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Holod Slavmo case

Holod Slavmo is an ice cream producer, Located in 35 Kirova street, Petrozavodsk.

On the market since 2000.

«A company that preserves the tradition of producing real ice cream»

Currently, the company produces 90 types of ice cream of its own brand "ice Cream of Karelia" and according to STM (its own brand) for "Lenta 365 days", "Euroros" etc.

Company Holod Slavmo has 2 challenges:

1. internal - the target market
2. external - high competition

Finnish market

Holod Slavmo wanted to enter the Chinese market but after analyzing, we concluded that Finland is a better option.

China VS Finland

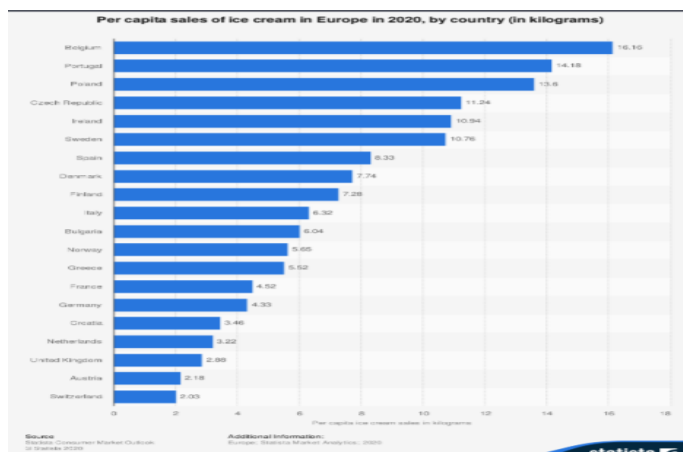
Criteria	China		Finland
Geography	too far from Karelia	<	not too far
Cost of distribution	expensive because of geography and	<	lower because the biggest part of trade in Russia is with Finland as well as because of geography
Local competition	High	=	High
Competition of Russian production	high (200'000 yuan per day or more)	<	Low
Share of export	18,8% to East Asia	<	2,4% to Europe

deliveries from Russia January-June 2020			
Tastes	prefer classical vanilla taste	>	prefer experimental tastes
<u>Russian population</u> local	~0,0029%	<	~1,81%

Facts about Chinese market

Ice cream has the lowest penetration rate among Chinese respondents when compared with Chinese and Western desserts. According to Mintel, 22% of Chinese respondents haven't had ice cream in the last 12 months in 2018. Just 12% have not had Western desserts and a mere 8% have not had Chinese desserts. Moreover, over a tenth (12%) of Chinese respondents say they eat both Chinese and Western desserts. Just 3% claimed that they consume ice cream very often.

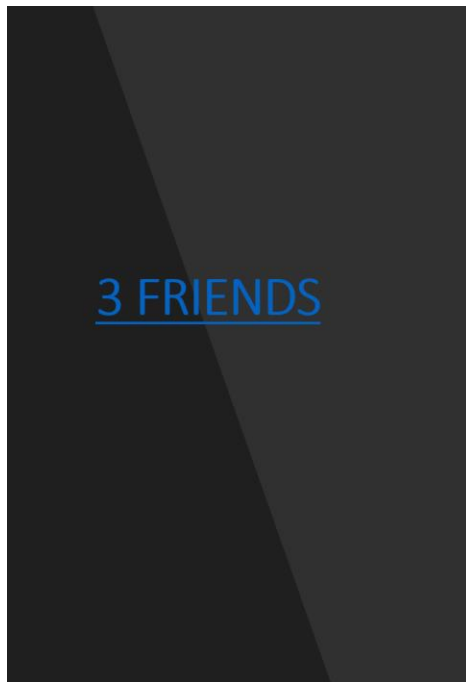
Facts about Finnish market



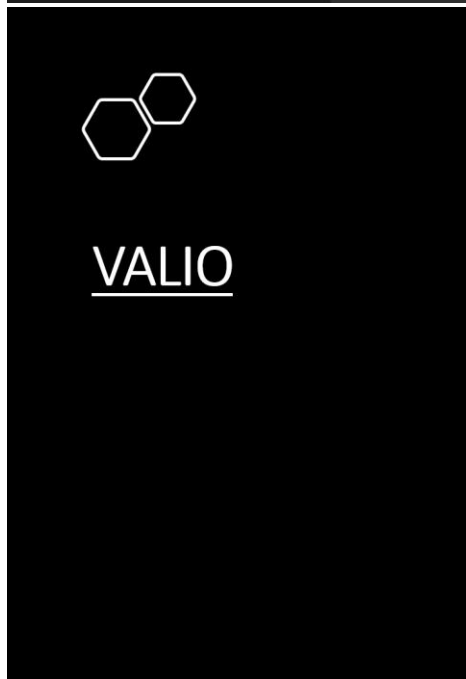
There are several companies that produce ice cream in Finland. However, Finland is leader in ice cream consumption according to the data on the website Statista.

- One of Russia's major trading partner is Finland.
- Easier to penetrate the market because of the proximity with Russia
- The culture is more similar.

Competitors on Finish market



- The first three flavours from this matey trio – blueberry-cardamom, strawberry-vanilla and raspberry-white chocolate – hit the shelves in Finland
- Award-winning vegan chocolate-nut-caramel ice cream is the company's best-selling product, continuing its quest for the finest flavours.
- "Our ice creams are made of natural, real ingredients from scratch, without cutting corners," co-founder [Heikki Huotari](#) underlined. "We roast our nuts and prepare our sauces ourselves to make the flavours taste so real that they can be instantly recognised even if you've not seen the package."
- . It doesn't have its own sales outlets, but it does have an ice cream van that drives around town and an ice cream bicycle in Esplanade Park. You can also order its delicious ice creams at Café Engel and Café Päijänne in Puu-Vallila.



- [ICE CREAM-THEMED HOTEL ROOM](#)
- If all this ice cream talk is making you weary, maybe it's time to rest your head a while. Helping you keep Finnish ice cream in mind is this room in Helsinki's Klaus K hotel. Taking its name from dairy producer Valio's ice cream brand, the *Valio Jäätelöfabriikki Sweet Suite* offers luxurious sheets, a bubble bath, a swing and all the ice cream your heart desires.
- "We wanted to create a small, surprising experience around delicious ice cream," [said](#) Valio's ice cream business manager, **Tea Ijäs**. "This luxurious hotel suite and our beloved ice creams are a match made in heaven."
-



The Ingman ice cream factory is today located on the site of one of the very first dairy cooperatives in Belarus Central Dairy, founded in 1927. In 1935 it was reorganized to a Gomel Gormolzavod — one of the first in Belarus, where the industrial production of ice cream began.

The turning point for the company was April 2009, when the JLLC Ingman Ice Cream with the participation of the Finnish company Ingman Ice Cream was established at the existing production facilities of the Gomel ice cream factory. In 2015 the company was acquired by one of the largest producers of dairy products — the Food Union. To date, the company offers its customers a wide and constantly renewed range of products, focusing on a variety of tastes and preferences.

Website only in English and Russian.

Ingman's Jättis was the first giant ice cream cone to be introduced to the Finnish market in 1979, and it still holds the peak position in giant cone sales. • Ingman's Kingis has been the most popular ice cream stick for 25 years • Ingman Foods is the market leader in ice cream sales volume and in 2004, for the first time it reached the top position also in sales value. • Ingman's Edam was chosen the best Finnish edam in 2004.

Products

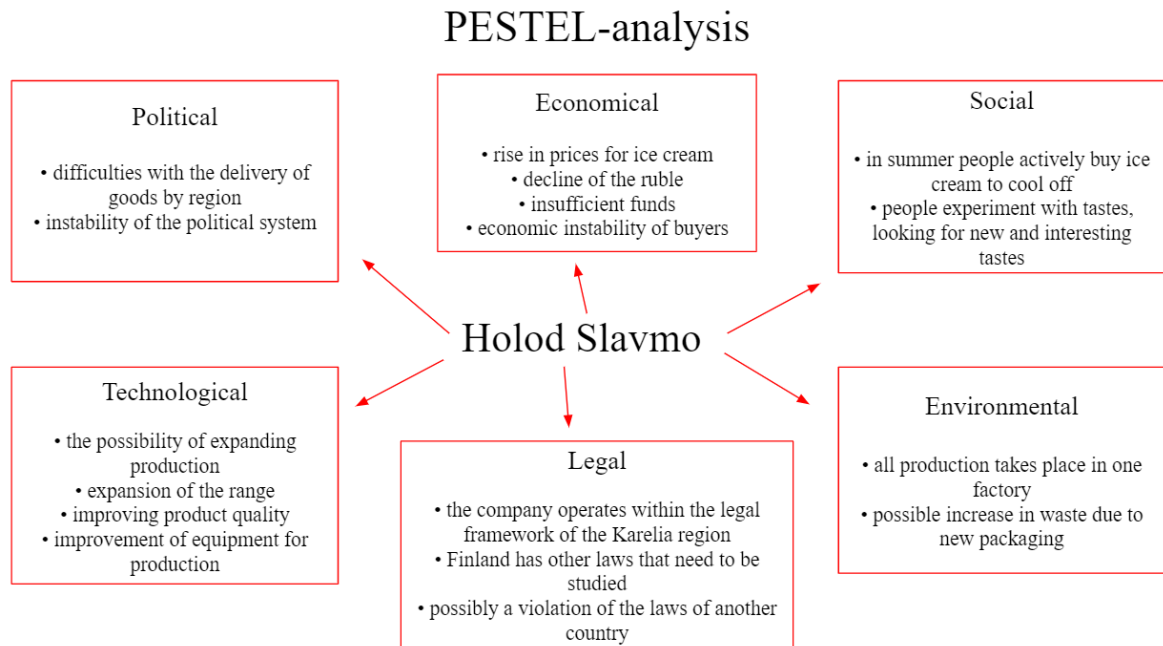
The product mix in all segments has been systemically developed to meet the requirements of the market. The demand has been responded by creating a large selection of low-lactose products. Also, light, low-fat and sugar-free products have increased their market shares.

Key Product Segments

Market position - Strong player on the regional market

- 264 employees
- 6,5 average length of employment
- 51% women and 49% men
- 42 – average age of employees
- 6 brands

External & Internal Analysis



Political environment

Sales may be affected by restrictions imposed by the government due to COVID-19 and by problems with delivery of products, export prices.

Economic environment

Factors such as the value of the ruble and the earnings of buyers play an important role here. Because of all this, the cost of ice cream can rise, as can the cost of producing it.

Social environment

Ice cream is very popular with people, most often it is bought in the summer to cool off. Also, residents of Finland love to experiment with ice cream flavors, so any new flavors will be actively sold.

Technological environment

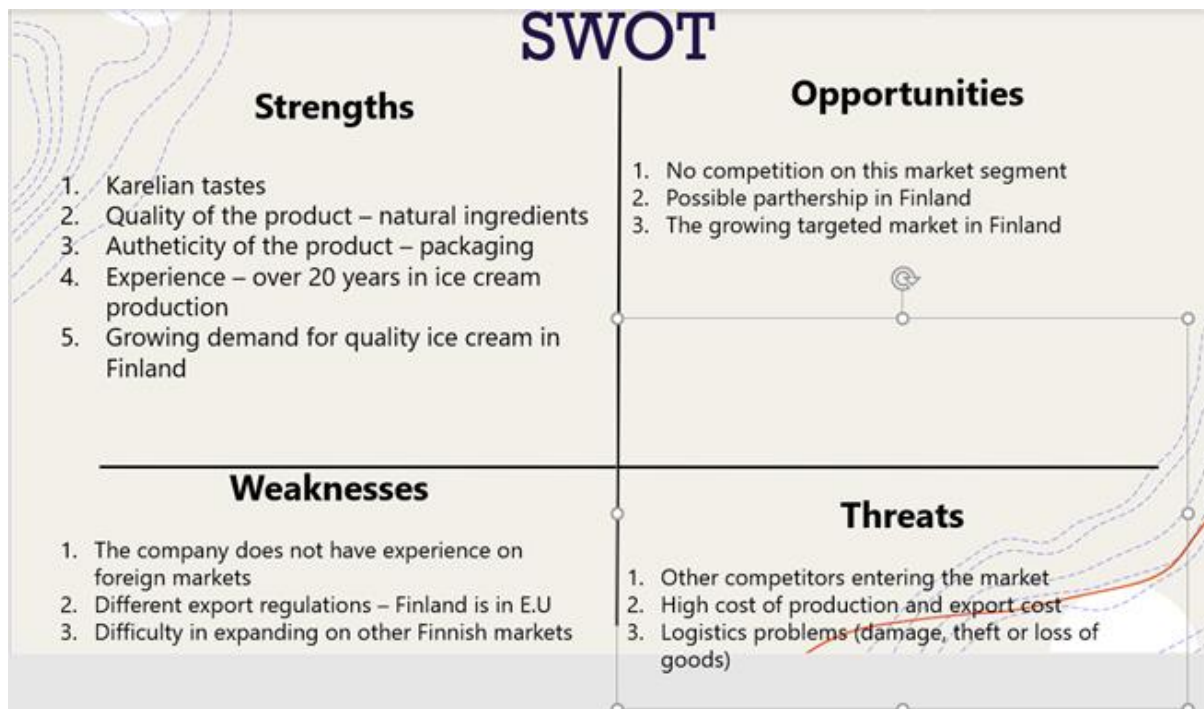
Expanding the borders of export of products to improve the quality of products - to purchase new modern equipment for production.

Legal environment

The company must comply with the laws developed for the segment in which it operates.

Environment and health

Products Holod Slavmo are produced in every way at one factory (packaging, cups, toppings, additives). But there is the possibility of increased waste due to new packaging.



Market research data

Link for Holod Slavmo survey for the Russians living in Finland:

<https://forms.gle/aR3hbNfECcBcA5WZ7>

What does your business/idea do that is unique?

- What is unique about Holod Slavmo is the target market that it wants to reach – Russians living in Finland and a segment of Finnish population
- Ingredients – Karelian berries and we want to propose a mix of berries and vodka
- Package – Nostalgic of the Russian segment and sophisticated for the Finnish segment

What does your business idea do that is important?

- satisfies the emotional need of Russians who are away from their home country and new entry for the alcoholic ice cream

What do the customers care about?

- Quality of ingredients
- Price

- Tastes
- Transparency - know where the ingredients come from
- Colors
- Service
- Environment
- The package

Reasons for Russians emigrating to Finland

It is Russian migrants who most often apply for temporary resident status.

The most popular reasons for this are:

1. getting married (43 %);
2. employment (32 %);
3. training (studies) (22 %).

The influx of Russian migrants to the country is increasing every year. On average, this figure is 500-600 people annually. Most of the new arrivals are labor migrants.

For a long-term stay and obtaining a residence permit, a reason is required:

1. Official employment.
2. Doing business. Also talented people in business.
3. A study at the University.
4. Scientific activity, professional sports.
5. Participation in the Au Pair youth exchange program.
6. Family reunion.
7. Marriage to a Finnish citizen.

For life and work usually, Russian migrants prefer:

1. Helsinki.

Big city, the most beautiful capital of Europe. There are many Russians here and there is always work for newcomers.

2. Tampere.

Russians choose the second largest city in Finland for the same reason: there are many compatriots, there is a place to get a job.

Almost half of the Russian-speaking population lives in Uusimaa, and in the Helsinki-Espoo-Vantaa Metropolitan region, more than 40 percent of the Russian-speaking population of

Finland. In principle, the trend is that the Russian — speaking population is more likely to settle in large cities, - says Alexander Zamyatin from the Cultura Foundation.

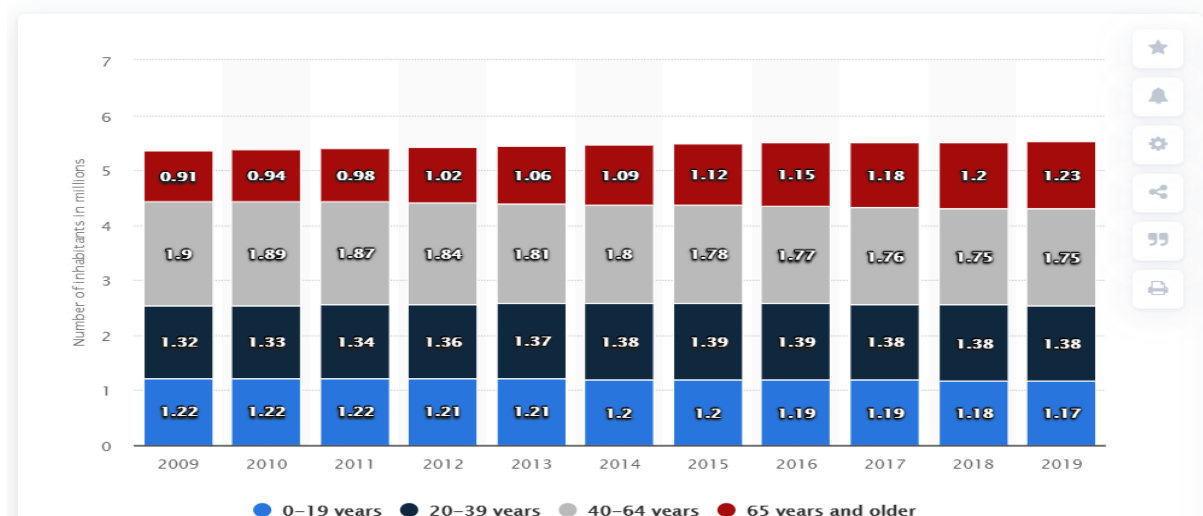
Russian people also prefer to go to Finland for studies:

Education in Finland is free if you choose a program in Finnish, and this is very popular with Russian students. The most popular universities are the universities of Oulu, Lappeenranta, Aalto, Turku, Helsinki and the Finnish Academy of arts.

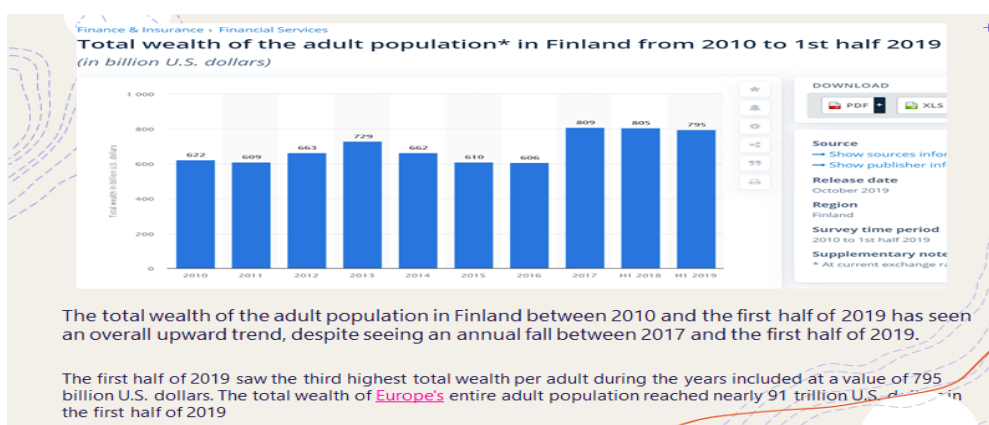
Finnish population by age

Society › Demographics

Population of Finland from 2009 to 2019, by age (in millions)



How about the Finnish wealth?



Trends in ice-cream products in Finland:

- vegan ice cream
- "healthier" ice cream (less sugar, more protein)
- high quality and expensive ice cream
- ice cream in large, "family" packages (due to coronavirus, people buy a large package of ice cream and eat it at home)
- natural ingredients and additives (people are interested in where companies buy raspberries, for example)
- flavor mix and mash ups (exciting new flavors can be achieved through cross category innovation (bringing confection or bakery into ice cream) or bringing multiple brands together like the Breyers 2in1 products)

Features of the Finnish ice cream market:

1. According to statistics, Finland is the leader in ice cream consumption (14 liters per person in a year, for comparison, in Russia, only 3 liters)
2. The assortment of ice cream is very large and mainly local producers.
There are large companies (3 Friends/ Bad Santa/Valio) and smaller manufacturers.
3. Also in Finland they like to experiment with taste: companies have ice cream with blueberry-cardamom flavor, coconut-lime, hazelnut-chocolate cake, etc.

Target market:

Sophisticated & bold ice cream consumers - Alcoholic ice-cream

The company will improve the packaging. It can also be some daring/shocking package and interesting flavor combination like Cranberry and Vodka and Karelia balsam with plombir.



Alcoholic Ice Cream Market: Overview

- Perception towards alcohol has changed significantly across the globe, and people nowadays are giving positive response towards alcohol consumption.
- Alcohol is also used while cooking several dishes and its use in ice creams has also grown.
- With increasing positive response towards consumption of alcohol and products that are infused with alcohol are gaining huge traction across the globe. Players manufacturing alcohol infused ice cream are introducing new flavors such as rum, vodka, wine, and other in alcohol ice cream.

(Alcoholic Ice Cream Market - Global Industry Analysis 2027)



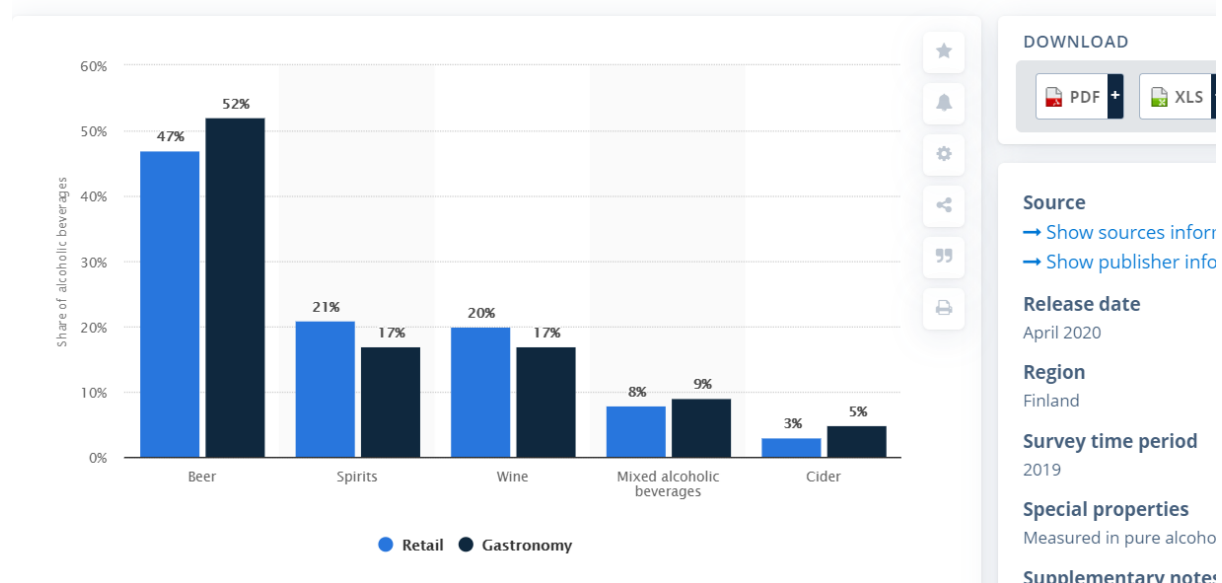
Alcworld provides products (vodka and balsam) of Holod Slavmo company

For the company Alcworld, this is an opportunity to enter the international market, preparing the market for Russian products.

Deliveries of ice cream with alcohol flavors to the Finnish market

For Holod Slavmo, this is a new market, increasing interest not only from Russians in Finland, but also from Fins

Distribution of alcoholic beverage consumption in Finland in 2019, by type

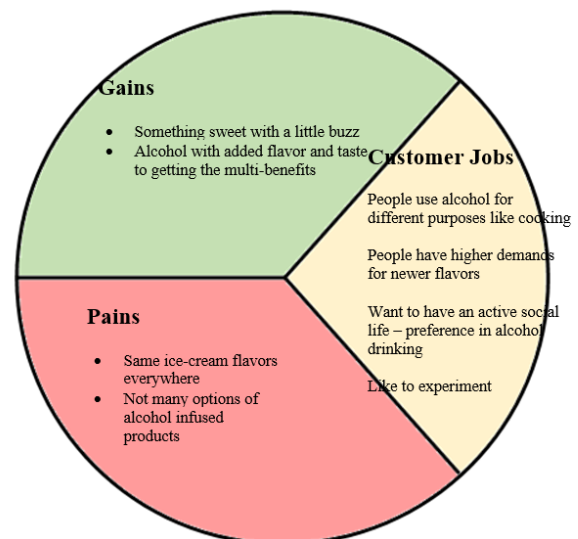
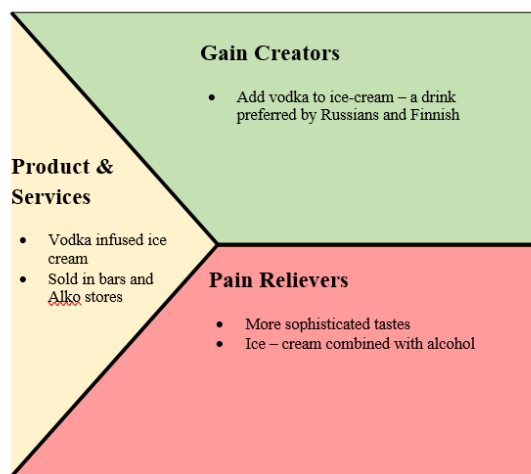


Only 1 competitor -Bad Santa

- Market target - youth over 18 years old who like to party
- Started in 2016 and had great success on Finnish market and now international market
- Flavors: honey rum, sweet pears, whisky coffee, liquorice
- Ingredients: liqueur, lactose-free cream, lactose-free milk, egg, sugar, and glucose syrup
- Alcohol between 3.8 and 4.2 per cent

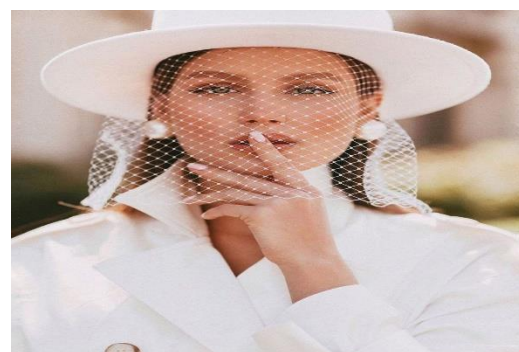
Our proposal

Sophisticated and bold ice-cream consumers



Profile customer

- Adults with high income
- Sophisticated tastes
- Like to socialize in bars and cafes
- Appreciate high quality ingredients



Name of the ice-cream: *Karelian Buzz*

Slogan: *It's never too late for a Karelian buzz...*



Russian families living in Finland – more details about packaging and campaign



- We can use packages that resemble old-style of Russian ice-cream packages. For example: fruit-like packages
- This way, we can remind people of the time when they were young and motivate them to buy our ice-cream through nostalgic feelings.



Example of packing ice cream in “family-size” packages.



Example of packages for “individual-size” ice-cream products.



Story to use to promote the nostalgic ice cream

Russia's love for ice cream dates to the 1930s, when the first ice cream factory in Russia was opened after the Russian Ministry of Food Supply had visited the US.

The idea was to create a mass-produced product at a reasonable price for everyone to enjoy.

Ice cream was taken so seriously that a state-wide standard for manufacturing was introduced in 1941 to ensure its quality.

According to the standard, the ice cream could include only natural ingredients and could contain no chemicals of any kind.

These strict rules meant that the taste of the different types of ice cream available were the same everywhere, so it was very recognizable and therefore nostalgic for Russians today.

Pricing -

In Finland, the average ice cream costs 1.83 euros - a little more than 167 rubles. In Russia, the classic ice cream Holod Slavmo costs 62 rubles (0,68 euro), this is not only the cost, but also considering the costs of production, transportation, salaries and so on. Thus, when entering the Finnish market, taking into account the output of goods to the international market, as well as taking into account the cost of production, transportation costs, payment to intermediaries, reserves, other costs and of course profit, Holod Slavmo has an additional 105 rubles (1,15 euro) for 1 product to include all costs, so that the price of the product is as average on the market at the moment.

The following link gives important information about prices of raw goods.

Statista : https://stat.fi/tup/suoluk/suoluk_hinnat_en.html

Literature Review regarding the type of pricing

When setting a price one must be aware of the factors affecting pricing decisions such as: objectives, costs, competition, other marketing mix variables, channel member expectations,

buyer's perceptions and legal and regulatory issues (Hudson, 2008, p. 180). Consequently, companies should set a good price strategy which is defined by Hudson (2008) "setting prices early, in accordance with the long-term view of corporate strategy, product positioning, and value for money in the marketplace."

One of the most basic approaches to pricing is "cost based pricing" which means adding a percentage to the actual or estimated cost of a product or service. (Hudson, 2008, p. 189). However, Nagle and Hogan (2006) argue that cost-based pricing brings more loss than profitability for the most valuable products and is more product driven. Hence, the authors propose a value-based pricing strategy by putting five key elements into a pyramid: 1) value creation; 2) price structure; 3) price and value communication; 4) pricing policy; 5) price level (Nagle & Hogan, 2006, p. 16)

Value-based pricing is defined as "setting the price for a product or service on the basis of the buyer's perception of its value, rather than its cost" (Law, 2016). Not surprisingly, among the five elements, value creation is considered the foundation of the pyramid.

According to Nagle and Hogan (2006), an important step in the price strategy is calculating the product's total economic value. Therefore, identify the customer's next best alternatives (reference value) and point out the economic value regarding the differences between the targeted product and the alternative (differentiation value). However, not all the customers are so well informed and moreover, research shows that decisions are made by people who are not always guided by rationality but rather by emotions (Arslanagic-Kalajdzic & Zabkar, 2017). Emotional value, therefore, plays a key role in choosing a product.

Local market - Russia

Competitors

Chistaya liniya

1. has been working since 2001
2. Positioning: healthy and environmentally friendly products from fresh milk. Only natural ingredients: milk, cream, honey, berries, nuts. Only the most advanced equipment.
3. Proven quality and high production standards.
4. Today, the products of the factory are sold far beyond Moscow, even to China and the United States.

Company uses some ways for making the brand of Chistaya Liniya well-known:

- advertising through the media is an invitation to production
- corporate transport with company advertising
- communication through emotions everywhere (savor every bite, feel the aroma, squint not from the sun but from pleasure)

Коровка из Кореновки/Korovka iz Korenovki

1. on the market for 65 years
2. since 2000 become a part of the "Renna" group of companies (<https://www.renna.ru/>)
3. products are represented in many countries: Abkhazia, Belarus, Germany, Georgia, USA, Estonia and others

Company advantages and strengths:

1. interaction with other firms, farms (but in the conditions of Karelia this is unlikely), enterprises
2. no preservatives
3. QMS [The quality management system is a specialized system developed for the organization, used to form the goals and policies of its activities in the field of product / service quality, as well as to achieve the objectives.]

Company strategy:

1. Planned development of the company's branch network throughout the country.
2. Improving the professionalism of employees - as the greatest value and the main driving force in maintaining the high quality of products
3. Combination of reliability, speed of work, professionalism and attentive attitude to the company's clients.

Communications of the company

Previously based on a website which is only in Russian. So, there is a problem with communications with foreigners because of language barrier. Design of the website should be changed too.

Collaborations

Collaborations with Karelian brands are needed to increase the target audience and increase

brand awareness. The brands selected for collaboration are not substitutes for the products of Holod Slavmo but can be complementary. Thus, such collaborations are profitable and interesting for two companies. They will also emphasize that ice cream is produced in Karelia.

Risk Assessment

	Risks	Countermeasures
Sale and supply of products and services	<ul style="list-style-type: none"> Abandon to launch planned product Changes in customer lifestyles and values Negative rumors about the Holod Slavmo's core materials (milk, cocoa, etc.) 	<ul style="list-style-type: none"> Gather information on market trends Develop products that are friendly to the environment and society Create products and services unique to Meiji that address social issues Appropriately disseminate relevant information about products and materials
Most profits come from specific products	<ul style="list-style-type: none"> Sluggish sales of products that account for a considerable portion of sales and profits 	<ul style="list-style-type: none"> Implement promotions that maximize unique value Improve product portfolio management Explore new markets and new business domains
Supply chains	<ul style="list-style-type: none"> Insufficient or excess procurement or price increases of raw materials Difficulties in procuring raw milk Cessation of production due to production problems, etc. Unstable product supplies due to distribution problems 	<ul style="list-style-type: none"> Gather information on raw materials markets and promote procurement strategies Diversify suppliers and consider alternative materials Strengthen coordination between production and sales divisions Improve distribution efficiency through labor-saving/automation
Technological advances	<ul style="list-style-type: none"> Rapid advances in digital technologies Discovery of innovative treatment methods, manufacturing methods and formulation methods 	<ul style="list-style-type: none"> Consider introducing new technologies as early as possible Research new manufacturing and formulation methods, and search for alliances

Laws and regulations	<ul style="list-style-type: none"> • Revisions that significantly impact corporate activities 	<ul style="list-style-type: none"> • Obtain information about system revisions early and implement countermeasures • Make appropriate approaches to relevant government authorities
Overseas expansion and overseas Group companies	<ul style="list-style-type: none"> • Rapid changes in society, or outbreaks of war or terrorism • Revisions of the systems that greatly exceed expectations in various countries 	<ul style="list-style-type: none"> • Gather information, and investigate and implement countermeasures early • Create product supply systems from multiple locations
Business plans, etc.	<ul style="list-style-type: none"> • Failure to achieve the Visions or Medium-Term Business Plans due to change in business conditions • Growth slowdowns in Core Business, or failure to achieve targets for overseas markets or new business domains • Impairment losses on non-current assets or goodwill • Fluctuations in foreign exchange or interest 	<ul style="list-style-type: none"> • Enhance unique value and search for new value • Provide unique value in overseas markets • Manage business portfolio from the perspectives of profitability, growth and productivity • Make decisions and monitor investment and M&A plans appropriately • Use foreign exchange contracts and borrow at fixed interest rates

Useful contacts

Corporation of development Republic of Karelia

Address: Gylling embarkment, 11

The association can help companies who want to enter foreign markets. They can provide useful data like laws and regulations, possible collaborations and strategies

“Moi Biznes” centre

Website: <http://www.moigroup.com/en/products.html>

The R&D division, through continuous research and development initiatives, is consistently looking into developing innovative and practically economical confectionary and bakery fats

with enhanced performance to improve texture, appearance, overall sensory and aesthetic aspects of end-products.

The company could be a possible collaborator to produce the fruit shape packages for the Finnish market

Alcoworld

Address: 123317, g. Moskva, Presnenskaya naberezhnaya, d. 6, str. 2,

MMDC «Moskva-Siti», Bashnya «Imperiya»

Email info@alcoworld.biz

Manufacturer's address: Respublika Kareliya, g. Petrozavodsk, ul. Rigachina, dom 55

Press Service Email press@alcoworld.biz

The northern character of the Karelian region, age-old traditions of quality and adherence to the latest technologies are the basis of our leadership.

We develop beverage recipes in our own laboratory. All products, including vodka, bitters and sweet liqueurs, gins, bitters and balsams, contain only natural ingredients and are bottled at our own production facility, founded in 1879 in Petrozavodsk.

Our special pride is "Karelian Balsam", produced since 1976 and officially recognized as a symbol of Karelia.

The quality management system of the AlcoWorld company is certified for compliance with the international standard ISO 9001.

Zoom outwear Karelia

Production of high-quality clothing

Situated in Karelia since 2002

Russian market



Zoom clothing is a unique project from Karelia. Since 2002, its main goal is to produce high-quality and interesting clothing.

Finish market



The Northern character of the Karelian region, age-old traditions of quality and commitment to the latest technologies. The company was founded in 1879 in Petrozavodsk. The products contain only natural ingredients and are bottled in our own production.

Collaboration on Finish market (the description of the interaction)