business opportunities in general. The recent economic crisis and the decline of many industries within Europe has shifted the trading roles of the European firms towards the "Emerging economies" or "Emerging markets". The emerging markets can be defined as a nation economy that is progressing toward advance, showing some features from developed markets, but without being one of these. The aim of this thesis is to explore a new business opportunity derived from the establishment of the free trade agreement between Colombia and The European Union. This business opportunity is presented as a business model for an International Trade Agent, which will work in the business-to-business environment providing the companies with new product assortment to meet the demands of the ends users.

Colombia is part of the group CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey, and South Africa) and has been reviewed by the most important worldwide magazines as the "Colombian Comeback". Despite the fact that Colombia was considered a land of drug lords and uncontrolled violence, there are now changing views in the international community about the country's outlooks and its new scheme to enlarge into the Asian countries. This change in the general attitude towards Colombia has made the execution of agreements with the United States, Canada, European Union and other countries around the world possible. (Time, 2012)

Colombia has developed the *Colombia Country Brand* and its governmental entity "Proexport" which is dedicated to promote and help Colombian companies and start-ups to reach out for other markets. The European Foreign Affairs ministers confirmed the free trade agreement between Colombia, Peru and the European Union at the end of May 2012. Thus a new unexplored market possibility between Finland and Colombia evolved. In the year 2013 *Team Finland*, (a network which gather companies in order to promote Finland and its interests abroad) and Alexander Stubb, the Minister of European Affairs and Foreign Trade in Finland at that time, visited Colombia in order to find new business opportunities in Colombia and in other Latin American countries for the Finnish companies.

The high publicity, coverage and interest towards this event in the Finnish and Colombian media encouraged me to study and write this thesis about specific business opportunities between Colombia and Finland. I had the privilege to be raised within an entrepreneurial environment. This provided me with the possibility to understand business cycles and start-ups since early years. Before and during my studies at the Helsinki Metropolia University of Applied Sciences the focus of his interest has been the future commercial relationship between Colombia and Finland, in addition to the Nordic countries. Therefore, I became interested in creating a business model for an international trading agent, which would specialise in business-to-business trade of apparel, footwear and accessories between Colombia and Finland.

In order to know the type of products that the end customers are demanding from the business customer (which is the target market of the International trade agent) it was necessary to create an online survey to explore the shopping preferences of the customers at the Finnish stores. The survey *shopping preferences and accessories* (see Appendix 1) was conducted prior to this thesis. The survey was carried out in Finland and the target group was people between 18 and 55 years of age.

The online survey was conducted using social media services. The questionnaire defines the response rate only to Finland, the option "where do you live" define the residence areas specifically within the Finnish territory. A total of 264 respondents answered the online survey; therefore the sampling was based in 264 answers. This sampling makes a 0,0048% of the total Finnish population that is estimated to be 5.451.270 according Tilastokeskus in the year 2013 (Tilastokeskus.fi, Population, 2014). The confidence interval for this sampling was 6,03 and the confidence level is 95%. The results of this survey confirmed the preferences of the population sample towards online stores, trying to compensate the lack of assortment in the stock of the Finnish retail stores.

The data analysis gave a general overview of the amount that the end users spend per month on buying apparel, footwear and accessories as well as of the seasons when they are most likely to do so. The analysis gave a surprising discovery that males are most likely to buy during the spring season and on the contrary the females during the summer time. This information could help to know the trends and the possible

targeting strategies when offering a new product assortment to the business customers. The results of the survey show that both genders are most likely to buy casual style of clothing in the following way: 40% of the population would like to buy most at department stores, 31,7% at online stores, 31,7% at Budget /Second hand stores. The monetary value and product quality are the most important variables when making a purchasing decision for the sample of this survey.

One of the limitations of this survey was having a modest number of respondents. This small number of respondents does not represent a reliable size of the Finnish population, which would enable the researcher to draw accurate conclusions about the exact customer buying behaviour, but rather gave a general overview of their behaviour. A bigger sample is needed to describe how these preferences would affect the purchasing decisions.

This thesis may also be limited by the fact that specific research on the establishment of a trading agent between Colombia and Finland has not been conducted previously. In addition, the free trade agreement between Colombia and Finland is still in its early stages. Therefore the implementation of the trade agent company would not represent the success of this business model. In order to present a possibility for the limitations of this thesis, my research work was based on the expertise from an entrepreneur with more than 20 years of experience as trade agent (Appendix 5). Currently, this entrepreneur is working as a trade agent in Finland and Asian countries. Therefore, giving an overview of the implementation of similar business models would serve as basis for the creation of the business model presented in this thesis. This business model would create an increase in the assortment of articles of apparel, footwear and accessories for the retail stores in Finland, thereby meeting its customer demands.

Based on all the arguments mentioned above I find it useful to study the new business opportunities between Colombia and Finland and to create a business model for a start-up business as trade agent.

1.1 Objectives and scope of the thesis

The object of this thesis is to explore, evaluate and analyse new business opportunities in the Finnish markets introducing products of apparel, footwear and accessories from Colombia. These products will be introduced to business markets throughout the establishment of an international trade agent specialised in business-to-business trade between Colombia and Finland. This thesis aims at improving the understanding of the benefits of using a trade agent since they can help the retailers to have a better understanding of their client's needs and how to fulfil them.

The main objectives and research questions of this thesis are:

- What issues should be taken into account when importing these products from Colombia to Finland and what trade barriers exist at the moment for these products?
- What competitive factors are important when starting a new business as international trade agent in Finland, which would specialise in business to business in the sector of apparel, footwear and accessories?

Based on the personal experience of the writer of the thesis, the purchasing behaviour and decisions of the customers in Finland in the retail stores are affected by the lack of assortment of the goods, which were studied prior to this thesis. The lack of choices with competitive prices might explain why customers are moving more and more to online stores abroad to buy these products.

The current population of Finland and the market size is not very big. Hence the demand of apparel, footwear and accessories is not changing rapidly. The evolvement and growth of web stores that are able to respond to customer needs faster than traditional retail shops has intensified the competition. Therefore the traditional retail stores need new business models to compete against the more intensified competition. Looking for new supplier base and markets with help of international trade agents might be one good alternative for them.

1.2 Methodology

Methodology associates the paths in which the researcher approaches a given problem and the ways the research itself is conducted. From its nature this thesis is qualitative research, which is primarily exploratory research. Qualitative research it is used to obtain an understanding of fundamental reasons, motivations and opinions in order to give a solution to a certain problem. Additionally, provides comprehensions into the problem or aids to mature ideas or hypotheses for prospective quantitative research (Jonker 2010).

According to Jonker & Pennink (2010) the research develops at the heart of an open question and during the time of research this question might change. Primary research was conducted in form of an unstructured interview of an entrepreneur with more than 20 years of experience as international trade agent. This interview allowed the writer of this thesis to have insights in the practices and methods used when establishing this type of company "international trade agent". The interview served as the main pillar for the development of the business model. Additionally, the interview was the foundation to take into consideration the forms of legal entities, cost structure, sales process, invoicing, distribution, methods of payments and taxation that will be required to start operations.

Secondary research based on analysing statistics was also used. This data was gathered from various sources like Statistics Finland, Finnish Customs (provide statistics about Finnish foreign trade, and customs), and the Trade Competitiveness Map developed by the International Trade Centre which data is based on Eurostat statistics.

2 Trade relations between Finland and Colombia

The European Union has been creating a network of free trade agreements aiming to facilitate the business transactions and improve the commercial relations between countries especially in the Latin American area. Colombia is logistically well located since it has an access to the Caribbean and the Pacific Sea and land borders with Brazil and Panama. Colombia is among the fastest growing economies in Latin America, because the economic environment has been improving rapidly in the past years, and the direct foreign policies are one of the best in Latin America. (Time, 2012)

2.1 Current trade situation

The scope of this thesis is restricted to the products of apparel, footwear and accessories. Table 1 shows the Finnish imports by industry, between the years 2012 and May 2014. The share (%) represents the value of the total imports made by Finland on these periods. Table 1 represents an idea for the possible business opportunity as "International Trade Agent" since there exist trade of such products.

Table 1: Finnish imports by industry (Finnish Customs – Other statistics, 2014)

Year	Month	Textiles, clothes, leather products		Wholesale and retail trade	
		million €	share %	million €	share %
2012		366	0,6	26 668	44,8
2013		387	0,7	27 144	46,5
2014	I	29	0,6	2 360	48,4
	II	28	0,6	2 183	49,2
	III	29	0,6	2 336	49,2
	IV	28	0,6	2 202	43,5
	V	28	0,6	2 115	44,0

In order to justify the necessity of a business model for an international trade agent, it is necessary to provide some statistics of the bilateral trade between Finland and Colombia. These statistics complement which has been shown previously in Table 1 and explains why there is a need to boost the trade of the Colombian products of apparel, footwear and accessories.

Additionally, the writer complements these statistics with the Trade Competitiveness Map developed by the International Trade Centre which data is based on Eurostat statistics (Appendix 2).

Table 2: Finnish Imports by magnitude and origin (Finnish Customs, 2014)

January - May 2014		
	value 1000 e	share %
Colombia	26 269	0,1
Total imports made by Finland	23 924 093	100,0

Table 2 shows the value of total imports made by Finland between the months of January – May 2014 that represents the 100%. Colombia represents only the 0,1 percentage of the total share. This implies there exists an opportunity to boost the trade between Colombia and Finland. In order to be more specific, table 3 shows the trade between Colombia and Finland of the products, which are the scope of this thesis. These tables show that there has been very little trade or not trade at all of these items e.g. products classified as apparel, accessories and footwear.

Table 3: Trade by country of origin (Finnish Customs – Country Statistics, 2014)

January - May 2014	Colombia	
	Import	Export
	1000 e	1000 e
Travel goods, handbags and sim. contrs	-	0
Articles of apparel and clothing accessories	9	1
Footwear	-	-

Hence, the minimal trade indicates that there exists an unexplored business opportunity in Finland for an international trade agent who would specialise in importing this type of products to Finland. The trade of Colombian products with the Nordic countries is concentrated on Sweden and Norway (Oportunidades comerciales en Europa Central y Escandinavia, Commercial Opportunities in Central Europe and Scandinavia, 2014). So far only goods in the categories of agro-industry, machinery and flowers are imported to the Nordic countries. The percentage of imported apparel, footwear and accessories products from all products imported from Colombia to the Nordic countries is rather small.

2.2 Trade agreement between the EU, Colombia and Peru

Colombia has already trade agreements with 16 countries: Canada, Brazil, Chile, Mexico, Ecuador, Bolivia, United States, South Korea, Argentina, Peru, Switzerland, Salvador, Liechtenstein, Guatemala, Honduras, Paraguay and Uruguay. The agreement mentioned earlier in the introduction between the European Union, Colombia and Peru was confirmed on May 2012, and subsequently signed on June 26th the same year by the European Commission and the Colombian government. This agreement intends to formalise the commercial relationships of these countries, promote investment and create new job opportunities.

As part of ensuring the best establishment of this agreement the two parties involved in the agreement draw a series of provisions as following:

- The exporters from Europe are insured a market place for the European commodities and services.
- The Colombian exporters will receive admittance to the European market that opens up a consumer market of approximately a one billion people. (Colombia-eu.org, 2012)

The agreement supports trade of industrial products by eliminating tariff barriers. The European industrial segments that will benefit from this agreement are machinery, automobiles and spare parts, pharmaceuticals, chemicals, textiles, alcoholic drinks and telecom equipment manufactures. Subsequently, Colombia will benefit from the instantaneous elimination of all EU tariffs on industrial goods for Colombian exporters as of the date of which the Agreement started (Colombia-eu.org, 2012)

According to the study made by Stevens and Kean (2012) about the European Trade Agreement with Colombia and Peru there is the estimation that Colombia would experience the most significant growth in the history of its industrial output due to the implementation of the Agreement. The industrial sectors, which would benefit and increase the output growth are the production of motor vehicles and components with a (25.5%), products associated with chemicals, rubber and plastic products (8.2%)

and textiles (7.2%). The increases result from improvements in market access and, the investment in these industries.

As table 4 shows the sectoral change explains the general trend for the percentage of a workforce to decline or increase over time and for the secondary and tertiary sectors to become progressively more important. Note, that percentage change in bold denotes large negative change and in shaded denotes large positive change. Additionally, table 2 is an approximation of the outputs given to show the benefits of the implementation of the Trade Agreement, subsequently supporting the idea of the constitution of a trade agent to promote the trade between the parts involved.

Table 4: Manufactured goods, sectorial changes (Stevens and Kean, 2012:31)

Sector	EU27		Colombia	
	Sectoral change (%)	Share in total value added	Sectoral change (%)	Share in total value added
Textiles	-0.02	0.5	7.2	0.4
Wearing apparel	-0.06	0.5	2.1	0.7
Leather products	-0.06	0.2	-2.0	0.1
Wood products	0.02	0.6	-5.8	0.1
Paper products, publishing	0.07	1.6	0.3	1.1
Petroleum, coal products	0.05	0.1	0.3	0.5
Chemical, rubber, plastic products	-0.04	2.6	8.2	2.8
Mineral products	0.02	0.9	2.2	0.9
Ferrous metals	-0.04	0.5	6.0	0.8
Metals	-0.2	0.3	6.0	0.5
Metal products	0.01	1.6	0.8	0.4
Motor vehicles and parts	0.02	1.7	25.5	0.4
Transport equipment	-0.07	0.5	6.4	0.2
Electronic equipment	-0.05	0.8	6.2	0.1
Machinery and equipment	0.03	3.6	-1.5	0.8
Manufactures	0.08	0.8	-2.6	0.5
Total	-0.24	16.8	59.3	10.3

According to the Annex I of the EU/Peru-Colombia Trade Agreement (2014):

Customs duties on goods originating in Colombia (hereinafter referred to as "originating goods") provided for in the tariff lines in staging Category "0" in the Schedule shall be eliminated entirely and such goods shall be duty-free of any customs duty on the date this Agreement enters into force. The base rate and staging category to determine the rate of customs duty applicable at each stage of reduction for a tariff line are indicated in the corresponding tariff line in the Schedule. (Trade.ec.europa.eu, 2014: 4)

Thus the trade agreement sets a schedule for the elimination of tariffs on goods originating in Colombia. This applies also on the product groups that are the scope of this thesis e.g. apparel, footwear and accessories. Some of these articles had a high base rate of customs duty prior to the entrance into force of the agreement. The elimination of the customs duties provides a business opportunity for a trade agent, and the pricing strategies for these products in Finland.

3 Entrepreneurship

The establishment of a new venture such as International trade agent requires an understanding of what defines an entrepreneur, the specific characteristics of the entrepreneurial process and how feasible the business idea is. Kuratko and Hodgetts (2001) specify the entrepreneurs as "individuals who recognise opportunities where others see chaos or confusion". The capacity of a country to create wealth, competitiveness and to create a dynamic economic environment relies on the capability of the entrepreneurs and managers that lead the companies to do business.

The excessive desires to discover, analyse and exploit new opportunities are some of the characteristics of a skilful entrepreneur. This makes them create new products, production processes and services. They have the ability to create a set of schemes and organisational patterns that enable them to seek markets for products, services and business ideas that did not exist earlier. (Shane and Venkataraman, 2000)

3.1 Entrepreneurial process

Several dissertations have proposed new models of entrepreneurship in the academic world. Hindle's harmonised conceptual model of entrepreneurial process, the MEP process (Hindle, 2010:106) is preferred as the theoretical basis of entrepreneurship in this thesis. In essence, this model represents for the writer of the thesis the entrepreneurial process necessary to achieve the success of the business model. As is shown in Figure 1 the MEP consists of the basic opportunity or existence of an opportunity, in concrete the existence of a business opportunity. The MEP model gives to the entrepreneur the possibility to operate within a framework, concentrating the efforts into the capacities and domains that are necessary for entrepreneurial processes.

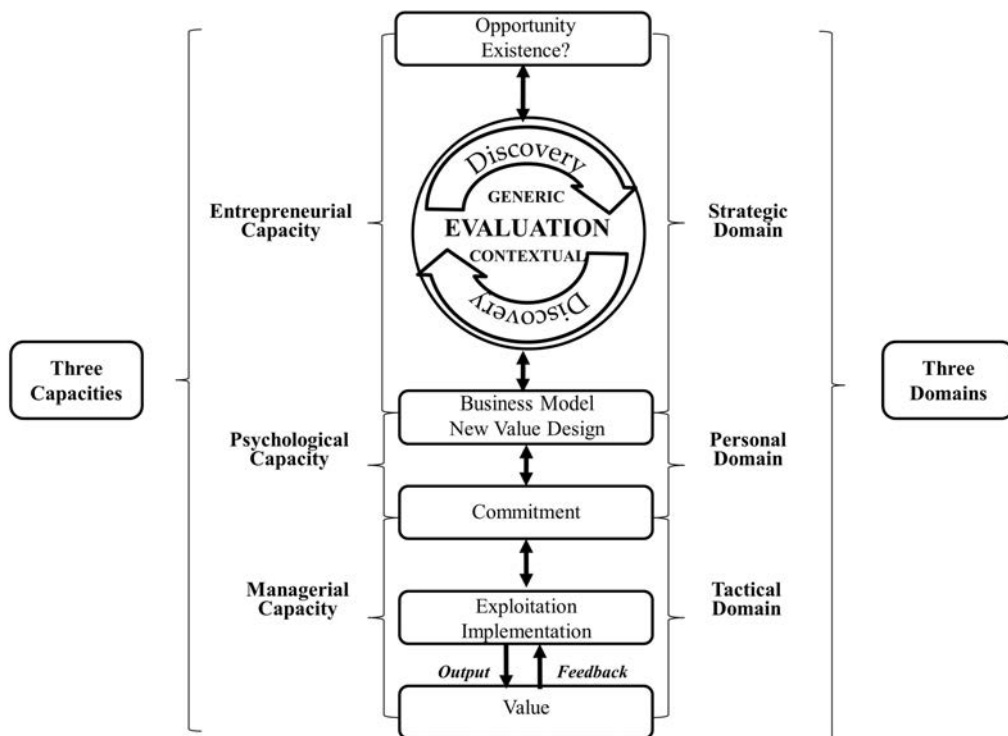


Figure 1: The harmonised conceptual model of entrepreneurial process (Hindle, 2010: 106)

In summary, Hindle's MEP describes the entrepreneurial process as a set of tasks that take an entrepreneur from a starting point to a stage where the opportunity exists to develop a concrete business idea and to generate an output. To get from input or opportunity existence to output, there are three categories or domains of activity: the strategic, the personal and the tactical. In the strategic domain the core is

entrepreneurial capacity, focusing on the evaluation of the business opportunity existence and the outcome of this domain is the development of an opportunity into a business model.

In the personal domain the core is psychological capacity, and the activities involve a range of psychologically driven behaviours and the outcome is commitment. In the tactical domain, the core is managerial capacity and the key behaviours involve a range of managerial exploitation activities and the outcome is the achievement of value. (Hindle, 2010:7)

The scope of this thesis is to explore the existence of a new business opportunity and to develop a business model for an international trade agent. This thesis concludes at the "personal domain stage", specifically in the Business model section. The writer of this thesis will continue independently throughout the tactical domain proposed in Hindler's model until the implementation stage.

4 Business to business markets

According to Pride (2014) a market could be delineated as a group of people working as individuals or as organisations. This group has a need for products and has the tendency, inclination, and power to purchase such merchandise. Hence, a business market includes individuals or groups that create acquisition for certain diversity of products for one of three reasons: resale, direct employment when producing other products which are derivatives from raw materials, or use in general day-to-day operations. Such markets could also be called industrial, organisational markets or business-to-business (B2B) markets and classified into a manufacturer, reseller, government, and institutional markets. (Pride, 2014). As the scope of this thesis is B2B markets and not consumer market, it is relevant to describe the different types of business markets, the purchasing behaviour and methods of such markets as it is described below.

4.1 Business-to-business market categories

The first category of B2B markets is named "the producer markets" which can be defined as individuals or business establishments that purchase products to manufacture additional products or to use them in their operations. The producer markets may involve purchasers of raw materials, and buyers of semi finished items, used to introduce a variety of new products. (Dibb, 2013).

The "reseller markets" comprise the second category. It consists of intermediaries, for instance wholesalers and retailers, who buy finished products and resell them in order to create a net income. Still, a part of creating minor alterations, resellers do not modify the substantial characteristics of the products they administer. The products traded in consumer markets are first sold to reseller markets. (Dibb, 2013).

The "government markets" conforms the third category. A country, local government or district that purchases products and services to support their internal operations and to provide the nation with education, water, energy, national defence, road systems and healthcare is considered as government market (Dibb, 2013).

The final category is known as "institutional markets" which consist of organisations with charitable, educational, community, or other non-business goals. (Dibb, 2013).

4.2 Business-to-business market purchasing process

Numerous differences exist between the transactions that occur in the business markets and the consumer markets. Business buyers are inclined to order larger quantities than individual consumers and often demand customised or tailored propositions. (Dibb, 2013). Suppliers, in this specific instance "The trader agent" must sell their products in big amounts to produce earnings.

In general, business purchases involve expensive items, such as machinery or office equipment, sensitive materials and components that are used in production and may cause to be supplied frequently. However, the contract regarding the conditions of the

sale of these items is probable to be a long-term agreement, requiring repeated negotiations. (Dibb, 2013).

As explained earlier, the negotiations in business sales require much longer than those for consumer sales. According Dibb (2013) a committee often makes purchasing decisions and orders. These orders and decisions are regularly large, expensive and complex since the products might be customised. Subsequently, there exists the possibility that various people or departments in the purchasing organisation will be involved.

The majority of business customers struggle to accomplish and keep a precise degree of quality in the products they are offering to their end-user target markets. To accomplish this aim, they regularly buy their products on the base of a set of expressing characteristics, called "specification". These are relevant to achieve and give an excellent customer satisfaction. On the other hand, a business purchaser is restrained about buying products that exceed specifications, since such products habitually cost more and increase production costs. (Ferrell, 2014)

The services offered by suppliers directly and indirectly influence the business purchaser's costs, gross revenue and profits. Therefore they value the service provided considering the offer of those providers, which add value to the company and to the end customer. The services which business markets are expecting can include some of the following: market information, regulatory compliance support, inventory maintenance, on-time delivery, flexible ordering and logistical support, technical assistance, warranty back-up, repair services and credit facilities. (Dibb, 2013).

4.2.1 Types of purchases in business to business markets

According William M. Pride, professor of Texas University (2014), the majority of business purchases consists of three types: new-task, straight rebuy, and modified rebuy purchase. Each of these types is exposed to various influences and requires that the suppliers or in the specific case of this thesis (the trade agent) to change their promotion tactics properly.

- New-task purchase is an acquisition of an item to perform a fresh job or to solve a trouble.
- A straight rebuy purchase is a purchase of the same products roughly in the same terms of sale by a business purchaser.
- Modified rebuy purchase is a new-task purchase that is altered on succeeding orders or when the needs of a straight purchase are conditioned.

4.2.2 Methods of business to business purchasing

In order to ensure an excellent offering for the end consumer, the business customers demand detailed information, functional features and technical specifications of the products. From the point of view of the business customers these considerations are part of the sourcing strategies and relationships. Sourcing involves more than selecting suppliers; it concentrates the efforts in building relationships with actual and potential suppliers. (Baily, 2008:199)

Additionally, from the point of view of the business customer the supply market research identifies the joint of actual and potential sources that constitute the supply side of a market. Moreover, the supply market research analyses the supplier's competences, how to allocate them, the market trend and long-term supply approximations. (Baily, 2008)

According to Bailey (2008) there exist some characteristics that define a good supplier; these can be listed as follows:

- Delivers on time
- Provides quality
- Gives a good price
- Has a stable background
- It is responsive to the client needs
- Provides technical support
- Keeps the buyer informed on work progress
- Provides an excellent before and after sales service

The traditional view of sourcing was considered as the buyers are spending money and the suppliers are encouraged to compete in order to increase acceptance. However, this interpretation is out-dated since there exist a belief that buyer and seller would get benefits throughout the establishment of long-term relationships. (Bailey, 2008)

In order to explain the purchasing methods of the business customers and how they correlate to the whole purchasing process it is necessary to explore what Ferrell describes as the dimension of marketing to business customers (Figure 2).

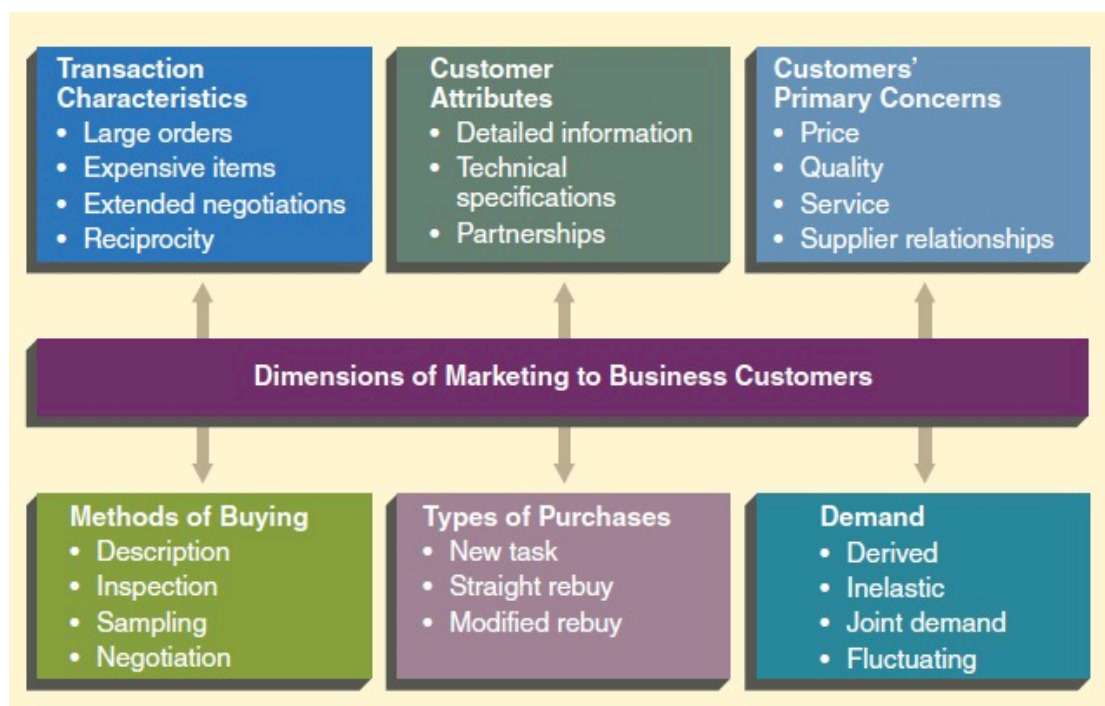


Figure 2: Dimensions of marketing to business customers (Ferrell, 2014: 252)

According to Ferrell (2014), the methods that are broadly used by the business purchasers as the following: description, inspection, sampling and negotiation

- Description: When products have a set of standards such as size, shape, weight and colour. When these products are classified using such standards, a business purchaser would be capable to buy by describing or stipulating quantity, grade and other characteristics.
- Inspection: For items such as large industrial machinery, used vehicles and buildings, the purchaser wants to do an inspection process about the condition

of the assets. Hence, buyers and sellers of such products must base their purchase decisions on inspection.

- Sampling: When the buying process is based on sampling; a sample of the product is taken and evaluated, assuming that the characteristics of this sample represent the entire quota. This method present advantages when the products are homogeneous.
- Negotiation: In certain instances, the purchaser might inquire vendors to propose bids; proceeding with the most attractive bids and negotiating with those providers. A buyer and seller could discuss a contract that specifies a base cost and carries requirements for the compensation of supplementary costs and fees.

4.2.3 Purchasing decision in business to business markets

In order to accommodate a brilliant bid or selling proposal, a trade agent must realise the purchase behaviour of producers, resellers, the public sector, government units and establishments. Additionally it is required to understand the organisational structure of the purchasing department.

According to Gillian and Wilson (2009) within an organisation exist a "buying centre" which can be described as the group of people, who make business-purchasing decisions. The buying centre may include the following groups, and one person might perform several roles at the same time.

- The "users" are the associates who use the acquired product. They regularly initiate the purchase procedure and/or produce buying specifications. After the purchasing process is complete, they evaluate product performance comparative to the stipulations.
- The "influencers" are regularly technical personnel, who support developing the stipulations and assessing substitute products.

- The "buyers" approve suppliers and negotiate terms of leverage. They might get involved in making specifications, and are named as "purchasing agents" or "purchasing managers".
- The "deciders" essentially select the products. Whereas buyers may be deciders, it is not rare for distinctive people to occupy these jobs.
- The "gatekeepers" regulate the information flow among people who occupy positions within the buying centre.

Additionally, as figure 3 shows the decision process can be described as a set of stages such as; problem identification, development of product specifications, exploration and evaluation of products and suppliers, selection of product and supplier, proceeding with the order and finally, evaluating product and provider performance. (Ferrell, 2014)

During the second phase, organisations are involved in value analysis, basically, is an evaluation of each element of a probable purchase. Value analysis observes quality, design, materials, and probably item reduction or removal when acquiring the product in the most cost-effective method. If the vendors are viewed as not acceptable, often the ground is that they are not big enough to provide the desired quantities; or vendors are left out because of poor delivery and service records. (Ferrell, 2014)

Furthermore, organisations perform a vendor analysis, which is a methodical assessment of current and potential vendors, concentrating the efforts on product, availability of the product, price, quality, delivery service, and product reliability. The results obtained in the third stage "Search and evaluate possible product suppliers" operates as basis during the fourth stage. This is the procedure to take the product and the supplier from which to purchase it. In some occasions, the buyer selects and uses several suppliers, a process known as multiple sourcing. Sometimes, only one supplier is selected. This process is called "sole sourcing". (Ferrell, 2014)

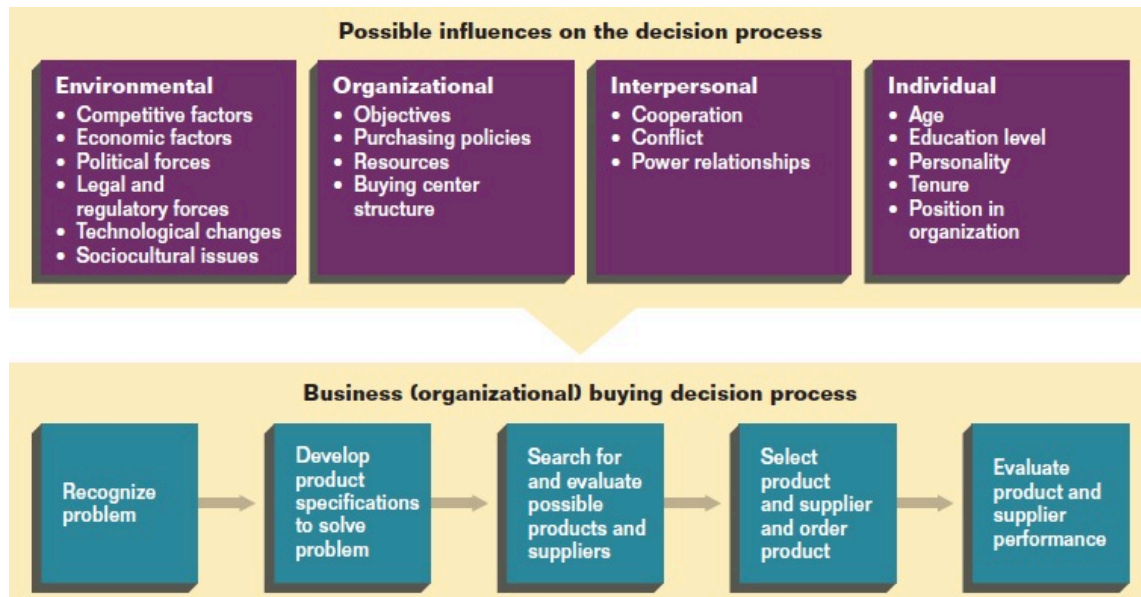


Figure 3: Buying decision process and factors that may influence it (Ferrell, 2014:259)

Ferrell (2014) also explains the process of presenting bids to business buyers. In this process it is important to understand each of these stages and succeed in the establishment of a business partnership. These partnerships could be developed as the main source of income for a trade agent company. It is vital for the implementation of Customer Relationship Management, and Key Account management programs within the "trading agent company" to follow up customer's demands and long-term business relationships.

5 Forms of legal entities in Finland

When making the diagram of new business models it is important to determine the most suitable form of enterprise. Choosing the correct form of legal entity on the planning phase is critical to determine the basic structure of the enterprise, the legal requirements, the extent of dominance and the grade of owner's liability. Selecting the correct form of legal entity can determine the cost structure in which the business model will operate. In Finland it is possible for a business to execute operations in the following forms of enterprise: sole trader, general partnership, limited partnership, limited company, and cooperate, branches of foreign enterprise. Some of the factors to take into account and which affect the selection of the legal entities are as follows; the number of people establishing the business, the necessity and capital handiness,

the duties and managerial process, the operational flexibility, distribution of the profit, revenue enhancement and taxation (Finnish Enterprise Agencies, 2014: 26).

Upon the registration of a business in Finland, the individual receives a business ID ("Y-tunnus" in Finnish) that is registered into the Business Information System by the Finnish Patent and registration office (PRH), the Finnish Tax Office, or any of the local register offices ('maistraatti' in Finnish).

In order to start-up a new trade agent company it is important to describe the forms of legal entities or forms of ownership would be the most suitable for this kind of small business.

5.1 Sole Trader

According to the webpage of the Finnish Patent and registration office (PHR) a natural person resident in the European Economic area is allowed to run operations as a private trader in Finland. As a private trader, the person must report for registration at the Trade Register if:

- He/ She works in a licensed trade.
- He/ She works in permanent premises.
- He/ She employs people other than immediate family members.

The Trade Register has a joint notification system with the Finnish Tax Administration, which enables the individual to submit information to both authorities by using one single notification form (Form Y3). A new Business ID "Y-tunnus" in Finnish is provided once the start-up notification or "Toiminimi" in Finnish has been registered. Consequently, this ID will be accessible on the Business Information System (BIS) website within two to three working days after the form has been filed. (PRH, 2014)

Registration is necessary only if the private entrepreneur engages in licensed or regulated trade, a license must be granted. If the person already owns a license when filing the Start-up Notification, he or she must enclose a certified copy of it. If a license has not previously been conceded, it is necessary to present the form Y6 to notify PHR

when the permit is awarded. There is no requirement to report the amount of capital to register as a sole entrepreneur. The entrepreneur acts on behalf of the company, representing the business and writes the business name. There are no statutory provisions concerning the audit of a private entrepreneur's accounts. (PRH, 2014)

5.2 Partnerships

General partnerships (Avoin yhtiö - Ay) and limited partnerships (Kommandiittiyhtiö - Ky) should file a Start-up Notification with the Finnish Trade Register. The notification has to be filed before starting operations. However, the partnership comes into existence when the partnership agreement is signed. (PRH, 2014)

A high balance of freedom is allowed regarding partnership agreements of general or limited partnerships. For the formation of a partnership, it is necessary to present a "Partnership agreement" to the Finnish Trade Register. The Trade Register commands that at least the following details should be stipulated in the agreement:

- Name of the partnership.
 - The municipality where the partnership is managed.
 - Line of business (type of business).
 - Partners.
 - For limited partnerships it is necessary to define who are the general partners and who are the silent partners, and the contribution made by a silent partner.
- (PRH, 2014)

A general partnership (Ay) consists of at least two partners who equally trade on the foundation of a contract called "the partnership agreement". The partners of a general partnership are personally accountable for the obligations and other responsibilities of the partnership, and could be natural persons or organisations, such as other companies. Moreover, no monetary investment is required of the partners. Instead work contribution is sufficient. Each partner is entitled to represent the partnership and sign for the partnership in matters related to the partnership's line of business. (PHR, 2014).

A limited partnership (KY) has similar characteristics as general partnerships except that limited partnerships have two kind of partners: general partners (also called active partners) which are personally accountable for the obligations of the partnership in the same manner as general partnerships and silent partners. The accountability of which is limited to the sum of the partner's involvement decided in the partnership arrangement. In other words, a silent partner must generate a capital investment in the partnership, while work contribution is sufficient for the general partner. (PRH, 2014)

5.3 Limited Liability Company

Limited Liability Company is a firm owned by members who either administer the business themselves or assign managers to run it for them. It can operate comparable to a general partnership. All members can distribute control to the extent settled in their agreement. It is a corporate structure where the members are not personally accountable for the company's debts or financial obligations. (Carsrud, 2007:87)

However, in Finland every limited liability company is bound to allocate a start-up notification with the Finnish Trade Register. The existence of a limited company is bound by registration. This process must be executed within three months from the ratification of the memorandum of association; on the contrary the formation expires. (PRH, 2014)

For the registration in Finland it is necessary to fulfil the following:

- One or more founders (shareholders, natural or organisations). At least one of the shareholders must have a permanent place of residence.
- The share capital of a private limited liability company must be at least EUR 2,500.
- A limited liability company require a Board of Directors consisting of at least three members.
- A limited liability company may have one or more auditors. The auditor is usually elected by the General Meeting of Shareholders

As table 5 shows, the forms of ownership are reviewed. Therefore, giving an overall description of the concepts and, the requirements needed for registration.

Table 5: Forms of ownership in Finland (Phr.fi, 2014)

	Private trader	General partnership	Limited partnership	Limited company
Number of owners	Only 1 natural person	At least 2 partners	At least 1 general and 1 silent partner	At least 1 shareholder. At least one ordinary member and one deputy member in the board of directors.
Owner liability	The private trader is personally liable for the agreements entered into and for the debts of the business.	The partnership can enter into agreements, but if it cannot pay its debts, the partners are liable.	The partnership can enter into agreements, but if it cannot pay its debts, the general partner is liable.	The company can enter into agreements and is liable for its debts. Shareholders don't have personal liability for the obligations of the company.
Capital requirement	No	No	General partner: no Silent partner: capital investment. There is no minimum or maximum cap on the investment (taxation practice may set a minimum amount for the company in order to be regarded as a limited partnership).	Share capital at least 2 500 euros.
Representatives	The private trader	The partners	The general partner	The board of directors
Registration to the Trade Register	Possibly*	Yes	Yes	Yes
Company name protection	In Finland if the private trader is registered with the Trade Register	In Finland	In Finland	In Finland
Trade Register handling fee for a start-up notification	105 euros	225 euros	225 euros	380 euros
Notification form	Y3	Y2	Y2	Y1 + appendix form 1
Enclosures to the start-up notification	A receipt of the handling fee, normally no other enclosures needed	The original Partnership Agreement, a receipt of the handling fee, normally no other enclosures needed	The original Partnership Agreement, a receipt of the handling fee, normally no other enclosures needed	Original Memorandum of Association, a copy of the Articles of Association, a deed showing that the share capital has been paid, a receipt of the handling fee + other enclosures when necessary

As mentioned earlier, it is important to take into consideration the forms of legal entities when starting the planning phase of the business model. These forms define the cost structure and legal implications that the company will have as well as the delimitation with which can operate. The forms of legal entities are an important element that the business model will require, as well as the business plan. Selecting the correct form of business will save time and future costs if the trade agent operations require it. It is important to remember that it is possible to change the legal form once has been registered, but this operation involves additional time and costs for the entrepreneur.

6 Business models

A business model has been described as a representation, conceptual tool, structural template, or method to represent essential aspects of a business. A simple definition of business model does not exist. On the contrary exist a key component such as the notion of value (value proposition) and, the notion of the financial and monetary aspects. This key component is related to the relationships of firms with its clients, as well as its competencies and activities. (Curley, 2013).

A business model is the representation of a given firm's competitive strategy, which in the image of a sketch determines how the firm organizes its human, physical, and financial resources to create, capture, and share value. As to the "how to's" of organising, a consensus emerges toward identifying four elements or specific logics to be considered: "customers," "expertise," "network," and "revenues, economic value-added." (Desmarteau, Saives and Holford, 2013: 168)

According Bygrave (2010) business models consists of two components; the revenue model formulates all the sources of revenue that the business will generate. The cost model identifies how the business is spending its resources to generate profits. The cost model includes the cost of goods sold and its operating expenses. In order to increase revenue and lower the cost the entrepreneur needs to understand the model and its functionality if changes are needed.

According to Alan Gleeson, managing director of Palo Alto Software's Ltd and creator of Business Plan Pro software: "A business model takes the form of either a simple verbal description or a one page visual representation". (Techcrunch.com, 2010: para 9)

The business modelling process produces several assistances for the entrepreneur, provides a skill to foresee the business operations as a whole as well as to ensure internal focus. The assumption of the writer of this thesis is that there exist the opportunity to develop a business model for an international trade agent specialised in apparel, footwear and accessories imported from Colombia to Finland. In order to deal with this type of blurredness about the existing business models, two new approaches were selected by the writer of this thesis to build the new business model on. These models are called "The business model canvas" and "The value proposition canvas" developed by Alexander Osterwalder.

The advantages obtained for entrepreneurs as the result of using the method of business model canvases are greater than the complexity of the establishment of business plan in the early phases of a start-up. While the business plan often presents an image problem in some work spheres, some individuals consider that the interpretation of unmanageable and unpractical documents (business plans) is obsolete. Contemporary business planning requires a flexible, responsive and concise approach, which concentrates its efforts on goal setting rather than bounding to physical documents as the business plan. (Techcrunch.com, 2010)

The objective of this thesis is to concentrate on the business model but at the same time to give the entrepreneur the possibility to continue from the model into the business-planning phase. The business-planning stage will describe in details the goals of the company and summarise objectives, markets, products, strategy, management team and financial projections.

6.1 Business model canvas

In this thesis alternative methods of business modelling called "Business Model Canvas" and the "Value proposition Canvas" by Alex Osterwalder founder of strategyzer.com, are used. The Business Model Canvas of Alexander Osterwalder is a visual chart that facilitates the description of a firm's value proposition, infrastructure, customers, and finances. (Strategyzer.com, 2014)

"The Business Model Canvas is a strategic management and entrepreneurial tool. It allows you to describe, design, challenge, invent, and pivot your business model". (Businessmodelgeneration.com, 2014)

The Business Model Canvas includes nine building blocks, allowing the entrepreneur to map the entire business model in one single image adding a touch of simplicity and giving tools to explain in an easy way the business idea to future investors or venture capitalist. The Canvas is licensed as creative commons, which enables the free distribution and gives people the right to share, use and shape different models upon it. In the figure 4 an image of the Business model Canvas is presented, but for further

- The backstage:
 - This is basically what is behind the curtain. These are: Key activities, Key resources and Key partners.
 - These can be summarised by some key questions:
 - What resources are needed to develop the product/service?
 - What activities to get customer involved with?
 - What Partnerships are necessary to develop the product/service?

- Production:
 - These are the Cost Structure and Revenue streams.
 - These can be summarised by some key questions:
 - Costs (What is going to cost to produce?)
 - Revenue (How the operations and production are going to be paid?)
 - Income the company receives for its normal business activities.

Additionally, Osterwalder recommends that for each building block it is necessary to understand: What are the underlines business assumptions? In other words, it is required to have a test layer for each building block. This layer involves the most important assumptions for the model to be reliable, or the hypothesis that has to be true for the model to work. Hence, from earlier in text detailed as the nine building blocks they are described as follows:

- Customer segments: A minor percentage of the overall population will purchase the products or services that the company targets to sell. Consequently the more precisely the entrepreneur can focus on them the less the efforts will be wasted. In other words the customer segment is a group of people or organisations to which the International Trader Agent will create value.

- Value proposition: Is an assurance of product value from the company to the customer. It is an unavoidable conclusion from the customer that value will be added and experienced as a whole to solve a problem. Creating resonating value propositions is part of a business strategy, and the entrepreneur needs to take into account that satisfying customers is the source of sustainable value

creation (Kaplan 2004:10). In the next subchapter of this thesis the key points are explained in depth with a new approach "The value proposition Canvas".

- Channels: These can be described as the sequence of businesses or mediators which a product or service passes until it arrives to the end consumer. Although when increasing the number of modes in which a purchaser can discover products or services has the prospective to increase sales, it also creates a system that can make distribution management difficult. It is imperative to understand whether these channels are cost efficient or not and how they are united and customised to the client's needs and which of these channels has the best performance.
- Customer relationships: Generating and building up a secure relationship with a customer is crucial to the on-going success of a commercial enterprise. A customer relationship indicates the approach on how a business communicates and interacts with the people in general, in order to gain and preserve customers and engage customer loyalty. When establishing new customer relationships it is significant to know the customer segments and how to maintain those relationships. A concrete customer relationship not only implies that the client is likely to keep doing business with a provider over the long term. Moreover, this means that the odds of that customer advising the company and its products to others are enriched.
- Revenue streams: Revenue streams imply especially how and across which different methods money comes into a company. In other words, how and throughout which pricing the business model captures value. It is relevant to take into account the different variables that the customer would select, i.e. what value is the customer willing to pay? How they prefer to pay? How the customer pays? How each revenue streams contribute to overall revenues?
- Key resources: The resources of an organisation are the supplies, capital and other assets. These key resources would be physical, financial, intellectual, or human. As an alternative definition key resources involve the infrastructure

necessary to create, deliver and capture value. This value should be captured specifically to the end customer.

- **Key activities:** Are those activities that are needed in order to perform with excellence. It is important to identify what sets of activities are required in the following items: the value propositions, the distribution channels, customer relationships and revenue streams. Subsequently, having these activities defined the organisation can have a better understanding of how these could be improved in order to achieve better customer satisfaction.

- **Key partnerships:** As the business world enhances and becomes extensible open and interconnected, it is important to notice that no company can perform in isolation. Therefore, key partnerships are the fundamental to stay in the next generation of businesses. There are several motivations to create partnerships and some of these would optimise the processes and the economy and some reduce risk and uncertainty. In order to be successful, it is important to clearly identify who are our main partners and through which mechanism these partnership will develop the business performance, subsequently increasing customer satisfaction.

- **Cost structure:** Is a method to determine the expenditures that a company must experience when making up a product or offering a service. When building the cost configuration is fundamental to consider the types and relative proportions of fixed and variable costs that a business model encounters. In order to determine prices a cost structure is used as a tool, if within the business model there exists a cost-based pricing strategy, it is important to highlight areas in which costs might potentially be reduced or at least subjugated to a greater control.

6.2 Value proposition canvas

According to Alexander Osterwalder and Yves Pigneur in their publication a Value proposition is:

“Refers to the value the firm offers to a specific target customer segment. ICT has created many new opportunities for value creation on the one hand and more efficient value creation on the other hand” (Alexander Osterwalder, 2014: 7)

In other words, why a customer should buy a product or service from a specific company or provider? Or what value will be added to the customer to that specific purchase. As figure 5 shows the value proposition canvas consists of two sections “Value propositions”, and “Customer segments”. These two sections constitute a part of the Business model canvas above described.

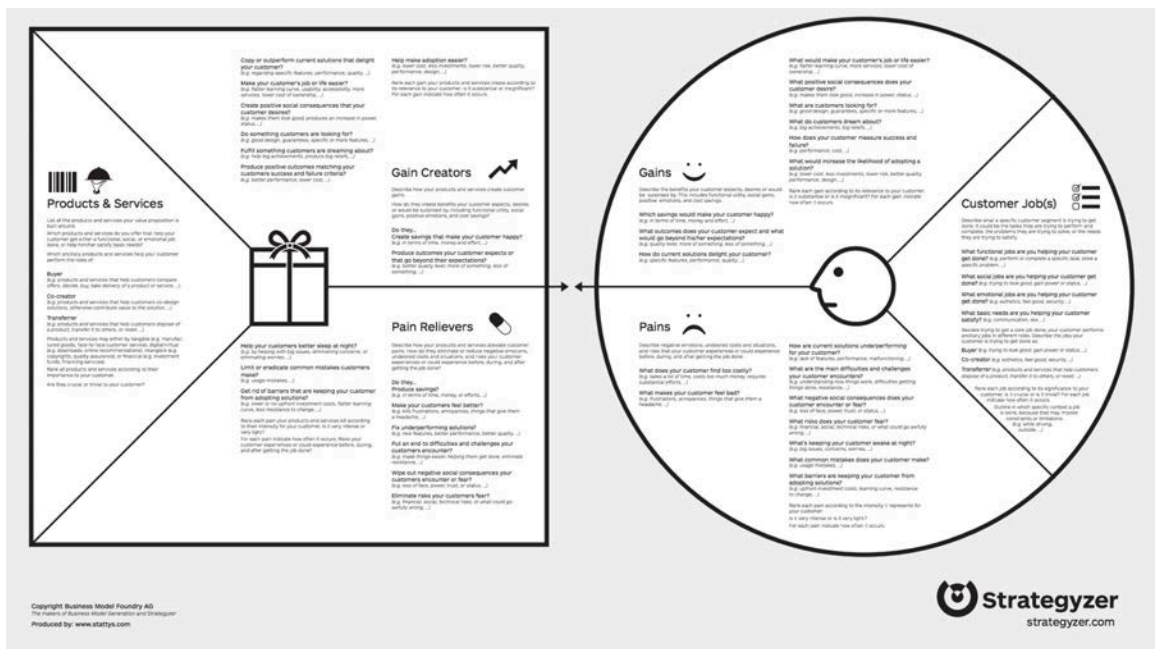


Figure 5: The Value Proposition Canvas (Business model generation, 2014)

The value proposition canvas is an increased view of the “Value proposition” building block within the business model canvas. Its main purpose is to explore deeper into the correlations between the products and services and how these solve customer needs.

The value proposition canvas consists of two parts:

- Customer segments
 - Customer jobs: What are the customers trying to get done?
 - Pains: What are the biggest challenges of the customers?
 - Gains: What a customer expect or desire?

- Value proposition
 - Products and services: List of all the products and services of the value proposition that constitutes to the value proposition.
 - Pain relievers: How the products or services address the customer challenges.
 - Gain creators: How the products or services generate value, or benefits to the customer.

Osterwalder states that in order to succeed in the process of mapping a business model, it is vital to have both the correct model and its correlations. These should be described in perfection and support the hypothesis. In other words, if the entrepreneur fails to describe the value proposition, he will most likely fail to describe the business model as a whole. The value proposition depends strictly on each customer segment. Therefore it is necessary to create several value propositions that will summarise in overall the customer needs that will be satisfied.

The following step upon the completion of the canvases is to proceed with testing the models. A process of inspection and validation of the hypothesis described is necessary in order to determine if the models solve customer's needs. If the model is not successful, the process tends to iterate until the entrepreneur is able to solve customer problems successfully. This is the high-end goal for every start-up or business development idea.

7 Business model for an International Trade Agent

The purpose of this chapter is to transfer the ideas of the business models described in chapter 6 into a business model for the International Trade Agent. The interview with the Finnish entrepreneur who works as trade agent served as the main pillar to collect and understand the necessary elements needed (e.g. key resources, channels, customer segments, customer relationships, cost structure) and to add them into the canvases. These elements constituted the pillars of the Cost structure and the Revenue streams. Additionally, the writer of this thesis received assistance from another entrepreneur in Colombia, who is a business partner for this business model. This assistance provided the elements which are necessary for the sections; key partners, key activities and value propositions.

7.1 Business Model Canvas: Trade Agent

The structure of the business model for the International Trade Agent consists of nine building blocks. Figure 6 shows the results obtained with the method *Business model Canvas*, which is explained in detail below in this subchapter. In the first drafts of the business model canvases the results did not described in a clear way the main goal of the international trade agent. In order to provide another perspective to the business model canvas, it was needed the cooperation of the business partner in Colombia. As a result of these iteration processes the writer of the thesis was able to identify the items that are essential to continue with the business planning phase and, the implementation of the business idea. An expanded version of the canvas is provided in Appendix 4.

Customer segments: As a starting point it is necessary to identify the customer segments which the Trade agent intents to serve. The customer segments section is formed by:

- Retail Stores which sells Apparel
- Retail Stores which sells Footwear
- High End Department Stores
- Low End Department Stores

- Multibrand Stores
- Online Stores (Department & Retail)

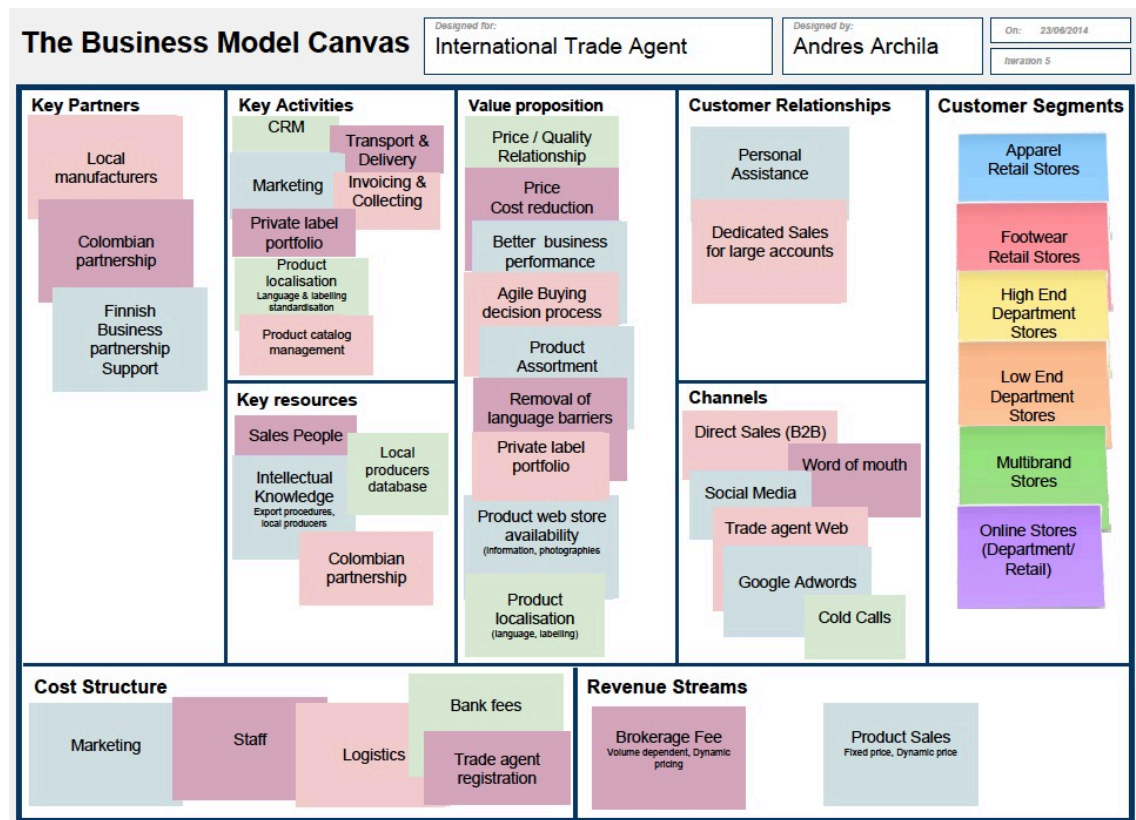


Figure 6: Business model Canvas – Trade Agent (Business model generation, 2014)

It is important to highlight that in Finland these customer segments are in hands of few conglomerates such as: Stockmann, S-group, and Kesko. The structure of these conglomerates gives an interest approach for the offering of the Trade Agent. Some of these conglomerates have a mix of high-end & low-end department stores, as well as online stores. Moreover, the customer segments are formed by a variety of shops, web stores and multibrand stores that represent smaller market share size.

An example of these mixtures is the S-group that, in consumer goods trade, consists of the following stores: Prisma, Sokos, Emotion and the Multibrand stores Pukumies. At the end of 2012, the Prisma chain consisted of 64 outlets in Finland and 30 outlets in nearby areas. There were 21 Sokos department stores, 34 Emotion shops and Pukumies chain has 10 outlets. (Structure - S-kanava, 2014).

On the other hand, the following divisions form Stockmann group: The first division is formed by the department stores Stockmann, Stockmann Beauty, Hobby Hall and the Nevsky Centre shopping centre in St Petersburg. These constitute 16 department stores, 13 other stores in 4 countries and 3 online stores in Finland.

The second division is the fashion chain Lindex, which has 479 stores in 16 countries an online store operating in the EU area and Norway. In addition to Lindex, the second division also includes a fashion chain Seppälä, which has 209 stores in 5 countries and an online store, operating in Finland. (Divisions-stockmanngroup.fi, 2014)

Additionally, Kesko group holds a combination of home and specialty goods chains such as: K- citymarket, Anttila and Kodin1, Intersport and Budget Sport, Asko and Sotka, Musta Pörssi and Kookenkä. In addition to around 420 stores, all chains also provide wide-ranging services online. Anttila department stores offer broad choices of home products, casual clothing and entertainment at low prices. NetAnttila has online stores in Finland, Estonia and Latvia. Kookenkä offers a wide selection of shoes. In addition to chain stores, customers can purchase footwear from the Kookenka.fi online store. (Home and speciality goods trade - Kesko.fi, 2014)

Value proposition.

As explained by Osterwalder (2010:23) the value proposition leans on each customer segment. Therefore, it is necessary to create several value propositions that will summarise the customer needs. As the processes tend to be iterative, the writer of this thesis found that one general value proposition comprises and satisfies all the customer segments.

Figure 7 describes the value proposition canvas in its totality and resumes the value proposition, which fulfils the requirements needed for each customer segment. A complete view of the canvas is provided in Appendix 4. In the value proposition subchapter 7.2 each segment that constitutes the Value Proposition for the customers of the international trade agent is described in more detail.

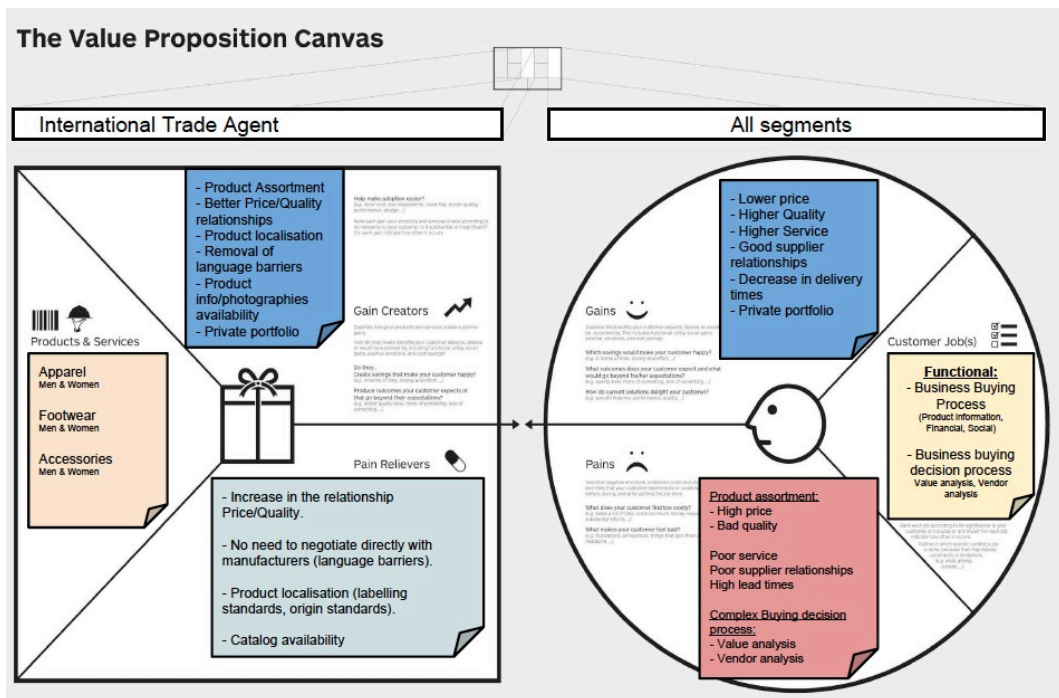


Figure 7: Value proposition canvas – Trade Agent (Business model generation, 2014)

The value proposition items listed within the business model canvas are the result of the analysis of the value proposition canvas, which is an extended view of the value proposition building block within the business model canvas.

The items are described as follows:

- Price / Quality relationship: The trade agent will offer a better correlation between price and quality to the business client (Finnish clients).
- Price /Cost reduction: The trade agent will offer the customer a method based on purchasing volume to lower the variable and fixed costs, and contribute in the overall cost reduction of the client.
- Better business performance: The customer would be able to concentrate on the essential tasks needed for the company and the trader will add value through elimination of unnecessary jobs from the customer.

- Agile buying decision process: The trader will provide the customer with all the necessary information, adding value with an offer of a variety of catalogues which will be available via online or hard copy in order to make an efficient decision process.
- Product assortment: The customers will have more variety of products available to their stores, therefore providing a competitive advantage in the marketplace.
- Removal of language barriers: When doing international business (negotiating and purchasing goods across the world) the English language is used as the main communication language. Since a very small percentage of the providers in Colombia have English as their second language, the trade agent will aid with the language barrier and future misunderstanding when purchasing from the providers.
- Private label portfolio: The client would have the opportunity to select products that would satisfy the demands of their private brands and have the opportunity to increase assortment, quality and increase sales throughout a different product mix.
- Web store availability/ Product information: The trader agent would offer to the client the opportunity to have photographs of their products provided by the Colombian partners / manufacturers. These photographs would be used directly in the web stores (according to the customer standards). Therefore, customer will benefit from removing these tasks from his/her side and that will add value to the client.
- Product localisation. The customer would have the information regarding product composition and product handling. Such information would be e.g. a label according to the European Union standards and Finnish standards. For more information see Appendix 5, labelling of products.

Channels

The channels that will be used to reach the customers and to perform sales are described as follows:

- Cold calls, which refers to approaching prospective clients or guests who were not anticipating such an interaction. The word "cold" is used because the person getting the call is not anticipating a call or has not specifically asked to be contacted by a sales person. The trade agent or the trade agent sales representative will perform these calls.
- Direct Sales (B2B): Includes sales made through the plan, one-on-one demonstrations, or other communication actions.
- Word of mouth: involves the transmission of information between a communicator, which is not involved in commercial activities, and a receiver regarding a brand, product or service. (Roberts, 2009)
- The International Trade Agent Website.
- Google AdWords is an online advertising service, which places advertisement at the top or bottom of, or beside the result query of Google search engine. (Adwords.google.com, 2014)
- Social Media: Is defined as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content." (Kaplan and Haenlein, 2010: 61)

Customer relationships

This contains all aspects of interaction that a company has with a customer, whether it is sales or service-based. Two strategies are created: Personal assistance and dedicated sales for large accounts. In order to create customer relationships, it is important to make a strategy that allows the following particulars:

- Deeper understanding of the customer.
- Retain customers, thus providing better customer experience
- Draw in new customers

- Increase profitably
- Decrease customer management costs

Revenue streams.

In order to describe the main revenue sources of the trader agent company, two main structures are mentioned. A brokerage fee is defined as the remuneration obtained by an agent to facilitate transactions between buyers and vendors. A fee named as “brokerage fee” is charged for services, sales, purchases, negotiations, delivery or consultancy services in a business transaction. Such remuneration would be volume dependent and pricing dynamic. Additionally, the product sales category would have fixed and dynamic pricing; and these pricing techniques are volume dependent. The criteria for such selection may fluctuate according to bargaining and yield management which is variable pricing technique which is based on understanding, foreseeing and persuading consumer behaviour to the extent to increase revenue or profits (Ng C.L, 2007).

Key resources

This building block includes the infrastructure necessary to create, deliver and capture value. In essence, it captures assets that are indispensable to perform the business activities. It is conformed by:

- Sales people.
- The database of local producers in Colombia who are the concrete manufacturers of the products.
- Colombian partnership: Local partner, who will enable agile procedures when trading and allocating manufacturers in Colombia.
- Intellectual knowledge: Including import – export procedure, rules of origin, product localisation, labelling and packaging requirements, supply chain management obtained from the local governmental entities which will help in these procedures. These governmental entities are located in Colombia *Proexport* and in Finland *Finpro*, *Finnpartnership*, *Enterprise Helsinki*; as well as the European union legislation for labelling standards.

Key Activities

Set of duties that are needed for the safety of excellent business performance, these include the following areas:

- CRM – Customer Relationship Management is “the strategic process of selecting customers that a firm can most profitably serve and shaping interactions between a company and these customers” (Kumar and Reinartz, 2012: 5)
- Packing & Label requirements (Product localisation): It is basically adapt the product to the local market language and other requirements in compliance with packaging and labelling regulations imposed by the European Union.
- Product management: According (Steinhardt, 2010) product management is responsible for product planning and product marketing (creating awareness, differentiation, and demand). The business model for the trade agent company will concentrate in these areas to increase the awareness and, the differentiation of the products that will be offered to the customer.
- Product catalogue management: The catalogue will include photos of the products, including model specifications and/ or colours. Additionally, the trade agent company will offer the product photographs that will be used by the customer for the specific purpose of online stores.
- Private label portfolio. Private label brands are viewed as generic product offerings that compete with the competitor’s brand. In other words, private label brands are the lower priced alternative to the “real” thing. (Brandchannel.com, 2014). The current situation of the marketplace has changed the views about the private label brands; they have become a priority for today’s retailers. Throughout the offering of more competitive product categories in the form of private label portfolio for its clients, the trade agent company will expand the customer’s product assortment. Therefore, creating a new opportunity for the business-to-business customers.
- Marketing
- Transport & Delivery
- Invoicing & Collecting

Key Partnerships.

The partnerships building block includes those associates, which would contribute to a better business performance from the Trader Agent perspective. This includes the following:

- Local manufacturers in Colombia
- Colombian partnership
- Finnish partnership support such as Finnpartnership and Finpro.

Cost structure.

This specific building block defines the expenses that the trade agent company has to take into account when providing a service. These cost are divided into main categories and would include cost such as sunk costs, transaction costs, marginal and fixed costs. In essence, such costs can be describe as follows:

- Trade agent registration fees
- Salaries of the staff
- Marketing expenses
- Logistics costs like e.g. Product samples
- Bank fees

7.2 Value proposition canvas: Trade Agent

As mentioned earlier, figure 7 describes graphically the Value proposition (see appendix 4). In order to explain the correlations between each section it is relevant to explain the canvas for the Trade agent in a detailed form, starting with the Customer segment as follows:

Customer jobs: As explained in the chapter 4 "Business to business markets" B2B customer has a special buying decision process. The identification of such processes is vital when finding the task, which the customer is trying to accomplish.

In this case, the business customers are trying to accomplish an efficient function called "Buying decision process" which includes value analysis and vendor analysis. The task or jobs the customer is trying to accomplish are functional, described in two main topics. The first topic is the business buying process where the customer needs product information as well as financial and social information that would affect the decision process. The second topic is the decision process where value analysis, and vendor analysis are taken into account. Additionally, the customer "the purchaser agent" would perform an emotional job, which is the satisfaction that comes with organisational advancement often recognised as financial rewards. (Ferrell, 2014)

Pains: The customers are confronted by the increased costs, product quality that does not meet the standards of the purchaser, as well as product assortment, etc. Based on the personal experience of the writer of this thesis, the interview made with the trade agent entrepreneur and the Colombian partner, three categories has been identified as follows:

- Lack of product assortment.
- Complex buying decision process: Value analysis, vendor analysis.
- Underperformed CRM (customer relationship management): Poor supplier relationships.
- High lead times: Supply chain management underperformance.

Gains: It is essential to create added value and benefits to the customers; these benefits or gains can be listed as the opposite factors to the pains. Additionally, the trader agent would offer the following aids:

- Product assortment: Enhance relationship price/quality
- Simple buying decision process: Better performance when executing value analysis and vendor analysis throughout offering online product catalogue and management of private label portfolio.
- CRM (customer relationship management): Enhanced supplier relationships delivering service quality.
- Enhanced supply chain management performance.

Consequently, in order to proceed with the value proposition section it is important to denote which characteristics of the products and services of the trading agent resolves the pains of the customers and creates value (gains). A suitable value proposition will deliver persuasive reasons why a customer should buy a product, and additionally differentiate the product offering from competitors. Obtaining customer's attention and appreciation will construct sales faster and more lucratively, therefore increasing market share and customer recognition. (Anderson, Narus and Van Rossum, 2006)

Products and services: As described before, the provided services will include private label portfolio, product catalogue and product localisation. The products are described as follows:

- Apparel
- Footwear
- Accessories

Gain creators: Includes an enhanced product assortment offering, better product price/quality relationship, price /cost decrease relationship, decrease in delivery times, better business performance, private label portfolio, product, localisation, product information availability to web stores.

Pain relievers: Includes an enhanced product assortment relationship, removal of language barriers, agile buying decision process, enhanced customer relationship management, enriched supply chain management.

8 Conclusions

The target and emphasis of this thesis was to build a business model and use a new business opportunity since there exists a free trade agreement between Colombia and the European Union. In order to build this business model it was important to research the trade agreement between Colombia and the European Union and to explore in depth the products that were in the scope of this thesis, namely apparel, footwear and accessories. The information regarding the free trade agreement served as a partial answer for one of the research questions. This information provided an overview about the removal of tariff barriers for the products for apparel, footwear and accessories.

The first research question, which dealt with the trade barriers and what other issues need to be considered when importing these products from Colombia to Finland, was answered in its entirety during the progress of the thesis. The elements that contributed to this goal were the theoretical background, the interview with the entrepreneur who is working as a trade agent, the cooperation with the Colombian partner on the creation of the business model canvas and value proposition canvas.

As the purpose of this thesis was merely to explore and portray a business model which can take on the challenges of founding a company such as "International Trade Agent", it was necessary to explore a theoretical background concerning entrepreneurship, entrepreneurial process, business-to-business markets, and their purchasing behaviours. Additionally, it was necessary to explore the existing forms of legal entities in Finland. The selection of these forms of legal entities is important when choosing the cost structure and the possible implications in the operational costs of the trade agent company, as well as the taxation requirements needed for the company. These methodologies and theoretical information were a fundamental part and contributed to the development process of the business opportunity.

The writer of the thesis has observed that there exists a lack of understanding of the business markets and their purchasing behaviours. This lack of understanding will spoil the creative activity of value propositions, and will interrupt the growth and maturity of the building blocks within the business model canvas. The theoretical fragments regarding the business markets and their purchasing procedures are fundamental

when drawing the business model canvas and its correlations, and providing future researchers with key information for execution of new business ideas with commercial enterprise markets “business markets” as customers.

The business model methodology applied known as “The business model canvas” and “The value proposition canvas” clarified how to approach the demands of a business customer and anticipate their movements, and how to prove if a business idea is viable. If a business idea is not viable it is necessary to iterate the process and start over; it is fundamental to test the business model before building the whole project. Both canvases had iteration processes that were necessary for the correct identification of client needs. These iterations were important for the researcher in order to examine each building block and its correlations, as well as the interest of offering a remarkable value proposition to a business customer.

Most start-ups fail due to an erroneous “value proposition” which cannot describe the customer needs. The value proposition canvas for the International Trade Agent (Appendix 4) facilitated the identification of the customer needs divided in three categories such as customer jobs, pains and gains. The correct designation of these categories assisted to correctly distinguish the products and services supplied by the international trade agent. The primary objective in the value proposition section was to add value to the customer and, discern which factors would increase customer value and make a prominent differentiation with the competitors. Offering extra services to the business customer is the central level to increase customer satisfaction. These additional services were described as a product catalogue management, product localisation and private label portfolio, which would serve as high performance tools for the business customers of the trade agent.

Moreover, the business model canvas for the International Trade (Appendix 4) enabled the writer of this thesis to distinguish, classify and isolate the key components which are necessary for the viability of the business idea. The nine building blocks of the business model canvas described the possible correlations within the business idea and the customer value proposition. Each building block is necessary; the first step “Customer segments” is one of the most important blocks due to incorrect identification of the segments can run to the erroneous expression of the rest of the

building blocks. The iteration process helps to purge the elements that are nonessential and concentrate on what is significant to the customer “solve their troubles and provide gains”.

The value proposition and business model canvases for the International Trade Agent described in its totally the answer to the second research question: What competitive factors are important when starting a new business as international trade agent in Finland, which would specialise in business to business in the sector of apparel, footwear and accessories?

The results derived from this thesis served as foundation pillars for the development of the business plan, which was presented to “Enterprise Helsinki” in August 2014. Enterprise Helsinki is a unit of the City of Helsinki's Economic Development service. This entity is a service centre for entrepreneurs in business, which provides support for entrepreneurs, or becoming entrepreneurs with developing a business idea and finding the right contacts for the establishment of the business idea. (Enterprise Helsinki, 2014)

Hence, opening new business opportunities and future business relations between Colombia and Finland it is a feasible project. The establishment of governmental entities seeking to boost trade and commercial relations between nations present an assistance to future entrepreneurs. These entities e.g. Proexport in Colombia, Finnish partnership and Finpro in Finland developed programs that promote trade especially in South America. These bureaucratic units provide financial aids and professional advice that will be necessary for the implementation of the trader agent.

Consequently, the execution of this business idea will contribute to boost the economies of both countries and develop the commercial relations that “Team Finland” started to seek in 2013 when visiting Colombia. Correspondingly, enhancing the supply of these products in Finland is one of the central objectives for the creation of the “International trade agent”, adding value to the business customers is an essential piece of the value proposition. Thereby bringing forward a successful sales process with the business customers.

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Shopping preferences survey: Clothing & Accessories

Shopping preferences survey : Clothing & Accessories

Please help us serve you better by taking a couple of minutes to tell us about your needs and preferences when buying new clothes and accessories. The main purpose of this survey is to understand the customer needs, preferences and styles regarding clothing and accessories that are offered in Finland through physical stores and online stores in order to meet your expectations.

Customer information

1. What is your gender?

Male Female

2. What is your age?

Below 18 18-24 25-34 35-44 45-54 55+

3. Where do you live?

-Select-

4. How often do you shop clothing & accessories for yourself?

Once a month or less 2-3 times a month More than 3 times a month

5. What would be the period of the year you spend the most on clothing & accessories?

Spring Summer Autumn Winter No difference between these periods

6. On average, how much do you spend on clothing & accessories per month? (in Euros €)

Customer preferences

7. How relevant are the following factors to you when choosing a clothing brand?

	Very relevant	Relevant	Neutral	Irrelevant	Very irrelevant
Advertising	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Styles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online Shopping Options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online Shopping Delivery times	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Exchange rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. How important are the following features of a shopping experience to you?

	Very important	Important	Neutral	Unimportant	Very unimportant
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On-trend	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Material	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Organic / Fair trade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Convenient Location	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Store Atmosphere	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customer Service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. Indicate the frequency of where you shop for clothing & accessories at the following places.

	Always	Often	Sometimes	Occasionally	Never
Department Store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Chain Store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Boutique	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Budget/Second-hand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. What categories of clothing would you be most likely to purchase?

- Casual
- Work - Corporate
- Evening
- Shoes
- Accessories

11. Write one or more fashion retailers that you shop at the most.

Proceed

Save

Bilateral trade: Finland – Colombia

Bilateral trade between Finland and Colombia

Product: 43 Furskins and artificial fur, manufactures thereof

Sources: ITC calculations based on Eurostat statistics since January, 2013.

ITC calculations based on [UN COMTRADE](#) statistics until January, 2013.

Unit : Euro thousand

Product code	Product label	Finland's imports from Colombia			Colombia's exports to world			Finland's imports from world		
		Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013
'4301	Raw furskins & pieces suitable for furriers' use, nes	0	0	0	0	44.32	1.51	205,041.48	209,672.88	349,440.96
'4302	Tanned or dressed furskins & pieces, unassembled or assembled	0	9.33	33.13	2,130.91	2,357.54	2,866.16	6,465.23	7,326.89	7,481.99
'4303	Articles of apparel, clothing accessories and other articles of furskin	0	0	0	114.87	80.09	70.02	2,228.55	2,137.5	3,530.19
'4304	Artificial fur and articles thereof	0	0	0	2.15	0	0	128.51	80.09	96.37

Bilateral trade between Finland and Colombia

Product: 42 Articles of leather, animal gut, harness, travel goods

Sources: ITC calculations based on Eurostat statistics since January, 2013.

ITC calculations based on [UN COMTRADE](#) statistics until January, 2013.

Unit : Euro thousand

Product code	Product label	Finland's imports from Colombia			Colombia's exports to world			Finland's imports from world		
		Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013
'4201	Saddlery and harness for any animal, of any material	0	0	0	549.24	698.24	560.89	14,719.62	15,720.59	14,448.27
'4202	Trunks suit-cases, camera cases, handbags etc, of leather, plas, tex etc	0	5.44	4.52	29,328.67	33,517.24	32,732.4	99,171.81	110,635.83	105,763.51
'4203	Articles of apparel & clothing access, of leather or composition leather	0	0	0	2,608.35	2,918.16	1,818.17	46,822.48	43,165.13	38,008.49
'4205	Articles of leather or composition leather, nes	0	0	0	25,039.57	26,069.05	27,298.2	975.71	2,887.06	5,596.81
'4206	Articles of gut, of goldbeater's skins, of bladders or of tendons	0	0	0	251.29	159.4	311.69	0	0	0

Bilateral trade between Finland and Colombia

Product: 61 Articles of apparel, accessories, knit or crocheted

Sources: ITC calculations based on Eurostat statistics since January, 2013.

ITC calculations based on [UN COMTRADE](#) statistics until January, 2013.

Unit : Euro thousand

Product code	Product label	Finland's imports from Colombia			Colombia's exports to world			Finland's imports from world		
		Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013
'6101	Men's overcoats, capes, etc., knitted/crocheted, of hd 61.03	0	0	0	2,109.37	1,646.08	2,190.84	4,962.54	6,296.63	7,421.01
'6102	Women's overcoat, cape, etc., knitted/crocheted, of hd 61.04	0	0	0	1,354.79	1,568.33	1,251.26	10,547.55	9,605.12	11,911.11
'6103	Men's suits, jackets, trousers, etc. & shorts, knit/croch	2.15	0	0	2,022.49	2,642.13	2,645.57	17,017.09	14,615.68	16,417.77
'6104	Women's suits, dresses, skirt, etc. & short, knit/croch	28	4.67	0	14,107.91	15,194.96	14,640.25	82,612.07	81,256.73	84,804.44
'6105	Men's shirts, knitted or crocheted	0	0	0	7,415.81	7,318.34	5,131.54	13,331.08	13,356.05	13,250.46
'6106	Women's blouses & shirts, knitted or crocheted	0	0	0	12,232.6	16,427.38	13,010.29	19,860.21	22,395.11	22,732.07
'6107	Men's underpants, pyjamas, bathrobes etc., knit/croch	0	0.78	0.75	22,786.61	30,602.97	21,818.09	33,643.61	29,369.77	28,811.47
'6108	Women's slips, panties, pyjamas, bathrobes etc., knitted/crocheted	0.72	0	0	30,388.37	34,356.22	24,177.57	44,220.59	39,391.66	42,230.57
'6109	T-shirts, singlets and other vests, knitted or crocheted	67.49	14.77	0	40,630.79	48,174.91	37,813.5	139,827.74	130,910.55	130,933.36
'6110	Jerseys, pullovers, cardigans, etc., knitted or crocheted	31.59	19.44	0	16,877.09	18,518.23	21,335.5	141,343.35	130,291.61	140,545.21
'6111	Babies' garments, knitted or crocheted	0	0	0	4,118.22	4,084.49	3,302.83	20,458.27	19,103.72	20,684.27
'6112	Track suits, ski suits and swimwear, knitted or crocheted	0	0	0	13,766.17	18,843.24	18,512.25	15,690.3	14,721.43	14,283.39
'6113	Garment made up of knitted/crocheted fabric of hd no 59.03, 06, 07	0	0	0	61.03	0.78	0.75	2,237.16	2,511.5	3,158.28
'6114	Garments, knitted or crocheted, nes	36.62	1.56	0.75	7,702.99	9,056.95	7,917.9	12,500.4	14,054.29	12,106.1
'6115	Panty hose, tights, stockings & other hosiery, knitted or crocheted	1.44	1.56	0	18,577.93	20,500.21	16,544.25	56,346.22	55,342.41	54,973.6
'6116	Gloves, mittens and miters, knitted or crocheted	77.54	0.78	0	115.59	223.94	240.92	22,455.63	20,336.15	20,078.21
'6117	Clothing accessories, knitted/croch	5.03	0	0	923.3	1,309.4	1,234.7	8,559.52	9,193.02	8,459.21

Bilateral trade between Finland and Colombia

Product: 62 Articles of apparel, accessories, not knit or crocheted

Sources: ITC calculations based on Eurostat statistics since January, 2013.

ITC calculations based on UN COMTRADE statistics until January, 2013.

Unit : Euro thousand

Product code	Product label	Finland's imports from Colombia			Colombia's exports to world			Finland's imports from world		
		Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013
'6201	Men's overcoats, capes, windjackets etc o/t those of hd 62.03	0	0	1.51	3,446.21	6,400.82	5,377.73	52,655.9	52,351.16	58,673.94
'6202	Women's overcoats,capes,wind-jackets etc o/t those of hd 62.04	0	0	0	2,391.52	2,277.46	3,148.49	77,286.24	77,640.32	85,635.61
'6203	Men's suits, jackets, trousers etc & shorts	0	12.44	0	99,496.33	106,835.92	84,996.43	138,002.68	135,690.17	133,872.55
'6204	Women's suits, jackets,dresses skirts etc&shorts	0.72	0	0.75	55,278.61	62,238.53	55,669.24	171,290.18	180,985.02	160,600.08
'6205	Men's shirts	0	0	0	16,216.56	18,086.68	14,576.26	37,855.16	37,551.97	36,922.1
'6206	Women's blouses & shirts	0	0	0	7,371.3	9,738.09	10,393.33	42,088.97	41,948.26	40,624.7
'6207	Men's singlets, briefs, pyjamas, bathrobes etc	0	0	0	516.93	462.64	257.48	2,517.89	2,757.21	3,159.78
'6208	Women's singlets, slips, briefs, pyjamas, bathrobes etc	0	0	0	792.63	1,111.9	769.43	6,993.65	4,983.34	4,674.55
'6209	Babies' garments and clothing accessories	0	0	0	3,991.14	3,919.65	2,827.77	9,757.79	9,239.67	10,884.2
'6210	Garment made up of fabric of heading no 56.02,56.03,59.03,59.06,59.07	0	0	0	618.16	1,055.14	2,337.65	120,366.71	97,965.58	108,724.53
'6211	Track suits, ski suits and swimwear, other garments	0	0	0	1,706.59	3,407.24	3,469.96	50,603.97	36,044.29	33,734.46
'6212	Brassieres,girdles,corsets,braces,suspenders etc&parts	0	0.78	0	67,722.29	85,751.77	73,762.14	38,233.52	37,132.09	35,902.72
'6213	Handkerchiefs	0	0	0	12.92	10.11	12.8	166.57	259.7	274.04
'6214	Shawls, scarves, mufflers, mantillas, etc	0	0	0	247.7	297.8	252.21	11,793.21	12,063.75	12,753.57
'6215	Ties, bow ties and cravats	0	0	0	236.93	293.14	268.02	2,607.63	2,328.77	2,066.62
'6216	Gloves, mittens and mits	0	0	0	7.18	22.55	18.82	13,435.9	11,400.5	13,070.52
'6217	Clothing accessories nes; o/t of hd 62.12	0	0	0	1,560.85	1,101.02	861.28	3,253.79	2,454.74	2,425.74

Bilateral trade between Finland and Colombia

Product: 63 Other made textile articles, sets, worn clothing etc

Sources: ITC calculations based on Eurostat statistics since January, 2013.

ITC calculations based on [UN COMTRADE](#) statistics until January, 2013.

□

Unit : Euro thousand

Product code	Product label	Finland's imports from Colombia			Colombia's exports to world			Finland's imports from world		
		Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013
'6301	Blankets and travelling rugs	0	0	0	270.67	215.38	781.48	8,380.03	8,937.21	9,230.15
'6302	Bed, table, toilet and kitchen linens	0	0	0	45,838.87	44,478.42	47,274.02	75,105.8	72,828.04	73,580.7
'6303	Curtains, drapes & interior blinds	0	0	0	615.29	787.66	1,103.7	15,855.43	17,438.98	16,449.39
'6304	Furnishing articles nes, excluding 94.04	0	0	0	4,027.04	3,073.67	914.73	10,699.04	9,665.77	10,045.5
'6305	Sacks and bags of a kind used for the packing of goods	0	0	0	9,455.53	9,113.71	5,727.06	11,237.51	11,631.43	13,986.01
'6306	Tents&camping goods, tarpaulins, sails for boats, etc	0	0	0.75	2,614.09	2,891.72	2,820.99	10,995.56	11,082.48	9,158.63
'6307	Made up articles nes, including dress patterns	0	32.66	0	6,607.39	7,036.09	6,494.98	35,031.42	35,167.21	34,123.7
'6308	Set consisting of woven fab&yarn for making up into rugs,tapestrie etc	0	0	0	0.72	9.33	0	1,476.84	1,562.11	570.67
'6309	Worn clothing and articles	0	0	0	0	0	1.51	1,029.55	1,131.34	1,429.69
'6310	Rags,scrap twine,rodage,rope	0	0	0	22.97	151.62	95.61	435.08	608.05	791.26

Bilateral trade between Finland and Colombia
 Product: 64 Footwear, gaiters and the like, parts thereof

Sources: ITC calculations based on Eurostat statistics since January, 2013.
 ITC calculations based on [UN COMTRADE](#) statistics until January, 2013.

Unit : Euro thousand

Product code	Product label	Finland's imports from Colombia			Colombia's exports to world			Finland's imports from world		
		Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013
'6401	W/p foot,outer sole/upper of rbr/pla upper not fixed to sole nor assemb	0	0	0	813.45	2,106.39	2,470.16	15,109.47	15,665.38	15,676.95
'6402	Footwear nes, outer soles and uppers of rubber or plastics	0	0	0	6,188.82	6,047.82	4,970.43	64,408.19	64,481.78	68,160.06
'6403	Footwear, upper of leather	0	0	0	14,522.18	15,386.24	15,149.94	133,457.28	129,939.38	133,184.43
'6404	Footwear, upper of textile mat	0	0	0	2,769.89	2,402.64	1,679.65	51,342.76	57,659.52	71,177.55
'6405	Footwear, nes	0	0	0	315.9	558.28	532.28	10,194.31	10,708.47	8,855.22
'6406	Part of footwear,removable in-soles,heel cushion etc,gaiter etc	0	0	0	12,863.69	14,402.63	14,022.15	40,239.5	34,907.51	34,827.63

Business model & value proposition canvas.

Designed for:

Date:

Version:

The Business Model Canvas

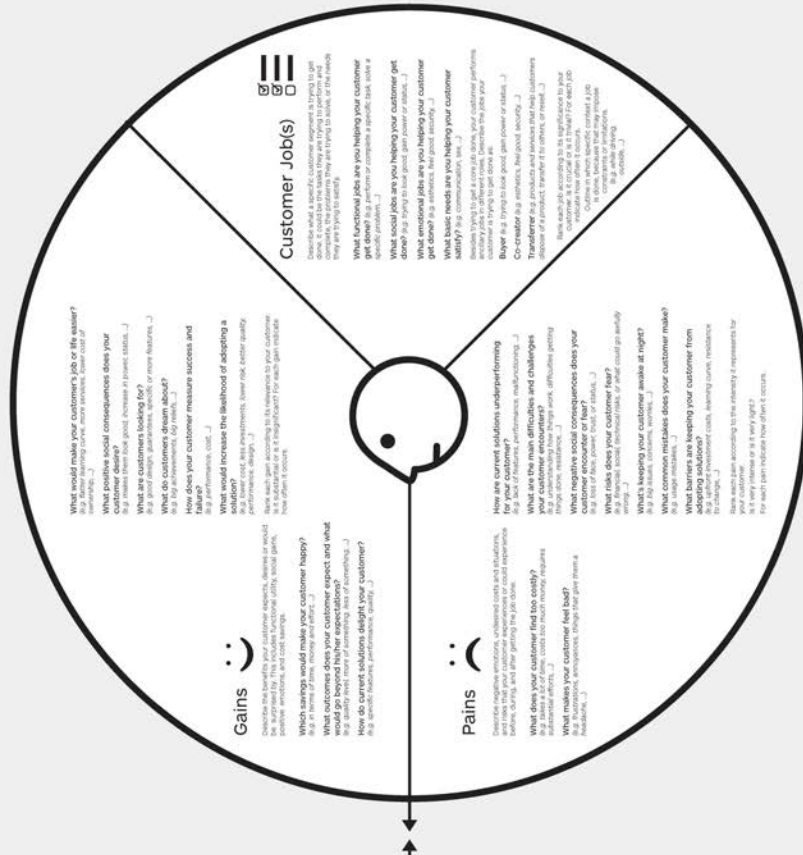
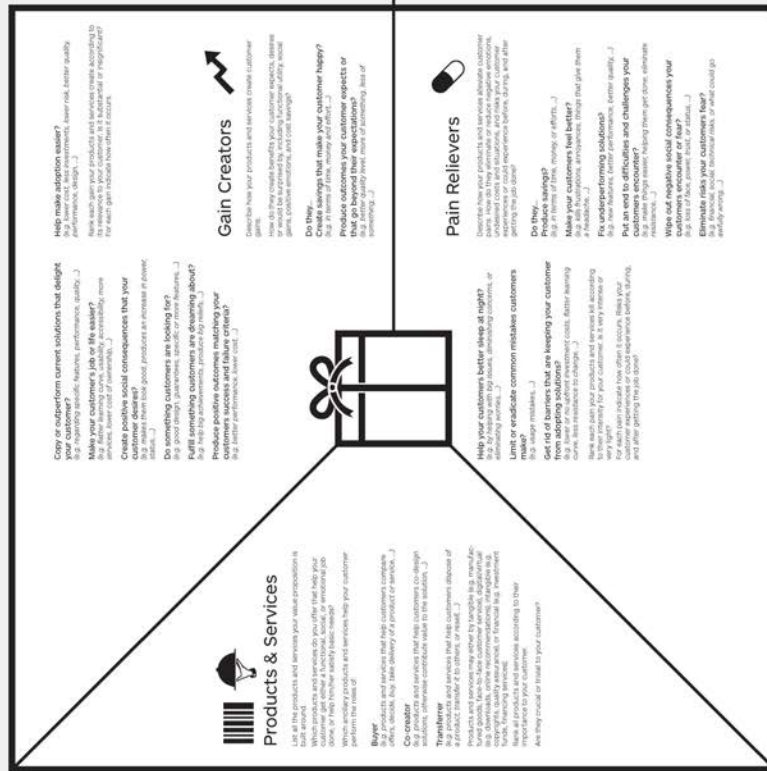
<p>Key Partners</p> <p>Who are our Key Partners? Which Key Partners help us reduce our cost structure and/or increase our revenue streams? Which Key Partners do we depend on? Which Key Partners do we depend on? Which Key Partners do we depend on?</p> <p>KEY ACTIVITIES FOR PARTNERS</p> <p>Activities of partner resources and activities</p>	<p>Key Activities</p> <p>What Key Activities do our Value Proposition require? Which Key Activities are most important? Which Key Activities are most important? Which Key Activities are most important?</p> <p>KEY RESOURCES</p> <p>Physical, Intellectual, Financial, Human, Channels</p>	<p>Value Propositions</p> <p>What value do we deliver to the customer? Which bundles of products and services are we offering? Which customer needs are we addressing? Which customer needs are we addressing?</p> <p>KEY RESOURCES</p> <p>Physical, Intellectual, Financial, Human, Channels</p>	<p>Customer Segments</p> <p>For whom are we creating value? Who are our most important customers? Who are our most important customers? Who are our most important customers?</p> <p>KEY RELATIONSHIPS</p> <p>Channels of Personal Assistance, Channels of Personal Assistance, Channels of Personal Assistance</p>
<p>Cost Structure</p> <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive? Which Key Activities are most expensive?</p> <p>KEY ACTIVITIES FOR PARTNERS</p> <p>Activities of partner resources and activities</p>	<p>Key Resources</p> <p>What Key Resources do our Value Proposition require? Which Key Resources are most important? Which Key Resources are most important? Which Key Resources are most important?</p> <p>KEY RESOURCES</p> <p>Physical, Intellectual, Financial, Human, Channels</p>	<p>Customer Relationships</p> <p>What type of relationships does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? Which ones have we established? Which ones have we established?</p> <p>KEY RELATIONSHIPS</p> <p>Channels of Personal Assistance, Channels of Personal Assistance, Channels of Personal Assistance</p>	<p>Channels</p> <p>Through which Channels do our Customer Segments expect us to be reached? How are we reaching them now? How are we reaching them now? How are we reaching them now?</p> <p>KEY RESOURCES</p> <p>Physical, Intellectual, Financial, Human, Channels</p>
<p>Revenue Streams</p> <p>For what value are our customers really willing to pay? For what do they currently pay? For what do they currently pay? For what do they currently pay?</p> <p>KEY ACTIVITIES</p> <p>Physical, Intellectual, Financial, Human, Channels</p>	<p>Key Resources</p> <p>What Key Resources do our Value Proposition require? Which Key Resources are most important? Which Key Resources are most important? Which Key Resources are most important?</p> <p>KEY RESOURCES</p> <p>Physical, Intellectual, Financial, Human, Channels</p>	<p>Value Propositions</p> <p>What value do we deliver to the customer? Which bundles of products and services are we offering? Which customer needs are we addressing? Which customer needs are we addressing?</p> <p>KEY RESOURCES</p> <p>Physical, Intellectual, Financial, Human, Channels</p>	<p>Customer Segments</p> <p>For whom are we creating value? Who are our most important customers? Who are our most important customers? Who are our most important customers?</p> <p>KEY RELATIONSHIPS</p> <p>Channels of Personal Assistance, Channels of Personal Assistance, Channels of Personal Assistance</p>

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The Value Proposition Canvas

Value Proposition

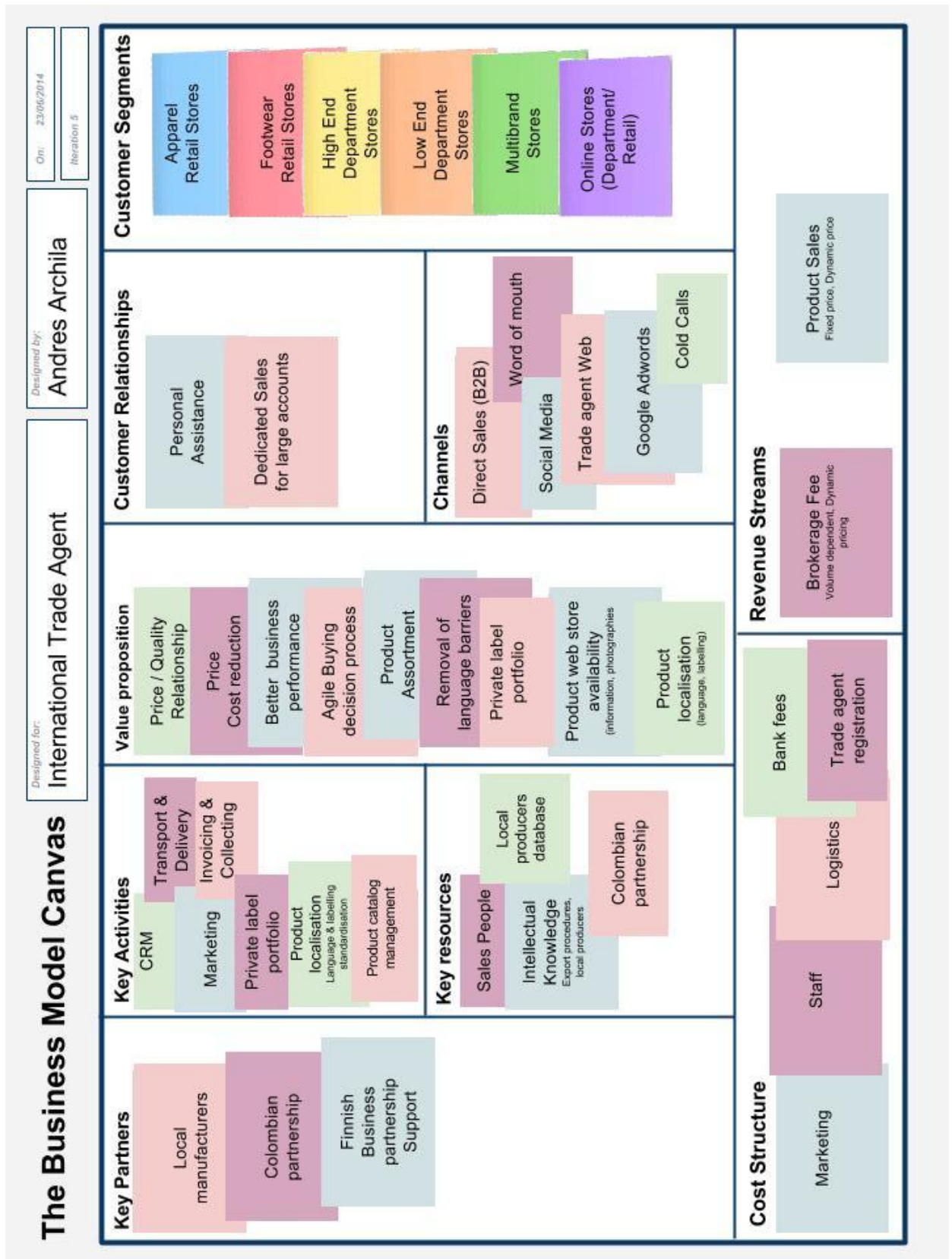
Customer Segment



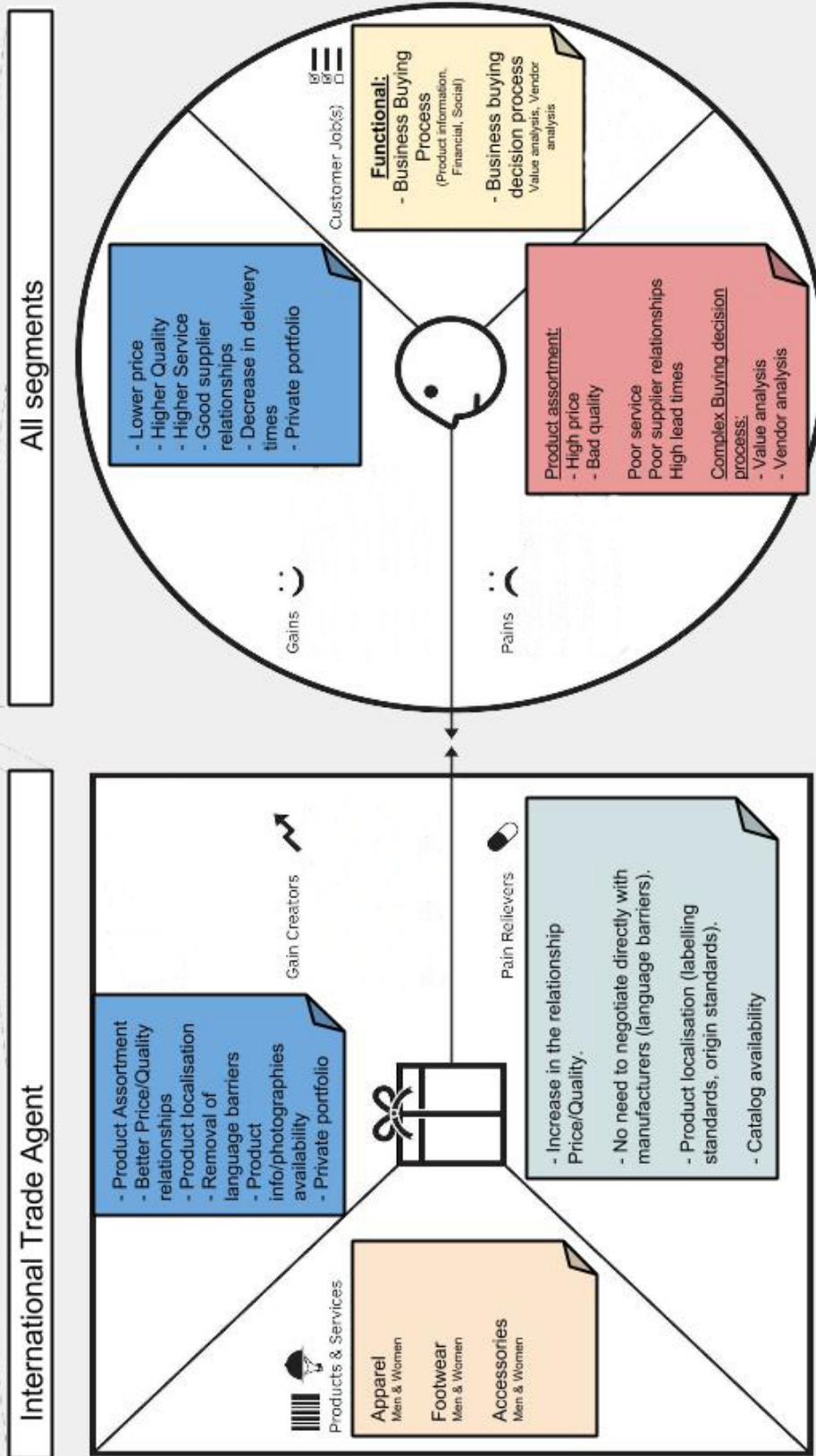
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Business model & value proposition canvas: Trade Agent



The Value Proposition Canvas



Interview with Harri Hyytiäinen (AV Markkinointi Oy)

I'm considering exploring a business model, which is the subject of my bachelor thesis. It's about a trade agent, which will sell B2B products of apparel, clothing and accessories from Colombia to Finland. I know you have more than 20 years of experience in this field, and you can be my business and entrepreneurship advisor. With you as advisor I would be able to understand how to apply basic concepts to such business model. I will start with basic questions and move forward to specific questions such as: commissions, type of contracts, packaging and labels, methods of payments, sales process, etc.

1. Could you introduce yourself and what company you are representing?

My name is Harri Hyytiäinen and I represent my own company AV Markkinointi Oy.

2. What is your background and why you started as an entrepreneur?

I started in sales, mainly business to business sales. I was working as a sales representative. Basically, I saw the opportunity to start as an entrepreneur. I acquired enough experience in the sales field, so for me is my own environment.

3. Could you describe how to establish a company in Finland? Should I start as sole entrepreneur (toiminimi) or directly to Limited liability company (Oy)?

Well, you have to take into consideration the costs structure of your business. If you have the capital required as Limited liability it is excellent, but you are a new entrepreneur. In my opinion you should start as a sole entrepreneur. You won't need a huge amount of capital, and if the business runs as planned (creating profit) you can register your company as limited company. Well, it's an additional cost, but ensure low cost at the beginning.

4. Could you describe a typical sale process in the business-to-business sector? How do you approach them?

There are different methods: calls, proposals, etc. Basically calls and walk in with product samples is mandatory. The client wants to see those products. I have exclusive rights of the brands that I represent in Finland. This part is fundamental,

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since you want to have the business opportunity in your hand; it is necessary to have their exclusive rights.

The typical sale process could be described as follows:

- a) You can have two alternatives for selling the products: Private label or product as it comes from the manufacturers.
- b) The companies usually ask small quantities, but depends what is the minimum amount they are willing to sell to the end-customer, and if they can get rid of the inventory as quickly as possible.
- c) You need to take in consideration what is the maximum quantity that your manufacturer can produce (in case you pass the business customer expectations).
- d) Specify the quantities
- e) Specify the delivery times
- f) You need to specify the payment times. Sometimes take between 6 - 7 months; this is dependent of the lead times of the cargo. You can approximate 3 months (ocean + the handling times of the cargo at the Finnish port) and other 3 or 4 months to receive the payment.
- g) You have to specify the purchase orders: they go first to the trader and, then the trader sends the purchase order to the producer.
- h) Specify the invoicing: Remember is the manufacturer who is paying the sales commissions. The payment is usually done after they have received the cargo within 60 days.

5. This takes me to another question. Do you work base in commission sales or what type of structure?

Since I have the exclusive rights, the producer pays me 10% of the sales. The producers usually add these sales percentages to their overall "sale price" of the products. Also, they add the transport costs (logistics costs) to the pricing. They have their own pricing strategies.

6. What advise can you give about insurances and taxation for a sole trader?

Well, there are many requirements. You will need entrepreneur insurance YEL and other insurances related to your specific company.

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The taxation has two modes: VAT 24% (value added tax) if you are receiving your commission from a Finnish company, but in your case you will receive a sales commission from the Colombian producers. So that means, your value added tax or ALV - arvonlisävero in Finnish will be 0.

7. What about the packaging and labelling for this products? Are the producers labelling these products or the wholesalers in Finland?

Usually the producers or manufacturers have all the standards that are required to enter to the European Union, but it is your work to find out that info before the offering of such products. The art barcode could be in English, but if the client (business customer in Finland) wants those in Finnish some translation will be needed. But in the case you are negotiating "Private label products", the business customer already has all this requirements (labelling and packaging) ready to be sent for the producer. It is important to note, the business client wants to receive the private labels products ready to be sold, as well as the normal offering of products.

8. As a closing question: My business model is built upon the collaboration with my Colombian partner, who will help allocating and sorting out the producers. What you can recommend for this task, how to proceed?

Well, so much better if you have people in Colombia. If the Colombian partner is already sorting out the producers, you have made already a big percentage of the implementation. You just need to teach about the product requirements for the European Union. In your business idea there is low risk involved. You have a business idea with low risk investment and low costs. At the beginning of the operations, you don't need to pay office expenses, since you are a sole entrepreneur, and you do not need to make a big capital investment.