

Challenges in importing Spanish products into Finland

Case: Coffee liqueur from Alcoy

Abstract

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Abstract		
<p>This thesis examined the export project of Spanish coffee liqueur from Alcoy to Finland, with the aim of exploring the strategic importance of entering the Finnish market and the potential economic benefits for both regions. By identifying Finland as a target market for Licores Sinc SA, the study seeks to uncover opportunities for growth and market expansion in the beverage industry.</p> <p>The research methodology adopted a comprehensive approach, integrating quantitative and qualitative methods to analyse the Finnish market and consumer preferences. Through careful data collection and analysis, the project examined cultural adaptation, regulatory requirements and market entry strategies to tailor the product to Finnish consumer preferences and ensure compliance with local regulations.</p> <p>The central research question focused on assessing the viability of exporting Spanish coffee liqueur to Finland. Subsidiary research questions explored competitor analysis in the Finnish market and potential entry modes for Licores Sinc SA. The research revealed the market potential of Spanish coffee liqueur in Finland, highlighting cultural adaptation, legal compliance and strategic planning. Strategic recommendations, aimed to increase market presence and drive regional economic growth through effective entry strategies.</p>		
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1 Introduction

1.1 Research background

Alcoy, in the province of Alicante, Spain, boasts a rich history and a population of around 59,493. Famed for its cultural heritage, it has been pivotal in regional economic and social progress. Evolving from its roots, Alcoy is now a dynamic hub blending tradition with modernity, renowned for festivals, culture, and contributions to industries like textiles and technology. (Alcoy.org.)

Alcoy played a pioneering role in the industrial revolution of the Valencian Community, leveraging hydraulic energy from local rivers to foster textile, metallurgical, and paper industries. Its manufactured goods, notably textiles, bolstered its reputation as an industrial center of excellence, with impacts felt nationally and internationally. (Escribano 2022.)

Alcoy is famous nationally as the City of Christmas and globally for its captivating Moors and Christians festivities, embodying tradition and cultural heritage. These events attract visitors worldwide, reflecting Alcoy's rich identity and historical significance. (Alcoy Turismo 2023.)

That's why, fueled by my affection for my hometown and driven by this motivation, I decided to go one step further. Unfortunately, on an international level Alcoy is not as well known as citizens would like it to be. It has recognition for its festivities, but not for its typical star drink, the coffee liqueur. (Villar 2023; Valiente 2024.)

The liquor of coffee from Alcoy is a distinctive drink hailing from the region of Alcoy and Comtat in the North of Alicante. Officially labeled as Alcoy Coffee Aperitif, this Spanish delight is closely tied to Moorish and Christian festivals. (Spanish Wines.)

The origin of liquor of coffee is rooted in Alcoy's textile industry during the 19th century when weavers, seeking warmth during work, added alcohol to their coffee flasks, creating the coffee liqueur from Alcoy. Its popularity surged, prompting entrepreneurial individuals to establish businesses for its production and commercial sale. (Spanish Wines.)

The liqueur is made by macerating Arabica coffee, has 15-25% alcohol content and a dark-brown color, and has inspired cocktails like 'Mentireta' blending black lemon ice drink. As a curiosity its name reflects a historic practice of concealing alcohol in public spaces. (Spanish Wines.)

Licores Sinc SA is a company based in Alcoy, specializing in the production of high-quality liqueurs. Recognized for its excellence and tradition, Licores Sinc SA has been a benchmark in the beverage industry in the region, with over 130 years of experience. The standout beverage in its extensive catalogue is therefore the coffee liqueur. Figure 1 below shows the appearance of the coffee liqueur bottle in the Licores Sinc SA shop. (Destilerías Sinc 2024a.)



Image 1. Bottle of coffee liqueur (Destilerías Sinc 2024b)

1.2 Thesis objectives, research questions, and limitations

The primary objective, which has motivated the undertaking of this thesis, is to contribute to the regional economic growth of Alcoy. This involves evaluating the positive economic impact that the export of coffee liqueur can bring, with the aim of enhancing regional economic activity and elevating the profile of my town to transcend international frontiers. Subsequently, a series of objectives related to marketing and international trade will be outlined:

The first objective is to do a Market research. To achieve this the thesis presents a comprehensive analysis of the Finnish market, aiming to identify consumer demand, preferences, and potential opportunities for Alcoy's coffee liqueur. Understanding the business environment in Finland is crucial for adapting the export strategy to meet the market's needs.

The second objective is to do a cultural adaptation. Based on the insights gained from the analysis of Finnish behavioural patterns, the aim is to adapt the product and its presentation to Finnish cultural preferences to ensure a positive reception by local consumers. Cultural adaptation is crucial for the successful introduction of a foreign product in a new market.

The third key aspect, especially when exporting an alcoholic beverage abroad, is to do the regulatory analysis. This involves presenting a detailed examination of the legal and regulatory requirements for importing and selling alcoholic beverages in Finland. This step ensures compliance with local regulations, avoids legal obstacles, and promotes market acceptance of the product.

Finally, to implement these objectives, the thesis will undertake the development of an export strategy. This involves designing effective export strategies that include distribution channels, promotional activities, and competitive pricing to effectively position Alcoy's coffee liqueur in the Finnish market. A well-planned strategy is essential for successful market penetration.

In order to contribute to regional economic growth and effectively position the product in Finland, the following research questions will guide the exploration and analysis.

The central question guiding the thesis is as follows:

Is Finland a potential market for Licores Sinc SA?

- This will be answered by analysing the market based on statistical studies, consumption reports and trends in Finland.

Additionally, the thesis focuses on the following two subordinate research questions:

Who are the competitors of Licores Sinc SA in Finland?

- A comparative study will be carried out to identify competitors and analyse their strategies.

What are the possible entry modes for Licores Sinc SA?

- This will involve a detailed analysis of entry options, considering legal aspects, distribution and local partnerships.

In the context of this thesis, possible research limitations include limited availability of specific data, challenges of cultural adaptation, changes in government regulations, new competitors, economic fluctuations and limitations in survey participation. Additionally, the thesis will focus only on the exportation strategies, a marketing plan for the beverage will not be included. It is important to address these issues to ensure that the research findings are reliable and valid. Finally, while there may be other similar companies in Spain or even in Valencia, this thesis project is focused solely on Licores Sinc SA.

1.3 Theoretical framework

This thesis draws on Porter's Diamond Model to analyse how successful the case company might be in exporting coffee liqueur.

Porter's Diamond Model was developed by Michael Porter. It explains why some industries in a country are globally competitive. It is based on four factors: Firm strategy, structure and rivalry, factor (input) conditions, demand conditions and the existence of related supporting industries. These factors interact and, if favourable, stimulate innovation and international competitiveness. Government intervention also plays a very important role in this model. (Harvard Business School.)

After that, I will proceed with a more extensive analysis:

For further analysis, the thesis will employ the PESTLE tool, which stands for Political, Economic, Social, Technological, Environmental, and Legal factors. This tool will help in the task of assessing the impact of various legislative and regulatory factors on our operations, and other aspects that may be relevant to be conscious about.

The, thesis will evaluate the case company's strengths and weaknesses. It is crucial to capitalize on the company's strengths to seize opportunities and address any weaknesses to prevent adverse outcomes.

Combining these two analyses will result in the SWOT analysis, which will provide a comprehensive overview of our current position and inform strategic decision-making.

Furthermore, I will delve into entry strategies for the Finnish market. To accomplish this, I will refer to the insights and frameworks provided by Hollensen.

1.4 Research methodology and data collection

The market research will be carried out using data and statistics from the Finnish alcoholic beverage sector. This approach aims to understand market demand, consumer preferences and competitive dynamics within the sector. Relevant data and statistics will be analysed to inform strategic decisions and tailor the product to the needs of the Finnish market.

In addition, a documentary analysis will be carried out to gain a detailed insight into the Finnish regulations governing the import of alcoholic beverages. The aim is to understand the specific legal and regulatory requirements that affect the export of products such as Alcoy's coffee liqueur to Finland.

The research methodology will be informed by various frameworks, including PESTLE analysis, SWOT analysis, Porter Diamond model and insights from Hollensen's perspective. These methodologies will be instrumental in comprehensively assessing market dynamics and informing strategic decision-making processes.

1.5 Thesis structure

The thesis begins with Chapter 1, which sets the foundation by presenting the research background, objectives, questions, limitations, theoretical framework, methodology, data collection, and overall structure. Chapter 2 introduces the case company, covering its background, readiness for internationalization, and product details. In Chapter 3, the thesis applies the Porter Diamond model to analyse market dynamics. Chapter 4 explores market entry strategies and external analysis, including discussions on tools such as PESTLE and SWOT analysis. Chapter 5 focuses on Finland as a target market, examining data collection, analysis, and strategic considerations using both external and internal analysis frameworks. Finally, Chapter 6 concludes the thesis by addressing research questions, discussing findings' validity and reliability, and suggesting avenues for future research.

2 Case company introduction

2.1 About the company

For more than fifty years, Licores Sinc SA is a pillar in the production and distribution of traditional liqueurs, rooted in the Sierra de Mariola and with a history of more than 125 years. Since its beginnings in 1890 with the launch of Barceló-Cerol liqueur of coffee by Pedro Barceló Seguí, the company has kept the traditional recipe intact, adapting only the visual presentation and format of the bottles over time. Image 2 refers to the first coffee liqueur bottle in 1890. (Destilerías Sinc 2020.)



1890

Image 2. First bottle of coffee liqueur (Destilerías Sinc 2020)

Through corporate and design changes, such as the adoption of the name Licores Sinc SA, the company has demonstrated a constant commitment to quality and tradition, diversifying its offer with specialities that include internationally recognised liqueurs. This combined approach of traditional craftsmanship and advanced technology in packaging and quality control has ensured that Licores Sinc SA continues to be a reliable and satisfying option for the most demanding consumers, maintaining its position as a benchmark in the quality spirits and liqueurs market. (Destilerías Sinc 2020.)

2.2 Readiness to internationalise

Licores Sinc SA is recognized as a Small and Medium-sized Enterprise (SME). Upon exploring its diverse catalogue, a broad selection of alcoholic and spirituous beverages is revealed, accompanied by its rich and deeply rooted history. Licores Sinc SA stands out not only for its notable presence but also for the tradition it has forged in Alcoy, throughout the region, and in the surrounding villages.

This strong presence and connection with local tradition establish a robust foundation for Licores Sinc SA to consider taking a step forward and embarking on internationalization. The resources supporting this decision encompass both tangible and intangible elements, solidifying the company's position in the alcoholic beverage industry.

Table 1 outlines the internationalization project in two columns:

- The first column focuses on the areas that Licores Sinc SA needs to control to successfully execute this project.
- The second column refers to specialized knowledge and requirements necessary to carry out this project on an international level.

This strategic focus on controlling critical areas and acquiring specific knowledge demonstrates the preparedness and determination of Licores Sinc SA to face the challenges and opportunities that come with international expansion.

This table provides an overview of the key areas that Licores Sinc SA must consider for an international project and the necessary knowledge to succeed in those areas.

Areas to monitor in the international project	Knowledge and requirements necessary for the MSE
Production	<p>In-depth knowledge of beverage production, distillation, and fermentation processes.</p> <p>Availability of adequate installations and land for the planting of raw materials.</p> <p>Compliance with international quality and safety standards.</p> <p>Experience in the alcoholic beverage industry.</p>
Distribution and logistics	<p>Years of experience distributing products locally.</p> <p>Establishment of an efficient logistics network for international distribution.</p> <p>Knowledge of customs regulations and logistics in foreign markets.</p>
Marketing and brand strategy	<p>Use of the "Made in Spain" label as an attraction in foreign markets.</p>

	<p>Understanding the cultural preferences and trends of the global marketplace.</p> <p>Ability to adapt marketing strategies to Finnish culture.</p>
Legal and regulatory framework	<p>Comprehensive knowledge of international trade regulations.</p> <p>Legal advice is required to operate in foreign markets and comply with international regulations.</p> <p>Knowledge of business and legal regulations in Finland</p>
Human resources	<p>Qualified staff with many years of experience in the sector.</p> <p>Recruitment of employees qualified in international trade operations will be necessary.</p>
Risk-taking	<p>Consideration of medium-high risk, mainly due to the Finnish legal framework and entry into the host country.</p> <p>Adaptation of the product to the Finnish market through exhaustive research.</p> <p>Risk assessed at 50%, with special attention to the cultural difference between Spain and Finland.</p>

Table 1. Small and Medium-sized Enterprise Areas (Table: Marta Miró)

Resources: Licores Sinc SA firstly possesses deep knowledge of the production, fermentation, and distillation processes of the alcoholic beverages in its catalog. With many years of experience and extensive know-how of its products, this traditional and longstanding company fully understands the quality and safety standards required at the national level. Additionally, it owns extensive facilities and plantation lands that allow for seamless production expansion. The only challenge lies in expanding its horizons to an international scope.

Distribution and logistics: In relation to this part of the project, Licores Sinc SA has years of experience distributing its products locally through supermarkets and specialized stores in different towns and cities. However, for this international project, it is necessary to enhance

its knowledge of international distribution and logistics networks. Comprehensive knowledge of customs laws and regulations for exporting alcoholic beverages to Finland is also required.

Marketing and brand strategy: Although the company already enjoys a strong brand image and has loyal customers who consume its products in Spain, the difficulty lies in conveying these values in foreign markets. Licores Sinc SA faces the challenge of adapting its marketing strategies to Finnish consumers and understanding their tastes and preferences. However, being a Spanish product from Alicante, it should not encounter significant difficulties due to the positive reputation that Spanish products have in other countries.

Legal and regulatory framework: This is the most challenging part of the international project, as it involves the export of alcoholic beverages. Finland is a country with strict regulations on the import of such products, requiring thorough legal advice to avoid complications in product distribution within the country.

Human resources: Regarding the part related to workers and human resources, Licores Sinc SA has it easy. With material resources such as land and manufacturing, Licores Sinc SA has a sufficient and qualified workforce. The challenge in this area arises when working in international environments. The hiring of qualified personnel in international sales operations, especially those specialized in international law, is necessary.

This project entails a medium to high risk. It is a product that could be very profitable for the company in exportation. Coffee is a flavour that is generally liked by many people. However, legal requirements or barriers to entry in the importing country could be very high and even jeopardize the success of this international buying and selling operations.

2.3 Licores Sinc SA products

This section now proceeds to introduce the range of products offered by Licorices Sinc SA.

To start with, the company has several product categories, depending on the type of alcoholic beverage. On its official website we find the following categories: absinthe, aniseed, soft drinks, brandy, liqueur of coffee, cream, gin, syrup, liqueurs, traditional liqueurs, orujo, rum, tequila, vodka, and whisky. Within each category, there are different types of drinks. In total, the company has more than 65 different types of alcoholic beverages. (Destilerías Sinc 2024c.)

I will focus on the coffee liqueur, which the company describes as being made by master coffee makers who apply the artisan tradition of roasting and maceration. The 100% Arabica coffee bean, the main ingredient, arrives raw at the facilities where it is roasted following

the traditional process; it is then macerated with premium alcohol and rests in large drums. In this way, a product is achieved that combines craftsmanship and modernity, obtaining the maximum flavour and aroma. (Destilerías Sinc 2024b.)

There are 5 brands, and within each one there are different types of liqueur. In Image 3 we can see all these 5 brands and the decaffeinated version of them.

- Coffee liqueur Cerol: It is a fusion of tradition and modernity that dates back to the 19th century, standing out for its artisan roasting process that enhances its aroma and flavour. It offers an incomparable quality backed by a careful selection of Arabica coffee varieties, as well as being versatile in its consumption and available in different sizes and prices. (Destilerías Sinc 2024c.)
- Coffee liqueur Cerol Decaffeinated: Offers the same flavour without the stimulating effect, made in the traditional way with roasted Arabica coffee, and with versatile consumption recommendations for different occasions. (Destilerías Sinc 2024c.)
- Coffee liqueur Cerol Gourmet: This is the most prestigious and exclusive liqueur of coffee, made with gourmet coffees that offer a homogeneous aroma and flavour appreciated by refined palates. Its limited annual series makes it a luxury option for lovers of exquisite coffee, with a versatility in combinations and a unique experience. (Destilerías Sinc 2024c.)
- Coffee liqueur Cerol Rojo: It stands out for its intensity of flavour and characteristic smoothness, making it ideal for sophisticated palates that prefer a milder option. (Destilerías Sinc 2024c.)
- Coffee liqueur Feta, and its decaffeinated version, are made with an artisanal roasting and maceration process passed down from generation to generation. They stand out for its delicious flavour and aroma, being an ideal option to enjoy on its own or in combination with different soft drinks. (Destilerías Sinc 2024c.)
- Coffee liqueur Olcina: It has a unique renewed formula and is made by maceration, with a quality endorsed by the Regulatory Council of Traditional Spirits of Alicante, that offers a versatile and authentic experience for discerning palates. (Destilerías Sinc 2024c.)
- Coffee liqueur Sou: It is made with a slow and traditional roasting process, ideal as an aperitif or nightcap, vegan and gluten-free. (Destilerías Sinc 2024c.)

- Coffee liqueur Sancho: It stands out for its careful selection of the best Arabica coffees in the world, offering a smooth, intense and elegant flavour, with versatility in combinations for any occasion. (Destilerías Sinc 2024c.)

Each variety offers a unique and authentic experience, adapting to different preferences and consumption occasions.



Image 3. Bottles of different coffee liqueurs (Alcoy Turismo 2024)

2.4 Product preferences

I carried out a survey on the consumption preferences of liquor of coffee among the inhabitants of Alcoy and its surroundings, in order to understand their habits and tastes in the area. I designed a short questionnaire on 2th of February using the Google Forms tool, which I shared via a link with family and friends. I received a total of 57 responses. (Appendix 1 2024.)

In the first question (Figure 1), the location of the respondent was examined in order to understand the geographical distribution of liqueur of coffee consumption. It was observed that the coffee liqueur is mainly consumed in Alcoy (with 44 responses), as well as in other nearby towns such as Alboraya, Alzira, Andratx, Cocentaina, Muro de Alcoy and Tavernes. This shows that consumption is not only limited to the Alicante area, but is widespread throughout the Valencian Community. (Appendix 1 2024.)

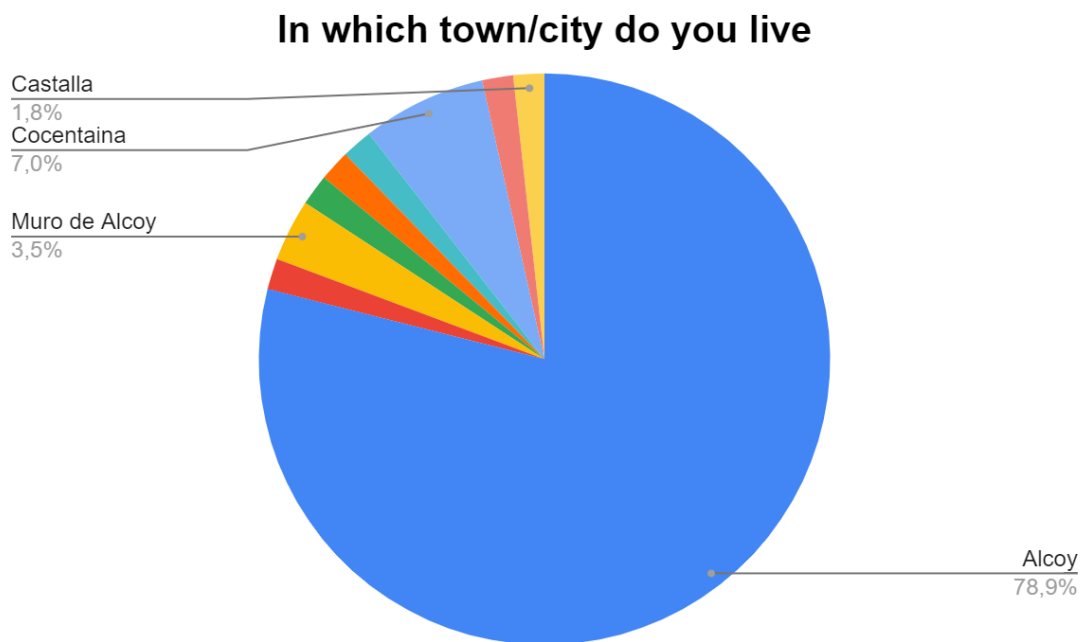


Figure 1. Question 1: In which town/city do you live (Appendix 1 2024)

In the second question (Figure 2), respondents were asked whether they consume coffee liqueur. This reveals that nearly three quarters consume the drink, (Appendix 1 2024.)

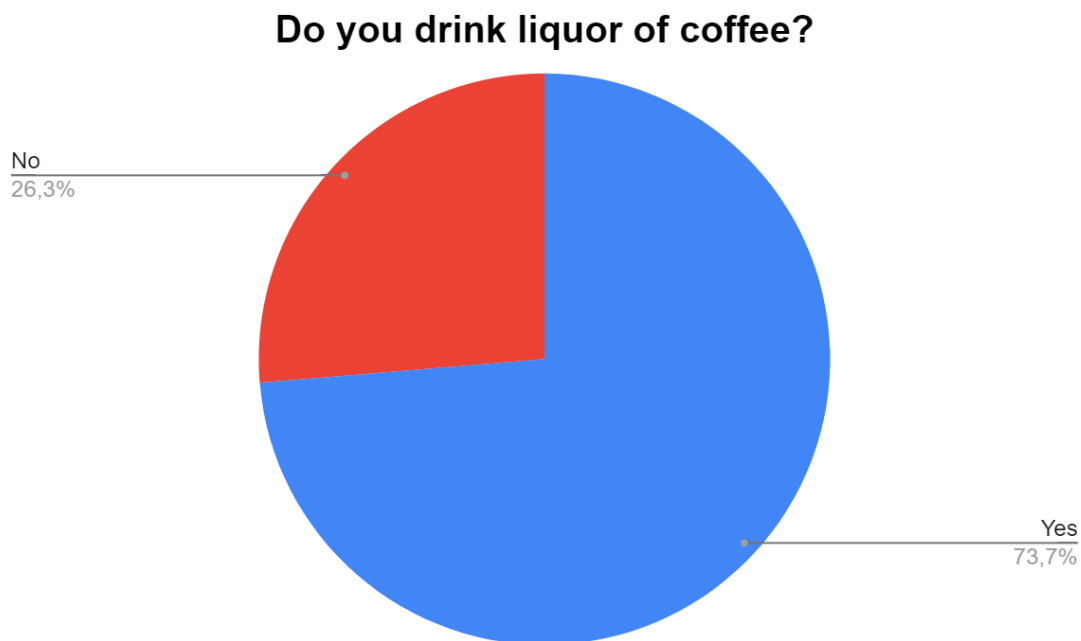


Figure 2. Question 2: Do you drink coffee liqueur? (Appendix 1 2024)

The third question (Figure 3) focused on the frequency of consumption. It was concluded that almost half consumed it on a occasional basis. (Appendix 1 2024)

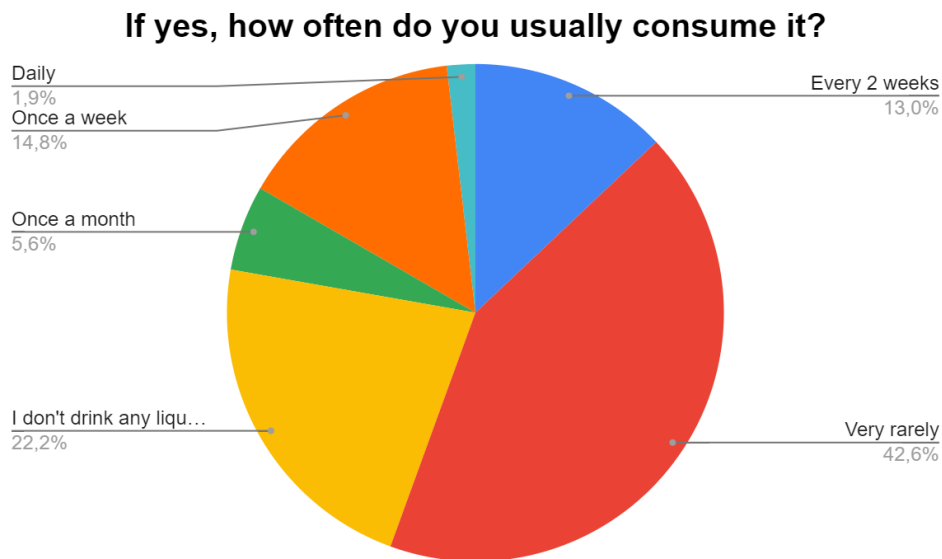


Figure 3. Question 3: How often do you consume it (Appendix 1 2024)

Finally, the most relevant question (Figure 4) was about the type of coffee liqueur that the respondents prefer; 57.9% prefer coffee liqueur Cerol, followed by 22.8% who prefer feta liquor of coffee. This suggests that coffee liqueur Cerol is the most popular, leading us to decide that it will be the main choice in our export project, among the wide variety of options available. (Appendix 1 2024.)

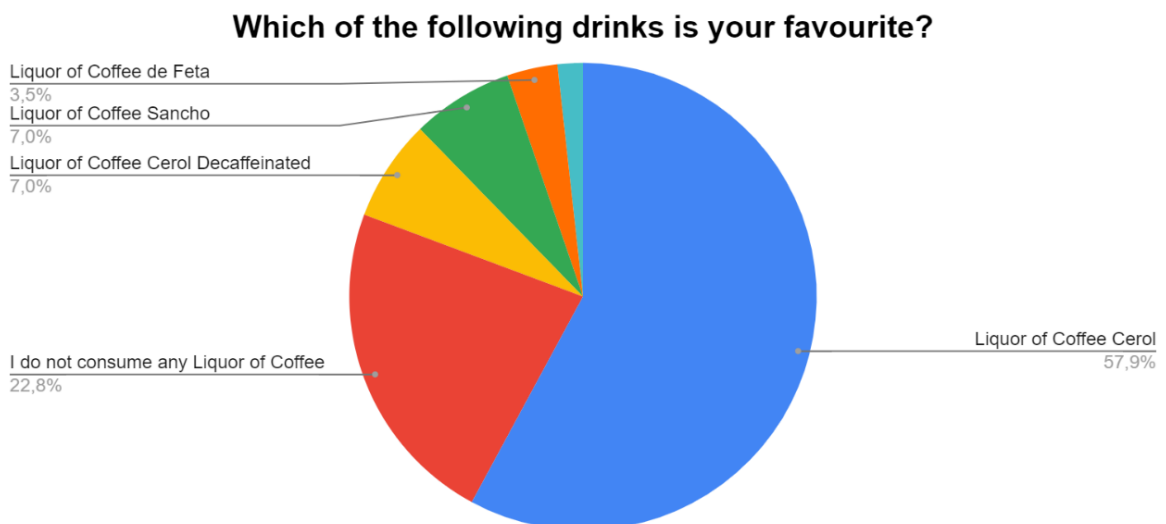


Figure 4. Question 4: Which of the following drinks is your favourite (Appendix 1 2024)

With this survey of the public in Alcoy and the area, I have been able to corroborate certain facts. Firstly, the coffee liqueur is not only a typical drink in Alcoy, it is spreading to other areas. Secondly, that a large part of those surveyed do consume this drink. Whether more or less frequently. Finally, the survey helped find out which of the case company's coffee liqueurs was the most consumed one: the original coffee liqueur, Cerol. In other words, the survey helped find out whether coffee liqueur is consumed, in which areas it is consumed, in what proportion, and which coffee liqueur is the consumers' favourite.

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3 Porter Diamond model

The Diamond Model, a theory developed by Michael Porter, is a widely used conceptual tool for understanding and improving economic competitiveness at the microeconomic level, whether in the context of nations, states or other geographical locations. It provides a framework for identifying and analysing the multiple dimensions that influence the productivity and competitiveness of a location, and for understanding how these dimensions interact. (Porter 1990.)

At the heart of the Diamond Model is the idea that firms, as opposed to direct government intervention, play a fundamental role in creating jobs and wealth. In this sense, it emphasises that understanding how firms operate in their business environment and how different elements within that environment interact is crucial to improving overall productivity and competitiveness. (Porter 1990.)

The key concepts of Porter's Diamond Model are as follows:

- **Central Role of Companies:** This concept emphasizes that companies, not governments, are the primary drivers of job creation and wealth generation in an economy. (Porter 1990.)
- **Business Environment:** It refers to understanding how elements within the business environment interrelate and mutually affect each other. It is crucial for enhancing productivity and competitiveness. (Porter 1990.)
- **Competition between Locations:** This concept highlights how different locations compete to offer the most productive and favourable environment for companies. (Porter 1990.)

The Diamond Model identifies four broad areas that influence the competitiveness of a location, which are represented in the form of a diamond. These areas are:

1. **Company Strategy, Structure, and Rivalry:** This encompasses the conditions related to the creation, organization, and management of companies, as well as the nature of domestic competition in a given location. (Harvard Business School.)

2. **Demand Conditions:** This aspect refers to the nature and size of the local market demand for specific products or services. Demand conditions drive product innovation and differentiation. (Harvard Business School.)

3. Related and Supporting Industries: The presence of related and supporting industries that are internationally competitive plays a crucial role in a location's competitiveness. These industries facilitate innovation through the exchange of knowledge and resources. (Harvard Business School.)

4. Factor Conditions: This aspect refers to the availability and quality of production factors, such as skilled labour, infrastructure, and capital. Factor conditions are essential for a location's competitiveness in a given industry. (Harvard Business School.)

In the figure below (Figure 5), we can see how these 4 areas are connected to each other.

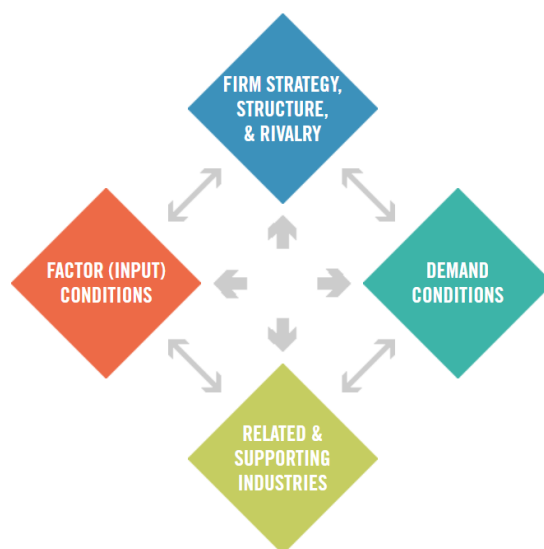


Figure 5. Diamond Porter's Model (Harvard Business School.)

Porter posits that by identifying and improving the elements in the diamond that act as barriers to productivity, locations can enhance their competitiveness. That is, by addressing these four key aspects, a location can create a more conducive environment for economic growth and business prosperity. (Harvard Business School.)

Porter's Diamond Model is widely used in business and academic settings to understand and enhance the competitiveness of companies and nations. It provides a solid analytical framework that enables decision-makers to identify areas for improvement and develop effective strategies to foster long-term economic growth and competitiveness. (Porter 1990.)

Porter's Diamond Model is important for several fundamental reasons:

- Holistic Understanding of Competitiveness: It provides a comprehensive conceptual framework for understanding the various factors that influence the competitiveness of a location, whether at the national, state, or regional level. By considering ele-

ments such as business strategy, demand conditions, related industries, and production factors, the model offers a comprehensive view of competitive dynamics. (Porter 1990.)

- Identification of Areas for Improvement: It enables decision-makers to identify specific areas that require improvement to increase competitiveness. By analysing each aspect of the diamond, organizations and governments can identify barriers to productivity and develop strategies to overcome them. (Porter 1990.)
- Development of Effective Policies and Strategies: The model provides a solid foundation for the development of policies and strategies that promote economic growth and competitiveness. By understanding how different elements of the diamond interact, policymakers can implement more effective interventions that promote a prosperous business environment. (Porter 1990.)
- Guidance for Business Decision-Making: Companies can use the Diamond Model to guide their strategic decisions related to investment and operation in different locations. By assessing a location's competitiveness based on various aspects of the diamond, companies can make informed decisions about where to expand or establish operations. (Porter 1990.)
- Promotion of Sustainable Economic Development: By enhancing the competitiveness of a location, the Diamond Model contributes to long-term sustainable economic development. By creating a more conducive business environment, it promotes job creation, innovation, and economic growth, benefiting both companies and society. (Porter 1990.)

4 Market entry strategies and external analysis

4.1 Market entry strategies

In today's globalized economy, businesses are constantly driven to expand their reach and explore new markets. As the world becomes increasingly interconnected, the allure of international expansion grows stronger, offering opportunities for growth and diversification. However, the journey towards international success is riddled with challenges and uncertainties. These are the main entry strategies for a company to enter a new market: exporting, licensing, joint ventures and partnerships, acquisitions or mergers and establishing wholly owned subsidiaries. (Ordorica 2023.)

Exporting involves selling products or services to foreign customers by shipping goods or delivering services across international borders, often through intermediaries or distributors. It offers a relatively low-risk option for entering international markets, leveraging existing products or services without significant investments in foreign operations. (Ordorica 2023.) Exporting offers fast market penetration with minimal investment, allowing businesses to diversify revenue sources. However, it comes with limited control over distribution and cultural barriers, as well as potential environmental impacts and transport complexities. (Giles 2024.)

Licensing grants foreign entities the right to use intellectual property like trademarks or patents, while franchising involves replicating a successful business model in foreign markets. These options provide quicker market entry but require careful management. (Ordorica 2023.) Licensing and franchising provide rapid market entry and shared marketing costs, yet control over operations may be compromised. Legal complexities and competition from licensees pose additional challenges. (Giles 2024.)

Joint ventures and partnerships allow businesses to share risks and costs with local entities when expanding into foreign markets. This mutually beneficial arrangement requires careful negotiation, clear agreements, and effective cooperation to navigate cultural differences. (Ordorica 2023.) Joint ventures and partnerships reduce financial burdens and offer access to local knowledge and markets. However, integration issues and risks of sharing sensitive information may arise. (Giles 2024.)

Market entry via acquisitions or mergers with foreign businesses provides speed and access to established customer bases and distribution networks. However, it comes with integration, cultural, and stakeholder challenges. (Ordorica 2023.) Acquisitions and mergers grant immediate access to established operations and market insights but involve high upfront costs and integration challenges, including cultural disparities. (Giles 2024.)

Establishing wholly owned subsidiaries involves complete ownership and control of operations in a foreign market. While it offers maximum autonomy and decision-making power, it requires significant financial investment and entails higher risks. (Ordorica 2023.) Wholly owned subsidiaries offer maximum control and local credibility but require significant initial investments and time to establish operations, with risks associated with a lack of local market understanding. (Giles 2024.)

In this case, I will relate Hollensen's comments to market entry strategies. Hollensen discusses the importance of selecting the right market entry strategy when expanding globally. Some key points Hollensen mentions are:

- **Market Analysis:** Hollensen stresses the importance of conducting a thorough analysis of the target market, including factors such as competition, market demand and consumer trends. This analysis is essential to determine the most appropriate entry strategy. (Hollensen 2012.)
- **Target Market Selection:** Hollensen mentions the importance of identifying and selecting the target markets that are most appropriate for the company based on its capabilities and resources. This selection influences the choice of market entry strategy. (Hollensen 2012.)
- **Adapting to the Cultural Environment:** Hollensen highlights the need to adapt to the cultural environment of international markets to be successful. Market entry strategies must consider cultural differences and adapt accordingly. (Hollensen 2012.)
- **Global Marketing Strategies:** Hollensen discusses the importance of developing coherent global marketing strategies that can be effectively implemented in different markets. Market entry strategies must align with these global marketing strategies. (Hollensen 2012.)

4.2 PESTLE

Initially conceptualized by Francis J. Aguilar in the 1960s as ETPS (Economic, Technical, Political, and Social), PEST analysis underwent several transformations. Arnold Brown later refined it into STEP (Strategic Trend Evaluation Process), emphasizing strategic environmental trends. Subsequently, it expanded to STEPE (Social, Technical, Economic, Political, and Ecological) to include ecological factors. Finally, PESTLE analysis emerged, integrating Legal and Environmental dimensions, offering a comprehensive framework for strategic management. Since then, PESTLE analysis has become a fundamental tool for businesses,

enabling them to understand all the factors that can affect their operations and to make effective decisions. This evolution underscores the necessity for a holistic approach to navigate the complexities of the external business environment. (Frue 2017.)

The PESTLE acronym stands for Political, Economic, Social, Technological, Legal and Environmental factors. PESTLE framework is a tool to analyse and monitor the macro-environmental factors that have an impact on a company and the industry environment in which it operates. A PESTLE analysis is often used with other tools such as the SWOT analysis to give a clear understanding of internal and external factors affecting a business. (University of Sydney , 2024) The PESTLE analysis encompasses six important factors that influence the external marketing environment of a company: (Pestleanalysis contributor 2022.)

- Political Factors: These include government policies, stability, regulations, and trade agreements. Political factors can significantly impact business operations, such as tax policies, trade regulations, and labour laws. (Pestleanalysis contributor 2022.)
- Economic Factors: Economic factors measure the health of an economy and include indicators like inflation, unemployment, GDP, and exchange rates. Changes in economic conditions can affect consumer purchasing power, interest rates, and credit accessibility. (Pestleanalysis contributor 2022.)
- Sociocultural Factors: Sociocultural factors focus on societal trends, demographics, and cultural norms that influence consumer behaviour. This includes population demographics, lifestyle changes, educational levels, and cultural differences. (Pestleanalysis contributor 2022.)
- Technological Factors: Technological factors refer to advancements in technology that impact business operations and consumer behaviour. This includes innovations, rate of technological obsolescence, and new technological platforms. (Pestleanalysis contributor 2022.)
- Environmental Factors: Environmental factors involve physical changes and regulations related to environmental protection and sustainability. This includes waste disposal laws, energy consumption regulations, and popular attitudes towards the environment. (Pestleanalysis contributor 2022.)
- Legal Factors: Legal factors encompass laws and regulations that govern business operations, product regulations, employment regulations, and competitive regulations. Compliance with legal requirements is crucial for avoiding legal pitfalls and maintaining business integrity. (Pestleanalysis contributor 2022.)

PESTLE analysis is a critical tool for businesses, providing an in-depth understanding of the multiple influencers within their operational ecosystem. By systematically integrating PESTLE alongside SWOT analysis, companies can conduct comprehensive assessments and gain insight into the prevailing business climate, regulatory framework, societal dynamics, and their impact on product viability. This approach emphasises the need to balance internal business models with external factors to promote a nuanced assessment conducive to informed decision-making. (Choo 2023.)

Conducting a PESTLE analysis equips organisations to be prepared for potential obstacles and facilitates strategic planning to overcome challenges effectively. It not only strengthens internal relationships and encourages innovative thinking among employees, but also helps to anticipate the impact of decisions before they are implemented. By identifying and mitigating potential threats while identifying new opportunities, companies can navigate market complexities and optimise their competitive advantage and market relevance. (Choo 2023.)

In addition, PESTLE analysis is essential for companies planning to launch new products or services. It serves as a strategic compass, enabling decision-makers to exploit emerging opportunities, anticipate market trends and align offerings with evolving consumer behaviour. Cost-effective and easy to implement, PESTEL analysis enables organisations to streamline operations, maximise efficiency and adapt seamlessly to dynamic market landscapes, ensuring sustainable relevance and success in competitive markets. Integrating PESTEL analysis into strategic frameworks fosters a holistic understanding of market dynamics, enabling organisations to strategically navigate internal and external factors and drive sustainable growth and resilience. (Choo 2023.)

4.3 SWOT analysis

SWOT analysis, standing for Strengths, Weaknesses, Opportunities, and Threats, is a strategic tool used to assess both internal and external factors impacting a business. It helps identify strengths and weaknesses within the organization, as well as opportunities and threats in the external environment. (European Commission 2024a.)

SWOT analysis typically integrates threats and opportunities with its applications. The acronym SWOT considers: Strengths, Weaknesses, Opportunities and Threats. It is a strategic tool that involves assessing the internal aspects of an organization, with the external factors such as environmental opportunities and threats. (European Commission 2024a.)

Strengths refer to the effective utilization of resources or capacities to achieve organizational objectives. These internal capabilities contribute positively to the organization's goals

and enhance its competitive advantage. They encompass positive aspects of the organizational environment that can be leveraged for growth. (University of Cambridge 2024.)

On the other hand, weaknesses denote limitations, faults, or defects within the organization that hinder goal achievement. These internal factors detract from organizational effectiveness or competitiveness and represent areas where the organization falls short in meeting objectives or facing challenges. Weaknesses may also encompass aspects of the environment that pose risks or constraints to the organization's strategy (University of Cambridge 2024.)

SWOT analysis typically integrates threats and opportunities with its applications. The acronym SWOT considers: Strengths, Weaknesses, Opportunities and Threats. It is a strategic tool that involves assessing the internal aspects of an organization, with the external factors such as environmental opportunities and threats (European Commission 2024a.)

SWOT analysis is particularly relevant in context analysis as a complement to PESTLE. However, it can be used for many purposes during implementation (e.g. to make strategic choices if changes in the context are identified) or evaluation to ensure that the implemented strategy is appropriate to the situation described in the analysis (European Commission 2024a.)

5 Finland as a target market

5.1 Data collection and data analysis

In the thesis on the export of coffee liqueur from Alcoy, Spain to Finland, I will employ a comprehensive research approach that integrates both quantitative and qualitative methodologies. Recognizing the multifaceted nature of the topic and the diverse aspects it encompasses, this hybrid methodological framework will enable a nuanced understanding of the complexities involved.

Quantitative methods will be employed to delve into the statistical intricacies of the Finnish market and assess the existing data relevant to the export of the product. This will involve meticulous market data analysis, where I will scrutinize various metrics such as consumption patterns and market trends. By leveraging quantitative techniques, I aim to derive valuable insights into the market dynamics, identifying potential opportunities and challenges for Alcoy's coffee liqueur exports to Finland.

Furthermore, to gain a deeper understanding of consumer preferences and demands in the Spanish market, I conducted a survey in Alcoy. This survey was designed to collect quantifiable data on consumer behaviours, preferences, and perceptions regarding coffee liqueur. Through rigorous data collection and analysis, I intend to uncover valuable insights that will inform strategic decisions regarding product positioning, marketing strategies, and expansion efforts.

In addition to quantitative methods, qualitative approaches will be employed to explore the broader socio-economic context surrounding the export of coffee liqueur. Document content analysis will be utilized to examine regulatory frameworks, trade policies, and economic factors impacting the export industry. By qualitatively assessing these aspects, I aim to elucidate the regulatory challenges, trade barriers, and economic implications that may influence Alcoy's coffee liqueur exports to Finland.

The Hollensen analysis will then be used to examine Alcoy's capabilities, resources and competitive advantages in the international market in order to identify its strengths and weaknesses, which are crucial for strategic decision-making. A PESTEL analysis will be carried out to assess the political, economic, social, technological, environmental, and legal factors that may influence the export of coffee liqueur. This comprehensive study will provide a holistic understanding of the external environment to guide market entry strategies. In addition, a SWOT analysis will be used to evaluate the strengths, weaknesses, opportunities and threats relevant to Alcoy's coffee liqueur export venture, facilitating the identification of strategic avenues for growth and risk management.

By integrating quantitative and qualitative methodologies, this research endeavour seeks to provide a comprehensive analysis of the export dynamics, encompassing both the quantitative metrics of market analysis and the qualitative insights into consumer behaviour and regulatory frameworks. Through this holistic approach, I aspire to contribute valuable knowledge to the field of international trade and market expansion strategies, particularly within the context of the coffee liqueur industry.

5.2 External analysis PESTLE

This thesis explores the internationalization strategies of exporting Alcoy's coffee liqueur to Finland. In this context, understanding the PESTLE factors is crucial. These factors directly impact the feasibility and success of entering the Finnish market, guiding strategic decisions, and ensuring alignment with market dynamics.

Political factors

Internal policy

Political stability in Finland, with a coalition government, may shape trade policies and relations with Spain. The Finnish government's economic objectives, such as boosting sustainable growth and reducing public spending, could influence demand for Spanish products in the Finnish market. Finland's involvement in international mediation and its membership in organisations such as the OSCE and the OECD may also affect its willingness to collaborate with foreign companies, including Spanish ones. In addition, the upcoming elections in Finland could generate political uncertainty, impacting future trade and economic policies and the business environment in Finland. (Oficina de Información Diplomática del Ministerio de Asuntos Exteriores, Unión Europea y Cooperación 2023.)

The Finnish government's selection of strategic research themes reflects its current policy priorities and approaches. The decision to focus on the future of democracy and the role of water in welfare, security and peace indicates a governmental interest in areas related to political stability and national security. This may have a direct impact on government regulations and policies affecting bilateral trade relations, including imports of Spanish products into Finland. In addition, the deferral of the immigration issue as a strategic research area suggests a specific political stance on immigration policies, which could influence regulations and restrictions related to the entry of foreign goods into the country. In sum, these policy decisions may affect the business climate and export opportunities for Spanish products in Finland by influencing the country's trade and immigration policies. (Teivainen 2023.)

Foreign policy

The friendly and collaborative political relationship between Spain and Finland provides a solid basis for bilateral trade relations, which could facilitate the entry of Spanish products into the Finnish market. Joint participation in multilateral fora and convergence on issues of international mediation and peace promotion can improve Finland's perception as a business partner and its willingness to work with Spanish companies. Sharing values as EU members strengthens cooperation in international affairs and within the EU, which could benefit bilateral trade relations. Collaboration to promote stability and development creates an enabling environment for business operations, with potential opportunities in research, innovation and sustainable development. (Oficina de Información Diplomática del Ministerio de Asuntos Exteriores, Unión Europea y Cooperación 2023.)

Current situation

The export of Spanish products to Finland is influenced by several key political factors. The change in Finnish foreign policy, with its application for NATO membership following the Russian invasion of Ukraine, and tensions with Russia may affect the country's political and economic stability, altering bilateral trade patterns and the perception of risk for Spanish companies. Moreover, possible NATO membership and commitment to collective defence will have implications for European security and political and economic relations within the EU, affecting Spain's participation in security and defence cooperation. Considering these political factors is crucial to understanding the environment and making informed decisions in the face of changes in the political and economic landscape. (Pillai 2022.)

Economic factors

Finland's economy presents a combination of favourable and challenging factors for exporting coffee liqueur. Projected growth of private consumption and exports in Finland is expected, with a projected real GDP of 0.6% in 2024 and 1.6% in 2025. This could offer opportunities for the export of the product. However, Finland's economy has experienced an economic recession in 2023, which may affect domestic demand and consumers' willingness to spend on imported products. (European Commission 2024.)

In addition, weak business and consumer sentiment is observed in early 2024, which may influence the willingness to spend on imported products. Although investment and domestic consumption are expected to increase in the coming years, initial projections are less favourable. (European Commission 2024.)

It is noted that an economic recovery is expected in Finland towards the end of 2024, which could create opportunities for the project as Finnish domestic demand and exports increase.

However, the prolonged recession until early 2024 indicates a challenging economic environment that could limit the project's growth potential in the Finnish market. (Helsinki Times 2024.)

Finland is experiencing a slow economic recovery, influenced by external events such as the war in Ukraine and weak economic growth in Europe. This suggests that the current economic environment is challenging, and that economic growth will remain modest in the short term. Factors such as high interest rates, low growth of trading partners is negatively affecting economic activity in Finland, which could influence the demand for imported products. (Bank of Finland Bulletin 2024.)

In summary, the economic environment in Finland presents significant challenges that could affect the viability and success of the export project, at least in this year. However, in a 1-year horizon when the situation improves, it may become attractive. It is crucial to take these conditions into account when planning business strategies and making business decisions when exporting.

Social factors

Finland, with a low population density and high life expectancy, faces demographic challenges due to its low fertility rate (Statistics Finland 2023a.) However, its culture rooted in nature, well-being, and innovation, together with a strong focus on equality and sustainability, reflects a unique lifestyle. Its high-quality education system and universal health care ensure a high standard of living. These demographic, cultural, educational and health aspects have important implications for exporting the coffee liqueur to Finland. As seen in the Figure 6 longevity and a focus on wellness could increase demand for products that promote a healthy lifestyle, such as a high-quality coffee liqueur that can be enjoyed on special occasions. In addition, an appreciation for innovation and a connection to nature could favour the acceptance of unique and authentic products, such as coffee liqueur, in the Finnish market. (Oficina de Información Diplomática del Ministerio de Asuntos Exteriores, Unión Europea y Cooperación 2023.)

Age structure of population on 31 December

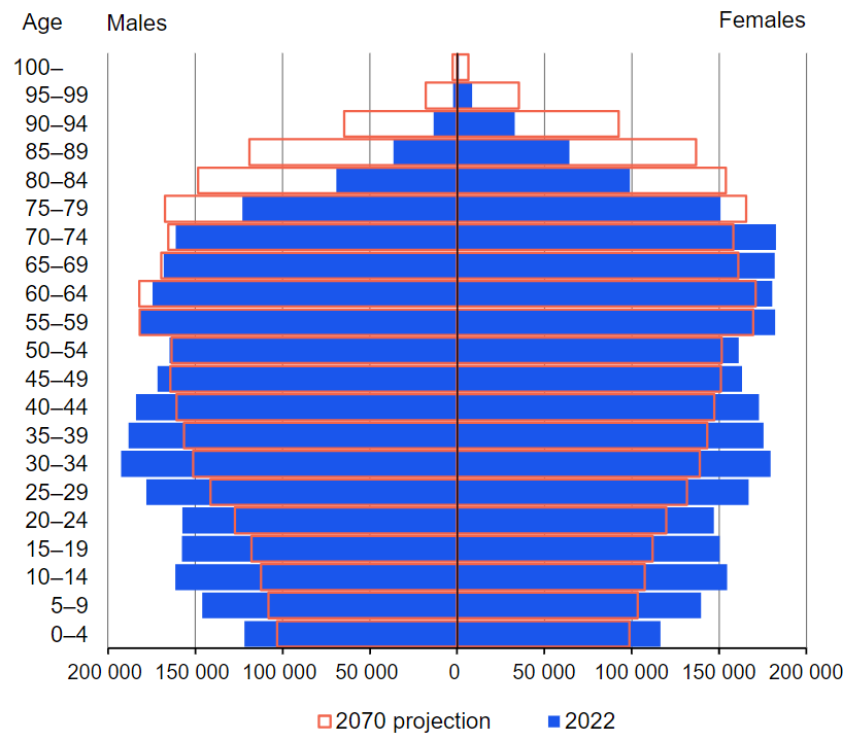


Figure 6. Age Structure of Population on 31 December (Statistics Finland 2023a)

The significant presence of alcohol consumption in Finland is noteworthy, highlighting its deep-rooted tradition and its persistence as a relevant aspect of Finnish society. Despite a downward trend in terms of frequency and quantity in recent years, consumption remains high. (Statistics Finland 2023b.) Figure 7 shows that people between 15 and 100 years old are drinking alcohol today than in previous years. Despite a reduction in consumption in 2022, the rate is high. Factors such as availability, accessibility and cultural norms influence consumption habits, while excessive consumption leads to negative effects on individual and social health and well-being. Sauna culture and its association with alcohol consumption, along with its presence at social events and festivities, and the consequent integration into everyday life. Social norms around responsible drinking, a variety of traditional beverages and regional preferences, as well as alcohol-related health and family problems, underline the complexity of the issue. (Finnish Institute for Health and Welfare 2023.)

Consumption of alcoholic beverages per person aged 15 or older, 100% alcohol

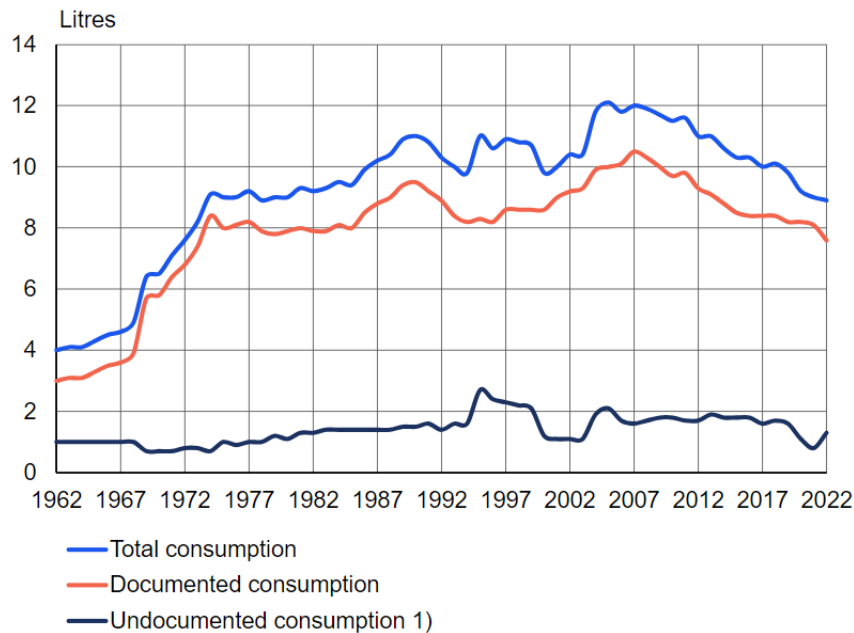


Figure 7. Consumption of alcoholic beverages per person aged 15 or older, 100% alcohol (Statistics Finland 2023b)

Finland stands out as the world's leading per capita consumer of coffee, with an average of almost four cups per person per day. This phenomenon is partly attributed to the country's harsh climatic conditions, where long, dark, cold winters make coffee especially prized as a comforting and energising beverage. In addition, coffee has become deeply rooted in Finnish culture as an integral part of daily life and social interactions. It is considered a tradition and a way to connect with others, both at home and at work. Coffee breaks are an important aspect of the daily routine, and coffee is served in a wide variety of situations, from casual encounters to formal meetings. This coffee culture is supported by the widespread presence of coffee shops and the high quality of coffee beans available in the country. Finland's high coffee consumption is the result of a combination of cultural, climatic, and social factors that have brought coffee to the centre of Finnish people's daily lives. (World Population Review 2024.)

Finland presents a promising scenario for Licores Sinc SA's coffee liqueur due to several key factors. First, the high consumption of both alcohol and coffee in Finland suggests a receptive and active market for products that combine these two preferences. Since coffee liqueur is a fusion of both, it could easily appeal to Finnish consumers who appreciate both coffee and alcoholic beverages. In addition, the deep-rooted coffee culture in Finland, with a constant demand throughout the year, provides an ideal context for introducing a coffee

liqueur of high quality and exceptional taste. In addition, the willingness of Finns to experiment with new drinks and flavours, together with their appreciation for quality and craftsmanship, provides opportunities to stand out in the market with an authentic and distinctive product such as Licores Sinc SA's coffee liqueur. In short, the combination of Finland's high consumption of alcohol and coffee, together with its culture of openness to new gastronomic experiences, makes it a promising export destination for the coffee liqueur.

Technological factors

In Finland, the technological situation is highly advanced and stands out for its focus on innovation and cutting-edge technology.

Logistics in Finland benefits from its strategic location, modern infrastructure, and efficient transport systems, making it a key logistics hub in Europe. (Technology Industries of Finland 2023.)

In terms of transport, Finland has a well-developed transport network that includes high-quality roads, modern railways, efficient seaports, and international air connections. The country has invested significantly in sustainable and technologically advanced transport infrastructure to facilitate the efficient movement of goods and people. (Technology Industries of Finland 2023.)

In terms of supply chain technology, Finland stands out for its focus on efficiency and innovation in supply chain management. Finnish companies have adopted advanced technologies, such as the Internet of Things (IoT), artificial intelligence (AI) and data analytics, to optimise their logistics operations and improve supply chain visibility. These technologies enable companies to track and monitor the movement of goods, manage inventories more efficiently and predict demand more accurately. Supply chain technology in Finland focuses on improving efficiency, reducing costs, and providing high quality service to customers. (Technology Industries of Finland 2023.)

The technological landscape influencing alcohol consumption in Finland, particularly in the realm of e-commerce, is characterized by the innovative strategies implemented by Alko. With a network of 373 stores and 134 pick-up points spanning the country, Alko has developed a robust online shopping platform that boasts over 11,000 products available for purchase. Supported by a mobile application, which has garnered approximately 232,000 users by the end of 2022, Alko ensures accessibility and convenience for its customers. These digital channels contribute significantly to Alko's success, with online shop orders totaling 172,000 during the year. Continuous technological enhancements, such as improved search and filtering functions, alongside a seamless omnichannel approach integrating

stores, pick-up points, online shop, and mobile app, underscore Alko's commitment to providing a superior customer experience. By actively engaging with customers and leveraging feedback, Alko ensures that its technological offerings align with consumer preferences and contribute to the overall satisfaction of its clientele. (Alko 2022.)

In summary, the technological situation in Finland is robust, with a focus on innovation, logistics efficiency and transport development. Investments in technology and related sectors continue to grow, supporting Finland's position as a technology leader.

Legislation and export limitations

First, the Single European Market, established in 1993, eliminates trade barriers between the member countries of the European Union (EU), including Spain and Finland. This allows the free movement of goods, services, people, and capital. The main benefits include stimulating economic growth, facilitating cross-border trade and providing access to a large market with approximately 447 million consumers. (Council of the European Union 2024.)

However, although the single market facilitates trade within the EU, companies must still comply with relevant regulations on taxation, safety regulations, quality standards and any other requirements specific to the country of destination. This is the case of Finland. (Council of the European Union 2024.)

To sell the coffee liqueur in Finland legally, it is essential to understand and comply with the regulations set out in the country's Alcohol Act. This involves obtaining the necessary licences for the import, distribution, and sale of alcohol, including import and retail licences, as well as reporting activities to the Product Control Agency. Retailing is subject to specific regulations, such as municipal consent and the state alcohol monopoly through Alko, which has the exclusive right to conduct retail trade, although there are exceptions defined by law. In addition, advertising and promotion regulations must be adhered to, making sure to comply with the labelling standards set by the Ministry of Social Affairs and Health. It is crucial to comply with all regulations to avoid possible sanctions or legal problems, whether selling through Alko or other authorised retailers. This involves ensuring product quality, complying with labelling, and advertising requirements, and coordinating with the appropriate distribution channels. (FinLex Act 1143/1994.)

Alcohol tax

Products subject to taxation include alcohol and alcoholic beverages, encompassing beer, wine, other fermented alcoholic drinks, intermediate products, and ethyl alcohol. This tax applies to alcoholic beverages intended for human consumption and ethyl alcohol with an alcohol by volume (ABV) exceeding 1.2%, as well as beer with an ABV exceeding 0.5%.

Excise duty on alcohol and alcoholic beverages must be settled for products manufactured within Finland or those imported from EU or non-EU countries and received within Finland. (Vero Skatt.)

Furthermore, retail containers of alcoholic beverages and soft drinks are also liable to national excise duty. The aim of this duty on beverage containers is to promote environmentally sustainable practices in container usage. However, containers integrated into deposit-based return systems, capable of being refilled or utilized for raw material recovery, are exempt from excise duty. Additionally, no excise duty is imposed on containers constructed from liquid packaging board. (Vero Skatt.)

How the alcohol tax is calculated

Based on the information provided on the Alko website and using an approximate approach, we can estimate the price of a 100 cl bottle of the coffee liqueur with 17% alcohol in Finland.

- Taxed Alcohol Price: Using the price multiplier for the group "Vodkas and spirits ($\geq 15\%$)", which is €1.56, we calculate the price of the taxed alcohol. This results in €8.95. (Alko 2024a.)
- Taxes (VAT): According to Art 1143/1994 the rate is 24% for Value Added Tax (VAT) in Finland. Licores Sinc SA will be responsible for paying the relevant VAT to the Finnish tax authorities upon exportation of the products. It will be calculated on the total value of the imported alcoholic beverages, including transport costs and any other import-related charges. Once the VAT is on the importation of the alcoholic beverages, Licores Sinc SA will need to consider this cost when setting the selling price of the products. VAT paid on importation is usually added to the selling price of the alcoholic beverages, so that the tax is passed on to the final consumer as part of the selling price. (FinLex Act 1143/1994.)
- Alko's sales margin: Alko maintains a transparent and moderate sales margin, openly communicated to its customers. This margin, averaging 17% of the product's alcohol-taxed price, covers various expenses such as store maintenance, staff salaries, and product quality control costs. (Alko 2024b.)

Example:

Assume that the purchase price excluding VAT, including freight and other costs, is €8.50 for 1 litre of alcohol.

- Purchase price excluding VAT: €8.50
- Price of taxed alcohol calculated above according to alko's price table: €8.95

- TOTAL 1: $€8.50 + €8.95 = €17.45$
- Alko's sales margin (17% of the price of the taxed alcohol): $(€17.45 / 0,83) - €17,45 = €3.57$
- TOTAL': $€17,45 + €3.57 = €21,02$
- Calculate VAT (24% of €21,02) = €5.05
- Final selling price= $€21,02 + €5.05 = €26,07$

Therefore, the selling price, including Alko's sales margin, alcohol tax and VAT, would be approximately €26,07.

Environmental Factors

According to current regulations, there are no environmental factors that could directly affect the process of exporting Licores Sinc SA's coffee liqueur to Finland. However, it is important to take the following aspects into account when transporting the product for export:

- Waste management and sustainable packaging: Using sustainable and recyclable packaging, as well as implementing a proper waste management system, helps to reduce the environmental impact of packaging waste and minimise the environmental footprint in terms of waste and pollution. (FinLex Act 1672/2009.)
- Energy efficiency and sustainable transport: Seeking to improve energy efficiency in operations and considering sustainable transport options helps to reduce the carbon footprint and mitigate the environmental impact of shipping, which promotes resource conservation and environmental protection. (FinLex Act 1672/2009.)
- Furthermore, according to the latest climate report Finland is getting tough on climate plans and strategies. This is evidence of a political commitment to climate change mitigation and the transition to a low-carbon economy. Therefore, it is recommended that transport modes should be low emission. (Ministry of the Environment 2023.)
- The challenges identified in key sectors such as transport, agriculture and forestry highlight the need for specific and tailored measures to reduce emissions and promote sustainable practices in each sector. Care must therefore be taken with such measures, with transport being the most directly affected. (Ministry of the Environment 2023.)

5.3 Porter Diamond Model analysis

To understand the level of competition in Finland or in the Finnish alcoholic beverage sector, I will make use of the Porter's Diamond model. In this case I will analyse the level of competitiveness in the importing country, Finland.

Factor conditions

In this case I will analyse the resources available in Finland, such as labour, infrastructure, natural resources and knowledge or know-how of the country.

The employment registered in Finland is remarkable, with an employment rate of 76.5% of the population aged between 20 and 64, and an unemployment rate of barely 7.7%, figures that reach historic highs in the country. (Statistics Finland 2024.) These indicators are highly encouraging, since as the coffee liqueur enters the Finnish market, Licores Sinc SA will have a highly skilled and available labour force. In addition, it is important to note that the transport and service sectors currently account for the largest number of jobs in Finland, indicating a robust and active labour infrastructure. (EURES (EUROpean Employment Services) 2023.)

In Finland, according to the most recent data, its trade balance is negative, which means that imports exceed exports. This condition can be beneficial for the coffee liqueur export project, as there is a high demand for imported products in the Finnish market, thus offering an opportunity for the product to position itself successfully. (Trading Economics 2024.)

On the other hand, Finland stands out as one of the countries with the best transport networks in the world, characterised by the use of clean and renewable energies. This efficient and sustainable transport infrastructure facilitates the distribution and marketing of the coffee liqueur throughout the country, ensuring a fast and efficient delivery to Finnish consumers. (Technology Industries of Finland 2023.)

Furthermore, in terms of modern technological infrastructure, Finland is at the forefront and constantly drives innovation in this sector. This privileged position in technology not only facilitates the supply chain management and logistics of the coffee liqueur, but also opens opportunities for innovative and effective marketing strategies in the Finnish market. (Technology Industries of Finland 2023.)

Demand conditions

Despite the strict regulations and high taxes associated with the import of alcoholic beverages in Finland, the country showed significant interest in the foreign spirits market in 2022. According to data collected, imports of alcoholic beverages amounted to a considerable

404.25 million euros during that period. (Statista 2022.) This clearly reflects the openness of the Finnish market to international spirits supply and suggests promising potential for the entry of products such as Licores Sinc SA's coffee liqueur.

Wine consumption is predominant among the population, with wine being the drink of choice overall. This fact is reflected in a sales analysis by Alko, the leading retailer of alcoholic beverages in Finland, covering the period from 2018 to 2022. The corresponding Figure 8 shows the evolution of sales of different types of alcoholic beverages over these years. It stands out that in 2022, both white wine and red wine were the most consumed, as indicated by the red column in the graph. Closely followed by vodkas and spirits, with a total of 12.4 million litres sold in 2022. On the other hand, sales of sparkling wines, beer and long drinks are presented in smaller volumes compared to wine and spirits. (Alko 2022.)

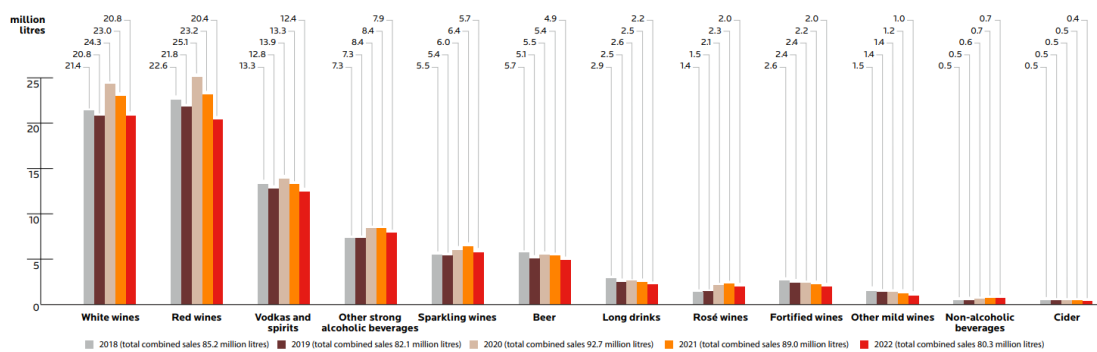


Figure 8. Litres sold by category (Alko 2022)

Then, the PESTLE analysis revealed that Finland's climate and traditions have contributed to its reputation as one of the most avid consumers of coffee and alcohol. This ingrained inclination in Finnish culture, where coffee and alcoholic beverages occupy a privileged place in the daily lives of its inhabitants, is a key factor to consider when introducing a new product to the market. The ingrained taste for coffee and alcohol in Finnish society offers a strategic opportunity for Licores Sinc SA, as its coffee liqueur can be positioned as a natural complement to the preferences and consumption habits rooted in this culture. (Finnish Institute for Health and Welfare 2023.) (World Population Review 2024.)

Overall, the frequency of alcohol consumption has decreased for both men and women since 1968 (Figure 9). However, in recent years, the frequency of alcohol consumption has increased slightly among women, while it has remained stable among men. In 2023, the majority of women (45%) abstained from alcohol, while most men (30%) consumed alcohol once or twice a month. The data also show that women are more likely to drink alcohol infrequently, while men are more likely to drink alcohol frequently. Despite the overall decrease in the frequency of alcohol consumption in Finland in recent years, there is still a

significant difference between men and women. (Finnish Institute for Health and Welfare 2023.)

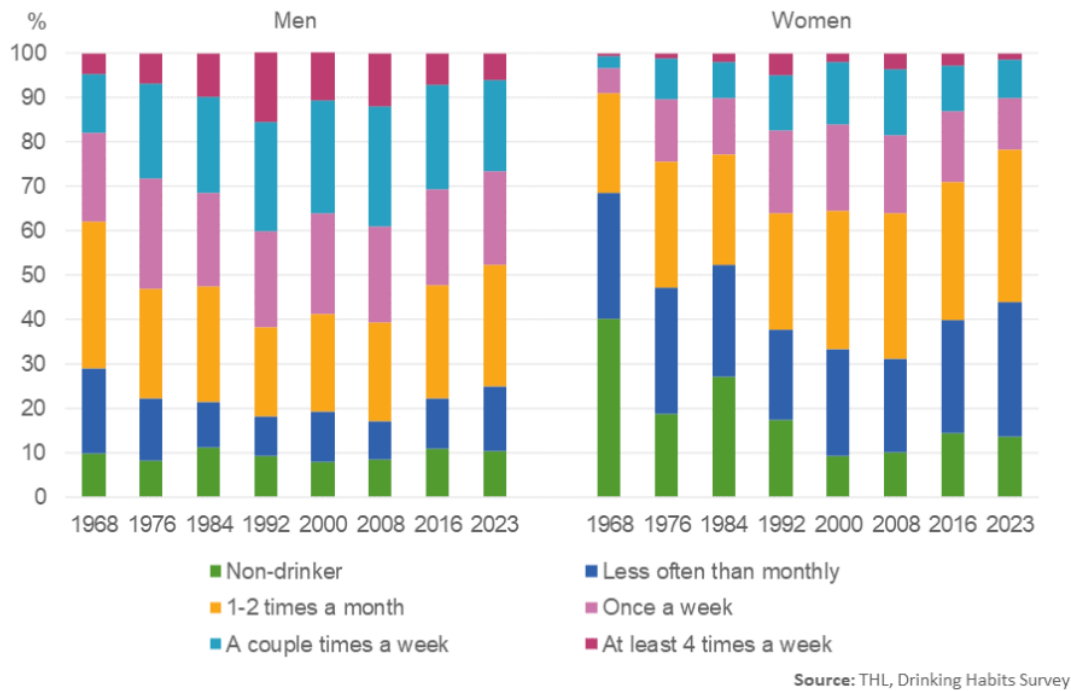


Figure 9. Frequency of alcohol consumption among Finns aged 20-69 by gender 1968-2023, %. (Finnish Institute for Health and Welfare 2023)

Related and supporting industries

It is crucial for Licores Sinc SA to know the related industries, as they can provide support, resources and complementary knowledge, as well as increase its competitiveness when entering Finland. Some examples of complementary industries are:

- Food and Beverage Retail Industry: This industry is key as retailers are the final intermediaries that sell products directly to consumers. For this export project, the food and beverage industry is essential because Alko would be the one to make the coffee liqueur available to end consumers in the Finnish market. Working with Alko would help Licores Sinc SA to expand the presence of your product in the Finnish market.
- Hospitality and Catering Industry: Bars and restaurants are places where alcoholic beverages are consumed, including possible coffee liqueur. Collaborating with the hotel and catering industry would allow the product to be introduced in local establishments, which would increase its visibility and demand among Finnish consumers and potential tourists.

- **Distribution and Logistics Industry:** This industry is vital to ensure that the product reaches its destination efficiently and safely. Working with distribution and logistics companies would help manage the transport of the coffee liqueur from Spain to Finland, ensuring that delivery times are met, and that the product arrives in optimal condition.

Firm strategy, structure, and rivalry

This refers to how the strategies adopted by firms within an industry, their organisational structure, and the intensity of competition between them influence the competitiveness of the industry.

The strategy that Licores Sinc SA adopts to introduce their coffee liqueur in the Finnish market will be crucial. This includes decisions on pricing, promotion, distribution and brand positioning, i.e. the 4Ps of marketing. In this case, since Licores Sinc SA is entering a totally unknown market, it would be interesting to study strategies and success stories first. As for example with Spanish wines, or any other product of Spanish origin. The aim is to highlight the unique qualities of the coffee liqueur to attract consumers interested in premium products.

The organisational structure of Licores Sinc SA will also be important. Depending on the way the company makes decisions or how it communicates between departments, it will obtain different results. For this, it is necessary to clearly know the company's situation, its resources, capacities, and limits. This company structure must be aligned with the export objectives and the entry mode to enter the Finnish market.

Rivalry between companies in the industry or competition is crucial for any international export project. It is important to analyse the competition both at national and international level. In this case, there are other companies in Spain that produce coffee liqueur, such as Un Colpet Pastor in Alcoy, which makes the same product but to a lesser extent, as it is a very small family business. In Spain there are also many other regions where the drink is made, such as in Galicia, and even coffee brands that bring this type of product to the market. In Finland, they also have a similar product called Café Kahvilikööri or Helmi Kahvilikööri. It is crucial to consider this competition when entering the market, as it can either provide valuable insights or serve as a guiding example, while also requiring awareness of any competitive manoeuvres.

5.4 Market entry: Leveraging export potential

Having considered all the pros and cons of this export project, as well as a thorough analysis of the environment directly affected, it is time to decide how to enter the market.

Exporting

In this case, export has been chosen. First of all, it involves a lower financial risk compared to other alternatives such as establishing a subsidiary or making acquisitions abroad, which allows testing the Finnish market without committing large amounts of capital. In addition, this alternative takes advantage of the existing resources and production infrastructure in Alcoy. This minimises costs and maximises operational efficiency. Exporting also has the advantage of being flexible in exploring the market and assessing the demand for coffee liqueur without making significant investments. This allows adjusting the strategy according to what the market needs. The option of exporting the product directly offers the opportunity to expand your business in an effective and sustainable way.

In a competitive market like Finland, where differentiation and authenticity are key, maintaining full control over the product commercialisation is essential to compete effectively. In this context, distributing the product with Alko involves directly selling the product through established distribution channels within the target market.

Alko

Alko is a Finnish state-owned company with a monopoly on the retail sale of alcoholic beverages with an alcohol content of more than 4.7%. Alko is responsible for the sale and distribution of a wide range of alcoholic products, including wines, spirits, beers, and liqueurs. In addition to its retailing function, Alko is also responsible for importing and regulating the alcoholic beverage market in Finland, as well as setting regulations and guidelines for responsible alcohol consumption. The company operates an extensive network of stores throughout the country and strives to promote moderate alcohol consumption and the responsible sale of its products.

Importing the coffee liqueur with Alko can be beneficial for several reasons:

- Established distribution channel: Alko is the state-owned retail monopoly for alcoholic beverages in Finland, which means it has a dominant position in the market. Selling the coffee liqueur with Alko would give Licores Sinc SA access to Alko's extensive retail network and established distribution platform throughout the country.

- Market visibility and reach: Alko is a recognised and trusted brand in Finland, which can increase the visibility of the coffee liqueur among local consumers.
- Regulatory compliance: Alko operates in accordance with the strict regulations and standards set by the Finnish authorities for the sale of alcohol. Alko will assist Licores Sinc SA in complying with the legal and fiscal requirements applicable to the sale of alcohol in Finland, which can simplify the whole process.
- Advice and support: Alko has a specialised team that can advise and support Licores Sinc SA in the marketing, promotion, and distribution of the product in the Finnish market. In addition, the chain has experience and expertise in the alcoholic beverage industry.

In this case, the connection with Hollensen's comments on market entry strategies is clear. Hollensen emphasizes the importance of selecting the right strategy when entering global markets, which aligns perfectly with the approach proposed to introduce Licores Sinc SA's coffee liqueur in Finland. Firstly, Hollensen underscores the significance of market analysis, and the Finnish liquor market has been identified as a strategic opportunity for introducing the coffee liqueur. Opting for export and marketing through Alko, the leading state-owned retailer of alcoholic beverages in Finland, ensures a prominent presence and accessibility for the product, while also meeting the stringent regulations and quality standards of the Finnish market, as advised by Hollensen. Furthermore, Hollensen highlights the importance of target market selection, with a focus on coffee lovers and health-conscious food enthusiasts. This aligns with the market strategy developed, aimed at identifying consumer segments aligned with the coffee liqueur's characteristics and value proposition. Adaptation to the cultural environment, as stressed by Hollensen, includes considering Finnish culture in the strategy, emphasizing the quality and authenticity of the coffee liqueur in marketing and communication strategies, and catering to the seasonal and cultural preferences of Finnish consumers, particularly during winter festive events. Lastly, the proposed global marketing strategies, in line with Hollensen's vision, involve developing strategic partnerships and utilizing tools like social media and online advertising to reach Finnish consumers, while also adhering to ethical practices and local regulations on alcohol advertising.

5.5 Internal analysis SWOT

A comprehensive SWOT analysis serves as a strategic tool to assess the internal strengths and weaknesses, as well as external opportunities and threats, associated with introducing the coffee liqueur into the Finnish market. By conducting a detailed SWOT analysis, the project aims to gain a deeper understanding of the factors that can influence export success

and develop informed strategies to capitalise on strengths, address weaknesses, exploit opportunities and mitigate threats effectively.

Strengths:

- **Unique Product Offering:** Alcoy's coffee liqueur is a distinctive Spanish beverage with a rich cultural heritage, offering a unique selling proposition in the Finnish market.
- **Quality and Tradition:** Crafted using traditional methods and high-quality ingredients, the product embodies authenticity and premium quality, appealing to consumers seeking artisanal experiences.
- **Cultural Appeal:** The beverage's connection to Spanish culture and heritage can attract Finnish consumers interested in exploring exotic flavours and experiencing a taste of Spain.
- **Strategic Partnerships:** Collaborating with Alko can facilitate market entry, enhance brand visibility, and leverage existing networks for effective distribution.

Weaknesses:

- **Limited Brand Awareness:** The brand may lack recognition in the Finnish market, requiring investment in marketing and promotional activities to build brand awareness and establish a presence.
- **Price sensitivity:** Finnish consumers can be price-sensitive, which makes it a challenge to price the product competitively while maintaining profitability.
- **Regulatory Compliance:** Navigating complex regulations and compliance requirements for alcoholic beverages in Finland may present hurdles in the export process.
- **Distribution Challenges:** Establishing efficient distribution channels and logistics for the product may be a great challenge initially, impacting availability and accessibility.

Opportunities:

- **Growing Demand for Specialty Beverages:** The increasing trend towards premium and unique beverages in Finland presents an opportunity for Alcoy's coffee liqueur to cater to discerning consumers.
- **Cultural Exchange:** Leveraging the product's cultural appeal can resonate with consumers seeking authentic and exotic experiences, creating a niche market segment.

- Collaborative Marketing: Partnering with local influencers, events, or establishments can enhance brand visibility, generate buzz, and create a strong market presence.
- Online Retail Platforms: Utilizing e-commerce platforms can expand reach, accessibility, and convenience for consumers interested in specialty beverages, tapping into the digital market trend.

Threats:

- Competitive Market Landscape: Facing competition from established local and international brands in the alcoholic beverage sector may pose challenges in gaining market share.
- Economic Uncertainty: Fluctuations in the economy or consumer spending patterns could impact the demand for premium products like Alcoy's coffee liqueur.
- Shifting Consumer Preferences: Changes in consumer preferences may impact the demand for traditional alcoholic products.
- Regulatory Changes: Any alterations in alcohol regulations or trade policies between Spain and Finland could affect the export process, market access, and compliance requirements for the product.

Strengths	Weaknesses
Unique product offering with rich cultural heritage	Limited brand awareness
High-quality ingredients and traditional methods	Price sensitivity
Cultural appeal to Finnish consumers	Regulatory compliance hurdles
Strategic partnerships with Alko	Distribution challenges
Opportunities	Threats
Growing demand for specialty beverages	Competitive market landscape
Leveraging cultural appeal for niche market	Economic uncertainty
Collaborative marketing for brand visibility	Shifting consumer preferences
Expansion through online retail platforms	Regulatory changes

Table 2. SWOT of Licores Sinc SA (Table: Marta Miró)

6 Conclusion

6.1 Answers for research questions

In this section, answers to the research questions that have guided this study on the export of coffee liqueur as a contribution to the regional economic growth of Alcoy and its penetration of the Finnish market are presented. The central question that has guided this work is: Is Finland a potential market for Licores Sinc SA? This question is addressed through a comprehensive analysis of the Finnish market, including statistical studies, consumption reports and trends. In addition, Licores Sinc SA's competitors in Finland are investigated through a comparative study aimed at analysing their strategies and market positioning. Furthermore, the possible modes of entry for Licores Sinc SA in Finland are examined, considering legal aspects, distribution and local partnerships. It is important to highlight that these answers are obtained in the context of possible limitations, such as the availability of specific data, challenges of cultural adaptation and changes in government regulations, among other factors relevant to the success of exporting Alcoy coffee liqueur to the Finnish market.

Is Finland a potential market for Licores Sinc SA?

Finland emerges as a potential market for Licores Sinc SA. Firstly, Finland's openness to international spirits supply, evident through significant imports of alcoholic beverages, suggests a receptive market for innovative products like Licores Sinc SA's liqueur of coffee. Secondly, the cultural significance of coffee and alcohol in Finnish society presents an opportunity for Licores Sinc SA to position its coffee liqueur as a natural complement to Finnish consumption habits. Moreover, Finland's commitment to environmental sustainability aligns well with Licores Sinc SA's potential to promote its coffee liqueur as a transparent and authentic product, resonating with Finnish values.

Exporting to Finland could offer interesting opportunities due to a market that values quality and innovation. However, caution is needed due to several factors. Firstly, the current economic situation in Finland creates uncertainties at the macroeconomic level. It is therefore advisable to wait until at least the end of the year before making a decision. Another relevant aspect is that high alcohol taxes could increase the selling price of the coffee liqueur, thus limiting demand and affecting the competitiveness of the product. In these circumstances, it would be prudent to carry out a thorough analysis of the risks and opportunities before taking a decision on exporting to Finland.

Who are the competitors of Licores Sinc SA in Finland?

The export of Licores Sinc SA's coffee liqueur to Finland is emerging as a viable strategy. Finland's cultural affinity for coffee and alcohol, combined with its commitment to sustainability, creates an enabling environment for Licores Sinc SA's unique coffee liqueur. This will be used as a comparative advantage for all other competitors producing coffee liqueur in Finland. Statistics indicate the interest of Finland in foreign spirits and significant imports of alcoholic beverages further strengthen the case for exporting the coffee liqueur. With the unique product offering and strategic positioning, Licores Sinc SA is well positioned to take advantage of this opportunity.

However, external competition in Finland must be watched carefully, as it may have absolute advantages in terms of sector operation or even tax rebates when dealing with domestic products. This project has identified other competitors in the alcohol sector, such as 'Café Kahvilikööri muovipullo' and 'Helmi Kahvilikööri'. The competitive landscape in Finland includes local producers, which highlights the need for Licores Sinc SA to differentiate its product and develop effective market entry strategies. In conclusion, based on the project's prospects and the market analysis provided, exporting the liqueur to Finland appears to be a favourable decision that offers promising opportunities for Licores Sinc SA to effectively penetrate the Finnish market with its coffee liqueur, always considering the factors already mentioned.

What are the possible entry modes for Licores Sinc SA?

Exporting emerges as the optimal choice for Licores Sinc SA. Firstly, Finland's identified potential as a market for Licores Sinc SA is driven by its receptiveness to international spirits supply, interest in unique products, and substantial market size for alcoholic beverages. By exporting, Licores Sinc SA can access this market potential and expand its customer base. Moreover, exporting entails lower financial risk compared to alternative entry modes like establishing subsidiaries or acquisitions abroad, making it a more appealing option for market entry. Leveraging its competitive advantages, including a unique product offering, commitment to sustainability, and alignment with Finnish consumer preferences, exporting enables Licores Sinc SA to differentiate itself from competitors and appeal to Finnish consumers. Exporting with Alko, presents strategic advantages for market entry. In conclusion, exporting stands as the most favourable option for Licores Sinc SA, offering a strategic approach to introduce it is the coffee liqueur to the Finnish market and capitalize on available opportunities.

In summary, Finland holds promising opportunities for Licores Sinc SA's expansion, supported by favourable market dynamics and consumer preferences. Thorough market analysis, strategic planning, and risk mitigation strategies will be crucial for ensuring successful market entry and sustainable growth. By carefully navigating the Finnish market landscape, Licores Sinc SA can capitalize on available opportunities and establish a strong presence in the region.

6.2 Validity and reliability

The validity and reliability are essential aspects to consider, and they can be evaluated based on several key factors.

Firstly, the credibility of the sources I utilized in the project significantly impacts its reliability. By referencing reputable and authoritative sources such as the Finnish Institute for Health and Welfare and the World Population Review, the project enhances the reliability of the information presented. Additionally, methodological rigor plays a crucial role in establishing validity. The project demonstrates a structured approach to analysing market entry strategies for Licores Sinc SA, incorporating elements like market research, competitive analysis, and industry trends. This systematic methodology contributes to the validity of the findings and recommendations.

Moreover, maintaining consistency and coherence throughout the project is vital for establishing its validity. The project ensures a consistent narrative by linking various sections such as market analysis, competitive landscape, and export strategies, thus enhancing the overall validity of the research. Furthermore, the project's use of theoretical frameworks such as Porter's Diamond Theory and PESTLE analysis adds to its validity by grounding the analysis in established economic theories.

Acknowledging potential limitations and considerations is crucial for establishing the validity of the project. By addressing limitations such as data availability, cultural adaptation challenges, and regulatory changes, the project demonstrates a thoughtful consideration of potential constraints, thus enhancing its validity.

In conclusion, based on the credibility of sources, methodological rigor, consistency in presentation, theoretical grounding, acknowledgment of limitations, the project appears to be valid and reliable. These factors collectively contribute to the overall quality and trustworthiness of the project's findings and recommendations.

6.3 Suggestions for further research

Comparative Analysis: This involves examining how other Spanish alcoholic beverage companies have entered to the Finnish market. By analysing their strategies, including market entry methods, distribution channels, branding tactics, and consumer engagement techniques, valuable insights can be gained. This analysis can highlight successful practices to emulate as well as potential challenges to avoid. A study of the competence needs to be done.

Consumer Behaviour Study: This entails delving into the behaviour and preferences of Finnish consumers regarding alcoholic beverages like coffee liqueur. Through qualitative and quantitative research methods, such as surveys, focus groups, and interviews, an understanding of consumer perceptions, motivations, and purchasing habits can be gained. This understanding is crucial for tailoring marketing strategies to effectively target and resonate with the Finnish consumer base.

Market Expansion Opportunities: Here, other possibilities could be explored as potential avenues for expanding the export of Alcoy's coffee liqueur beyond Finland to other Nordic countries or European markets. This investigation involves analysing market trends, regulatory frameworks, and cultural factors that may influence market entry and consumer acceptance in these regions. Identifying opportunities and potential challenges in new markets can inform strategic decisions regarding expansion efforts.

Digital Marketing Strategies: This involves assessing the effectiveness of various digital marketing tactics, such as social media campaigns, influencer partnerships, and online promotions, in promoting Alcoy's coffee liqueur within the Finnish market. By examining metrics like engagement rates, conversion rates, and brand visibility on digital platforms, the impact of digital marketing efforts on reaching and engaging Finnish consumers can be evaluated. This analysis can help optimize digital marketing strategies to maximize their impact on driving sales and brand awareness.

7 Summary

This thesis focuses on the export project of Alcoy's unique 'Café-Licor' to the Finnish market, undertaken by Licores Sinc SA. The research examines the complex dynamics of cultural adaptation, regulatory analysis and market entry strategies that are essential for the successful introduction of this Spanish alcoholic beverage in Finland. Using insights into Finnish behavioural patterns, the thesis aims to tailor the product and its presentation to local preferences to ensure a positive reception among Finnish consumers.

In addition, a detailed review of the legal and regulatory requirements for importing and selling alcoholic beverages in Finland is conducted to ensure compliance, overcome potential legal obstacles, and promote market acceptance. The strategic development of an export strategy, including distribution channels, promotional activities and competitive pricing, is crucial to the effective positioning the coffee liqueur in the Finnish market.

Based on Porter's Diamond Theory, the thesis analyses the potential competitiveness of the company in the global market, emphasising factors such as company strategy, input conditions, demand conditions and related supporting industries. The theoretical framework also includes the application of PESTLE analysis, SWOT analysis and market entry strategies outlined by Hollensen to guide the implementation of the export project. For this case, the export method has been used through the alcoholic beverage distribution chain Alko.

Through a structured approach, the thesis navigates the complexities of the Finnish business environment with the aim of contributing to regional economic growth and enhancing the market presence of Licores Sinc SA. By addressing research questions related to market potential, competitors, entry modes and regulatory challenges, the thesis provides valuable insights to support the successful export the coffee liqueur to Finland.

Finally, the thesis provides a comprehensive analysis of the export project, offering conclusions that address the original research questions and recommendations for further improvement. By focusing on a single company, Licores Sinc SA, and emphasising the importance of strategic planning and market orientation, the thesis aims to provide a roadmap for successful market penetration and sustainable growth in the Finnish market.

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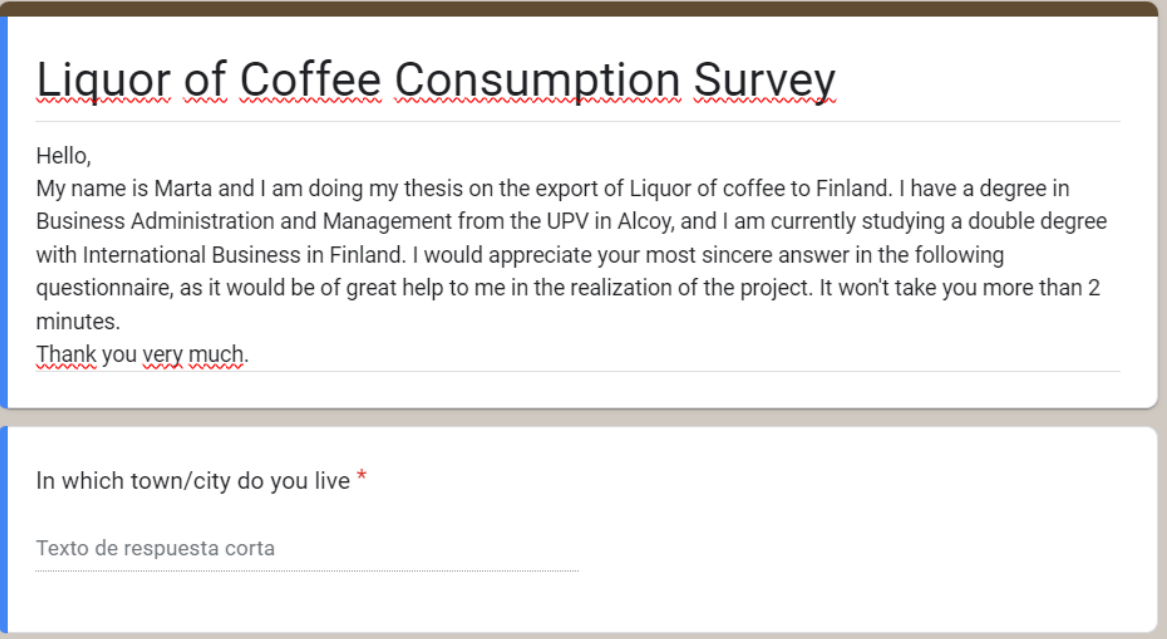
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Appendix 1



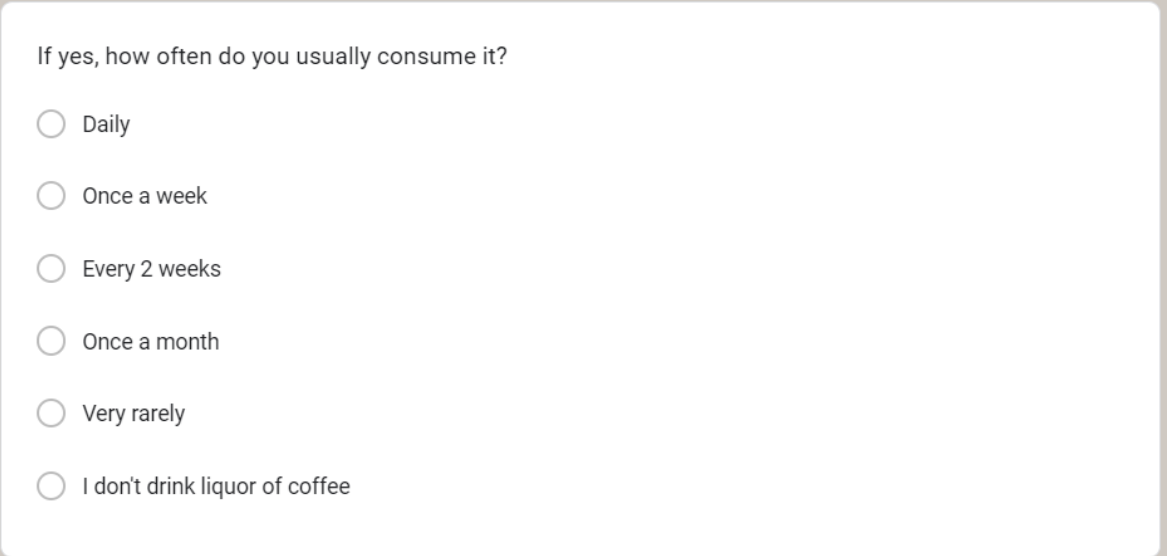
Liquor of Coffee Consumption Survey

Hello,
My name is Marta and I am doing my thesis on the export of Liquor of coffee to Finland. I have a degree in Business Administration and Management from the UPV in Alcoy, and I am currently studying a double degree with International Business in Finland. I would appreciate your most sincere answer in the following questionnaire, as it would be of great help to me in the realization of the project. It won't take you more than 2 minutes.
Thank you very much.

In which town/city do you live *

Texto de respuesta corta

Image 4. Coffee liqueur Consumption Survey (Appendix 1, 2024.)



If yes, how often do you usually consume it?

- Daily
- Once a week
- Every 2 weeks
- Once a month
- Very rarely
- I don't drink liquor of coffee

Image 5. Coffee liqueur Consumption Survey (Appendix 1, 2024.)

Which of the following drinks is your favourite?

- Liquor of Coffee Cerol
- Liquor of Coffee Cerol Decaffeinated
- Liquor of Coffee Cerol Gourmet
- Liquor of Coffee Cerol Rojo
- Liquor of Coffee de Feta
- Liquor of Coffee Feta Decaffeinated
- Liquor of Coffee Sou
- Liquor of Coffee Olcina
- Liquor of Coffee Sancho
- I do not consume any Liquor of Coffee

Image 6. Coffee liqueur Consumption Survey (Appendix 1, 2024.)