

BUSINESS MODEL CANVAS ANALYSIS FOR SPORT, WELL-BEING AND
PHYSICAL ACTIVITY RESORTS

Construction of Business Model for Case Kalevankangas

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International Business

Bachelor's Thesis

Supervisor: Mikko Pynnönen

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Objectives

The main objectives of this study were to • analyze sport, physical activity and outdoor resorts' business models and the potential market segments and demand for physical activity and wellbeing services. and to construct a tentative Business model for Kalevankangas for business development purposes by using Business Model Canvas -template as an analyzing tool.

Summary

This research was conducted in a cooperation with City of Mikkeli as part of the development plan of Kalevankangas recreation area. The constructive case study was the chosen research method. A literature review was conducted to gather theoretical understanding of Business Model Canvas analysis. The future trends in physical activity and wellbeing industry were studied in order to understand the potential demand and market segments for physical activity services. The business models of four different sport and wellbeing resorts were analyzed by using BMC as a tool. The constructed business model of Kalevankangas was then compared to those cases to find ideas, similarities and differences in business models.

Conclusions

There are potential growing markets for physical activity and wellbeing services due to the increased awareness and interest towards health and wellbeing. The aging population, growth of lifestyle diseases and polarization provide new kind of customer segments for the industry. There is a lot of competition between the sport and wellbeing resorts and each of them needs to find a way to differentiate and add value. Kalevankangas can adopt many service and product ideas from its competitors and it could learn also from the marketing and branding. At the same time it has an opportunity to differentiate by focusing on providing services the market segments that have not yet found the sport services and build a communal and innovative center of physical activity and wellbeing in cooperation with several local actors.

Key words: Business Model, Business Model Canvas, Physical Activity, Wellbeing, Entrepreneurial Ecosystem

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1. INTRODUCTION

1.1. Background

This research was conducted as part of the Kalevankangas development platform in cooperation with city of Mikkeli. Kalevankangas is a recreational area, with several outdoor activity possibilities, located close to the city centre of Mikkeli. There is also a concentration of built sport and physical activity facilities. The development plan for Kalevankangas is one of the strategic programs of City of Mikkeli, whose purpose is to develop the established services in the area and create new businesses as well. The overall goal is to utilize the full potential of the area and create new physical activity and wellbeing services and jobs. One important objective is promote the wellbeing and health of the residents.

1.2. Research Problem and Objectives

The main objective of this research was to construct a tentative business model for Kalevankangas in order to provide a tool for further business design of the project. This was done by using the Business Model Canvas (Osterwalder & Pigneur, 2010) as an analysing tool. The methodology used was a constructive case study in which the goal is to create a solution or model for some specific real-life problem, which in this case is the BMC for Kalevankangas.

The research topic was developed after acquiring information about the project and interviewing the key stakeholders of the project. The research was conducted by first analysing the current and future trends in the sport, physical activity and wellbeing industry in Finland in order to discover potential service needs and customer segments for the industry. Four cases of similar kind of sport, outdoor and wellbeing resorts were analysed by using BMC. These cases were then compared to Kalevankangas in order to discover ideas analysing which could work in the circumstances of Kalevankangas and which not. The case analysis offered

information about similar kind of business models and gave a chance to think about how Kalevankangas could differentiate from its competitors and what kind of business practices and services could be adopted for its business model. The final suggested business model was then discussed with the key representatives of the development project.

This research begins with a literature review of entrepreneurial ecosystems and Business Model Canvas which provides the theoretical background for the thesis. After that the nature of the Finnish physical activity and sport sector as well as the current and future trends in the industry will be discussed in order to provide a contextual framework the research. Kalevankangas as an environment and the development project will be introduced in more detail in chapter 5. The case study section introduces the BMCs of the analysed case resorts and discusses their relevance for Kalevankangas. The BMC constructed for Kalevankangas and the analysis of it, introduce the main findings of this research. Finally, the managerial implications and limitations of the research will be discussed.

The main research objectives were:

- To construct a tentative Business model for Kalevankangas by using Business Model Canvas -template
- To analyse sport, physical activity and outdoor resorts' business models, learn from best practises and use them a comparison for the BMC of Kalevankangas

The purpose of this research was to find answers to following questions:

- What kind of business model would be suitable for Kalevankangas – physical activity and well-being centre? What could be learned from similar kind of businesses and how could Kalevankangas differentiate itself?
- What kind of markets there are for physical activity and wellbeing services and who are the potential customers?

2. LITERATURE REVIEW

2.1. Entrepreneurial Ecosystems

Theory of entrepreneurial ecosystems helps to illustrate the factors that make the birth and development of entrepreneurship possible. It also emphasises the importance of relationships and communication between different parties. Ecosystem analysis provides understanding of the environment in which the entrepreneurship and businesses can flourish and grow.

It is widely recognized that the public sector has a significant impact on positive development of entrepreneurship. Isenberg (2010) provides examples from Rwanda's coffee production to Iceland's innovative technologies to illustrate favourable environments which were created by governments to support and maintain entrepreneurship. During the last decade, this kind of entrepreneurial ecosystems have become more popular topic of discussion and research, and the entrepreneurial framework has started to establish its position as a tool used to examine entrepreneurial development in certain geographical regions (Isenberg 2010; Spigel 2017).

According to Auerswald (2015), the aspirations of states to support regional entrepreneurship have been traditionally been restricted to financial and educational means. In ever increasing numbers, these aspirations have been turned into broader strategies that could enable the birth and development of the entrepreneurial ecosystem at the city/municipal level (Auerswald, 2015).

In addition, it has been found that without well-working ecosystems, the knowledge learned or created in universities or other research institutions, does not contribute the emerge of new businesses or help the existing industries to update (Mikkela & Salminen, 2016). The ecosystem approach in broader context is stated to contribute the national competitiveness, productivity and entrepreneurship (Pilinkiene & Maciulis, 2014).

Isenberg (2011) believes that "entrepreneurship ecosystem strategy represents a novel and cost-effective strategy for stimulating economic prosperity" and will over

time replace cluster strategies, innovation systems, knowledge-based economies and national competitiveness policies, all of which it includes features.

Even though the entrepreneurial ecosystem is a current research subject and a development tool with a lot of potential, it still has its challenges. In the following section, the more specific definition(s), and the structure and domains created by Isenberg (2011) will be introduced, as well as the critique and limitations of the entrepreneurial ecosystem model.

2.1.1. Definition of Entrepreneurial Ecosystems

The concept of ecosystem is originally derived from biology (Pilinkiene & Maciulis, 2014) where it typically refers to 'a community of several interdependent organisms' (Stam,2015; Mikkela & Salminen, 2016). This community is limited to a specific area which may be local or, on the other hand, can reach to very wide regions, as well. The key to looking at ecosystems is to focus on the roles and relationships between different organisms rather than to individual actors themselves. Recently the concept of ecosystem has been increasingly used in the literature on entrepreneurship and innovation.

Entrepreneurial ecosystem as a concept exists since 2010, firstly introduced by Isenberg, but similar theories have been presented previously by, for example, Van de Ven, A.H. (1993) who took a macro perspective approach to entrepreneurship and focused on infrastructure that "facilitates and constrains" entrepreneurship. According to Van de Ven (1993), this infrastructure includes: (1) institutional arrangements to legitimate, regulate, and standardize a new technology, (2) public resource endowments of basic scientific knowledge, financing mechanisms, and a pool of competent labour, as well as (3) proprietary R&D, manufacturing, marketing, and distribution functions by private entrepreneurial firms to commercialize the innovation for profit. Van de Ven (1993) argues that these infrastructure components have been treated as externalities to entrepreneurship and by incorporating these components within a single framework one can systemically examine their impact on entrepreneurship.

Researchers have put great effort into defining entrepreneurial ecosystems but there is still no generally accepted definition for entrepreneurial ecosystem (Stam, 2015). Spiegel (2017) admits that the scientific research on entrepreneurial ecosystems is still in its infancy and so far, there has been only little theorizing. One important reason for this is, that entrepreneur ecosystem research is strongly tied to a specific, geographical area and thus creates many different perspectives on best practises for each ecosystem.

Stam (2015) suggests that the following could be one, widely applicable definition: “Entrepreneurial ecosystem is a set of independent actors that are coordinated and coordinate in a way that enables productive entrepreneurship.” Auerswald (2015) in turn, emphasizes cooperative and productive interactions across the organizations - start-ups and established companies, universities and other research institutes. “In a flourishing entrepreneurial ecosystem people and ideas are flowing between these organizations to set up new businesses and projects in addition to existing the ones by combining innovations” (Auerswald, 2015).

Mason & Brown (2014) take a similar, combination approach. According to their definition, entrepreneurial ecosystem is “a set of interconnected, both potential and existing, entrepreneurs and organizations (firms, investors, business angels, banks), institutions (universities, public agencies, financial institutions) and entrepreneurial processes (the emerge of businesses, the number of high growth companies, number of serial entrepreneurs and the ambitions and intentions related to the entrepreneurship), which formally and informally merge and connect, deliver and guide the performance in a local, entrepreneurial environment – where the environment means first and foremost, conditions for entrepreneurship”. Spiegel (2017) also has similar kind of thoughts. He sees entrepreneurial ecosystems as a local, environmental support for an innovative business, in which the ecosystem is described to consist of cultural aspects, social networks, investment capital, universities and active policies to support entrepreneurship.

2.1.2. Limitations of the entrepreneurial ecosystem research

The theoretical knowledge and definitions of entrepreneurial ecosystem are still inadequate (Spigel, 2017; Auerswald, 2015), which makes it challenging to understand its structure and impact on entrepreneurial processes. In addition, causal relationships have not been extensively studied and the conclusions drawn from research findings are also relatively rare. Pilinkiene & Maciulis (2014) point out that there is no one common measure by which to compare different ecosystems or even evaluate the performance of single ecosystem.

It is also important to note that even though the entrepreneurial ecosystem model can be applied to many different kinds of regions, the roots of EE research are in the successful, high growth areas, which means that the leading theories may not be completely applicable in different economic and social contexts of weaker regions (Pugh, R.,2017). Among many other research papers, Pugh (2017) is critical on the approach where the models that have been successful in leading regions are tried to replicate in different kind of regional settings with little appreciation of the diverse contexts. Pugh (2017) states that theorists should understand the problems that may occur when normative policy fixes, that are only trying to replicate the success of exceptional cases, are prescribed in weaker regions.

Many researchers are aware of the fact, that creating and supporting entrepreneurial ecosystems is more 'a practical question' (Auerswald, 2015 ; Stam, 2015) and the current academic knowledge is not enough to provide right answers or a framework that is replicable in all circumstances. On the other hand, all additional information and understanding of each ecosystem under consideration is useful and contribute the research as well the local decision making. Each, unique ecosystem studied provides information of preliminary, local circumstances, which in turn, can help to create better strategic visions and local solutions (Auerswald, 2015). At the same time, Spigel (2017) proposes that ecosystem research should focus more on the special features of each ecosystem and the ways the special interrelationships create additional value.

2.1.3. Structure of entrepreneurial ecosystems

According to Isenberg (2017), the entrepreneurship consists of dozens of elements that interact in very complex ways. The combinations can be very unique, but the elements can be still classified under six main domains that need to be present whenever the entrepreneurship is self-sustaining. The six domains are conducive policy, markets, capital, human skills and supports (Isenberg, 2017).

Alongside Isenberg, Stam (2015) and Spiegel (2017) have also looked at the structure of entrepreneurial ecosystems. All three researchers have end up with similar kind of elements in their models and the models are overlapping at many points. In this research, I am going to use Isenberg's six domains model to examine the elements of entrepreneurial ecosystems (Figure 1.)

The six domain - diagram is a tool that presents the different domains and elements that are seen to be important in promoting entrepreneurship. All the six elements are interacting with each other. All the six domains are crucial for the long-term, profitable entrepreneurship. The research of the entrepreneurial ecosystem field has not been able to show that one of the elements is systematically more important than another but all of them are needed. In this section, these six domains are introduced and discussed in more detail.

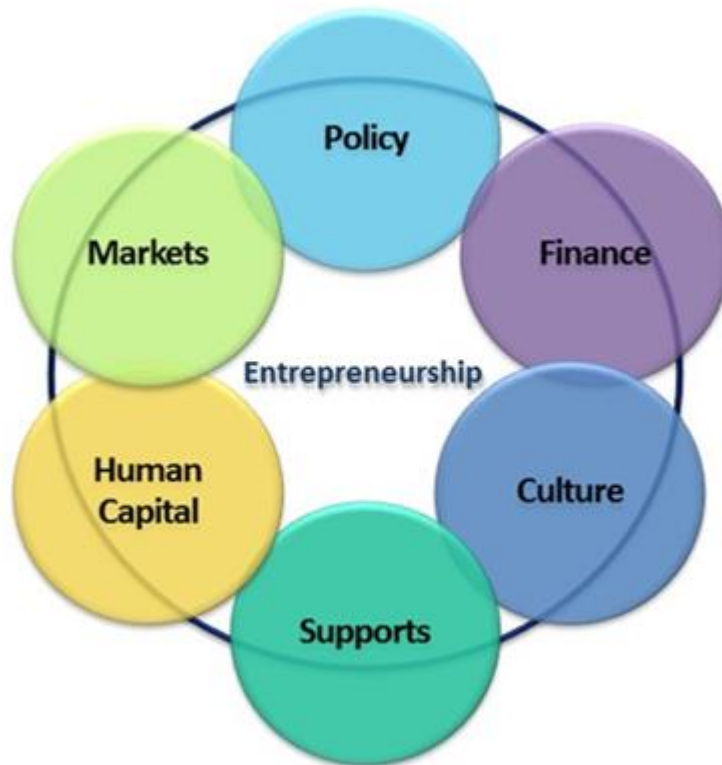


Figure 1: Domains of Entrepreneurial Ecosystems (Isenberg, 2011)

According to Isenberg's (2011) definition, politics consists of management, leadership and administration. Leadership and management include the direct support for entrepreneurship, the social legitimacy, the affectionate attitude towards the representatives of entrepreneurship, the entrepreneurship strategies, crises and challenges. Administration consists of institutions (investments and aids), investments in research and development, start – up grants, regulations and incentives, the business- friendly legislation and administration related to work force, contracts, material rights and bankruptcies.

The finance domain includes micro loans, angel investors and entrepreneur's family and friends, venture capital, private equity (debt financing and capital investment) and stock markets (Isenberg,2011). Many researches, like Pilinkiene and Maciulis (2014) or Spiegel (2017) simply summarize the meaning of finance domain to include all available sources of finance.

Isenberg (2011) sees that the entrepreneurial culture consists of success stories, which means visible success and encouraging examples, creation of wealth for business founders and overall reputation and attraction. The culture includes also the norms of society, which means attitudes towards entrepreneurship, ownership, risk taking and failure. The innovations and creativity, the social status of the entrepreneur, creation of wealth, growth orientation and motivations are also elements of culture domain (Isenberg, 2011; Mikkilä & Salminen, 2016).

Isenberg (2011) divides markets into different parts: the early stage customer relations and networks. Early stage customer relations consist of early adopters, expertise in commercialization, first evaluations and distribution channels.

The networks include the networks within the ecosystem, different kinds of community services and multinational enterprises. Spiegel (2017) uses similar kind of division into networks and free markets, but unlike Isenberg, by networks he means social networks that connect entrepreneurs, counsellors, mentors, investors and employees, which in turn enables and helps the free movement of information and know-how. The free markets mean the presence of sufficient local markets and regional opportunities, which enables the emerge of new businesses (Spiegel, 2017).

Human capital covers education and training systems and the labour force (Isenberg, 2011). Labour force consists of its quality, the overall labour market situation, serial entrepreneurs and the transmission of entrepreneurship from one generation to the next.

The supporting functions in entrepreneurial ecosystem consist on non-public administrative institutions and organisations, entrepreneurs and professionals (Isenberg, 2011; Pilinkiene & Maciulis, 2014). According to Isenberg (2011) and Spiegel (2017), the physical infrastructure includes telecommunications, freight and logistics.

The non-public administrative institutions are associations and organizations that support entrepreneurship. The role of these actors is to offer administrative, complementary and necessary services for new entrepreneurs. These can be law

and accounting firms, technical support and business consultancy (Isenberg, 2011; Arruda, 2013; Pilinkiene & Maciulis, 2014; Spigel, 2017). Spigel (2017) and Stam (2015) emphasize the role of the mentors, role models and advisors.

To summarize, the entrepreneurial ecosystem is a concept, created in 2010s in academic research, but it still lacks one generally accepted definition. This suggests that more research is desired in order to gather more information of different kinds of ecosystems and to contribute the theory building in the field, as well as enable to provide more useful knowledge for practical use. Cooperation and networks and exchange of information and ideas enforce current activities and create new, but especially more high-quality and profitable entrepreneurship in a certain geographical region.

2.2. Introduction of Business Model Canvas

Ecosystem-analysis provides understanding of the environment in which the entrepreneurship and businesses can flourish and grow. In order to analyse and plan the businesses operating within the entrepreneurial ecosystem environment, there is a need for a more conceptualized tool. A conceptualized tool also helps in making the communication between the parties in the ecosystem easier and more effective. Fauvel and Ching (2013) describe the need for such a tool as follows: “In the rising entrepreneurial ecosystems and communities, the communication has a very important role. People need to talk about their ideas and innovations in order to improve and develop them. In that process, you soon come up with some problems. “How do I present my idea or business model? Which parts do I need to tell so the basic story is told but boring necessities are left out? How can I give enough information so we can discuss the potential of the idea?” Osterwalder, Pigneur and Clarck (2010) introduced the Business Model Canvas to answer exactly those questions. Their motivation building BMC was to create a business model concept that everyone understands: one that facilitates description and discussion. Osterwalder et al. (2010) state that BMC allows everyone to start at the same point and talk about the same thing. Their goal was to create a concept which is simple,

relevant and intuitively understandable, while not oversimplifying the complexities of how enterprises function.”

In this research, Business Model Canvas is used as a conceptualized tool in order to analyse business models of physical activity and well-being resorts and finally to help in constructing a tentative business model for Kalevankangas. BMC allows the users to get an understanding of the businesses and go through the process of making connections between what the idea and how it is made into a business. It also shows what kind of customer decisions influence the use of the systems and most importantly, it allows the users to get a clear idea of what the business will likely be. In the following section the logic and structure of BMC will be introduced and discussed.

2.2.1. Business Model Canvas in Business Logic Design

Business Model Canvas is a strategic management tool to quickly and easily define and communicate a business idea or a concept. It helps the user to map, design and discuss new business models. One purpose of the tool is to describe the real business in a simplified way. The definition of business model, used as a basis for the creation of BMC, clarifies the BM concept. Osterwalder and Pigneur (2010) describe the business model as follows: “A business model describes the rationale of how an organization creates, delivers and captures value.” Osterwalder et al. (2005) also explains a business model as “a conceptual tool containing set of objects, concepts and their relationships with the objective to express the business logic of a specific firm”. Business model canvas is a graphic presentation of the target enterprise or ecosystem and it sets a framework for design work and enables the conceptualization of the business.

Business Model Canvas is a one-page document which works through the fundamental elements of business, structuring an idea in a coherent way. The Business Model Canvas consists of nine “building blocks”, basic components of business model. They are put on the canvas in order to improve the visualization of the relations between each component. The product or service-related components

are on the left side and the right side of the canvas focuses on customer and markets, while the value proposition is divided in the half. (Osterwalder, Pigneur & Clark, 2010)

Business Model Canvas		Designed for:	Designed by:	Date:	Version:
<p>Key Partners Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>MOTIVATIONS FOR PARTNERSHIPS: Optimization and economy, Reduction of risk and uncertainty, Acquisition of particular resources and activities</p>	<p>Key Activities What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>CATEGORIES: Production, Problem Solving, Platform/Network</p>	<p>Value Propositions What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p>CHARACTERISTICS: Newness, Performance, Customization, "Getting the Job Done", Design, Brand/Status, Price, Cost Reduction, Risk Reduction, Accessibility, Convenience/Usability</p>	<p>Customer Relationships What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p>	<p>Customer Segments For whom are we creating value? Who are our most important customers? Is our customer base a Mass Market, Niche Market, Segmented, Diversified, Multi-sided Platform</p>	
<p>Key Resources What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p>TYPES OF RESOURCES: Physical, Intellectual (brand patents, copyrights, data), Human, Financial</p>			<p>Channels Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?</p>		
<p>Cost Structure What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p>IS YOUR BUSINESS MORE: Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing), Value Driven (focused on value creation, premium value proposition).</p> <p>SAMPLE CHARACTERISTICS: Fixed Costs (salaries, rents, utilities), Variable costs, Economies of scale, Economies of scope</p>		<p>Revenue Streams For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <p>TYPES: Asset sale, Usage fee, Subscription Fees, Lending/Renting/Leasing, Licensing, Brokerage fees, Advertising</p> <p>FIXED PRICING: List Price, Product feature dependent, Customer segment dependent, Volume dependent</p> <p>DYNAMIC PRICING: Negotiation (bargaining), Yield Management, Real-time-Market</p>			

Figure 2: Business Model Canvas (Osterwalder,2010). Designed by: The Business Model Foundry. Word implementation by: Neos Chronos Limited

Osterwalder et al. (2010) start out with customer segments because customers are the foundation of any business. Customer Segment Building Block defines the different groups of people or organizations an enterprise aims to reach and serve. In order to better satisfy customers, a company may want to group them into distinct segments with common needs, interests, behaviours or lifestyles. Other criteria may include age, gender or geographical variables. A business model may decide to identify one or several customer segments of a different size. A conscious decision about which customer segments to serve, helps an organization to design the rest of the business model around the strong understanding of the specific customer needs. Osterwalder et al. (2010) suggest thinking about the following aspects while determining whether the customer groups represent separate segments:

- Do their needs require and justify a distinct offer?
- Are they reached through different distribution channels?
- Do they require different types of relationships?
- Do they have substantially different profitabilities?
- Are they willing to pay for the different aspects of the offer?

The most important thing to determine is who are the people or other businesses that the business is solving the problem for. This means determining the customers that value the value proposition and the common characteristics they have. Another thing to gauge and understand is the market size and how many people there are in the customer segment.

Value proposition is foundational for any business, because it determines company's practices and persuades key partners. Value proposition tells how the customers benefit from the offered service or product. A good way to approach this is looking at the customer segments and figuring out where the product or service solves the problem for or satisfies the need of the customer. According to Osterwalder et al. (2010), "value proposition creates value for a customer segment through a distinct mix of elements catering to that segment's needs". Values can be quantitative, such as price or speed of the service, or qualitative (e.g. design, customer experience.) The novelty, brand, performance, customization, accessibility, convenience or after sales for example, can be part of the value proposition. Generally, value is exchanged from a customer for money when a problem is solved for them by the business.

The channels building block describes how a company communicates with and reaches its customer segments to deliver a value proposition (Osterwalder et al. (2010). Communication, distribution and sales channels comprise the company's interface with customers and play an important role in the customer experience. Channels are the ways through which the customers come into contact with the business and become part of the sales cycle. Distribution channels are used for several purposes including:

- Raising awareness about a company's products and services
- Helping customers to evaluate a company's value proposition
- Allowing customers to purchase specific products and services
- Delivering a value proposition to customers
- Providing post-purchase customer support

In order to find the right channels, the customers and their habits need to be identified. An organization can choose to use its own channels, partner channels or mix of both. Osterwalder et al. (2010) note that the key is to find the right balance between different types of channels and integrate them in a way that creates great customer experience and maximizes revenues.

Customer relationships is defined as how a company interacts with its customers. It is useful to determine what kind of relationships each customer segment expects to have established and maintained with them. These relationships can be. The intensity of interaction depends on the phase of the customer relationship. The relationships with established, new and future customers may require different kinds of relationships.

Revenue streams represent the cash a company generates from each customer segment (Osterwalder et al. 2010). Target is to determine for what value and at what price the different customer segments are truly willing to pay. This allows the business to create revenue streams for each customer segment. Pricing mechanism can be different for each revenue stream. Revenue streams can come from, for example, the sale or rent of a physical product, use of services, use of space, licences, memberships or brokerage services. The accuracy of the revenue stream analysis is the weaker the earlier the business phase the company is. On the other hand, then the time spent on planning and evaluation of the analysis is emphasized.

Key resources are the most crucial resources from the value proposition perspective. According to Osterwalder et al. (2010), they are the most important assets required to make a business model work. They allow the business to create value proposition, reach markets, maintain relationships and earn revenues. The business model type

determines the needed key resources. They can be physical, immaterial, financial or human. These can include, for example, brand, patents, employees, information systems, equipment, transportation or available cash and credit. Key resources can be owned or leased by the company or acquired from key partners (Osterwalder et al. 2010).

Key activities are the actions that the business undertakes to achieve the value proposition to its customers. They reflect the most important tasks around which a business operation will be built. Activities may include, but are not limited to, an efficient production process, supply chain management, research and development or problem-solving skills.

Partners can help to reduce business risk, acquire resources or otherwise optimize company's business. The aim is to create a cooperation network where company gets and creates value for others. In the key partners building block, the most crucial partners from the value proposition perspective are identified. These can be, for example buyer-supplier contracts or strategic partners.

Cost structure is the description of the most important costs created in business related activities. Costs include the creation of value, value delivery, customer relationship management and sales promotion. When creating a business model, one essential factor to decide, is whether the company wants to be cost or value driven. In other words, whether the company seeks competitive advantage by optimizing its costs lower than the competitors or by offering something new and valuable for the customer (Osterwalder & Pigneur, 2010).

3. THE FINNISH SPORT, PHYSICAL ACTIVITY AND WELL-BEING ECOSYSTEM

It is characteristic for the Finnish sports and physical activity ecosystem that companies are strongly networked with other companies and actors. The relationships between businesses are partnerships rather than traditional selling and buying relationships. The success of each company is dependent on success of other actors' as well as the success of the whole ecosystem. The Finnish sports and physical activity ecosystem is exceptional in a sense that it consists of interests and actions of three different, strong parties: private, public and non-profit sectors. In this chapter the key actors in the Finnish physical activity sector will be introduced and discussed in more detail in order to provide understanding of the stakeholders and the overall state of the physical activity business in Finland today. The chapter introduces also the current and arising trends in the physical activity and wellbeing industry, in order to explore for what kind of products, services and skills would most likely to be needed while attempting to response to the future demand in this field.

3.1. Key Actors in the Finnish Sport and Physical Activity Sector

There are three main types of sport and physical activity providers in Finland: Public sector, private sector and non-profit sector. Municipalities play an important role in providing and maintaining local sport facilities, and also providing financial support for local sport clubs (TEM-Reports, 2014). The Finnish sports network is largely built and maintained by municipalities According to the Finnish Sport Act (1998), it is the responsibility of the municipalities to establish general conditions for physical activity on local level.

There are approximately 14000 sport clubs in Finland and most of the sports activity takes place in local clubs by over 500,000 volunteers. The clubs offer physical activity services from junior to seniors depending the club. Almost 90% of Finnish children are involved in club activities at some point. 2017, about 60% of 9-15-year

olds were members in a sport club. Sport clubs receive their funding mainly from the club members and sponsors. (Essa National Reports for Finland, 2019)

The importance of private sector has grown in Finland, even though municipalities and voluntary sport clubs still provide most sport services. There are approximately 5000 private companies in the physical activity sector. On a larger scale, the sector is characterized by small business dominance. The importance of service production has increased in the physical activity sector and especially adults of working age have become the customers of private companies. (Essa National Reports for Finland, 2019)

3.2. Future Trends in Physical Activity Sector

Then size of the physical activity sector Finland is about 5,5 billion euros, according to the Reports of the Finnish Ministry of Employment and the Economy (TEM), (2014). Despite the recession, the sport sector has been growing rapidly for several years. The especially growing segments are health and well-being related products and services, sport and well-being tourism and sport events. The sport and physical activity services grew by 38% between years 2007 and 2012 and sports tourism increased by 29% between 2008-2012. (TEM-reports, 2014). There is also an increasing interest towards health technology.

There are several prevailing and arising societal trends in a Finnish society which have an impact on the demand of physical activity and wellbeing services. People are in general more and more aware of health and wellbeing issues and there is also an increasingly better access to information. At the same time, the number of lifestyle diseases is rapidly growing. Finland also has an aging population whose health and wellbeing set challenges for the physical activity sector. The overall physical activity of the Finns has decreased and there is a visible polarisation in the society regarding physical activity. At the same time the corporations have become more interested in their employees' wellbeing and there is demand for tailored employee wellbeing services. All these trends together provide challenges and

opportunities for physical activity sector regarding the development and creation of services. (TEM-Reports, 2014)

The overall increasing awareness of physical and mental health and increasing availability of information are important reasons behind the growing interest for sport and well-being services. The active lifestyle and goal-oriented physical training have become popular especially among young adults and working age population. This customer segment is usually active, healthy and affluent and up-to date with recent health information and trends. They usually desire personalized and holistic well-being services and are willing to pay for them. (TEM-Reports, 2014). There is a trend moving from one genre specific coaching toward more holistic lifestyle coaching approach, which may include advisory regarding better nutrition, sleep, career choices and self-development. Passion Sports, like climbing and yoga have gained increasing popularity within this customer segment, as well as extreme sports, like cross fit, marathons or triathlon. Adults' physical activity relies more and more on private sectors services. The usage of private sector sport services has more than tripled in 21st century (Essa, 2019).

Despite the increasing health awareness, the prevalence of lifestyle diseases keeps growing at the same time. While the awareness of health effects of physical activity is growing, the number of overweight people is expected to increase as well. (TEM-Reports). One social significant customer group for sport and physical activity services, is the large group of Finns who suffer from lifestyle diseases and do not regularly engage in physical activities. They would especially benefit from low-barrier sport facilities and opportunities. Encouraging environment, supporting groups and a holistic lifestyle guidance would appeal them and encourage them to seek overall wellbeing and better health in their everyday lives.

The changes in working life put increasing pressure on productivity, quality and efficiency requirements at work. This also means increasing requirements for employees' physical and mental health. The aging workforce increase in disability pensions and increasing burnouts at work are problems that solutions. Physical activity is seen a tool that holds a great potential in improving the health and work capability of work force. Corporations see physical activity as supporting function that

improves the well-being of employees, and through it, promotes productivity. Employers are willing to invest money in their employees' well-being. (TEM-reports)

Finland's aging population is both a challenge and opportunity for physical activity culture and service providers. First, physical activity has an important role in maintaining the working capacity of aging workforce. An aging population also means increase in the number of pensioners, who are wealthier than ever before and have a great amount of free time (TEM-Reports, 2014). It is beneficial for everyone, if this group of people will remain in good condition as long as possible. The increase in the size of this target group means increasing business opportunities for specific physical activity providers. Physical activity's role in prevention of ailments and illnesses is widely recognized and it is an inexpensive way to prevent and defer old age problems

The society is increasingly divided into two parties. Those who are well of and the disadvantaged ones. This kind of polarisation is a substantial factor of change in society and it also has impact on people's exercise behaviours and consumption on sport services. It looks like that those who already are physically active, increasingly spend their time and money on sports activities and at the same time, the more passive group of people is left out of this development (TEM-Reports, 2014). The difference between these two extremes is increasing. This is an especially worrying phenomenon among children. There are children who exercise purposefully in sport clubs several times a week and on the other hand the group of passive children is growing. Increased use of information technology and desk work would need a balancing element that physical activities could provide. (TEM-Reports, 2014)

Sport and well-being tourism are expected to increase, as well the nature's role in physical activity and well-being. This is mainly due to increasing ecological mindset sustainability awareness. This may indicate that basic forms of sports, like jogging, hiking and skiing remain popular also in the future. There is a growing market for sport and well-being tourism services, aimed at both, the Finns and foreigners. (TEM-Reports, 2014)

3.2.1. Physical Activity Valuations and Expectations

The importance of physical activity as a source of health and well-being is widely recognized in all age groups (TEM-Reports, 2014). At the same time, the strong differentiation is characteristic for sports related evaluations. In addition to that, it has been found out, that even though the appreciation towards physical activity is popular, it does not guarantee that citizens voluntarily engage in physical activities. The appreciation of nature related activities is about to increase, and the value of adventure sports will become more popular especially among middle-aged and young people (TEM, 2014). It is likely that the preferences are going to move from individual-centred approach towards more communal way of doing things. At the same time, there is also evident of a twofold development: The one that strongly focuses on individual preferences and development and the respect for community and cooperation.

People's expectations for sports services are getting higher and will be more and more differentiated. Customers expect to have high quality services and good value for their money what comes to private sector services. The services provided by the public sector, are expected to be inexpensive. The sports and physical activity services are expected to meet the needs of many different segment groups and private sector is expected to provide personal, tailored services. On the other hand, in the future, people are valuing the communal aspects higher than before. Physical activity is increasingly expected to bring joy, recreation and social contacts. (TEM-Reports, 2014)

3.3. The physical Activity Sectors with Highest Growth Potential

The Diges'-report (2014) reveals that there are three broader sectors in sports and wellbeing industry, that have the highest potential for growth. These are:

1. Health and well-being, including testing and measurement services & devices
2. Sport and well-being tourism and events

3.4. Communication, entertainment and lifestyle

In addition to these three, technology plays a major role in all sectors of sports and well-being business and is a vital part service and product design, as well as delivery and promotion. (Diges ry, 2014).

Because the objective of this study is to create a suggestive business model for Kalevankangas and find the most suitable customers and services for this particular business, the research will mainly focus on the health and-well-being and sport and well-being tourism and events sectors. This is because of the nature of the area, facilities and resources, as well as the preferences and visions of project's key stakeholders that came out during the visits and interviews in the beginning of the research project. These mentioned growth sectors provide a realistic starting point for Kalevankangas -business design.

3.5. Health and Well-being

The main purpose of companies that provide health and well-being services is the holistic well-being of customers and the health promotion. The services either help to prevent health problems or are part of the medical care and rehabilitation. These can include many kinds of life coaching services, activities and products. Technology has an important role in collecting, measuring, testing and reporting data. (TEM-Reports, 2014)

The patients of medical care and rehabilitation use private health- and wellbeing services as part of their treatment. In the western countries, there is an increasing market of customers who suffer from different kind of lifestyle diseases. Another important group are the goal-oriented sports enthusiastic, who are interested in their body functions and desire to optimize their performance. (TEM-Reports, 2014)

The strategic partners of this sector are small business-owners, like personal trainers and physical educators, who help the customers to exercise in a "right" way and advice in the use of technical devices. The public social- and healthcare actors and

the units of medicine, health and sports science and technology at universities and other research units are important strategic partners.

3.6. Sport and Well-being Tourism and Events

In tourism industry, the active and themed vacations are gaining increasing popularity. Physical activities or sports events can be a clincher while people are selecting their vacation destination. The sports and well-being tourism companies can provide activities and adventure services, health and wellness tourism services or event productions, like sports competitions. In addition to being in audience, the participation in mass sports events is on the rise. For example, the various marathon and triathlon events draw tens of thousands of participants. The importance of major events for the region and its economy is often much larger than budget of the event itself. (TEM-Reports, 2014)

Companies that provide travel and event products and services are usually small, but they are heavily networked with larger players such as hotel chains. When the several small and large companies are well-chained, the cooperation benefits everyone and creates growth. Good examples of this are the tourist destinations in Lapland. There are also larger actors in the field, like sports institutes, skiing- and golf-resorts and sports and wellness hotels. (TEM-Reports)

One important, growing customer segment in sports and well-being tourism are senior citizens who are in good shape, wealthy and have a plenty of free time. Also, the working aged, active sports enthusiasts represent a potential, growing customer segment. Rehabilitation and medical care produce potential customers, as well. At least four different target customer groups can be identified (TEM, 2014):

- Customers who seek silence, contact to nature and personal development experience (yoga and hiking retreats)
- Customers seeking adventure, new skills and experiences (guided vacations, including for example, climbing or white-water rafting)

- Customers who want to challenge or exceed themselves (marathon or triathlon trips)
- Clients needing rehabilitation and health services

The ecosystems of sports tourism and events consists of the different actors in the destination region. This means various accommodation and restaurant services, side-line service providers, logistics companies and distribution channels. (TEM-Reports, 2014) A wide range of services makes the destination more attractive. Airlines, trains, bus companies, taxis and online services play an important role in accessibility. In sports event, the strategic partners are non-profit sector actors, such as sports clubs, organizations and federations. The other important partners are the government and the arranging municipality.

The one important key to success is the quality chaining of services. The promises given to customers and quality requirements must become fulfilled throughout the service chain. This leads to importance of strong networking between companies and their ability to cooperate successfully in the service production. Lapland and resorts within in, such as Ruka, Levi and Ylläs, provide good examples of this kind of approach in which they have achieved success (TEM-Reports, 2014).

3.7. Summary

The Finnish physical activity sector is traditionally best characterized by its division in three, different and strong parties: municipalities, non-profit organizations, such as sport clubs, and private companies. The sport clubs have been the most significant actor in the field, but the private companies are increasingly gathering bigger market share, especially among the working aged population. In the future, as the state and municipal economy tightens, the number of physical activity related jobs in the municipal sector is unlikely to increase. However, the overall interest for maintaining and developing personal physical and mental health will increase in the future. This provides business and job opportunities for private sector. At the moment, the customers of private sports and well-being companies are mainly active, adult citizens, even though many other groups hold a great customer potential as well.

The research trends propose that especially senior citizens are becoming more interested in their well-being and are willing to spend money and time on it.

The other prevailing trend is companies and organizations' increasing willingness to invest in well-being of employees. At the moment, the demand is greater than the supply, which also provides business opportunities for private companies. Overall, the increasing knowledge of physical activity's preventive effect makes people, employers and political decision makers interested in physical activity. It is everyone's interest that people stay healthy and working as long as possible.

The society's strong polarisation should also be taking into consideration while designing services. Children who are not engaging in regular sports activities and adults who have not been interested in physical activity before, could benefit from low-barrier, communal sports facilities and services.

Another growing trend is the increasing sports, nature and well-being tourism. In this sector, Finland holds great potential, because of its world-class sports facilities, quite untouchable lakes and forests and clean environment. Based on the research, the most important development areas are productization, pricing, sales and marketing. Social, health, tourism and other creative sector players are important strategic partners. Cooperation, strong networks and effective chaining of services are keys to success.

4. CASE STUDY CONTEXT - INTRODUCTION OF KALEVANKANGAS

Kalevankangas development project is part of the Vitality Program and one of the three strategic development platforms of City of Mikkeli. The following information is based on the Strategic Program Report of City of Mikkeli (2018).

Kalevankangas is part of the Vitality Program of City of Mikkeli. The purpose of the program is to boost the entrepreneurship and employment of the region and help in maintaining the existing jobs while advancing the creation of new jobs as well. The regional development of tourism and RDI- field are supported by directing funding to city's strategic development projects. New business and vitality are created through recognition and refinement of the city's necessity investments into development platforms. (Strategic Program, 2018)The vitality program consists of the topics agreed in the strategic plan, like expertise and RDI-activities, customer driven business services and tourism, leisure living, culture and physical activity and associated event productions.

4.1. Development Platforms

The development platforms are part of City's development strategy and City of Mikkeli can affect their success by directing them development efforts. The current three development platforms are based on the necessary investments of Xamk or the City of Mikkeli. Development platforms create a basis for common developmental processes targeted to help region's business development. Development platform is a concept within certain operating environment, a network hub and a physical entity. The development platforms are owned by the City of Mikkeli and the required work is ordered from different actors. (Strategic Program Report, 2018)

Development platforms consist of physical structures, cooperation structures, companies, experts and know-how. The purpose of platforms is to communicate the special strengths of Mikkeli beyond the city borders and attract new actors. The time

perspective for the platforms is the target stage in 2030. The basic elements of the strategic development platforms are:

- Strong expertise, know-how and pioneering
- Cooperation and coordination
- New business potential

The strategic development platform aims at new business. New business can mean the expansion of the existing businesses, the establishment of companies from elsewhere or the birth of new businesses. The long-term goal is the increase of several hundred jobs. Development platforms form a marketable entity and they are potential investment properties for domestic and foreign investors. (Strategic Program Report, 2018)

4.2. Kalevankangas

Kalevankangas is a versatile sports, physical activity, well-being and recreation area that has been built in the near of the city centre. In addition to nature sports opportunities, there is also an extensive central of built up sports and recreational facilities (Ice rink, Trotting track, Saimaa Stadiumi, Sport Forum, Lähitapiola-Areena and other training halls and fields). There are also schools from each levels of education (early childhood education, primary school/Kalevankankaan koulu, second degree education/Esedu, University of Applied Sciences (Xamk). Active Life Lab, the Xamk's center for research development and innovation has also started operating in Kalevankangas

The development platform provides possibilities for region's vitality reinforcement by developing recreation and well-being services. The other way to reinforce vitality is to promote people's well-being, which in turn is vital in business development. In the past few years, the growth of non-market well-being services in South-Savo has been positive. Kalevankangas platform creates opportunities for reinforcement of this new service and product development. (Strategic Program Report, 2018)

The University of Applied Sciences of Southeast Finland (Xamk) is responsible for the development platform in close cooperation with other actors and development organizations (Miksei, MUC, Esedu). The purpose of the development platform is to enable the fulfilment the three following objectives by year 2030: (Strategic Program Report, 2018)

Objective 1.

Centre of well-being and adventure business and services

“In 2030, Kalevankangas is a vibrant, innovative and profitable centre of well-being, tourism and event services, which enables the holistic marketing of the area.”

Kalevankangas holds great potential for innovative productization and business development, but at the moment the activities and operations are seasonal. Health and well-being as business is growing and data (measurement and effectiveness) will provide many opportunities in the future, for example in platform economy development. Strategic Program Report, 2018)

It is important to map area’s business potential and plan actions that support novel businesses and development of products and services. The platform will work in cooperation with the development of travel, tourism and hospitality.

The following actions are suggested to be taken according to the Mikkeli Strategic program report (2018):

- The cooperation structures between actors in the region will be strengthen
- Support for start-ups and strengthening of existing businesses
- More efficient productizing of area’s opportunities (nature tourism products and product packages, fishing, outdoor climbing, combining supply with cultural and historical sites), development of event production
- Utilization of data in well-being business (productization, service development, data-platforms)
- The holistic development of the area (marketing, zoning, hiking routes, accommodation capacity, transportation, parking)

Objective 2.

An ecosystem for research and innovation in well-being sector

“In 2030, Kalevankangas is a platform for research, development and innovation, which enables better data-based health and well-being promotion and service and business development.” . Strategic Program Report, 2018)

There are many local organizations (Xamk, MUC, Esedu, SNO, Miksei) holding a lot of expertise in research development that create an innovation structure for well-being knowledge development. At the heart of the research development is data collection and its utilization to demonstrate effectiveness. It can be used to promote well-being of an individual and to develop preventive databased well-being services.

The following actions are suggested to be taken according to the Mikkeli Strategic program report (2018):

- Modelling and implementation of an innovation ecosystem for research development in Kalevankangas
- Developing data- and user driven well-being and food services
- Developing adventure and tourism services by utilizing digitalisation
- Even stronger innovating and productization of the surrounding nature into sports, well-being and adventure service products with the help of digital tools
- Producing information of well-being entrepreneurship (citizens as consumers and end-users) and economic effects
- Even stronger productization of the know-how of the actors in Kalevankangas

Objective 3.

Source of well-being and learning for all city residents

“In 2030 Kalevankangas is an open and inclusive environment for health and wellbeing promotion for all residents and it enables voluntary promotion of well-being and is a common learning environment for physical education, health and well-being at all levels of education and for all citizens.”

The following actions are suggested to be taken according to the Mikkeli Strategic program report (2018):

- Developing collaborative learning approaches for student from different levels of educations and disciplines in the area
- Developing an entrepreneurial learning environment linked to the RDI-ecosystem
- Developing the concentrations of schools in the region with special emphasis on sports and well-being (City of Mikkeli, Esedu, MUC, Xamk, SNO)
- Modeling of a learning environment (using digitalisation) that promotes health and wellbeing for residents and model of health and wellbeing promotion emphasizing inclusion and involvement of citizens
- Promoting equality of citizens and participation in physical activity
- Extensive development of organization-municipal-provincial cooperation and new cooperation ways with sport clubs

5. METHODOLOGY

5.1. Selection of Research Strategy

The main objective of this research was to create and present a suggestion for business model for practical use and for the one special case, Kalevankangas - sports and wellbeing resort. The attempt was to find out which kind of model would with greater possibility succeed and why. The Kalevankangas -business model, the outcome of this research, was constructed using three different sources of information: existing literature, statistics and reports, interviews and case study research. The nature of the research and the research questions determined the selection of methodology and research strategy. The purpose of this research was to find answers to following questions:

- What kind of business model would be suitable for Kalevankangas – physical activity and well-being centre? What could be learned from similar kind of businesses and how could Kalevankangas differentiate itself?
- What kind of markets there are for physical activity and wellbeing services and who are the potential customers?

The chosen methodology is called constructive case-study research, in which theory and data are used in order to create a solution or model for some real-life problem, rather than trying to generalize the findings or create hypothesis based on general knowledge and then testing it. (Kasanen, Lukka&, 1993)

5.2. Constructive research approach

“The constructive research approach is a procedure for producing innovative constructions, intended to solve problems faced in real world and, by that means to contribute to a theory of the discipline in which it is applied” (Lukka, Kari, 2003). By developing a construction, something that differs profoundly from anything that existed before, is created. Constructive approach means the researcher from his or

her pre-understanding, practical experience or theory proposes a solution to a problem that is then tested (Kekäle Tauno, 2001).

The core features of constructive research require that it:

- Focuses on real life problems that felt relevant to be solved in practice
- Produces an innovative construction meant to solve the initial real-world problem
- Includes an attempt for implementing the developed construction and thereby a test for its practical applicability
- Implies a very close involvement and co-operation between the researcher and practitioners in a -team-like manner, in which experimental learning is expected to take place
- Is explicitly linked to prior theoretical knowledge and
- Pays particular attention to reflecting the empirical findings back to theory (Lukka, 2003)

It is characteristic to a constructive study that the researcher's empirical intervention is explicit and strong (Lukka, 1999). The constructive research approach is based on the belief that by a profound analysis of what works or does not work in practice, one can make a significant contribution to theory (James, 1955).

5.2.1. The Process of a constructive research

1. Find a practically relevant problem, which also has potential for theoretical contribution
2. Examine the potential for a long-term research co-operation with the target organization.
3. Obtain deep understanding of topic area by both: practically and theoretically.
4. Innovate a solution idea and develop a problem-solving construction which also has potential for theoretical contribution.
5. Implement the solution and test how it works
6. Ponder the scope of applicability of the solution
7. Identify and analyse the theoretical contribution (Lukka, 2003)

5.2.2. Validity of constructive research approach

The limitation of constructive research is the difficulty in generalizing the results, because the researcher often can make observations or develop deep understanding of only few cases. The verification must thus be done by market tests. (Kasanen et.al, 1991) Nevertheless, the results must be presented as probable rather than evident and should be suspect to further research (Olkkonen, 1993).

In a constructive research approach, the validity testing in a construct should be done by the “market mechanisms” (Kasanen, et.al, 1991). The market-based validity test is performed in two stages: weak market test and strong market test. The strong market test means that the new model or construct is actually utilised, and the results of the utilization can be evaluated and reported. If the created model or construct has turned out to be useful and beneficial or the results of the company have improved because of the use of the model, the research can be seen to be valid. The process of implementation a model in full scale, waiting for the outcomes and then detecting whether the outcomes are depending on the usage of the model or something else, takes a lot of time and is out of scope of many practical research projects (Kekäle, 2001). Therefore, the weak market test is often seen to be enough for the validity determination of a constructed model. Kasanen et al. (1991) suggests that the validity of any constructed model is its suitability for use in practical problem solving, the usefulness of the model. The weak market test tests if the actual responsible managers are ready to accept the model and are willing to try it.

5.2.3. Possible benefits of constructive research

From the target organization gains benefits when it has an opportunity to get relevant managerial problems processed in order to get solved. The researchers can provide the knowledge of the relevant existing theory as part of the problem-solving process. (Lukka, 2003)

From the viewpoint of development of knowledge, constructive research can narrow the gap between research and practise. Usually the both parties, the practitioners and researchers are committed to development process. In this kind of

circumstances, the practitioners are usually willing to disclose all the relevant data and insights, which helps the researcher to gather wider and more reliable information.

In addition, the constructive research can work as a test for prior knowledge, because in a properly conducted constructive study, the feasibility of the designed construction is tested in practice.

5.2.4. Potential risks of using constructive research approach

One important issue in constructive research approach is the researcher's ability to be committed to innovative development and implementation of the built construction or model. At the same time, researcher should be able to maintain a neutral or even critical attitude and meet the expectations of academic requirements. This may cause a risk of ending up with unwarranted empty praising of the findings of the project. "A sincere, critical reflection of the findings revealed in the research process should be regarded as one of the key characteristics of a good constructive study" (Lukka, 2003). One way to adopt a neutral or critical position is to conduct a careful analysis and evaluation of counter arguments against the developed construction and implement those in the study itself.

5.3. The research process

This research process consisted of three main components: interviews, theory and statistics review, and case study research. The validity of the final model, Business Model Canvas for Kalevankangas, wanted to be covered by using information of future sports and well-being industry trends, characteristics of and demographics of Kalevankangas, Mikkeli and South-Savo region and by interviewing the key stakeholders. After that. The first draft of BMC was constructed. Next step was to study similar kind of cases that could provide additional information and ideas for Kalevankangas BMC. Business models of all these five cases/companies were analysed by using Business Model Canvas. The constructed draft of the

Kalevankangas BMC was then compared to BMCs of the other cases, and adjustments and recommendations for the BMC of Kalevankangas were made based on information acquired from these cases. Overall, the research process followed quite closely the earlier mentioned seven steps of constructive research process. In this section, these research steps will be discussed in more detail.

The context of the topic was introduced by the research manager of Xamk, who approached Aalto University's Mikkeli Campus students, asking if they were interested in participating in Kalevankangas development project by doing research related to this plan, which was still at a very early stage. The purpose of the bachelor's theses was to contribute the early planning stage of the project and provide possible new insights for its further design. The expected completion of the project was around in 2030, which illustrates the expected duration and long-term orientation of the project. All the key stakeholders are committed to the project and willing to work on in co-operation with students as long as needed.

The research started by receiving and reading the plans of the Kalevankangas developing committee. After that, a meeting with the project manager was arranged and the topic, as well as the further steps were broadly discussed with her. The process continued by interviews of key stakeholders of the project and obtaining information and theoretical knowledge of the topic. These two steps of research process happened partially simultaneously.

5.4. Interviews

The purpose of the interviews was to gather key stakeholders' ideas and wishes related to the project. In the process, they provided information about the operations of the organizations they represent and their role in the project. At the same time, there was a chance to explore the premises and get to know the everyday functions of companies located in Kalevankangas. The interviews were conducted face to face and were unstructured and explorative in nature.

The persons interviewed were found by the help of the first contact person who suggested people, who were working with the project or played a key role in the organizations related to Kalevankangas. The sampling method was a mix of two different sampling methods, judgement sampling and snowball sampling. In the judgment sample, researcher uses his or her own judgement to select population members who are good prospects for accurate information. In this case, the selection criteria were based on the interviewee's role in the project. New interviewees were also found by recommendations of persons already interviewed, which is kind of a form of snowball sampling. Snowball sampling is a non-probability sampling technique where existing study subjects recruit future subject in their acquaintances.

The interviewees were contacted by email and the interview dates and locations were mainly determined by the schedules. A couple of people were dropped from the list of interviewees, because they could not be contacted. The persons interviewed were: the project coordinator of Kalevankangas and Director of Research at Xamk, University of Applied Sciences of South-eastern Finland, Strategy and Development Manager of City of Mikkeli, , Research Manager of Active Life Lab and the CEO of Saimaa Stadiumi and Concert and Congress hall, Mikaeli. The interviews were conducted between 4.12.2019 and 14.2.2020.

5.5. The Role of Literature review and Theoretical background

Theoretical knowledge was gathered in order to understand the current state of sports and physical activity sector in Finland. The objectives were to obtain understanding of the size of the physical activity sector, the most important players on the field, the prospects and trends in the sector, the most important customer groups and future potential for growth. In addition to that, the broader social future trend that may have impact on demand of physical activity services, were studied. All this information together was used to determine the potential customer groups for Kalevankangas, explore the size of the market and get ideas for service development and delivery for these groups. In addition to that, the research on

entrepreneurial ecosystems were studied, including all the six domains of surrounding environment that have impact on the potential success of entrepreneurs. This was because the entrepreneurial ecosystem will most likely to be the environmental setting, in which the actors of Kalevankangas will operate. It is important to recognize the surrounding factors and the opportunities and threats related to them.

In the scope and time frame of this research, it was not possible to implement and test the BMC for Kalevankangas in practice. This means that the strong market test could not been used to ensure the validity of the built model. Therefore the weak market test had to be utilised in order to test the applicability and validity of the Kalevankangas BMC.

As part of the research, four different case studies were analysed by using Business Model Canvas. All the cases under the study represent businesses in sports, physical activity and well-being sector, both in Finland and abroad. Selection criteria of the cases was based on either study object's similarity with Kalevankangas or, to some extent, desirable attributes (based on researcher's own judgement) of the site. The applicability of the Kalevankangas BMC was then ensured by comparing the built BMC to BMC-analysis of the selected cases. It is important to take into account that each of the cases is different and the purpose of this research was not to achieve widely applicable results. The information acquired through case studies was used to evaluate the applicability and quality of the built BMC for the specific case Kalevankangas. At the same time, the case analysis provided new ideas and insights for Kalevankangas BMC's further development.

The validity of the Kalevankangas BMC was determined by conducting a weak market test. The weak market test tests if the actual responsible managers are ready to accept the model and they are willing to try it. In this case, the weak market test was conducted by sending the final suggestion of the built BMC to the key stakeholders by email. These stakeholders were the same managers that also were interviewed for the research in the beginning of the process and who will continue to

work with Kalevankangas project in the future. The key stakeholders were asked to familiarize themselves with the final thesis and BMC and then make their comments and remarks of the BMC.

6. CASE STUDIES

6.1. Selection Criteria

For this research, four different case studies were chosen for business model analysis. All the four cases were sport and physical activity resorts that offer wide range of sports and wellbeing services. Separate Business Model Canvas was compiled for each target, after which they were compared to Kalevankangas. The purpose of the analysis was to find similarities and differences compared to Kalevankangas and explore which parts of their business models could be applicable for this specific case and on the other hand, how could Kalevankangas differentiate itself from the rivals.

Three of the resorts are located in Finland and one of the examples, Sport Campus Ireland, in Dublin. The Finnish resorts chosen for study are Eerikkilä Sport and Outdoor resort, Hippos 2020 in Jyväskylä and Tanhuvaara Sports Institute in Savonlinna. All the chosen resorts provide services from which many could be adopted to be part of the service delivery on Kalevankangas as well. Hippos 2020 and Tanhuvaara in Savonlinna are both located close to Mikkeli and be possible rivals of Kalevankangas. Tanhuvaara is an example of a resort that is surrounded by similar kind of nature and outdoor activity opportunities as Kalevankangas, while Hippos provides an example of an urban sport campus resort, located right in the city center. All the Finnish cases, Hippos, Tanhuvaara and Eerikkilä are located from convenient distance from capital area and are easily accessible by public transport. Sport Campus Ireland represents a foreign example of similar kind of resorts in a country that has approximately the same population with Finland. Sport Campus Ireland also provides a good example of an urban sport resort for all citizens.

In the following table, all the analysed resorts are listed, including their main activities location and the website address. In this chapter, the business models constructed for each case will be introduced and their meaning for Kalevankangas will be discussed.

Name	Main Activities	Location	Website
Eerikkilä Sport & Outdoor resort	<p>Training facilities, camps, tournaments</p> <p>Education in physical activity</p> <p>Sport and outdoor tourism and hospitality services</p>	Eerikkilä, Finland	https://www.eerikkila.fi/
Sport Ireland Campus	<p>Training facilities for professional athletes and citizens</p> <p>Sport events and conferences</p> <p>Sport academies, gym and fitness classes</p>	Dublin, Ireland	https://www.sportirelandcampus.ie/
Hippos 2020	<p>Modern training facilities for athletes, citizens and tourists</p> <p>Testing and coaching</p> <p>Sport events, conferences</p>	Jyväskylä, Finland	https://hippos2020.fi/fi/
Tanhuvaara Sports Institute	<p>Education in physical activity advising</p> <p>Training camps and tournaments</p> <p>Facility and equipment renting, spa, sport service packages</p>	Savonlinna, Finland	https://tanhuvaara.fi/

Table 1. The Analysed Resorts

6.2. Eerikkilä Sport and Outdoor resort

Eerikkilä Sport and Outdoor resort is located in Tammela, Finland, on- hour drive from the Finland's biggest cities Helsinki, Tampere and Turku. It provides services for professional athletes, sport clubs, tourists and corporations.

Eerikkilä aims to be an international level training centre especially for football and floorball. It works in a close relationship with Suomen Palloliitto and Salibandyliitto and organizes and provides facilities for sport camps and schools. It is also a venue for tournaments and coach seminars. Other key partners are UKK-Institute, Soccer Services and Kilpa-ja huippu-urheilun tutkimuskeskus, Kihu. Eerikkilä works also as an educational centre for coaches and physical activity advisor students. In addition to this, Eerikkilä provides accommodation, restaurants and active holiday services for tourists and meeting services for corporation customers.

Eerikkilä desires to provide a center for holistic human development and wellbeing in which customers can achieve best results. They aim to provide the best circumstances, expertise and practices in the physical activity field for their main customer segments. The most important customer segments are athletes and teams, especially football and floorball players and their coaches, students studying in Eerikkälä and leisure customers that are looking for high quality outdoor and sport vacation services

.All these customer segments are expected to spend at least two nights in Eerikkilä and students and camp participants usually stay for a longer period of time. These loyalty customers make sure that it makes sense to invest in high quality accommodation and restaurant services. These services are then available for the leisure customers and corporations as well.

One of the advantages and Eerikkilä's key resources is its established long-term customer relationships with students, organizations and sport clubs. Organizations and sport clubs are both key partners and customers. It is relatively easy to keep up long-term customer relationships with them and develop services in cooperation. Eerikkiläs location is also favourable. It is close to many of the biggest cities and easily accessible. It is also surrounded by beautiful nature environment and right

next to a national park. This makes it an attractive destination for wellbeing and outdoor tourists as well and provides opportunities for broader service selection.

Eerikkilä is a value driven business with high fixed costs. The resort has high investment costs. Maintaining facilities and salaries also build a big share of the costs. Eerikkilä receives its revenues from sport club and facility renting fees, education and coaching services. Revenues from accommodation of tourists follow seasonal pricing model and the prices of meeting service packages are negotiable.

Eerikkilä differs from Kalevankangas in a sense that it is originally built for the special needs for certain sport clubs and organizations. It has an established customer base which enables the wide range offering of hospitality services as well. Unlike Kalevankangas, it is not located close to any town centre and it is unlikely that it has many customers that just quickly stop by. It is a destination for which customers need to reserve time for and most likely they also stay longer. Kalevankangas is easily accessible by the local citizens and it is a destination where customers can spend a couple of hours. There is no need for own car a long-term planning by the customers. Kalevankangas has better chances to become the everyday destination for residents compared to Eerikkilä.

Both Eerikkilä and Kalevankangas have great opportunities for outdoor activities, because of the surrounding nature. Eerikkilä has developed many outdoor rental and activity services that could be easily adopted for Kalevankangas as well. Overall, Eerikkilä provides an example of high-quality sport and outdoor resort that provides “everything under the same roof” services

Business Model Canvas: Eerikkilä				
Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<ul style="list-style-type: none"> -Suomen Palloliitto -Suomen Salibandyliitto -UKK-Institute -Soccer services -Kihu- Kilpa- ja huippu-urheilun tutkimuskeskus 	<ul style="list-style-type: none"> football camps & schools -floorball camps & schools -Coaching -Training facilities - Coach seminars - Tournaments - Lectures - Testing services - Sports camps for kids - Confessional camps & school camps - Meeting services for companies -Work well-being services - Education in physical activity advising, coaching and outdoor/nature service providing - accomodation & restaurants 	<ul style="list-style-type: none"> - Center of holistic human development and wellbeing, known for its excellent results - An international level training center for football and floorball - Organizer of vocational and liberal education - Helping people to find their own limits and develop themselves holistically towards better success or personal well-being - "With us you will develop from your own starting points utilizing the best practices and circumstances. You have access to the expertise gained from experience and it will be as comprehensive and long-term as you want it to be" 	<ul style="list-style-type: none"> - Long term relationships with organizations, clubs, athletes and coaches. These customer segments spend a lot of time in Eerikkilä and use all services provided there, such as facilities, coaching, testing, accomodation, restaurants. Most important things for them are high quality facilities and coaching services - Services and facilities are developed in cooperation with customers (clubs, athletes, coaches and organizations) - Customer relationships with companies and individual free time travellers are based on promise of recreation. These customers spend less time in resort but expect to have holistic, well-being experience. 	<ul style="list-style-type: none"> - Athletes, especially football and floorball players, teams and coaches - Domestic and foreign sport clubs (football and floorball) - Palloliitto & Salibandyliitto - Students - Firms, companies - Leisure customers looking especially for vacations with outdoor and physical activities
	<p>Key Resources</p> <ul style="list-style-type: none"> - Connections and established - Relationships with national sport clubs and organizations - Know-how and long traditions in coaching - Professional level sport facilities, especially for football and floorball -Beautiful surrounding nature, location right next to national park - Easy access- only one hour drive from biggest cities, Helsinki, Turku and Tampere - Presense of students - All services under the same roof 		<p>Channels</p> <ul style="list-style-type: none"> -Long-term customers -Sport clubs and Organizations -Word-of-mouth -Website -Social media 	
Cost Structure		Revenue Streams		
<ul style="list-style-type: none"> - Value Driven Business - High Fixed costs (investments in facilities, maintaining costs, programs, salaries) 		<ul style="list-style-type: none"> - Sport club fees - Facility renting fees - Education and coaching services - Accomodation students and tourists (seasonal pricing) - Meeting services (service packages), negotiable prices 		

Figure 3. Business Model Canvas for Eerikkilä Sports and Outdoor Resort

6.3. Sport Ireland Campus

Sport Ireland Campus, located in the city of Dublin, aims to be the home for Irish Sports, not just for the athletes but for the whole community. It provides a wide range of world-class indoor and outdoor facilities and it wants to provide valuable amenities for the local community.

Sport Ireland Campus states that its main customer segments are the local community members, the residents of Dublin. It also provides facilities for sport clubs, teams and professional athletes. The Campus is also suitable for events and conferences.

Sport Ireland campus works in a close relationship with City of Dublin, sport organizations, schools and athletes. It is also networked with local restaurants and accommodation service providers in order to be able to provide holistic service packages for events organizers. The Campus organizes Sport academies in which kids and adults can try out new activities and hobbies without having to join any specific sports club. The campus is also a popular venue for kids' birthday parties and school groups' fitness classes. The Campus also provides gym and fitness classes and personal trainer services.

Sport Ireland Campus has also invested a lot of money in its facilities and maintaining costs are high. The business has high fixed costs. Sport academy receives its revenues mainly through facility renting fees. Customers also pay gym membership fees and there is also "a pay as you go" opportunity. The meeting and team building service packages are on a negotiable price.

Sport Ireland Campus provides a good example of an urban sport resort that is in everyday use of the residents in of all age groups. At the same time, it serves the nation's top athletes. It has developed low barrier service packages for customers that want to try something new and provides wide range of opportunities for independent physical activity. This kind of approach could work also for Kalevankangas, because it is easily accessible, and residents are already familiar with the region. There are also many schools and kindergartens close to the region, which enables the use of Kalevankangas for many educational purposes. The nature surrounding and outdoor activity opportunities provide even more possibilities for that. Nature environment is something that The Sport Ireland Campus does not have.

Kids' birthday parties, sport academies and daily camps are some of the Sport Ireland's services that could be implemented in the Kalevankangas Business Model as well. Kalevankangas already has good facilities for that. Finding the right service

providers and partners would be the next step in the service creation. Sport Ireland provide also a good example of the destination that provides meeting and conference services, but it has networked with the local hospitality companies and restaurants in order to provide complete service packages for its customers. This could be one option for Kalevankangas as well. There are already restaurants in the region, but the closeness of the city centre makes the use of other local accommodation and restaurant services possible.

Business Model Canvas: Sport Ireland Campus				
Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<ul style="list-style-type: none"> - City of Dublin - Sport organizations - Coaches - Athletes - Schools - Personal trainers - Local restaurants and accomodation services 	<ul style="list-style-type: none"> - Facility rentals - Kids camps - Sports academies - Birthday parties - Team-building events - Corporate conferences - Host local, national and international events - Provide facilities for team and individual training - Personal training - Gym and fitness classes 	<ul style="list-style-type: none"> - Home for Irish sports, not just for athletes but for the community - Home to world-class indoor and outdoor facilities - Provides valuable amenities for local community 	<ul style="list-style-type: none"> -Sport Ireland Campus aims to be part of the local residents' lives in every life phase - Relationship building can start with school or kinder garten groups and continue throughout their lives - Adult customers who want o try out new things or just exercise individually are attracted by low-barrier image - long-term, established relationships with sport clubs, athletes and team 	<ul style="list-style-type: none"> - Sport clubs and teams - Local community members, residents of Dublin - Kids and adults trying out new sports (academies) - Corporations and event organizers - Athletes
	<p>Key Resources</p> <ul style="list-style-type: none"> - Comprehensive sports facilities - Cooperation with expertised coaches - Broad customer base and low barrier access - Close relationships with local community operators - Low-barrier image together with world-class facilities 		<p>Channels</p> <ul style="list-style-type: none"> - Schools and kindergartens - Sport clubs & organizations - Local newspapers - Direct marketing for corporations 	
	Cost Structure		Revenue Streams	
<ul style="list-style-type: none"> - Investments in facilities and infrastrucure - Maintaining costs - High fixed costs 		<ul style="list-style-type: none"> - Facility renting fees - Corporate and team building activity packages - Kids' and adults' academy payments - Gym membership payments, pay as you go fees, Kids' birthday parties 		

Figure 4. Business Model Canvas for Sport Ireland Campus

6.4. Hippos 2020

Hippos 2020 is the development project of City of Jyväskylä, Finland. It aims to be the largest Nordic centre of physical activity, top-level sport, health promotion and events. It would like to become a living room for city residents at every age and be a hobby and tourism destination for families and all generations. It also aims to be the

leading top sports centre in Finland and number one in research and product development for physical activity and well-being.

The main customer segments of Hippos are the residents of Jyväskylä and the surrounding areas. Another important customer segment are the sport clubs, athletes, researchers and product developers. Hippos also wants to attract sports tourists.

Hippos aims to provide modern facilities, research and testing services in physical and wellbeing, arrange sport events and provide also accommodation and hospitality services. It has many strong key partners, such as University of Jyväskylä, KIHU, LIKES and the Finnish Olympic committee. Jyväskylä holds a great amount of know-how, expertise and tradition in sports and physical activity field. The University has a Department of Physical Education and LIKES is also physically located in the city. There are a lot of research resources available. Jyväskylä also has a reputation as a Finnish sports city. The Hippos 2020 project has also managed to attract many private investors and it has the support of the Finnish Olympic Committee.

The business has high investment costs and the fixed costs, maintaining costs and salaries will form the biggest portion of all costs. Hippos has possibilities to gain revenues in many different ways. The main revenue streams will come from charges for premise using, rent revenues, ticket sales and membership fees.

Hippos 2020 is another example of urban sports resort that aims to offer wide range of services for a wide customer base. The reputation as a sports city and the strong local expertise enable also the high- quality research operations. If the project goes as planned, Hippos can be a significant competitor of Kalevankangas. Both of the destinations are located close to the city centres and are about to serve quite similar services. Kalevankangas could try to compete with well designed service packages and by targeting its activities especially for local residents.

Business Model Canvas: Hippos 2020				
Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<ul style="list-style-type: none"> - Researchers and product developers - companies in sport, health and well-being industry - City of Jyväskylä - University of Jyväskylä - JAMK - LIKES - KIHU - The Finnish Olympic Committee 	<ul style="list-style-type: none"> - Modern training facilities for citizens, tourists and athletes - Test services - Coaching - Research in health and well-being - Tournaments and sport events - Restaurants, accomodation and grocery stores 	<ul style="list-style-type: none"> - The largest Nordic centre of physical activity, top-level sport, health promotion and events - A living room for city residents whose services cover the entire arc of human life 	<ul style="list-style-type: none"> - Established relationships with sport clubs, organizations and athletes - long-term, even life-long relationships with every-day exercisers, residents of Jyväskylä by providing high quality low-barrier services 	<ul style="list-style-type: none"> - Residents of surrounding areas in Jyväskylä - Sport and physical activity tourists - Every-day exercisers as loyalties - Sport clubs - Top-level athletes - Researchers and product developers
	<p>Key Resources</p> <ul style="list-style-type: none"> - Location close to city Center, in the middle of Peoples' every-day lives - Presence of University With Department of Physical Education - Presence of LIKES - A lot of expertise and Know-how + tradition - Reputation as a Finnish sports city - Apartments, restaurants and grocery stores - A lot of private investors - Support from Olympic Committee 	<ul style="list-style-type: none"> - A hobby and tourism destination for whole family and all generations - Number one in research and product development for physical activity and well-being - A leading top sports cetntre in Finland 	<p>Channels</p> <ul style="list-style-type: none"> - Schools & Kindergartens - Universities - Local newspapers - Sport clubs & organizations - Website - Personal contacts - Social media 	
Cost Structure		Revenue Streams		
<ul style="list-style-type: none"> - Location close to city Center, in the middle of Peoples' every-day lives - Presence of University With Department of Physical Education - Presence of LIKES - A lot of expertise and Know-how + tradition - Reputation as a Finnish sports city - Apartments, restaurants and grocery stores - A lot of private investors - Support from Olympic Committee 		<ul style="list-style-type: none"> - Schools & Kindergartens - Universities - Local newspapers - Sport clubs & organizations - Website - Personal contacts - Social media 		

Figure 5. Business Model Canvas for Hippos 2020

6.5. Tanhuvaara Sports Institute

Tanhuvaara Sports Institute is located in Savonlinna, Finland. It provides high quality facilities for top-level athletes and physical education students in the middle of beautiful nature of Finnish Lakeland. It also aims to offer active holidays in a beautiful and relaxed environment.

The main customer segments for Tanhuvaara are sport clubs and organizations, active holiday tourists, families and the students staying in the resort. Tanhuvaara has many established customer relationships with sports organizations and clubs. The students also form a stable customer base. These also the key strategic partners. Travel and tourism networks and service intermediaries are also important partners.

Tanhuvaara organizes and hosts sport camps and tournaments. One of its key activities is the education and accommodation, it provides for the students. The accommodation, active holidays, spa and different kind of sport service packages are created to serve tourists. There are many different accommodation opportunities available, such as camping area, hotel and cottages. The beautiful surrounding nature and relaxed environment, with water elements, such as spa and lake, make Tanhuvaara the most wellness oriented of the analysed resorts. Tanhuvaara provides also many different wellness services.

Tanhuvaara receives revenues from participation fees for active camps and weekends. There are also renting revenues from facilities and equipments. Payments for service packages, activities and accommodation services bring revenues as well. The students and government also pay for the education services. For customers that visit Tanhuvaara on regular basis, the resort offers Sport clubs packages and Tanhuvaara-passports with which customers can pay for different combination of services. The business has high fixed costs, salaries and maintaining costs forming the biggest portion of the costs.

Tanhuvaara is located in a city with approximately the same population of Mikkeli. Mikkeli and Savonlinna are also located close to each other and the physical and cultural landscape are quite similar. There are many examples of services that Kalevankangas could adopt as part of its business. Examples of these are the outdoor service packages, Sporttiklubi and Sports calendar. Tanhuvaara has also a lot of local residents as its customers and therefore it can provide services with established weekly calendar as well. This kind of model could also work for Kalevankangas, in which there are established physiacla activity groups, classes and weekly activities.

Business Model Canvas: Tanhuvaara				
Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<ul style="list-style-type: none"> - Travel and tourism networks - City of Savonlinna - Sport clubs and organizations 	<ul style="list-style-type: none"> - Physical advisor education and accommodation for students - Sport camps and tournaments - Facility and equipment renting - Sport service packages for tourists - Spa 	<ul style="list-style-type: none"> - High quality facilities for top-level athletes and physical education students in the middle of beautiful nature of Finnish Lakeland - Beautiful and relaxed environment and broad services for active holidays 	<ul style="list-style-type: none"> - Established relationships with sport clubs, organizations, coaches and athletes 	<ul style="list-style-type: none"> - Sport clubs and organisations - Top-level-athletes - Physical activity advisor students - Families - Active Holiday tourists
	Key Resources		Channels	
	<ul style="list-style-type: none"> - Surrounding nature and a beautiful, relaxed environment - Students - Camping area - Broad supply of different accommodation opportunities - Water elements - Wellness services 		<ul style="list-style-type: none"> - Schools - Sport clubs and organizations - Word-of mouth - Travel and tourism networks - Website - Social media 	
Cost Structure		Revenue Streams		
<ul style="list-style-type: none"> High fixed costs (facilities, salaries) High investment costs Maintaining costs 		<ul style="list-style-type: none"> - Payments for service packages and activities - Participation fees (active camps and weekends) - Renting revenues (facilities and equipment) - Overnight stays - Tanhuvaara-passport - Sport club-packages 		

Figure 6. Business Model Canvas for Tanhuvaara

All the analysed cases provide wide range of services for a many customer segments. The main key activity and source of revenue is the provision of facilities and charges for premise using. Hippos and Sport Ireland Campus aim to provide services for the whole local community while also serving as a premise for national sport clubs, teams and top-level athletes. Eerikkilä Sports and Outdoor resort and Tanhuvaara are Sport institutes that provide physical activity related education programs with all-inclusive services (accommodation, meals) for students. At the same time these resorts provide training facilities and camps for top-level athletes. They work in a close cooperation with national sports institutes and clubs. In these resorts, the students also work as part of service providers as part of they education. Hippos in Jyväskylä is still at the planning phase, but it also has a strong support of

local educational institutes and sports organizations. Health and wellbeing research are part of the key activities in all cases. This kind of communities create strong expertise centres holding a great amount of know-how and resources.

All analysed businesses provide productized service packages which can include sport or school camps, academies, meeting or well-being services for corporations or guided activities for customers, including equipment. Eerikkilä, Tanhuvaara and Hippos also provide full accommodation and restaurant services. This makes arrangement of camps, events and corporation services more convenient and customers get everything in the same place. This also makes the resorts' promotion and marketing easier and it is a convenient solution for customer. Strong networks and cooperation are crucial in this kind of service supply.

All of the analysed resorts work in a close cooperation with local schools and sport clubs. They aim to build long-term customer relationships with local non-profit actors and residents. Eerikkilä and Tanhuvaara aim specially to attract active tourists that are interested in outdoor activities and well-being services. These destinations also put more effort on high quality accommodation and restaurant services.

Schools, sport clubs and organizations are important channels to reach the broad customer base and make people familiar with destinations. The analysed resorts have good websites and they work in cooperation with travel agencies. All the resorts have required high investments and running and maintaining of broad facilities make most of their costs.

7. BUSINESS MODEL CANVAS FOR KALEVANKANGAS

This chapter presents the main objective of this research, the business model canvas for Kalevankangas. The content of the model will be opened, the factors that led to the model are justified and the ideas arisen are presented. It is noteworthy that the model is known to change because the project is still in the early design state and will face changes. A fully finished model is not worth persuading at this stage, but the BMC serves more as a tool for business development.

The model has been constructed based on the interviews of the key actors of the Kalevankangas development project, information received from City of Mikkeli and the analysed business models of four other physical activity and sport resort. The construction of the model has also been supported by trends in the sports industry and society, which can be expected to determine the demand for sports and well-being services and customer segments in the future. Below is the BMC as a picture and the content will be opened later after that.

7.1. Business Model Canvas for Kalevankangas

Business Model Canvas: Kalevankangas				
Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<ul style="list-style-type: none"> - City of Mikkeli - Xamk - Sport clubs and organizations - Visit Mikkeli - Visit Saimaa - Local restaurant, accomodation and transportation services - Essote 	<ul style="list-style-type: none"> - Facility and equipment renting+guiding - Sport camps for all age groups - School camps - Birthday parties - Tournaments - Work well-being and team building servies - Meeting packages - Licensed well-being services for special groups - Health Data analysing services and business consultation - Fairs and concerts 	<ul style="list-style-type: none"> - Open and innovative, common centre of well-being, learning and physical activity for all local residents with low barriers - Provides facilities and services for and brings together people from all age groups and fitness levels - Develops new services and events in cooperation with local actors and customers - Develops data-based, productized well-being services especially for elderly and groups of special needs - Easy access, everything under the same roof services for local residents, tourists and corporations 	<ul style="list-style-type: none"> - Established relationships with sport clubs and organizations - Cooperation with schools and kinder gartens, building of life-long relationships 	<ul style="list-style-type: none"> - Local residents of all age groups that are interested in low barrier physical activity services - Families - Students - School and kinder garten groups - Summer cottage residents - Corporations looking for meeting and team-building services - Event organizers - Active Holiday-tourists - Other municipalities
	<p>Key Resources</p> <ul style="list-style-type: none"> - Location close to the city centre and surrounding nature - Surrounding schools from every educational levels - Student engagement - Active Life Lab and unique well-being management education program - Great number of summer cottage residents - Mikaeli - Cooperation with visit Saimaa and Saimaa geopark 		<p>Channels</p> <ul style="list-style-type: none"> - Schools - Sport clubs and organizations - Newspapers - Word-of mouth - Travel agencies - Travel and tourism networks - Common marketing platform and plan for all the actors and services in the area (website+application) - Year Event calendar - Social media - Direct marketing for companies 	
Cost Structure		Revenue Streams		
<ul style="list-style-type: none"> - High fixed costs (facilities, salaries) - High investment costs (facilities, equipment) - Maintenance costs - High marketing costs in the beginning 		<ul style="list-style-type: none"> - Payments for sport/outdoor service packages and activities - Participation fees (active camps and weekends) - Renting revenues (facilities and equipment) - Overnight stays - Membership / Kalevankangas passport (for example monthly payments) - Meeting and corporation packages - Pay as you go fees 		

Figure. 7. Business Model Canvas for Kalevankangas

Kalevankangas could aim to be an open and innovative, common centre of wellbeing, learning and physical activity for all residents with low barriers. It provides facilities and services for people from all age groups and fitness levels. It brings people together and creates new services in a cooperation with local actors and customers. It develops data-based productized services especially for the customer segments that are not active but could benefit from tailored services. Kalevankangas provides easy access “everything under the same roof” services for local residents, tourists and corporations.

Compared to the resorts analysed in this research, Kalevankangas is a unique combination of natural environment and outdoor opportunities and the urban environment. Kalevankangas is easily accessible by the local residents it could easily become a destination that people actively use in their everyday lives. The facilities are already utilized by the local sport clubs, school groups and active individuals. However, Kalevankangas has further potential to become more broadly used by all residents and attract customers by creating new service packages, events and physical activity groups and camps.

The research on current and predicted trends in the sport, physical activity field showed that there is demand for many kinds of physical activity and wellbeing services. The increasing awareness of health issues and wellbeing have brought many new customers especially for private sector service providers. On the other hand, there are many potential customer segments that have not found the physical activity services or have not been interested in them. The aging population trend and the growth of lifestyle diseases suggest that there are many people who could benefit from physical activity services.

The research in Active life Lab could be targeted for groups in which there seems to be growing demand for physical activity services and their benefits, like elderly people and people with special needs. Many of the analysed competitors also do research and provide test services. In many cases these services are targeted to people that are physically active and interested in their health and wellbeing. Kalevankangas has an opportunity to differentiate by focusing groups that represent the growing customer segments of the future. Active life lab already has a broad group of customers that are willing to be part of the research and use their services. The aging population of Etelä-Savo provides a broad database for this kind of research. Based on the gathered data and conducted research, Kalevankangas could create tailored services for these groups and perhaps develop some kind of licenced service packages that could be then purchased or delivered by, for example, other municipalities or companies. The high student presence could be utilized in the service development and creation.

Compared to the Hippos 2020, Tanhuvaara or Eerikkilä, Kalevankangas lacks the accommodation services that could be utilised for camps, events and corporation customers. Accommodation services could add value for Kalevankangas, but building new facilities for that, could require customer base that uses this kind of services on regular basis. Eerikkilä, Tanhuvaara and Hippos have students sport clubs and athletes that form a loyal customer base. Kalevankangas could try to take a similar kind of approach with the Sport Ireland Campus and create networks and service chains with other local companies and actors regarding for example the accommodation and restaurant services. The location near the city center enables the service networking easier compared to competitors. Ready made and tailored service packages would be valuable for corporation and event customers.

The main customer segments for Kalevankangas are the local customers of all age groups that are looking for low barrier physical services and want to make sports and wellbeing part of everyday lives. Kalevankangas could also try to attract customers that have not been interested in sports earlier. School and kindergarten groups, students and families represent the everyday customers of Kalevankangas. The event organizers and active holiday tourists are also potential customers. Kalevankangas already has established customer relationships with local sport clubs and organizations. There is also a chance to build long-term relationships with kindergartens and schools.

All the businesses studied in this research, aim to target their services for many different customer segments, which makes sense because their facilities enable the offering of wide range of services. This can also be done in Kalevankangas

The analysed businesses also provide many services and products that can easily be adopted as part of the business model of Kalevankangas. At the moment, the main activity of Kalevankangas is the renting of facilities which is in the line with the activities of the cases studied. Sport camps for different age groups, school camps, birthday parties, tournaments, team building and meeting services and fairs and conferences are examples of services that other resorts provide and these would fit in the Kalevankangas as well. Implementation of these kind of services require development of service packages and networking with other local actors and

professionals. One important service that Kalevankangas could adopt is the equipment rental for outdoor activities. This could mean for example bikes, skies, skates, snowshoes or sup boards. Equipment could be delivered other areas as well. and the guiding services could be combined with them.

In order to reach and communicate with it customers, Kalevankangas should first build a strong service network and then establish a common marketing strategy. After that, Kalevankangas could be marketed as a united destination. At the moment, all the actors in the area have their own visions and channels. Newspapers, social media, a common website and travel networks could be good ways to reach the customer segments and communicate with them.

The location near the city centre and the surrounding nature environment are important resources for Kalevankangas and they provide an opportunity to attract many customer groups. There is also Active Life Lab and an unique wellbeing management program in the area. This enables the high student participation and these students can engage in the service and product development in the area. The test and research customers will most likely to become long term customers of Kalevankangas. There is also a great number of summer cottages in Mikkeli and Etelä-savo which mean the summer cottage residents are also potential customers.

Key partners of Kalevankangas are the City of Mikkeli, Xamk, sport clubs and organizations, Visit Mikkeli, Saimaa Geopark and Essote. The local restaurants, hotels and transportation services are also important partners.

At the moment, Kalevankangas receives most of its revenue streams from facility usage payments. The outdoor and sport service packages and equipment rental payments could also create revenue streams. The participation fees for camps and events and the customized meeting service packages generate revenues as well. Kalevankangas could also implement some kind of Kalevankangas passport or membership which could allow customers use all the services with one payment. Pay as you go fees, could be an option as well.

8. CONCLUSION

The purpose of this research was to find answers to following questions:

- What kind of business model would be applicable for Kalevankangas?
- What could be learned from similar kind of businesses and how could Kalevankangas differentiate itself from its competitors?
- What kind of factors have impact on the business model of physical activity and well-being resorts?
- Who are the potential customers, what kind of services should be offered and how are these services delivered to right customers? What is the cost structure and ways to make revenue?

The main objective of this research was the construction of tentative business model for Kalevankangas development project. As a basis for the model the key stakeholders were interviewed, and the special characteristics of the area were studied. The current and future trends in physical activity and wellbeing sector were explored in order to discover the potential customer segments and service needs. The constructed business model was compared to four other similar kind of cases in order to get better understanding of the business models in the industry and to see which kind of solutions could work in Kalevankangas. The purpose of the cases was also get ideas of suitable services and products.

It turned out that there is an increasing demand for physical activity and wellbeing services. People are more and more interested in their health and well being and on the other hand, there are prevailing trends in the society, such as aging population and the growth of lifestyle diseases that increases the need for health and sport services.

Many sports resorts target their services for several customer segments and provide similar kind of services. Many of them work in close cooperation with sport clubs and organizations. There is a lot of competition in the field and it is not

easy to find strategy or business model that differentiates from competitors. Kalevankangas has an opportunity and resources to develop as a common center of wellbeing, learning and physical activity in its own area. It could focus on local community and easy access services. The product and service development require networking and the creation of common management and promotion bodies in order to be able to brand Kalevankangas as a destination.

9. MANAGERIAL IMPLICATIONS

In the development and building stage of Kalevankangas, the first thing should be the creation of service packages and networking of the individual service providers in order to form one concept of Kalevankangas. This requires unified management, coordination and marketing efforts. After that Kalevankangas could be managed and marketed as one destination.

Kalevankangas could add equipment renting as part of its services. This could include equipment especially for outdoor activities and guiding services or tours could be included as part of these service packages. This kind of services would serve locals and tourists as well.

Kalevankangas has favourable location close to the city centre with nature and recreational outdoor surroundings. Kalevankangas could serve as a low-barrier physical centre for local residents of all age and fitness-level groups. One focus could be on community as a well-being source.

Sport and school camps would fit well for the profile of Kalevankangas and the facilities and surrounding nature environment support that. At the moment the area is lacking accommodation services needed for camp organizing. Students and local actors from different fields could be engaged in service planning and implementation for camps, events and other services. Overall Kalevankangas has a good opportunity to become a common centre of wellbeing, learning and physical activity for the local community.

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