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**The Blue Ocean Strategy for Managing Challenges
Related to Export Marketing and Market Segmentation
Faced by Finnish Export-oriented SMEs**

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ABSTRACT:

This thesis examines the complex issues that Finnish SMEs face when it comes to export marketing and market segmentation and explores possible solutions through the blue ocean strategy (BOS) lens. Additionally, this thesis provides an in-depth analysis of key theoretical foundations relevant to the SME definition, delivers insights into the complex characteristics and classifications of the SME sector, and highlights an overview of Finland's SME landscape, exploring its unique features, challenges, and prospects.

Building on this thesis, a literature review section examines the complex landscape of export market issues, highlighting the multifaceted challenges SMEs face when expanding into international markets. In addition, it focuses on the details of international market segmentation, clarifying the methodology and frameworks used to segment markets abroad. Furthermore, the literature carefully inspects the obstacles and complexities that hinder effective market segmentation processes. Lastly, the review summarizes existing literature on the blue ocean strategy, providing an in-depth analysis of the principles, application, and possible implications for SMEs in the competitive marketplace. A qualitative methodology is used in this study that includes multiple case studies as well as semi-structured thematic interviews of leaders in senior management positions within the Finnish SMEs.

The findings of the study reveal common challenges that SMEs in Finland face in their efforts to export marketing and segment their foreign markets, and contribute to the discussion on strategic management in small and medium-sized enterprises (SMEs) by providing insights on the applicability and effectiveness of BOS principles to overcome the multilayered issues of export marketing and segmentation in the context of SMEs in Finland.

The managerial implications of this study focus on those who are in leadership positions within SMEs looking to grow internationally, especially those with little or no international business experience. Furthermore, the results of this study are relevant for academics studying export marketing processes and decision-making in SMEs. Finally, the study provides a roadmap for future research efforts which include suggesting ways to explore the implementation and results of BOS in export marketing and market segmentation, and the in-depth investigation of the organizational capabilities and strategic frameworks that support the successful implementation of BOS across the entire Finnish SME ecosystem.

KEYWORDS: Finnish SMEs, Export Challenges, Market Segmentation, Blue Ocean Strategy

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1. Introduction

The Finnish export-oriented small and medium-sized enterprises (SMEs) play a vital role in the country's economy, contributing to employment, innovation, and international trade. In 2019, SMEs are made up of a significant majority of employer firms in Finland, accounting for 99.1% of the total (amounting to 79,435 SMEs) as stated by OECD (2022). However, Finnish export-oriented SMEs often encounter significant challenges in market segmentation, hindering their ability to effectively compete and thrive in international markets (OECD,2009). In 2022, profitability for Finnish SMEs appears to have decreased across most industries due to a situation where companies' expenses have increased at a faster pace than their revenues (Statistics Finland, August outlook, 2023).

One critical aspect of international market success is effective market segmentation, which allows businesses to identify distinct customer segments and tailor their marketing efforts accordingly. Interestingly, consumers in different countries often share more similarities than with consumers within their own country (Wedel & Kamakura, 2002). Foreign markets continue to exhibit significant diversity, and their characteristics, appeal, risks, potential profits, and other factors associated with conducting business in them vary greatly (Papadopoulos & Martín Martín, 2011). Therefore, having an effective strategy is important to manage the challenges that come across the export market segmentation.

One strategic approach that has gained significant attention in recent years is the Blue Ocean Strategy (Agnihotri, 2016). While in mass markets, industry boundaries are clearly defined and widely accepted, and competition rules are well-known (Leavy, 2018), the Blue Ocean Strategy offers a unique perspective on market segmentation, focusing on value innovation and the creation of uncontested market space. By exploring untapped market segments, firms can escape the constraints of traditional competition, effectively eliminating direct rivals and creating new demand for their products or services (Kim & Mauborgne, 2005). Since competition is an inevitable aspect of the business world, it is necessary to continuously stay informed and understand market dynamics, customer preferences, and shifts in the business landscape.

Overcoming the challenges with segmentation strategy is crucial for SMEs to effectively target and serve their customers, gain a competitive advantage, and achieve sustainable growth. While the Blue Ocean Strategy has been applied and studied in various contexts, its specific application and impact on market segmentation challenges faced by Finnish export-oriented SMEs have received limited attention.

1.1 Aim of the Research

The aim of this study is to explore the challenges related to export marketing and market segmentation faced by Finnish export-oriented SMEs and investigate the potential of Blue Ocean Strategy to overcome these challenges. By exploring and analyzing the principles and application of the Blue Ocean Strategy in the context of export marketing and market segmentation, this study will seek to understand its potential benefits for Finnish SMEs operating in the export market.

Additionally, the goal of this study is to provide theoretical support for export barriers and market segmentation challenges by uniting literature, backgrounds, and models to create a broad theoretical framework that explains the complexity and dynamics of the export barriers that SMEs face in different industries and geographic regions. Furthermore, this study seeks to provide a structured and comprehensive approach for future empirical work and theoretical advances in the area of SME's Export Business by providing an academic framework for the conceptualization and analysis of export barriers, market segmentation challenges, and application of Blue Ocean Strategy.

Hence, the research question is developed as "What are the key challenges related to Export marketing and market segmentation faced by Finnish export-oriented SMEs? and how the Blue Ocean Strategy can help overcome these challenges?". To gather data, the empirical part of the study will be based on qualitative case study research. Finally, the findings of this study will provide valuable insights and recommendations for Finnish SMEs, enabling them to overcome export marketing and market segmentation challenges and enhance their competitiveness in the global market.

1.2 Structure of the Study

This study consists of six chapters: introduction, theoretical framework, research methodology, findings, analysis, and conclusion. The first chapter of this study reveals the global phenomenon of segmentation challenges faced by SMEs. It includes key concepts as well as guidelines, objectives, and further explanation of the topic. In addition, the background presents current issues related to the export business of small and medium-sized enterprises and previous research on the topic and demonstrates the resources of this study. Additionally, this chapter introduces the problem and research questions and explains the structure and key definitions of the paper.

The second chapter contains the literature review that constitutes the theoretical framework of this study. This includes reasons and motivations derived from previous research on participation and entry into the segmentation process in foreign markets. The second chapter will introduce an overview of the existing literature and theoretical approaches that are the most important for thesis-specific topics. The chapter will first discuss the key challenges that the Finnish SMEs are facing while expanding their business in a foreign country. Then it will introduce the probability of using the Blue Ocean Strategy to overcome the export marketing and market segmentation challenges with relevant theory for the research.

Chapter three defines the research methodology to identify the tools and approaches of this study. This includes methodology, data collection, data analysis, and study validity and reliability. First, the qualitative research methods were described. Qualitative methods are used in this study to gain a deeper understanding of the company's export business strategy and challenges, which are discussed in more detail in this chapter. Following the data collection and data analysis steps, the trustworthiness of the data will be discussed at the end.

The fourth chapter introduces the empirical part of the study. Therefore, this chapter analyzes the empirical data. The primary data for this study consists of interviews conducted by the author with small and medium enterprises and startups in Finland. This is reflected and reinforced by a survey of existing literature in appropriate journals, articles, and books. First, it

deals with the reasons why Finnish SMEs struggle to enter into international markets, how they are currently selecting their foreign markets, and what are their market segmentation processes. Second, a more in-depth study is conducted on the segmentation process and how business aspects are conceptualized before and during the segmentation process. Finally, the feasibility of implementing the Blue Ocean Strategy will be examined.

The fifth chapter contains a cross-analysis of the empirical findings. The relationship between the theoretical framework and the empirical data will also be discussed. This is implemented through dynamic features, and finally, the research framework is presented. There will then be a discussion about the company's action plans and ideas for the development of a strategy that helps them overcome market selection or segmentation challenges.

Finally, the conclusion of this study is presented in Chapter 6, which summarizes the main results of this study and their potential for further use. This chapter also examines the relationship between the research findings and the theoretical framework. After the conclusion, the limitations of the results and analysis of this study will be discussed, followed by suggestions for further research topics that emerged from this study.

2. Theoretical Framework

The theoretical section of this thesis navigates through a sequence of key topics relevant to the export efforts of Finnish SMEs. It begins with a fundamental discussion of the definition of SMEs, then goes through the complexities of export marketing challenges faced by Finnish SMEs, followed by the multilayered landscape of market segmentation challenges faced by export-oriented SMEs in Finland, and finally, the discourse ends with an analysis of the potential of blue ocean strategy as a strategic framework to overcome these challenges. The goal of this sequential elucidation is to provide an in-depth understanding of the dynamics affecting the international operations of small and medium-sized enterprises (SMEs) in Finland and to provide insight into potential strategies for improving their competitiveness in the global markets.

2.1 SME Definition

Small and medium-sized enterprises (SMEs) make up the vast majority of enterprises in most countries. They are a major source of job creation in the private sector and a major contributor to GDP growth. Small businesses are often one of the most dynamic parts of any economy, as their small size allows them to be more flexible and creative. They also play an important role in social policy, especially in terms of poverty reduction and the empowerment of socially disadvantaged groups, such as women (WTO SME competitiveness report, 2014). Small and Medium Enterprises (SMEs) are companies that fall below certain thresholds in terms of number of employees and annual revenues. Specifically, small and medium-sized enterprises are companies with fewer than 250 employees and annual sales of less than 50 million euros. (Statistics Finland). SMEs play an increasingly important role in the health of national economies and this is a growing concern for policymakers in national governments and global institutions, both in developed and developing nations (WTO SME Competitiveness Report, 2014). Small and medium-sized enterprises are contributing to innovation, employment, and economic development. According to the World Trade Organization (WTO), SMEs account for 95

percent of the total number of companies in the world, and 60 percent (WTO Report, 2020) of total global employment. Although they have a significant impact on the country's economy, small-to-medium-sized enterprises (SMEs) face challenges when competing with large companies that are able to use their financial power to reduce the cost of their SME suppliers (Jin & Cho, 2018).

SMEs have historically had a much lower rate of international trade participation than large firms. This is due to several factors, including access to information, lack of financing, and inherent resource constraints such as human and financial capital. While new technologies have opened up new opportunities for SMEs, their international trade participation has remained significantly lower than that of large enterprises (OECD Scoreboard, Finland 2022). Study shows that 42% of European exporting SMEs anticipate an increase in exports to other European markets whereas 40% anticipate an increase to markets outside Europe. However, small businesses face many challenges associated with their size. The failure rate among SMEs is high, regardless of whether they are in developed or developing countries (WTO SME Competitiveness Report, 2014).

2.2 Export-oriented Finnish SME

Globalization and the interconnectedness of economies have made the internationalization of SMEs a necessity. A cross-border regional cooperation is a suitable internationalization approach for SMEs. The cross-border regional cooperation allows SMEs to expand into new markets while reducing costs and getting access to foreign expertise (Pavlák, 2018). Globalization, the EU's internal market, the rise of e-commerce, and other institutional shifts have gradually changed the behavior of small and medium-sized enterprises (SMEs) and led them to act more globally than ever before (Holmlund et al., 2007). Due to the lack of resources, the internationalization process of small and medium-sized enterprises (SMEs) may differ from that of well-established multinational companies (Paul, 2020). Export continues to be the most popular way for SMEs to enter international markets (Raymond et al., 2014). International market

entry can be in the form of the export of manufactured goods or the export of provided services (Pavlák, 2018).

Firms with dynamic domestic competition tend to be more competitive and perform better internationally (Freeman et al., 2012). However, a firm makes its first export move when it has a stable domestic market (Osano, 2019). There are some obvious reasons why the SMEs are now confident that the future potential of exports is truly promising, for example; New products coming to market, Improvements to supply chains, an increase in e-commerce sales, an increase in workforce productivity, and plans to expand into new international markets (Fedex EU SME export report, 2020).

Finnish SMEs are more exposed to disruptions in global value chains as importers or as clients of foreign affiliates. Their lower participation in international trade (as exporters) may make them miss rebound opportunities stemming from global value chains (OECD SME and Entrepreneurship Outlook 2021 Finland). Finland is one of the top five countries for border agency cooperation and trade community involvement. However, there is still room for growth in the proportion of SMEs exporting in Finland. In this study, the challenges related to export marketing and market segmentation were examined highlighting five companies from diverse product groups for example; Electrical Components, Metal Components, Bicycle products, etc. Some of them have limited export business while others are planning to expand their market size in foreign markets.

2.3 SME's Export Challenges

The benefits of internationalization for small and medium-sized enterprises (SMEs) are numerous, but the obstacles they face prevent them from achieving their full potential in international markets. In a global business landscape where uncertainty reigns supreme, the most successful small and medium-sized enterprises (SMEs) will be those that adopt a market-driven strategy. These firms will strive to gather relevant information about the needs of their customers and share that information within their organization to innovate, be flexible, and

provide adequate after-sales support (Raymond et al., 2014). On the other hand, doing business in countries that are far away from home, in terms of geography, culture, and economics, presents companies with challenges they don't typically face in the home market. For instance, research and development (R&D) and marketing efforts that are successful in the home market may not be successful in foreign markets (Deng et al., 2014). SMEs typically possess entrepreneurial agility, adaptability, productivity, and speed of decision-making, while large firms possess economies of scale, scale, marketing capabilities, and financial and technology resources. Large firms with more resources have an advantage in international markets because they can respond to trade barriers more quickly than SMEs (Paul, 2020).

2.4 Export Challenges faced by Finnish SMEs

As globalization continues to grow, more and more SMEs are entering foreign markets to expand their product life cycle, produce in a more suitable location, and capitalize on their considerable financial resources, cutting-edge technology, high-quality products, strong brands, and effective marketing and management strategies (Wu et al., 2019). Today, SMEs are active players that not only succeed in competing with large companies but also drive economic growth through exports. As a result of reduced technological costs, the dismantling of financial and trade barriers, and the opening of new markets, there are new opportunities for SMEs; and these can be followed by small business owners under the measure of entrepreneur's motives for internationalization (Freeman et al., 2012).

Leonidou (2004) classified export barriers into internal and external barriers. Internal barriers are those that are related to an exporting organization's resources, capabilities and approach to exporting, while external barriers are those that come from the home country or host environment, such as foreign rules, regulation, tariff barriers and different customer behavior. Internal barriers are classified as informational barriers, functional barriers and marketing barriers. On the other hand, external barriers are classified as procedural barriers, governmental barriers, task barriers and environmental barriers. First, market access is a major concern as

SMEs struggle to understand different regulatory environments and navigate complicated trade barriers (Narayanan, 2015). Moreover, many SMEs lack the necessary resources and know-how to penetrate foreign markets, resulting in missed opportunities for growth (Neupert et al., 2006). In addition, limited financial resources make it difficult for SMEs to invest in essential market research, adjust products to international standards, and finance marketing campaigns that cater to different consumer preferences.

Furthermore, SMEs often face difficulties in overcoming language barriers and cultural norms, which prevent them from negotiating favorable terms and customizing products to meet diverse preferences. Furthermore, logistics and distribution also play a major role in SME growth. SMEs need to ensure reliable transportation, manage supply chains and manage customs procedures. Finally, competition from domestic and foreign players adds an extra layer of complexity. (Leonidou, 2004)

On the other hand, Small and medium-sized enterprises (SMEs) face a multitude of external obstacles to their export ventures, mainly due to procedural, governmental and environmental factors (Leonidou, 2004). Procedural barriers include bureaucratic obstructions and cumbersome administrative procedures that SMEs face when exporting products or services. Common procedural obstacles include long customs procedures, complicated documentation requirements and inefficient trade logistics which can cause delays and increase transaction costs for SME. Navigating through these procedural obstacles takes a lot of time, resources and expertise, which can divert valuable attention away from their core business activities and make it difficult for them to compete in international markets (Narayanan, 2015).

Governmental obstacles, such as trade policies, regulation, and political factors, make it even more difficult for SMEs to export (Tefom & Lutz, 2006). Additionally, political instability or diplomatic tension in key export markets can increase risks and uncertainty for SMEs, making it difficult for them to do business abroad. Social and economic factors in target markets,

including consumer preferences, cultural standards, and economic circumstances, affect the demand for SMEs' products and services (Leonidou, 2004).

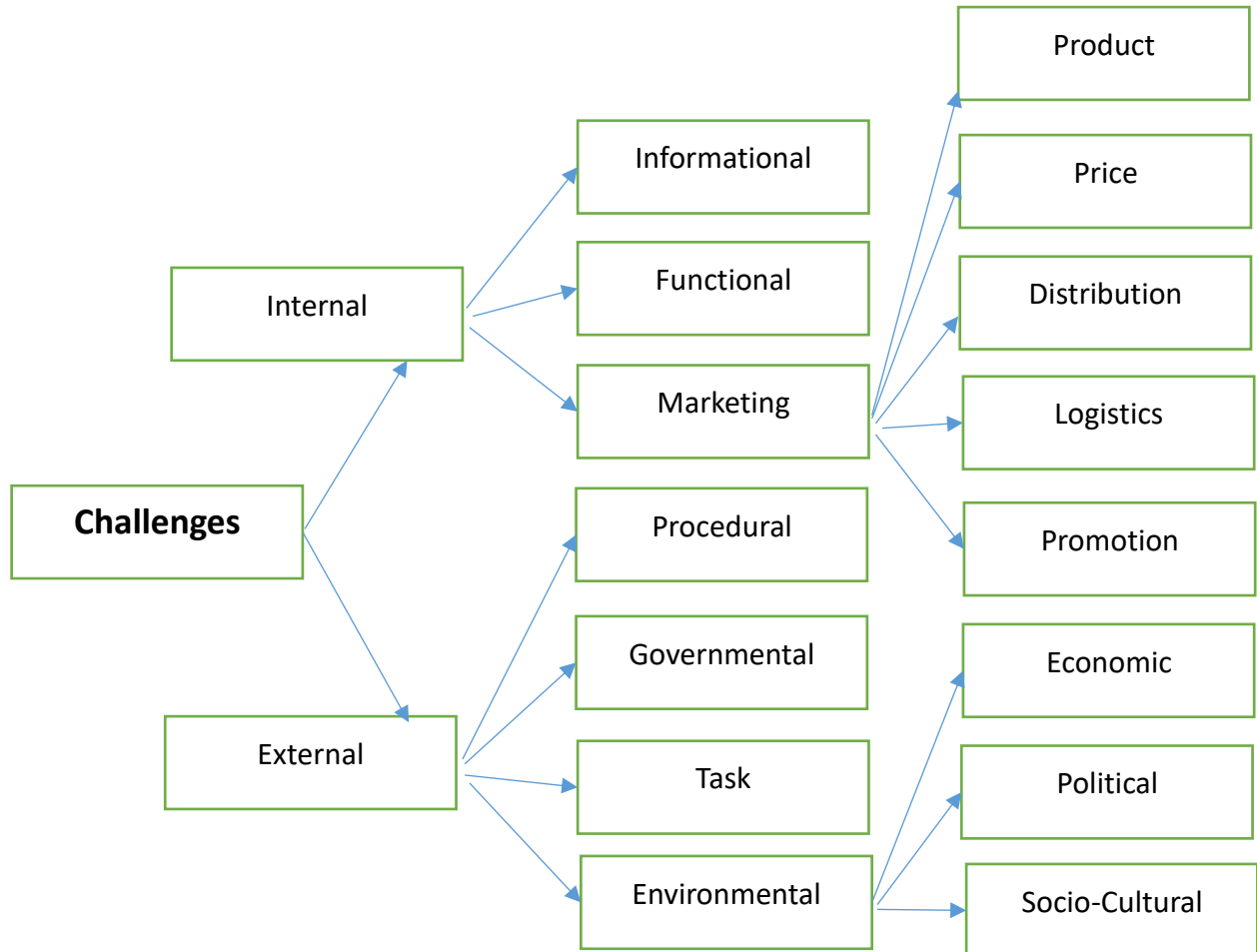


Figure: 01: Classification of Export Challenges among SMEs According to Leonidou (Source: Leonidou, 2004)

If an SME wants to stand out in a highly competitive market, it needs to have significant innovation capabilities. Innovation capabilities aren't limited to products. A product with unique features must also have lower production costs than competitors and be able to find creative marketing solutions (Raymond et al., 2014). In addition, there are other export challenges such as competitive pressure in global markets and difficulties in finding the right people for the export role (Singh et al., 2010). Export-related marketing obstacles impact small and

medium-sized enterprises (SMEs) in terms of their product, pricing, distribution, and logistical processes. To address these difficulties, SMEs are adopting alternative approaches, such as market differentiation, segment differentiation, innovation differentiation, and product service enhancements (Narayanan, 2015).

2.5 Market Segmentation

Segmentation is the process of identifying markets across the country or globe by considering characteristics that different types of buyers have in common, regardless of their location (Gaston-Breton & Martín, 2011). Therefore, market segmentation is the process of identifying profitable business opportunities by segmenting markets into subgroups of users with similar needs and wants. By analyzing these segments, marketers can develop strategies to target high-value customers and prospects (Brotspies & Weinstein, 2019). Market segmentation is one of the most fundamental marketing strategies. It helps to bridge the gaps between different customer needs and corporate resources. Generally, an attractive market is one where competition is low, there is potential for growth, there are only a few players and the target market has an unsatisfactory need for the product. Market segmentation helps marketers: Identify customer needs, maximize resources, play to customers' strengths, and develop more targeted and effective marketing programs (Simkin & Dibb, 1998). However, in the literature on export marketing strategy, the market segmentation stage and the targeting stage are often overlooked. This is surprising as segmentation decisions should go hand in hand with marketing-mix decisions (Katsikea et al., 2019).

On the other hand, market segmentation is at the heart of marketing and one of the most important decision areas for organizations across all industries (Dibb & Simkin, 2001). The concept dates back to economic pricing theory which states that the highest profit margins are achieved when price levels differentiate between segments (Venter et al., 2015). Although market segmentation has been extensively studied and is widely accepted as a powerful strategy in practice, its successful implementation is reported to be a challenge (Dibb & Simkin, 2001). The goal, and the reason for implementing market segmentation strategies, is to gain

competitive advantage and/or to increase market share. However, these competitive advantages cannot be realized if the segmentation plan cannot be implemented (Boejgaard & Ellegaard, 2010). Customer segmentation can be broken down into four main categories: demographic segmentation, geographic segmentation, psychographic segmentation, and behavioral segmentation. Each category has its own benefits and can be applied in different ways depending on the business objectives. (Katsikea et al., 2019).

2.6 International Market Segmentation

A firm must decide where it wants to be geographically. Whether it wants to be in a particular region or for the global market, it must be clarified and continuously evaluated. Specific foreign markets can be selected on the basis of decisions about the overall market presence. Considering their own resources, capabilities, and competencies, each firm must choose its foreign markets (Schmid, 2018). Selecting or segmenting international markets is one such strategic decision – the process by which companies select the markets (geographically or otherwise) in which they will be present (Gaston-Breton & Martín, 2011). The goal of international market segmentation is to identify segments and choose which segments to target. In most cases, a company doesn't have the time, resources, managerial belief, or capacity to handle all of the segments that emerge from segmentation (Simkin & Dibb, 1998). Identifying high-potential foreign target markets is one of the most important questions in international marketing research, international business strategy and management (Gaston-Breton & Martín, 2011).

There are many segments within a chosen foreign market. First, firms can break down each foreign market into segments and decide which ones they want to focus on. It is also recommended to identify cross-border, cross-national market segments. Three key factors determine which foreign markets and which market segments a firm should target, these are; the firm's own resources, capabilities, and competencies. In addition, firms must consider the attractiveness and risks of the foreign market and the entry barriers to the international market segments. (Schmid, 2018). Segmentation of the export market is a two-step process. The first step in the export marketing process should be to identify the broader group of countries that

are attractive to the firm. Once a decision has been made on the specific countries that the firm will target, the second step should be to apply a broader segmentation per country to identify the specific groups or individuals that the firm should target with marketing efforts (Katsikea et al., 2019).

Traditional manufacturing firms focus first on their domestic markets and then on foreign markets. When it comes to market selection, firms tend to go first to nearby markets, where the language, culture, and political system are similar, education level is similar, industrial development is similar, etc. Then, as a firm becomes more familiar with international operations, it gradually begins to develop activities in psychically more distant markets (Kontinen & Ojala, 2012)

2.7 Market Segmentation by SMEs

SME's market entry initiatives are more likely to come from opportunities created by business networks (Vuorio et al., 2020). SME's market segmentation can be broken down into three stages: segmentation, targeting, and positioning. Segmentation is the first stage of market segmentation. Customers with similar needs or buying behavior are grouped into segments. Many variables can be used in this stage. Targeting is the second stage of segmentation. It involves making decisions and trade-offs about how many segments a firm wants to target and which ones they want to target with their sales and marketing efforts. Positioning is the third stage. It's about finding a clear, distinct, and desirable location for firm's product or service—in comparison to their competitors' positions—in the segment they are targeting. Each stage of segmentation may seem simple, but market segmentation isn't (Simkin & Dibb, 1998). The segmentation criteria include the customer's ability to serve the firm's target market, as well as the traditional segmentation bases such as demographics, operating variables, purchasing approach, situational factors, and buyer's characteristics (Brotspies & Weinstein, 2019). Small and medium-sized international firms often find interesting foreign markets that large firms don't even consider. The same is true when it comes to targeting market segments (Schmid, 2018).

2.8 Market Segmentation Challenges for Exporting SMEs

Today's competition is global in nature in many areas of business. This is due to the rapid digitization of markets and channels of communication (Mäki & Toivola, 2021). As the global markets are still very heterogeneous, and the characteristics, attraction, risk, profit, etc., of doing business in these markets vary greatly, there are risks associated with going into the wrong market and opportunities associated with not going into the right market (Papadopoulos & Martín Martín, 2011). Globalization, FDI, and regional trade agreements in recent years have increased both the opportunities and challenges for firms looking to diversify and expand internationally. Many firms put a lot of time and effort into exploring diversification and expanding into new markets (Javalgi et al., 2011).

International market segmentation presents several challenges for exporting SMEs. These Challenges have impact in every stages of Segmentation e.g: Infrastructure level, Process level, and Implementation level (Dibb & Simkin, 2001).

<u>Key International Market Segmentation Challenges</u>
1. Operational, Structural, and Leadership Challenges
2. Resource and Skill Challenges
3. The MIS and Data Challenges
4. Communication and Coordination Challenges

Source: [Dibb, Sally](#) and Simkin, Lyndon (2008).

Figure 02: Key International Market Segmentation Challenges

SMEs face a multitude of operational, structural, and leadership challenges when implementing segmentation strategies across multiple international markets. Leadership commitment and vision are essential for segmentation efforts, but SMEs often face resistance to change and a lack of leadership skills. On the other hand, financial resources, human capital, and expertise are often limited, making it difficult for SMEs to conduct thorough market research and perform data analytics required for segmentation. This shortage of resources and skills leads to suboptimal strategy positioning and targeting, making it more difficult to penetrate

international markets. In addition, inadequate MIS infrastructure and lack of data management capabilities limit SMEs' ability to collect and leverage market data effectively, leading to unreliable insights and decision-making processes. Furthermore, communication and coordination challenges add an extra layer of complexity, especially for SMEs involved in exporting, which requires seamless collaboration between departments, regions, and external partners to bring segmentation strategies into line with broader business objectives (Dibb & Simkin, 2001).

Small and medium-sized enterprises (SMEs) have limited resources, but they are likely to face fierce competition in international markets, both from established domestic players and big multinational corporations. To succeed in international markets, SMEs must focus on specific, clearly defined market niches, where they can still have a competitive edge and deliver more value to their customers. (EU SME export challenges report, 2021). Market segmentation challenges can arise before, during, and after the market segmentation process, and many of these challenges can be avoided if executives are aware of the risks associated with them. No matter how well managers plan their market segmentation, research shows that challenges are inevitable. However, most challenges can be overcome by addressing the root causes (Simkin & Dibb, 1998). At the end of the day, successful marketing is about making money by meeting the needs and wants of consumers. Understanding that consumer behavior is highly heterogeneous, across cultures and contexts, segmentation is the process of identifying and serving individual consumers who share similar needs and behavior (Gaston-Breton & Martín, 2011). To better understand the implementation challenges of market segmentation, Export managers need to understand what happens, how it reacts, and what the consequences are when a firm brings a seemingly straightforward segmentation strategy, which simplifies and reduces market reality, into an opaque and complicated business environment (Boejgaard & Ellegaard, 2010).

2.9 Blue Ocean Strategy

Managers in consumer product manufacturing and export businesses are facing a complex and difficult business environment after 10 years of massive market consolidation, increased market access as a result of the WTO agreement, and increased competition. Large companies are adopting cutting-edge technology and striving to increase efficiency across the value chain by reducing costs and increasing the value-added processes of their products to be competitive (Wubben et al., 2012). With product life cycles being shorter and product lines growing rapidly in the marketplace, companies need to spend more capital to remain ahead of their competition in their cutting-edge operation systems. Consumers, on the other hand, are looking for more value in the products they buy, expecting better quality and benefits along with competitive prices. The overall market size is stagnant or even declining as the population in many developed countries shrinks (Falahat et al., 2020). In such an environment, firms attempt to out-compete their competitors to gain a larger portion of the existing demand, provided that the industry boundaries remain fixed. This market condition is referred to as 'red ocean' by Kim (2005).

There are several reasons for the growing need for blue oceans. Technological advances have dramatically increased industrial efficiency and enabled suppliers to produce a wide variety of goods and services. Globalization is exacerbating the situation. Trade barriers between countries and regions are being broken down, and information about products and prices becomes instantly and globally accessible (Kim & Mauborgne, 2004).



Figure 03: Four Action Framework (Source: W. Chan Kim and Renée Mauborgne, 2005)

Over the past 25 years, the majority of strategy work has focused on Red-ocean-based competition strategies. As the market space in red oceans becomes saturated, the opportunities for profit and growth diminish and products become commodities. The strong competition is what experts call red oceans, which are blood-soaked due to this fierce competition (Wubben et al., 2012). In crowded industries, brands become harder to differentiate both during economic growth and downturns. Blue oceans, on the other hand, are defined by unexploited market space, demand generation, and the potential for extremely profitable growth. Some blue oceans are created outside of existing industry boundaries, but most are created within

red oceans by extending existing industry boundaries (Kim & Mauborgne, 2005). Therefore, blue oceans are those industries that haven't been defined yet, those that aren't going out yet (Wubben et al., 2012). Competition among companies has resulted in significant changes. As a result, companies need to be able to adapt to the business strategy and create business opportunities that generate profit. One of the ways to do this is by implementing the Blue Ocean Strategy which enables businesses to develop a niche market to overcome the Red Ocean competition and make the competition irrelevant (Hanifah et al., 2015).

Blue Ocean Strategy was first introduced to the world in Mauborgne (2005) and Kim (2006) when they proposed the concept of creating an open market space. They argued that instead of hiding in the heat of competition and being reactive, organizations should set the bar as high as possible so that the competition is irrelevant (Amjad et al., 2022). The term 'blue ocean' is an analogy for the broader potential of the market space that is large, deep, and unexplored. In the red ocean, it is always necessary to outcompete the competitors (Kim & Mauborgne, 2005).

Companies need to respond to these changes as soon as possible in order to stay ahead of global competition. In order to maintain and grow their market share, sustainable innovations and breakthroughs need to be on the top of the company's to-do list. One effective business strategy that has been widely adopted in recent years is the Blue Ocean strategy. It is a market niche strategy that allows business players to break out of red ocean competition to become irrelevant of the competition (Hanifah et al., 2015).

The BOS stands for search for difference and low cost to open up new markets and create new demand. The goal is to create and secure uncontested space and make the competition irrelevant. It helps companies go to market and delight the customers while avoiding competition from the existing players. Firms may adopt proactive strategies to target the market by using blue ocean tools and frameworks (Devi et al., 2021).

The Blue Ocean Strategy also includes a number of frameworks for companies to move towards a blue ocean. For instance, the "Four Action Framework" aims to help managers identify and take action that can help them create value and ultimately identify a blue ocean. The

framework is made up of four questions: What can be eliminated from the market? What can be reduced? What must be raised? What must be created? By asking these questions and applying them to the business of the company, managers can find future directions that add value. The implementation of the blue ocean strategy itself shows that it is a way to increase the profit of the firm by creating a new demand for which there is no competition (Alam & Islam, 2017).

To create and capture a blue ocean, companies must take a different approach. Instead of focusing on customers, they must focus on noncustomers. They must build on strong similarities in what customers value, rather than focusing on customer differences. By doing so, they can reach beyond existing demand and unlock a mass of new customers that never existed before (Leavy, 2018). Whether by finding overlooked consumers or by combining old categories in novel ways, they will own the newly opened space and effectively navigate the “blue ocean” (Kim & Mauborgne, 2005).

2.10 BOS in International Market Entry

Existing markets do not necessarily improve the company’s performance if it is reflected in the business’s profit and growth. The industry needs to re-engineer the process of finding new demand and producing optimal performance beyond the competition in the current market (Yunus & Sijabat, 2021). Blue ocean strategies redefine market paradigms, freeing companies from competitive pressures and opening up new market opportunities to drive value growth for both buyers and sellers. Kim (2005) defines the ‘blue ocean’ as all the non-existent industries, unknown and unserved market space that provides demand creation and high-profit growth opportunities. In the blue ocean, the competition becomes irrelevant because the rules of the game are waiting to be established. Firms must approach the market in a new, unexplored way to tap into the unexplored market. Instead of choosing to leave the competition behind by reducing costs and increasing value for buyers, the firm must refocus its strategic view on innovating value to leave the competition behind. In this frame, competition becomes irrelevant (Falahat et al., 2020).

2.11 BOS in Finnish SMEs

Small businesses can't compete with big corporations because they don't have the resources and the flexibility to change their strategy when they need to offer lower prices, expand their product lines, or launch an aggressive marketing strategy. The Blue Ocean strategy can help SMEs overcome these challenges and succeed and excel in an increasingly competitive marketplace (Au & Tucker, 2018).

Clogged market space is a common problem in many industries. The number and intensity of rivalry increase price competition and reduce product differentiation. The lack of demand turns products into commodities. This squeezes profits and pushes some competitors out of the market. This is known as the red ocean (Agnihotri, 2016). Competition eats away at the possibility of profit and the likelihood of success. On the other hand, a blue ocean is an area free of competition. It is a market space created by the company to avoid competition.

The blue ocean offers the possibility of profit, success, and high customer satisfaction. A company can control its field of competition by changing its basis of rivalry to create new demand. To do this, the firms must innovate the existing business models (Pitta, 2009). Because SMEs have limited resources, they often struggle to compete directly with other small businesses and large corporations. Instead, SMEs can look for new marketplaces that have limited or no competitors. These marketplaces are known as the blue ocean. Running a business in the blue ocean is more efficient and profitable for Small and Medium Enterprises because they can target more refined target audiences (Au & Tucker, 2018).

The fundamental idea behind the blue ocean strategy is value innovation. When the level of competition increases, companies should be innovative (Hanifah et al., 2015). Value innovation is not always technological innovation. It can be an innovative way to increase the benefit for the customers according to their price and cost situation. Value innovation only takes place when the company integrates the innovation with its utilities, price, and cost position

so that buyer value increases by adding and creating elements that the industry has not yet offered, and the cost much reduces when the large-scale economy works after high sales volume due to the excellent value created (Hanifah et al., 2015). Blue Ocean can be used as a new model method in order to improve the firm's return because of the new environment it creates for itself (Alam & Islam, 2017).

In summary, the theoretical proposition of this study is structured to explore the relationship between challenges of export marketing & market segmentation faced by SMEs and the potential of the BOS (Blue Ocean Strategy) in overcoming these obstacles. It is believed that SMEs face a variety of export barriers, including resource constraints, regulatory complexity, and competitive pressure, which limit their ability to expand into emerging markets (Cernat et al., 2021). On the other hand, segmentation challenges are caused by the need to segment and target specific customer groups which include Operational & Leadership challenges, Resource & Skill related challenges, MIS and Data collection issues, and Communication challenges (Dibb & Simkin, 2001). Drawing on the principles outlined in the Blue Ocean strategy, which focuses on creating 'uncontested market space' and 'value innovation', the study hypothesizes that adopting a BOS framework can help SMEs overcome export barriers by redefining the industry boundaries and providing differentiated value propositions. Therefore, this empirical study aims to reveal whether the BOS framework is applicable and effective in improving SMEs' international competitiveness and expanding their market penetration efforts.

2.12 Criticism of the Blue Ocean Strategy

However, the Blue Ocean Strategy has been met with criticism from a variety of sources. One of the main complaints is that it is difficult to identify and create uncontested market spaces because the process often takes a lot of resources and does not always lead to sustainable competitive advantages. Another criticism is that the Blue Ocean strategy emphasizes innovation and value creation, but overlooks the importance of positioning and differentiation in existing markets (Wubben et al., 2012). Additionally, some critics argue that the BOS is just a

version of a low-cost, low-pricing strategy. However, Kim and Mauborgne denied this thought and clarified it as “an effective blue ocean strategy combines differentiation with low cost by re-imagining market boundaries. Rather than concentrating on low cost, the Blue Ocean strategic move seeks to create a buyer value leap at a low cost. Furthermore, a blue ocean strategy captures the mass of the target buyers not by low-cost pricing but by strategic pricing” (Randal, 2015). Moreover, it is hard to tell if a blue ocean move would be a better strategic move or not. The hidden advantage of the blue ocean lies in the fact that when a firm’s capabilities become indestructible, competition, especially “I’ve-got-me-type” competition, becomes irrelevant to the firm (Agnihotri, 2016). However, the Blue Ocean Strategy has attracted criticism for its conceptual framework but these criticisms highlight the need for a more nuanced understanding of its limits and considerations for practical implementation (Wubben et al., 2012).

3. Research Methodology

In this chapter, the research methodology that guides the empirical part of the research is outlined. The chapter begins with an analysis of the research method and progresses to research design, Case Selection, Data collection, and Data analysis. In addition, the empirical research is examined in terms of its trustworthiness.

3.1 Research Strategy

The right research design should be determined by the nature of the research problem. There are three types of research problems. Exploratory, descriptive, and causal. In exploratory research, the researcher describes an unknown phenomenon. For example, they observe, collect information, and construct an explanation (Ghuri & Grønhaug, 2010). In addition, an exploratory study is one where the goal is to gain a general understanding of a phenomenon when there is little or no prior research. An exploratory study may also be used to test the feasibility of a more detailed, larger study at a later date (Collis & Hussey, 2014).

The exploratory nature of this study stems from the research problem that seeks to elucidate the challenges of export marketing & segmentation and their overcoming strategies. However, the primary objective of this study is not to compare the cases with each other but to compare the findings with the theoretical proposition to gain a deeper and more comprehensive understanding. Therefore, all the case companies are asked the same questions. However, the purpose of the study is not to directly replicate the case.

Research design refers to decisions related to the method of data collection. This study uses qualitative research methodologies rather than quantitative methods. The former focuses on understanding a particular phenomenon in natural environments, while the latter focuses on testing and validating hypotheses under controlled conditions (Ghuri & Grønhaug, 2010). The research questions call for qualitative methods because the goal of this study is to

understand how Finnish exporting SMEs identify their segmentation challenges and what are their views regarding blue ocean strategy. Therefore, the use of qualitative methods allows the researcher to create descriptions and understandings based on the informant's meanings and definitions of the situation (Gephart, 2004).

The research approach refers to the relationship between literature review and empirical study. The researcher can use inductive research, deductive research, or a combination of the two, abductive research. Inductive research develops a theory through empirical research and analysis. Deductive research tests a theory in an empirical setting with a particular hypothesis (Dubois & Gadde, 2002). According to Collis and Hussey, (2014) Deductive research involves constructing a conceptual and theoretical framework that is then tested empirically. This means that specific examples are taken out of generalizations. Inductive research, on the other hand, is the study of theory from the point of view of empirical facts. In other words, generalizations are made from specific facts. However, the term semi-deductive refers to a research approach that incorporates elements of both inductive and deductive reasoning. In a semi-deductive approach, a hypothesis or theory can be established from a general starting point (deductive), but flexibility and adaptation can be applied to observations or empirical evidence (inductive) (Collis & Hussey, 2014)

This study follows the semi-deductive research methodology, where the researcher's objective is not to confirm or falsify existing theories (deduction) or to create new theories (induction). Instead, the objective is to develop our theoretical understanding of the phenomenon being studied. In addition, data are not forced to conform to a theoretical framework, and a theoretical framework is not constructed solely based on empirical evidence (Dubois & Gadde, 2002).

3.2 Research Method

Quantitative and qualitative research methods are the two most widely used research methods. The main difference between these two methods is that in the quantitative method, the meaning of the data is expressed in numerical terms, whereas in the qualitative method, the meanings of data are explained in expressed words. The quantitative method collects the results using numerical and standardized data, while the qualitative method gathers the results using non-standardized data that needs to be classified. The qualitative method uses conceptualization to analyze the data, in contrast, the quantitative method uses diagrams and statistics to analyze the data (Saunders et al., 2007). The qualitative approach is used in this thesis. Qualitative research allows researchers to analyze and understand the behavior of the object and the reasons for the decision of the object. In qualitative research, the data is collected through interviews, surveys, observations, and documentation (McNiff, 2013). Furthermore, Using the qualitative research approach, the author focuses on themes and patterns of meaning and experience associated with the phenomenon (Collis & Hussey, 2014). The purpose of using the qualitative research method in this thesis is to explore market segmentation challenges faced by export-oriented Finnish SMEs.

Strauss & Corbin (2012) describe qualitative research as research in which different phenomena are examined in a 'real-world environment' and the researcher is not attempting to manipulate the subject of interest, (Corbin & Strauss, 2012). The most common use for qualitative research is when the researchers want to investigate a wide subject area and look for answers or an initial study, rather than quantitative research where they want to get numerical and quantifiable results (Saunders; Lewis; Thornhill & ., 2012). Qualitative approaches are used in this research to gain a better insight into the segmentation challenges and their overcoming strategies. Also, considering the research questions, "What are the key market challenges related to export marketing and market segmentation faced by Finnish export-oriented SMEs and how the Blue Ocean Strategy can help overcome these challenges". It is fair to say that the qualitative approach provides a better insight into this phenomenon. In addition, the scope of this study has been to explore and identify, to a certain degree, the bottlenecks to

export market segmentation. Hence, the choice of qualitative research was quite natural to achieve the desired result of the study.

3.3 Case Study Research

Case study research involves an in-depth investigation of a particular case or cases in their real-world context. It is rooted in the social sciences and allows researchers to examine complex phenomena in their natural environments, capturing nuances and complexities that may otherwise be overlooked in quantitative research (Yin, 2011). The rationale behind case study research is its capacity to produce rich, detailed data using various data collection methods such as interviews, observation, and document analysis. By immersing themselves in the case under study, researchers gain a holistic understanding of the subject matter, uncovering patterns, relationships, and underlying mechanisms that contribute to the phenomenon being studied. They uncover patterns, relationships, and underlying mechanisms that are relevant to the phenomenon under study. The results of case study research are often rich, descriptive narratives that provide insight into the dynamics of a case, and theoretical contributions that help to gain a better understanding of broader concepts and practical implications that inform decisions and practices in relevant fields (Cresswell, 2007). Therefore, case study research provides valuable contributions to academic research, professional practice, and policy development through rigorous analysis and interpretation.

Case study research is qualitative research in which the investigator analyzes a bounded system (such as a case) or several bounded systems (such as multiple cases) over some time. Qualitative research uses a broad range of data collection techniques to investigate the scale and complexity of the phenomena being studied. The investigator collects comprehensive, detailed data from multiple sources (e.g. interviews, observations audio-visual material, documents, reports, etc.) and reports a description of the case and case-related themes (McNiff, 2013). Interviews are the foundation of qualitative research, as they allow researchers to interact directly with participants and capture rich stories and personal experiences. On the

other hand, observation puts researchers in natural environments, providing them with first-hand insights into behavior, interaction, and context. Documents, from paper records to digital documents, are a valuable source of context, historical insights, and organizational knowledge. Audiovisuals, such as recordings and photos, allow researchers to capture social life dynamics, including non-verbal signals and environmental changes. Each of these methods has its strengths, helping researchers to connect data sources, gain a deeper understanding, and reveal subtle details within the research environment, enriching qualitative inquiry (Creswell, 2007). Case studies offer a unique way to advance theory by using in-depth analysis of empirical phenomena and their contexts (Dubois & Gadde, 2002).

The interview method was a strategic choice for this qualitative thesis study because it captures rich, nuanced information about the participants' experiences, perspectives, and beliefs. Interviews provide a flexible, interactive platform for the interviewer to explore the complexities of their research topic in depth (Saunders et al., 2007). By engaging participants in person, researchers can ask questions, explain answers, and find out what motivates them or what they mean. Interviews also allow for the researcher to build rapport and trust with the participant, allowing for an open and honest conversation. This methodology is in line with the focus of qualitative research on understanding social issues from the participant's point of view, offering valuable insights into life experiences and subjective experiences (McNiff, 2013). Therefore, choosing the interview method was a strategic decision to have access to rich, contextual data that is necessary for a thorough analysis of the research question in this thesis study.

3.4 Cases Selection

The initial idea was to only interview companies that are planning to expand their business in a foreign territory. However, the plan was changed by the interviewer to include companies that have a limited export business but are planning to expand their operation in the existing exporting country or new country or territory. So, the case companies represent different stages in the export business. Some plan to enter a new market within one or two years when

they have identified the best partners. Others have established themselves in the market over the last few years and are now growing their operations. Therefore, a comprehensive view of how the companies work with export business operations throughout the opportunity lifecycle was allowed to be gained by the interviewer due to this variation.

When collecting the data, the author used triangulation by combining multiple information sources on the companies, including the primary data from the semi-structured interview, along with the company website, company presentation, and news releases, to gain a better insight into the case companies and the export market segmentation process.

In addition, to choose the case companies, the author used the articles of the Finnish publicly funded organization (e.g: Ostrobothnia Chamber of Commerce), which invests in and advises on developing local and foreign markets for Finnish SMEs. Some companies were found via other articles published on the website. Others were found through the website of the company. The case companies were chosen based on the following criteria: 1) they are based in Finland. 2) they have entered a particular emerging or developing market before or they are planning to start exporting in a new country.

3.5 Data Collection

The type of qualitative research method is determined by the purpose of the research (Collis & Hussy, 2014). Case study research typically involves a wide range of data sources, including observational, interview, documentary, and audio-visual data (Creswell, 2007). According to Yin (Yin, 2003), case study data can come from a variety of sources (Documentation, Archival Records, Interviews, Direct Observation, participant observation, and Physical Evidence). Interview method was followed here for the data collection. The most common type of interview in case study research is an open-ended interview in which the researcher asks key respondents questions about the facts of the case as well as their views on events (Yin, 2011).

In some cases, the interviewer asked the respondent to offer their insights into certain events and used those insights as a starting point for further investigation. However, for the interviews, the author worked around the interviewee's schedule and time constraints. The interview process was much more flexible, and the interviewee may or may not be able to answer all of the questions. (Yin, 2003)

Since the export process varies slightly from company to company, especially when the target markets are different from each other, a quantitative method will not provide a comprehensive understanding in every case. Hence, the interview method of qualitative research is considered the most appropriate for this study. The purpose of the research is to identify and visualize the real exporting and segmentation challenges for Finnish Exporting SMEs and the possible application of Blue Ocean Strategy.

Data collection includes a semi-structured interview with five small and medium-sized enterprises (SMEs) that are in the process of expanding into export markets. All of the case companies are based in Finland. The empirical data for this thesis was collected through five interviews conducted in January 2024. These interviews were conducted with the case firms' top-level executives (CEO, Export Head, International Marketing Manager). The selection of individuals for comprehensively understanding export marketing challenges and devising effective market segmentation strategies was logically based on several critical criteria, ensuring a multilayered approach to the study. First, each individual holds a strategic role within the organization, providing broad perspectives and insights that are essential for strategic decision-making. Second, their expertise covers a wide range of areas, including crucial domains such as Business strategy, Production, Export, Domestic sales, International Business, Business Development, and International marketing. This wide range of expertise ensures a solid understanding of the intricate challenges and opportunities that export-oriented SMEs focus on. Moreover, their vast experience in their respective fields complements the depth of their insights, drawing on years of practical experience and industry insights. Finally, the deliberate inclusion of representatives from various Finnish industries ensures a holistic understanding of export marketing and market segmentation challenges across different sectors, facilitating

the design of custom-made strategies like Blue Ocean that are applicable across diverse industry landscapes. Drawing on the collective knowledge and experience of these leaders, the study seeks to uncover actionable insights and best practices to help Finnish export-focused SMEs navigate and overcome international marketing challenge while seizing opportunities for sustainable growth and global competitiveness.

The ten main open questions were designed to provide answers that provide insight into the challenges related to export marketing and market segmentation within the case firms. The interviewer preferred to ask open questions as they wanted to get as complete answers as possible. Over 50 companies were approached via email, phone, and face to face meeting while 5 of them agreed and took part in the interview. The interviewees are expected to be able to answer questions related to export business marketing, which means that they have this information within their area of expertise. The five interviews make up the bulk of the data. The interviewer recommended face-to-face interviews as the initial option. If that wasn't possible, the interview would be conducted through Microsoft Teams or Zoom. One participant agreed to meet at the company's office and one answered the questions through email while the majority preferred to respond online (Team and Zoom). The interviews were recorded using the Microsoft Teams and Zoom recording functions, two were recorded using a mobile phone app. Moreover, one online participant explained details in the questionnaires in addition to her team interview. The average interview duration was around 30 minutes. All interviews were conducted in English, as it is the common language of both interviewer and interviewees. The material was then transcribed by writing the strongest arguments using Microsoft Word through an online transcribing app.

However, there are some obvious limitations in the data collection process. One of the main limitations of this study was that interviewer was unable to conduct the expected number of interviewees. The target companies were contacted several times but they response rate was very poor. Therefore, the data gathered here may not represent the overall scenario of the export business challenges faced by Finnish SMEs. However, the effort was huge to get into the issues and challenges and the possible overcoming way out. Moreover, interview covered

various industry perspectives and challenges by reaching out to their top-level executive and managers. Nevertheless, it was not possible to manage different people for the interview from same company. Although interview was done with the CEO, Export Manager, and International Marketing manager, the data may only reflect the opinion of a single person in one company.

3.6 Data Analysis

The most significant stage of the study is the analysis of collected data, as well as its interpretation and conclusions. Data analysis provides the researcher with a solution to the research challenges (Bryman & Bell , 2015). On the other hand, the thematic interview is a semi-structured interview that is conducted as a one-on-one interview. The topics of the thematic interviews are generally known but the order of the questions and their exact form are not pre-determined in the thematic interviews (Saunders et al., 2007). The thematic interviews are a natural choice for the research. The export business nature of the target companies varies depending on what is happening and where the company is aiming. Therefore, the interviews were semi-structured with thematic questions on the export challenges of SME companies, market segmentation challenges, segmentation criteria, product differentiation, competition, and the influence of blue ocean strategy. In some interviews, the interviewees brought up topics that were not planned to be included in the interviews and discussed the issues from a broader perspective. However, the goal is not to validate the pre-determined theoretical framework but rather to focus on themes that arouse interest. Logically, since the interview questions are based on the pre-defined theoretical framework, the interview responses follow a similar logic and sequence. Interviewer followed the interviewing principles according to Patton (2015). Moreover, the structure and goals of the study largely determine how the material is to be treated and interpreted. Author transcribed the data of this study, but it is noteworthy that there may have been a lot of other interesting insights to study the research goal.

3.7 Trustworthiness of the Data

When conducting a study, researchers should consider validity and reliability. Validity refers to the accuracy of the findings and how the findings are explained in qualitative research (Saunders et al., 2009). On the other hand, reliability is the degree to which the findings of the study can be replicated with similar or similar results (Saunders et al., 2007). Validity, in other words, is an instrument's ability to measure what is intended to be measured. Whereas, reliability is the ability of a measuring tool to provide consistent and reliable data (Patton, 2002). In addition, to decide whether the research is reliable, it is also necessary to determine if the researcher has made the appropriate inferences from the data, and if there is sufficient evidence to back up the inferences (Eriksson & Kovalainen, 2008).

The validity was enhanced in this study by providing the interviewees with the freedom to comment on the topics of the study without being guided by the interviewer in the direction of the interview. The interviewees were given the freedom to speak at length about their business and the process of export market segmentation, even if the discussions diverged slightly from the topics. This ensures that the interviewer understands the motivations and actions that influenced the company's export business. The trustworthiness was also sought through the methodology of analysis. Additionally, to enhance the validity of the study, the literature presented in this study was in line with the interview questions and purpose. Moreover, the interviews were transcribed so that the material could be analyzed by third parties.

However, the reliability of this thesis is at risk when considering whether the findings can be extrapolated beyond the cases studied. Since the research was limited to a few cases, its findings may not apply to the broader SME population. The cases selected for this study represent several industries, but all share the commonality of having prior experience in the export business. Therefore, the quality of the data can only ensure the reliability of the research and its outcomes.

4. Findings

During this study, interviews were conducted with representatives of five different case companies. Each company has its unique perspective on the issues and opportunities in the export-oriented SME environment. These companies operate in a variety of industries, such as Subcontracting transformer & electrical components, Bicycle component production, Dust control system manufacturing, and Eco-friendly workplace equipment fabrication. They share common characteristics, operating as a private company with an annual turnover between 1 million and 35 million euros, with a workforce ranging from 28 to 140 people. All are small to medium enterprises (SMEs) operating in export markets with destinations such as Scandinavia, the EU, and China. The interviews with all five companies engaged a wide range of key stakeholders, such as the CEO, Managing Director, Marketing Manager, Export Manager, and Sales Expert. This enabled the interviewer to gain an in-depth understanding of the issues and potential of Blue Ocean Strategies in overcoming export marketing obstacles and the challenges associated with market segmentation.

CASE COMPANIES' PROFILE					
	Company-1	Company-2	Company-3	Company-4	Company-5
Business Nature	Subcontracting Partner for the Electricity and Energy Industries	Subcontracting Partner for Transformer and Electric Motor components. Wooden Item Production	Bike Components Producer	Manufacturer and supplier of Ergonomic workplace solutions	Industrial air pollution control equipment Producer
Ownership	Group of Companies	Private Company	Private Company	Private Company	Private Company

Size/Number of Employees	50	110	140	87	28
Yearly Turnover	13M Euro	1M Euro	35M	7,5M	5M
Category of the Business	Medium Size Enterprise	Small Enterprise	Medium Size Enterprise	Medium Size Enterprise	Small Enterprise
Existing/Focused Exporting Countries	Norway, Sweden, Estonia	Germany, China	EU, China	Sweden, Great Britain, Germany, France and the United States	Scandinavia, EU, Kazakhstan
Representative's Designation	Managing Director	CEO	Marketing Manager	Export Director	Technical Sales Expert
Representative's Experiences	Business Strategy, Production, Export	Sales, Marketing, Strategy	Sales, Marketing, International Business	Sales, Business Development, International Marketing	Technical Sales, International Sales, Business Development

Figure 04: Profile of Case the Companies

4.1 Challenges in the Export of Small and medium-sized Companies in Finland and Potential of Blue Ocean Strategy.

Internationalization presents lucrative opportunities for small and medium-sized companies (SMEs) seeking to expand their market reach beyond domestic borders. However, it's not without challenges. In this report, insights from various companies on the fundamental challenges SMEs face in their internationalization journey were brought. The internationalization process

for SMEs is full of opportunities and challenges that require strategic planning and flexibility (Neupert, 2006).

For most of these companies, common issues they face include a lack of customer-centricity, insufficient knowledge and expertise, and difficulty finding the right people with experience in cross-border markets. Additionally, the other common challenges that SMEs face are limited budgets for marketing strategy development, Competition from local companies is fierce, and difficulties in finding reliable partner companies. All of these factors combine to make it difficult for SMEs to expand into international markets.

“Finding a trustworthy Partner abroad is one of the biggest challenges for Small and Medium Enterprises”

In addition to these common obstacles, companies highlight a few other challenges they face in their internationalization efforts. Language barriers are a major concern, which hampers effective communication and penetration of markets. Traditional thinking about how to allocate resources and how to manage knowledge can also impede progress, as small and medium-sized enterprises (SMEs) may not be able to adjust their strategies to international contexts. Moreover, the absence of strategic marketing tools and the tendency to underestimate marketing strategies can further complicate the situation, as well as a lack of research and comparison efforts. Additionally, SMEs need to understand foreign consumers and markets to successfully navigate international platforms.

On the other hand, physical distance and a lack of market knowledge are also major obstacles, compounded by transportation costs that put strain on already tight budgets. Time allocation of export research and strategic decisions are also important but often neglected and require the full support of the executive board to implement internationalization strategies. Combining these additional challenges with the common obstacles is crucial for SMEs to overcome the challenges of international expansion and succeed in new markets.

“Before going for the market expansion, SMEs need to understand the users, consumers, and the market in a foreign country”

4.1.1 Language Barriers

Language barriers are one of the most significant challenges that prevent SMEs from effectively communicating and understanding the market in other countries. As Company 1 points out, managing language barriers means that SMEs must invest in language skills or look for alternative communication channels to ensure smooth interactions with foreign customers.

4.1.2 Understanding the customer Mindset

The insights of Company 2 show that SMEs need to move away from a traditional approach to resource management and adopt a customer-focused mindset. This change in mindset is necessary to understand diverse market demands and tailor products or services for international needs.

4.1.3 Insufficient Export Marketing Skills

The lack of knowledge and skills in SME management teams is a common theme across responses, as mentioned by Company 2. Not only does this lack of knowledge impede strategic decision-making, but it also hinders the development of efficient internationalization strategies. Additionally, Company 3 highlights the importance of the right people and skills for successful expansion into global markets.

4.1.4 Export Marketing Budget Constraints

The lack of resources for strategic marketing efforts, such as budget constraints and lack of specialized personnel, further intensifies the difficulties SMEs face. Without proper investment in marketing strategy and thorough research, SMEs find it difficult to understand foreign market trends and consumer behavior, which prevents them from identifying growth opportunities.

“Customer-oriented mindset is missing in many SME’s export marketing strategy”



Figure 05: Key Challenges in Internationalization of SMEs

4.1.5 Other Challenges

In addition, Company 4 points out that physical distance and local competition in foreign markets make it difficult for SMEs to penetrate these markets. Furthermore, the high transportation costs and lack of market understanding make it even harder for SMEs to enter these markets. Finally, Company 5 emphasizes the need to find reliable partners, allocate enough time to export research, make strategic decisions, and secure executive support. Taken together, these insights show that SMEs face a multitude of challenges when it comes to internationalization.

4.1.6 How the Blue Ocean Strategy can help overcome the Export Market Challenges

According to the interview data, Finnish SMEs face several export marketing challenges including language barriers, understanding customer mindset, lack of export marketing strategy, insufficient export marketing skills, budget constraints, and finding reliable local partners. The Blue Ocean Strategy can help overcome these obstacles effectively. Firstly, it focuses on

creating an uncontested market space where competition is irrelevant. This helps to overcome language barriers by targeting universal customer needs instead of language nuances. Additionally, it encourages understanding customers' latent needs and preferences. This helps to address the issue of understanding customer mindset. Moreover, it promotes the development of innovative strategies that are in line with market needs, thus addressing the issue of the export marketing strategy lacking. On the other hand, BOS nurtures an innovation culture and continuous improvement, which helps in the development of the export marketing skills needed within the organization. Furthermore, this BOS idea ensures resource allocation based on strategic priorities, which may help to reduce budget constraints. Finally, it promotes collaboration and partnerships, which makes it easier to find reliable local partners by creating mutual value creation and common objectives. Therefore, by following the principles of the blue ocean strategy, Finnish SMEs can overcome these export marketing challenges and carve out a successful market position in the global arena.

4.2 Market Segmentation Challenges for Finnish Exporting SMEs and BOS

4.2.1 Market Segmentation Challenges

Market segmentation is one of the most important challenges that Finnish enterprises face as they expand into new global markets. Finnish Small and Medium enterprises boarding on international expansion encounter a multitude of challenges in market segmentation. Common challenges that all companies face include finding reliable data sources, managing the risk of mistakes in segmentation, and managing budget constraints that often limit the scope of market analysis. Moreover, all case companies mentioned that finding the right customer segments among diverse global markets is difficult, and the burden of collecting and analysing market data is even greater. On the other hand, knowing the competitive environment within each segment and finding the right partnerships and consulting services makes the segmentation process even more difficult for these small and medium-sized enterprises.

“International market segmentation is critical, Company needs to focus on the sharper segment for its product and customers in the international market”

Company 1 emphasizes the importance of creating custom marketing campaigns for each market segment and creating an appropriate product portfolio to address the various needs and requirements of target audiences. According to them, market segmentation requires an in-depth understanding of the specific characteristics and requirements of each market segment, which requires in-depth research as well as strategic planning to determine the best way to segment and position a firm’s business.

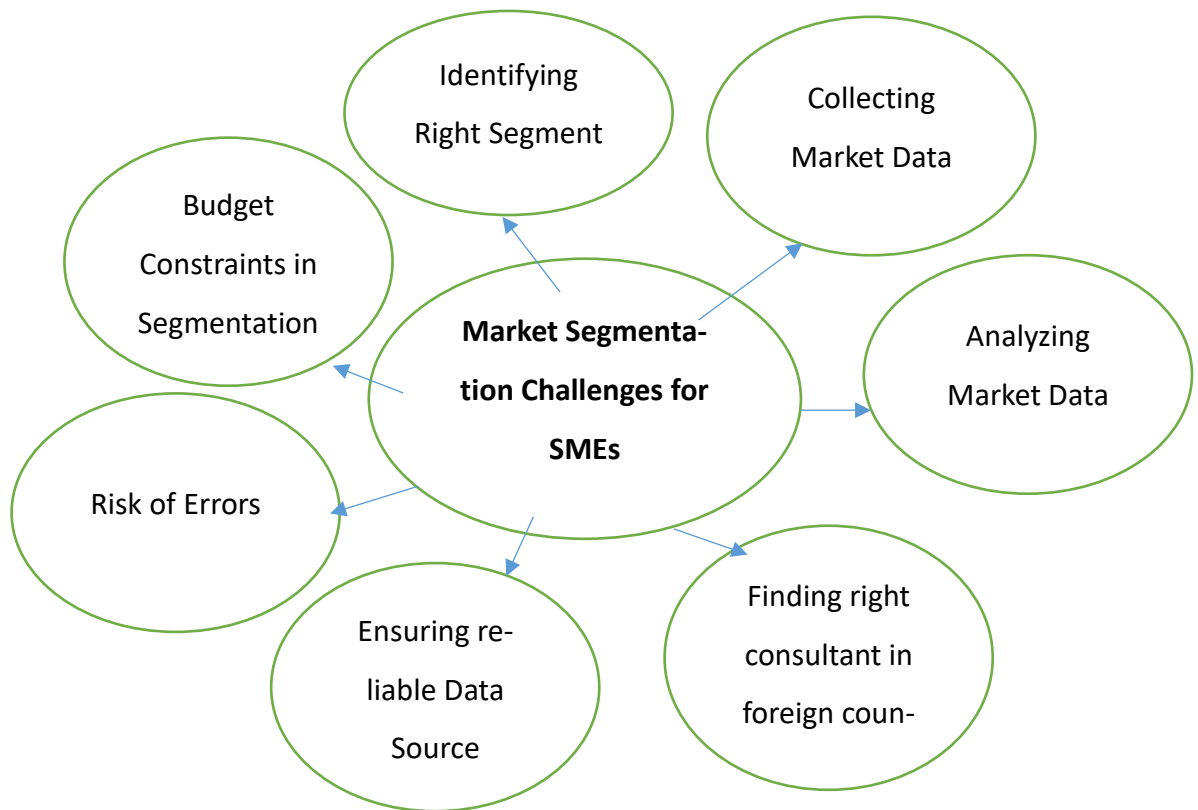


Figure 06: Market Segmentation Challenges for SMEs

Company 2 shares the same concerns about the intricacy of market segmentation when expanding internationally. It is essential to identify and understand target customer segments, as well as to measure the level of competition within each market segment. Gathering detailed market data, including market size and consumer behavior, is essential for making informed decisions and developing strategies. However, the data collection and analysis process can be time-consuming and resource-intensive, making it difficult for Finnish enterprises to penetrate new international markets.

“Export market segmentation process is an expensive, slow-moving, and that has a high chance of making mistakes”

Moreover, Company 3 highlights the high investment required for segmentation in foreign markets, as well as the risk of errors due to lack of knowledge and slow-paced processes. Collecting and analyzing market data, as well as understanding target customers’ needs and preferences, is at the core of segmentation strategies. However, the complexity and high cost of these efforts highlight the formidable difficulties that Finnish enterprises face in entering new international markets.

“Identifying and understanding target customer, Understanding the level of competitiveness, and Finding the right partners are the main challenges in International Market segmentation”

Although Company 4 emphasizes target customer segmentation and market competitiveness, Company 5 emphasizes finding the right partners and getting their support. Additionally, they believe that having trust in the product’s value proposition is one of the most important factors for market segmentation.

4.2.2 Blue Ocean Strategy in overcoming Market Segmentation Challenges

Market segmentation challenges faced by Finnish SMEs encompass ensuring reliable data sources, risk of errors, budget constraints in the segmentation process, identifying the right segment, collecting market data, analyzing market data, and finding the right consultant in a foreign country. The Blue Ocean Strategy provides a framework to address these challenges. First, it inspires a shift from relying on traditional data sources to actively looking for new sources of information. By doing so, Firms can reduce the risk of mistakes as they gain a better understanding of market dynamics outside of traditional data sets. Second, the strategy promotes value innovation thus by focusing on creating new market segments instead of competing within existing ones, firms can overcome the challenge of finding the right segment by enabling SMEs to explore unserved market spaces where there is little competition.

On the other hand, the Blue Ocean Strategy also boosts a strategic approach to resource allocation. Rather than focusing on budget constraints, SMEs can use the strategy to overcome budget constraints in segmentation by focusing on activities that have the greatest impact on market insights and segmentation precision. The strategy also emphasizes internal collaboration and cross-functional teamwork, allowing SMEs to take advantage of their existing knowledge and resources to collect and analyze market data more effectively. When it comes to choosing the right consultant for a foreign market, the strategy recommends building strategic partnerships and working together that align with the organization's blue ocean goals. Finally, by seeking out consultants who share a vision for value innovation and market creation, Finnish SMEs can ensure they receive the necessary expertise and support to navigate foreign markets successfully. Overall, the Blue Ocean Strategy can provide a comprehensive framework for addressing market segmentation challenges and empowering Finnish SMEs to identify and capitalize on new market opportunities.

4.3 General Strategies that companies consider to overcome the Foreign market segmentation challenges

To overcome the difficulties of segmenting foreign markets, a multi-layered strategy is required, as indicated by the strategies presented by the companies. A common approach highlighted by companies is to leverage past experiences and take corrective actions, as mentioned by Company 1. By leveraging past experiences, companies can fine-tune their strategies and reduce potential risks. Additionally, they emphasize outsourcing the expertise of consultants based in the local market that provides valuable insights and guidance, allowing a firm to gain a better understanding of target segments' needs and preferences.

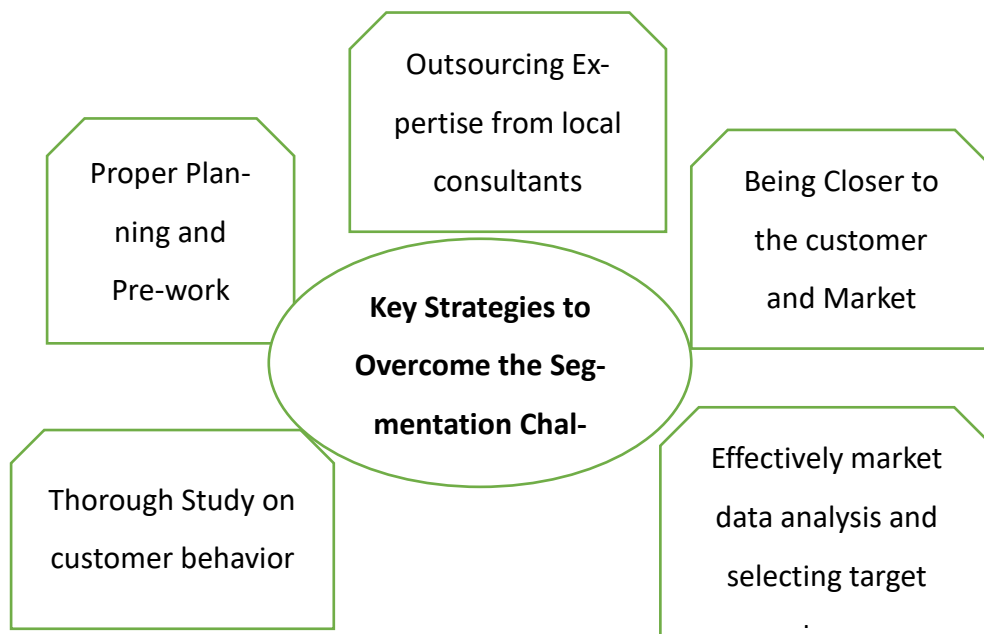


Figure 07: Traditional Strategies to Overcome Market Segmentation Challenges

On the other hand, Company 2 mentions using the strong brand image of Finland or Europe to tackle market segmentation issues. By leveraging the reputation of quality and innovation, businesses can build trust and confidence with foreign customers, allowing them to penetrate the market. According to them, being closer to the customer base also improves market

understanding and allows for a more agile response to changing consumer needs, as closeness leads to closer relationships and improved communication channels.

In addition, partnering with local research firms, as recommended by Company 3, provides a strategic solution. By leveraging the knowledge and experience of local research partners, businesses gain access to detailed market information and insights, allowing them to make informed decisions in segmentation efforts. This approach makes segmentation efforts based on strong market intelligence, thus improving the chances of success.

Company 4 emphasizes the importance of segmentation. By understanding the customer segment and its value chain, companies can carefully analyze their customers' behavior and preferences. This allows them to tailor their products and services to meet the unique needs of their target market. Additionally, by collecting data from trusted and authentic partners, segmentation efforts become more accurate and reliable, allowing for more targeted targeting and better allocation of resources.

However, Company 5 emphasizes the importance of pre-planning and contingency planning to overcome segmentation challenges. Doing thorough research ahead of time, leveraging local knowledge and experience, and attending relevant events and networking events all help to access the target segment. Having a contingency plan in place also allows companies to adjust and recover quickly from any unexpected challenges or mistakes that may arise along the way.

4.4 Perception of Product or Service Differentiation Strategy in Finnish Firms

The question of whether product or service differentiation is crucial when entering a foreign market elicits different responses from different companies, each emphasizing different

results based on their experience and tactics. Company 1 takes a more general view, arguing that focusing on the overall market strategy rather than product differentiation may be more effective. This view suggests that the company is more interested in taking advantage of wider market trends and trends rather than investing in products or services that are tailored to a particular segment.

On the other hand, Company 2 focuses on differentiation, but through the manufacturing process rather than changing the product itself. It focuses on social sustainability standards, faster delivery times, and effective complaint handling. They believe that differentiating through operating excellence and customer service helps the company to create a niche in the international market, improving its competitive advantage and customer satisfaction.

However, Company 3 highlights the nuance that each country's consumers have different needs and preferences, which requires product differentiation to meet these variations. By customizing products or services for each market, a firm can increase its relevance and attractiveness to local consumers, thus increasing market share and adoption.

In the same manner, Company 4 underlines the importance of product diversification by emphasizing the value proposition, pricing, and quality standards. Differentiating on these fronts will help the company position itself well in the international market, attract customers, and gain a competitive edge over competitors. Lastly, Company 5 agrees with the importance of differentiation and highlights various factors such as price, tech, design, quality, and marketing. This holistic approach to differentiation demonstrates the company's dedication to providing differentiated value propositions to drive brand differentiation and market adoption.

4.5 Perception of Blue Ocean Strategy in Market Segmentation in Finnish SMEs

The Blue Ocean strategy is a new way of thinking. It focuses on creating uncontested markets where competition is minimal, as opposed to the traditional red ocean markets where competition is intense (Kim & Mauborgne, 2005). In response to the interview question regarding their views on the Blue Ocean Strategy (BOS) and its potential in market segmentation, Company 1 and 5 showed their cautious approach as they are not concerned about it. However, they preferred to focus on less competitive markets while emphasizing the need for in-depth analysis and understanding before adopting the Blue Ocean strategy. They acknowledged that the Blue Ocean strategy has the potential to be a winning strategy but stressed the need for due diligence and understanding before adopting it.

On the other hand, Company 2, Company 3, and Company 4 took a more hands-on approach to the Blue Ocean Strategy, showing a clear comprehension of the BOS principles and actively working to implement it in their organizations. Company 2 focused on finding niche markets where it could thrive, with a strong emphasis on customer service as a core growth strategy. Company 3 emphasized the need for great minds, resources, and market intelligence for effective BOS execution, with a strong focus on sustainability and improving customer experience. Company 4 highlighted the importance of building unique strategies for specific market segments, with value creation as a priority over generic product offerings.

These responses illustrate the wide range of views and approaches that companies adopt when it comes to the Blue Ocean strategy and how it is used in the market segmentation process. While some choose to be cautious and investigate further, others embrace BOS principles and seek to carve out distinct market niches and add value to their customers. In the end, a company's decision to adopt a Blue Ocean strategy is based on market trends, organizational strengths, and strategic goals. Therefore, each company is plotting its own path to sustainable growth and a competitive edge.

4.6 Potential Opportunities and Challenges in the application of the Blue Ocean Strategy

The five different case companies' answers to the questions about the challenges and opportunities associated with the implementation of the Blue Ocean strategy within the Finnish SMEs provide valuable insight into the complexity of these efforts. The challenges outlined by the companies are: Identifying untapped market opportunities in the current business environment, Lack of experience and resources in the strategic discipline, Risk of competitors duplicating successful Blue Ocean initiatives, the need for resources and budget constraints that SMEs may be reluctant to invest in, and Concerns about financial stability and risk management in small and medium-sized enterprises.

On the other hand, the opportunities presented by the responding companies highlight the numerous advantages of adopting the Blue Ocean Strategy framework. They highlight how BOS can reduce unnecessary competition, allowing SMEs to increase their profit margins and market share. BOS also provides a path for firms to refocus on product quality and innovation by moving away from traditional price-driven competition models. These opportunities demonstrate how BOS can transform the way Finnish SMEs differentiate themselves in saturated markets, take advantage of niche opportunities, and achieve sustainable growth through strategic innovations and market positioning.

Therefore, the implementation of the blue ocean strategy (BOS) offers both opportunities and challenges to overcome market segmentation challenges for exporting enterprises, as evidenced by the responses provided by the following companies: Company 1: is unsure about finding a real Blue-Ocean Market and they believe that replicating similar strategies by competitors is a major concern. This highlights the difficulty of maintaining a niche market over time, especially in competitive and dynamic industries where there is a lot of copycat activity.

“Blue Ocean Strategy (BOS) can be a very good strategy for Finnish companies as they need to focus on price and profit”



Figure 08: Opportunities and Challenges of Blue Ocean Strategy

On the other hand, Company 2 sees BOS as an opportunity for Finnish companies and highlights its potential to improve price competitiveness and profitability. Focusing on creating non-challenging market segments, Finnish companies gain a competitive edge and distinguish themselves from competitors, overcoming segmentation issues and growing their market presence.

“It is difficult to find real Blue Ocean Market and it can be followed by competitors so fast”

Company 3 recognizes the advantages of BOS (low competition, high profit margins), but also highlights the challenges associated with the development and implementation of BOS. Finding a real Blue Ocean Market takes time and effort, and success depends on creating a user-centric strategy that aligns with the needs and preferences of target customers. This emphasizes the need for customer-centricity and innovation when implementing BOS.

“We need to study in detail about this strategy (BOS). Once it is implemented, it will help overcome the segmentation challenges”

Similarly, Company 4 notes the difficulty of identifying the right market or territory and hiring the right people to implement a Blue Ocean Strategy. This highlights the need for strategic market sourcing and talent acquisition to leverage BOS to solve segmentation issues and drive long-term growth in foreign markets. However, Company 5 recognizes that it can be challenging to find the right market or segment to use BOS for, but it also recognizes that BOS can help solve segmentation issues once it's implemented. This speaks to the idea that while the early days of implementing BOS can be challenging, the long-term benefits of reducing competition and increasing market share outweigh the early challenges.

5. Discussion

The literature in this thesis covers several important aspects relevant to understanding SMEs in export marketing challenges in Finland. First, it is important to define SMEs to outline the scope of the study. Traditionally, SMEs have been defined based on factors such as number of employees, revenue, asset value, etc. However, SMEs vary greatly from industry to industry and from economy to economy. Therefore, an in-depth analysis is needed that considers the context of the market conditions and the regulatory environment. By exploring the theoretical foundations of SME definition, this study provides the basis for a comprehensive analysis of the export marketing issues faced by Finnish SMEs.

The literature review also highlights many related to export marketing and market segmentation that Finnish SMEs face. Foreign markets are often difficult for SMEs to segment due to a variety of cultural, economic, and regulatory factors (Dibb & Simkin, 2001). It is therefore essential to understand these challenges to develop customized marketing strategies that are relevant to target segments and allow for market penetration. In addition, the study on the potential of the Blue Ocean Strategy provides insights into alternative approaches that Finnish SMEs can adopt to compete in competitive markets. Identifying uncontested market space and developing innovative value propositions can help SMEs avoid traditional competition and find niche market niches for their products and services (Kim and Mauborgne, 2005). The synthesis of the theoretical perspectives highlights the complexity of the export marketing endeavors that Finnish SMEs have to undertake while also providing opportunities for strategic difference and growth.

However, the results of the empirical data analysis on export marketing challenges among Finnish SMEs highlight several key challenges that prevent them from expanding internationally. Language barriers are a major obstacle, preventing them from communicating effectively with their potential customers and partners overseas. The lack of understanding of the customer's mindset in foreign markets makes it difficult for the firms to adjust their marketing

strategies accordingly. Moreover, the insufficient export marketing knowledge and strategy, combined with budget limitations and high freight costs limit their ability to enter new markets. Furthermore, the search for trusted local partners adds a layer of complexity to the export endeavors of these companies, highlighting the multi-faceted nature of their challenges.

In addition to the export marketing issues, market segmentation is one of the most significant challenges that Finnish SMEs face. First, the accuracy and reliability of the data sources is a constant issue, which affects the accuracy of the market analysis and the decision-making process. On the other hand, the risk of errors is also very high, which affects the effectiveness of the market segmentation strategy. Moreover, budgetary constraints also limit the resources available to collect and analyze the data. Furthermore, the process of finding the correct market segment and finding the right consultants is a challenge for many SMEs, making it difficult for them to navigate the diverse market landscapes. These obstacles highlight the huge challenges that Finnish small and medium-sized enterprises (SMEs) face when trying to enter new global markets and grow their export business (Tesfom & Lutz, 2006).

While there are many different strategies for minimizing competition in international markets, the most common results include product innovation, targeted marketing, competitive pricing, and leveraging the firm's brand's unique attributes or reputation which create the demand for acquiring Blue Ocean Strategy. The Blue Ocean strategy provides a powerful framework for small and medium-sized enterprises (SMEs) who want to make the most out of foreign markets while growing their business (Devi et al., 2021). By creating competitive market spaces, they can open up new sources of revenue and tap into new customer segments. SMEs are encouraged to innovate and stand out from the crowd. This helps them to charge premium prices while reducing the impact of price-driven competition. Value innovation allows SMEs to offer one-of-a-kind products or services at an unbeatable value to their customers. This not only increases their profit margins but also strengthens their position in the market (Alam & Islam, 2017).

The blue ocean strategy (BOS) perception among the case companies shows an in-depth view of the advantages and challenges of the strategy. Case companies understand the advantages of the strategy, such as reducing unnecessary competition, increasing profit, and increasing overall market share. However, they also express uncertainties about the feasibility and implementation of the strategy. Challenges such as the lack of a viable blue ocean market, lack of knowledge and resources in this area, and fears of imitation by competitors are major disincentives. Furthermore, the resource-heavy nature of the implementation of BOS, requiring investments that may be reluctant to make, adds a layer of complexity to the adoption of the strategy. However, the focus on product quality & innovation rather than price & competition highlights the perceived value of the BOS in changing market dynamics and setting SMEs up for long-term sustainable growth.

While the level of familiarity and readiness to adopt the Blue Ocean Strategy varies among the companies, common outcomes include the recognition of the value of creating uncontested market spaces, the importance of differentiation and value creation, and the need for innovative thinking and strategic alignment (Kim and Mauborgne, 2004)

However, it was discussed by the participants that the Blue Ocean Strategy comes with its own set of challenges, such as identifying a real Blue Ocean Market and successfully implementing the strategy. Moreover, they see huge opportunities with BOS, such as improving competitiveness, increasing profitability, and reducing segmentation issues. Finally, exporting enterprises can use BOS to analyze market dynamics, invest in innovation, and focus on the customer. This will help them navigate difficult market environments and achieve long-term success in the global market. (Leavy, 2018)

6. Conclusion

6.1 Conclusion of Empirical Finding

In conclusion, this thesis has examined the major challenges that Finnish SMEs face when it comes to export marketing and segmentation and proposed the blue ocean strategy (BOS) to overcome these challenges. Key export marketing challenges found include Language issues, lack of understanding of customers' mindset, and lack of marketing skills and strategy limiting their ability to penetrate foreign markets effectively. Additionally, budgetary constraints, high transport costs, and the search for trusted local partners further limit their export efforts. On the other hand, market segmentation also brings its own set of challenges, such as unreliable data sources, lack of precision in market analysis, finding the right segments and consultants, etc. Through an analysis of these issues, it becomes clear that traditional approaches may not be enough to navigate global markets and achieve sustainable growth for Finland's small and medium-sized enterprises.

Despite the difficulties, the Blue Ocean strategy's perceived value among case companies shows a realization of its ability to address the key pain points of their business strategies. The Blue Ocean Strategy's implementation provides a promising response to the challenges identified. By promoting value creation and creating competitive marketplaces, BOS can help SMEs stand out from the crowd and meet unmet customer needs. Moreover, this strategy allows Finnish SMEs to break through traditional market barriers, overcome fierce competition, and segment profitable market segments.

At its core, the Blue Ocean Strategy can be a strategic transformation for Finland's SMEs. It provides a new approach to overcome the challenges of export marketing and market segmentation. By adopting innovative, value-driven, and market-driven strategies, small and medium-sized enterprises (SMEs) can establish themselves as industry pioneers and gain a sustainable competitive edge in the global marketplace.

Finally, BOS promotes a mindset shift from competition to partnership, enabling SMEs to set new industry standards and open up new growth opportunities. Thus, by implementing the

principles of BOS in Finland, SMEs can break through traditional market boundaries, take advantage of opportunities, and grow sustainably in an ever-changing global market. However, BOS implementation has some challenges, such as the lack of blue ocean markets, and fears of imitation by competitors, which need to be considered carefully.

6.2 Limitations of the Study

This thesis recognizes some limitations in the research approach. The sample size of five case companies may limit the applicability of findings as it represents a small subset of the broader business community. This may further limit the transferability to a larger audience or different contexts of the findings. The research methodology, which relies mainly on interviews, may introduce biases, such as respondent biases or interviewer bias, which may affect the reliability and accuracy of the data. Moreover, the scope of the research may be limited due to time and resource constraints, which may result in a lack of understanding or overlooking of relevant factors. While these limitations are recognized, they are offset by the wealth of insights gained through an in-depth analysis of the selected cases, which provides qualitative understanding within defined parameters.

6.3 Future Research

Following up on this thesis, future research could explore the implementation and results of the Blue Ocean Strategy in the context of managing export marketing challenges and market segmentation. Furthermore, one promising area for future research could be a more in-depth examination of the organizational capacities and strategic frameworks that allow SMEs to successfully adopt and implement BOS principles across Finland's SMEs. A better understanding of the internal dynamics as well as external factors that help SMEs uncover and capitalize on untapped market opportunities could provide insight into the mechanisms that drive strategic innovation and competitiveness in Finland's business environment. Overall, future research efforts in this area have the potential to further our understanding of how strategic management practices like BOS drive organizational performance and economic growth across the Finnish SME landscape.

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Appendices

Interview Questions:

1. What are the basic challenges in the internationalization of small and medium-sized companies?
2. Do you think that segmenting an international market is more critical than a local market? If so, why?
3. In your view, what are the primary market segmentation challenges that exporting Finnish enterprises typically encounter when expanding into new international markets?
 - *Identifying and understanding target customer segments*
 - *Understanding the level of competitiveness*
 - *Collecting and analyzing market data for segmentation*
 - *Developing effective marketing strategies for each segment*
 - *Allocating resources efficiently to different market segments*
4. What are the primary factors or criteria your company considers when segmenting international markets?
 - *Existing Competitors*
 - *Price Competition*
 - *Product Differentiation*
 - *Market Share and Market Power*
 - *Regulatory Challenges*
 - *Distribution and Supply Chain*
 - *Marketing and Promotion*
 - *Profitability*
 - *Competitors' Responses*
 - *Market Trends and Timing*
 - *Consumer Behavior*
 - *Market Size and Growth*

5. In your experience, what are the most significant obstacles or challenges that exporting Finnish enterprises encounter when trying to identify and target specific customer segments abroad?
6. How do you plan to overcome the challenges that arise while segmenting a foreign market? Please write in brief:
7. Do you think that product or service differentiation is important while entering into a foreign market? If so, why?
8. How do you plan to minimize the competition in a foreign market?
9. “Blue Oceans” are new market spaces where competition is minimized on the contrary Red Oceans are where industries are already well defined and rivalry is intense”. How familiar are you with the Blue Ocean Strategy? Would you consider Blue Ocean Strategy in market segmentation?
10. Looking forward, what potential opportunities or challenges do you see in the application of the Blue Ocean Strategy for exporting enterprises in overcoming market segmentation challenges?