



Team #: 260

Client (Company): **Innospark**



Chosen target country: **Finland**

Product/Service (a brief description, 3-10 lines): The team proposes to improve the Edu2 Light table in order to make it more functional and also eco-friendly at the same time: this new product is characterized by photovoltaic panels, which will reduce the energy consumption, USB port and a touchpad, that permits to manage actions. We also suggest to introduce some features that can favour the use of the light tables by children with disabilities.

Number of pages, including title page: **31**

Team members: **6**

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Executive summary

In this report, we chose to work on the business proposal of Innospark, a Lithuanian company founded in 2012. The purpose of this company is to develop educational toys for children that offer possibilities to learn in creative ways. We decided to focus on the main product, which is the Edu2 Light Table, and add several innovations to it in order to make it more functional and eco-friendly at the same time. This modified version of the product is characterized by photovoltaic panels, which will reduce the energy consumption, USB port and a touchpad, that permits to manage actions. We hope thus increasing sales of the light table in new markets, beginning with Finland since, according to our research, this market is the most appropriate one for our product. Indeed, Finland has a high GDP per capita, spends a lot of educational expenditure for education, and the number of children between 0-14 years old are relatively high. Moreover, political risk is low, there is not so much competition in this country and the geographic proximity permit us to do business easily.

Furthermore, we recommend that Innospark enter the Finnish market through direct exportation. Since Innospark is a start-up and does not have international experience or a lot of money, this mode of entry seems the most appropriate due to low cost, low risk and the speed of entry. Also, it will allow the company to keep some control and a high return on investment.

In order to sell existing and new products, and because the products are not sold in physical store, it demands direct sales efforts. From there, we advise Innospark to hire representatives who are more familiar with the language and the conditions of the country of

interest. It will help the company to find clients and contacts and also promote the educational purpose of the product by giving information about the products directly to customers.

Finally, we decided to strengthen the brand thanks to a detailed digital marketing strategy and eco-packaging in order to suit with the Finnish values. Marketing and promotion will take place via sales representatives and online distribution including direct marketing, company's website, social media/network, in addition to promotional presentations and events.

The main quality of Innospark is the great attention devoted to the spread of an innovative way of thinking and doing business because, as Joseph Schumpeter stated, innovation is a crucial element in the development of new technologies and trends and in the increase of standards of living.





Overview

Innospark is a solely owned company which develops and sells educational toys for creative children. The main characteristic of this venture is the special attention towards children creativity: the company focuses on children needs that become the key for the development of new products. No one knows what children will need when they grow up but it is widely recognized that creativity is the essence of problem solving, as stated by the company owner itself and stated by the Reggio Emilia Approach¹.

Brief history

Innospark was found in 2012 in Lithuania. However, the origin roots of the venture lead back in 2010 when the owner started working in the field of educational toys with two partners. The business was small and in the first year of activity the revenue coming from sales was of 80,442 euro and the net profit margin was around 27%. Although the business with two partners did not work out, the actual owner of Innospark considered this kind of business very lucrative and with great potential for market expansion.

In June 2012 a new company was found with the name of Innospark. In October of the same year the first sales revenue arrived and in December the first educative toy was sold in Latvia. Today 70% of the kindergartens in Lithuania use educational toys produced by

¹ The Reggio Emilia Approach is an educational philosophy based on the idea that every child, and human being in general, has strong potentials that can be used for personal and social development. an exhaustive explanation on the Reggio Emilia Approach | Reggio Children (n.d.), retrieved March 30, 2015, from <http://www.reggiochildren.it/identita/reggio-emilia-approach/?lang=en>

Innospark and the company continues focusing on the development of toys for educational purposes through the stimulation of the creativity of children.

Existing products

Main products of Innospark are: Edu2 Light Table, Tetricube, Sensory Play Space Divider and several elements to stimulate creativity such as Forest and Sea tales, Letters and Numbers, Sand and Water Tray, Natural treasures and Sand creations.

Edu2 Light Table is the flagship product and helps improve four abilities: artistic expression, social skills, cognitive abilities and language competence. It is addressed to 3-7 years old children. According to Innospark's website², the Light Table is the first table in its genre. The lights installed on it are meant to inspire children's imagination, to keep them focused on the task and to help them learning new information. On the light table the young customers can express themselves and their perception of the world and they can combine various materials, different shapes but also diverse colours and techniques and can develop imagination which is fundamental to **creativity**. It is also possible to pour some water or sand into the transparent Edu2 tray, painting or creating new stories with Forest Tales or Sea Tales kits. The price for Edu2 Light Table is between 211€ for the orange and blue model and 249€ for the round model.

Forest and Sea tales, Letters and Numbers, Sand and Water Tray, Natural treasures and Sand creations are kits that permit to express children's creativity and they can be combined in order to create different structures. Those kits help children imagining stories of their own, improving their natural story-telling skills. The price of these additional kits is between 19€ and 26€

² Educational Play Light Table, (n.d.), retrieved March 17, 2015, from <http://www.edu2.lt/en/product/light-table/>

Other products are:

- ✓ **Tetricube:** a toy that permits to create soft furniture. With this toy children can create their own place to play developing sensory perception. Price is set for 260€
- ✓ **Sensory Place Space Divider:** a set of panel which can be transformed in different combination to create play spaces. Price varies from 78€ to 405€ depending on the number of panels required.

New features

Edu2 Light Table is the flagship product of Innospark. It is now made by a wood table covered by a natural tempered glass with biorhythmically adjusted lights installed. Although the table is already a successful product some improvements are possible.

Since the main characteristic of Innospark is the special attention towards children creativity and children needs, which become the key for the development of new products, we have developed some ideas to improve the existing Edu2 Light Table.

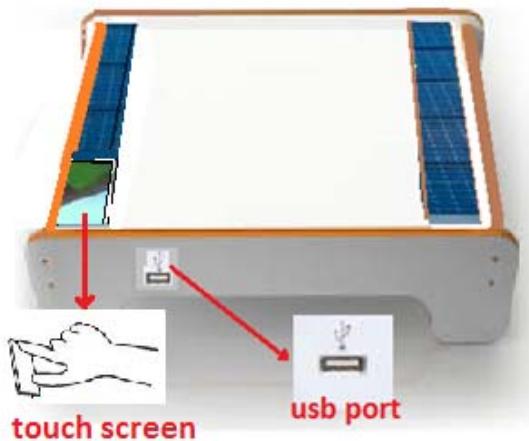
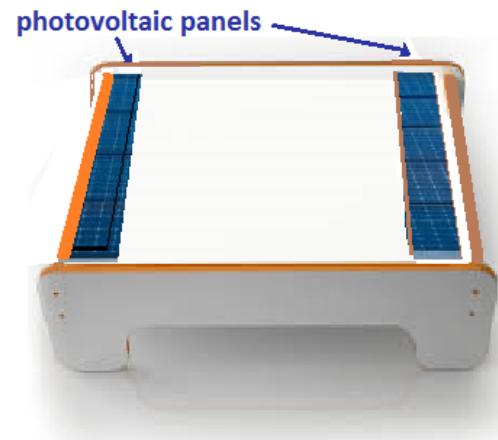
First of all, we believe that children need special attention where the quality of products is concerned: for this reason, we propose to introduce quality certifications. The introduction of a certification on the quality of the materials necessary to produce the Edu2 Light Tables permits to highlight the attention that Innospark puts on its products and to its little customers. Moreover, an internationally recognized certification becomes a joint value



for the company itself, because it transmits a message of social responsibility, adds value to products because consequently increasing sales. Since we are proposing to expand the market to a European Union member country, we find that the ISO 8124-1 certification will be the most suitable for

Innospark. The ISO 8124-1 certification is entitled *Safety of toys* and has been created in order to prevent potential dangers deriving from both normal use and reasonably foreseeable abuse of toys³.

Secondly, since Innospark is a young company focused on the needs of the future generations and since we are aware of the importance of finding always more ecological solutions, we believe that the direction to be taken in the future is to exploit even more the renewable energies. Thereof, we propose to add the possibility to support the electricity supply of the Edu2 Light Tables with little photovoltaic panels. Photovoltaic panels permit to transform solar light into electric energy consequently reducing energy consumption and being more eco-sustainable⁴.



Thirdly, we considered the possibility to introduce a USB port which will permit to download children drawing and print them or to upload already made drawings just to be coloured (especially for really little children, 3-4 years old). A touch-pad will permit to manage actions such as upload and download of images,

connection of printers, transfer of information from the table to personal mobile devices.

³ For more information about the ISO certification standards, see Playing it safe this holiday season with ISO toy safety standard (2012-12-18). (n.d.). Retrieved April 9, 2015, from http://www.iso.org/iso/home/news_index/news_archive/news.htm?refid=Ref1688

⁴ about photovoltaic panels, see <http://www.seia.org/policy/solar-technology/photovoltaic-solar-electric>

Least, but not last for importance, we think that Edu2 Light Table is a really functional educational toy, which can be used also by children with disabilities. For this reason we suggest to introduce adjustable feet to the Light Tables in order to permit to children on wheelchairs to use them, too.

Key competitors

There are only few direct competitors for the Innospark products, if we consider only the educational toys directly sold to institutions and primary schools, especially in Lithuania and Latvia. However, we can consider all the toy suppliers as competitive environment can since the product can also be purchased online. The flagship product, Edu2 Light Table, is subjected also to the indirect competition deriving from the producers of tablets, smartphones and/or laptops.

The main direct competitor of Edu2 Light Tables is Whitney Brothers.

Whitney Brothers is a 1904 founded company who offers a wide range of educational furniture and equipment. The company produces furniture for childcare made on wood and sold throughout North and South America, the UK and Europe. Every product is UL GREENGUARD© Gold Certified and meets the most important quality requirements. Although the Whitney Brothers Company uses solid hardwood and plywood as Innospark do, the company do not offer any product equipped with biorhythmically adjusted light.

As far as other competitors are concerned, the toys industry has to be considered as a threat. LEGO Company is a huge player in the toys industry and achieved its success due to the offer of a wide range of both educational and entertainment LEGO blocks. Lego's products are available all over the Europe and the US and its target market is not only composed by children but also by collectors. Another competitor could be Mattel Company who has reached a worldwide recognition due to the famous Barbie doll. These producers of traditional toys offer products such as construction toys, puzzles, board games and crafts toys

that can be considered direct competitors for Innospark's products such as **Sea Tales**, **National Treasures**, **Letters and numbers**, **Forest Tales**, **Sand Creations**.

Some considerations have to be made with reference to tablets, smartphones and/or laptops producers, too. In fact, these products are commonly used for both educational and entertaining purposes which mean that they can be considered as indirect competitors for the Innospark's products.

Last but not least, indirect competition could come from manufacturers. In particular, there are some manufactoryes that produce light table similar to Innospark's (i.e. **Artograph**, **Porta-Trace** and **Huion**): the technology of these tables is similar but the target market is completely different being these table produced for professionals.

Despite all these threats, Innospark can manage to find its own market because it offers an innovative product which is a combination of elements capable to adapt to the market requests and, more important, capable to adapt and respond to children needs.

Swot analysis

A swot analysis can be really useful to individuate strength and weaknesses of Innospark compared to the main competitors. Identifying strength and weaknesses as well as opportunities and threats will enable the company to develop a high-grade strategic plan and identify the necessary steps to be successful in a new market.



In Lithuania, Innospark seems to be well placed since that 70% of the Lithuanian kindergartens use the company's flagship product: Edu2 Light Table.

Innospark offers an assortment of different features that permit to satisfy a wide range of customers. The combination of simple concepts in one product has generated an object that is really innovative in its simplicity. The addition of technological features created on children's needs is one of the elements of strength of this product. Moreover, particular attention is given to research and development of new ideas. Innospark is a young and dynamic venture able to reach new target markets, adapt to them and be proactive: herein lies another of its strengths.

With the regard to the internal factors, some improvements are needed. One of the more evident weaknesses of Innospark is the low international brand awareness. The product is not internationally known and that means that some improvements on the marketing

segment are to be made. Moreover, the product needs direct selling and this means that more efforts are to be made where the distribution channels are concerned. In addition to that, Innospark cannot prove the quality of materials and features because of the lack of quality and security certifications.

When producing assets for children, it is fundamental to guarantee the respect of the highest standards of security and quality. The acquisition of internationally recognized certifications could be one of the company's new opportunities. The growing attention paid toward children education provides a good basis for companies specialized in producing high quality educational toys to explore new markets. A collaboration or partnership with other companies could be a great opportunity for Innospark: in fact collaborating with partners with already well-developed distribution channels could ameliorate the distribution of Innospark products while a partnership with designers could refine the look of the Edu2 Light Table.

Entering a new market can, however, pose some threats. The major risks are constituted by potential competitors who can use the same technology used by Innospark but also by the quick progresses in the technological field.

Key market characteristics

Innospark has selected different target markets, everyone with its particularity. However, to make a feasible decision, these markets need to be analyzed on the bases of some easily measurable factors. Our client produces educational toys which mean that the target markets are marketplaces with specific characteristics. In order to develop an effective analysis, our Team focused on four main categories of factors: demographic factors, economical environment factors, political and legal factors and cultural environment factors. We focused in particular on the development of the Edu2 Light Table and reached the conclusion that everyone among these variables has a strong influence on the success of our client product.

With reference to demographics factors, we individuate some critical characteristics.

First of all, we considered the **population density**: a market with high population density, in fact, permits to reduce the costs of distribution by reducing the number of channels of distribution. Secondly, we considered the **age distribution**: markets with a high number of children whose age is between 0 and 14 years would be the most successful for a company who sells educational toys for children aged 3-7 years. The third important factor we took into account is the **educational level**: in fact, in order to make the product successful, it's necessary to focus on nations who invest on education. Expenditure for education (expressed in percentage of GDP), school enrolment level and literacy are fundamental indicators for Innospark.

When considering the economic environment, **market size**, **market growth rate**, **ease of doing business** and **income levels** hold a remarkable position.

Other important success factors are also tied to the political and legal environment. The first element to be considered when entering a new market is the **political risk**. In fact, the success of business depends on the political stability and a nation where political risk is elevated will not have a policy toward family and children care. We need, hence, to consider a market where there is high political and social stability. Moreover, the **policy of the government toward foreign direct investment** and **trade** plays a key role and the absence of barrier to international trade is fundamental. In addition to that, when considering a successful ideal market, the **legislation on PR and IPR** covers an important point. Where our client is concerned, hence, a market with the same legislation as the Lithuanian one, will provide an equally protection on the exported products.

Cultural environment factors cover a very important point as well. Innospark is focused on the development and growth of children education. For this reason, the ideal

target market is an environment where the **attention towards education** and innovative educational technologies are recognized as an added value.

Customer preferences and tastes are fundamental where considering a new market. Since the target market of our products are both parents and children, the goal is to adjust the elements of the marketing mix (price, product, promotion and place) in order to satisfy that group of clients.

Selecting the new market

According to success the criteria previously listed, we identified some potential market that Innospark expressed interest in: Germany, Poland and Scandinavia (in particular Finland).

Among these previously listed, we took into account different five main factors: GDP per capita, educational expenditure for education (in % of GDP), the number of children between 0-14 years old, political risk and ease of doing business.

COUNTRY	GDP per capit (World Bank)	Educational expenditure (% of GDP)	Population of children (0-14)	Political risk	Ease of doing business
Germany	\$44,469	5,1%	13,36%	0,3	Rank 21
Poland	\$23,649	5,1%	14,69%	0,6	Rank 30
Norway	\$65,461	7,32%	18,59%	0,36	Rank 9
Sweden	\$45,148	7%	16,58%	0,12	Rank 14
Finland	\$39.812	6,8%	16,47%	0,35	Rank 12
Denmark	\$43,445	7,8%	17,85%	0,42	Rank 5

Source: Worldbank.org

The data suggest that all the five countries taken into account, are suited for the launch of Innospark products. Despite some similarities, after some researches, we identified Germany and Finland as the two most promising markets because they have some really important characteristics considered fundamental for the success of Innospark's products in those countries. As we can see from the table, both Germany and Finland present a high income level, a low political risk, an excellent educational expenditure, and a good percentage of children included between 0 and 14 years old.

Germany⁵

As Europe's largest economy, Germany is a key member of the continent's economic.. The German economy is the fifth largest economy in the world in PPP terms and Europe's largest one. It has a GDP per capita of \$44,469 which is one of the highest of Europe and a good educational expenditure with a rate of 5.1%. The German market size is equal to 80.996,685 with a growth rate of 0.1% per year.

It is the second most populous country (after Russia) with 80,62 millions of people, being the 13.36% of them included between 0 and 14 years old, the targeted age for Innospark products. The population is growing by 0.2% per year and the infant mortality rate is really low, 3.46 deaths on 1000 live births.

The German market is the biggest of Europe, with a toy market sales of \$3.9 billion, and it is characterised by a considerable growth (3%).

In spite of the uncertain economic outlook and expected decline in the population aged 0-14, the toys and games industry in Germany is expected to post a positive performance over the forecast period. German parents are expected to continue to place great importance

⁵ All information are available on www.worldbank.org and www.cia.gov/the-world-factbook

on providing their offspring with a sizeable range of toys and games, which will particularly benefit sales of traditional toys and games.

As the German Federal Foreign Office reported, German companies have invested a lot in the last decade in countries of the East-Europe such as Lithuania. Thanks to the fact that both Lithuania and Germany are EU members, there are no restrictions in terms of exchanging goods and there are not any currency exchange rates to effort. In addition, the monetary policies of these two countries are supervised by the ECB (European Central Bank) which imposes severe requirements in terms of inflation, debt, price stability and deficit. Germany and Lithuania, respectively in 1985 and 2004, have also joined the Schengen Agreement so their citizens have the right to move, travel, work and live in any country that joined the Schengen Area without the requirement of carrying particular documents.

Finland⁶

Finland is a Nordic country in the north of Europe and it is a parliamentary republic. It has a highly industrialized and largely free-market economy. It presents one of the European highest expenditure of GDP% for educational sector (6.8%), a high per capita GDP (\$39,812 in 2014) and also one of the lowest unemployment rate (8.1%).

The population of Finland is currently about 5.500,000 with an annual growth rate of 0.5% and with a good number of children: the 16,47% of it is included between 0 and 14 years old. It is also important to underline that only the 17.9% of the entire population is below the poverty line, it means they are at risk of poverty or social exclusion.

We have to highlight that the levels of corruption is really low in Finland. Nevertheless, intellectual property rights are respected, and enforcement is consistent according to world standards.

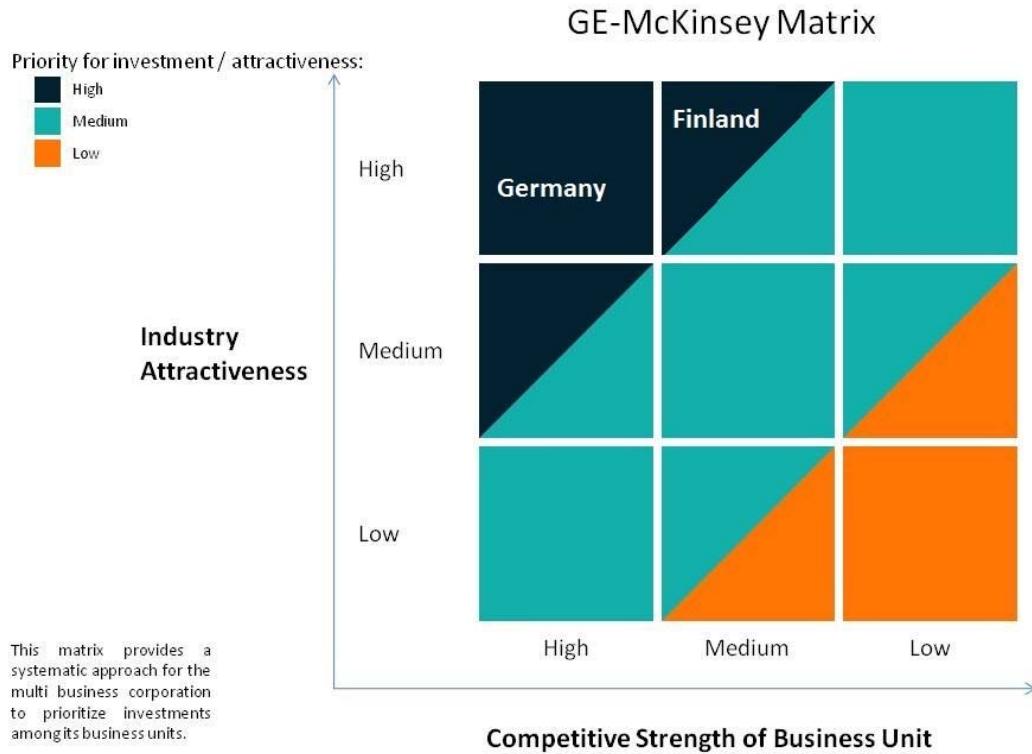
⁶ Data available on www.worldbank.org and www.cia.gov/the-world-factbook

Finland is a country that is sensitive to human rights and welfare: indeed, each year the government, compared to other countries, invests many thousands of euros in security, health system, welfare and education..

In conclusion, after an attentive analysis of the previously reported data, we individuate Finland as the most successful market.

Regardless the economic crisis faced by the Eurozone, sales of toys and games kept on being unaffected by the economic crisis. Strong demand was witnessed by both traditional toys and games and video games. While traditional toys and games mainly benefited from German parents' high propensity to spend on items for their children, demand for video games was boosted by the growing number of innovative games. The toys and games competitive environment in these countries remained highly fragmented in 2013, with a huge number of small specialist players present and no single player achieving a double-digit value share. The most important leading companies remained the multinationals such as Nintendo, LEGO, Electronic Arts, Sony, Mattel and Fisher-Price, Playmobil and Hasbro. In addition it is important to say that the number of competitors which operate in Finland is far lower than in Germany.

The largest quantity of toys and games sales kept on being bought by store retailers during last years, as consumers prefer to physically assess items before purchasing them. However, internet retailing continued to grow in popularity as consumers increasingly appreciated the convenience and competitive prices offered by the online channel. Despite the economic crisis of the recent years and expected decline in the population aged 0-14, the toys and games industry is expected to post a positive performance over the forecast period.



Source: <http://www.mckinsey.com>

Entry mode and staffing

Optimal new market entry mode

Since Innospark is almost a start-up company, Foreign Direct Investment should be excluded as an appropriate entry mode. In fact, it would require a big investment and there is not enough money yet to invest abroad. For this reason, it would be better to start off in a simpler and easier way. However, a joint venture is harder and too risky to be considered as a suitable entry mode, when Innospark itself is still a new company: it would require a lot of money and it would also be necessary to find an experienced company already established in the foreign chosen market, in order to exceed Innospark goals. Moreover, the partner company's goals and strategies could be really different than the Innospark ones which means

that the research of a suitable partner company would require a too big responsibility for such a young company.

A similar way of thinking could be done where considering wholly owned subsidiary. This strategy is the least beneficial because it is the entry mode that requires the greatest amount of money and is the riskiest one; therefore, it is not viable at the moment.

All this considered, where the entry strategies are concerned, the choices restricted are between licensing and exporting.

	PROS	CONS
LICENSING	Speed of entry Maximizes scale Uses existing facilities	Transport costs Company viewed as an outsider Limit access to information
EXPORTING	Minimize risks and investments Speed of entry High return in investment	Lack of control Licensee may become competitor

The best decision for Innospark seems to be to export its goods. This strategy requires a low investment so also the risk will be minimized. Furthermore, the company can easily enter and exit the market if necessary. Another advantage of exporting its products is the acquisition of the local market knowledge so 'learning by doing'. Export will also allow the application of the economies of scale in the home market and make the control over the distribution channels easier.

In fact, even though licensing seems to be a good option, there are several disadvantages that could harm Innospark rather than improve it, and those are, first, the possibility to have a lower income than in other entry modes; secondly it is possible to register a loss of control

where licensee manufacture and marketing operations are concerned in addition to a lower control on practices that could lead to loss of quality. Thirdly, there's the risk of having the trademark and reputation ruined by an incompetent partner. Finally, there's the danger of the foreign partner becoming a competitor by selling its production in places where the parental company is already in.

Therefore, exporting is better when little product adaption is needed, when production costs are high in the target market and when the sales potential is limited in the selected country. On the contrary, licensing is better when legal protection in the target market is possible (and in the EU the protection is granted) and when the licensee lacks to become a competitor.

The company can decide to export in different ways. Direct distribution it is studied to be the most common option to develop companies own international marketing capability. The most suitable way to export through direct distributors is to charge personnel from the company to sell the product: this gives the company greater control over their operations. Direct selling also provides better control over the marketing function and consequently rises the chance to earn more profits.

Staffing

In order to sell directly in the selected market, one of the considerations at the time of selecting the personnel would be to hire some people in the countries of interest. By doing so, it becomes possible for the company to have selling representatives useful not only because of their language skills that would make the collaboration easier, but also because they know better the internal market, its characteristics, culture and competitors.

A representative is someone who knows the language of the region, operates in the specific area on behalf of the principal and cannot sign contracts but must pass all legal documents to the principal. Such agents could also negotiate on the company's behalf and

provide some preferential prices for services like, for instance, warehousing. A representative looks for clients and contacts, build relationship, and spread the educational approach seen that he/she can be trained in order to present directly the products with their functions. Moreover, having agents in the interested country permit to look for new clients and provide contacts, so that Innospark can get directly in touch with a potential client. They don't take physical possession of the product but are fundamental in order to build relationships with new customers or maintain contacts with old ones. If the contract is approved, the principal will arrange for shipping and handling. The staff must have a deep knowledge of the products, must contact easily with people. The people hired should be in the targeted country for their language advantages and their capabilities to know how the country works and what steps can be added or discarded from the process.

Since Innospark needs someone who can sell its products but also spread its educational approach and since it is important for the company to maintain certain control over sales, it is preferable to develop a relationship based on trust and exclusivity. A representative does not sign contracts and must pass all legal documents to the principal and this permits to have the complete control in the foreign country market.

As a result, regarding staffing, a representative is the most suitable solution. Moreover, Innospark is a young start-up so a short-term contract permits to leave the market with ease, if necessary, and has low costs for the company. Costs of representatives constitute a recharge on the final price, but that would not be a problem since for the company it is more important to promote the educational approach in selling the product than to increase the final price.

At the time of evaluating distributors, size and capabilities of their sales force, analysis of the territory, current product mix, facilities and equipment, marketing polices, customer

profit, promotional strategy and policy against the abstract data protocols become fundamentals elements to be analyzed.

Product and Pricing

This section is devoted to solutions of our group regarding the presence and pricing of the Innospark's products. Particularly, in this section we present marketing elements such as: packaging, design features and branding of the products. All the elements play significant role, especially when it comes to creation of a strong brand. It has been proven by many researchers that, in order to gain an interest of potential clients, the company has to adjust not only the product itself, but also the way the clients view the products on a shelf. The lack of evidence is not an evidence, therefore all the changes to either product or marketing mix have to be conducted based on the research. This section gathers up our ideas and present performed research by our group.

Packaging

From marketing point of view, the role of packaging is to catch an eye of potential client and to make the product desirable. The Innospark's products are mainly addressed to children, therefore the company should implement colors in the packages. Moreover, according to our research concerning Finland, we found out

Ecological Footprint of Top 25 countries

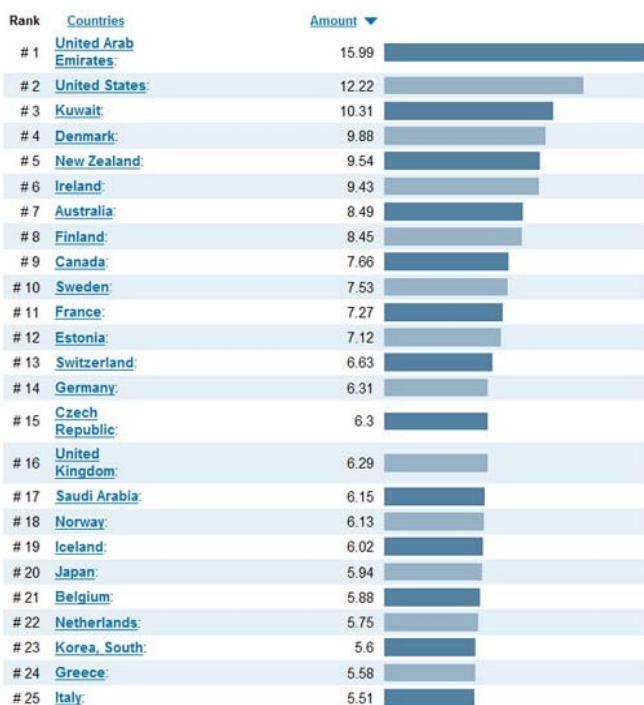


Figure 1:
Ecological Footprint of top 25 Countries.

that Finland's market accounts for 8th position in terms of Ecological Footprint⁷.

It means that our potential customers should appreciate the idea of eco-packaging for Innospark's products. Since Innospark is a teaching company, the awareness and close attention of issues such as global warming and reduction of pollution should be perceived by our customers as a huge value. Taking into account the presented above information, it seems reasonable to introduce eco- packaging in the Finland's market. Yet, another feature of eco packaging is the durability of the packages and the fact that the packages are easily recycled. The eco packages also meet all the European Union quality standards and from a logistics point of view it protects the product as good as non-Eco packages.

Branding

Our solution in relation to the branding of Innospark's products is to put an emphasis on the message of the company. The message we came up with is as following "Differentiate by innovating". This message presents in a very transparent way the company's approach towards its main goals and values. Since Innospark is not considered yet as a renowned company, our goal is to build a strong brand in Finland market and strengthen brand image in this market. We want to provide our customers with unique products and to do not be perceived by our customers as a company offering "just a toy". We did not find it necessary to change the name of Innospark Company in the Finland market since this name has no meaning in the local language.

⁷ Source: <http://www.go-green.ae/footprint/countries.php>

Price

We discussed over the issue of Innospark products pricing and we concluded that the price should be standardized among European countries. We want to provide our products to everybody, not only to the affluent people. In order to achieve that goal the following solutions might be useful for Innospark:

- Innospark could apply for subsidies from the government of the home country in order to strengthen its competitive position on the market and enlarge its production capacity.
- Innospark should consider the export costs and, in general, all the costs incurred should be recovered by the sales in the new market.
- Yet, another remark which should be taken into account is the fact that prices when introducing a new product to another market should be carefully considered and reviewed before taking action.

In conclusion, Innospark should use a combination of both **value based pricing** and **market oriented pricing**. It would be reasonable for Innospark, especially when entering new markets to perform a research among European countries. Such research would help Innospark in checking how much the potential clients are willing to pay for Innospark's products. Based on that research and collected data, Innospark could estimate an optimal price and standardize that price all over the Europe. A slight increase in the price could be implemented in future as soon as **new features of Innospark's products would be added to the products.**

Distribution and promotion

Distribution

Innospark has to focus on a good choice of its distribution channels so the product can be easily reachable. This choice has to be based on the target market that is aimed and of course on prices.

The first option that should be considered by Innospark in order to allow the fastest and cost-effective distribution in Finland, is to sell its products online. This channel results to be one of the most efficient and profitable ones because of its low costs and frequent use. If we choose the **online distribution**, it is possible to reach a great number of potential customers in different ways. The amount of money that has to be invested is low, compared to the advantages of this system. Access to the products will be granted wherever there is an Internet connection, so more or less everywhere. One of the most important advantages of this system is that it can be changed easily so it is possible to control and update all the distribution. Moreover, on the official website of the company it is possible to see the product and its price, read a description, ask questions and finally buy it. However, the website should be always updated and clear. Clients should have the possibility to see in detail what they are going to buy and to know everything about the product. A great importance should be given to the direct contact with the consumers, especially through online client service.

Another very important and efficient way that should be considered in order to reach the potential clients, is through **sales representatives**. These well-trained professional figures are supposed to connect the company with schools and kindergartens, creating a network of new clients. First of all, the agent should know very well the market he is operating in, so also the habits and preferences of the consumers. In this way it is easier for him and for the company, to understand needs, trends and requests that has to be satisfied in order to attract new clients. The sales representative has to be not only prepared but also to have experience

in his job so he already knows what to do and how to reach our target markets efficiently. His main task is to be able to contact different potential clients and first of all to explain all the features of the Innospark's products. Another important point of his job is to promote a good image of the company, highlight the best characteristics not only of single products, but also of the company as a whole. In this way it is possible to be really efficient and to create a network of loyal customers. The sales representatives should go to schools and kindergartens and show to our target markets, as teaching staff, kids and parents, the main functions of Innospark products in order to demonstrate and underline all their qualities and convince them to purchase. Of course, hiring these people has an important cost but we can gain it applying a percentage on the final price of the products.

SALES REPRESENTATIVES	
ADVANTAGES	DISADVANTAGES
Direct contact Interaction Easily adaptable Persuasive power Potential future relationship Possibly of closing the deal immediately	Costs Limited number of consumer that can be reached Possibly of conflicts Potential ethical differences

Promotion

A very important choice that has to be made and applied in an efficient way, is to find the right ways to promote the products. The promotion campaign should be attractive and persuasive, so that clients interest themselves in learning more about the company and finally

in purchasing its products. Costs of the promotion cannot be high, so the most popular ways such as TV and radio should be excluded.

The pillars of the promotion campaign should be the following:

- **direct marketing**
- improvement of **company's website**
- increase in **social media marketing**
- gain of **social knowledge and proofs**

As regards to the direct marketing, Innospark should apply different strategies in order to reach all the potential customers directly. In this way, people see the interest given them by the company so they trust it. Some advertising and informative e-mails should be sent together with invitations to the direct presentations. Those presentations have to be organised frequently with help of some experts and with the participation of the final target markets (parents and children). A part of direct marketing can also be made through the telephone advertisement.

One of the main instruments of the Innospark's promotion campaign should be its website. The potential clients will try to find some information about the products online so a clear and attractive website is essential. Moreover, it should always be updated and information about direct presentations, events and news should be provided frequently. A detailed descriptions and pictures should be uploaded in order to show the features of the products. To make the website more attractive and interactive, Innospark should consider some additional pop-ups on its website.

Nowadays the social media marketing is essential for the success of any type of company. People spend a lot of their free time surfing on the Internet and especially on the social networks so their use can be a great opportunity for the company. Innospark should start from a greatest presence on all types of the social platforms such as Twitter and

Instagram. In this way it has the possibility of uploading the pictures, creating new offers and adding information about new products and features. A more frequent use of Facebook should also be taken into consideration, since it results to be the most frequently used social network. An addition of online advertisements has to be considered so people are stimulated to go on the website of the company. There should be a person responsible for all the social media marketing part who controls the whole process directly.

Another important point of the promotion campaign is the improvement of social knowledge and proofs of the quality of the products. Innospark should try to involve the potential customers directly, showing them how the educational toys work and what are the advantages of their use for children. Finally, all the feedback has to be collected so the company can give importance to the consumers' opinions and can improve its products according to needs and requests received.

In order to meet the preferences of different target clients, however, Innospark should adapt different strategies and concentrate itself on different qualities and features of its products. One of the target markets are parents. To satisfy them, the company should focus on the functionality of the products, presenting all the educational advantages they can bring. The presentation should be made in a very transparent and professional way, so the trust and loyalty can be created. A very efficient way to reach parents is through the Innospark's website, where they can read all the information and descriptions, but much importance should also be given to direct presentations carried out by sales representatives. During these presentations parents will be given all the explanations and demonstrations and they will have the possibility of asking questions.

To satisfy childrens' expectations, instead, it is fundamental to involve them directly into the use of the toys. Innospark should organise some events, for example in shopping centers but also schools and kinderkartens, during which children will have the opportunity of

playing and enjoying the products. In this way, they will see directly how the devices work and all their questions will be answered by experts. A very important part is to explain and show to the children that it is possible to learn by playing and having fun.



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