

San Jose State University

Global Expansion Project

BUS5 187(Global Dimensions of Business)

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## **Introduction**

For this report, we will be analyzing Four Barrel Coffee, which is a local coffee shop based in Mission District, San Francisco, CA. Four Barrel Coffee was founded by Jeremy Tooker in the midst of the 2008 recession, and the mission that Tooker has for it is to “help coffee be talked about in the Mission with the same enthusiasm and respect as wine, beer and food” (Seshagiri, Par.4), or in other words, to roast beans themselves in order to produce fresh and authentic coffee and to bring more attention to coffee in general. For its strategy, even though the company does import their beans from “third-generation farmers and mill-workers in Latin America, Indonesia, and East Africa.” (“About Us.” *Four Barrel Coffee*), one of the unique qualities that it has is that they roast the beans themselves. According to the words of the company itself, “We're old-fashioned... about roasting. We rely on highly trained people, not computers, to see through the intention of our roasting style.” (“About Us.” *Four Barrel Coffee*). Four Barrel promotes behavioral market segmentation aimed at serving customers in person, and not offering free wifi, as Tooker said that “The Internet hurt business as customers camped out at tables for hours, he says, and also kept people from interacting.” (Seshagiri, Par.11).

In terms of Four Barrel’s history, before it was founded in the 2008 recession, its founder, who “has been working in coffee shops for nearly half his life, and helped launch the instantly successful Ritual Roasters in 2005.” (Seshagiri, Par.4), Therefore the company was founded by an experienced manager, and conducted successful business between 2008 and 2018, which was a turning point for the company because it has been sued by several former employees regarding allegations of sexual harassment. It is stated by this report (Houck, Par.7) that these types of lawsuits are “unsatisfyingly familiar”, and the report then lists several more examples of sexual harassment lawsuits affecting other sectors of the restaurant sector, including Mario Batali who

was divesting from his restaurants, and Ken Friedman who was similarly accused but didn't divest from the Spotted Pig. Even though "at the time, co-owners Tal Mor and Jodi Geren said they planned to eventually transfer full ownership to the company's employees, turning it into a fully employee-owned cooperative" (Houck, Par.7), Four Barrel was unable to achieve this goal as a result of the implications of this lawsuit, and even had to lay off seven employees. Because of this history, in order for Four Barrel to be able to achieve more of their current goals, even though later in 2018 "the partners say the business is beginning to recover", the company needs to maintain the improvement of their assets, profit, and market power to match and exceed the levels that they had before the lawsuit took place.

### **Political, Economic and Legal Systems**

In order for Four Barrel Coffee to choose the most effective international market to expand to, the country where this market is taking place should first be known for large coffee consumption. In addition to consuming large amounts of coffee, which will lend more money to the company itself, the country to which it will expand should have good political, economic, and legal systems to support all goals of effective global expansion. A country's political system is assessed by two dimensions, the emphasis on collectivism or individualism, and whether the country is democratic or totalitarian. The economic system assesses whether a country has a command, mixed, or market economy, and the legal system refers to the rules and laws that regulate behavior of a country's citizens and the processes through which these laws are enforced (Chapter 2, 4). The goals of effective global expansion include reducing manufacturing costs through new production partnerships, tapping into new markets to boost sales, and committing to sustainable and socially responsible business practices.

Finland has a national average of 26.45 lbs of coffee per capita, which means that on average, 26.45 lbs of coffee are consumed by each person per year, making Finland an effective means for Four Barrel Coffee to boost their sales with help of a coffee shop that could be created there as a result of expanding to it. Regarding the economic system that's taking place, "Finland's economy is characterized by a high-level of industrialization, a small domestic market, and openness to trade. It is a mixed economy, which combines a free market with a Nordic welfare state model. In 2022, the gross domestic product (GDP) in Finland amounted to over 269 billion euros" ("Topic: Key Economic Indicators of Finland."). According to this same report, Finland's GDP increase is around 1.6%. This increase in Finland's GDP indicates that its economy is stable and successful, making the country a good candidate for a potential market. In terms of the political and legal systems taking place there, although it is stated that the "Finnish legal system is a civil law" ("Finnish Legal System | Judicial System of Finland."), and hence has stricter laws based on detailed codes, data obtained from Finland's Freedom House page indicates that it's a democratic government with fair elections, which offers political, property and civil rights to its citizens. In addition to that, a report outlining Finnish customs indicates that "Finnish culture places more value on individualism than many other cultures. Freedom of the individual is strongly present in the Finnish legislation" (*Finnish Customs*).

Denmark has a national average of 19.18 lb/capita, which makes it a good market for Four Barrel to potentially expand, because that means each person drinks around 19 lbs of coffee per year, which is favorable if Four Barrel wants to boost their sales with help of expanding into Denmark. In addition to that, Denmark is also stated to be "a free-market capitalist economy with a strong social welfare safety net for its citizens, and in its most recent survey the World Bank calls Denmark No. 1 in Europe and No. 4 in the world for ease of doing business." ("Doing

Business in Denmark.”). In terms of the political system that’s taking place in Denmark, “The Danish legal system is divided up into public law and civil law...where public law is divided into constitutional law, international law, administrative law, criminal law and the law of procedure” (Laura, Par.4). This indicates that Danish law is written in detailed codes, and there are regulations in place that involve international law as well, hence making Denmark a good choice for a potential market due to this low corruption. This country is classified as free by the Freedom House, and has a freedom score of 97/100. As stated by Denmark’s Free House page, “Denmark is a robust democracy with regular free and fair elections. Citizens enjoy full political rights, the government protects free expression and association, and the judiciary functions independently. However, Denmark has struggled to uphold fundamental freedoms for immigrants and other newcomers.” (“Denmark: Freedom in the World 2023 Country Report.”).

Brazil is the second largest coffee consumption country in the world with the total consumption of 21.3 million of 60 kilograms bags in 2022 (Ozbun, *Coffee consumption in Brazil 2022*) which makes Brazil a potential market for Four Barrel Coffee to invest in. Brazil is a democracy with a presidential and federal system of government with a legal system based on civil law tradition. Although its government is not stable, as pointed out by its Freedom House score of 72/100 and the description that states “Corruption is endemic at top levels, and governmental transparency has decreased” (*Brazil: Freedom in the World 2023 Country Report*), Brazil generally upholds democratic principles and has a history of peaceful transitions of power. Brazil’s economy has been characterized by “solid growth and increased macroeconomic stability” during the current government’s term (*Reassessing Brazil's economic outlook: Rane*). Brazil has one of the world’s largest economies with a GDP of around 1.92 trillion U.S. dollars in 2022 (O’Neill *Brazil GDP 2028*). Its economy is mixed and based largely on a free market

system with some government controls, and according to this report from the United Language Group, “Brazil is a collectivist society, where strong, identifiable groups are vital and encouraged” (*Localization Strategy Guide: Cultural Dimensions of Brazil*).

## **Geographic Factors**

Finland has many geographic factors that foster the environment for optimal business expansion. Finland is next to a major body of water which allows for overseas trade. This makes it easier to import and export goods that we need to open our business and maintain it. Finland is next to Sweden, Norway, and Russia (“Finland Country Profile - National Geographic Kids”). These three are known to have booming economies so they will likely be willing to trade partners. With all 3 of these nations within close proximity of Finland, it allows for more potential trade market opportunities. Finland is also home to many forests and a vast amount of lakes, so much so that it is known as the "land of a thousand lakes". With scenic forests and lakes make Finland a popular tourist spot. Business expansion in Finland also presents opportunities for partnership with tourist destinations (“Finland | Geography, History, Maps, & Facts | Britannica”).

The geography of Denmark significantly influences its economy. Although Denmark is only attached directly to continental Europe with Germany (*Denmark*), it is located in Northern Europe which provides access to both Baltic and North Seas, making it a transportation hub. Also Copenhagen, the capital city of Denmark, is a major location of sea and air transportation which makes it a desirable destination for foreign companies like us to expand to. Despite being a relatively small country, Denmark has a significant amount of arable land, making agriculture an important sector of the economy. Tourism is another geographic factor that will affect our

company expansion in Denmark. Tourism in Denmark is growing annually due to “its sustainable tourism initiatives such as bike-friendly cities” which can also increase foot traffic around those cities that will benefit our local coffee shops (*Travel & tourism - denmark: Statista market forecast*).

Brazil’s geography presents new opportunities as well as potential challenges for business expansion. Brazil is very vast and home to a wide variety of tropical and subtropical landscapes (*Brazil | History, Map, Culture, Population, & Facts*). Due to the variety in landscapes, business expansion to Brazil would require a strategy to identify which regions are best suited for our company’s operations. Brazil’s vastness also means an extensive potential customer base. Brazil’s large population translates to a large potential market for our business. Due to Brazil's expansive tropical landscapes, there is a lot of agricultural production. With the amount of agricultural production in Brazil, there will be high-quality coffee beans in the area and it also presents the chance to grow and source our own coffee beans if we choose that route (“Brazil.” *IFAD*). Brazil is also not landlocked meaning that there are more methods of exporting and importing goods.

### **Choosing country**

Our team chose Finland as the country we would like to expand our business to because it is the most fitting choice based on its economy and geographical advantages. Finland has the highest per capita coffee consumption globally which means that there is already a stable demand for coffee (“The Top Coffee-Consuming Countries”). We have to have a distinct brand identity in order to stand out and be competitive against the existing coffee shops. Expanding our business to Finland allows us to partner with Finnish coffee packaging and production

companies. We can also partner with local coffee farms to source coffee beans from local farms instead of transporting the coffee beans from somewhere else, potentially lowering our operational costs. Finland has a large tourism industry that we can tap into (“Travel & Tourism - Denmark: Statista Market Forecast.”). There is the potential for collaboration or partnerships with tourist destinations. Finland has a high GDP per capita which indicates that people have more money in their pockets so those in Finland could potentially be more willing to buy coffee than Denmark and Brazil (“Topic: Key Economic Indicators of Finland”). Finland is a leader in sustainability and environmental protection standards (“Environmental Protection in Finland”). It has strict regulations that force us to be socially responsible so we have to commit to having a strong environmental focus if we want to thrive in Finland.

## **Culture**

Company expansion into Finland must understand Finnish culture. Finland has around 5.5 million residents who are mostly in urban centers such as Helsinki (Info-Finland, para. 1). Finland is multilingual, speaking Finnish, Swedish, Sámi, and Russian. History, geography, and culture affect Finland's economy. Finnish culture encourages social welfare, punctuality, and order like its Nordic neighbors (GoinGlobal, para. 1). One of its traits is *sisu*, or persistence in daily activities across all walks of life. The economy is affected by Finnish principles of equality and justice (Info-Finland, para. 2). Honesty, punctuality, and originality are Finnish values that Four Barrel Coffee must consider when entering into the Finnish market. The Finnish enjoy nature, which shapes their leisure.

Swedish and Russian influence Finnish cuisine, which emphasizes local food and elaborate feasts (GoinGlobal, para. 12). Coffee's popularity in Finland shows its social and



commercial worth. With native delicacies like pulla during coffee breaks, Four Barrel Coffee can attract Finns. Hiking, skiing, and saunas are popular in Finland (GoinGlobal, para. 13-17). Sauna culture permeates Finnish business and society. Integrating into Finnish corporate culture requires respecting sauna etiquette, such as using it for relaxation and meditation.

Finnish firms require linguistic skills because learning fundamental Finnish terminology shows respect for local culture, especially when English is widely used (GoinGlobal, para. 19-24).

Understanding Finnish names and titles helps professionals communicate and prevent misunderstandings. Finnish modesty and privacy impact business as Finnish people like directness and listening (Info-Finland, para. 8). Finnish culture encourages modesty and not displaying wealth.

Religion and ethics affect businesses depending on the characteristics of the most popular religion in a specific location (Chapter 4, 15). Although Finland permits religious freedom, Christianity predominates in the country. Businesses can navigate Finland by learning about religious festivals and traditions. Most Finns are Evangelical Lutherans; however, Islam, Catholicism, and Jehovah's Witnesses are also present (Info-Finland, para. 5). Businesses must understand religion to manage ethnic sensitivities and holidays that affect customer behavior and operations. Religious freedom in Finland encourages commercial variety. Businesses entering Finland should respect religious holidays to demonstrate cultural sensitivity. Four Barrel Coffee must comprehend Finnish beliefs, customs, and traditions to become Finnish. Entry and success in Finland need *sisu*, equality, and environmental concern while conforming to Finnish economic and social standards.

## **Government**

Four Barrel Coffee must understand Finnish legislation, ramifications, risks, and advantages before growing. Finland attracts less FDI (Foreign Direct Investment) than its Nordic-Baltic neighbors, notwithstanding trade and investment openness (OECD, 2). FDI is low, yet Finland has solid institutions and little corruption. In 2019, Finland's inward FDI stock was 31% of GDP, below the regional average of 49% (OECD, 4). Finland is open and quiet, yet Foreign Investment can be problematic. OECD report states that domestic laws impact corporate spending and FDI placement. For legitimate reasons, limitations can boost costs, especially for foreign-owned businesses. Streamlining regulations can increase business and investment. Competent workers draw knowledge-intensive FDI to Finland. Skill shortages and labor market laws prohibit certain foreign corporations from operating in Finland (OECD, 6).

Technology, knowledge, and innovation attract FDI to Finland (OECD, para. 2). Finland attracts foreign investment with a stable government, strong institutions, and low corruption. High prices and labor market rigidity limit Finnish investment. Regulatory and legal changes prevent certain corporations from investing in Finland (OECD, para. 3). Open markets in Finland and adjacent nations attract FDI (OECD, para. 16). Companies market to Finland or test products. Companies overseas face cultural challenges, and non-resident investors have bank account issues. Some difficulties must be rectified to permit foreign-owned firms. Government policy greatly affects investments in foreign countries (Chapter 2, 6-12). Democracy, individualism, collectivism, and totalitarianism affect governance. Finnish firms benefit from representative democracy and constitutional guarantees. Overregulation, Single Market regulatory harmonization, and authorities' understanding of corporate needs recommend reforms.

## **Ethics, Corporate Social Responsibility and Sustainability**

Finland is one of the most business-transparent countries in the world. It has been consistently ranked within the top 3 countries that are not corrupt in Transparency International's Corruption Perception Index ("2022 Corruption Perceptions Index - Explore Finland's Results"). As of 2023, it is the second least corrupt country, just behind Denmark. With the transparent business environment that Finland has, business practices are readily scrutinized. The business transparent culture encourages businesses to maintain ethical practices in all of their operations. This kind of business environment is ideal for Four Barrel Coffee because we want to engage in ethical business practices. Four Barrel Coffee also has a mission to engage in direct trade practices. Sourcing coffee beans from a local farm could improve the image of the coffee shop because the business-transparent culture of Finland allows Four Barrel Coffee to showcase its efforts to use high-quality coffee beans and have strong relationships with farmers. Finland is also one of the world's leading countries in environmental protection standards meaning that Finland's government has a strong focus on sustainability(Lyytimäki). Finland recently passed the National Climate Act which is meant to lower Finland's carbon emissions. Finland's aims to be carbon neutral by 2035(*Net-Zero Government Initiative (NZGI) Finland*). Policies like the National Climate Act foster the business environment that Four Barrel Coffee wants to thrive in because of our business mission to be socially sustainable.

## **International Business Strategy**

Choosing the right business strategy when expanding to another country like Finland is pretty important for our company. Our Four Barrel Company will adopt the Localization Strategy to enter the Finnish market by customizing our current product lineup and brand identity while

capitalizing on Finland's appreciation for quality and sustainability. Finland has the highest per capita coffee consumption globally, indicating a strong and stable demand for coffee. However, our company needs to match our products with local tastes and preferences to stand out in the competitive Finnish coffee market. Finnish consumers are increasingly open to exploring new flavors and varieties of coffee, particularly showing a growing preference for dark roast coffee (*Coffee in Finland*). We will research the local consumers' preferences and develop our products and menus to meet those preferences. The localization strategy will allow our company to do this kind of customization, which could help us differentiate from competitors. Sustainability is increasingly important for brands, emphasizing initiatives to enhance supply chain transparency. Expanding to Finland will allow us to build partnerships with Finnish coffee packaging and production companies and local coffee farms. By adopting localization strategy, we can integrate local products and services into Four Barrel Coffee's Value chain and potentially lower the operational cost and upgrade the brand's value to local consumers. Although Finland's stable government and strong institutions create a desirable environment for foreign investors like us, it has strict environmental protection regulations. To navigate these regulations more effectively, we need to use localization strategy to customize our business practices and comply with local laws and societal expectations.

### **Objectives for Organizing International Business**

Objectives guide a company towards achieving more significant goals in international business operations. The following objectives will help Four Barrel Coffee pioneer greatness in global business.

1. Emphasize cooperation between structure, control, culture, processes, and people to create internal consistency.
2. To ensure strategic alignment: Ensure the firm's organizational structure matches its worldwide strategy, standardization, localization, and transnational (Chapter 14).
3. To market responsiveness: Learn to quickly adjust to global market changes while keeping plan coherence (Chapter 14).
4. To enhance efficiency: Simplify procedures, structures, and controls to boost the company's operational efficiency (Chapter 14).
5. To integrate culture: Encourage global innovation, cooperation, and flexibility within the organizational culture (Chapter 14).
6. To manage talent: Strategic HR recruits develop and retain diverse personnel matching organizational culture and strategic goals (Chapter 14).
8. To lower risk: Establish sophisticated risk management systems to detect, analyze, and mitigate global geopolitical, financial, and operational threats (Chapter 14).
9. To integrate sustainability: Sustainability should inform all global environmental and social responsibility efforts (Chapter 14).
10. To improve constantly: Create a continuous development culture where feedback and performance metrics increase the global dynamics of organizational design (Chapter 14).

## **Organizational Structures**

### **Product Division System**

Keeping track of items Product line separation increases resource allocation, product understanding, and decision-making. The structure offers clear lines of accountability since each division monitors product line performance and strategy (Chapter 14). Product divisional structure supports innovation and customization since each division can adjust its strategy and offer to its target market. The company's worldwide approach benefits from centralizing product choices and adapting to market needs. In Figure 1, the organizational structure is divided into three product lines, each with five management departments: purchasing, manufacturing, marketing, finance and hygiene. The entire division receives overall decisions from the headquarters.

### **Geographic segmentation**

Establishing geographical regions helps the organization satisfy varied market demands and increase local responsiveness. Regionalizing operations allows the corporation to adapt goods, services, and marketing to local preferences, regulations, and cultures (Chapter 14). Localizing enables the firm to get client loyalty, regional growth, and market risk reduction. Regional resource coordination boosts operational efficiency with geographic segmentation. Geographic segmentation helps the organization balance global uniformity and local flexibility for long-term profitability.

## **Organizational Culture**

All worldwide operations must foster collaboration, innovation, diversity, and ethics to increase employee engagement, performance, and cohesiveness. Organizational norms influence mission, decision-making, and behavior (Chapter 14). Employee creativity and skills help the organization react to market changes via innovation and cooperation. Staff require cross-cultural training and assistance to operate abroad. Cultural diversity and communication are needed for globalization. With cross-cultural training, employees can trust, adapt, and work with varied stakeholders. By fostering openness, cross-cultural competency enhances employee innovation and global reach (Chapter 14).

## **Standardizing Process**

Decision-making, resource allocation, performance assessment, and innovation management improve organizational performance. Standardization improves clarity, openness, and accountability, reducing mistakes, delays, and discrepancies in critical organizational processes (Chapter 14). Standardizing processes, roles, and responsibilities minimizes waste, enhances productivity, and simplifies operations. Standards help firms assess, develop, and innovate by identifying best practices, replicating achievements, and sharing information.

## **Agile Methods**

The organization swiftly adjusts to market developments, consumer preferences, and technology by utilizing agile processes. Agile approaches let firms adapt promptly to new possibilities and problems via flexibility, cooperation, and iterative development (Chapter 14). Agile methodologies split complicated projects into smaller tasks and include stakeholder input to

foster creativity, responsiveness, and customer-centricity. Testing, pivoting, and decision-making let agile teams create, adapt, and learn.

### **Entering the Market**

In order to decide on the optimal entry mode into Finland for Four Barrel Coffee, basic information about the company's main competitors should be known, as each entry mode has a different effect on how any company will handle future competition. The main competitors of Four Barrel Coffee include "Sleepy Owl Coffee, and Lamill Coffee" (Top Four Barrel Coffee Alternatives, Competitors). Sleepy Owl Coffee is another coffee shop, which according to current data, is locally owned in India, and by late 2021, "the company is also open to export opportunities with distributor partners, and is eyeing the Middle East and South East Asian markets" (Foodnavigator). By late 2023, there is still no evidence that it expanded internationally, as this more recent article still states "Currently, Sleepy Owl is present in 7500+ general and modern trade stores across 15+ cities of India such as Delhi NCR, Mumbai, Pune, Indore, Bhopal, Chandigarh, and Jammu" (Spotlight). Sudden Coffee, which is another major competitor of Four Barrel, has entered into a partnership with Joyride Coffee and Bruvil, which involves bringing "LAMILL's Black Onyx blend and Joyride's cold brew to the Bruvi homebrewing system designed to provide convenient, cafe-quality coffee." (Wilson). However despite that, both of these main competitors are also local coffee shops that haven't expanded yet, therefore if Four Barrel Coffee successfully expands to Finland, it will likely be a first mover company.

Because of where Four Barrel and its main competitors are as local coffee shops that haven't yet expanded internationally, should Four Barrel be successful in its expansion to



Finland, it will be a first mover company. However, the fact that it's currently a local coffee shop in the United States means that it has no experience dealing with the Finnish economy and customs, nor has it dealt with any other countries, with the exception of having its beans imported from third-generation workers in Latin America, Indonesia, and East Africa. Therefore, expanding through a wholly owned subsidiary such as an acquisition or greenfield investment, would be too risky. The risks of acquiring a coffee shop which already exists in Finland include culture clashes between American and Finnish values, norms, and morals, and the fact that "Integrating the operations of the acquired and acquiring entities often run into roadblocks and take much longer than planned" (Chapter 15). The risks of a greenfield venture, which is building a subsidiary from scratch, are that they are relatively "slow to establish, and that preemption is possible by more experienced or aggressive global competitors" (Chapter 15). Four Barrel could consider a franchising option, as some of its advantages include "low development costs and risks and strong sales potential" (Chapter 15), however this option contradicts the coffee shop's core values, as one of the main disadvantages of franchising is a lack of control over product quality, but its main mission is to produce fresh and authentic coffee and to bring more attention to coffee in general, hence a high level of quality control is necessary to achieve this goal.

Given that Four Barrel is a first mover coffee shop which would hopefully expand to Finland, the most optimal entry mode would be a joint venture between Four Barrel and a customer service company that already exists in Finland. An example of such a joint venture exists between Starbucks and Barnes & Noble, as their partnership agreement enables "Starbucks to sell more coffee, and Barnes & Noble to provide an excellent customer experience with its in-store cafes" ("What Is a Joint Venture and Things to Know | Tony Robbins"). The most

significant advantages of entering through a joint venture include the fact that it enables the entering company to access the “local partner’s knowledge of the host country’s competitive conditions, culture, language, political systems, and business, and also the fact that both the entering and local companies that share this joint venture share their costs and risks while doing business” (Chapter 15). However a major risk that must be taken into account should a joint venture be the method of expansion is that the entering or local businesses might experience “loss of technology control, and that a joint venture can lead to conflicts and battles for control should their visions, goals, and objectives change or if they take different views as to what the strategy should be” (Chapter 15). Therefore, it’s important that the business with which Four Barrel would agree to enter a joint venture should have a vision that builds on top of the vision of Four Barrel, much like the joint venture between Starbucks and Barnes & Noble that was explained earlier in this report, which would benefit both companies by helping them provide quality customer service.

There are various local bookstores in Finland which have substantial knowledge about Finnish methods of doing business, and even though there are libraries such as “Oodi and the National Library of Finland” (“Helsinki’s Most Stunning Libraries | My Helsinki”) have their own cafes such as “Cafe Rotunda” (“Visiting the Library”), and the “Food & Co Cafe in the heart of Helsinki, at central library at Oodi” (“Oodi - Compass Group”), the Rikhardinkatu Library does not seem to have any permanently built in cafes, with the exception of an event known as the “Finnish language cafe, which lasted from January 12 to May 17, 2016, where people gathered on the library's first floor in the meeting room for one hour at a time” (“Rikhardinkatu Library’s Finnish Language Cafè | Helmet”). Even though in the future the cafes that already exist in some Finnish libraries could eventually become potential competitors,

initiating a partnership between Four Barrel Coffee and the Rikhardinkatu Library will not only allow the coffee shop to obtain knowledge about Finnish ways of business from the library's experience with these ways, but it will also allow Four Barrel to start conducting international business starting in Finland, while the Rikhardinkatu Library will be able to increase customer satisfaction with the help of Four Barrel Coffee's service.

### **Import / Export**

In Finland, Four Barrel Coffee will enter a highly competitive coffee market. Finland's high per capita coffee consumption indicates a mature market with well-established local brands such as The Good Coffee Company and Robert's Coffee, alongside global giants like Starbucks(Carolin). These competitors have a strong foothold due to their deep understanding of local preferences and extensive distribution networks. As we have already established direct trade relationships with coffee bean producers from all over the world like Latin America, Indonesia, and East Africa for our roastery in San Francisco, we will directly import our high-quality coffee beans from the United States to Finland(*About Us*). We will keep a two-week supply of coffee beans and other materials stored on-site. To do so, we will partner with local distributors to facilitate smoother operations and potentially faster market penetration. The main risk during the import process will be the supply chain risk. Our Four Barrel Coffee relies on imported coffee beans which could expose our business to risks such as fluctuations in global coffee prices, transport delays, or geopolitical issues.

## **Marketing**

### **Customer Benefits and Attributes**

Such opening up of Four Barrel Coffee, who are admired for their exclusive artisanal coffee blends, to have advantages and provision of services to their customers in Finland. Finnish consumers tend to buy the best quality products, and Four Barrel sells the finest coffee (International Trade Administration, para. 8). Due to Helsinki's blossoming coffee market and consumers' ballooning standards toward specialty coffee, the brand may be welcomed, especially among coffee enthusiasts. Providing coffee varieties to please Finnish coffee drinkers, who are interested in diversity and authenticity, could be the choice for the business. Four Barrel's ethical product sourcing and environmentally conscious practices add a positive light to its brand, hence becoming more preferable to the environmentally concerned customers of Finland.

### **Distribution Channel**

Four Barrel Coffee can win reach and efficiency via a sweep of the Finnish market with beverage networks and intermediaries. There are options such as retail chains and department shops. Still, with an experienced agent or distributor, the company can get a chance to get into the market and make regional knowledge work for it. Finland gives credit to trustworthy ones on the market, so strong partnerships with known companies or distributors are important (International Trade Administration, para. 2-6). Four Barrel can also grow its Finnish market by providing online shoppers and specialty coffee lovers with the convenience they value and exceptional coffee experience.

## **Advertising Content**

The Four Barrel Coffee which wants to take a firm grip on the market in Finland, has to make advertisements that would impress the Finnish audience. As Finland is known for taking care of nature and society, some customers may be yearning for a brand that makes high-quality, sustainable, and ethically sourced coffee. A Finnish public targeting social networks and specific online advertisements would be preferred for those tech-savvy Finns (International Trade Administration, para. 3). Stories the customers in Four Barrel's bean-to-cup approach may move the hearts of Finnish coffee lovers and establish brand loyalty. Team up with local key people as well as make coffee morning attendances which will lead to customers being more familiar with the brand and enhancing community's partnership.

## **Recommended Global Pricing Strategy**

Four Barrel Coffee operating in Finnish countries should factor in production costs, target market demand, competition and also how the economy plays out when they are devising a costing policy. Conversely, assessing the stock price dynamics and the purchasing power of buyers in Finland goes beyond a mere market survey (Kurz and Többens 12). In terms of market entry, Four Barrel needs to have competitive pricing similar to the local and international coffee flags yet display its high quality and ethical purchase with just a tad pricier price. Transitory rating mechanisms that could be adjusted to various circumstances and customers' preferences can bring the highest income with some choices, costs, and price perception. Flexible pricing methods such as package deals and subscription programs can develop a considerably large customer base and thus help be competitive in the rapidly progressing Finnish coffee business.

## **Human Resources**

Operating a coffee shop in Finland requires careful consideration of the background of each of the workers because of the potential clash of American and Finnish cultures. Having a good balance of American and Finnish cultures can allow for Four Barrel Coffee to be more attractive to consumers and for staff to be satisfied with the work environment. We have the option of hiring American staff or Finnish staff for the coffee shop. Each has its pros and cons.

Hiring Finnish citizens to work at Four Barrel Coffee allows for easier integration of Finnish culture into the coffee shop, as well as easy integration of the coffee shop into Finnish society. With Finnish citizens being familiar with the workplace culture and the language, it will be easier for Four Barrel Coffee to integrate into the Finnish business world. Hiring Finnish citizens also means that they are not familiar with San Francisco-style coffee. It would require more training to get them accustomed to San Francisco coffee-specific skills.

Hiring American citizens to work at Four Barrel Coffee allows for easier transfer of Four Barrel Coffee's identity and coffee style. American citizens are already aware of the brand identity of Four Barrel Coffee and the San Francisco Coffee style which allows for the brand to stay true to its core values in the Finnish workplace (InfoFinland, 2024). Hiring American citizens to work at Four Barrel Coffee also means that there will be a cultural adjustment necessary to thrive in Finnish Society and there is a potential customer disconnect due to the clash of cultures. American citizens also have to do the proper paperwork to have permission to work in Finland ("Setting up a Cafe or a Restaurant", 2022).

To succeed in Finland, a hybrid hiring approach is ideal. Hiring a Finnish Store Manager would be suitable because they are aware of the Finnish workplace culture, as well as any common labor regulations that Finland has. Hiring a mix of American and Finnish baristas

would be appropriate because Finnish workers account for the negatives of hiring American workers and American workers account for the negatives of hiring Finnish workers. Finnish baristas can help American baristas integrate into Finnish culture and American baristas can help add American coffee elements with their expertise in San Francisco Coffee. With a good balance of American and Finnish workers at Four Barrel Coffee, the coffee shop will succeed in Finnish society because of the new American element that the coffee shop brings, while still conforming to the general customs of Finnish society.

### **Final Analysis**

To sum it all up, we have decided that if Four Barrel Coffee is to internationally expand to another country, it should expand to Finland by going into a joint venture with a well-established community service company in this country. Given that Finland has a national average of 26.45 lbs of coffee per capita, and that it has several well-established coffee chains such as Robert's Coffee, the Finnish marketplace will be a highly competitive business arena in which Four Barrel will have to come up with a well-thought strategy in order to survive in it. Despite these challenges, this business arena should be predictable, transparent, and ethical, as Finland has been regularly ranked as one of the top three least corrupt countries, and was ranked second least corrupt in 2023.

This would benefit Four Barrel in its mission to produce high quality coffee by ethical standards, but expanding into this marketplace still requires a well thought out plan in order to have beneficial results. A greenfield venture, while it may seem obvious for an expanding small company, would be highly risky because the company would just be overshadowed by well established local chains and international giants, and a franchising strategy, despite offering low development costs and strong sale potential, is also not ideal because Four Barrel needs high

quality control over its products to achieve its mission, which franchising would not offer. The most optimal entry method would be a joint venture with a well-established library in Finland such as the Rikhardinkatu Library, as the library would be able to provide exceptional customer service, and Four Barrel would be able to make coffee for customers in Finland while learning how to operate in the Finnish marketplace.

In order for people at Four Barrel to be educated about Finnish values and how to survive in its marketplace, people of both American and Finnish citizenship should work in its new international services in order for the education between employees to decrease potential cultural clashes when it comes to serving customers of a different culture, although this requires all the American workers to fill out the extra documentation to be allowed to work in Finland.

Once Four Barrel will complete its expansion to Finland, and the workers of its new services will be determined, it needs to garner the attention of Finnish consumers, and an effective way to do this based on combining Finnish values with the company's mission is to advertise its coffee as high quality, sustainable, and ethically made. In addition to advertising their products in such a manner, Four Barrel can also expand its impact in the Finnish marketplace by making services that satisfy the needs of diverse customers, from online ordering for those who prefer to shop online, to selling a diverse range of coffee types for satisfying the desires of long-term coffee enthusiasts. The company should price its services in Finland to roughly match the product prices of its local and international competitors, although it should also make them a tiny bit higher than some of the competitors in order to obtain extra income from its new international services. Overall, these pricing and advertising strategies will be optimal for making Four Barrel not only internationally expand for the first time, but to also leave a pronounced and positive footprint in the international business arena.



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