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# Exploring alternatives for alcoholic beverages supply to the Hotel Restaurant Catering sector in Finland

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## Exploring alternatives for alcoholic beverages supply to the Hotel Restaurant Catering sector in Finland

### **Abstract**

Driven by a desire to empower both producers and consumers, I embarked on a mission to explore alternatives to the alcoholic beverage import sector through collaborative sourcing strategies. This thesis explores the feasibility and potential benefits of such an approach, focusing on the HoReCa (Hotels, Restaurants, and Catering) sector in the Turku area. By fostering direct relationships between alcohol beverages producers and HoReCa businesses, bypassing traditional importers, we aim to create a more efficient and mutually beneficial supply chain.

The theoretical framework guiding this research is the Blue Ocean Strategy, which advocates for value innovation and the creation of uncontested market spaces. By applying the principles of Blue Ocean Strategy to the alcoholic beverage industry, we seek to break free from the constraints of traditional competition and explore new opportunities for growth and innovation.

Through a combination of primary data collection, stakeholder interviews, and market analysis, this thesis aims to uncover the needs, pain points, and aspirations of both producers and HoReCa companies. By understanding their

unique challenges and opportunities, we can develop tailored solutions that drive value creation and promote sustainable growth.

Ultimately, this thesis seeks to pave the way for a paradigm shift in the Finnish alcoholic beverage market, where collaboration, innovation, and mutual benefit take precedence over traditional hierarchies and practices. By embracing a collaborative sourcing mindset, we hope to unlock new possibilities for producers, HoReCa establishments, and consumers alike, creating a win-win-win scenario that transforms the industry landscape for the better.

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Appendix 1. Market research survey

## List of abbreviations (or) symbols

Abbreviation	Explanation of abbreviation (Source)
HoReCa	Hotels, Restaurants and Catering.

# 1 Introduction

Since the end of 2016 I have been working in Finland as a representative agent for alcoholic beverages producers (wines and spirits), presenting their products to Alko<sup>1</sup>, and introducing more than 50 different references.

The variety of the selection ranges from Spanish, Italian, French, Chilean and Argentinian wines, to Japanese sake, Mexican tequilas and mezcal, rums from Canary Islands and South America, and whiskeys and gins from India, Scotland and Ireland.

The idea of creating the agency came as a solution to a problem. My family in Tenerife, Spain, has always been linked to viticulture, and when I moved to Finland in 2012, all the help I provided in the field disappeared.

In the 2015's harvest, my mother told me that the winery to which she sold the grapes had not yet paid them the full amount of the previous harvest. So, I started looking for a way to help from the distance.

Doing a quick analysis of the situation and the market in Finland, I realized that although Alko had wines from all parts of the world, Canarian wines<sup>2</sup> were not present in their selection. So, I asked for samples from the winery and contacted the entrepreneur support office in Turku, who guided me and helped me found the agency and put me in touch with Alko.

Unlike importers or wholesalers, my work does not include the purchase and storage of products. The purchase of the products and their storage are the biggest costs and risks that importers incur, apart from other costs such as taxes, transport, licenses, etc.

I have been on both sides of the business, in import-export and in production, and in my experience, the entire alcoholic beverage industry is sustained by the

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<sup>1</sup> Alko is the national alcoholic beverage retailing monopoly in Finland.

<sup>2</sup> Wines from Canary Islands, Spain.



producers, who tend to always take the brunt of the profits, and who are continually pressured by wholesalers to reduce their prices and margins.

In addition, in recent years the costs of *dry matter*<sup>3</sup> have increased a lot, that is, bottles, labels, cardboard boxes, bottle closures, etc. But being fair to importers, transportation and storage costs have also increased.

Since I come from producers, I know first-hand the work and effort they put into production, and I fully understand their problems and concerns. So, I try to favor them in each transaction, being always fair and clear. This win-win practice reaches the producer and allows me to establish a relationship of trust and mutual benefit.

The original idea when starting this activity was to conduct a traditional importation, similar to what other importers do, but due to the lack of funding and my situation as a foreigner in an unknown market, I had to discard the idea. As I worked with Alko, I gained experience in this market and understood that working as an agent allowed me to work safely without risks.

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<sup>3</sup> Is a term used to refer to the dry elements that compound e.g. a wine bottle. (glass bottle, cork, labels, etc.)

## 2 Alcohol beverage market in Finland

### 2.1 Alko Oy

Alko is the national alcoholic beverage retailing monopoly in Finland owned entirely by the Finnish Government. It is the only store in the country which has the rights to retail any beverages containing over 5.5 per cent alcohol by volume.

From alcohol producers (and suppliers) perspective, the monopoly Alko is the largest, most interesting, and desired client in Finland as it is the alcoholic beverage retailing supermarket. Simultaneously, it's undeniably a challenging client due to the supplier agreements, and the numerous requirements and demands of its product selection tendering process.

Alko publishes its purchase plan three times a year, plenty of tenders<sup>4</sup> with many different requirements and specifications that must be fulfilled to be able to submit the offer. Alko's monopoly operates in a legally protected blue ocean. (Kim & Mauborgne, 2014)

Only a legislation change at national or European level could negatively affect its advantageous position.

### 2.2 Importers and Suppliers

From the perspective of importers and suppliers, the alcohol beverage market in Finland presents both challenges and opportunities. Dealing with the regulatory framework, including licensing requirements, taxation, and compliance with alcohol regulations, can be complex and time-consuming for importers and suppliers. Additionally, competition among importers and suppliers can be

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<sup>4</sup> an offer made in writing by one party to another to perform certain work, etc., at a given cost; a bid.

fierce, particularly for securing partnerships with private clients and restaurants outside of the Alko monopoly.

The Finnish market offers a stable demand for well-known alcoholic beverages, driven by consumer preferences and established drinking habits. Usually, this stable demand is handled by big and well-established importers.

Despite these challenges, Finland's alcohol beverage market also presents opportunities for growth and innovation, especially for small importers and suppliers who can differentiate their offerings, establish strong relationships with retailers, and adapt to changing consumer preferences.

### 2.2.1 Challenges and advantages for a large importer in Finland

<b>Challenges and advantages for a large importer in Finland</b>	
<b>Advantages</b>	
Economies of scale	Can negotiate better prices due to larger volumes
Established networks	Access to a wide range of suppliers and distribution
Brand recognition	Greater brand recognition and credibility
Financial resources	More financial resources for investment
<b>Disadvantages</b>	
Bureaucracy	Slower decision-making and implementation
Less flexibility	Limited adaptability to changing market conditions
Increased competition	Face stiff competition from other big players
Higher overhead costs	Higher operational costs, high employee numbers

Table 1. Challenges and advantages for a large importer in Finland

### 2.2.2 Challenges and advantages for a small importer in Finland

<b>Challenges and advantages for a small importer in Finland</b>	
<b>Advantages</b>	
Agility	More agile and responsive to market changes
Personalized service	Provides personalized service and attention
Niche markets	Can specialize in niche markets
Lower overhead costs	Lower operational costs, smaller teams
<b>Disadvantages</b>	
Limited resources	Limited financial resources
Distribution challenges	Challenges in accessing distribution channels
Brand recognition	Lack of brand recognition and credibility
Vulnerability	Vulnerable to market fluctuations

Table 2. Challenges and advantages for a small importer in Finland

Comparing the importers and suppliers' Finnish market to those in other countries, there may be similarities in terms of regulatory hurdles and competition, but each market will have its unique characteristics influenced by cultural norms, government policies, and consumer behavior. The main difference is the aforementioned monopoly Alko as the alcohol supermarket for private retail customers, and the largest customer for importers, producers, and suppliers.

### 2.3 HoReCa

Another part of the market is the HoReCa (Hotels, Restaurants and Catering) distribution, includes professionals in the restaurateur sector and operates similarly to how it does in other countries.

Considering the final customer profile in Finland and having contacts at both ends of the wholesale distribution chain (producers and restaurateurs), I took

Alko outside of the equation and I started to wonder if there was any better way to serve these both ends.

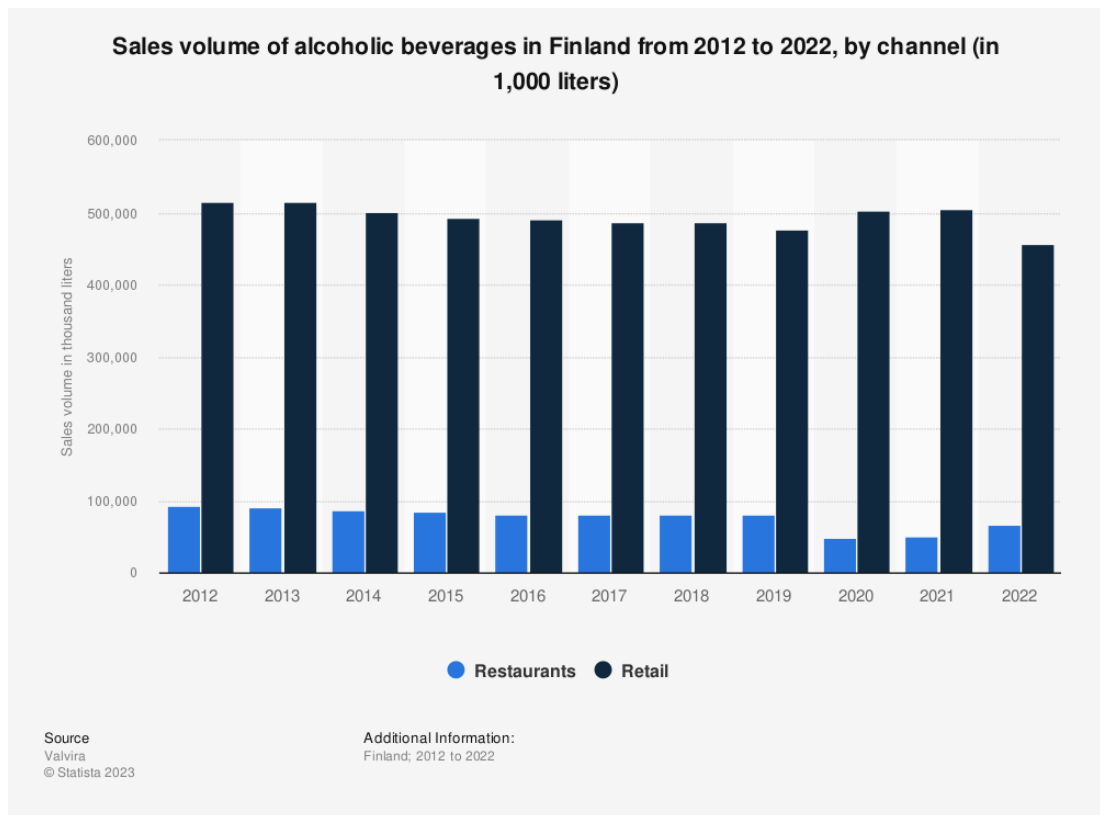


Figure 1. Sales volume of alcoholic beverages in Finland from 2012 to 2022

### 2.3.1 HoReCa market size

Sales volume of alcoholic beverages in the Finnish HoReCa sector in 2022 was slightly over 67 million litres. (Valvira, 2023).

From this amount, half of the consumption of alcoholic beverages in the HoReCa sector was beer.

Our target market would be mainly focused on the wine share (18%), plus the spirit share (17%).

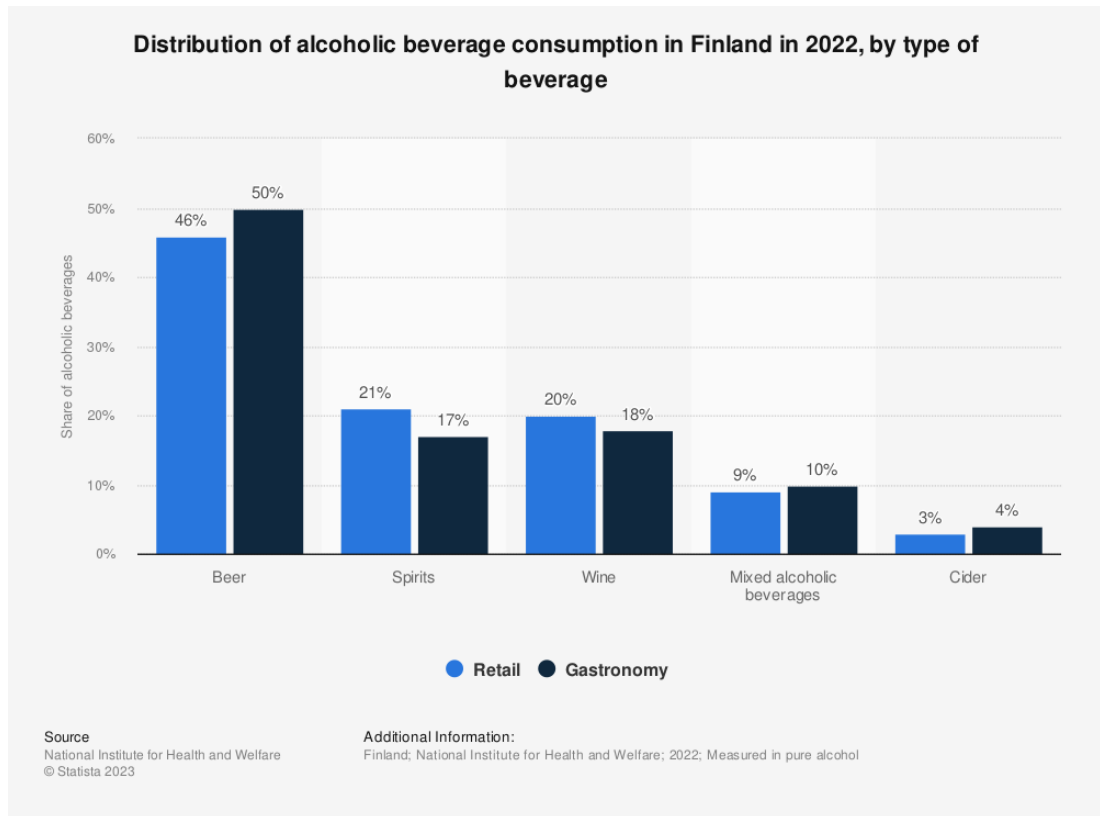


Figure 2. Distribution of alcoholic beverage consumption in Finland in 2022, by type of beverage

So, I started to look for answers to these questions:

- How can I help increasing producers' sales volume?
- What are the pain points of the HoReCa sector?
- How can we benefit the HoReCa sector locally?
- How can we benefit HoReCa customers?
- What are the HoReCa customers' pain points?

And the answers to these questions should be considered in a blue ocean framework, avoiding a red ocean full of importers with a similar business model and a similar value proposition, something that we want to avoid at all costs.

### 3 Thesis Objective. Research questions and scope.

#### 3.1 Thesis objective

The **main thesis objective** is to discover if the HoReCa market in the Turku area, with the aim of assessing and understanding its readiness for a disruptive change in the alcoholic beverage import sector.

Specifically, research seeks to explore the feasibility and potential benefits of establishing a collaborative sourcing environment, where HoReCa sector members take on the role of importing their own portfolio of alcoholic beverages. This collaboration environment can foster teamwork, communication, and mutual trust among all stakeholders. (Lloyd-Walker & Walker, 2015)

This initiative represents a shift away from the traditional importer-dominated setup model prevalent in the industry, offering greater autonomy, flexibility, and cost-effectiveness for HoReCa.

By assuming direct control over the importation process, HoReCa members can tailor their beverage offerings to better suit their clientele, potentially boosting profits and standing out in a crowded market.

#### 3.2 Thesis scope

The **scope** of this thesis is Turku area. To get a closer look into it we did a mapping and segmentation of the local HoReCa sector.

##### HoReCa sector **mapping and segmentation**

- **Fine Dining Restaurants:** These establishments typically offer high-quality cuisine and an extensive wine list. They focus on premium and exclusive wines and spirits to complement their gourmet dishes.

- **Casual Dining Restaurants:** These restaurants offer a more relaxed atmosphere than fine dining establishments. They may have a diverse customer base and offer a range of wines, beers, and spirits to cater to different tastes.
- **Hotels:** Hotels with bars or restaurants often have diverse beverage menus to cater to both guests and locals. They may offer everything from local craft beers to international wine selections.
- **Bars and Pubs:** These venues cater to a younger crowd and often serve a variety of beers, cocktails, and mixed drinks. They may prioritize trendy or popular alcoholic beverages to appeal to their target demographic.
- **Nightclubs:** Nightclubs primarily focus on serving popular mixed drinks, shots, and cocktails, often with a strong emphasis on spirits like vodka, rum, and whiskey. They cater to a younger audience looking for entertainment and socializing.

### 3.3 Research questions

1. **Can we do something to benefit sales volume of the producers and at the same time benefit the Finnish HoReCa sector?**
2. **Is the HoReCa sector satisfied with the current import solution? If not, how can we benefit this sector locally?**



## 4 Theoretical framework. Blue Ocean Strategy

Blue Ocean, Red Ocean, and importance of value innovation

In the book, *Blue Ocean Strategy, Expanded Edition: How to Create Uncontested Market Space and Make the Competition Irrelevant*, authors W. Chan Kim and Renée Mauborgne introduce the concepts of Blue Ocean and Red Ocean strategies.

Red Ocean represents a highly competitive market, where rivalry companies strive to outdo each other and catch an ever-larger share of already existing demand. Red Ocean is the current known competitive market where ultimately the goal is to beat the competition and strive to be the best in the industry, in this case all other alcohol importers. In Red Ocean strategy companies try to differentiate their product from others, and they must also choose between creating more value for customers and lower price.

The authors present the Blue Ocean strategy as an alternative, where the business goal is to find unexploded market spaces and create completely new demand, thus create opportunities for highly profitable business growth.

Blue Ocean strategy is all about creating a new demand and a market space where there are no competition and no need to fight over a shrinking profit pool between rival companies.

In the Red Ocean strategy, there are no attempt to see beyond the existing marketplace, rather only fighting for a greater share of the limited demand.

Blue Ocean strategy aims to make the competition irrelevant and discover an entirely new business where there are no limits, it drives to bring value innovation and is not lead by the on-going competition of any industry.

RED OCEAN STRATEGY	BLUE OCEAN STRATEGY
Compete in <b>existing</b> market space	Create <b>uncontested</b> market space
<b>Beat</b> the competition	Make the competition <b>irrelevant</b>
Exploit <b>existing</b> demand	Create and capture <b>new</b> demand
<b>Make</b> the value-cost trade-off	<b>Break</b> the value-cost trade-off
Align the whole system of a firm's activities with its <b>strategic choice of differentiation or low cost</b>	Align the whole system of a firm's activities in <b>pursuit of differentiation and low cost</b>

© Chan Kim & Renée Mauborgne, Blue Ocean Strategy, Blue Ocean Shift. All rights reserved.

Figure 3. Key differences between Red Ocean and Blue Ocean strategy. © Chan Kim and Renée Mauborgne

In the aforementioned book, the authors also introduce the value innovation concept they have developed, which is the cornerstone of the Blue Ocean strategy, and strategic logic, which focus is on making the competition irrelevant.

This new **value innovation** concept defies the most commonly accepted beliefs of competition-based strategy: the trade-off between value and cost. (Kim & Mauborgne, 2015)

Thus, value innovation is the pursuing value creation through differentiation and low cost. Since differentiation brings more cost in the Red Ocean strategy, firms will only pursue either differentiation or low cost, not both. By breaking this rule of trade-off and bring forth value innovation, companies create Blue Ocean, hence why it is the cornerstone of the Blue Ocean strategy.

Our value innovation simultaneously pursues differentiation and low cost, creating a leap in value for both customers and the company. This is achieved when the value-cost trade-off is broken.

Break the value-cost trade-off by answering the following questions:

- Which factors that the industry takes for granted should be eliminated?
- Which factors should be reduced well below the industry's standard?
- What factors should be raised well above the industry's standard?
- What factors should be created that the industry has never offered?

#### 4.1 Implementing Blue Ocean Strategy in a Collaborative Sourcing Strategy

By creating a collaborative sourcing strategy, we would create an **uncontested** market space, where the HoReCa sector would be the direct customers of the producers without the intervention of the importers.

This move would make the competition **irrelevant**, both the competition between restaurants that are not part of the cooperative and the competition that importers have among themselves fighting for the HoReCa sector market.

At this stage, is clear that we would be creating and capture **new** demand and **breaking** the value-cost trade-off, creating greater value at a lower price.

The collaborative sourcing procurement would work for its members focusing its activities on **pursuit of differentiation and low cost**.

## 4.2 Four Actions Framework in a Collaborative Sourcing Strategy

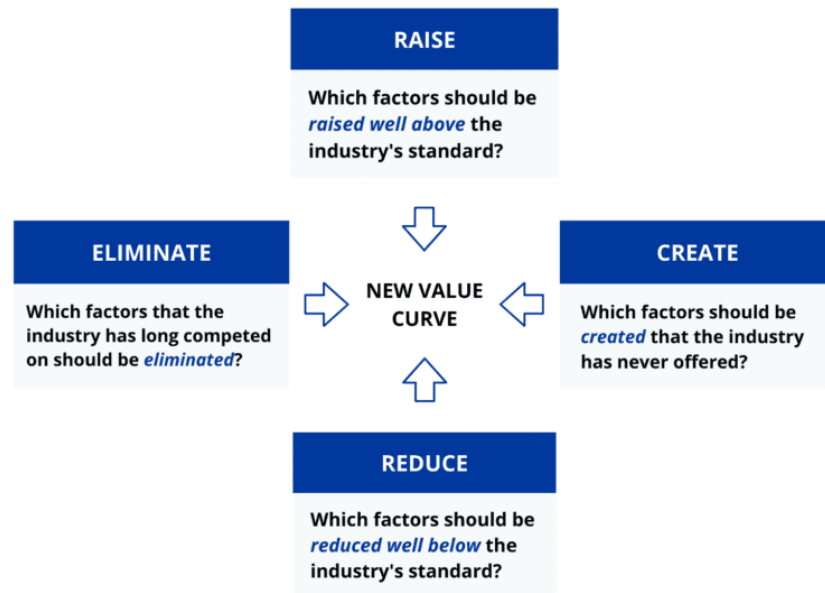


Figure 4. Four Actions Framework. © Chan Kim and Renée Mauborgne

In the alcoholic beverages industry, the figure of a wholesaler or importer it is taken for granted. With the Collaborative Sourcing Strategy this factor would be **eliminated** from the equation.

In turn, this change would **reduce** the limitations, costs and processes associated with industry standards. Exclusivity contracts, abusive contracts and negotiations, marketing costs, commissions, etc.

It is understandable that importers need their business to be profitable, but they normally achieve this by continually putting pressure on the producers who are the base and the most important link of this chain, it is common to find love-hate relationships between importers and producers, since importers do not usually work with a win-win philosophy.

The importance of the producer's role must be **raised** and properly valued. Without the producers and their products there is no alcoholic beverages

industry. This is the main factor on which the entire industry should rise. If it's not good for the producers, it's not good enough for the sector.

Creation of synergies between producers and restaurateurs (HoReCa), as well as restaurateurs from the same geographical area. Those synergies would create a continuous orders flow that will be beneficial for producer interests, and the same time would create a continuous supply of exclusive products, with an excellent quality-price relationship for the restaurateurs.

Normally restaurateurs who share the same area compete with each other for clientele, making efforts separately and usually in opposite directions.

The purchasing cooperative would **create** synergies between restaurateurs that the industry does not offer. Joining forces and making joint purchases, leveraging on each other and on economies of scale it would result in mutual benefit.

Win-win philosophy at its best.

- **Win for Producers:** By bypassing traditional importers and establishing direct relationships with HoReCa establishments, producers gain increased market access, better control over their products, and potentially higher margins. They can also benefit from closer alignment with consumer preferences and market trends, leading to improved product development and brand recognition.
- **Win for HoReCa:** HoReCa companies stand to gain from a more efficient and flexible supply chain, tailored product offerings that meet their specific needs and preferences, and potentially lower costs through direct sourcing. They can also differentiate themselves in the market by offering unique and exclusive beverages, enhancing their competitive advantage and customer appeal.
- **Win for Consumers:** Consumers benefit from a wider selection of high-quality, diverse alcoholic beverages, including unique and niche products that may not have been available through traditional channels. They may

also enjoy more personalized experiences at HoReCa establishments, with offerings that better reflect their tastes and preferences.

In summary the idea is not only to replace the role of importers, but to create a common ecosystem for producers and HoReCa professionals.

I must say that I have been in both sides of this industry. From the producer's perspective and from the importer's perspective. I know first-hand the work and effort the producers put into production, and I fully understand their problems and concerns. So, I try to favour them in each transaction, being always fair and clear.

And I also aware of the difficulties that HoReCa sector faces daily, is not a secret that after the pandemic scenario of the Covid-19 many restaurants, bars, etc. were forced to shut their business, some of them definitively.

Importers usually don't care about the producers, and normally they just focus on their share and the benefits they will get with the transaction. Of course, they assume risks and they have to be compensated, but in my opinion not at the expense of the producers.

Mostly all importers forget that they are not the owners of the product, producers are, and producers are the basement of the whole industry, and usually they are the weakest link on the chain. Without producers everything will fall as dominoes.

This solution is a win-win practice that reaches the producer and establishes a relationship of trust and mutual benefit.

## 5 Collecting primary data

### 5.1 Valvira

Introducing alcoholic beverages in every country can have its own processes and regulations, in this case, to import alcoholic beverages to Finland, one must adhere to regulations set forth by Valvira. (Valvira, 2024)

Valvira is the National Supervisory Authority for Welfare and Health. Here's an overview of the general requirements:

- **License:** Obtain a license or permit from Valvira for importing and distributing alcoholic products.
- **Age Restrictions:** Importers must be at least 20 years old.
- **Customs Declarations:** Declare imported alcohol to Finnish Customs and pay applicable duties and taxes.
- **Product Labelling:** Ensure compliance with labelling requirements, providing accurate information about alcohol content, origin, and ingredients.
- **Health and Safety Standards:** Imported alcohol must meet Finnish health and safety standards.
- **Documentation:** Provide necessary documentation, such as certificates of origin or quality control reports.
- **Restrictions and Prohibitions:** Adhere to regulations on sale, distribution, and advertising of alcoholic beverages, including any restrictions on high-alcohol-content products.

By following these requirements, importers can ensure legal and safe importation of alcoholic beverages into Finland.

## 5.2 Palpa

Another important aspect in the beverage industry is the recycling of containers, cans, bottles, etc. PALPA, (Palautuspakkaus Oy) oversees Finland's beverage container recycling and deposit system, incentivizing consumers to return empty containers for recycling to promote sustainability and reduce littering. (Suomen Palautuspakkaus Oy, 2024)

Participation in PALPA's beverage container recycling system involves registration, deposit fees, infrastructure investment, and covering handling costs. Producers and importers comply with regulations and may incur additional taxes.

## 5.3 Survey

For this thesis and topic, I conducted an online survey with the intention of detecting the needs and pain points of the HoReCa sector in Finland. Most of the responses were to be expected, but we had some answers that we did not expect and that were very surprising and revealing.

The surveyed participants belong to this sector, playing different roles such as restaurateurs, sommeliers, and managers. They have a significant level of experience in the alcoholic beverages sector, with most of them working for over 10 years. The orders were done weekly with a preference for multiple importers and suppliers. Key aspects considered when purchasing include value for the price and brand reputation. Most of the participants express satisfaction with the current suppliers and surprisingly for us they were quite satisfied with the payment policies, despite our assumptions that the payment policies were not to their liking.

There's also interest in exclusive products and potential importation of non-Finnish market products.



More information about this survey can be found in the [Appendix 1](#) at the end of this thesis document.

## 6 Collaborative Sourcing Strategy

### 6.1 Hypothesis

A Collaborative Sourcing Strategy in the context of alcoholic beverages involves a collective approach to procurement, where multiple entities within the industry collaborate to source products directly from producers, bypassing traditional importers or wholesalers. This strategy aims to create a more efficient and mutually beneficial supply chain by leveraging the combined purchasing power and expertise of the participants. (Lloyd-Walker & Walker, 2015)

- **Creation of a Collective Purchasing Entity:** HoReCa establishments in a specific region or market unite to form a collective purchasing entity. This entity serves as a unified platform through which members can pool their purchasing volumes and negotiate directly with producers. With the creation of this Collective Purchasing Entity, we can create a continue flow of orders from the Finnish HoReCa sector that increases the sales volume of the producers.
- **Identification of Shared Needs:** The collective entity conducts an analysis to identify common needs and preferences among its members regarding alcoholic beverages. This may include preferred types of beverages, quality standards, pricing expectations, and delivery requirements.
- **Engagement with Producers:** The collective entity establishes direct relationships with producers of alcoholic beverages, including wineries, distilleries, breweries, and other suppliers. By consolidating demand from multiple establishments, the entity can negotiate better pricing, terms, and product offerings with producers.
- **Joint Purchasing and Logistics:** Members of the collective entity collaborate on joint purchasing decisions and logistics arrangements. This may involve aggregating orders to meet minimum production or

shipping quantities, coordinating deliveries to shared distribution centers, and optimizing transportation routes to reduce costs.

- **Value Creation and Innovation:** The collaborative sourcing approach enables HoReCa establishments to create value and innovation in several ways. By working directly with producers, they can access unique and exclusive products tailored to their customers' preferences. They can also collaborate with producers on product development, branding, and marketing initiatives to differentiate themselves in the market.
- **Continuous Improvement and Evaluation:** The collective entity regularly evaluates its performance and seeks opportunities for continuous improvement. This may involve gathering feedback from members, monitoring market trends, and refining sourcing strategies to better meet the evolving needs of the HoReCa sector.

Overall, a Collaborative Sourcing Strategy empowers HoReCa establishments to take control of their procurement processes, foster stronger relationships with producers, and create value for their businesses and customers alike.

In the table below I compare based on my experience the pros and cons of the Collaborative Purchasing versus traditional importers in different dimensions such as cost efficiency, flexibility, market differentiation, etc.

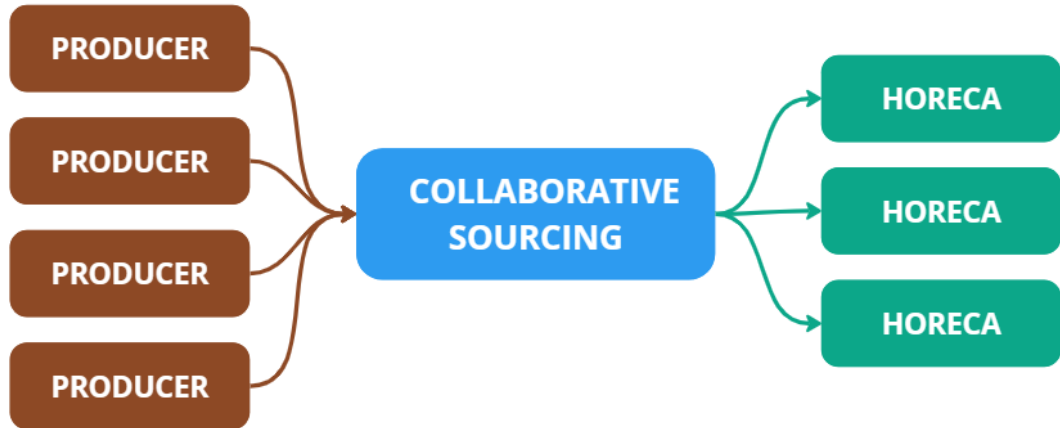
<b>Comparison Collaborative Purchasing VS Traditional Importers</b>		
	<b>Collaborative Purchasing</b>	<b>Importer / Wholesaler</b>
<b>Cost Efficiency</b>	- Potential for lower prices through direct sourcing	- Established networks may negotiate bulk discounts
	- Economies of scale benefits shared among participants	- Can leverage existing relationships for better deals
<b>Flexibility and Customization</b>	- Greater flexibility in product selection and sourcing	- Limited by importer's available inventory

	- Tailored solutions to meet specific needs of participants	- Limited ability to customize orders for individual clients
<b>Market Differentiation</b>	- Unique product offerings can differentiate businesses	- May offer access to exclusive products or brands
	- Ability to respond quickly to changing market demands	- Established supply chains may provide consistency
<b>Administrative Complexity</b>	- Requires coordination among participants for joint purchases	- Simplified procurement process under importer's management
	- Potential for conflicts or disagreements among participants	- Decisions centralized, reducing administrative burden for clients
<b>Risk Distribution</b>	- Shared risk among participants in sourcing and purchasing	- Importer assumes risk of inventory management and sales
	- Individual participants may face increased risks	- Clients may face stockouts or limited product availability
<b>Supplier Relationships</b>	- Direct relationships with producers may enhance transparency	- Established relationships with reliable suppliers
	- Opportunity to develop closer ties with suppliers	- Less direct interaction with producers; relies on importer

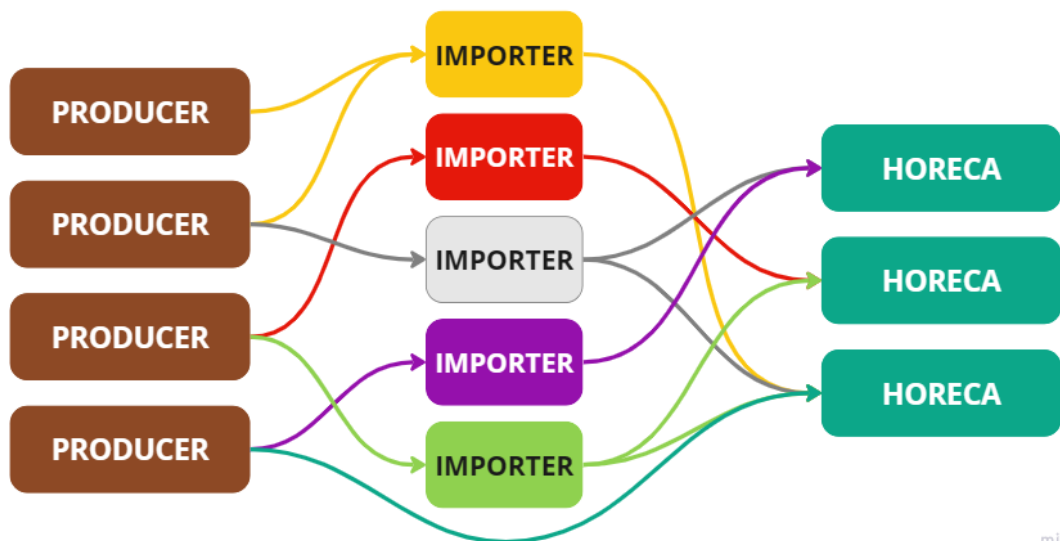
Table 3. Comparison Collaborative Purchasing VS Traditional Importers

And in the next page illustration I draw the flow differences between Collaborative Sourcing versus traditional importers and wholesalers.

# Collaborative Sourcing



## versus traditional Importer / Wholesaler



miro

Illustration 1. Collaborative Sourcing vs Traditional Importer

## 6.2 Challenges

All new ideas usually confront resistance from the old paradigms, and our case is not an exception. Moreover, because our idea seeks to implement a disruptive change in the alcoholic beverage import sector.

One of the main challenges we confront is the comfort zone of the current alcohol supply situation. Companies are led by persons, and in this aspect, they behave just as the human beings in charge.

We usually have some resistance and hesitance for changes, new or unknown situations. Therefore, we are more at ease with known situations and consolidated relationships, those where we know what to expect.

This industry has not change lately and previous and familiar processes, entrenched relationships, and prevailing and predictable market dynamics are a familiar scenario where it is comfortable to move.

Said that, it is not a surprise that the HoReCa sector has barriers and resistance to changes and disruptions that could complicate the adoption of these innovative approaches.

## 7 Conclusion

In exploring collaborative sourcing strategies, we can create a mutually beneficial arrangement that enhances sales volume for producers while simultaneously benefiting the Finnish HoReCa sector. By fostering direct relationships between producers and HoReCa establishments, producers can achieve increased sales through more reliable and consistent demand, and the HoReCa sector can benefit from potentially lower costs and improved product quality due to reduced intermediary involvement. This dual benefit aligns with the interests of both parties, creating a win-win scenario.

In reflecting on the potential of collaborative sourcing strategies within the HoReCa sector, it becomes apparent that while the concept holds promise, its implementation may face significant hurdles. The dynamic nature of the industry, coupled with the complexities of stakeholder relationships and market dynamics, suggests that a cautious approach is warranted.

Exploring the path to Collaborative Sourcing in the HoReCa sector we found out the following conclusions:

### 7.1 Readiness of the HoReCa Sector

At the heart of collaborative sourcing strategies lies the promise of collective action and shared benefit. As we have validated from this research, the HoReCa sector has mixed satisfaction levels with the current import solution. While some establishments are content with existing processes, a significant portion expresses concerns regarding costs, reliability, and product variety.

To address these issues locally, we could explore collaborative sourcing as a viable alternative. Yet, as we have deduced from our research, the HoReCa sector's readiness to embrace such initiatives is far from uniform. While some establishments may demonstrate openness to innovation and change, others may exhibit hesitation or resistance, rooted in a variety of factors.

Firstly, it's essential to acknowledge that the HoReCa sector may not yet be prepared for the adoption of collaborative sourcing strategies. Despite the potential benefits of direct relationships between producers and establishments, existing practices, preferences, and consolidated relationships may present barriers to change. Resistance to disruption, coupled with a preference for familiar processes, could complicate the adoption of innovative approaches.

Historical practices, entrenched relationships, and prevailing market dynamics all contribute to the complex tapestry of decision-making within the sector. The comfort of familiarity, coupled with the perceived risks of deviation from traditional pathways, may act as deterrents to the adoption of collaborative sourcing strategies. Moreover, differing priorities, resource constraints, and competitive pressures further complicate the landscape, that requires a nuanced understanding of each establishment's unique context.

Addressing the readiness of the HoReCa sector requires a delicate balance of education, persuasion, and collaboration. Initiatives aimed at fostering awareness, showcasing success stories, and providing tangible incentives may help bridge the gap between aspiration and action. Moreover, engaging stakeholders in meaningful dialogue, co-creating solutions, and building trust-based relationships are essential pillars of any change management endeavour.

## 7.2 Imperatives for further study

Secondly, the need for further study on the subject emerges as a pressing consideration. While our exploration has shed light on the potential advantages of collaborative sourcing, there remain unanswered questions and unexplored avenues. Deeper insights into the readiness of stakeholders, the feasibility of implementation, and the potential impact on the industry are essential for informed decision-making.

While our exploration has yielded valuable insights, it's clear that our journey is far from over. The need for further study on collaborative sourcing strategies



within the HoReCa sector is evident, driven by a desire for deeper understanding, informed decision-making, and continuous improvement.

Key areas for exploration include the nuanced dynamics of stakeholder relationships, the impact of regulatory frameworks, and the potential for technological innovation to facilitate collaboration. Moreover, comparative analyses with other industries, longitudinal studies tracking the evolution of collaborative sourcing initiatives, and qualitative assessments of success factors and challenges are essential components of a comprehensive research agenda.

By embracing a spirit of inquiry, embracing interdisciplinary perspectives, and leveraging cutting-edge research methodologies, we can clear the path ahead, uncovering hidden opportunities, mitigating risks, and unlocking the full potential of collaborative sourcing strategies.

### 7.3 Consideration of personal readiness

Lastly, personal readiness and preparedness to lead such initiatives cannot be overlooked. As agents of change, we must critically assess our own capabilities, resources, and readiness to navigate the challenges inherent in driving transformative initiatives forward. While our aspirations may be high and our intentions noble, it's essential to critically assess our own capabilities, motivations, and limitations. It's plausible that further personal development, skill enhancement, or strategic alignment may be necessary before embarking on a journey towards collaborative sourcing.

Personal readiness encompasses a spectrum of factors, including leadership skills, emotional intelligence, resilience, and adaptability. It requires a willingness to confront uncertainty, navigate ambiguity, and embrace failure as a catalyst for growth. Moreover, it entails humility, curiosity, and a commitment to lifelong learning, recognizing that the journey towards transformative change is as much about personal transformation as it is about external impact.

By cultivating a growth mindset, fostering self-awareness, and seeking mentorship and support from peers and experts alike, we can enhance our readiness to lead change initiatives effectively. Moreover, by aligning our personal values and aspirations with the larger mission of advancing the industry towards a brighter future, we can harness our collective potential to effect meaningful change.

In conclusion, while collaborative sourcing strategies hold promise for reshaping the alcoholic beverage industry, caution, curiosity, and introspection are warranted. The path towards innovation may be filled with uncertainty, but it is through diligent inquiry, thoughtful reflection, and collaborative effort that we pave the way for meaningful change. As we continue to explore the possibilities of collaborative sourcing, let us remain open to discovery, receptive to feedback, and persistent in our commitment to advancing the industry towards a brighter future.

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## 9 Market research survey

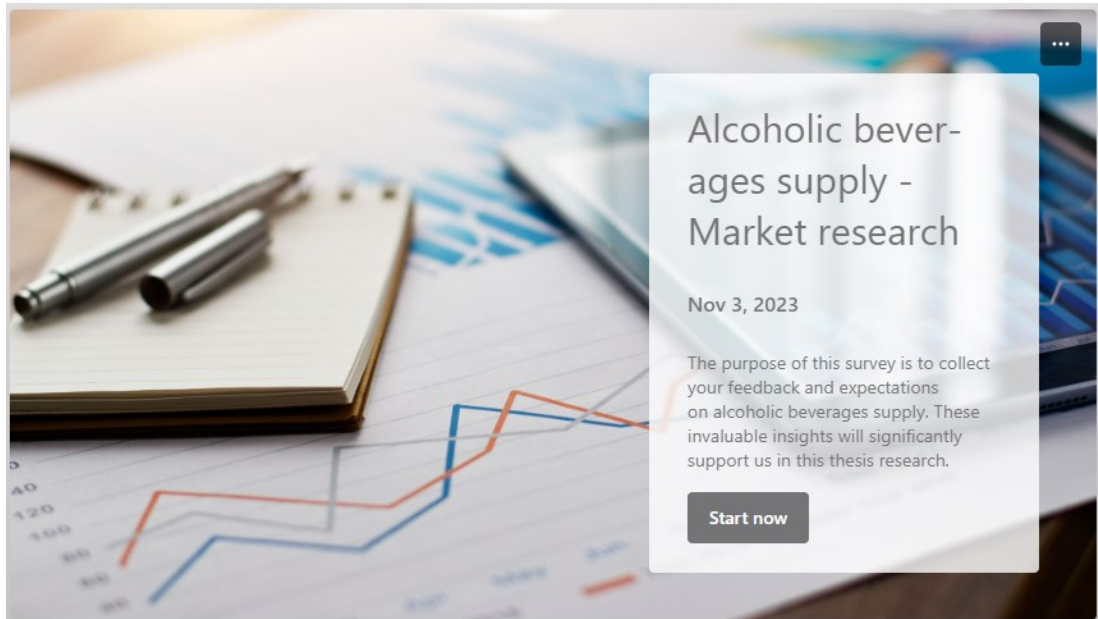


Figure 5. Survey: Alcoholic beverages supply - Market research survey

We carried out a survey focused on restaurant professionals since they are our target clients. To date we have received 5 responses, the results of which we detail below.

### 9.1 Interviewee analysis

Despite the low number of responses, we consider that we have obtained very interesting data in this small market sample.

We have discovered that each company has €300,000 or more in annual sales. The person interview profile has an average of over 10 years of experience in the restaurateur business and it is usually involved in the alcohol beverages purchase process.

The purchasing process is a weekly process where products are obtained from various importers and suppliers, to whom they are usually loyal. We obtained this data from the question: "How long have you been using your main alcoholic beverage supplier / importer?"

All the answers indicated that they have used the same supplier for more than 2 years.

Opinions were divided but in general they were not too satisfied with the service provided, especially about pricing.

When purchasing alcoholic beverages, these are the most important aspects for the professionals:

- Brand and reputation
- Value for the price
- Product profitability
- Their personal experience and opinion about the product

Some of the surprising discoveries were that these professionals were not too interested in having exclusive products, or products not available in the Finnish market.

Most of them had ever imported alcoholic beverage products, and they were not aware of the meaning of Economies of Scale.

Finally, it was interesting to observe that the usual payment policy of suppliers and importers is 15 days, and the restaurateurs consider that this payment policy meet their needs.

<b>Interviewee</b>	<b>#1</b>	<b>#2</b>	<b>#3</b>	<b>#4</b>	<b>#5</b>
<b>Age</b>	46 - 55	36 - 45	46 - 55	> 55	36 - 45
<b>Background</b>	Bachelor's degree	Bachelor's degree	Master's degree	High school	Master's degree
<b>Potential customer?</b>	Restaurateur bartender	Head Sommelier	Restaurateur	Sommelier	General manager
<b>Interview type</b>	Online	Online	Online	Online	Online

The survey can be found in this link below.

<https://forms.office.com/e/XE0UC4fKnF>