



KARI TRAA AS IN CANADA

April 6, 2011

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“This paper is done as part of the undergraduate at BI Norwegian School of Management. This does not entail that BI Norwegian School of Management has cleared the methods applied, the results presented, or the conclusions drawn”



KARI TRAA

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NORCAN
CONSULTING

April 6, 2011

Mr. Morten Svarrer
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Dear Mr. Svarrer:

Attached is the report on the possible market entry to Canada for Kari Traa AS, as commissioned on December 9, 2010. The report is entitled *Kari Traa AS in Canada*.

In this report the authors have taken the position as a team in the fictional firm, NorCan Consulting.

The purpose of the report is to inform Kari Traa AS about the Canadian market, as well as the company's potential in Canada. Further, it will give a conclusion and recommendations regarding what will be a suitable entry strategy for the company. The analysis relies on both primary and secondary research.

The team would like to acknowledge its gratitude to key individuals for the help and contribution throughout the process of creating this report. First, the team would like to thank Skigitane AS and you, Mr. Morten Svarrer, for the opportunity to write this report, and for being available for questions and feedback during the process. The team would also like to acknowledge its gratitude to the many resourceful people who have used their personal time to share their knowledge with the team. Further more, Christopher Quigley for proofreading the report. The team would like to give a special thanks to Mr. Bob Crockett, for his involvement, feedback, and guidance during the process. His advice and help has contributed to improving this report.

If you have any questions concerning our report, please feel free to contact the team at +47 97596058 or tinabuer@hotmail.com.

Sincerely,

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Enclosure: Kari Traa AS in Canada Report

EXECUTIVE SUMMARY

Since its inception in 2002, Kari Traa AS, created by the Olympic skier Kari Traa, has experienced great success. Starting out with just toques, it now has an extensive product line. It has become the market leader for base layers in Scandinavia, and its products are now sold in 11 countries. Kari Traa AS is in now the planning phase of entering the Canadian market.

The aim of this report is to examine the market potential for Kari Traa AS in Canada; for this, the team has developed the following research question:

“Is it possible and attractive for KT to introduce its main products (wool base layers, technical base layers, toques, headbands and neckbands, socks, fleece and outerwear) to the Canadian market, and if so, which are the most suitable entry strategies”.

When starting, NorCan Consulting had limited prior knowledge of the Canadian market. To answer the research problem, it was therefore necessary to perform both primary and secondary research.

After an introduction and internal scan of Kari Traa AS, the report describes external factors that the company needs to be aware of when entering Canada. Further, the report provides insight into the Canadian market in terms of retailing trends, and the snowsport market. In addition, the results from the team’s survey are presented, and KT’s direct competitors are analysed. Based on this, the team made an estimation of the market size. The internal and external scan are then reviewed in a situation summary.

Finally, a strategy is developed for a nationwide entry, and marketing tactics Kari Traa AS can use, are proposed. The team believes Kari Traa AS’ products will be attractive in the Canadian market, since they differentiate themselves from the competitors. The entry strategy the team proposed for Kari Traa AS is to sign a license-agreement. The team sees this as the most suitable option for Kari Traa AS.

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INTRODUCTION

This report was conducted by NorCan Consulting, on behalf of the Norwegian company Skigitane AS/Kari Traa AS (from now on, Kari Traa AS will be referred to as KT, while the full name will be used when talking about the athlete Kari Traa).

Background for Research

Skigitane AS (from now on referred to as Skigitane) is a Norwegian company which owns several brands within the sports apparel industry in Norway. Skigitane is planning to enter the Canadian market with one of its brands, “Kari Traa”; an apparel brand directed towards the female population. Canada is known for its beautiful nature, which provides excellent opportunities for outdoor activities. In addition to this, the population is active in sports and recreation, which adds up to a profitable opportunity for Skigitane when expanding.

Research Problem

In collaboration with the Export Manager in Skigitane, Mr. Svarrer, the team developed the following research question:

“Is it possible and attractive for KT to introduce its main products (wool base layers, technical base layers, toques, headbands and neckbands, socks, fleece and outerwear) to the Canadian market, and if so, which are the most suitable entry strategies”.

Scope of report

The report will focus on finding a national entry strategy for KT; however, the team has used British Columbia (BC) as a test market for illustration purposes. BC is seen as a good test-market for the rest of English-speaking Canada due to its high involvement per capita in outdoor activities. Furthermore, the focus of the report will be on base layers. As this is KT’s bestselling product line, it will provide a strong basis for the brand and allow the rest of the products to follow. The product lines KT is planning on introducing to the Canadian market can be used for numerous activities, however the team has primarily assessed the ski, snowboard and cross-country skiing market in Canada.

INTERNAL SCAN

The following will give a presentation of the client background, historical performance and the company's international experience and strategy. Finally, an internal scan will assess some models in order to understand KT's internal situation.

Client Background

Kari Traa is a champion freestyle skier with three Olympic medals. She won her first two gold medals at the world championship in Whistler, Canada, 2001. In addition to her successful skiing career, Kari Traa is also the creator of a successful sportswear brand.

Kari Traa was born and raised in a small town called Voss, which is located on the Norwegian west coast. Her Norwegian heritage has not only given Kari Traa a talent for sports, but also an eye for design, and a passion for creativity. During the height of her skiing career, Kari Traa began knitting toques for friends, and customizing her own ski-gear between training and competitions. Her designs became so popular among friends and fellow skiers from around the world, that the idea to start the brand Kari Traa was born. Kari's boyish mentality and feminine strength has created both the person and the brand (Autumn/Winter Export Catalogue 2010).

KT was established in November 22, 2002 and was registered in the Bronnoysund Register Centre, January 23, 2003 as a corporation. While KT's products are primarily produced in China, some also come from Italy, with the merino wool coming from New Zealand (Personal communication with Mr. Svarrer, 2011). The first collection consisted of colourful toques; and during the winter of 2003, the company sold 7000 units, with revenue of three million NOK. Kari Traa believes that the success of the toques were due to the spectrum of colours, and this aspect of its apparel is something that KT is known for today. The next collection expanded to include t-shirts and pants, and today the brand sells a wide range of sportswear for women. KT now has an autumn/winter collection and a spring/summer collection. The split of sold products is approximately 70% winter-products and 30% summer-products (bikinis and jeans) (Ledernytt, 2010).

Historical Performance

Since KT was established, the brand has grown in popularity. The collections reflect a sporty, fun, and colourful lifestyle, where both quality and design are key features. KT has received several prizes for its products and marketing over the years, and the brand is now Scandinavia's most popular brand for women's base layers. The feedback from distributors and customers is that the collections stand out, and targets its audience well (Personal communication with Mr. Svarrer, 2011).

KT is a part of the company Skigutane, which is owned by the Active Brands Group, which again is owned and supported by Holta Invest; a private investment company. The Active Brands Group is a supplier to the sport and leisure market. Active Brands Group's vision is to become the leading Nordic sporting goods company by 2013. For the expansion into Canada, the Active Brands Group first plans are to introduce KT and then later Aasnes (Personal communication with Mr. Svarrer, 2011). The figure illustrates the organization structure:

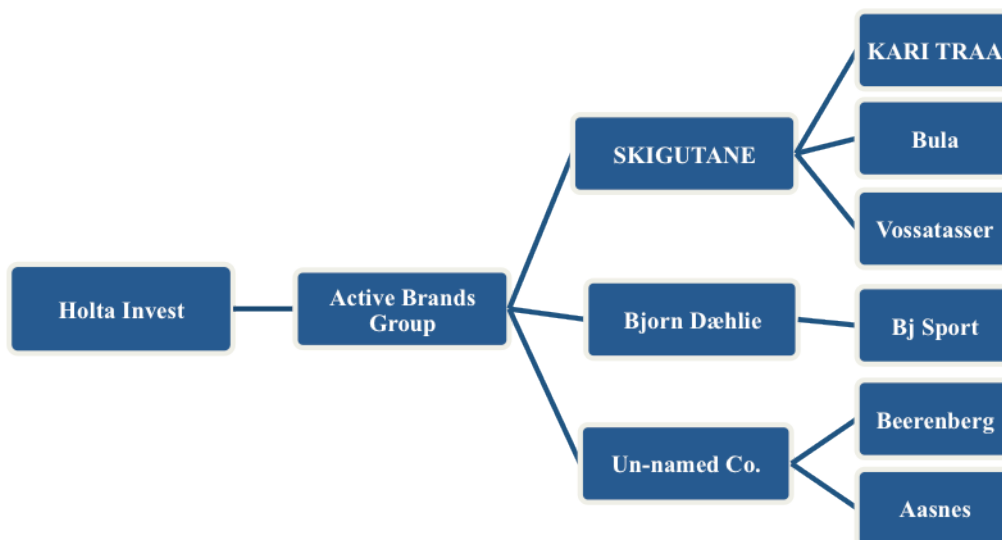


Figure: Organization Structure

To assess KT's financial situation, the team has looked at Skigutane's accounting, but there is no breakdown available for the different brands within Skigutane. With that noted, Mr. Svarrer has confirmed that KT alone is profitable, and accounts for a large part of Skigutane's revenue. According to Mr. Svarrer, the main focus of the company will be on KT, as the long run earnings from KT will represent approximately 80% of

Skigutane's revenue. Since Skigutane is a relatively new company, the figures are still volatile. Skigutane is currently in a growth period, and is constantly investing for the future. At the same time, the company is consolidating brands, and is in the process of strengthening KT internally as an organization. The team knows from talking with Mr. Svarrer that capital is in place for expanding to Canada, if the business plan and determination are solid (Personal communication with Mr. Svarrer, 2011). For key figures from Skigutane's financial statements, see appendix 1.

International Experience and Strategy

In 2005, KT participated at ISPO, an international trade fair for sporting goods and sports fashion in Munich, Germany. In this industry, participation at trade fairs is a common way to get in contact with new, potential clients; and at ISPO, several distributors, suppliers and customers approached KT's exhibition with interest. The following year, as a direct result of attending ISPO, KT started exporting to Switzerland, Austria, Germany, Denmark and Sweden.

KT's motives for export are mainly built on the desire to expand its market share, as well as increase total sales by reaching a larger market. The market selection has been based on market concentration in countries that are either in Scandinavia, or have good opportunities for winter activities. As of today, KT's 2011 collection can be found in: Austria, Denmark, Estonia, Finland, France, Germany, Greenland, Japan, Norway, Sweden and Switzerland (Kari Traa, 2011).

Skigutane, based on communication with other suppliers and chains, calculates KT's position to be the leading brand in base layers for females in Scandinavia. In Norway, it has approximately 50% of the base layer market share; and in Sweden, KT is calculated to be the leading brand for females based on the product portfolio and the market profile. Exact numbers are not published, but these calculations give a good indication of KT's market position. In the other countries where KT is present, its market share is increasing. By finding new markets it wishes to enter, KT is constantly fighting for larger market share. According to newly released numbers, the revenue from abroad increased from 8% in 2010, to 10% for the autumn/winter 2011 period. For information about how the revenue is divided among the different countries, see appendix 2 (Personal communication with Mr. Svarrer, 2011).

In Austria, Estonia, Finland, France, Germany, Greenland, Japan and Switzerland, KT has used distributors. For the Scandinavian countries (Norway, Sweden and Denmark), KT runs the business itself. Sweden and Denmark are run through a subsidiary in Gothenburg, Sweden; in addition, KT also has a sales office in Gothenburg. KT's online sales channel is operated from its main office in Voss, Norway; however, this sales channel is not available for buyers in Canada, as KT does not ship products to North America.

Since KT started exporting in 2006, it has gained valuable international experience; but by mainly using distributors, it will take time before KT gains insight and knowledge about the markets it operates in. As the brand grows, and its partners become bigger, KT will automatically become more involved in the dialog and the market (Personal communication with Mr. Svarrer, 2011). The distributors buy the products to resell, and KT is not responsible for products that do not sell. The distributors are also in charge of marketing; although, they are encouraged to use different marketing tools that reflect KT's concept (Autumn/Winter Export Catalogue, 2010).

As of now, KT has not changed anything about its products when entering markets abroad. KT did not even customize the sizes when it entered Japan; although, KT acknowledges that this is something it needs to do if it wishes to further expand in Asia, because of the demand for smaller sizes. According to Mr. Catliff changing the sizes may also be relevant when entering the Canadian market, because of the demand for bigger sizes (for information about Mr. Catliff, see appendix 3). When entering new markets, the brand name has not been changed even though it can be hard pronounce in some countries.

KT adjusts the price to distributors in order to secure sales, depending on the level of involvement between KT and its partners. KT also suggests a retail price for its products. In mainstream stores, the price is usually adjusted according to the competition and the general price level. For example, in the Alps, KT's products can be sold at a premium price. This is because the Alps generally have a higher price level. The products are usually sold in a high to premium price range, and the purpose is to reflect the product quality and uniqueness (Personal communication with Mr.

Svarrer, 2011).

KT uses Norway as a concept when introducing itself in business, using the associations and stereotypes connected with the country, but not so much through its products. Kari Traa is personified in KT's products when marketed abroad (facts on hangtags). KT believes it is important to have a good story behind the brand, which it has, and uses this for what it is worth (Personal communication with Mr. Svarrer, 2011). It has also been indicated through interviews in Canada that Kari Traa, as a character, can work when promoting the brand. This is due to the fun-loving, active, female audience KT is targeting, in which Kari Traa can serve both as inspiration and a role model for.

KT has an extensive product line, but from previous experiences KT wishes to enter the Canadian market with the following products: wool base layers, technical base layers, toques, headbands and neckbands, socks, fleece and outerwear. For more information on these products, see appendix 4.

Commitment and Support to Internationalization

The company's internal commitment and support to internationalization, will determine whether it will succeed with its operations abroad. Through the Good Export Circle (ACE-model), KT's attitudes, competence, and embodiment with regards to export activity will be assessed (Solberg, 2009).

Attitudes

After several conversations with Mr. Svarrer, it is clear, that KT is inclined to enter new markets. While inclined, KT is also concerned about the economic risk that a market expansion will entail. Over time, KT has gained valuable experience from different markets in the world. This knowledge, in combination with existing capital, is helping to create a positive attitude towards taking risks.

KT also seems market-oriented, as it focuses on market information, and uses this actively. Before entering Norway, Denmark, Sweden, and Switzerland, KT performed extensive market analysis. Now that it is planning on entering the Canadian market, KT is exploring the different opportunities.

Since KT is operating in an international market, it has been dependent on having a positive, humble and professional attitude towards other cultures. Now that it is planning on entering a new part of the world, KT acknowledges that it needs to adjust to a new culture and way of doing business. Being patient, flexible, and tolerant is the foundation for any successful international marketer like KT (Solberg, 2009).

KT received 10% of its revenues from abroad in the autumn/winter 2011 period, and is now working on a business plan, where the goal is to achieve revenues of 100 million NOK in the next 3-5 years (not yet approved, February 25, 2011). The team can therefore conclude that KT has a good attitude towards exporting.

Competence

KT possesses international expertise, which has been important for the company as a good exporter. As of today (February 25, 2011), there is only one person, Mr. Svarrer, working on the establishment of new and existing markets in KT. He also has the same position for the other brands within Skigutane (Bula and Vossatassar). It is important for a good exporter to have the skills and knowledge of sale techniques, language, contract negotiation, culture, logistics, market research, and advertising (Solberg, 2009). Being only one person, it can be hard to manage all of these positions, and KT's resources can be characterized as somewhat limited; however, KT is good at creating value through its skills and insight.

KT has made it into the Norwegian market by focusing most of its marketing resources on creative in-store solutions, strong mass-media campaigns, untraditional use of digital media, and sporty feminine sponsorships. Outside Scandinavia, distributors have mainly been in charge of the marketing. With the success KT has had with its marketing in Norway, the team can conclude that it has the capability to succeed in several markets.

Embodiment

Being present in 11 countries, it is clear that KT has internal support and involvement for the internationalization process. After revising KT's attitudes and competence, the embodiment with regards to export activity, may be termed as fairly solid.

Analysis of Competitive Advantages

The team will use the VRIO model, which is a good tool in order to analyze if a resource is a competitive advantage. VRIO stands for Value, Rarity, Inimitability, and Organization.

Value

A resource has to create some value to the customer if it is going to be a sustainable source for competitive advantage. One of the valuable resources KT has is the person behind the brand, the unique history, and sporty lifestyle the brand represents. KT's products are well established in Norwegian women's minds when it comes to base layers. Since the person behind the brand has such a strong personality, a lot of Norwegian females want to identify themselves with both Kari Traa and her brand. Kari Traa is engaged in her work, which contributes to quality and popular products. This engagement may be difficult for competitors to copy, if it is not already well established in the company. KT is, in other words, able to very much exploit this opportunity. According to Mr. Catliff, "Norway as a concept will not sell this product; however, the girl might".

Rarity

A company has a rarity advantage if the resources are in the hands of relative few. A rarity the team considers to be one of KT's main competitive advantages is that the products are designed exclusively to fit women. Most sports apparel brands sell to both the male and female segments, and it is normal to use the men's design and styles, and then downsize the clothes to fit women. By focusing on the female audience exclusively, KT has managed to create a unique position in Scandinavia. The company has also received feedback from distributors in other countries, which ensures that the products target the audience well.

KT uses a special treatment in its technical base layers to prevent bacteria and bad odour from lingering. This technology is rare, and is a competitive advantage that may be hard to copy. After a store check in Whistler Village, the team found that a lot of the other labels use the same fabrics as KT: merino wool, polyamide and elastane. The merino wool is softer than any other wool type, and the polyamide and elastane are excellent at wicking. This shows that the use of these fabrics is not a rarity for KT, however the special treatment and knitting used, helps KT's products differentiate

themselves from the competitors.

Inimitability

Another question that needs to be considered is whether or not the resource is easy to imitate, and if this results in a significant cost disadvantage to the company who tries to obtain, develop or duplicate it. KT's design is probably the easiest for competitors to copy. An excellent example of this is the dispute between KT and another Norwegian apparel label, Moods of Norway, where KT claims that Moods of Norway has copied its wool base layers' design (see appendix 5) (Nationen, 2011).

Organization

The team believes KT has a good organizational structure, and is able to exploit its resources.

To conclude, the team believes that the main competitive advantage for KT is the position it is able to create among the female population as a "brand exclusively for women". Being solely a women's brand, the customers can be sure that the products are designed with women in mind. Other important competitive advantages are: the person behind the brand, the unique history, and the sporty lifestyle the brand represents.

EXTERNAL SCAN

The following will give a presentation of the external factors that exist in Canada, which KT needs to be aware of.

Surroundings and Critical Factors

To provide insight into the surroundings and the critical factors that may affect KT's business in Canada, the team has used the PESTEL model as a framework. PESTEL stands for Political, Economical, Socio-cultural, Technological, Environmental and Legal.

Political Factors

Canada is a democratic country and its legal system is based on British common law;

except for the province of Quebec, where the legal system is based on French law. Canada consists of ten provinces and three territories, and is by size the world's second largest country (CIA - The World Factbook, 2011). The prime minister of Canada is Stephen Harper, a conservative, who was elected on February 6, 2006 (Prime Minister of Canada, 2011). Canada has clear and comprehensive legislation in place regarding corruption. Corruption levels in Canada are minimal, and in the 2010 corruption perception index, Canada was ranked 6th out of 178 countries (Transparency International, 2010). Canada also came in 7th out of 183 countries in the World Bank's Ease of Doing Business 2010 report. The report claims that companies operating in Canada experience little hassle with regulation, and that investor's rights are well protected (Euromonitor, Business Environment: Canada, 2010).

Taxes

Canada has moderate taxes, with the nations overall tax revenue representing 32% of the GDP (Heritage Foundation, 2011). The following will give a short overview of some of the taxes and tariffs duties in Canada. The sales tax, personal income tax and corporate tax are all a combination of federal and provincial taxes.

Sales Tax: The sales tax on goods and services in Canada, is an important factor for the retailing industry, and varies from province to province. The sales tax consists of the Goods and Services Tax (GST), which is imposed by the federal government, and the Provincial Sales Tax, which is levied by the provinces. Since 2008 these taxes have been combined into the Harmonized Sales Tax (HST), except in Alberta, which only has 5% GST. The tax is added to the retail price, but the prices that are shown to the customer exclude tax. The tax is then paid to the company upon purchase, who then passes the tax on to the federal and provincial government. Depending on the province, the tax ranges from 5% to 15% (for province GST/HST, see appendix 6) (Canada Revenue Agency, 2011).

Personal Income Tax: The personal income tax is charged progressively according to income, where high-income residents pay a higher tax, and lower-income residents pay a lower tax. Federally this tax ranges between 15% and 29% depending on a person's income. In addition to this, provincial income tax ranges from 4% to 21% depending on a person's income and the province they live in (Canada Revenue

Agency, 2011).

Corporate Tax: The corporate tax in Canada is 16.5%, the lowest in the G7 countries. In 2012 it will fall to 15% (InvestinCanada, 2011). When a company wants to establish itself in Canada, it must choose to incorporate the company federally or provincially. Incorporating federally means a company can establish itself anywhere in the nation, while still being a subject to the various provincial taxes.

NAFTA and Tariff Duties

Canada is a member of NAFTA (North American Free Trade Agreement), a free trade agreement between Canada, United States, and Mexico, which entered into force January 1, 1994. NAFTA created the world's largest free trade area, which now links 444 million people. The characteristics of the agreement consist of the removal of most barriers to trade and investment among the three countries, allowing goods and services to be bought and sold with less regulation. The agreement has contributed to significant increases in trade and foreign direct investment in North America, between the three member countries (International, 2011). For KT this can have both positive and negative effects. First, since the barriers to trade and invest among the member countries are eliminated, Canadian distributors/suppliers may prefer to do business with organizations within the free trade area. On the other hand, the established infrastructure and relationship of NAFTA can help KT expand more easily in North America.

As the trade barriers in North America were removed, nations around the world still had relatively high taxes and low quotas when exporting. As these barriers have decreased over the last decades, nations such as China and India have taken over more of the import market share (Statistics Canada, 2011).

Since Canada and China have not signed a preferential tariff agreement, the relationship is covered under the Most Favoured Nation's clause (MFN). This gives all nations under this clause the ability to compete at an equal level in the international market; where the most effective supplier can export with regulations, such as a set of low tariffs or high quotas. The clause promotes free trade and non-discrimination on the international stage; however, there is no difference between the nations with a MFN status in relation to an importing country. This means KT's products have an

18% tariff on imports to Canada from China. The value is taxed on the seller's price. When calculating this, it needs to be adjusted if other values, such as for example freight, are included in the price. If that is the case, the freight will have to be subtracted to calculate the tariff (Canada Border Services Agency, 2011).

In the case of KT re-exporting its products from Canada to the US, the difference of the tariff will have to be covered. The tariff on textiles and apparel to the US from China is 33%, and it is possible to recover the 18% from the Canadian government. It is most common to accept this as an extra cost, since the process can be very time-consuming (Personal communication with Mr. Catliff, 2011).

Economical Factors

According to the CIA World Factbook (2011), Canada emerged relatively unscathed from the financial crisis. Canada handled the recession in 2009 with a short downturn, which has returned to growth in 2010. The real growth rate of GDP rose from -2.5% to 3% during this period. At the same time, the unemployment rate sank to its current level of 7.8% (Statistics Canada, 2011). This rate is highest in the 18-24 year old demographic. As KT's target audience is 18-30 year olds, this may impact the size and purchasing power of its target audience.

Canada's economy is similar to that of the US' market-oriented economic system, and has shown itself to be resistant to economic shocks. This is partly due to its conservative lending practices and strong capitalization (EconomyWatch, 2011).

Distribution of family income (GINI index) shows the inequality of family income in a country. In this index, 0 equals no income disparity, e.g. everybody has the same income, whereas a score of 1 is the opposite. Canada scores 0.32 compared to the US' 0.45, and Norway's 0.25 (CIA - The World Factbook, 2005). This can be used to estimate the purchasing power, and the size of the market along with Purchasing Power Parity (PPP) of the GDP. The PPP was \$1.335 trillion in 2010, ranking Canada 15th in the world. This number is used to look at per-capita welfare, and comparisons of living conditions. The per capita disposable income reached \$27,500 in 2009 in Canada (Euromonitor, Consumer Lifestyles in Canada, 2009).

The situation is expected to get steadily better in 2011, with both private consumption

and business investments increasing, leading towards a healthy, economic growth-rate. The numbers above, show that the Canadian market contains a considerable number of households with a strong purchasing power. Due to this, the economic stability and financial growth of Canada, the Canadian market is an attractive option for expansion.

Socio-cultural Factors

The population of Canada is 34 million, with most people settled along the American border. Almost 80% of the population live in urban areas. Out of the 34 million people, 68.7% are within the ages 15-64 years, which encompass most of the potential buyers for KT. The population growth rate in Canada was 0.804% in 2010; half of this growth is due to immigration. Like most western nations, it is experiencing an increase in the median age, as the baby-boomers get older. This demographic encompasses almost 45% of the population and 75% of the wealth. Having greater purchasing power and being more willing to spend money, it is an interesting segment for KT (CIA - The World Factbook, 2011).

In such a vast country, regional differences are inevitable. Canada boasts an immensely diverse population that includes people primarily of English, French and Scottish descent. That stated, Canada also has a number of Germans, Italians, Chinese and indigenous communities spread throughout the country, with Asian immigrants dominating the immigration statistics.

Each province has its own unique culture, religious demographic, and sense of identity. The French-speaking province Quebec, for instance, forms a distinct cultural region within Canada. Quebec has a very different value system. French-speaking Canadians are considered to be slightly more reserved than English-speaking Canadians. Consequently, when doing business in Canada, KT must bear in mind that the customs of business people may reflect their ethnic and regional background, which can differ significantly. Though there are some cultural differences, the main difference between the east and west of Canada is the language. Mastering French is a must when doing business in French-speaking Canada, as this is the primary language, where English is not as common.

There has been a decrease from previous years in the number of Canadians that actively participate in organized sports, and the number is now 28 % of the population. This does not indicate that Canadians do not exercise; in fact, many maintain fitness via other means of exercise, including skiing and snowboarding (Euromonitor, Consumer Lifestyles in Canada, 2009). The Canadian Ski Council report “2009-2010 Canadian Skier and Snowboarder - Facts and Stats”, says that 4.17 million Canadians aged 12 or older, participated in skiing, snowboarding, or both in 2009.

The increased focus on a healthy and active lifestyles in recent years, has contributed to a shift in the consumer preferences when shopping. Consumers are shopping more at specialty and chain stores, and this has given brands such as Lululemon great success over the past years (for more information about Lululemon, see appendix 7). Youth fashion trends of athletic apparel have given rise to the importance of sporting goods stores in the retail industry (Dalaker et al., 2006).

As most Canadian households own sporting equipment and gear, including sport-specific apparel and footwear, there is a market in the mainstream population that KT can enter. According to StatCan, Canadian females spend on average 0.4 hours a day on sport activities, which is a clear indication that Canadian females have active lifestyles (Statistics Canada, 2005).

Technological Factors

For KT’s target audience “generation Y”, the use of technology such as computers, smart phones, and Wi-Fi hotspots, is much higher than in older age groups. According to Euromonitor’s report on Consumer Lifestyles in Canada (2009), the average Canadian spends 17 hours online each week. Social media such as Facebook and Twitter have also become an intricate part of Canadians’ lives, further increasing connectivity to the online world.

E-commerce has increased greatly during the last years, and has had a double digit-growth (percentage-wise) over several years (Euromonitor, Retailing - Canada, 2010). Considering the popularity of e-commerce in Canada, it comes as no surprise that a number of Canadians use these sources as a supplement to retail shopping. Results from a yearlong survey of 26,500 Internet users, showed that 43% of the respondents

did online research before shopping, and 64% of those went on to complete an in-store purchase afterwards. This is relevant information for KT as it illustrates the importance of a well designed website where possible customers can browse the products (Euromonitor, Consumer Lifestyles in Canada, 2009).

Environmental Factors

The weather and climate in Canada vary a lot from region to region, and also within the different provinces. This affects the length of the ski-season, which is important, as 70% of KT's income comes from its winter collections. The ski season in Canada is approximately from November to April, although BC and Alberta generally have a longer ski season. Whistler/Blackcomb in BC offers the longest ski-season in Canada, lasting from November to July (Canada Entertainment, 2011). Since base layers are primarily a seasonal product, this is important to take into consideration.

The temperatures within the country are varied. Where the main population lives (i.e. the south-west and south-east), the average temperatures during winter range from -10 to +10 (Atlas, 2007). For more information about Canadian climate, see appendix 8.

The Environmental Performance Index 2010 from Yale University, places Canada 46th out of 163 countries. This is low, and contradictory to how Canadians in general, claim they act with regards to the environment (Personal communication with Mr. Catliff, 2011). In spite of this, consumers are likely to be aware of the environmental image of companies. For KT, this can mean that having a green profile, can strengthen its standing in the market.

Legal Factors

When importing consumer products to Canada, there are several regulations and requirements KT has to be aware of. The acts that will be emphasized in this section are; the Consumer Packaging and Labelling Act and the Textile Labelling Act. When entering Canada, KT also has to be aware of the bilingual requirements. In addition, the team has provided information regarding trademark registration in Canada.

Consumer Packaging and Labelling Act: This Act is related to the packaging, labelling, sale, importation, and advertising of pre-packaged products. The definition of a pre-packaged product is any product that is packaged to be sold to, used, or

purchased by a consumer without the need for re-packaging. It requires that pre-packaged consumer products carry precise and meaningful labelling information to help consumers make informed purchasing decisions. The government of Canada defines a label as “any mark, sign, device, imprint, stamp, ticket or tag”. The Act outlines three specifications for mandatory label information; product’s name, net quantity, and dealer identity (Competition Bureau, 2011).

Textile Labelling Act: This Act covers a lot of the same functions as the Consumer Packaging and Labelling Act. As with the Act above, it requires that textiles carry precise and meaningful labelling information to help consumers make informed purchasing decisions. The Act outlines specifications for mandatory label information, such as the generic name of each fibre present and the dealer’s full name and postal address, or a CA identification number. The Act allows designated inspectors to: enter any place at a reasonable time, examine textile fibre products, open packages, examine and make copies of documents or papers, and seize products, labelling, packaging or advertising material which do not conform with the Act and Regulations (Competition Bureau, 2011).

The Textile Labelling Act states that a product must contain less than 5% other materials in order to be allowed to use the words “all” or “pure”. This can be relevant for KT, as some of its products are 100% merino wool (Competition Bureau, 2011).

Bilingual Requirements: The Consumer Packaging and Labelling Act state that “all” mandatory label information must be shown in English and French. The exception is the dealer’s name and address which can appear in either language. Dealers are encouraged to include information in English and French even when it is not a requirement. Within the province of Quebec, there are additional requirements concerning the use of the French language on all products marketed within the jurisdiction (Competition Bureau, 2011).

Apparel and Textile Care Symbols: The Canadian General Standards Board (CGSB) provides the standards regarding industry symbols. There are five basic symbols, which represent care treatments for washing, bleaching, drying, ironing and professional cleaning. The symbols are in black and white. For more information regarding the symbols, see appendix 9 (Industry Canada, 2011).

Trademark Registration: A trademark is a sign that is capable of distinguishing the goods or services of one company from those of other companies (Wipo, 2011). Registration is proof of ownership; and therefore, a key way of protecting a trademark from misuse and imitation. The risk of using an unregistered trademark is the possibility of time-consuming and expensive legal proceedings in the case of a dispute, as well as the lack of national, exclusive protection of your trademark (CorporationCentre, 2011).

To protect a trademark on an international level, there are two options. Either the company can file a trademark application with the trademark office in each country, in which it is seeking protection, or the company can use the Madrid system. The Madrid system is an international trademark registration; however, since Canada is the only major industrialized country, which is not part of the Madrid system, this is not an option for KT (Wipo, 2011).

In Canada, registration of a trademark consists of having the trademark entered in the Trademarks Register. The entire process takes around ten to twelve months. For more information about the steps of the process, see appendix 10 (CorporationCentre 2011).

Analysis of the Industry's Attractiveness

In order to analyze the industry's attractiveness, the team has used Porter's Five Forces model. The model evaluates the rivalry among existing competitors, the threat of substitute products, the bargaining power of suppliers, the threat of new entrants, and the bargaining power of buyers. In addition to these, the team has included an extra force, called "bargaining power of consumers".

Rivalry Among Existing Competitors: After the store check in Whistler Village, it was discovered that there are a lot of competitors selling both technical and wool base layers. According to store managers in Whistler Village, with whom the team has been in contact, the biggest competitors for KT are Icebreaker for wool base layers, and Helly Hansen for technical base layers. According to one of the store managers, the customers prefer technical base layers rather than wool, but if buying wool, they prefer merino wool. With the relatively high number of brands selling base layers, the

team assumes the rivalry among existing competitors to be high.

The Threat of Substitute Products: Substitute products to base layers are mainly cotton t-shirts and tights. These products are easy to get hold of as they are sold in every clothing store all over Canada. The cost is approximately \$15. Canadians are generally less concerned about what they wear when they go skiing, compared to Norwegians, meaning that they do not necessarily use base layers when doing outdoor activities (Personal communication with Catliff, 2011). There may be several reasons for this. One reason may be that Norwegians often end up at an après ski, and therefore like to look decent. In comparison the après ski culture in Canada, and North America in general, is not as common. Another reason, may be that Canadians are not aware of the fact that base layers will keep them warmer than substitute products. Substitute products for base layers can be fleece and other light weighted sweaters that are warmer than cotton t-shirts. Any brand selling sport clothes offer these products, meaning there are a lot to choose from. With this, the threat of substitute products could be seen as high.

Bargaining Power of Suppliers: KT gets its merino wool for the wool base layers from New Zealand. The price of the raw wool affects KT's production costs; however, this cost can be seen as constant, unless an epidemic breaks out within the sheep herds, which would likely push the wool prices up. This increase in price may affect the whole value chain. Technical fabrics are sourced from China and Taiwan. KT controls all the links in the value chain, and the team therefore regards the power of suppliers as low.

The Threat of New Entrants: Canada is one of the world's largest exporters and importers, despite that the costs of importing (US \$1,660 per container) and exporting (US \$1,610 per container) are some of the highest within the OECD countries. The foreign trade procedures are viewed as simple and time-efficient, therefore the team considers the threat of new entrants to be high (Euromonitor, Business Environment: Canada, 2010).

Bargaining Power of Consumers: What decides the degree of the consumers bargaining power are the number of consumers, competitors, and to what extent the consumers know about existing competitors. If a company has a lot of competitors

that offer the same sorts of products and the consumers are well aware of these, then they will have a high degree of power, since the cost of switching is considered low. There are a lot of competitors in the Canadian market, and since Canadians are less concerned with what they wear, they have a high level of bargaining power.

Bargaining Power of Buyers: Relatively few, large companies dominate the Canadian retail sector. With fewer buyers, the power increases, as they tend to buy large quantities giving them the opportunity to push the prices down. A trend in the retail industry is that the suppliers get more dependent on one single retailer (Dalaker et al., 2006). The major nationwide sporting goods retailers in Canada are: Atmosphere and Sport Chek under the Forzani Group Ltd. and Mountain Equipment Co-op. Other possible buyers of KT's products are the nationwide department stores, such as the Bay.

Forzani Group Ltd. (Forzani)

Forzani was founded in 1974, and is Canada's largest sporting goods retailer, with 20% of the market share (according to Mr. Catliff this percentage is likely to be higher). Forzani, as a company, owns 330 stores, which include Athletes World, Atmosphere (former Coast Mountain Sports), Sport Chek, S3, Sport Mart, and National Sports. It also operates with 230 franchise stores, such as some of the Atmosphere stores, Econosports, Hockey Experts, Intersport, and Experts. Forzani has invented a boutique concept in its stores, meaning that products are presented and organized in mini-shops within the stores. This idea was tested out in the Sport Chek stores, and was a success as the participating stores doubled their sales because of better product placement. Because of this success, Forzani planned to expand this idea to other Sport Chek stores in 2010. In 2011, the company is planning to introduce the apparel concept to the rest of the chain. This concept may serve KT if its products end up being sold at one of Forzani's stores. (LexisNexis, 2011).

If KT's products were to be sold through Forzani, the team believes Atmosphere is the most suitable store. After talking to store managers in the Atmosphere flagship store Downtown, Vancouver, the team was informed that Forzani is responsible for the purchase quantity, and what products it wants to sell in all of its stores. This means that the stores do not have a say. This is calculated based on sales and demand, with each store starting out with a core program. New brands usually go through a test

season in Forzani's biggest stores, to see if they are profitable enough.

Mountain Equipment Co-op (MEC)

MEC saw the light of day in 1970. It was established by four mountain climbing students at the University of British Columbia, who were tired of buying their climbing gear in Seattle. They decided to open a store in Vancouver selling quality, backcountry goods at a reasonable price. As of 2011, MEC has 14 stores (Barrie, Burlington, Calgary, Edmonton, Halifax, Longueuil, Montreal, North Vancouver, Ottawa, Quebec City, Toronto, Vancouver, Victoria, and Winnipeg), 3.3 million members and annual sales of more than \$260 million. As the store's name implies, this is a co-op, and a lifelong membership costs \$5. Since MEC is a co-op, it has to keep its margins higher on its own products than for other brands, in order to be able to keep the prices down. If not, the other brands would be priced too high in relation to the MEC brand. The margins MEC operates with tend to be lower than other retailers use (MEC, 2011). Most of the products sold at MEC are from its own brand.

The Co-op now faces the same challenges as most Canadian retailers do, and sees the need for change. There are demographic changes, which are transforming the country into being less Caucasian and far more urban. For sport equipment retailers, these shifts may mean less interest in outdoor sports. Canada has become more urban and the younger generations are less active than their parents. Another demographic challenge is the aging of the baby boomers, who are their most dedicated customers.

As with many other brands, MEC has always designed its products with males in mind, putting less emphasis on style, and more on utility. However, the Co-op is now taking a new approach, where it realizes that in order to reach the female audience "the stuff needs to work- and look good." MEC also has a reputation for selling only hard goods, but now wants to change this image (The Globe and Mail, 2011). The fact that MEC is taking a new approach to reach the female population, and that it wants to change the image from being a hard goods retailer, may be something KT can benefit from.

Department Stores

Department stores are very popular in Canada, with the Bay being the oldest. The team has been in contact with the Bay, to see if it is a suitable place for KT to sell its

products. The store carries a variety of fashion items, accessories and home goods, usually in the mid- to upper mid- price range. For the time being, The Bay does not have a sports department, but is looking towards getting active brands. These brands will be similar to active leisure brands such as Lululemon. The Bay does not carry seasonal based products, given the situation right now, this is not an option for KT.

In summation, when analyzing the industry's attractiveness, the Canadian market is perceived to be relatively difficult to enter.

Canadian Business Culture

The team has used Hofstede's cultural dimensions to put the cultural differences between KT's home market, Norway, and Canada in to perspective. These dimensions are power distance, individualism, masculinity, and uncertainty avoidance. The information is gathered from Hofstede's homepage (Cultural Dimensions, 2009). Hofstede conducted a comprehensive study between 1967 and 1973, and later did subsequent studies validating the earlier results. Although the study is quite old, the team still feels the results are valid and relevant. Finally, the team has taken its own experiences from Canada, and has summarized this information.

Norway and Canada's level of power distance is quite similar. Norway scores 30 out of 100 points, while Canada scores 39. Compared to the world average of 55, this is fairly low. This indicates that both countries are concerned about greater equality between societal levels. It is claimed that this orientation reinforces a cooperative interaction across power levels and creates a more stable cultural environment.

The level of individualism is also fairly similar in the two countries. Norway has a level of 68, while Canada has 80. High score on this dimension is indicative of countries where people have more individualistic attitudes, and the ties between people are loose. In both Norway and Canada, success is measured by personal achievement. This becomes relevant in business when business associates care less about whom they are part of, and more about their own well being.

The dimension that differs the most between the two countries is masculinity. Canada scores higher than Norway, with 50 versus 6 points. Canada's score is the same as the

world average. This dimension tells us how caring, nurturing, mild, and competitive a society is. Even though Canada has a higher score than Norway, the difference between the two is not of such size that it will present a major problem. However, for a feminine country like Norway, it is important to be aware of this difference. In business, the fact that Canada is a more masculine society than Norway can be seen in Canadians willingness to work overtime, competitive working environment and a “live to work” mentality.

The level of uncertainty avoidance is the same in Norway and Canada, with around 50 out of 100 points. This means that both countries are under the world average of 64. A low ranking in this dimension indicates that the two countries have a greater level of tolerance for a variety of ideas, thoughts, and beliefs. In business, this means that they both are open towards change and have a higher acceptance of risk.

The Team’s Own Experiences

From the time spent in Canada, and the process of writing this report, the team has gained some personal experience with Canadian business culture.

First, the team finds the business attitude in Canada to be somewhat different from Norway. Canadians are open to working on weekends, and have a more open-minded attitude to over-time work. The team experienced that when contacting people, they are likely to respond to emails on weekends. Most of the stores in Canada are also open on Sundays. This confirms the masculinity difference between the two countries, and when KT enters the Canadian market it should be aware of this.

Further, it is important to be aware of the time differences that exist domestically in Canada. There is, for example, a three-hour time difference between Ontario and BC, and when scheduling meetings and phone conferences this should be kept in mind. When it comes to the time difference between Norway and Canada, it differs from 4.5 hours (east) to 9 hours (west), behind Norwegian time (Norway - the official site in Canada, 2011).

In general, the team finds Canadians to be good at taking initiative. They also willingly share their networks; and this is important, as being introduced by persons in the industry makes it easier to get in contact with the right people. Being located in

BC the team has experienced that Canadians tend to be late for meetings, but this differs within Canada, and it is said that people in Ontario, for example, are more punctual.

THE CANADIAN MARKET

The following will provide insight into the Canadian market in terms of retailing trends, and the snowsport market. In addition, the results from the team's survey will be presented, and KT's direct competitors will be mentioned. Based on this, the team will make an estimation of the market size for KT in Canada.

Retailing Trends

The retailing market is heavily affected by tourism spending. From 2005 to 2010, there has been an increase in the amount spent by tourists (Euromonitor, Canada: Country Profile, 2011). A sizable portion of consumer spending takes place in retail stores. The retail sector is a major contributor to the Canadian economy, specifically in the apparel, footwear, and accessories industry. Further more, consumers spent almost twice as much on women's apparel as they did on men's apparel (Euromonitor, Retailing - Canada 2010).

Students in Canada represent a large group, and are very active in the travel and tourism market. In Canada, popular destinations include domestic resorts and national parks where students can ski or camp. People in their 20s represent roughly 20% of the Canadian population. Overall, this generation is more concerned with how they look, and the extra value the product brings, referring to trends and appearance (Euromonitor, Consumer Lifestyles in Canada, 2009).

According to NPD Group - Canada, which is the leading provider of reliable and comprehensive consumer and retail information, the biggest spenders are women aged 45-54, followed by women aged 35-44 (Euromonitor, Retailing - Canada 2010). Canadians under the age of 25, who are often thought to be the focus of much of today's marketing, seem to be the least active shoppers. This shows that younger Canadians, who are KT's target audience, do not spend as much on apparel as the older female generations.

Canadian apparel and footwear retailing, has a well-established network of stores and locations throughout Canada. A popular place to shop are malls, due to the conveniences of parking, accessibility and variety. The social aspect of shopping in a mall is also important for Canadian consumers, as they can meet up and spend time with friends. This aspect is claimed to trigger word of mouth. This claim is particularly true for younger consumers, who are at the age where they build brand awareness, and a fashion sense (Consumer Lifestyles in Canada, 2009).

Chain stores and independent specialty stores account for the largest share of shopping activity. The popularity of sporting apparel among consumers is driven by a healthier and more active consumer lifestyle. This has resulted in an increase in the general sporting clothes industry (Euromonitor, Consumer Lifestyles in Canada 2009).

The Snowsport Market

Based on the Canadian Ski Council report “2009-2010 Canadian Skier and Snowboarder - Facts and Stats”, issued in September 2010, the team has been able to take a deeper look into the Canadian snowsport market. The report states that in 2009, the participation rate in snowsports was 14.3%, representing 4,170,000 people (Facts and Stats Report, 2010). These participants are divided between three types of activities: downhill skiing, snowboarding, and cross country skiing, with downhill skiing remaining the most popular.

In total, there are 286 ski resorts in Canada. Quebec has the largest number of ski resorts and visits, while BC follows closely behind. For all of Canada, the annual skier visits for the 09/10 season were 18,278,000. This is a 5% decrease from the previous five-year average for national visits, and can be linked to this recession, which started in late fall 2008/early winter 2009, had a significant impact on the ski industry (Facts and Stats, 2010).

Canada’s resorts are also very popular internationally. BC has the largest percentage of international visitors, with 30% of ski visitors being foreign (Facts and Stats, 2010). This reflects that there is a continuous flow of international visitors, which again represent three different types of visitors: local residents, day visitors, or overnight visitors. BC has the highest percentage of overnight visitors, which are the most

valuable visitors, considering the fact that overnight visitors tend to spend more. The trend also shows that the percentage of local residents is increasing.

When it comes to the profile of skiers and boarders in comparison to the rest of the Canadian population, the report shows some differences in demographic characteristics. Regarding gender differences, males tend to be more active in snowsports, representing 68% of the segment. Further, 59% of skiers and boarders live in households with higher incomes (\$75,000 plus), and skiers and boarders have a higher degree of education. In addition, there is a high price level at ski resorts in Canada. In general, customers can expect to spend a great amount of money when visiting ski resorts. As an example, at Whistler/Blackcomb the ticket window price for a 1-Day lift ticket is \$95, excluding tax (current to March 12), and the prices for accommodations are also in a higher range (WhistlerBlackcomb, 2011). The fact that high prices for skiing do not seem to limit the number of skiers, may serve as an indicator that they might be willing to spend money on premium priced brands, such as KT.

Based on all of the respondents in the report, over 69% are alpine skiers, and 29% are snowboarders. Out of the total number of skiers, 42% are females, and the percentage of female snowboarders is 33%. When it comes to cross country, females comprise the majority of the market, and the trend shows an increase from 55% in 2005 to 62% in 2009 (Facts and Stats report, 2010).

Another significant trend in the Canadian snowsport market is the increase in helmet usage. The National Consumer and Demographic Survey, conducted by the Canadian Ski Council, shows that the overall helmet usage, has increased from 67% in 2006, to 71% in 2010, with remarkable growth in all age groups. By province, helmet usage is lowest in BC, with only 66%, compared to 95% in New Brunswick (Fact and Stats report, 2010). This leaves great potential for further growth in BC.

The increase in helmet usage may impact the sales of toques negatively. It is fair to assume that people using helmets might not see the same need for toques compared to non-users. However, the impact that this will have on KT's sale of toques is hard to estimate. It can also be claimed that Canadians buy toques regardless of the helmet increase, as this by many is used on an everyday basis. Helmets are not one of the

product lines KT is planning on introducing to the Canadian market, but with the trend of helmet usage, this might be worth considering. This may especially be the case since KT has been receiving awards for its helmets in Norway.

Results from Survey

The data collected consists of 160 samples gathered from the ski resort Whistler/Blackcomb, Simon Fraser University students and Vancouver residents. Since the samples have only been gathered in BC, mainly in Vancouver, the results are not valid for Canada as a whole. Despite this limitation, the results from the survey can give KT a good indication of the Canadian consumers preferences and shopping patterns.

Out of the 160 respondents, 70% are in the age group 20-24. Further more, 12% of respondents are in the age group 25-29, 8% are under 19 years, and 9% are over 30 years old. The majority of the respondents do not live with their parents (71%). Whether or not this will affect the purchase power is hard to know, but it can be assumed that those living at home with their parents will have a higher disposable income, because they will not have as many expenditures.

While collecting surveys in Whistler, the team got the impression that the use of base layers in Canada is not as common as it is in Norway. The results from the survey confirm this, with 25% of the respondents answering that they do not use base layers. However, out of the people who answered that they use base layers, 70% prefer technical base layers to merino wool base layers. This is probably connected with the interesting fact that 49% of the respondents had never heard of merino wool. The frequency of base layer purchase does not differentiate that much between the different alternatives, but there is a slightly higher tendency for people to purchase new base layers every year. This is a positive result for KT, since it produces seasonal products, and introduces new designs annually. The results from how much people spend on outdoor apparel were more varied, with the majority (29%) spending \$201-500. Only 5% answered that they do not buy outdoor apparel.

Regarding the purpose that people use base layers for, snowboarding is ranked as number one, closely followed by people using it for skiing, camping, and hiking.

Results from the survey confirm that people do not tend to use base layers for the purpose of being stylish at an après ski.

According to the survey, quality, and a good fit, seem to be the most important aspects for the respondents when choosing base layers. Regarding the price level, the team included a question to see what the respondents evaluate as features they are willing to pay extra for. Also here, quality was given the highest priority, followed by having a good fit. In addition, nice colours/patterns were also a feature which respondents were willing to pay extra for. This indicates that KT's products, which include all of these three features, might do well in the Canadian market. It turns out that the most preferable places to buy outdoor sports apparel are at sports apparel chains and brand stores. In addition, the survey shows that when the respondents look for base layers, in general they are very open to trying a new brand.

In the survey it becomes clear that Norway, as a country, is not something KT will benefit from emphasizing when entering the Canadian market. 60% of the respondents were neutral to Norway as a country of origin. According to Mr. Catliff European fashion has a good reputation, and might be something KT could use in its marketing. See evidence A for questionnaire, and B for results.

Competitors

Based on an interview with store managers at one of Forzani's flagship stores (Sport Chek/Atmosphere), the store check done in Whistler Village, and the team's own experiences, the following are perceived to be KT's direct competitors in Canada:

- Icebreaker
- Helly Hansen
- SmartWool
- Under Armour
- The North Face
- Hot Chillys
- Arc'teryx
- Mountain Hardware

For more information about the competitors and their pricing, see appendix 11.

When viewing competition in a broader perspective, all companies selling cotton sweaters in Canada are possible competitors for KT. However, the team has limited the focus to competitors of the brands mentioned above since these are the direct competitors in terms of base layers.

Perceptual Map

To give an impression of the size for the competing brands in Canada, the team has, in collaboration with store managers, created a perceptual map. A perceptual map is a tool that can help a company to identify a positioning strategy (LearnMarketing, 2011). The dimensions used are high price vs. low price, and less fashionable vs. more fashionable. The size of the dots indicates the estimated sizes of competitors.

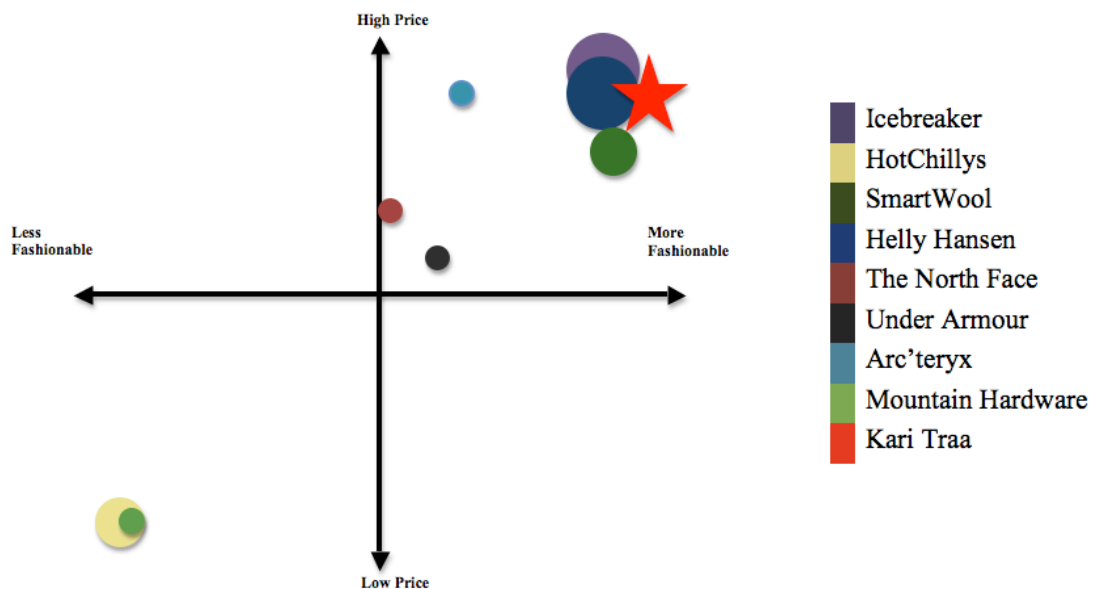


Figure: Perceptual Map

Estimation of Market Size

Based on the information from Euromonitor, the “Facts and Stats” report from the Canadian Ski Council, and the results from the survey, the team assumes the market size for KT’s products to be relatively large. The reports also indicate that the market for female apparel is attractive. This is based on the increasing popularity of sporting apparel among consumers, the active culture in Canada, and the number of active females in the snowsport market. The market is also already validated with regards to sports apparel and base layers, as proven by the numerous competitors in the market.

There is no easy way to estimate the total market size for KT in Canada. In order to try to give an indication, the team has focused on numbers from the “Facts and Stats” report, and results from the survey. Using numbers from the three different snowsports covered in the “Facts and Stats” report, and based on the percentage of the female share, the team calculated the total number of females doing snowsports between the ages 18-64 in Canada. Then, based on the results from the survey, it was possible to eliminate several portions of the market-size. This includes the numbers of people not using base layers, people who look for familiar brands, and the people looking for the cheapest alternative (which excludes KT). Finally, since the average of purchase frequency is purchase every second year, the team can half the number. This gives a number of 266,250 possible female buyers in Canada per year. For calculations of market size estimation, see appendix 12.

Applying more factors can further narrow down the possible market in Canada. Exposure of KT to the customers is important, both in brand exposure through marketing, and access to KT’s products. The availability of KT’s products will depend on where, and how many retail stores KT will available in. Another factor the table does not take into consideration is the willingness to try products from KT. Psychographic variables, such as a negative attitude towards colourful apparel or brand loyalty, could also be present in the female market.

Another way to estimate the possible market size can be to look at each province in Canada separately, and compare the provinces to a similar and already familiar market.

As an example, BC can be compared to Sweden based on geographical and climate similarities. By using this country as an example, it is possible to get more insight on the future market size for KT in BC. Sweden has many ski resorts, a climate that brings cold winters with snow, and it has a somewhat similar area size. Sweden can also be compared on the basis that its population is twice that of BC, and can therefore be halved to serve as an indicator on the market size. Sweden’s population is 9,088,728 (CIA - The World Fact Book, July 2011 est.), and BC’s population is 4,455,200 (Statistics Canada, 2011). Sweden and BC also have similarities in their population dispersal. In the Swedish population, 85% lives in urban centres. BC being the most urbanized province in Canada also has its majority of the population living in

urban centres (Metro Vancouver and Kelowna). There are less people living up north in the subarctic, and the urban centres represent the largest clusters. In addition, Kari Traa was not particularly famous when entering Sweden, as will be the case in BC. This country/province comparison shows that the market size of Sweden has similarities with BC. Since KT has had great success in Sweden, it can be assumed that BC would be a suitable market for KT's products.

SITUATION SUMMARY

After performing an internal and external scan it is possible to identify strengths, weaknesses, opportunities and threats in a SWOT analysis. The results of this analysis can be a good starting point for strategy development.

Strengths

Financial resources: KT has capital to fund its introduction into the Canadian market, if the business plan and determination are solid. This makes KT less vulnerable for eventual setbacks.

International experience: KT has entered several markets over the years, which has given it experience in forming deals and agreements with distributors from different cultures.

Brand for females: The unique position KT is able to create as a "brand exclusively for women," is a strength it can use to separate itself from other brands.

Good story behind the brand: KT has an interesting story behind the brand, which can be used to promote the brand when entering a market where it is unknown. Kari Traa, the Olympic skier who turned into a successful designer, is a story that can be promoted together with the brand-image of the active, fun-loving girl.

Marketing: Among the experiences gathered by KT, was a good marketing strategy. The company has won awards in Norway for its creativity and success, and this can be exploited when expanding into similar markets.

Product line quality: KT has an extensive high quality product line. Quality is an important strength because it attracts customers to KT's products.

Weaknesses

Unknown brand in Canada: It can be hard to transfer the brand image from Europe to Canada, and this can be seen as a weakness, since KT will need to build up a brand image from scratch.

Pronunciation of brand name: The brand name "Kari Traa" is fairly hard to pronounce for English-speaking people. This is a weakness, since it may be harder to establish a top-of-mind position among Canadian consumers.

Personnel: As of today, there is only one person, Export Manager Mr. Svarrer, working on the establishment of new and existing markets for KT. He also is responsible for the other brands within Skigutane (Bula and Vossatassar). In other words, the personnel are fairly limited, and the need for a follow-up on all the markets might exceed the resources in the future.

Opportunities

Market potential: The team made an estimation of 266,250 possible female buyers in Canada per year. This gives KT a considerable market potential, which it can make good profits from when capturing market-share.

Helmets: The snowsport helmet usage in Canada has increased exponentially in the last few years. This booming market is something KT can exploit with their popular helmets.

Baby-boomers: The baby-boomers, as in other western countries, accounts for a large part of the Canadian population. This segment has a high purchasing power, and is willing to spend money on premium goods. KT can take advantage of this, and market its products to this segment as well.

E-commerce: With the tremendous growth of e-commerce in Canada, this is an interesting way for KT to sell its products.

Consumer trends: Canadians in general, are active in both organized and recreational sports. The rising focus on a healthy, active lifestyle increases the need for active apparel, and this presents an opportunity for KT.

Green profile: Given Canadian consumers view on the importance of a company's green profile, it can be beneficial for KT to take this into account to gain more goodwill.

"European" fashion: To brand itself as a European brand, may be an opportunity for KT, since European fashion holds a good reputation around the world.

Threats

Competitors: Some of KT's competitors seem to have a good foothold in the Canadian market. This can make it hard for KT to break into the market.

Increased power of retailers: The big retailers in Canada have a great deal of bargaining power. This can present a threat for KT since they are able to push prices down.

Substitute products: Many Canadians do not use base layers when participating snowsport activities. If cheaper substitute products are considered to give the same benefits as base layers, they can make KT's products less attractive.

Product copying: Design is one of KT's competitive advantages, and when selling apparel, the threat of competitors copying different features of one's products is always a risk, and impossible to prevent.

Unemployment: Purchasing power of KT's target audience may be affected, as the unemployment rate is higher in the 18-24 year old segment.

STRATEGY DEVELOPMENT

This part will present possible, nationwide entry strategies, followed by a discussion of which strategy will be optimal for KT in order to best enter, and succeed in the Canadian market.

Entry Strategy

Entry strategy can be defined as the way in which a company chooses to be represented or engaged in international markets (Solberg, 2009). There are countless choices, however the team has focused on the options that may be appropriate for KT.

Subsidiary

The first possible entry strategy for KT is establishing a subsidiary in Canada. A subsidiary is a company controlled by a parent company, which owns more than 50% of the voting stock (Business Dictionary, 2011). KT already has some experience with this entry strategy, from its subsidiary in Gothenburg, Sweden.

By incorporating a subsidiary in Canada, KT will establish a separate legal entity. The Canadian subsidiary will have its own assets, liabilities, business, and employees. Customers would deal directly with the local entity. By establishing a subsidiary KT can enhance its credibility in the Canadian market. By creating a local company KT indicates that it will make a long-term commitment to this market. Other benefits will be that full ownership yields all the rewards, quality control over intellectual property, and strategic and operational control (Bagley et al., 2008).

When operating a subsidiary in Canada, KT must meet the requirements of the Canada Business Corporation Act. This entails that the board of directors must be made up of a majority of Canadian residents, unless the Canadian segment of the business is earning less than 5% of the company's total revenues. Incorporating the company provincially will avoid this; however, it must be registered in each province in which it wishes to do business. Fees and application procedures vary between the different provinces (About, 2011).

A subsidiary would be the preferable entry strategy for any company that is likely to grow, and expand into a significant business that will handle tasks, such as sales and marketing, technical or customer support, or localization of products. However, setting up a subsidiary can be difficult and costly, and generally require extensive filings, registrations, and the notarizing of key documents (Bagley et al., 2008). Since Sweden and Norway are similar countries in terms of culture, laws and regulations, the process of establishing a subsidiary in Sweden might have been fairly easy compared to doing so in Canada. In addition, since Sweden is a part of Scandinavia, which can be seen as KT's home market, a good network probably already existed. The lack of a network in Canada (which is key when establishing a subsidiary) combined with the fact that this entry strategy is the most expensive, makes the team believe this is a less suitable entry strategy for KT.

Distributor

Another entry strategy the team finds relevant for KT is using a distributor. The distributor (also called importer) operates in the actual market, in this case Canada. The distributor runs under its own name, stands as a direct purchaser of the product, and thus takes over further marketing, and all the financial responsibilities involved. Using a distributor as an entry strategy is an easy way to enter a new market. This will reduce KT's financial risk, but at the same time the risk is concentrated on one customer. If using a distributor, KT has no contact with the final user of the products.

The distributor covers important functions in the distribution system: promotion, further sales, storage in the market and further transportation to the next part of the sale, in addition to the financing. The distributor will also often be well equipped in terms of service.

Licensing

The last possible option for KT is to sign a license-agreement in Canada. This entry strategy is an easy starting point and requires little or no foreign presence. In a license-agreement the licensor receives a royalty fee and grants the licensee full privileges to use KT's trademark to sell the products in Canada, provided the use is in accordance to the set guidelines. The licensee will be in charge of the marketing of the products, and it is therefore crucial to emphasize the licensee's marketing expertise and network when choosing a partner. The licensee will cover all of the functions in the

distribution system, and will tailor the products and the marketing mix to the Canadian market. Every license-agreement will differ in terms of what contractual restrictions will be included. All obligations, limitations and requirements must be clear to both parties. For example, the licensor can, in order to gain more control, include a clause where he will need to approve any changes done to the products' design.

The team believes using a distributor or partnering with a licensee are both suitable options for KT. In order to recommend the optimal option the team has assessed the two strategies against some criteria.

Criteria for Assessing the Options

The team has developed a set of criteria in order to compare the options. The criteria are as follows:

- Risk
- Financial Consideration - Costs
- Financial Consideration - Value Chain
- Control Over Brand
- Learning

Risk

As with all foreign entry strategies, there are risks with either partnering with a licensee or using a distributor. As the licensee can tailor the marketing and the products to the Canadian market, there is always the possibility that the hired company will fail in doing this. There is also a risk of the brand being changed so much, that it no longer reflects KT's image. However, the team sees this as unlikely to happen, if KT is able to form a contract with the right clauses. The distributor, on the other hand, will not tailor the marketing and products, as this is not a part of the contract. Since the Norwegian and Canadian markets are different from each other in many ways, the team sees this as a higher risk option for KT. By not adapting the marketing and products, the team believes the distributor is likely to be less successful. A licensee will also be more vested in the company than a distributor, which will contribute to decreasing the risk. Finally, in order to further minimize the risk with a license-agreement KT can impose a minimum guarantee. By stipulating in the contract that a minimum amount of revenue must be generated, or that a minimum

amount of product must be sold, KT will at least receive this minimum amount (Personal communication with Mr. Catliff, 2011).

Financial Consideration - Costs

A license-agreement requires little investment. After finding a licensee, the only expenses will be legal fees during the contract phase, and costs related to following up later. The licensee will cover all costs, leaving KT with its share of the profits for using the brand name and product designs. A distributor will require more administrative resources, as KT will cover the production, freight on board (FOB) and customs. Since the distributor is a customer of KT, there is a need for a close follow-up. This means KT will need to put more effort into keeping the relationship healthy.

Financial Consideration - Value Chain

The team has made a basic value chain for the two different entry strategies (see appendix 13). To see the margins for the two different strategies, we take a product with an assumed production cost of \$10 and then add customs-clearance, FOB and foreign exchange. By doing this, the team has found that KT will earn higher margins by choosing a distributor than partnering with a licensee (\$6.67 vs. \$3.50).

Control Over Brand

By choosing a distributor, KT will remain in control of the brand, as the distributor is not allowed to make any changes to the products. The distributor will however, choose what products it will buy and resell. A big part of KT's image is the wide spectrum of colours it offers. A previous problem KT has had is that some distributors only choose to buy certain colours, which weakens KT's image. This problem can also arise in Canada, and may be hard to prevent.

A licensee has the rights to the trademark and products, and will most likely tailor the marketing and products to the Canadian market. This basically means that KT may lose some control over the brand. However, the team assumes that if KT takes a relatively low royalty fee the licensee will allow KT to have more control, for example by agreeing to approval clauses in the contract. The issue of not purchasing a spectrum of colours, will probably not be as relevant with a licensee, since the team assumes the licensee will be more concerned with keeping KT's brand image intact.

Learning

The different entry strategies entail different levels of learning for KT. This is important because KT is interested in getting closer to the markets. A distributor is a customer for KT, which might make it more difficult to gather market-data and feedback. A licensee is more like an account within the business, i.e. they are on the same team, working together towards the same goals. Even though the licensee will be responsible for everything in Canada, KT, by having an approval clause, learns how the market works.

The team has put the results from the comparison into a figure to illustrate which entry strategy scores best. The scores range from low - limited - medium - high.



	DISTRIBUTOR	LICENSING
Risk	Limited / Medium	Low / Limited
Financial Consideration - Costs	Limited	Low
Financial Consideration - Value Chain	Medium	Limited
Control Over brand	Medium	Medium
Learning	Low	Medium
Total impression		

Figure: Entry Strategy Evaluation

Choice of Entry Strategy

After assessing the two entry strategies to the criteria, the team believes that signing a license-agreement in Canada is the best, and most realistic option for KT. By signing a license-agreement KT will get a royalty on the sales. Depending on the license-agreement this royalty will be between 7-10%. Even though choosing a distributor, as an entry strategy would lead to higher margins, the team believes that the overall profit will be higher by partnering with a licensee. This is because the licensee will, by tailoring, sell more products.

When choosing a suitable partner, it is crucial to emphasize the licensee's marketing expertise and network; this process can be hard, and time consuming. Other important considerations are that the licensee is able to reflect the KT brand, and understands its values.

In Canada, KT can find a licensee through different channels. Trade fairs are a good way to establish networks, and make the company or products visible in the market. The NSIA's Snow Show will in this case be the most interesting for KT. For information about the trade fairs, see appendix 14. Another way to find a suitable licensee is to post the announcement in industry newsletters, or online services, such as Sporting Goods Business (Sports One Source), which continuously updates news within this business (Sport One Source, 2011).

The licensee has two options to service the retail channel, which is either to use agents, or in-house personnel. Agents will operate independently and can therefore mitigate and mediate between the retailers and the licensee. By getting paid on commission they are more flexible in their work hours. As long as they have good incentives, they will work the amount that is necessary to get the product on the market. In-house personnel are less flexible, since they will have set working hours. This option may have implications on the service level, and lead to less enthusiasm for the brand. In order to avoid this, the personnel will need incentives in order to prioritize and perform at the level KT seeks.

Demand Estimation

Calculating correct demand estimation for KT in Canada is difficult; unknown factors, such as growth-rate and speed of market penetration, are hard to predict. In order to make reasonable demand estimation, the team makes the assumptions that KT's products will be spread nationwide through central retailers, and that the products will be premium priced. When estimating the demand, numbers calculated through the market size estimation, and value-chain was used.

The market size for KT was estimated to be 190,760 possible female buyers per year. The team has chosen four different market share percentages (1%, 5%, 8%, and 12%) to illustrate possible numbers of sold products, and the revenue associated with them

for KT. The calculations give a range of 1,907 – 22,891 sold products per year. Based on the numbers from the value-chain, the income for KT per product is \$3.50 when partnering with a licensee. This gives KT a revenue that can range from \$6,675 - \$80,119. The team has also calculated the profit for the agent (used by the licensee) for each of the volumes. This revenue ranges from \$6,217 - \$74,625. Whether or not the licensee will be satisfied with this revenue is hard for the team to know. If not, KT may need to add some marketing money to show its commitment to the Canadian market. For calculations, see appendix 15.

MARKETING TACTICS

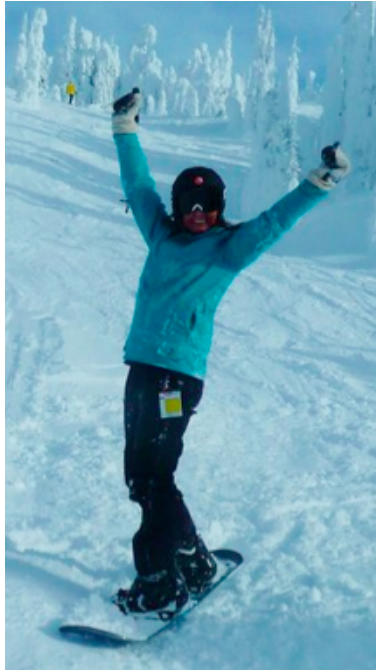
When using licensing as an entry strategy, KT will have minimal involvement in the marketing dimension. Regardless, the team finds it valuable to present a marketing plan that KT can use to both gain more insight into the Canadian market, and give suggestions for marketing tactics to the respective licensee.

In the following plan, the team has developed a Canadian muse, and focused on tactics based on the four P's in the marketing mix.

The Canadian Muse

When working on this project, it has become clear that experienced people in the retail industry often create a muse for a company to envision when designing and marketing a brand. A relatively detailed description that fits, and to a certain degree represents the target-market, helps a company to create uniformity and stability within the brand over time. At the same time, it is easier for the company to see opportunities and strategies, than if it was to target a non-descriptive market.

For the Canadian market, the team has envisioned “Jessica” as a muse for KT. The team believes this profile should be used when creating the marketing mix. Jessica will be somewhat similar to the muse KT uses for the Norwegian market, and therefore maintains KT's brand image intact.

JESSICA

Jessica is 25 years, single, and lives in an apartment in downtown Vancouver. She loves to snowboard, and spends most of her weekends up in the mountains with her friends. She drives a Toyota Prius, with enough space for both her board and friends. She speaks both English and French, since her mom has roots in Quebec. She studies International Marketing at the Simon Fraser University. Jessica likes the social aspect of being a student, and spends most of her days being active with her friends. As with most of the “generation Y”, Jessica spends a lot of time on Internet, reading blogs, and keeping herself updated on her friends via Facebook and Twitter. In her spare time she seeks adventure, and she is fascinated by extreme sports. She likes to keep in shape, so exercise is one of her main interests, especially if it is something she can do together with friends. Jessica cares about the environment, and try to buy environmental friendly products. Her life motto is to have fun, and she has a positive influence on those around her. Although Jessica is kind of a tomboy, she prefers to dress femininely. If products present high quality, Jessica does not mind paying extra, as she perceives this is an important feature. Her style is urban and sporty, and she likes to wear comfortable, feminine and colourful clothes. Jessica likes to stand out, and her style is likely to inspire others (Slideshare, 2010).

Place

In order to indicate where KT should sell its products, it is important to identify where its main competitors are located, in this case, Icebreaker and Helly Hansen. KT’s products should be offered at the same places as its competitors in order to stay competitive and capture market share. Icebreaker and Helly Hansen are being sold in every province in Canada, both in independent stores, and nationwide sport chains. In addition, they both have brand stores, Helly Hansen nationwide, and Icebreaker in

Vancouver and Montreal. It will also be wise for KT to place appropriate products where its target consumer prefers to buy the type of products that KT offers. The results from the survey showed that most of the respondents buy their outdoor apparel for sport activities at sport chains and brand stores, and the team believes this is also the case for “Jessica”. The team assumes that when people buy outdoor apparel, they are likely to buy other products such as base layers, socks etc. at the same place. Further more, the survey showed that close to 80% of the respondents did not usually buy outdoor wear for sport activities at ski resorts. This indicates that being located at ski resorts is not crucial.

Price

When partnering with a licensee, KT is not allowed to decide or set a price for its products. What KT can do, is to suggest a price level for its products to the licensee. In Norway, KT’s products are being sold for the same prices as premium priced brands’ products in Canada. Since Canadian consumers in general are willing to pay a relatively high amount for base layers (results from survey, and communication with store managers), the team sees no problem for KT with suggesting that they transfer the Norwegian prices into the Canadian market. On the other hand, it could also be a good price strategy for KT to suggest a price level right under the main competitors (Icebreaker for merino wool, and Helly Hansen for technical). It is important however, that its products remain premium priced in order to imply high product quality.

Product

The licensee will choose what products from KT’s product line he wishes to sell, based on what suits the Canadian market. In order to optimize the entry into Canada there are some changes that need to be done when it comes to product packaging. For example, the plastic packaging the base layers are sold in needs to be recognized as recyclable by the Canadian authorities. The current recycling label on the bags, EVA, is a European labelling and will not be recognized. The regulations concerning products are something the licensee should know about and take care of, if KT signs a license-agreement.

Since Canadian consumers view a company’s environmental profile as important, KT

should use environmentally friendly cardboard boxes for its products. This will also be an important consideration for Jessica as she cares about a company's green profile. The boxes should also be designed as push-and-pull boxes, which makes it easier for the customers to inspect the products (Personal communication with Mr. Catliff, 2011).

Promotion

There are numerous ways to promote the KT brand in Canada. The team suggests that KT look into these four promotion tools.

Endorsement

Finding an endorser for KT in Canada can be a beneficial promotion tool. In that case, it is important that the person who will represent KT in Canada is known within the population, and can personify the brand. Good Canadian examples are the snowboarder Maëlle Ricker, and the mogul skier Jennifer Heil, who are both Olympic gold medalists. Heil is, in addition to skiing, involved in several charity organizations and projects. Finding similar, but younger, up- and- coming athletes with the same image as the skier Kari Traa, will appeal better to the target audience, and at the same time maintain KT's brand image (Personal communication with Mr. Catliff, 2011).

Brand Store

Having brand stores is a popular marketing tool in Canada (Personal communication with Mr. Catliff, 2011). The investment in opening and running a brand store are not necessarily profitable, but the money should be considered a marketing cost, as it is an effective way of creating awareness and promoting the brand. Good places to open brand stores are at popular ski resorts and areas such as in Whistler, Banff, Jasper, Vancouver/Robson Street, Mount St. Anne, Mont Jaques Cartier and Mont Blanc in Quebec.

As an example, a retail property for lease in Robson Street, with 2,262 square feet, has a rental rate at \$198.90 / SF / year. Operating cost (\$25.61) and taxes (\$12.75) gives an additional \$38.36 / SF / year (LoopNet, 2011). KT will need around 1500 square feet for its brand store (Personal communication with Mr. Catliff, 2011). Based on these numbers the rental price for a brand store in Robson Street would be \$375,015. The hourly minimum wage for 2010/2011 is ranged from \$8.0-\$10.25, depending on

the province (Living in Canada, 2011). This gives an indication of the investment needed.

Advertising - Magazines

SBC Media is Canada's No.1 action sport publisher. It is owned, driven, managed, and staffed by people dedicated to board sports, and has extensive experience in the magazine industry (SBC Media, 2011). The company publishes several magazines focusing on sports. The most popular skier's magazine in Canada is SBC Skier, and the most widely distributed snowboard magazine is called Snowboard Canada. They are both published every quarter. The company also publishes a magazine for the female audience only, called Snowboard Canada Women's Annual Magazine. It is sold in more than 500 shops nationwide (SBC Media, 2011). In addition, SBC Media holds other magazines that also may be relevant. These magazines present a good avenue to reach Jessica, and can be a channel to consider when advertising for its products.

Information about different events and camps in Canada can be found at SBC Media's homepage, which can be used as a source when finding places to advertise.

Website

Canadians, and especially Jessica and the rest of "generation Y," spend a lot of time on Internet; and therefore, having an attractive website is a perfect promotion tool for KT. The website can serve as a helpful tool for Canadians to browse and read about the products. This is important since research shows that Canadians like to do online research before shopping in-store (Euromonitor, Consumer Lifestyles in Canada, 2009). The website can also be used to promote the unique history behind the brand. It is necessary that the website is available in both English and French. KT should consider using its website for e-commerce in the long-run, since it can be a great source of revenue, by skipping links in the value-chain. However, the team recommends that KT wait until a well-established position in the market is achieved, so it does not compete with the established licensee. Nevertheless, when a contract is formed with the licensee, it will have to include who has rights to e-commerce.

CONCLUSION AND RECOMMENDATIONS

The aim of this report is to answer the research question:

“Is it possible and attractive for KT to introduce its main products (wool base layers, technical base layers, toques, headbands and neckbands, socks, fleece and outerwear) to the Canadian market, and if so, which are the most suitable entry strategies”.

After conducting both primary and secondary research the team believes it is possible and attractive for KT to introduce its main products to the Canadian market. The team also believes that signing a license-agreement is the most suitable entry strategy. KT differentiates itself from its competitors in several important ways and brings products to the table which the team feels can enter the market successfully.

Further, the team makes the following recommendations for KT:

- When entering the Canadian market, the most crucial consideration for KT is to find a suitable licensee who is willing to represent KT in Canada and who will take all necessary measures to ensure the success of KT’s products. Finding this licensee may be a time consuming process, but it is important for KT not to rush this process. Being too hasty might result in partnering with a bad licensee or signing a bad contract. This can result in harming the KT brand, and in the long term make it even harder for KT to succeed.
- Attend trade fairs, such as NSIA’s Snow Show, as this is probably the best way to meet suitable licensees.
- Accept a 7% royalty fee (relatively low), in order to negotiate a highly controlled agreement with a license (for example, approval clauses).
- KT should ensure that the licensee understands that base layers, both technical and merino wool, should be the primary products. This is KT’s bestselling product line, and the team believes that if these sell well, the sale of other products will follow.
- KT should also ensure that the licensee understands that it wishes to eventually enter the market with its award winning helmets, as this product is becoming increasingly popular and there are few brands that offer helmets for women only.

- Develop a Canadian website for KT, where the customers can browse KT's products and read more about the products. The website should have a "store-locator" application where customers can locate the nearest retailers. The website should also promote the unique history behind the brand.
- KT should strive to be as environmentally friendly as possible, especially with regards to the product packaging, as this is an important consideration for Canadian consumers.
- Market to the "baby-boomers" as well as the target audience. This is an interesting segment since they are financially strong and willing to spend money.
- When promoting the products use "European" fashion, instead of "Norwegian" fashion.
- As promoting tools, endorsers and brand stores should be considered.
- The licensee should use BC as a test-market before entering nationwide.

Suggestion for Further Studies

This report covers much of the information needed to enter Canada, but there are some questions that require further research. Some of the calculations done in this report are assumptions made by the team, and therefore the numbers need to be confirmed or re-adjusted. This report has not included the US, but this is an attractive market for KT to consider in the future. Since Canada and USA are somewhat similar when it comes to language, economy and infrastructure, the team believes that some of the information gathered for the Canadian market, may work for the American market as well. This will require further studies by KT. Finally, KT should confirm the conclusion and recommendations provided in this report.

For research methodology and limitations, see appendix 16.

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APPENDIX 1

KEY FIGURES - SKIGUTANE			
Year	2009	2008	2007
Profit Margin (%)	-11,16	7,39	13,55
Liquidity Ratio	0,81	1,11	1,05
Equity Ratio (%)	6,60	20,20	26,40
Debt Ratio	14,15	3,95	2,79
Return on Assets (%)	-4,70	21,70	41,30

Source: Purehelp, 2009

APPENDIX 2

REVENUE FROM ABROAD	
Sweden	40%
Denmark	20%
Germany	7%
Finland	7%
France	7 %
Austria	4 %
Japan, Estonia, Greenland and Switzerland	15%

Source: Personal communication with Mr. Svarrer

APPENDIX 3

FIRSTAR
John Catliff, President

Joining FIRSTAR in mid of 2010, John brings a long track record of success in the apparel industry as well as an unprecedented career on the world soccer stage with the Canadian national teams.

A veteran executive of the sports apparel industry, John was the Global Vice President of Sales and Managing Director – Europe, Retail, Export for Helly Hansen AS, Director of Business Development for Aritzia LP, Director and Vice President Operations for Umbro Canada Inc., as well as General Manager of the VANOC Online Store for the 2010 Vancouver Winter Olympics.

As an athlete, John was a Harvard University two-sport All-American (soccer and rugby), and is the most prolific scorer in the history of the Canadian Olympic and World Cup soccer teams. John's professional and world class soccer experiences allow him to authentically represent FIRSTAR among the elite athletes who form the core of the company's endorsement program.

Source: Firstar homepage, 2011

APPENDIX 4**PRODUCT LINE****Wool Base Layer**

This high quality product consists of 100% merino wool and is engineered to keep you warm and dry. By using the finest wool fibers on the market, this product is highly comfortable, and with no uncomfortable seams - you can move freely in all kinds of weather. The product line consists of several models and types, and you can find design both with creative patterns and classic neutral.

**Technical Base Layer**

The technical base layers are comfortable, yet distinctly fashionable. Its special knitting process allows it to be seamless, and the fabric gives freedom of movement and ensures rapid moisture absorption. In addition, it has been given an anti-bacterial treatment that effectively reduces the development of bacteria and odour. The design and colours make this product line fun and energetic while comfortable and effective. Made of 95% Polyamide, 5% Elastane.

**Toques**

This product line comes in creative, colourful, fun and comfy designs. Made of lamb wool, merino wool or acrylic, which both keep you warm and stylish. Some even have an insulating fleece or jersey lining, so it feels nice and soft against the skin.



Headbands and Neckbands

For headbands and neckbands the material plays an important role. The delicate skin on your forehead and your neck, needs protection, and these 100% polyester fleece products keep you from freezing. These product lines are designed to be super gentle on your skin yet tough against the cold. The design is like every other Kari Traa products - playful and creative.



Socks

The socks collections are eye-catching, feminine, and comfortable. They are well designed in order to fit the foot, and allowing the females to perform in every activity. Made of 60% wool, 20% acrylic, 15% nylon, 5% elastane.



Fleece

The fleece products give you the extra warmth you need on colder days, and are feminine and practically designed. The products are made of 100% polyester fleece.



Outerwear

Kari Traa outerwear consists of different designs regarding the needs. They all represent good quality and are designed specifically for active females.



Source: Kari Traa, 2011.

APPENDIX 5 PLAGIARIZING

Moods of Norway, which is another Norwegian brand, is being accused for plagiarizing KT's design on several products in the upcoming collection. This is an ongoing dispute.

Source: Nationen, 2011.

APPENDIX 6

The GST/HST RATES ARE AS FOLLOWS:		
	On or after July 1, 2010	On or after January 1, 2008, and before July 1, 2010
Alberta	5%	5%
British Columbia	12%	5%
Manitoba	5%	5%
New Brunswick	13%	13%
Newfoundland and Labrador	13%	13%
Northwest Territories	5%	5%
Nova Scotia	15%*	13%
Nunavut	5%	5%
Ontario	13%	5%
Prince Edward Island	5%	5%
Saskatchewan	5%	5%
Yukon	5%	5%

The HST rate of 15%* includes the 5% federal part and 10% provincial part (as of July 1, 2010).

Source: Canada Revenue Agency, GST / HST rates, 2010.

APPENDIX 7**LULULEMON ATHLETICA (LULULEMON)**

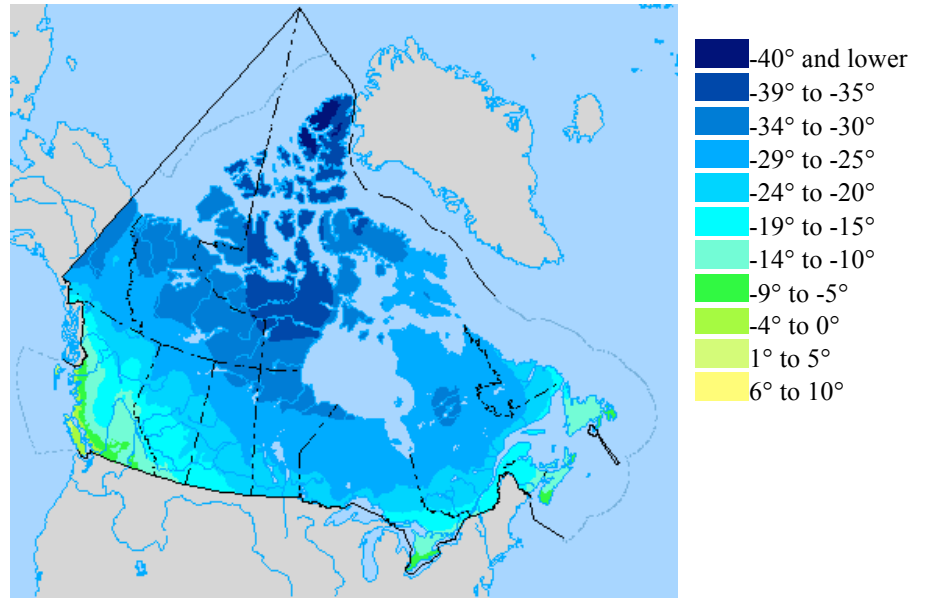
When talking to people within the retail business in Canada, the team discovered that the store managers mentioned Lululemon as a competitor and a huge player in the athletic apparel market. Therefore the team finds it important to discuss this brand. Lululemon is a Canadian athletic brand, and the fastest growing sports apparel brand in Canada, specializing in yoga related apparel. Its headquarters are located in Vancouver, BC. The brand was founded in 1998 by Chip Wilson, a former snowboarder and surfer. Wilson is passionate about technical athletic apparel, he got the idea of starting an athletic apparel company when he took his first yoga class, and found cotton apparel less appropriate for this kind of exercise. He opened up a design studio which offered yoga classes in the evenings to help pay for the rent. Clothes were offered for sale, and even given to yoga instructors, in order for them to wear them and come with feedback on what they thought. The first Lululemon store was opened in Kitsilano, Vancouver, in 2000, and it is now represented in almost all the Canadian provinces, with 43 locations. Lululemon is not only a brand, but a lifestyle. The employees are encouraged to either, bike, jog or walk to work. Employers are even encouraged to hike one of Vancouver's local mountains before going to work. Yoga classes are still being offered at the stores (Lululemon, 2011).

Source: Lululemon homepage

APPENDIX 8 CANADIAN CLIMATE

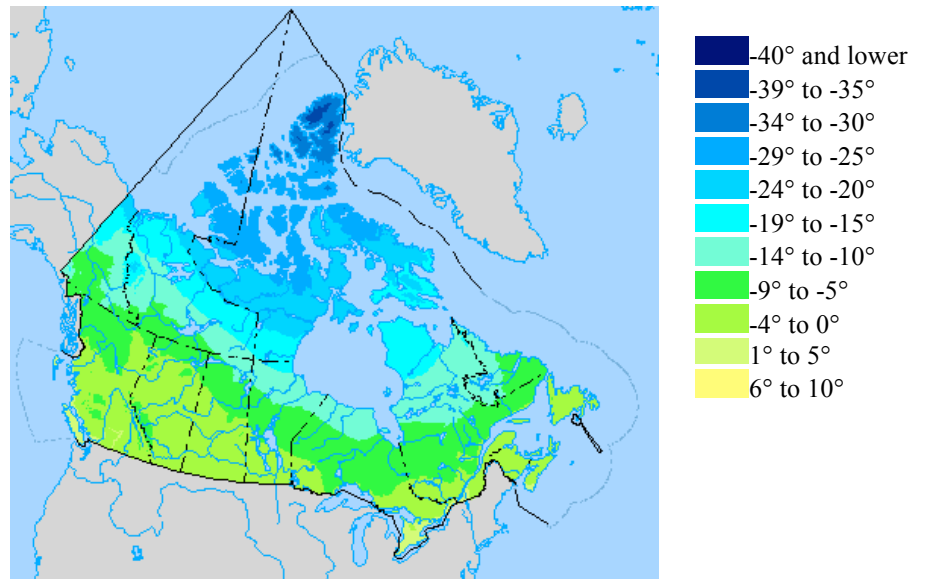
JANUARY MEAN

January marks the depths of winter across Canada and, with the exception of the coastal parts of southern Vancouver Island, below freezing minimum temperatures are the norm. Weak or no sunshine means there is minimal diurnal variation between the maximum and minimum temperature in January. The map shows the mean daily minimum and maximum temperatures for January.



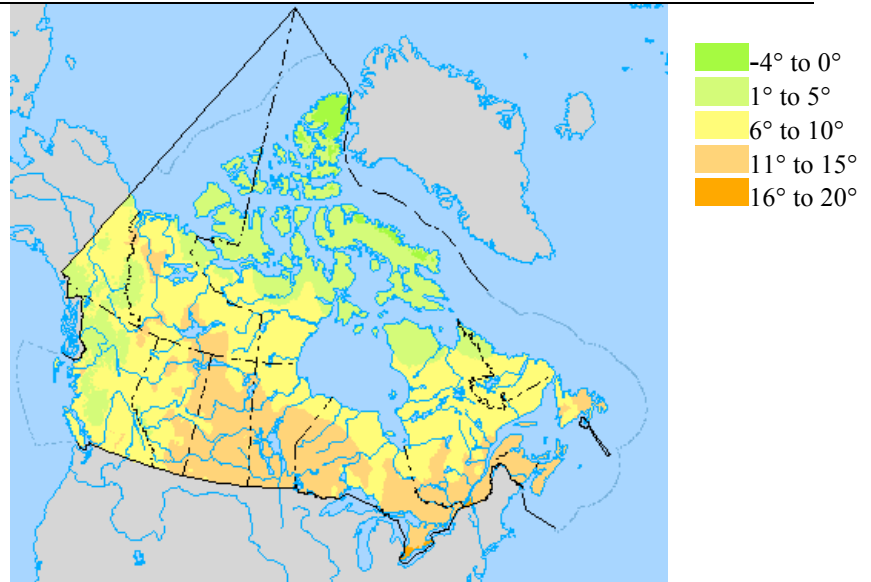
APRIL MEAN

Minimum temperatures in April are below freezing for most of Canada. Below-freezing maximum temperatures in April are restricted to northern Canada and the extreme northern portions of Ontario and Quebec adjacent to Hudson Bay. The map shows the mean daily minimum and maximum temperatures for April.



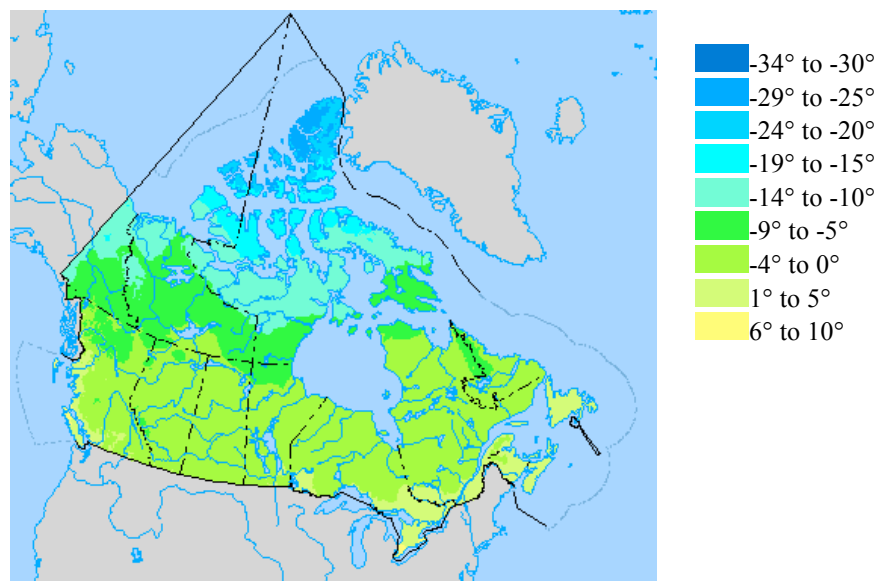
JULY MEAN

Below-freezing minimum temperatures in July are normal only for higher elevations on Ellesmere and Baffin Islands in Canada's far northeast. Much of southern Canada experiences minimum temperatures above 10°C in July. Maximum temperatures in July are above freezing across all of Canada except for high elevations on Ellesmere Island. The map shows the mean daily minimum and maximum temperatures for July.



















OCTOBER MEAN

In October, longer nights and a return to below-freezing minimum temperatures is evident across most of Canada except for coastal British Columbia, southern Ontario and Quebec and most of the Atlantic Provinces. Much of southern Canada experiences maximum temperatures in October above 10°C, whereas maximum temperatures across most of the northern territories are below zero. The map shows the mean daily minimum and maximum temperatures for October.









Source: Natural Resources Canada 2011




APPENDIX 9 GUIDE TO APPAREL AND TEXTILE CARE SYMBOLS

Washing Symbols			
	Wash in commercial machine in water not exceeding 95°C, at normal setting.		Wash in commercial machine in water not exceeding 95°C, at permanent press setting.
	Wash in domestic or commercial machine in water not exceeding 70°C, at normal setting.		Wash in domestic or commercial machine in water not exceeding 60°C, at normal setting.
	Wash in domestic or commercial machine in water not exceeding 60°C, at permanent press setting.		Wash in domestic or commercial machine in water not exceeding 50°C, at normal setting.
	Wash in domestic or commercial machine in water not exceeding 50°C, at permanent press setting.		Wash in domestic or commercial machine in water not exceeding 50°C, at delicate/gentle setting.
	Wash in domestic or commercial machine in water not exceeding 40°C, at normal setting.		Wash in domestic or commercial machine in water not exceeding 40°C, at permanent press setting.
	Wash in domestic or commercial machine in water not exceeding 40°C, at delicate/gentle setting.		Wash in domestic or commercial machine in water not exceeding 30°C, at normal setting.
	Wash in domestic or commercial machine in water not exceeding 30°C, at permanent press setting.		Wash in domestic or commercial machine in water not exceeding 30°C, at delicate/gentle setting.
	Wash gently by hand in water not exceeding 40°C.		Wash gently by hand in water not exceeding 30°C.






Use of Dots For Defining Temperature of Water Symbols
for Washing

 95°C Near boil	 50°C Hot
 70°C Extremely hot	 40°C Warm
 60°C Very hot	 30°C Cool




Supplementary Care Symbols

 Do not wring	 Wet-clean	 Do not wet-clean
--	---	--




Ironing/Pressing Symbols

 Iron with or without steam by hand, or press on commercial equipment, at a high temperature (not exceeding 200°C). <i>Recommended temperature for cotton and linen textiles.</i>	 Iron with or without steam by hand, or press on commercial equipment, at a medium temperature (not exceeding 150°C). <i>Recommended temperature for polyester, rayon, silk, triacetate and wool textiles.</i>
 Iron with or without steam by hand, or press on commercial equipment, at a low temperature (not exceeding 110°C). <i>Recommended temperature for acetate, acrylic, modacrylic, nylon, polypropylene and spandex textiles.</i>	 Do not steam.
	 Do not iron or press.





Professional Textile Care Symbols

 Dry-clean, normal cycle. <i>Any solvent except trichloroethylene.</i>	 Dry-clean, normal cycle. <i>Petroleum solvent only.</i>
 Do not dry-clean.	










Bleaching Symbols

 Use any bleach when needed.	 Do not bleach.
 Use only non-chlorine bleach when needed.	

Drying Symbols

 Tumble dry at high heat (not exceeding 75°C) at normal setting.	 Tumble dry at medium heat (not exceeding 65°C) at normal setting.
 Tumble dry at medium heat (not exceeding 65°C) at permanent press setting.	 Tumble dry at low heat (not exceeding 55°C) at permanent press setting.

Drying Symbols

 Tumble dry at a low heat (not exceeding 55°C) at delicate cycle.	 Tumble dry any heat.
 Tumble dry no heat/air dry.	 Do not tumble dry.
 After extraction of excess water, line dry/hang to dry.	 Hang up the soaking wet article to "drip" dry.
 After extraction of excess water, dry the article on a suitable flat surface.	 Dry in the shade (symbol added to line dry, drip dry, or dry flat).
 Do not dry. (To be used with "Do not wash" symbol).	

Source: Industry Canada, Office of Consumer Affairs (OCA), 2010

APPENDIX 10

TRADEMARK REGISTRATION PROCESS

- Step 1 Application.** In Canada, a trademark is registered by filing an application with the Trademarks Office together with a non-refundable fee of two hundred and fifty dollars (\$250.00) for each trademark applied for. It is possible to file an application for registration of a trademark that is not yet in use somewhere in Canada.
- Step 2 Initial Examination.** Within the following four months, the Trademarks Office examiners then carry out a search of trademark records for potentially conflicting marks. Should there be no apparent conflict, the examiners then make an initial determination as to the registrability of the trademark, assessing such characteristics as whether the trademark is "clearly descriptive" or "deceptively mis-descriptive". They will also decide whether the description of the wares or services complies with the regulations and is in normal commercial terms. The examiners advise the applicant of any adverse findings. Applicants may be required to submit revised applications.
- Step 3 Approval.** Once past the conflict search stage and initial determination of registration ability and any revisions to the application the Trademarks Office will submit for Advertisement.
- Step 4 Advertisement.** The trademark information is published in the Trademarks Journal. Any interested party may then make representations to the Trademarks Office, such as filing an opposition against registration of the trademark owing to alleged confusion with an existing mark. Should this happen, opposition proceedings can, if successful, bring the application process to an end or otherwise delay the registration process for eighteen (18) months or more.
- Step 5 Allowance.** If the Trademarks Office receives no objection within approximately two (2) months of publication in the Trademarks Journal, the Trademarks Office issues a notice of allowance of the application for registration.
- Step 6 Registration.** To proceed to the final step of registration, a fee of two hundred dollars (\$200.00) per trademark must be paid by the applicant within six (6) months of the date of the notice of allowance. Upon receipt of the registration fees, the Trademarks Office will issue a certificate of registration for each duly registered trademark.

Source: CorporationCentre, 2011

APPENDIX 11

COMPETITORS

Icebreaker

Icebreaker is an outdoor and sport apparel company based in New Zealand. The company was founded in 1995 and provides 100 % merino wool in its products. Icebreaker now supplies its apparel to 3000 stores in 31 countries, and in 2010 the company's sales were approximately US \$ 100 million (Icebreaker, Time, 2011). Icebreaker products can be found in 249 retailers all over Canada. The product lines for women consist of tops, bottoms, underwear, coats, accessories (gloves and hats) and socks. The brand is premium priced, and after a store check, the team found that the price for the merino base layer sweaters range from \$ 90-120 (Icebreaker, 2011).

Helly Hansen

The manufacturer of LIFA, Helly Hansen, is a Norwegian brand established in 1877. The products are being sold in 389 retailers across Canada in addition the company operates with 11 concept stores. The products are also available online. Helly Hansen provides "high quality, protective technical gear for work survival and sport". The company has an extensive product line, and the products are premium priced. According to the web site, technical base layer sweaters range from \$ 45-60, and the merino base layer sweaters are priced between \$ 80-120 (HellyHansen, 2011).

SmartWool

SmartWool was founded in 1994, and is based in Colorado, USA. As of 2005, the SmartWool Corporation operates as a subsidiary of Timberland Co (LinkedIn, March 11). SmartWool products are sold through outdoor and ski speciality retailers, outdoor chains, department stores and online. SmartWool products are distributed to 29 countries, and in Canada SmartWool can be found in retailers nationwide. SmartWool is a provider of merino wool-based socks, apparel and accessories for men, women and men. The company started out with socks as its main focus, but the product lines quickly expanded, and today the product line for women include: socks (performance and lifestyle), base layers, tops, bottoms, outwear, accessories (hats, gloves, scarves) and slippers. The brand is priced in the medium/high range with socks from \$ 17-24 and merino base layer sweaters \$ 65-85 (SmartWool, 2011).

Under Armour

Under Armour is an American brand founded in 1996. The brand was started with a plan to make a superior shirt that wicked well. The mission is "to make all athletes better through passion, science and the relentless pursuit of innovation". The products are sold in the US, Canada and the United Kingdom and have paired up with Dome Corporation and FiftyOne Global e-Commerce and to supply Japan and 80 other countries all over the world. In Canada Under Armour can be found in 433 retailers (Under Armour, 2011). According to the web site, technical sweaters cost between \$ 29- 69, and can be classified as in the medium/high price range.

The North Face

The North Face is a high-grade equipment and sports apparel brand often used in mountaineering, skiing, and backpacking. The company was founded in 1966 in San Francisco, California, and started providing outdoor apparel in 1968. Today, the company is a worldwide provider of sporting apparel and goods, and sell their products in owned brand stores, retailers, and online. The North face has an extensive product line, and the products are premium priced. According to the web site, technical base layer sweaters are priced \$ 40-80, while merino base layer sweaters are priced \$ 99-109 (The North Face, 2011).

Hot Chillys

Hot Chillys was established in California in 1986 and provides synthetic products. The company started with base layers, but later expanded to include other products. Hot Chillys products are sold through outdoor and ski specialty retailers and outdoor chains. The product line for women consist of base layers (relaxed fit and body fit), fleece and insulators, socks, zip-T and T-necks. The slogan is "Made to keep you warm, dry, comfortable and looking good, make life a fiesta!". The brand is priced low, and according to the web site, synthetic base layer sweaters are priced between \$25-55 (Hot Chillys, 2011)

Arc'teryx

Arc'teryx is a Vancouver based brand which started selling their products in 1991. The first product it launched was a climbing harness, but the product line quickly evolved to entail backpacks and apparel (Arc'teryx Outlet, 2010). Arc'teryx products are being sold in 247 stores located all over Canada (except in Nunavut), one of them being its outlet store in Vancouver. The products are also sold online through five online stores, none of them being Arc'teryx' own web site. Arc'teryx is a premium priced brand, selling technical base layers sweaters for \$65-75, and merino wool base layers sweaters for \$120-130 (Arc'teryx, 2011).

Mountain Hardware

Mountain Hardware is an American sports brand that was founded in 1993, and is located in California. The founders had 90 days to create a product line, and managed to come up with two jackets (the Exposure Parka, and the Sub Zero Jacket) which are still existing products. Mountain Hardware gets financial backing from Columbia Sportswear. Mountain Hardware (Mountain Hardware, 2011). Mountain Hardware's products are in the medium to low price range, and the price for a technical base layer sweater is approximately \$ 35- 80 and for a merino wool base layer sweater it is \$ 60-70(Live Out There and Mountain Hardware, 2011).

Source: Information is gathered from the company's homepage.

APPENDIX 12

MARKET SIZE ESTIMATION				
Type of Skier	Total (age 18-64)	Female	Calculation	Total Market Size
Alpine	1, 480 000	42%	$1, 480\ 000 * 0,42$	622 000
Snowboard	860 000	42%	$860\ 000 * 0,42$	361 000
Cross country	420 000	62%	$420\ 000 * 0,62$	260 000
				1, 243 000
Numbers From Survey		Calculations		Market Estimation
Use base layers (75%)		$1, 243\ 000 * 0,75$		932 250
Look for known brand name (42%)		$932\ 250 * 0, 68$		633 930
Purchase cheapest alternative (16%) (not Kari Traa)		$633\ 930 * 0,84$		532 500
Average purchase (every second year)		$532\ 500 / 2$		266 250

Source: Ski Council "Facts and Stats" (2010), Results from survey (2011)

APPENDIX 13 VALUE CHAIN

To illustrate the differences in costs and splits between KT and either a distributor or licensee, the team have assumed a production cost of \$10 and a retail price of \$100. These fixed numbers help demonstrate who have what mark-up, and who pays for what in the value-chain. Even though a \$100 retail price is realistic for a high-end base layer, variables such as costs related to shipping and transportation or the production cost will alter the calculated profit-share for KT. These numbers are not included as the team does not have access to them, and they are likely to be calculated on bulk, not per single product. The numbers should therefore not be considered to be accurate figures for estimations.

LICENSE - AGREEMENT			
(All # for ONE product)			
FOB	4 %	0,4	
Duty	18 %	1,8	
Royalty	7 %	3,5	
Commission (Agent)	7 %	3,255	46,5
For. Ex	5 %	0,61	
Sales Price	50,00		
Production Cost	10,00		
Cost w/o for. Ex.		12,20	
Cost out of China		12,81	
+ Royalty		3,5	
+ Commission		3,26	
Total Cost		19,57	
Profit \$ for Retailer		30,44	
Profit for KT \$		3,5	

DISTRIBUTOR		
(All # for ONE product)		
FOB	4 %	0,67
Duty	18 %	3
For. Ex.	5 %	1,02
Profit KT	60 %	
Profit Distributor	40 %	
Sales Price (to retailer)	53,38	
Production Cost	10,00	
Cost from KT	16,67	
Cost w/o For. Ex.		20,33
Total import cost		21,35
Profit \$ for KT		6,67
Profit \$ for Distributor		32,03

Source: Mr. John Catliff (2011)

APPENDIX 14**CANADIAN TRADE SHOW****The NSIA Snow Show**

The National Snow Industries Association (NSIA) is the member-owned not-for-profit trade association representing suppliers of ski, snowboard, action sports and winter outdoor equipment, apparel, accessories and footwear. The NSIA Snow Show is Canada's largest winter sports trade show. According to NSIA's homepage their essential purpose is to provide a dynamic business-building connection between the various sectors of the snow sports industry: suppliers, retailers, sales representatives and the media. The dates for 2012 is not yet published, but are most likely to be held in mid January (based on previous dates). NSIA Snow Show will be held in Montreal and Mont-Tremblant. To exhibit at this trade show KT has to become a member of the NSIA and pay an initiation fee. Annual membership prices depend on the sales category. For companies with sales under \$1 million, the annual payment is \$650, and for companies with sales \$1 million, the fee is \$975 (both excluding taxes). After becoming a member, the company will be able to request exhibitor space. For exhibition space, the prices is \$8.50 / square foot (excluding taxes), both at the City Show in Place Bonaventure, Montreal, and at the Mountain Show in Centre des congrés Mont-Tremblant, Tremblant. This rate includes floor space in city and/or mountain, promotion of Trade Show to retailers and media etc.

AMERICAN TRADE SHOWS**Outdoor Retailer Winter Market**

January 19-22, 2012

Salt Palace Convention Center, Salt Lake City, UT

SIA Snow Show

January 27 – 29, 2012

Colorado Convention Center, Denver, CO.

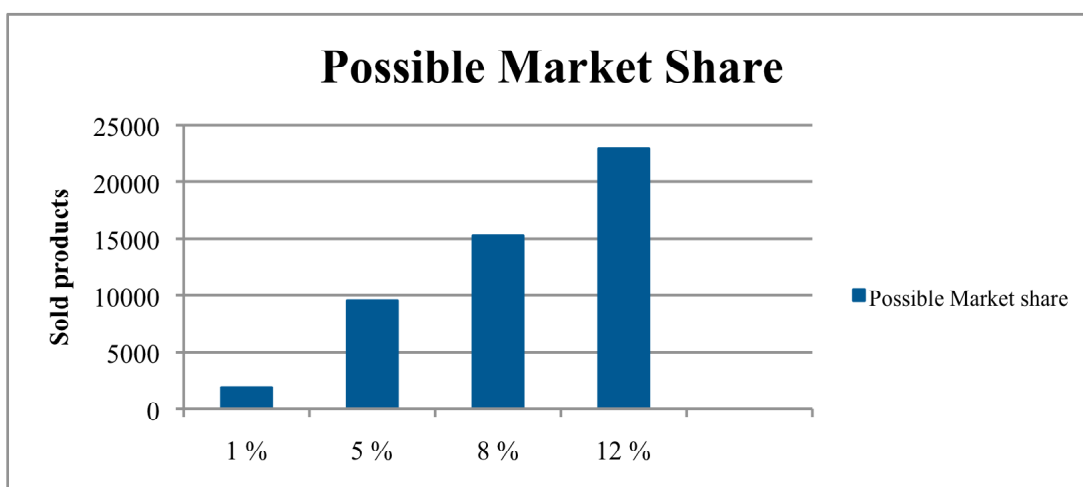
All exhibitors must be current members of SIA. The membership year is June 1 through May 31 of the following year (encompasses one show). The annual due is \$1200 and the exhibitor space price is \$13.25 per square foot.

Source: Information is gathered from the trade shows' homepage.

APPENDIX 15

DEMAND ESTIMATION

Market Size Estimation: 190 760				
Possible Market Share	1%	5%	8%	12%
Sold Products (per year)	1,907	9,538	15,261	22,891
Profit for KT (\$3.5 per sold product)	\$6,675	\$33,383	\$53,414	\$80,119
Profit for licensee-agent (\$3.26 per sold product)	\$6,217	\$31,094	\$49,751	\$74,625



Source: Numbers from value chain, and estimation of market size.

APPENDIX 16**RESEARCH METHODOLOGY AND LIMITATIONS****Methodology**

In order to complete this report, the team has used both primary and secondary research. Primary research was conducted through Skype meetings and e-mail correspondence with the team's contact in Skigutane, Mr. Svarrer. Additionally, the team had personal meetings with store managers from Atmosphere, the president in Firstar Sports, John Catliff (former global Vice President of Sales in Helly Hansen), and Joe Ferraro, General Merchandise Manager in The Bay. The team has also sent out a survey through SFU Ski and Snowboard club, SFU Outdoors Club and collected responses in Whistler Village.

Secondary research is conducted through Internet articles, several company homepages, KT's catalogues, books, and the Canadian Skier and Snowboarder Facts and Stats report for 2009-2010, which the team bought from the Canadian Ski Council.

Limitations

Due to the financial constraints of conducting a study for a country as large as Canada the team has only conducted primary research within British Columbia and limited their research to the skier and snowboarder segments.

Additionally, the team mainly targeted girls in the age group 20-24 for the survey. This is not representative of all the possible segments that KT could reach.


EVIDENCE – A SURVEY

Hi all participants!

This survey is a part of a diploma project at Simon Fraser University. The purpose of this study is to gain a better understanding of the Canadian base layer market. Base layers are long underwear for outdoor activities.

Our survey is completely anonymous. The information collected through this survey will be kept confidential and used for this research only. This survey will take approximately 5 minutes to complete.

We greatly appreciate your participation, if you have any further questions please do not hesitate to contact us at mmathise@sfu.ca.



PART I Demographics

*** 1. Are you female?**

Yes

No

1. What is your age group?

Under 19

20-24

25-29

Over 30

2. Do you live with your parents?

- Yes
 No

3. How much do you spend on outdoor apparel (for sport activities) in a year? (CAD)

- \$10-\$100
 \$101-\$200
 \$201-\$500
 Over \$500
 I do not buy outdoor apparel for sport activities

PART II Base Layer usage

In this section we want to know more about your base layer usage, and your preferences.

1. Have you heard of merino wool?

- Yes
 No

2. Do you use base layers?

- Yes
 No

Merino wool is the softest type of wool available. It adjusts to your body temperature and keeps you in the comfort zone, and even retains warmth when wet.

Technical products are made of synthetic products, such as polyamide and elastane, and gives freedom of movement and ensure rapid moisture absorption.

1. Do you prefer to use technical base layers or merino wool?

- Technical
 Merino wool

2. For what purpose do you use base layers?**Check all that apply.**

- Ski
- Snowboard
- Cross-country skiing
- Hiking
- Camping
- Climbing
- Après ski
- Everyday wear
- Other

3. How often do you buy base layers?

- Every year
- Every second year
- Less than every second year
- Not sure

4. Please indicate the level of agreement in the following statements regarding aspects that influence your choice when buying base layers.**When I buy base layers...**

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I look for quality products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I want a good fit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I care about the material	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I look for a known brand name	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I look for the cheapest alternative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I want products that "stand out"	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am open to try a new brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*** 5. What is your maximum price level for base layers (a set of both pants and sweater)?****Please write answer in CAD.**

*** 6. How much did you pay for your current base layers (a set of both pants and sweater)?**

Please write answer in CAD.

1. Which of the following features are you willing to pay an extra \$10 for, when buying outdoor apparel (for sport activities)?

Check all that apply.

- Brand name
- Quality
- Merino Wool
- Technical specialized
- Good fit
- Nice colours / patterns
- I would not pay \$10 extra for any of these features

2. Where do you prefer shopping for outdoor apparel (for sport activities)?

Check all that apply.

- Online
- Brand stores
- Sport chains
- I do not have any specific references

3. Regarding location, do you usually buy your outdoor wear (for sport activities) at ski resorts?

- Yes
- No

4. Where have you purchased outdoor sport apparel?**Check all that apply.**

- Sport Chek
- Atmosphere
- Holly Hansen
- The North Face
- Stormtech
- Mountain Equipment Co-op
- Independent stores (Comor etc.)
- Other, please specify

PART III Norway

In this section we are looking for what kind of associations you have to Norway.

1. Please answer to the following statement regarding Norway as an influence factor.

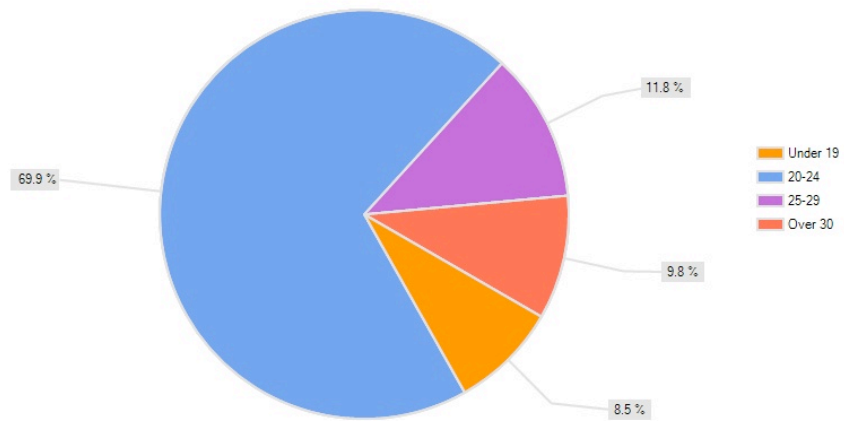
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
A product designed in Norway would affect my purchase intention positively	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. What do you associate with Norway?**Check all that apply.**

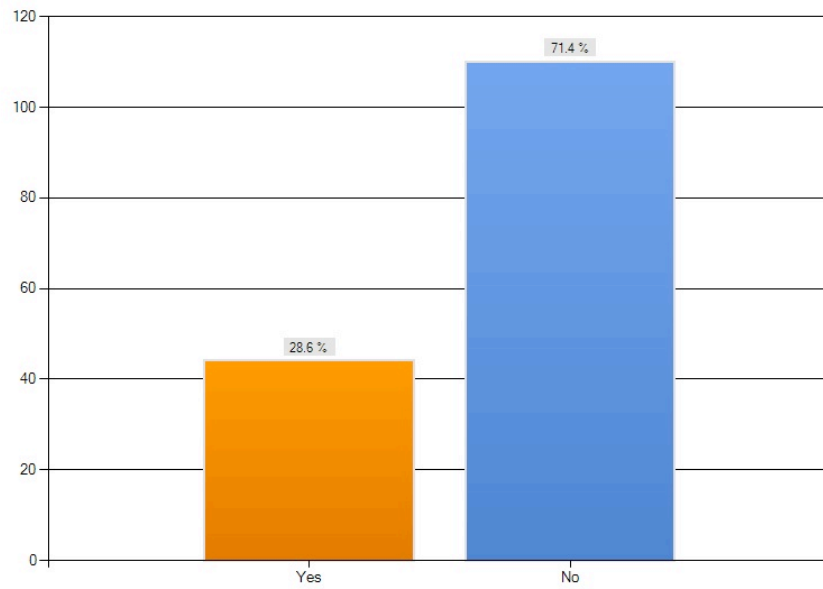
- Snow
- Cold
- Nature
- Fjords
- Expensive
- Skiing / Snowboarding
- Clothing design
- I do not know anything about Norway

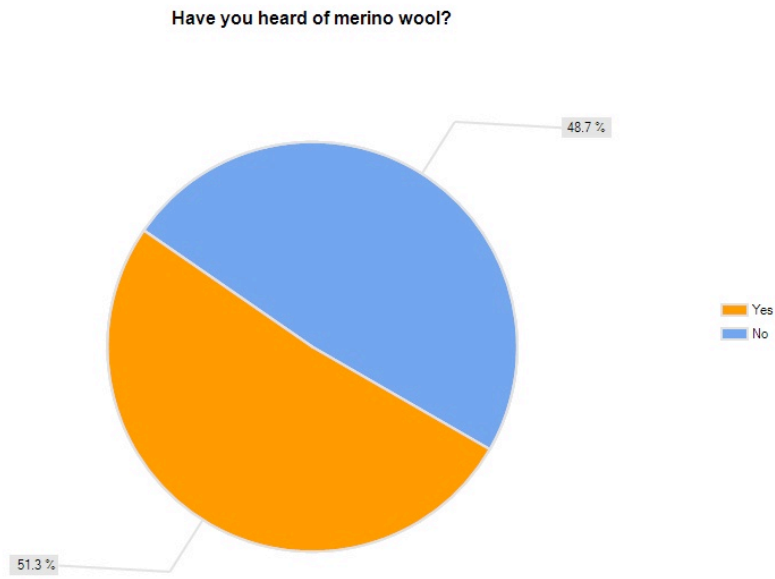
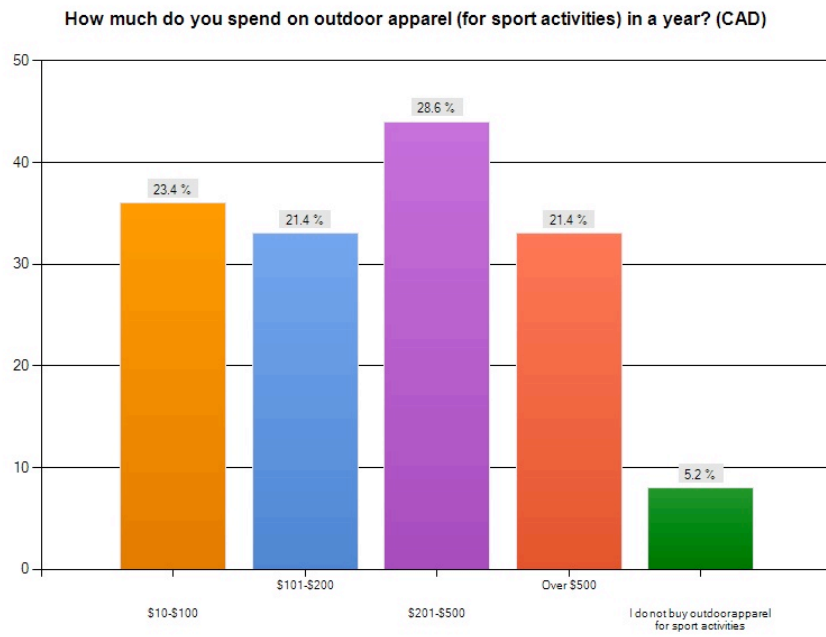
EVIDENCE – B RESULTS FROM SURVEY

What is your age group?

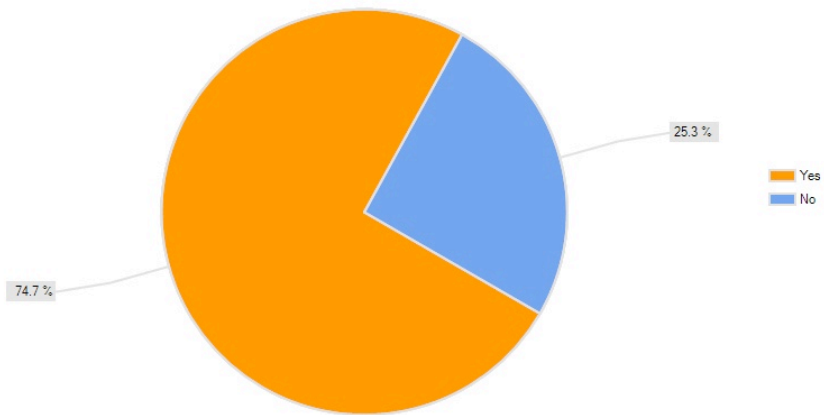


Do you live with your parents?

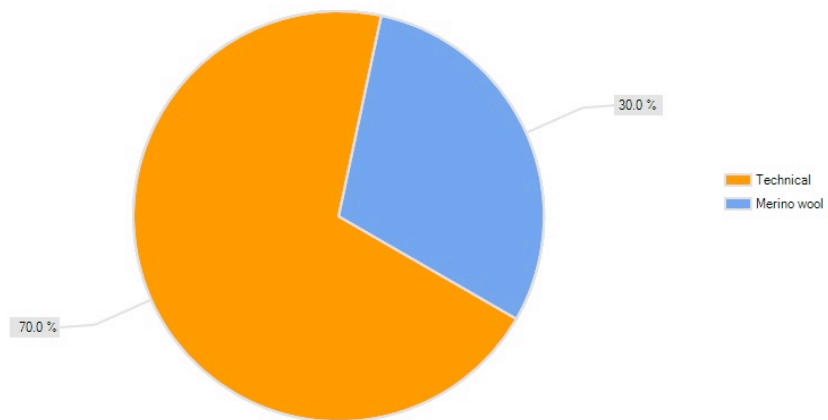




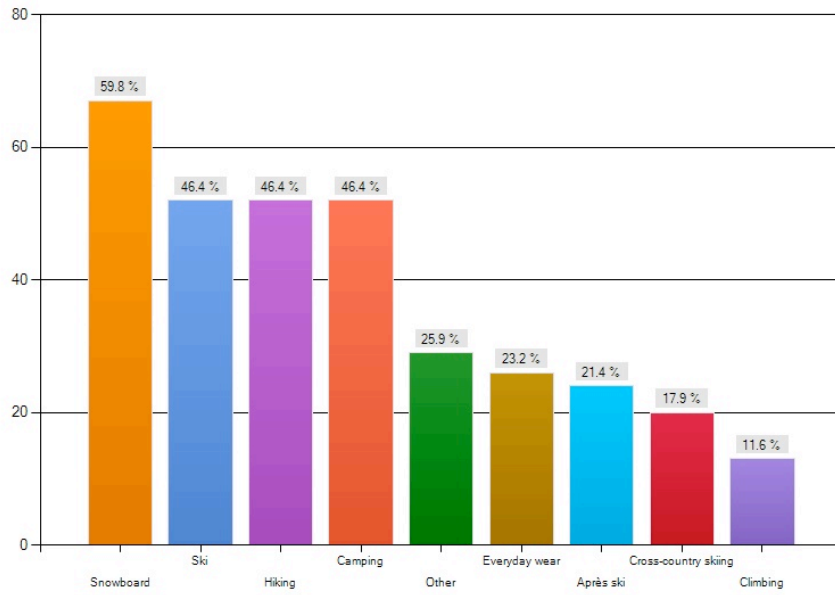
Do you use base layers?



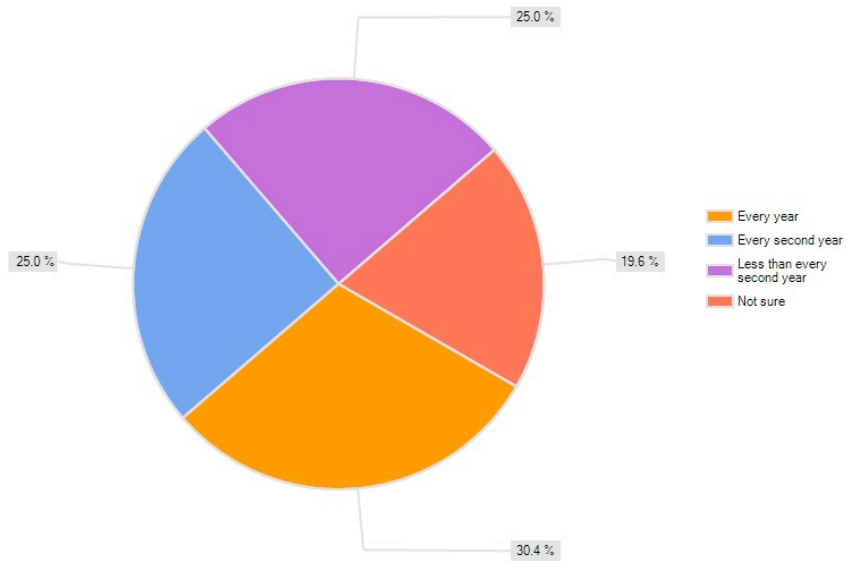
Do you prefer to use technical base layers or merino wool?



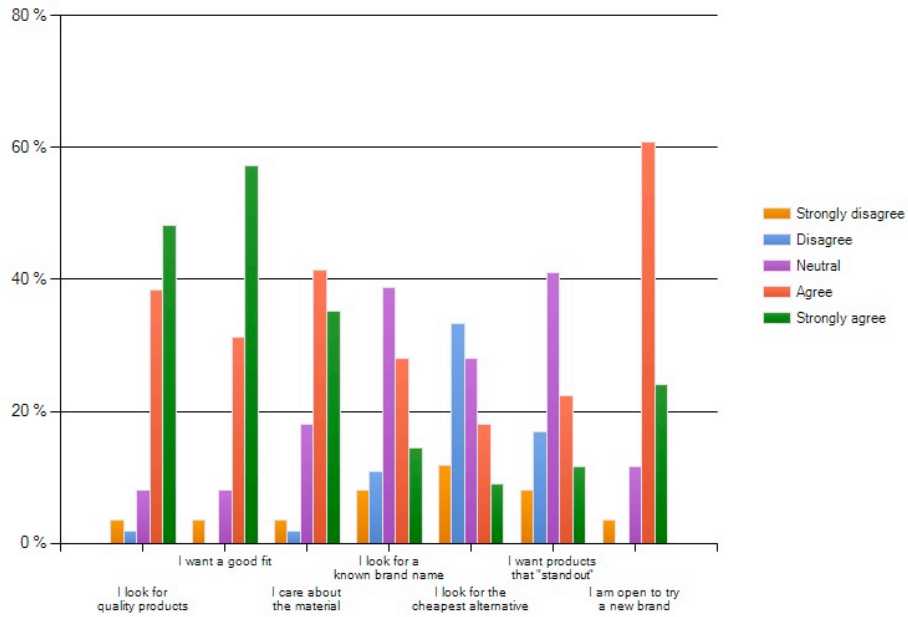
For what purpose do you use base layers? Check all that apply.



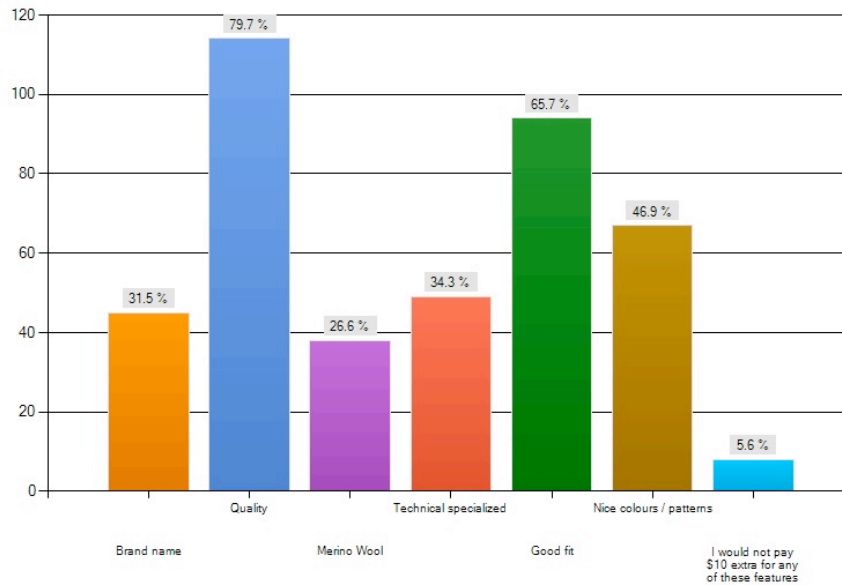
How often do you buy base layers?



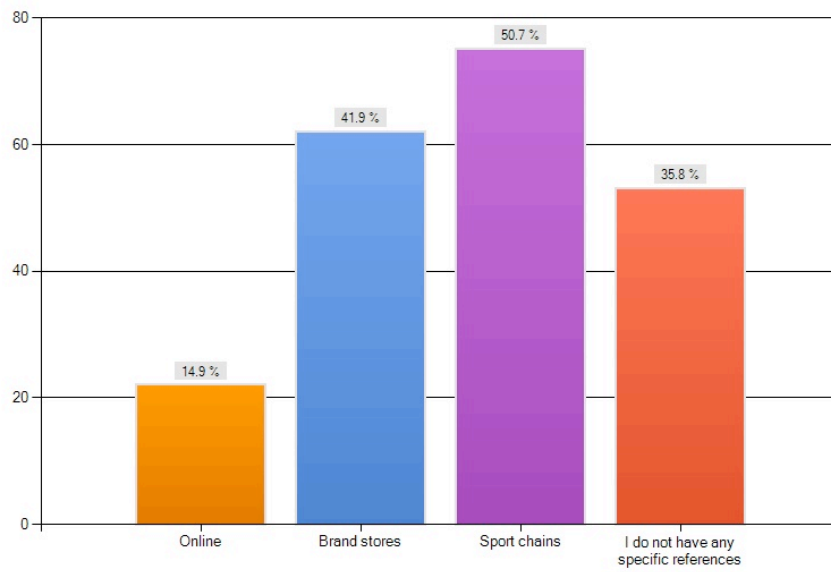
Please indicate the level of agreement in the following statements regarding aspects that influence your choice when buying base layers. When I buy base layers...



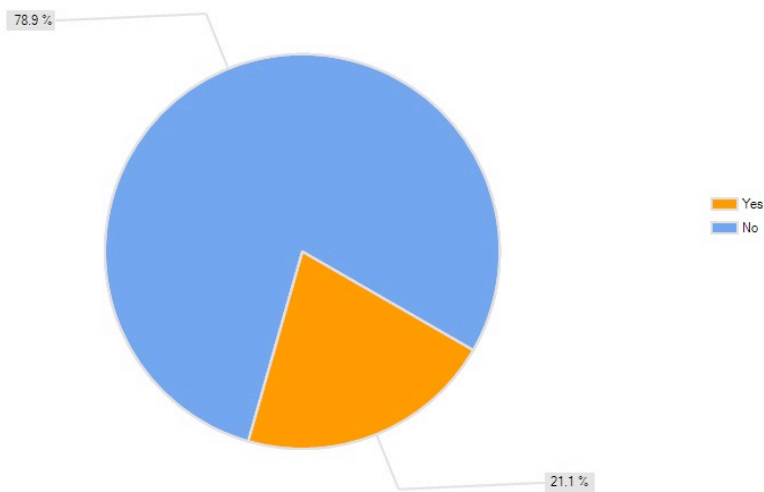
Which of the following features are you willing to pay an extra \$10 for, when buying outdoor apparel (for sport activities)? Check all that apply.



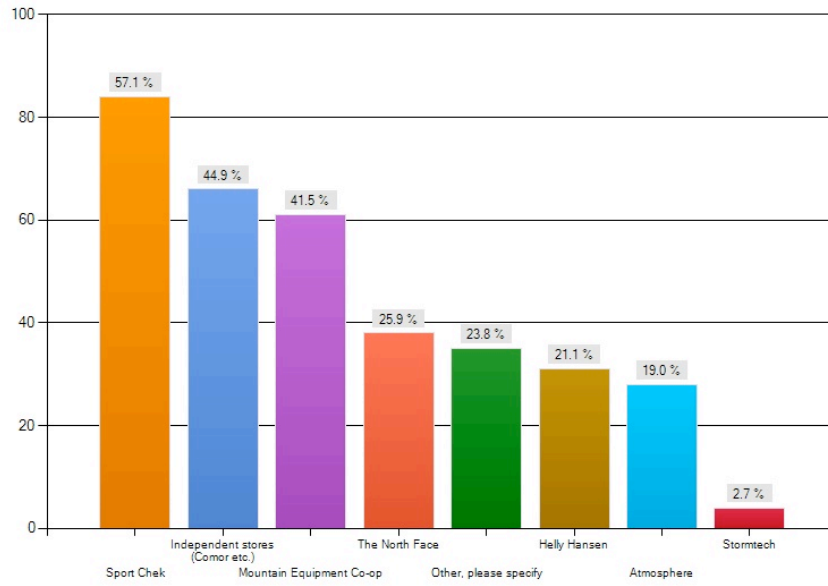
Where do you prefer shopping for outdoor apparel (for sport activities)? Check all that apply.



Regarding location, do you usually buy your outdoor wear (for sport activities) at ski resorts?



Where have you purchased outdoor sport apparel? Check all that apply.



Please answer to the following statement regarding Norway as an influence factor.

