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**Structure and sources of competitive advantages
in the yellow spreads industry in Finland**

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ABSTRACT:

According to Euromonitor International (2017) the yellow spreads industry in Finland is relatively mature and the companies operating in the industry tend to struggle to make profits. At the moment there cannot be found theoretical and university level studies focusing on this topic in Finland. Thus, the aim of this study is to examine the structure and the sources of competitive advantages in the yellow spreads industry in Finland. In this study competitive advantage is defined as company's capacity to develop the quality of its products, reduce costs or to gain more market share or profits.

The strategic management tools and models used in this study are five forces model, PEST analysis, strategic groups model, resource-based view, BCG matrix and SWOT analysis. The selection of these strategic management tools and models was based on the opportunity to examine the influence of both exogenous and endogenous factors on the structure of the yellow spreads industry in Finland. These strategic management tools and models also enable to find out the sources of the competitive advantages and ways to maintain it in the yellow spreads industry in Finland.

In order to find out what are the sources of the competitive advantages and how is the industry structure in terms of the strengths, weaknesses, opportunities and threats in the yellow spreads industry in Finland, two open-ended semi-structured interviews were held. The interview questions were derived from the strategic management tools and models used in this study and the two interviewees worked as Senior and Junior Key Account Managers in the yellow spreads industry in Finland.

The results of the study showed that the structure of the yellow spreads industry follows the conditions of the perfect competition where there are many companies selling similar products and competing for the same customers. No individual company dominates the yellow spreads industry in Finland. Overall, the yellow spreads industry conditions in Finland are stable and competitive advantage can be gained and maintained through selling volume with low costs, developing new products and strong brands and by taking the advantage of the current trends such as health and sustainability.

KEYWORDS: competitive advantage, endogenous factors, exogenous factors, industry, yellow spreads

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1. Introduction

The introduction chapter provides an overview to the study topic. This chapter starts by examining the background for this study and by representing well-known strategic management tools and models used to examine a certain industry and companies operating in it. The strategic management tools and models are also used to examine the factors affecting on companies' abilities to gain competitive advantages in the industry. In the second subchapter the study question is formulated, and the study objectives are clarified. After that the key definitions related to this study are presented and the delimitations of the study identified and discussed further. Finally, an overlook to the structure of the study is represented.

1.1 Study background

A global market research company Euromonitor International (2017) states that the yellow spread industry in Finland is relatively mature and companies operating in the industry tend to struggle to make profits. At the moment social trends such as plant-based diet, health and wellness, sustainability and interest towards new courageous tastes (Kesko, 2020) are shaping food industry in Finland. The companies operating in the yellow spreads industry in Finland are looking for new opportunities that arise from these social trends and aim to gain, as well as maintain, competitive advantages and market share within the industry. This study examines by using qualitative methods the yellow spreads industry in Finland and aims to provide comprehensive industry analysis by using various well-known strategic management tools and models. I am interested in this topic due to working in the yellow spreads industry and thus I chose to study more of this topic.

In this study, the following strategic management tools and models; five forces model, PEST analysis, strategic groups, resource-based view and BCG matrix are utilized in the

industry analysis. The five forces model is used to analyze the competitive forces such as existing competition and buyers bargaining power which shape the industry and effect on the ability to gain and maintain competitive advantages. The five forces model can also help to point out the industry's strengths and weaknesses. (Porter, 1985.) The PEST analysis in turn is used to study political, economic, social and technological factors affecting on the industry structure and the sources of the competitive advantages in the yellow spreads industry in Finland (Ho, 2014).

A strategic group is a group of companies within an industry sharing a similar strategy and the strategic groups model is used to examine what kind of strategies companies in the yellow spreads industry in Finland have chosen in order to gain and maintain the competitive advantages (Porter, 1980). The BCG matrix in turn is used to analyze companies' strategic positions through examining their products, attractiveness and competitive positions in the yellow spreads industry in Finland (Vuorinen, 2013, p.153). The resource-based view in turn is used to examine the resources which companies can utilize in order to gain and maintain the competitive advantages (Habbershon & Williams, 1999).

The findings of the study which are gained through using these strategic management tools and models are then placed and presented in SWOT analysis. The SWOT analysis then gives a comprehensive overlook to the yellow spreads industry structure in Finland in terms of the strengths, weaknesses, opportunities and threats. Based on the SWOT analysis it can be also pointed out what are the sources of the competitive advantages in the yellow spreads industry in Finland.

How the competitive advantage is defined varies between researchers and publications in the strategic management study (Sachitra, 2016) as presented in the Table 1. but it is commonly agreed that this term is often defined and measured against competitors (Esen & Uyar, 2012). The definitions of the competitive advantage tend to concentrate on profitability, productivity and market share (Kennedy, Harrison, Kalaitzandonakes,

Peterson & Rindfuss, 1997). As a conclusion, Grupe and Rose (2010) state that company's capacity to develop the quality of its products, reduce costs or to gain more market share or profits is known as the competitive advantage.

Table 1. Definitions of the term competitive advantage.

Researchers	Publication	Definition
Porter, M. (1990)	<i>Competitive advantage of nations</i>	Competitive advantage is defined at firm level as productivity growth that is reflected in either lower costs or differentiated products that have premium prices.
Smith, M. (2013)	<i>Issues of competitiveness and regional growth in relation to transport infrastructure investment: A literature review on assessment methodology</i>	Competitive advantage is the extent to which firms in a specific region can compete with firms elsewhere.
Newbert, S.L. (2008)	<i>Value, rareness, competitive advantage, and performance: A conceptual-level empirical investigation of the resource-based view of the firm</i>	Competitive advantage is the degree to which a firm explores its opportunities, neutralizes threats and reduces cost.
Sigalas C, Economou VP, Georgopoulos NB. (2013).	<i>Developing a measure of competitive advantage</i>	The degree of competitiveness of a firm is defined by exploring opportunities, neutralizing treats and reducing cost represent.
Wang, H.L (2014)	<i>Theories for competitive advantage</i>	Competitive advantage is gained when a company has a set of attributes or executes actions that allows it to outperform its competitors.

1.2 Study gap

This study examines the structure and the sources of the competitive advantages in the yellow spreads industry in Finland. At the moment there cannot be found theoretical and university level studies focusing on examining the yellow spreads industry in Finland. The only research on this topic that can be found and also bought is a spreads market research conducted in 2017 by Euromonitor International which is an independent company providing strategic market research on thousands of products and services around the world.

The other researches and studies which can be found about this topic have focused also either on oils, entire Scandinavia or have been done by using the quantitative study methods. Most of the articles written about the yellow spreads in Finland reflect the perspective of the consumers and tend to focus on the argued health risks and benefits of the yellow spreads. Thus, there exist a clear study gap for this topic.

1.3 Study questions and objectives

The aim of this study is to examine the structure and the sources of the competitive advantages in the yellow spreads industry in Finland by using the well-known strategic management tools and models. It seeks to find out what are the strengths, weaknesses, opportunities and threats of the yellow spreads industry in Finland. It also aims to find out what are the potential sources of the competitive advantages and how companies can gain and maintain the competitive advantages in this industry.

The study is conducted through open-ended semi-structured interviews which aim to provide a deeper look into the yellow spreads industry in Finland. By taking a closer look into the exogenous and endogenous factors affecting on the industry and the companies operating in it, it is possible to analyze also what are the potential sources of the competitive advantages.

Study question: What are the strengths, weaknesses, opportunities, threats and the sources of the competitive advantages in the yellow spreads industry in Finland?

In order to find an answer to the study question, the following study objectives are set.

Study objective 1: *Examination of the forces and the exogenous factors affecting on the industry and the opportunities to gain competitive advantages in the industry.*

Study objective 2: *Examination of the endogenous factors affecting on the abilities to gain competitive advantages in the industry.*

The first study objective aims to examine and identify the forces and the exogenous factors affecting on the industry and the opportunities to gain competitive advantages. Meanwhile the second study objective focuses on examining and identifying the endogenous factors affecting on the abilities to gain competitive advantages within the industry.

In order to find an answer to the study question and to the study objectives, a theory review focusing on the following strategy management tools and models is conducted: the five forces model, the PEST analysis, the strategic groups model, the BCG matrix, the resource-based view and the SWOT analysis. Based on these, a study framework is developed. The study framework is presented in the begin of the second chapter and it will work as a guide to form the questions for the open-ended semi-structured interviews. Based on the answers gained from the interviews an analysis of the exogenous and the endogenous factors affecting on the industry structure and the sources of the competitive advantages can be performed. Finally, the study results will provide a comprehensive overview of the strengths, weaknesses, opportunities and threats of the yellow spreads industry in Finland. The results will also give recommendations on what managers of the companies operating in the yellow spreads industry in Finland should take into account in order to gain and maintain the competitive advantages.

1.4 Key definitions

Industry is formed by a group of companies offering products or services that substitute or closely remind each other. The companies within a certain industry also compete with each other. (Gupta, 2013.)

Competitive advantage is company's capacity to develop the quality of its products, reduce costs or to gain more market share or profits (Grupe & Rose, 2010).

Endogenous factors are intangible or tangible factors within the company such as financial capital and human resources. The endogenous factors can be controlled. (Hubeis and Najib, 2008.)

Exogenous factors are physical and social factors outside the company. The exogenous factors are uncontrollable and can be further divided into micro and macro environments. (Duncan, 1972; Fourie & Mohr, 2004; Williams, 2001.)

Yellow spreads in this study are defined according to Finnish Food Authority (2020) as fats that are appropriate for human consumption such as butter and margarine, and which retain their solid compositions at 20 °C and are suitable for spreading.

1.5 Study limitations

This study is limited to focus only on the yellow spreads industry in Finland. Regarding the spreads, the study is limited to cover only the yellow spreads which are butter and different types of margarines. This means that all other spreads such as cream cheeses, sweet spreads such as jams and Nutella, and oils are left outside this study. In addition to that, the study is limited to focus only on retail business and thus hotel, restaurant and catering businesses are left outside the study scope.

Since there exists multiple strategic management tools and models, a decision to focus only on the following; the five forces model, the PEST analysis, the strategic groups model, the resource-based view, the BCG matrix and the SWOT analysis is made. Finally, due to using the qualitative study method the answers gained from the interviews represent subjective opinions, instead of more objective facts, of the persons that have been interviewed. And since I as the researcher am also working in the industry my own thoughts and perceptions of the industry affect to the way that I interpret the answers of the persons being interviewed. Since the number of persons interviewed is only two persons, the gathered data does not allow to make widely generalizable conclusions or enough deep analysis on the topic. Thus, more research on this topic is needed in the future.

1.6 Structure of the study

This study includes five main chapters. The first chapter presents the study topic and the focus of the study as well as the limitations of the study. In addition to that the study background and the key definitions are clarified. The second chapter focuses on the theoretical part of the study and the five forces model, the PEST analysis, the strategic groups model, the BCG matrix, the resource-based view and the SWOT analysis are presented and their roles in this study are further discussed.

In the third chapter, the study methodology is presented. The qualitative study method is used in this study because this study aims to find a deeper understanding of the structure and the sources of the competitive advantages in the yellow spreads industry in Finland. In the fourth chapter, the findings of the study are presented, discussed and further analyzed. In the fifth chapter, which is the final chapter of the study, the conclusion of this study is presented and suggestions for the future studies given. Table 2. on the next page summarizes the structure of the study.

Table 2. Structure of the study.

Chapter 1	The study background, questions, key definitions and limitations
Chapter 2	Overlook to the strategic management tools and models
Chapter 3	Study methodology
Chapter 4	Presentation of the study findings
Chapter 5	Conclusion, key findings, theoretical and managerial implications and recommendations for the future studies

2. Theory framework

The theoretical part of the study focuses on representing relevant and well-known strategic management tools and models that will be used to form a comprehensive industry analysis on the yellow spreads industry in Finland. The theoretical part of the study begins by presenting the strategic management tools and models used to examine the forces and the exogenous factors affecting on the industry. After that, the focus will be on the strategic management tools and models used to examine the endogenous factors and their effect on the companies' abilities to gain and maintain the competitive advantages. The theoretical framework of the study is presented in the Figure 1. below.

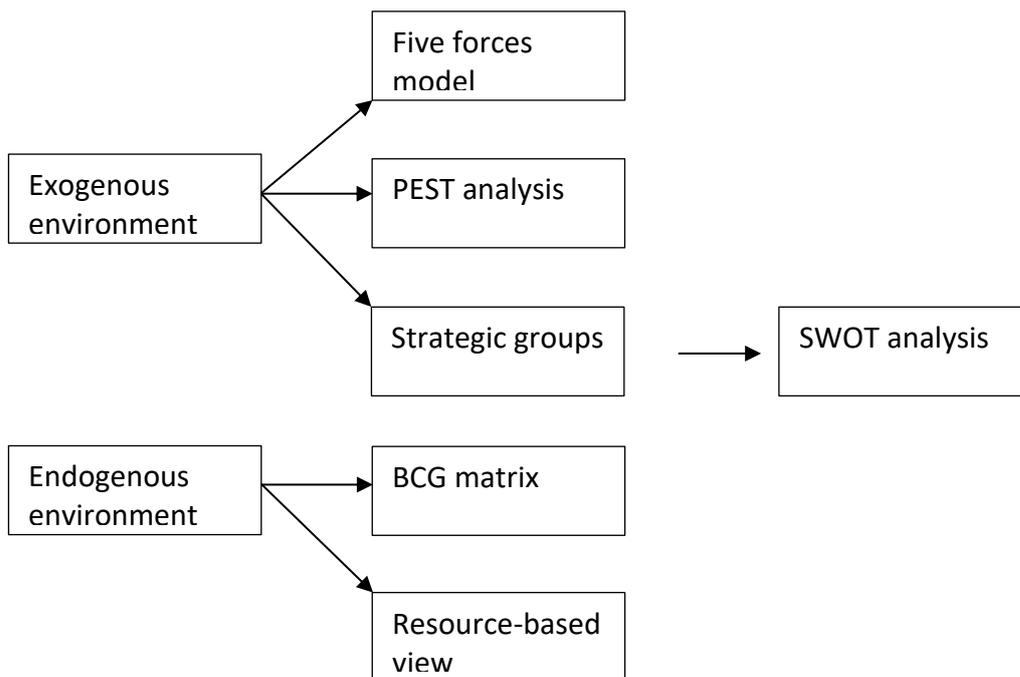


Figure 1. Study framework.

2.1 Exogenous factors

The exogenous factors are physical or social factors outside the companies' borders that can have either positive or negative affect on the companies' success in the industry. The exogenous factors are uncontrollable and can be further grouped under micro and macro environments. Understanding of the exogenous factors effect on the industry and further to companies' operations is important in order to be able to develop business. This is due to the fact that the exogenous factors are very complex, dynamic and uncertain. (Duncan, 1972; Fourie & Mohr, 2004; Williams, 2001.) Examples of the exogenous factors belonging to the micro-environment are customers, business partners as well as competitors (Elliot, Rundle-Thiele, Waller, Smith, Eades & Bentrott, 2018). Changes in turn in technology, laws or social systems are all exogenous factors belonging to the macro-environment (Fourie & Mohr, 2004).

2.1.1 Porter's five forces model

Porter's (1985) five forces model was developed to analyze the companies' competitive positions within a certain industry. Despite criticisms from for example Mintzberg (1994) and Speed (1989), Porter's (1985) five forces model remains to be one of the most used strategic management models. According to Porter (1985) the five forces model is a comprehensive strategic management model examining competition, profitability and attractiveness of a certain industry through five competitive forces. These five forces presented also in Figure 2. on the next page are bargaining power of the buyers, threat of new entrants, threat of substitute products, bargaining power of suppliers and rivalry among existing competitors. According to Porter (1985), these five forces have a direct effect on the profitability of a certain industry as they effect on prices, costs and investments of the companies operating in the industry.



Figure 2. Porter's five forces competitive model (Porter, 1985).

The threat of new entrants is high when the entry barriers to the industry are low. The low entry barriers can exist for example due to the fact that the products or raw materials are not patented, and the industry is not highly regulated by the government. (Haag, 1998.) When the entry barriers are in turn high, the threat of new entrants remains low. The threat of new entrants puts pressure into the prices, costs and investments within the industry. A high threat of new entrants' forces companies to improve and review their operations to avoid losing their market shares. (Porter, 2008.)

Porter (2008) presents that the bargaining power of suppliers is high when there exists limited number of suppliers, a lot of customers and only a few substituting products in the industry. Porter (2008) also states that when the suppliers can create such conditions that are challenging for new entrants, it can be said that the suppliers have strong bargaining power. In these kinds of situations, the suppliers are also able to charge higher prices and to get profits to themselves. Also, Slater and Olson (2002)

present that the number and the size of the suppliers, can have an effect on the suppliers bargaining power.

Bargaining power of the buyers is an opposite to the bargaining power of suppliers. When the bargaining power of the buyers is high, the buyers have power to affect the suppliers' prices and investments. Powerful buyers can require better quality and service from the suppliers operating in the industry. (Porter, 2008.) If there are many suppliers in the industry, the buyer can choose between the suppliers and easily change one supplier to another. This kind of competitive bidding will reduce the profitability of the entire industry. (Slater & Olson, 2002.)

A substitute product provides the same benefit to the buyer as the other product or service. For example, cream cheese can be seen as a substitute product for the yellow spreads. High threat of substitute products affects to the industry's profitability. If there are multiple substituting products in the industry, the profitability of this industry might suffer since it will push the prices downwards. A company operating in an industry which has multiple substituting products needs to invest in product development and marketing activities in order to gain profits and growth. (Porter, 2008.)

High rivalry among existing competitors leads usually to price competition, new product launching and promotions in stores when the companies aim to increase their sales. Tight and intense price competition will slow down the growth of the industry and limit profitability due to reducing the profits. (Porter, 2008.)

2.1.2 PEST analysis

The PEST analysis is one of the most common strategic management tools used to examine exogenous factors effecting on industries. The PEST analysis stands for political, economic, social and technological factors affecting on the industry's structure as can be seen in the Table 3. on the next page. (Ho, 2014.)

The basic idea of the PEST analysis is that the companies' need to react changes happening in the industry (Gupta, 2013). According to Shtal et al. (2018) the PEST analysis is easy to use in the examination of an industry and that is one of the biggest advantages of the analysis. As said, the PEST analysis is used to evaluate current and potential trends and changes in the industry. Sammut-Bonnici and Galea (2015) present that the PEST analysis helps companies to understand the drivers of long-term change in the industry. The four aspects of the PEST analysis also help companies to define why and how specific changes appear in the industry.

Table 3. PEST analysis framework (Gupta, 2013).

Political	Economic	Social	Technological
<ul style="list-style-type: none"> • Laws • Political stability • Property rights • Corruption 	<ul style="list-style-type: none"> • Currency rate • Inflation rate • Capital markets • Raw-material prices 	<ul style="list-style-type: none"> • Demographic patterns • Population growth • Human rights • Consumption trends 	<ul style="list-style-type: none"> • Changes in distribution channels • Technological innovations

The political factors refer to laws, property rights, political stability and so forth. Common changes in the political factors can be for example changes in the political climate, changes in the government stability or new regulations. Political instability makes the industry's operation environment risky and uncertain. The economic factors in turn refer to for example market and trade cycles, currency rate changes, commodity prices, changes in the capital markets, customer preferences and to country's economic growth forecast. (Gupta, 2013.)

The social factors refer to for example demographic patterns, national culture, population growth, human rights and concerns about the environment. The social factors vary from country to country and can be totally different in different countries. The technological factors in turn refer to the effects of technological changes in for example products, processes, and distribution channels. Companies are looking for more and more solutions that require less resources to produce the same number of products. (Gupta, 2013.)

2.1.3 Strategic groups

The strategic groups model was first introduced in the 1970s by Hunt (1972) when organizational economists were looking for ways to understand the differences in the strategic success across industries and the reasons for those differences. Hunt (1972) defines a strategic group as a group of companies that systematically differ in some strategic feature from those companies that do not belong to the same strategic group. In other words, a strategic group is a group of companies which have similar key strategies in the same industry.

Porter (1980) in turn defines a strategic group as a group of companies in the same industry that use a similar strategy measured by the key strategic dimensions of the industry. Cool and Schendel (1987) defines a strategic group as a group of companies competing in the same industry and are engaged in similar production and resource use.

The strategic groups within an industry can be compared with multiple measures and from different perspectives. The strategic groups can be formed based on for example brand awareness, target segment, market share, pricing policy or product customization. (Caves & Porter, 1977.) According to Thompson et. al., (2013) companies in the same strategic group may have similar products and prices, same quality and same target segments.

Strategic groups can be formed as presented by Porter (1980) below:

1. Starting by defining the competitive advantages and the factors that separate companies from others in the industry.
2. Next placing companies on a map with factors on vertical and horizontal axis.
3. At last, classifying companies to the strategic groups.

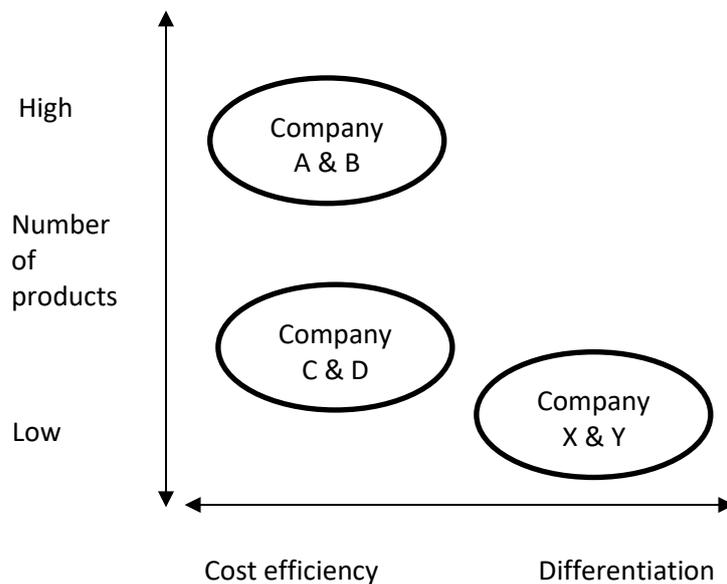


Figure 3. Strategic Groups model (Porter 1980).

Porter (1980) and Leask and Parnell (2005) present that the strategic groups are limited by mobility barriers, which prevent companies to move from one strategic group to another strategic group. In addition to that, the mobility barriers protect companies' strategies and help companies to maintain their competitive advantages. Hatten and Hatten (1987) state that the mobility barriers can be held as switching costs, caused by moving from one strategic group to another strategic group by making financial investments to change strategic position in the industry. Harrigan (1985) presents that the financial and resource-based investments done by the companies determine the level of the mobility barriers in the industry.

According to Zúñiga-Vicente, de la Fuente-Sabaté and González (2004) the strength of a strategic group and its ability to protect its competitive advantages can be defined by the level of the mobility barriers. If there do not exist mobility barriers between the strategic groups in the industry, the successful strategies can be copied by other strategic groups and therefore the competitive advantage of the strategic group can be easily lost.

2.2 Endogenous factors

Fourie and Mohr (2004) and Hubeis and Najib (2008) state that companies' endogenous factors have straight affect to their ability to gain and maintain the competitive advantages. Unlike the exogenous factors, companies have strong control over their endogenous factors. Due to that, companies have to be able to identify the strengths and weaknesses of the endogenous factors to gain and maintain the competitive advantages. The endogenous factors can be for example management, company culture, human resources and physical assets. According to Van Scheers (2011) poor management skills, ineffective marketing and lack of financial management are major endogenous issues affecting on companies' abilities to gain and maintain the competitive advantages. Next in this chapter, two strategic management tools and models used to analyze endogenous factors are presented.

2.2.1 The BCG matrix

The BCG matrix was developed almost 50 years ago by Bruce Henderson and is today called one of the most iconic strategic management tools (Madsen, 2017; Whitehead, 2015). In 2011 Harvard Business Review selected the BCG matrix as one of the top five strategic tools that have changed the world (Ovans, 2011).

The BCG matrix is a strategy tool used for evaluating companies' product portfolios in terms of market growth and market share (Skaarhoj, 1999). Company's products are divided into four field matrix and classified into four categories which are dogs, cash cows, question marks and stars. The idea of the BCG matrix is similar to investors portfolio in a way that the portfolio should be in balance and include different products which support each other. Figure 4. on the next page shows how the BCG matrix is formed. The horizontal axis describes the product's relative market share and the vertical axis describes the product's market's growth rate and attractiveness. In the BCG matrix it is assumed that products have certain lifecycles and the state of the product's lifecycle can be seen in the vertical axis. The product's market share in turn shows the company's strategic position against its competitors. The bigger the market share is, the better economies of scale the company usually has. (Vuorinen, 2013, p.158.)

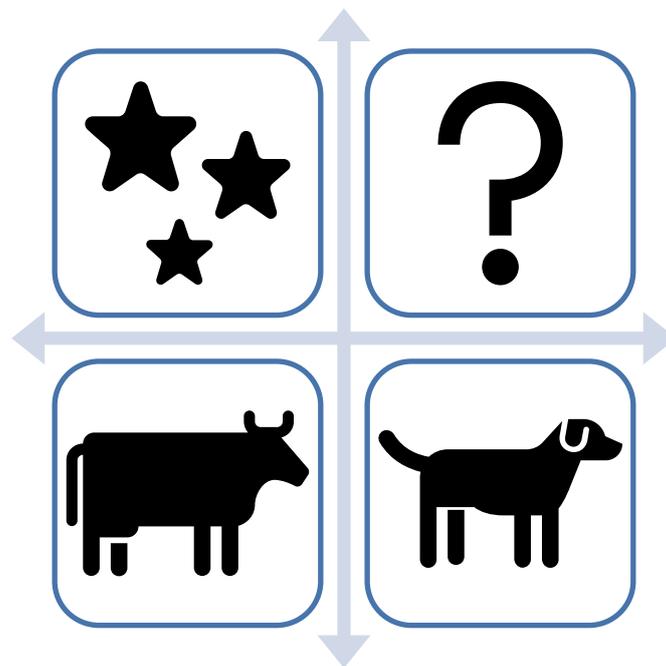


Figure 4. The BCG matrix (Vuorinen, 2013, p. 158).

In the BCG matrix the stars are fast-growing products with high market share and relatively strong competitive position in the industry. The stars require high investments in marketing to become market leaders, to push more growth and to gain more market

share in the industry. Investments in the stars are usually profitable since when the market growth slows down the stars become cash cows if they have been able to establish strong position in the industry. (Ioana, Mirea & Balescu, 2009.)

The cash cows have high market share in slowly growing market. The cash cows do not require big investments because the cash cows have already gained market share and since the market is not growing fast investment would most likely be useless. The cash cows make profit, have stable sales and the cash flow that they are bringing for the company is valuable. (Ioana, Mirea & Balescu, 2009.)

The question marks are fast growing products with low market share. Often a lot of money needs to be invested in these products in order to gain more market share and sales. Thus, the question marks do not make lot of profit. However, the question marks have potential to become stars if they are able to gain more market share and keep growing fast. On the opposite situation in which the question marks do not manage to get enough market share and sales, the question marks turn out to be to dogs. The dogs are products with low market share and slow growth. These products may exist because of potential synergies or to support other products. Such a product group alone is often worthless and does not generate money for the company. (Vuorinen 2013, p.158-159.)

2.2.2 Resource-based view

The resource-based view is also a well-known strategy tool used to analyze companies' competitive advantages; it is the combination of endogenous resources and capabilities that help the companies to gain the competitive advantages (Habbershon & Williams, 1999). According to Grant (1991) the resources and capabilities create the basis of a strategy. The core idea of the resource-based view is that a company can differ from its competitors and gain competitive advantages within the industry by exploiting its rare and unique endogenous resources and capabilities. Vuorinen (2013, p. 111) presents that the main purpose of the resource-based view is that a company can gain competitive advantages mainly by developing and focusing on its core resources.

Barney (2011) divides resources to tangible and intangible resources, while Habbershon and Williams (1999) categorize resources to physical, organizational, process and human resources. Grant (1991) in turn present that resources can be divided to six categories: physical resources, human resources, economical resources, technological resources, organizational resources and reputation. The tangible resources include for example factories, machinery and equipment, geographic location and raw materials. The tangible resources usually bring only short-term competitive advantages because these resources can be bought and copied and thus are not unique. The intangible resources in turn include for example education, experience, decision-making, intelligence and public relations.

The knowledge and the experience of individual executives and employees often bring more long-term advantage because the intangible resources cannot be bought or instantly copied by the other companies. The intangible resources play key role and are core competencies only when value can be created from those intangible resources within the company. (Barney, 1991.)

Barney (1995) has developed VRIO model based on the resource-based view which helps companies to recognize their fundamental resources needed to gain competitive advantages. According to Barney (1995) the resources have to be valuable (V), rare (R), inimitable (I) and well organized (O) so that a company can gain competitive advantages. Vuorinen (2013, p. 111) presents that a company needs to further develop its resources that match to VRIO model and implement them efficiently into its strategy. Arend and Lévesque (2010) have criticized the VRIO model because they see that it is challenging for managers to identify the key resources that match to the VRIO model. They also state that it is hard to decide how much a company should invest in the resources to maintain and gain competitive advantages.

Valuable resource creates added value to the company. A resource can be seen to create value if it permits the company to exploit opportunities or neutralize threats (Barney 1991). Vuorinen (2013, p. 111) and Miller and Shamsie (1996) present that valuable resources lower costs or helps companies to gain profits. A resource is *rare* if competitors do not mainly utilize that specific resource. However, resources are often not completely rare, so the focus is more on how common the rare resource is within the industry (Vuorinen 2013, p.111-112). If competitors have the same resource, they probably utilize it in similar ways to create same value. This in turn does not help to gain competitive advantage over the others. (Barney & Zajac, 1994.)

Inimitability means that a resource is hard to replace or hard to copy (Vuorinen, 2013, p. 113). A resource is hard to copy if it is socially complex (Barney, 1995), legal property rights such as patent are protecting it (Wills-Johnson, 2008) or if a resource is connected to a company by multiple ways or it is hard to perceive (Vuorinen, 2013, p. 113). *Organized* describes that how a company can utilize its valuable and rare resources in its business operations to gain competitive advantage. The VRIO model in the Table 4. below help companies to evaluate their resources. (Vuorinen, 2013 p. 113.)

Table 4. VRIO model (Vuorinen, 2013 p. 113).

Resource's features				Impacts	
Valuable	Rare	Inimitable	Organized	Competitive effect	Economical effect
No			No	Disturb competition	Under normal
Yes	No			Neutral situation	Normal
Yes	Yes	No		Competitive advantage (short term)	Over normal (short term)
Yes	Yes	Yes	Yes	Competitive advantage	Over normal (long term)

2.3 SWOT analysis

The SWOT analysis is traditional, and the most famous strategy management tool used to examine company's exogenous threats and opportunities and endogenous strengths and weaknesses (Gürel & Tat, 2017; Dyson 2004). The SWOT analysis was developed by Harvard Business school researchers in the United States in 1960s. These researchers defined that successful strategy manages to match company's endogenous strengths and weaknesses to its exogenous opportunities and threats. This definition was the base for the SWOT analysis design which is well-known four field matrix presented in the Figure 5. (Ghemavat, 2002.)

The SWOT analysis has also been criticized by various researchers (Hill & Westbrook, 1997; Ghemavat, 2002). For example, Hill and Westbrook (1997) present that the SWOT analysis is insufficient when used in the making of complex strategic decisions. While Kurttila, Pesonen, Kangas and Kajanus (2000) state that the SWOT analysis is often too facile and gives just a list of threats and opportunities but not real analysis of those. McDonald (1993) in turn states that the SWOT analysis is a suitable tool for strategy formulation, but the tool should be used more efficiently in order to create comprehensive analysis.

The SWOT analysis pays attention to both companies' endogenous and exogenous factors. The exogenous aspect focuses on defining the threats and the opportunities in the industry, while the endogenous aspect is focused on identifying companies' internal strengths and weaknesses. The endogenous aspect of the tool allows companies to better understand their capabilities and resources and to better identify the key factors to gain competitive advantages. (Gurel & Tat, 2017.) The SWOT analysis is a popular tool for strategy management because it is easy to use. However, the tool can also be misused. One of the most common mistakes when making a SWOT analysis is not going enough deep into it. Keeping a record of the strengths, weaknesses, opportunities and threats that a company is already aware of does not take the company forward or help

to gain competitive advantages. Therefore, a company should first examine its industry environment carefully and make several smaller analyzes of it by using other strategic management models and tools. Only then a company can assess its realistic chances to succeed in the industry. (Vuorinen, 2013 p. 64.)

Endogenous factors	Strengths	Weaknesses
Exogenous factors	Opportunities	Threats

Figure 5. SWOT analysis framework (Vuorinen, 2013, p. 64).

Company's strengths are things that the company does well or in a different way than its competitors. The strengths should be the core resources of the company and key success factors. The strengths add value to the company's operations and help the company to gain competitive advantages against competitors. *Company's weaknesses* in turn refer to disadvantages compared to competitors. The weaknesses may affect negatively to business if the company does not manage to identify and develop these early enough. (Thompson & Strickland, 1989.)

Opportunities are situations where a company can take the next step to achieve its goals and to gain competitive advantages. The opportunities are exogenous factors that may affect positively to business if the company manages to utilize the opportunity. Market changes such as new trends or new technologies can be for example good opportunities

to gain the competitive advantages in the industry. (Vuorinen, 2013, p. 64). *Threats* are exogenous factors that may affect negatively to companies' operations. The threats can be for example increasing costs of raw materials or new entrants in the industry. (Simoneaux & Stroud, 2011.)

2.4 Summary

The competitive advantage is defined as company's capacity to develop the quality of its products, reduce costs or to gain more market share or profits (Grupe & Rose, 2010). The strategic management tools and models explaining the structure and the factors affecting companies' abilities to gain the competitive advantages in the yellow spreads industry examined in this chapter are; the five forces-model, the PEST analysis, the strategic groups, the resource-based view, the BCG matrix and the SWOT analysis.

3 Methodology

In this chapter the study approach and method are presented. The chapter begins by taking a closer look into the three main study approaches and then moves on to discuss more about the study method, sample, data collection and data analysis. At the end of the chapter reliability and validity of the study are monitored more closely.

3.1. Study approach

According to Newman (1994) researchers have *“different ways of looking at the world, which involve choosing different approaches to observe and measure the phenomena being studied.”* Rehman and Alharthi (2006) in turn present that the study approach consists of *“a basic belief system and theoretical framework with assumptions about 1) ontology, 2) epistemology, 3) methodology and 4) methods.”* The Ontology refers to researchers’ assumptions of the reality, its existence and what can we know about it. The epistemology in turn refers to the nature of knowledge, acquiring of it and communicating it to others. (Cohen, Manion & Morrison, 2007, p. 7.)

Patton (2002) presents that since researchers work with different study approaches and point of views, they might end up finding results that are not interpretable by or meaningful to other researchers. In order to understand the relevancy of a study it is important to be aware of researchers’ study approach which can be either positivist, interpretivist or critical.

3.1.1. Positivism

The positivist study approach states that the reality exists independently of humans and is governed by the causal laws. The reality can be understood through examining cause-effect relationships between phenomenon and once examined the cause-effect relationships can be used to predict the events in the future. The role of the researcher

is to objectively observe the phenomenon and describe those as they exist through stating facts. (Rehman & Alharthi, 2016.)

The positivist study approach focuses on experimentation and setting of hypotheses on cause-effect relationships between phenomenon. In order to execute the study numeric empirical evidence is gathered for example through experiments or standardized tests and closed ended questionnaires. Next, the empirical evidence is analyzed, and the analysis will result in building of a theory explaining cause-effect relationship between phenomenon. The approach of analyzing data is deductive or abductive. The deductive analysis strategy means that the study will result in building of a theory. (Rehman & Alharthi, 2016.) The abductive analysis strategy in turn is a combination of deductive and later presented inductive strategies. The positivist study approach has been criticized to be unsuccessful when applied to examination of social phenomenon since relationships between individuals and their behavior in relation to each other, to institutions and to society are sometimes in contrast with the regularity of the causal laws. (Gage, 2007; Richards, 2003.)

3.1.2. Interpretivism

Opposite to the positivist study approach, the interpretivist study approach states that there exists several and varying realities which are shaped by researchers senses and are thus subjective (Rehman & Alharthi, 2016). The researcher is always a part of the reality being examined since for example researcher's culture and background affects the way that the reality is observed and perceived (Grix, 2004). Thus, there do not exist one universal and context free interpretation of the reality and each researcher with clear and valid arguments brings different point of views to the study (Rehman & Alharthi, 2016).

The interpretivist study approach aims to examine phenomenon in their context and thus the use of verbal qualitative data is preferred over statistical numeric data. For example, structured and semi-structured open-ended interviews and observation are

common methods to gather data. (Rehman & Alharthi, 2016.) The approach of analyzing data is inductive or abductive. The inductive analysis strategy means that the researcher aims to identify patterns within broader themes in order to understand a phenomenon and to generate a theory. The interpretive study paradigm has been criticized to be incapable of building generalizable theories. It has been also stated that the involvement of the researcher for example in the role of interviewer causes lack of objectivity. (Grix, 2004.)

3.1.3. Critical theory

According to Higgs and Titchen (1995) the main focus in the critical study approach lays on *“becoming aware of how our thinking is socially and historically constructed and how this limits our actions, in order to challenge these learned restrictions”*. Whereas the interpretivist study approach focuses on researchers’ senses, the critical study approach emphasizes the social and historical origin and contexts of meaning. And opposite to the positivist study approach knowledge is seen to be acquired through critical discussion and debate instead of objective inquiries.

The aim of the critical study approach is to change and challenge the participants’ world view, and thus the role of the researcher is to work both as an investigator and as a facilitator. The study methodologies preferred in this approach aim to foster self-reflection, mutual learning, participation and empowerment. Thus, in the critical research mostly qualitative data is gathered, although quantitative data can also be used. (Bohman, 2005.)

This study follows the interpretivist study approach since the aim is to examine the yellow spreads industry in its context in Finland. In order to collect data for the study, two open-ended semi-structured interviews are held. The answers gained during the interviews are subjective thoughts and perceptions of the persons interviewed. The study can also be seen to follow the interpretivist study approach since the aim is to identify patterns within broader themes in the yellow spreads industry in order to better

understand the industry's strengths, weaknesses, opportunities and threats and to generate an industry analysis based on those. The strategy to analyze data is abductive, which is a combination of inductive and deductive strategies. Table 5. below summarize the components of the positivist, the interpretivist and the critical study approaches.

Table 5. Components of the three study approaches (Rehman & Alharthi, 2016).

Components	Positivism	Interpretivism	Critical theory
Assumption of reality	Reality exists independently of humans and is governed by the causal laws	Reality is shaped by researcher's interaction with others	Reality is shaped by cultural, political, ethnic, gender and religious factors
Nature of knowledge	Objective	Subjective	Subjective
Role of the researcher	To observe	To interpret	To challenge
Data	Quantitative numerical and statistical data	Qualitative open ended structured and semi-structured interviews and observation	Mostly qualitative data but also quantitative data can be used
Analysis strategy	Deductive or abductive	Inductive or abductive	Abductive
Theory building	The analysis will result in building of a theory explaining cause-effect relationships between phenomenon	Theory deriving from data collection	Existing theory to be confirmed, further developed or disconfirmed

3.2. Study method

A study can be conducted either by using qualitative or quantitative study method. The qualitative study method aims to get insights to individuals' thoughts, attitudes and behavior. (Austin & Sutton, 2014.) The quantitative study method in turn aims to get more generalizable results, which can be expressed and measured in numbers (Flick, 2011). Table 6. on the next page shows differences between the qualitative and the quantitative study methods.

The qualitative study method is usually used to collect a smaller amount of data and it seeks to find answers to questions such as why, what and how. The qualitative study attempts to understand the subject such as a certain industry and the reasons for its behavior and decisions of the companies' operating in that specific industry. Individual interviews and observations are most used methods to collect qualitative data for the study. (Heikkilä, 2014.)

The quantitative study method uses numerical data to find answers to questions such as who, how much, what, where, when, how many and how. According to Aliaga and Gunderson (2002) the quantitative study method seeks to explain and analyze the problem or phenomenon using the collected numerical data and analyzing it with the help of statistical methods. The quantitative data is generally collected through standardized surveys with predetermined options for answers.

Table 6. Quantitative and qualitative methods (Heikkilä, 2014).

Study method	Quantitative	Qualitative
Purpose	To explain and analyze phenomenon by using statistical methods	To understand phenomenon and behavior and decision behind it
Amount of data collected	Large amount	Smaller amount
Data collection method	Surveys	Interviews and observations
Type of data	Number and statistical data based on exact measurements	Opinions, views and facts in verbal form

In this study the qualitative method is used. The data for this study is gathered by using the qualitative method in order to get more deeper understanding and to be able to form comprehensive industry analysis by identifying details within broader themes.

3.3 Study sample

Study sample refers to the participants of the study. There do not exists a certain number of participants that would be needed to execute a qualitative study. In some cases, also smaller number of participants is enough to collect a large amount of data and to get thorough understanding of the studied phenomena. (Fossey, Harvey, McDermott & Davidson, 2002.)

In this study, the sample group consist of two participants who were interviewed in order to gather information needed to complete the study. The participants of the study work in different positions in the same company and have different experience level in the yellow spreads industry in Finland. The first one is Junior Key Account Manager and

the second one is Senior Key Account Manager. The decision to select participants representing different positions and experience levels was made in order to gain information from different perspectives and to avoid too homogenous sample group which could harm the validity of the study.

3.4 data collection

Typical qualitative study methods include interviews, focus groups and observation (Fossey et. al., 2002). An interview which is the method used in this study is a conversation between the interviewer and the interviewee, which has a predetermined goal and purpose. The topics that should be covered during the interview needs to be carefully defined by the interviewer and the structure of the interview planned well beforehand to avoid gathering of irrelevant and useless information. The role of the interviewee in turn is to share information, thoughts, attitudes, opinions and feelings to the interviewer. (Aaltola & Valli, 2010 p. 4, 51–52.)

According to Fontana and Frey (2000) there exists different types of qualitative interviews such as structured interview, unstructured or semi-structured interview and group interview. The structured interview follows complete predetermined structure and does not allow improvisation. The unstructured or semi-structured interviews do not follow a certain structure and questions can be partly planned and partly arisen during the interview. The structured or unstructured interview can be individual or group interview. Within the group interview more than one person is interviewed at the same time.

In this study the semi-structured interview method is used and the idea behind the use of the open-ended questions is to get the interviewed persons to tell how they see the yellow spreads industry in Finland. The interviews were held individually, and the interviews took place in Microsoft Teams due to Covid-19 pandemic and avoidance of physical contact with other people. The interview procedure was same for both of the

participants and the answers were recorded and transcribed directly after the interviews.

The interview was structured according the strategic management tools and models used in the study. At first the interviewees were asked questions related to forces and exogenous factors affecting the yellow spreads industry in Finland. Next the questions focused more on companies' strategic choices and product portfolios. The interview ended with questions related to resources which companies utilize in order to maintain and gain the competitive advantages.

In addition to the open-ended semi-structured interviews, also secondary data was gathered for the industry analysis. The secondary data is data that is already gathered for some other purpose and is available from open sources to be used also by other researchers in their own studies. (Hox & Boeije, 2005.) The secondary data for this study is gathered from different sources from Internet.

3.5 Data analysis

Analysis of the qualitative data can be focused either on examination of the content, in other words to what is said, or to the language used meaning how things are said. One of the most common ways to analyze the qualitative data is to transcribe audited interviews into written format, which can be then used in the further phase of the analysis. Depending on the aim of the research the transcript can be done in more or less detailed way. In more detailed transcript also pauses and all kind of sounds are marked in writing. (Bennett, Barrett & Helmich, 2019.)

Common to almost all of the ways to analyze the qualitative data are requirement to get familiar with the data and coding of the data. In order to get familiar with the data, the researchers need to repeatedly listen to, read or look at the data keeping the study question in mind and identify the important parts from the data. Coding in turn, refers

to the process of selecting those parts of data which are important for the study and assigning descriptive or interpretive codes to those. The next part of the coding process is to group the codes to different categories. (Bennett, Barrett & Helmich, 2019.)

Most common ways to analyze the content of the qualitative data are thematic analysis and the grounded theory. The thematic analysis focuses on developing themes from the collected data and the analysis process includes analyzing, classifying, comparing, grouping and refining text. (Braun & Clarke, 2006). The thematic analysis can be applied with different study methodologies. The process of the thematic analysis is clear and usually follows these next three steps: descriptive coding, interpretive coding and identifying overarching themes. The thematic analysis can be either inductive in a case where open coding process is applied and codes are formed from the data, or deductive if predefined categories are used. In the deductive reasoning it is also crucial to code the data which is not suitable to predefined categories so that unexpected findings can be found. (Bennett, Barrett & Helmich, 2019.)

The grounded theory also focuses on the content of data like the thematic analysis. However, since the grounded theory is a methodology, the study needs to be consistent with the assumptions and values of it. The aim of the grounded theory is to build a new theory from the data by asking questions like why or how something happens. Unlike the thematic analysis, the grounded theory tries to find links between categories rather than just describe those. In order to secure the validity of the theory being built, defined steps need to be followed. The researchers who use the grounded theory methodology have to take notes and do ongoing comparison in order to be able to build the aimed theory. (Bennett, Barrett & Helmich, 2019.)

In this study, the interviews were audited and then transcribed into written format with a less detailed approach. Then transcribed data was read with the study question in mind and the most important parts of the data were identified and highlighted. After that the industry analysis was built through thematic analysis by identifying and describing common themes from the collected data.

3.5 Validity and reliability

Tuomi and Sarajärvi (2009, p. 141-142) present that in order to increase the reliability and validity of the study, the study method has to be described and presented. In addition to that, the researcher has to openly describe how the data was collected, processed and analyzed. Tuomi (2007, p. 146) highlights that the use of references in the study increases the validity and the reliability of the study. Patton (2001) in turn highlight that the validity and the reliability need to be taken into account when analyzing the results of the study.

According to Hirsjärvi et. al. (2007, p. 213) and Leung (2015) the validity of the study refers to the suitability of the methods, processes and data. The validity of the study depends on whether:

- 1) the study question is valid in terms of the aim of the study
- 2) the study methodology is suitable to answer the study question
- 3) the study sample and data analysis are suitable
- 4) the results and conclusions are valid for the context of the study

The reliability of the study in turn refers to consistency and in other words to how replicable the process and the results of the study are. Replicability can occur either between researchers or between new studies. A reliable study is done in a way that the same results can be received in the same conditions when the study is repeated. A study can be reliable even though the study would not be seen to be valid. This is often due to the fact that the results of the study were not what was aimed to be achieved. (Price, Jhangiani & Chiang, 2015.)

3.6 Summary

This study follows the interpretivist study approach and aims to build industry analysis through collecting qualitative data. The choice to use the qualitative method was based

on the aim to get a deeper understanding of the industry. The data collection was done through open-ended semi-structured interviews. The interview structure was based on the following strategic management tools and models: the five forces model, the PEST analysis, the strategic groups, the BCG matrix and the resource-based view. Two persons were interviewed, and the interviews were audited and then transcribed. In addition to interviews also secondary data was gathered for the analysis from different sources from the Internet. The data analysis was done through utilizing abductive analysis strategy and thematic analysis.



Figure 6. Approach, method and data collection of the study.

4 Findings

This chapter presents the findings of the study. First the main findings related to the five forces and the PEST analysis in the yellows spreads industry in Finland are discussed and further analyzed to establish a thorough understanding of the industry structure. In order to find out what kind of strategic choices the companies operating in the yellow spreads industry have taken to gain and maintain competitive advantages, the findings of the strategic groups model are gone through in more detail. To gain insight to the endogenous factors affecting to the companies' abilities to gain and maintain competitive advantages in the yellow spreads industry in Finland, the findings of the BCG matrix and the resource-based view are examined. Finally, at the end of this chapter the SWOT analysis combining the findings of the other tools and models is performed.

4.1 Five forces in the yellow spread industry in Finland

The yellow spreads industry in Finland can be monitored and analyzed from different perspectives. As presented in the Porter's (1985) five forces model the yellow spreads industry in Finland can be analyzed from the following point of views: new entrants, bargaining power of buyers, bargaining power of suppliers, substituting products and existing competitors. According to the findings of the open-ended semi-structured interviews the following forces are seen as unfavorable; bargaining power of buyers, and existing competitors whereas the thread of the new entrants is seen as favorable and the bargaining power of the suppliers and substituting products as semi-favorable.

4.1.1 New entrants

According to Key Account Manager who has worked in the yellows spreads industry for a while it is very hard to start operating in the industry, which is a relatively mature

market with a few large companies operating in it. The Figure 7. below shows the market value of the Scandinavian oil and fats market from 2013 to 2017. The market value refers to the total amount of sales revenue from an industry. From the Figure 7. it can be seen that the oil and fats industry's sales revenues are slightly growing in the Scandinavia and the annual growth rate has been 3,1% from 2013 to 2017 (MarketLine, 2018).

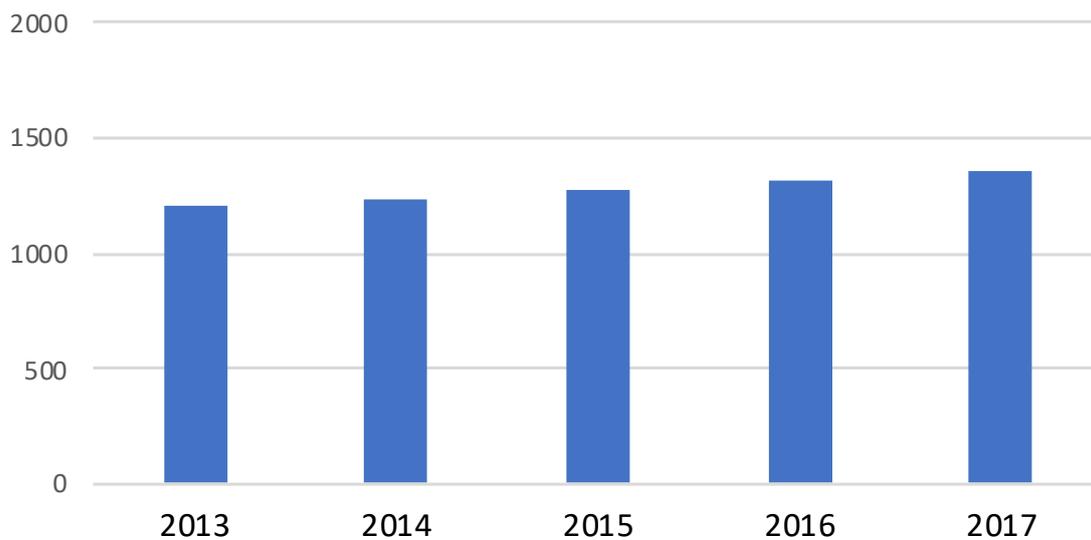


Figure 7. Scandinavian oil and fats market value in million € (Marketline, 2018).

It is very rare that a company enters in the yellows spreads industry in Finland and it is very unlikely that there would be new companies entering the market in the near future.

“A lot of money is needed so that a new entrant could start operating in the industry because the yellow spreads industry in Finland is all about selling high volumes with low costs”.

In addition to financial capital new entrants should find new ways of operations and do something totally different to get some market share from the large companies in the yellow spreads industry in Finland.

“A new entrant should find a new market segment, target it with specific marketing and with products that would provide something totally new”.

Most of the companies currently operating in the yellow spreads industry in Finland have been in the industry for a long time. For example, Valio Oy was founded already in 1905 and its brand Oivariini (previously called Voimariini) has been in the industry over 40 years (Valio, 2020). Raisio Oyj was founded in 1987 and its brand Benecol was launched already in 1995 (Raisio, 2020). Also, brand Flora has been in the market already 50 years, first under Unilever Finland Oy and nowadays under Upfield Finland Oy since the business was sold in 2017 (Upfield, 2020).

The new entrants considering entering the industry will face challenges to gain enough sales and to make profit. For a smaller company with limited financial resources it is very hard to enter the industry. The large companies which already operate in the yellow spreads industry in Finland might also start to react if a new company tries to enter to the industry. In addition to lowering the prices, the larger companies can easily imitate the products of the new entrant and start to manufacture similar products.

4.1.2 Bargaining power of the buyers

In the yellow spreads industry in Finland, big buyers Kesko, SOK and Lidl have all strong bargaining power, and, in the industry, it is important to establish good relationships with the buyers. The relationship between the buyer and the supplier needs to be in balance since the suppliers cannot sell their products to the end customers without the buyers and the buyers do not have products to sell without the suppliers.

“After all, it is the buyer who determines what should be done, when it should be done and how it should be done. Particularly this is the case with the biggest buyers also in the yellow spreads industry in Finland which are Kesko, SOK and Lidl.”

Kesko has 1 592 stores in Finland and operates also in Sweden, Norway, Estonia, Latvia, Lithuania, Belarus and Poland. K-Group's, formed by Kesko and K-retailers, sales were approximately 10 804 million € in 2019. The K-Group is one of the largest retailers in Finland, and last year the average amount employees in Finland was 10 194. Kesko's strategic business areas are the grocery trade, the construction and building technology trade and the car trade. (Kesko, 2020.)

SOK has over 900 stores in Finland and operates also in Russia and Estonia. SOK is a part of S-Group which is a cooperative owned by customers. S-Group's sales in 2019 were approximately 11 713 million €. In addition to the grocery trade, S-Group also operates in department store trade, special trade, hardware trade, convenience store and fuel trade, bank trade and in tourism and catering trade. The S-Group employees more than 40 000 employees in Finland. (S-Group, 2020.)

Lidl has been operating in Finland since 2002 and it is part of the Schwarz Group, one of the biggest food retailers in Europe. Lidl has 186 stores in Finland and employs 5 500 employees. Lidl's sales in Finland in 2019 were approximately 1 632 million €. (Lidl, 2020.) The other medium and smaller size buyers in the yellow spreads industry in Finland are for example discount retailer chains Tokmanni and HalpaHalli and retail chain Minimani.

The big buyers Kesko, SOK and Lidl can make large orders and negotiate on lower prices with the suppliers. Also, the costs of changing the suppliers are low in the yellow spreads industry in Finland since there exists substituting products. Based on these the buyers bargaining power in the industry is relatively strong. Despite having strong bargaining power, the buyers are also willing to collaborate with the suppliers and grow business together. The bigger the company and the brands are and the higher the end customers demand is, the easier it is to negotiate with the buyers and develop strategic partnerships together. The market shares of the buyers in Finland are presented in the Figure 8. on the next page.

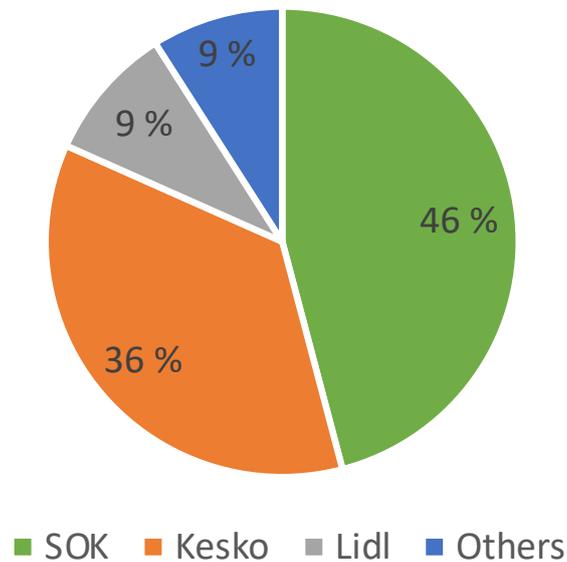


Figure 8. The grocery market shares of the buyers in Finland (Kauppalehti, 2018).

4.1.3 Substitute products

There are some substitute products for the yellow spreads in Finland and these are for example cream cheese, mayonnaise, different oils, avocado spread and other homemade pastes such as hummus. Some of the substituting products are manufactured by the companies which operate also in the yellow spreads industry in Finland. For example, Valio Oy has Viola cream cheese brand and Upfield Finland Oy has Crème Bonjour cream cheese brand. Other substituting products in the industry are for example Hellman's mayonnaise and Felix mayonnaise as well as Fontana and Bertolli olive oils. Compared to these substituting products, the yellow spreads are more so-called everyday products. These substituting products are consumed more occasionally and those are seen more special and, in some cases, also as luxurious.

4.1.4 Existing competition

At the moment the existing competition is relatively hard and there exist six bigger companies in the yellow spreads industry in Finland. These bigger companies are Valio

Oy, Upfield Finland Oy, Arla Oy, Bunge Finland Oy, Osuuskunta Maitokolmio and Raisio Oyj presented below and in Figure 9. in more detail.



Arla Oy is a part of the international Arla Foods Group. The company's strategy is to offer natural flavors from Finland and from the world to every moment of the day and constantly bring new opportunities for consumers to make sustainable choices. Arla Oy's well-known yellow spreads brands include Ingmariini and Arla Voi. (Arla, 2020.)



Bunge Finland Oy is part of Bunge Ltd. which is one of the biggest companies operating in agribusiness, food and ingredients industries. Its goal is to develop, manufacture and promote healthy plant-based spreads. Bunge Finland Oy was founded in 2009 when Bunge Finland Oy acquired the margarine business from Raisio Oyj. Bunge Finland Oy's well-known yellow spreads brands are Keiju and Sunnuntai. (Bunge, 2020.)



Osuuskunta Maitokolmio has been operating in the industry for more than 110 years and it focuses on producing milk and other dairy products. Osuuskunta Maitokolmio is owned by local milk producers in the Toholammi, Sievi, Lestijärve, Kannus, Kalajoki, Kokkola, Nivala and Haapajärvi area. Osuuskunta Maitokolmio's well-known yellow spread brands include Perinteinen Meijerivoi and less known Dellariini. (Osuuskunta Maitokolmio, 2020.)



Raisio Oyj is a part of international brand house Raisio Ltd and it focuses on healthy and responsibly produced food and its well-known yellow spread brand is Benecol. Raisio's products emphasize well-being, health, taste and sustainable development. (Raisio, 2020.)



Upfield Finland Oy is a part of Upfield Ltd. which is the leading company in the plant-based spreads industry. Unilever sold its spreads business, which started already in 1871 to Upfield Ltd. in 2017. Upfield Finland Oy 's well-known yellow spread brands include Flora, Becel and ProActive. (Upfield, 2020.)



Valio Oy is Finnish dairy and food company founded in 1905 and owned by 4 700 Finnish milk producers through Valio's cooperatives. Valio's products which are sold in Finland are always domestically manufactured. Valio Oy's well-known yellow spread brands include Oivariini and Valio Voi. (Valio, 2020.)

Bunge Finland Oy		Raisio Oyj		Arla Oy		
	2017	2018	2017	2018	2017	2018
Founded	2009		1987		2007	
Turnover M€	38,0	40,0	2,3	1,6	31,3	32,7
Profit %	0,50 %	0,50 %	-265,40 %	78,20 %	-7,30 %	12,00 %
Employees	50 - 99		20 - 49		250 - 499	
Brands	Keiju & Sunnuntai		Benecol		Ingmariini & Arla Voi	
Production	Finland		Finland		Sweden	

Valio Oy		Upfield Finland Oy		Osuuskunta Maitokolmio		
	2017	2018	2017	2018	2017	2018
Founded	1905		2015		1966	
Turnover M€	143,7	144,9	52,1	53,3	47,7	49,9
Profit %	1,00 %	-2,20 %	2,10 %	3,10 %	1,20 %	1,00 %
Employees	999+		5 - 9		50 - 99	
Brands	Voimariini & Valio Voi		Flora, Becel & ProActive		Perinteinen Meijerivoi & Dellariini	
Production	Finland		Sweden		Finland	

Figure 9. The biggest yellow spreads companies in Finland (Finder, 2020).

4.1.5 Bargaining power of suppliers

From these companies, Valio Oy is the market leader in yellow spreads industry in Finland with over 50% market share and it has succeeded to position itself as an important supplier within the buyers. Also, Upfield Finland Oy is a strong operator in the yellows spreads industry with its large product portfolio. The companies that have succeeded to position themselves as an important supplier can be said to have a strong bargaining power of a supplier.

“Large companies having market leader products in multiple categories are important to buyers and thus they have the competitive advantage to get their products more easily in the buyers stores.”

The large suppliers such as Valio Oy, Upfield Finland Oy and Arla Oy who have several market leading products have stronger bargaining power compared to those companies who are more focused on few products. The stronger bargaining power benefit the supplier for example when discussing on product listings and positions in the buyer's stores.

4.1.6 Summary of the Five forces in the yellow spread industry in Finland

The findings of the five forces model are summarized in the Figure 10. Unfavorable forces are marked with red, semi-favorable with orange and favorable with green color.

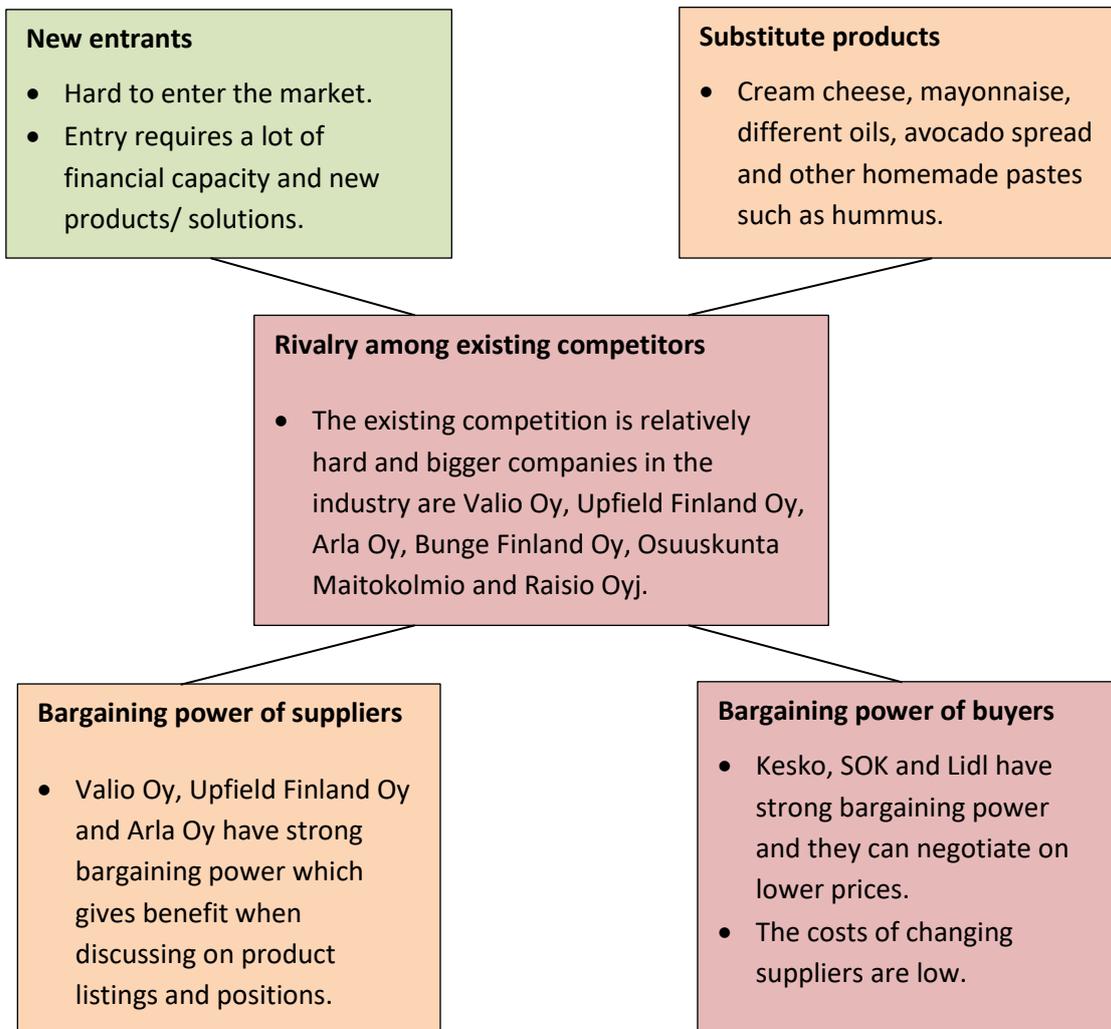


Figure 10. Five forces in the yellow spreads industry in Finland.

4.2 PEST analysis of the yellow spreads industry in Finland

The PEST analysis stands for political, economic, social and technological aspects of the industry's operation environment. Each of these aspects of the yellow spreads industry in Finland are analyzed and discussed further in its own subchapter and after that summarized in the table 7.

4.2.1. Political factors

As stated in the previous subchapter 4.1 the yellows spreads industry in Finland is a relatively mature market as annual growth rate of oil and fats has been 3,1% between 2013-2017 in the Scandinavia. One of the biggest political changes influencing also to the yellow spreads industry in Finland within the past years was the EU's regulation N:o 1308/2013 that protects and regulates product names and compositions. According to it certain names and words can only be used with products that belong to a certain category based on the ingredients. For example, word "butter" can only be used in association with products containing milk fat. Due to this regulation for example Valio Oy had to change the name of Voimariini to Oivariini since it contains vegetable fat instead of milk fat.

"Within the past years there has been changes in the packaging regulations. Companies cannot for example use the word butter if the product contains also plant-based fats or word "traditional" together with the word "butter" if it is not directly manufactured from milk or cream."

"Another big change related to the packaging regulations is that the country of origin is not required in the packages anymore and mentioning of the producer is enough."

4.2.2. Economic factors

As the political situation, also the economic situation in Finland is stable as can be seen in the Figure 11. below. Within the past years, the economic upturn has changed consumers behavior and consumers are not so price sensitive and they tend to make more ad-hoc decisions and to buy a bit more expensive products.

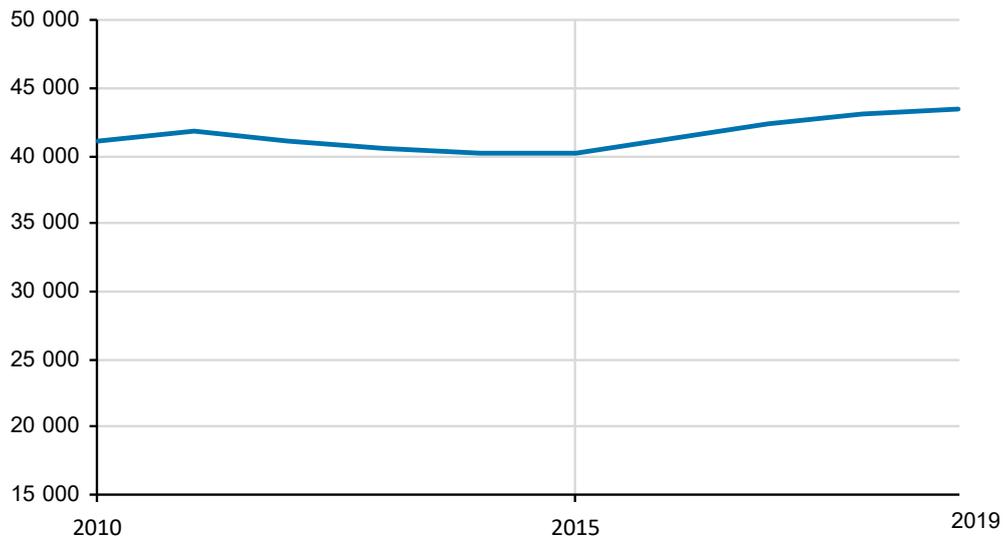


Figure 11. Finland's GDP €/ per capita 2010-2019 (Statistics Finland, 2020).

Companies operating in the yellow spreads industry in Finland strictly follow the prices of the raw materials and the suppliers make pricing decisions based on changes in the raw materials prices. The price of different oils, such as olive oil and sunflower oil, have been changing up and down within the last two years and this has been noticed also in the companies operating in the yellow spreads industry in Finland. Also, the price of butter has been increasing remarkably within last two years in Finland due to challenges in the availability of the raw materials.

"We are following the prices of different oils and we do increase prices if world index is increasing in oil category for example"

During the stable economic situation, there is a clear peak in the yellow spreads sales during the summer in Finland. The Finnish people eat a lot of potatoes and when the new potato season starts in the summer, also the consumption of the yellow spreads increases. The yellow spreads can be said to be completing products for new potatoes and thus the increase in potato sales also affects to the sales of the yellow spreads.

Also, different holidays and celebrations such as Easter, Mother's Day, Christmas and the time of the graduation parties increase the yellow spreads demand. Consumers buy new margarine or butter package to the table as they do not want to serve half eaten package to their guests. Same effect can be seen when the summer holiday season starts in Finland. Consumers buy new margarine and butter packages when they go to their summer cottages.

Also baking trends increase the demand for butter and different types of baking margarines. At the moment, there can be seen a new peak in the demand for butter. Consumers are baking a lot because the current Covid-19 virus makes the consumers stay more at home. Some of the companies operating in the yellows spreads industry in Finland have started to do social media campaigns in which the influencers are baking by using their products.

"However, we are living interesting times now. Covid-19 virus is strongly affecting to the whole world causing maybe economic downturn which might result in worldwide recession."

The Covid-19 virus also causes a risk of the economic downturn. Even though the increased interest in baking and reserving food increases the sales of the yellow spreads, the Covid-19 might also have a negative effect to consumers buying behavior. There are many companies in Finland which have started to temporary close their businesses which in turn leads to layoffs and co-operating negotiations which decrease consumers

buying power. When consumers buying power decreases, the price of the product will again be an important factor when making buying decisions in the stores.

4.2.3. Social factors

The biggest social trends in the entire food industry in Finland are sustainability, naturalness, health and interest towards new courageous tastes (Kesko, 2020). Consumers are starting to prefer more and more plant-based products instead of animal-based products, less processed food and demanding companies to pay attention to for example in environmentally friendly packaging. More and more of the companies operating in the yellow spreads industry have focused on production of 100% plant-based or even vegan margarines instead of the use of animal fat. Examples of these include Upfield Finland Oy's Flora 100% plant-based and Bunge Finland Oy's Keiju lactose free plant-based margarines. What comes to sustainability especially reducing the use of plastic in packaging is one of the biggest trend drivers. For example, Bunge Finland Oy renewed Keiju packages to carton packages which contains 39% less plastic. And for example, Valio Oy has invested a lot in the sustainability and it has been selected as the most sustainable brand in Finland now seven times in a row.

In addition to those, consumers prefer more and more naturalness in food products. In the yellow spreads industry this means that butter is seen as more natural product whereas margarine is seen more as processed product. Butter is viewed as more natural product because it is made directly from milk and it can be prepared without heavy processing. However, margarine brands have reacted to this trend and most of the margarines are today less processed and contains less artificial ingredients.

One of the most negative trends that have affected on margarine business is the ongoing discussion on the use of palm oil. Some of the consumers spread different rumors in the social media which for example state that the margarine suppliers destroy rainforests.

“Palm oil is needed to solidify margarine. There are many different grades of palm oils and we use only the highest rated and sustainable palm oil in our products.”

When it comes to the health-related trends, the aging population in Finland seem to demand more and more healthy food options and this trend can be clearly seen in the sales of margarines with health benefits. On the other hand, there also exists smaller health trends in Finland such as gluten free diet which reduces the consumption of breads which in turn reduces the consumption of the completing yellow spreads.

“Social trends are continuously changing and developing the yellow spreads industry in Finland and companies operating in it must be able to react to these social changes. “

4.2.4 Technological factors

In order to maintain and gain competitive advantages, investments in the product development are needed also in the yellow spreads industry in Finland. Also, development of the production processes is needed since technology is strongly present in the manufacturing of butter and margarine. For example, the oils must be cleaned in stages before oils can be used in margarines and the cleaning process requires several different machines. Also, packaging machines are needed before product is ready for transport. In the yellow spreads industry in Finland it is not common to protect technological innovations and machines by acquiring patents. One of the rare examples is Benecol's patent for its cholesterol lowering ingredient which is a key recourse for Benecol products.

Table 7. PEST analysis of the yellow spreads industry in Finland.

Political	Economic	Social	Technological
<ul style="list-style-type: none"> • Stable political situation • Naming regulations • Packaging regulations 	<ul style="list-style-type: none"> • Raw material costs • Stable economy • Sales peaks 	<ul style="list-style-type: none"> • Sustainability • Naturalness • Health 	<ul style="list-style-type: none"> • Product development • Production process development • Patents

4.3 Strategic groups in the Finnish yellow spreads industry

The companies operating in the yellow spreads industry in Finland are mainly focusing on cost efficiency and getting of high sales volumes instead of using the differentiation strategy. Only two companies, Raisio Oyj and Osuuskunta Maitokolmio, are focusing more on differentiation strategy and have only small product portfolio within the yellow spreads. Raisio Oyj has only one healthy margarine brand “Benecol” which is the market leader in healthy margarines. Also, Osuuskunta Maitokolmio has a small product portfolio as it focuses on manufacturing traditional butter called “Perinteinen Meijerivoi” and one margarine product called Dellariini. Other companies in the yellow spreads industry in Finland are focusing on various yellow spreads categories and products.

The strategic group map in the Figure 12. on the next page shows the companies’ strategic choices and size of their product portfolios in the yellow spreads industry in Finland. Upfield Finland Oy has the largest product portfolio in the entire yellow spread category before the market leader Valio Oy. Since Upfield Finland Oy’s portfolio is significantly larger than Valio Oy’s, both of the companies are placed in their own strategic groups even though both focus on cost efficiency strategy. Bunge Finland Oy and Arla Oy form one strategic group together as they have same size product portfolio, and both focus on cost efficiency. Raisio Oyj and Osuuskunta Maitokolmio also form one

strategic group together as they both have quite small product portfolios, and both focus on differentiation strategy.

It is not common to change the strategy in the yellow spreads industry in Finland. The companies in the industry have been operating in it for decades and since the industry environment is relatively stable the companies want to keep their existing strategies to ensure that their market shares and customers remain.

“I would say that it is not common to switch strategy in the industry. Markets are stable and every company wants to keep their market shares. I assume that companies do not dare to change strategy and take a big risk same time.”

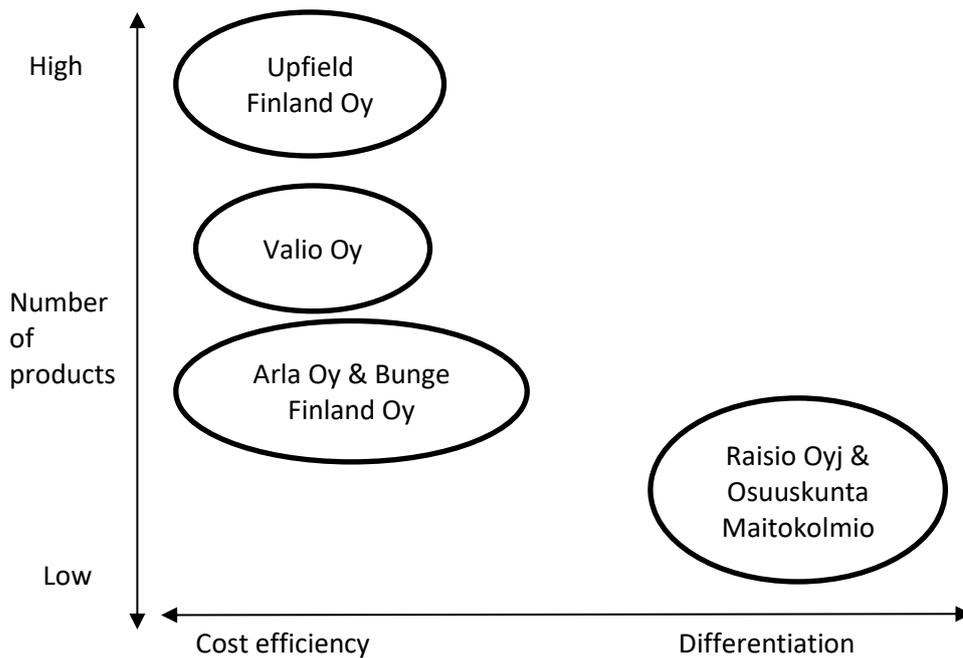


Figure 12. Companies' strategic choices and the size of product portfolios.

Smaller changes in the strategy and especially in the brand marketing are more common than radical changes in the business strategy. For example, Upfield Finland Oy's brand

Flora has set up a marketing campaign to support the new sub-brand Flora 100% plant based and also Upfield Finland Oy's brand Becel has set up a marketing campaign to promote that its products are now 100% vegan. From the companies operating in the yellow spreads industry in Finland, Arla Oy has done the biggest change in brand marketing with its new bold brand marketing activities. Instead of highlighting traditional values such as domesticity or naturalness, Arla Oy uses storytelling in its marketing and highlights the taste experience of its Ingmariini products.

“Arla Oy has been trying to bring a new perspective to the mature market with new and bold marketing activities to change Arla Oy's brand position and image. Arla Oy's new TV advertise where man rides a horse and light the campfire and then spreads Ingmariini margarine on bread is good example of bold marketing. “

“Arla Oy is the only one who tries to change a bit. They renewed their brand marketing and do it pretty bravely. I would say that Arla Oy has nothing to lose in their change. “

The next strategic group map in the Figure 13. shows which of the companies operating in the yellow spreads industry in Finland focus exclusive on local markets and which focus also on global markets, and how high companies' brand awareness is in Finland. The companies which yellow spread brands focus exclusively in the Finnish market are Valio Oy, Arla Oy, Bunge Finland Oy and Osuuskunta Maitokolmio. The companies which yellow spread brands focus also on global markets are Raisio Oyj's Benecol and Upfield Finland Oy's Becel, Flora and ProActiv.

Valio Oy is a traditional and trusted Finnish company with a large product portfolio in various product categories. Valio Oy's products are also sold abroad but brands such as Oivariini and Valio Voi are only sold in Finland even though the Swedish market has comparable brands. Valio Oy has a good brand image and consumers tend to buy Valio

Oy's products because they trust the delicious taste and the good quality of Valio Oy's products. Valio Oy has been nominated multiple times to top 10 brands list in Finland.

Arla Group is nowadays a foreign owned company which sells its products on multiple countries but Arla Oy's brands Ingmariini and Arla Voi are only sold in Finland. Arla Oy's brand awareness in Finland is quite good and Arla Oy tries to gain more market share and competitive advantages with its new bold marketing activities.

Also, Bunge Ltd. operates in multiple countries. Bunge Finland Oy's brand Keiju and Sunnuntai are only sold in Finland and Keiju margarines can be seen as a cheaper margarine. Bunge Finland Oy focus more on family segment with its Keiju margarines and it highlight domesticity a lot in marketing. Thus, Keiju brand is not such influential brand as Valio Oy's and Arla Oy's brands are in Finland. Osuuskunta Maitokolmio is a Finnish cooperative which manufactures and sells its products in Finland under brand Perinteinen Meijerivoi and Dellariini. Osuuskunta Maitokolmio is not so well-known company compared to bigger ones operating in the industry.

Raisio Oyj is a Finnish company which brand Benecol is the market leading brand in the healthy margarines category and its brand awareness is in a good level in among Finnish consumers. Benecol products are also sold in other countries. Also, Upfield Finland Oy is a part of an international company, Upfield Ltd., and its yellow spreads brands Becel, Flora and ProActiv are sold in multiple countries. Upfield Finland Oy's brands have good position in yellow spreads industry in Finland because for example Flora have been in Finland over 50 years and it is very traditional brand.

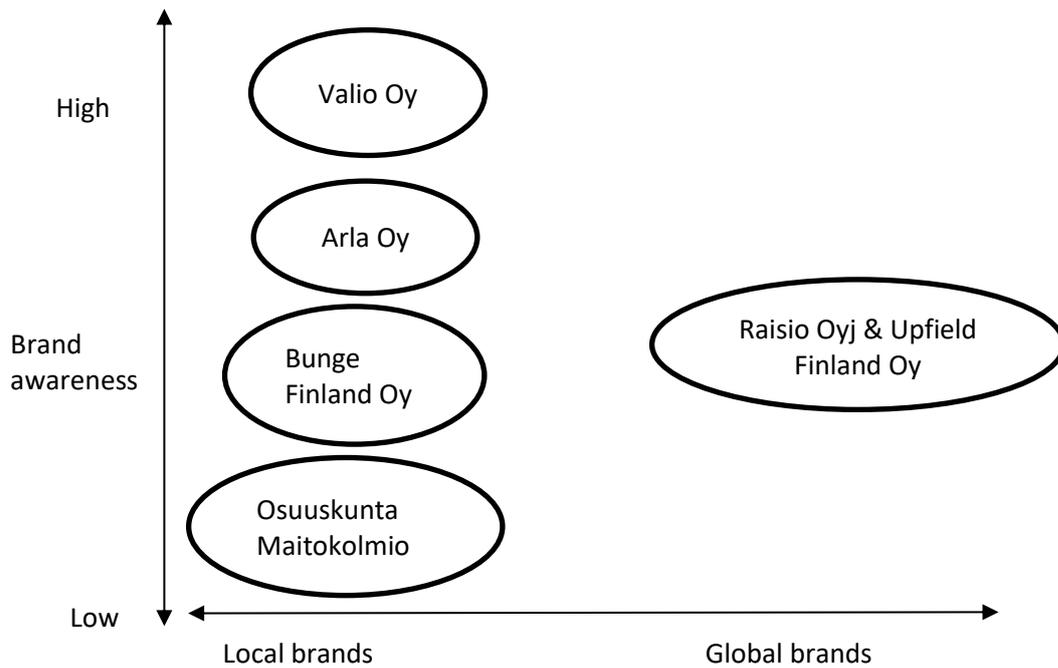


Figure 13. Companies market focus and brand awareness.

4.4 Adapting BCG Matrix to yellow spreads products in the Finnish market

The BCG matrix shown in the Figure 14. below presents that the following product groups have high market shares: Oivariini, Valio Voi, Benecol, Becel, Becel ProActiv, Flora margarines, Keiju margarines, Sunnuntai baking margarines and Arla Voi. Whereas Flora 100% plant based, Lätta, Kultarypsi, Flora & Voi, Ingmariini, Luomu Voi, Keiju Alentaja, Keiju siemenet ja vitamiinit margarines and Dellariini have all low market share.

From these Oivariini, Valio Voi, Benecol and Becel are regarded as stars since these products have high market growth rate.

“Products under brands Oivariini and Becel have managed to gain high market shares and their market share is increasing all the time. These products have premium prices and are strongly valued within consumers”.

The rest; Becel ProActiv, Flora margarines, Keiju margarines, Sunnuntai baking margarines and Arla Voi have lower market growth rate and are thus regarded as cash cows. Both of these, the stars and the cash cows, are valuable since their sales are steady or growing fast in addition to high market shares.

“Cheaper and traditional Keiju and Flora margarines which are directed for families have high market shares, steady sales volumes and large consumer base.”

Flora 100% plant-based margarines, Ingmariini, Valio Luomu Voi and Keiju Alentaja margarines have all high market growth rate and are thus regarded as question marks. The companies are estimating that these products have potential to gain more market share in the long-term.

“Ingmariini products are in a challenging situation and have lost their market share remarkably to Oivariini. The product group itself is promising but its marketing has not yet succeeded to lift the brand awareness among consumers But Arla Oy has reacted to this and has renewed Ingmariini’s marketing activities”

“Flora 100% plant-based products are new and this product group has potential to be regarded as stars in the future if it manages to reach the right target segment consisting of conscious consumers”.

Lätta, Kultarypsi, Dellariini, Flora & Voi and Keiju siemenet ja vitamiinit are regarded as dogs since they have low market growth rate and market share. The companies need to consider whether it is reasonable to keep these products in the market.

“ Flora & Voi and Lätta margarine products have all relatively low market shares and negative sales indexes. These product groups do not seem to

have a clear growth plan and customers do not seem to find reasons to buy these products”

		High	Market Share	Low
Market Growth	Low	Stars Oivariini Becel margarinnes Benecol Valio Voi		Question marks Flora 100 % plant-based Ingmariini Valio Luomu Voi Keiju Alentaja
	High	Cash cows Flora margarinnes Becel ProActiv Keiju Arla Voi Sunnuntai		Dogs Flora & Voi Lätta Keiju siemenet ja vitamiinit Kultarypsi Dellariini

Figure 14. BCG Matrix in the yellow spreads industry.

4.5 Resource-based view

Resources such as brand awareness, product innovation, strong presence, domestic production, sustainable image and well-functioning production facilities can be regarded as valuable resources in the yellow spreads industry in Finland. Well-functioning production facilities help the companies to lower their costs and thus to gain also more profits.

“Production capacity must be in order, systems to control production and product development is needed. Factories, machines and production lines need to be in shape that a company is able to sell products. “

For example, employees and leaders of a company in turn can be regarded as rare resources. Good employees and leaders are hard to find, and they have the key roles in the success of the business as well as gaining and maintaining of competitive advantages. Thus, these are highly valuable for companies operating in the yellow spreads industry.

“It is important to have correct employees in correct positions. Employees need to understand that this is a volume-based business and how FMCG industry works. Also, leadership is needed, and leaders should ensure that all processes work well, and communication is clear and open within the company.”

Resources that are hard to copy in the yellow spreads industry in Finland are for example social networks and relationships as well as brand awareness.

“Key account managers should establish good networks and good relationships with the customers and usually this requires a lot of long-term effort and thus is not easily inimitable by the other companies operating in the same industry.”

“Companies should invest in their brands and develop those further since brands are hard to copy.”

When a company can further utilize its brands and key account manager’s relationships the company can gain competitive advantages in the yellow spreads industry in Finland. For example, Valio Oy’s brand is a resource that is hard to copy and that has helped Valio Oy and its products to reach market leader positions in the yellow spreads industry in Finland. And for example, Valio Oy and Arla Oy are big companies operating in multiple markets and they have high production capacity, large manufacturing sites and high-

level technology to develop new products. These resources are highly valuable in order to gain and maintain competitive advantages in the yellow spreads industry in Finland.

In the Table 8. on the next page the valuable, rare, inimitable and organized resources of the companies operating in the yellow spreads industry in Finland are analyzed in more detail. The resources presented in the Table 8. are; brand awareness, product innovation, strong presence, domestic production and sustainable image. For example, Arla Oy and Valio Oy can gain and maintain competitive advantages by exploiting their high-level brand awareness, which is hard for other companies operating in the industry to copy. Bunge Finland Oy, Raisio Oyj, Valio Oy and Osuuskunta Maitokolmio in turn can gain and maintain competitive advantages by exploiting their domesticity. Raisio Oyj can also gain and maintain competitive advantages by exploiting its product innovation Benecol, which is hard to copy due to the fact that it is protected with a patent. Upfield Finland Oy and Valio Oy can gain and maintain competitive advantages by exploiting their strong presence. The market leader Valio Oy can also gain and maintain competitive advantages by exploiting its sustainable image.

Table 8. VRIO model of yellow spreads industry in Finland.

	Resource	V	R	I	O
Arla Oy	Brand awareness	YES	YES	YES	YES
	Product innovation	YES	NO		
	Strong presence	YES	YES	YES	NO
	Domestic production	NO			
	Sustainable image	YES	YES	NO	
Bunge Finland Oy	Brand awareness	YES	YES	YES	NO
	Product innovation	YES	YES	NO	
	Strong presence	YES	YES	YES	NO
	Domestic production	YES	YES	YES	YES
	Sustainable image	YES	YES	NO	
Osuuskunta Maitokolmio	Brand awareness	YES	YES	YES	NO
	Product innovation	NO			
	Strong presence	NO			
	Domestic production	YES	YES	YES	YES
	Sustainable image	NO			
Raisio Oyj	Brand awareness	YES	YES	YES	NO
	Product innovation	YES	YES	YES	YES
	Strong presence	NO			
	Domestic production	YES	YES	YES	YES
	Sustainable image	YES	YES	NO	
Upfield Finland Oy	Brand awareness	YES	YES	YES	NO
	Product innovation	YES	YES	NO	
	Strong presence	YES	YES	YES	YES
	Domestic production	NO			
	Sustainable image	YES	YES	NO	
Valio Oy	Brand awareness	YES	YES	YES	YES
	Product innovation	YES	YES	NO	
	Strong presence	YES	YES	YES	YES
	Domestic production	YES	YES	YES	YES
	Sustainable image	YES	YES	YES	YES

4.6 SWOT analysis

The findings of the five forces model, the PEST analysis, the strategic groups model, the BCG matrix and the resource-based view are further placed to SWOT analysis in the Figure 15. By performing the SWOT analysis, the industry structure and the sources of the competitive advantages in the yellow spreads industry in Finland can be analyzed and identified.

4.6.1 Strengths

The strengths of the yellow spreads industry in Finland include for example stable political and economic situations, the fact that there exist only few substituting products in the market and that it is hard to enter the market. The strengths include also the facts that the yellow spreads are held as “everyday” products and most on the yellow spreads products in the market are regarded as stars and cash cow products. The brands in the yellow spreads industry are also strong and most of them are traditional and been in the industry for years.

More company specific strengths, which help to gain and maintain competitive advantages in the yellow spreads industry include for example domesticity, high-level of brand awareness, long history in the industry, strong presence in the food industry, international experience and having a product in the portfolio which significantly differ from other yellow spread products or which significantly overperforms the other products. Nowadays many consumers prefer domestic products, and this gives competitive advantage to companies with domestic production, Valio Oy, Osuuskauppa Maitokolmio, Bunge Finland Oy and Raisio Oyj, in the yellow spreads industry in Finland. On the other hand, international experience gives Arla Oy and Upfield Finland Oy more experience and knowledge which can help to gain and maintain competitive advantages.

And when it comes to long history in the industry for example Upfield Finland Oy’s brand Flora celebrated its 50 years anniversary in 2019 and brand’s long history in the industry helps it to gain competitive advantage over the other brands in the industry.

Competitive advantage can also arise from the strong presence in the food industry and this is especially the case for Arla Oy and Valio Oy which have well-known products in multiple different product categories such as milk, yogurt, cheese and cream product categories. Raisio Oyj's strength in turn is a different type of product, Benecol margarines, which well-known health benefits give Raisio Oyj competitive advantages over its competitors. When a company manages to do these things well or in a different way than its competitors it will gain competitive advantages.

4.6.2. Weaknesses

Weaknesses in the yellow spreads industry in Finland in turn include for example intense competition, existence of a lot of yellow spread products in the market, though price competition and the fact that there exist large companies which have big market shares in the industry.

More company specific weaknesses, which create disadvantages compared to competitors are for example small size of the company, weaker brand awareness and weaker products. Compared to the competitors in the industry, Raisio Oyj is significantly smaller company which creates challenges to compete with price and to produce high volumes. The small size also weakens the bargaining power of the supplier and abilities to execute strong marketing activities which effect to the level of brand awareness. Weaknesses also include having unprofitable products in the portfolio and as presented in the BCG matrix there do exist these types of products almost in all of the portfolios of the companies operating in the industry. The weaknesses need to be identified and developed in order to avoid negative affect to business.

4.6.3. Opportunities and threats

Opportunities in the yellow spreads industry in Finland in turn include for example finding new ways of operation, bargaining power of the suppliers, new product development, sustainability, naturalness and health related trends, sales peaks, different strategic choices and brand marketing activities.

Threats in the yellow spreads industry in Finland in turn include for example buyers strong bargaining power, raw materials price increases, raw materials availability, economic downturn, new laws and regulations, unsuccessful product launches and consumers increasing awareness and demand towards sustainability.

Strengths	Weaknesses
<ul style="list-style-type: none"> ● Hard for new companies to enter ● Stable political and economic situation ● Only some substituting products ● Position as “everyday” product ● Most of the products are regarded as stars and cash cows ● Strong brands 	<ul style="list-style-type: none"> ● Intense competition ● A lot of yellow spread products in the market ● Price competition ● Large companies have big market shares
<ul style="list-style-type: none"> ● Finding new ways of operation ● Bargaining power of the suppliers ● New product development ● Sustainability, naturalness and health related trends ● Sales peaks ● Different strategic choices ● Brand marketing activities 	<ul style="list-style-type: none"> ● Buyers strong bargaining power ● Raw materials cost increases ● Raw materials availability ● Economic downturn ● New laws and regulations ● Unsuccessful product launches ● Consumers increasing awareness and demand towards sustainability
Opportunities	Threats

Figure 15. SWOT analysis of the yellow spreads industry in Finland.

5 Discussion

In this final chapter, the study is summarized, and the findings of the study are presented. Also, theoretical and managerial implications of the study are presented and the suggestions for future study are given.

5.1 Summary

This study focused on examining the structure and the sources of the competitive advantages in the yellow spreads industry in Finland through utilizing well-known strategic management tools and models. In this study the yellow spreads were defined according to Finnish Food Authority (2020) as fats that are appropriate for human consumption such as butter and margarine which retain their solid compositions at 20 °C and which are suitable for spreading. In order to examine the structure and the sources of the competitive advantages in the yellow spreads industry in Finland the following study objectives; 1) *Examination of the forces and the exogenous factors affecting on the industry and the opportunities to gain competitive advantages in the industry* and 2) *Examination of the endogenous factors affecting on the abilities to gain competitive advantages in the industry* were set.

As presented in the first chapter there cannot be found theoretical and university level researches or studies focusing on examining the structure and the sources of the competitive advantages in the yellow spreads industry in Finland. The only research on this topic that can be found and bought is a spreads market research conducted in 2017 by Euromonitor International. Thus, there existed a clear gap for this type of study focusing on the yellow spreads industry in Finland. Also, the use of the qualitative data gathered through open-ended semi-structured interviews instead of the quantitative data gives a bit different type of approach and perspective for the study.

The key definitions of the study; competitive advantages, endogenous factors, exogenous factors, industry and yellow spreads were presented in the first chapter of the study. The concept of the competitive advantage was monitored more closely in order to better understand how companies can gain and maintain the competitive advantages.

The theoretical part of the study presented relevant and well-known strategic management tools and models that were later used in this study to examine the structure and the sources of the competitive advantages in the yellow spreads industry in Finland. The theoretical part of the study began by presenting the strategic management tools and models, the five forces-model, the PEST analysis and the strategic groups model, used to examine forces and exogenous factors affecting on the yellow spreads industry in Finland. Porter's (1985) five forces model was developed to analyze the companies' competitive positions within a certain industry. These five forces are bargaining power of the buyers, threat of new entrants, threat of substitute products, bargaining power of suppliers and rivalry among existing competitors. According to Porter (1985), these five forces have a direct effect on the profitability of a certain industry as they affect the prices, costs and investments of the companies operating in the industry.

The PEST analysis in turn stands for political, economic, social and technological aspects of the industry's structure. The analysis examines these four factors in order to gain more insight about the exogenous factors effecting on the industry structure. (Ho, 2014.) The PEST analysis is also used to evaluate the current and the potential trends and changes within the industry (Shtal et. al., 2018). In this study, the strategic groups are defined according to Porter (1980) as groups of companies in the same industry that use a similar strategy measured by the key strategic dimensions of the industry. Cool and Schendel (1987) defines a strategic group as a group of companies competing in the same industry and which are engaged in similar production and resource use. The strategic groups analysis is used in this study to examine what kind of strategies

companies in the yellow spreads industry in Finland have chosen in order to gain and maintain competitive advantages.

After the exogenous factors, the focus was set on the strategic management tools and models, the BCG matrix and the resource-based view, used to examine endogenous factors and their effect on the companies' abilities to gain and maintain competitive advantages. The BCG matrix is a strategy tool for evaluating companies' product portfolios in terms of market growth and market share (Skaarhoj, 1999). In the BCG matrix, the company's products are divided into four field matrix and classified into categories which are dogs, cash cows, question marks and stars. The idea of the matrix is similar to investors portfolio in a way that portfolio should be in balance and include different products which support each other. The resource-based view in turn is a well-known strategy tool used to analyze companies' competitive advantages; it is the combination of internal resources and capabilities that help the companies to gain the competitive advantages. (Habbershon & Williams, 1999). Vuorinen (2013, p. 111) presents that the main purpose of the resource-based view is that company can gain competitive advantages mainly by developing and focusing on its core resources.

The findings of the five forces model, the PEST analysis, the strategic groups model, the BCG matrix and the resource-based view were placed to SWOT analysis. Thus, also the SWOT analysis, which pays attention to both exogenous and endogenous factors was presented in more detail in the theoretical part of the study. The exogenous aspect of the SWOT analysis focuses on defining the threats and the opportunities in the industry, while the endogenous aspect is focused on identifying industry's strengths and weaknesses. The endogenous aspect of the tool allows to better understand the capabilities and the resources of the industry and identify the sources of competitive advantages (Gurel & Tat, 2017). As Vuorinen (2013, p. 64) states, the company should first examine its industry carefully and make several smaller analyzes of it by using other strategic management tools and models than the SWOT analysis. Only then a company can assess its realistic chances to succeed in the industry.

The study was performed by using the abductive study approach and the qualitative method. The choice to use the qualitative method was based on the aim to get a deeper understanding of the industry structure and the sources of the competitive advantages in the yellow spreads industry in Finland. The data was collected through open-ended semi-structured interviews and the structure of the interviews was based on the strategic management tools and models used in this study. Two persons were interviewed, and the interviews were audited and then transcribed. The data analysis was done through utilizing the abductive analysis strategy and the thematic analysis and finally the analysis ended up presenting the strengths, weaknesses, opportunities and threats of the yellow spreads industry in Finland as well as presenting the sources of the competitive advantages.

The results of the study present that the strengths of the yellow spreads industry in Finland include for example stable political and economic situations, the fact that there exist only few substituting products in the market and that it is hard to enter the market. Strengths include also the facts that the yellow spreads are held as “everyday” products and most on the yellow spreads products in the market are regarded as stars and cash cow products. The brands in the yellow spreads industry are also strong and most of them are traditional and been in the industry for years. Weaknesses in the yellow spreads industry in Finland in turn include for example intense competition, existence of a lot of yellow spread products in the market, though price competition and the fact that there exist large companies which have big market shares in the industry.

Opportunities in the yellow spreads industry in Finland in turn include for example finding new ways of operation, high-level brand awareness, bargaining power of the suppliers, new product development, sustainability, naturalness and health related trends, sales peaks, different strategic choices and brand marketing activities. Threats in the yellow spreads industry in Finland in turn include for example buyers strong bargaining power, raw materials cost increases, raw materials availability, economic downturn, new laws and regulations, unsuccessful product launches and consumers increasing awareness and demand towards sustainability.

In addition to industry level strengths and opportunities, more company specific sources of the competitive advantages are for example domesticity, long history in the industry, strong presence in the food industry, international experience and having a product in the portfolio which significantly differ from other yellow spread products or which significantly overperforms the other products. In order to maintain competitive advantages, it is important to identify the weaknesses and threats. The main findings of the study are summarized in the Table 9. below.

Overall, the results of the study showed that the structure of the yellow spreads industry follows the conditions of the perfect competition where there are many companies selling similar products and competing for the same customers. No individual company dominates the yellows spreads industry in Finland. The yellow spreads industry conditions in Finland are stable and competitive advantage can be gained and maintained through selling volume with low costs, developing new products and strong brands and by taking the advantage of the current trends.

Table 9. The main findings of the study.

The main findings of the study
1) The structure of the yellow spreads industry in Finland follows the conditions of the perfect competition where there are many companies selling similar products and competing for the same customers.
2) The yellow spreads industry conditions in Finland are stable and competitive advantage can be gained and maintained through selling volume with low costs, developing new products and strong brands and by taking the advantage of the current trends.

5.2 Theoretical implications

This study provides a deeper understanding of the structure and the sources of the competitive advantages in the yellow spreads industry in Finland. There do not exist a lot of previous studies or researches on this topic and the ones that exist have focused also either on oils, entire Scandinavia or have been done by using the quantitative study methods. Most of the articles written about the yellow spreads in Finland reflect the perspective of the consumers and tend to focus on the argued health risks and benefits of the yellow spreads. The deeper understanding of the views and perceptions of the companies operating in the yellow spreads industry in Finland have not gained that much attention. Thus, the aim of this study has been to fill the information and the study gap regarding this.

This study supports the strategic management tools and models used in it and present that both exogenous and endogenous factors affect the structure and the sources of the competitive advantages in the yellow spreads industry in Finland. For example, as stated in the Porter's (1985) five forces model it is clear to see that forces such bargaining power of buyers and suppliers, the existing competition and substituting products also shape the yellow spreads industry structure in Finland. The results of the study help to describe these forces in a more detailed way and splitting of the five forces into "sub-force" level contributes the knowledge of the yellow spreads industry in Finland. And for example, as stated in the PEST analysis there do also exist political, economic, social and technological factors, such as regulations regarding product names and sales peaks, affecting the structure of the yellow spreads industry in Finland. The findings of the PEST analysis are especially interesting since these findings cross the industry borders and provides an insight to exogenous factors affecting not only in the yellow spreads industry but in the entire food industry in Finland.

Overall, the findings of the study help to fill the gap regarding the information on the yellow spreads industry structure in Finland and provide empirical evidence to that the

competitive advantages in the yellows spreads industry can be gained and maintained through selling volume with low costs, developing new products and strong brands and by taking the advantage of the current trends. Even though the findings of the study are not deep enough to make generalizable assumptions due to interviewing only two Key Account Managers who work in the same company, this study gives a good starting point for deeper theoretical study in the future.

5.3 Managerial implications

The findings of the study support Euromonitor's (2017) view of that the yellow spreads industry in Finland is relatively mature. The findings present that the strengths of the yellow spreads industry in Finland are stable political and economic situations, the fact that there exist only few substituting products and that it is hard to enter the market. The strengths include also the facts that the yellow spreads are held as "everyday" products and most on the yellow spreads products in the market are regarded as stars and cash cow products. The brands in the yellow spreads industry are also strong and most of them are traditional and been in the industry for years. The opportunities which the managers should aim to exploit in turn are finding of new ways of operation, bargaining power of the suppliers, new product development, sustainability, naturalness and health related trends, sales peaks, different strategic choices and brand marketing activities. When the managers focus on these strengths and opportunities the companies will be able to maintain and gain the competitive advantages.

Weaknesses in the yellow spreads industry in Finland in turn are intense competition, existence of a lot of yellow spread products in the market, though price competition and the fact that there exist large companies which have big market shares in the industry. The threats in turn are example buyers strong bargaining power, raw materials cost increases, raw materials availability, economic downturn, new laws and regulations, unsuccessful product launches and consumers increasing awareness and demand

towards sustainability. The managers should aim to develop and avoid the weaknesses and threats in order to gain and maintain the competitive advantages.

5.4 Suggestions for future study

This study ended up with building an industry analysis of the yellow spreads industry in Finland. In order to gain a better understanding of the yellow spreads industry in Finland, more persons should be interviewed, and the sample should consist of persons working in different companies and different positions in the yellow spreads industry in Finland. Due to using the qualitative study method the analysis can be said to be “soft” since the results represent people’s subjective thoughts and perceptions about the yellow spreads industry in Finland. In order to increase the validity of the study also quantitative study methods could be added to the study to examine and analyze more detailed “hard” facts such as profitability and sales patterns.

The study was also limited to cover only the yellow spreads leaving out of the scope all the other spreads such as cream cheeses. In the future study, it would be interesting to examine the entire spreads industry in Finland and see if the industry’s strengths, weaknesses, opportunities and threats still remain the same. It would also be interesting to make more company specific analysis and focus more on individual companies’ strengths, weaknesses, opportunities and threats.

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Appendix 1. Study questions

Operating environment in the yellow spreads industry:

Five forces model:

1. Is it easy to start to operate in the industry? What kind of challenges new entrants might face?
2. How often there are new companies entering the industry in Finland?
3. How would you describe buyers and their bargaining power and demands?
4. What kind of values and exceptions buyers and distributors have towards yellow spreads products and companies operating in this industry in Finland?
5. How many substitute products there exists in the industry in Finland and what are those?
6. How substitute products are positioned compared to each other? And what is the factor differentiating those from each other?
7. Who are the main suppliers in the industry in Finland?
8. How you see bargaining power of suppliers? How strong they are when negotiating on terms and prices with buyers?
9. Who are the main competitors to companies operating in the yellow spreads industry in Finland?

10. How market share is divided between companies operating in the industry in Finland? And what are the reasons for that?

PEST analysis:

- 1 What are the main exogenous factors influencing and guiding operations of companies operating in the yellow spreads industry in Finland?
- 2 Has there been major changes or has the government or EU set new laws and regulations within the past few years? or is there any political changes taking place in the near future?
- 3 What is the overall economic situation in the market in Finland? Are e.g. labor and raw material costs increasing or decreasing? what is the taxation rate and how it is likely to develop in the future?
- 4 Are there certain peaks in the demand and what is the reason behind the peaks if any?
- 5 What are the biggest social trends in the industry in Finland? And how are these influencing on the industry in Finland?
- 6 What kind of technological investments are common and needed in the industry in Finland?
- 7 Is it typical to protect technological innovations with patents?

Strategic groups:

- 1 Which companies are using cost leadership as a main strategy and which are mainly using differentiation?

- 2 What are the factors that differentiate competitors from each other and why?
- 3 Is it common to switch from one strategy to another?

BCG Matrix

The BCG matrix is a strategy tool for evaluating industry's products in scale of market growth and market share.

- 1 Place products and brands operating in the yellow spreads industry to the category that suits the best for that certain product/brand:

	High	Market Share Low
High	Stars	Question marks
Market Growth	Cash cows	Dogs
Low		

Resource-based view:

- 1 Where you are better than competitors?
 - why consumer buy your products?
 - How you make profit?
- 2 How you enable first question points?
- 3 What endogenous tangible and intangible resources and capabilities you have that permit second question's ways of working?
- 4 What are the most important key resources in the industry?