

Expanding Inditex in Finland

Case Company: Bershka

LAHTI UNIVERSITY OF APPLIED
SCIENCES LTD
Faculty of Business and Hospitality
Management
Degree Programme in International
Business
Bachelor's Thesis
Autumn 2017
Iina Lehtovuori

Lahti University of Applied Sciences Ltd
Degree Programme in International Business

LEHTOVUORI, IINA: Expanding Inditex in Finland
Case Company: Bershka

Bachelor's Thesis in International Business 45 pages, 1
pages of appendices

Autumn 2017

ABSTRACT

The aim of this thesis is to study how to bring a successful clothing company to Finland. This thesis explores the idea of franchising, Finnish market area, and potential customers. Women's buying habits are discussed as well as women's buying behaviour in clothing stores. This thesis concentrates on finding a potential customer base for Bershka rather than making a business plan.

The author uses both qualitative and quantitative research approaches. Secondary data is collected from various sources of literature, including books, articles and internet sources. The primary data is collected by interviewing a person who is the store manager of a cloth store located in Finland.

The theoretical part covers franchising, consumer behaviour and customer segmentation. Women's buying behaviour and advertising for women is discussed. Porter's five analysis about the market area in Finland, Bershka company profile and the ecological side of Bershka and how it affects on consumers is addressed.

The results showed that expanding Inditex to Finland could be potential through franchising, but it would require a lot of money since one of Inditex principles is to open new stores in historic locations in the capitals. To really understand the potential of bringing Bershka to Finland, the consumer base should be studied more so that an effective marketing plan could be made based on the findings.

Key words: Inditex, Bershka, franchising, consumer behaviour, customer segmentation

Lahden ammattikorkeakoulu

Kansainvälisen liiketalouden koulutusohjelma

LEHTOVUORI, IINA: Expanding Inditex in Finland
Case Company: Bershka

Kansainvälisen liiketalouden opinnäytetyö, 45 sivua, 1 liitesivua

Syksy 2017

TIIVISTELMÄ

Opinnäytetyön tavoitteena on tutkia miten tuoda suosittu muotiliike Suomeen. Opinnäytetyö hyödyntää ideaa franchising yrittäjyydestä ja tutkii Suomen markkina-alueita ja mahdollista asiakaskuntaa. Naisten ostovaatekäyttäytyminen ja käyttäytyminen vaatekaupoissa on tutkimuksen yksi osa. Tämä opinnäytetyö keskittyy löytämään Bershkalle asiakaskunnan ennemmin kuin tekemään liiketoimintasuunnitelmaa.

Kirjoittaja käyttää kvalitatiivisia ja kvantitatiivisia tutkimusmenetelmiä. Sekundaarinen data on kerätty erilaisista kirjallisuuden lähteistä, kirjoista, artikkeleista ja elektronisista lähteistä. Primaari data on kerätty haastattelemalla Suomessa toimivan vaatekaupan myymäläpäällikköä.

Teoreettisessa osuudessa käsitellään franchising yrittäjyyttä, kuluttajakäyttäytymistä ja asiakas segmentointia. Naisten ostokäyttäytymistä ja markkinointia naisille käsitellään. Teoreettisessa osuudessa käsitellään myös viiden kilpailuvoiman mallia Suomen markkina-alueesta, Bershkaa yrityksenä, Bershkan ekologisuutta ja miten se vaikuttaa kuluttajiin.

Tulokset näyttivät että Inditexin laajentamiseen Suomessa voi olla potentiaalia franchising yrittäjänä, vaikka se vaatii paljon rahaa sillä Inditex ketju avaa aina uudet myymälät historiallisissa rakennuksissa pääkaupunkien ytimessä. Bershkan asiakaskuntaa pitäisi tutkia enemmän, jotta ymmärtäisimme liikkeen potentiaalin. Asiakaskuntaa tutkimalla Bershkalle voisi tehdä kattavan liiketoimintasuunnitelman.

Asiasanat: Inditex, Bershka, franchising, kuluttajakäyttäytyminen, segmentointi

CONTENTS

| | | |
|-------|---|----|
| 1 | INTRODUCTION | 1 |
| 1.1 | Research Background | 1 |
| 1.2 | Thesis Objectives, Research Questions and Limitations | 2 |
| 1.3 | Theoretical and Empirical Framework | 2 |
| 1.4 | Research Methodology and Data Collection | 3 |
| 1.5 | Thesis Structure | 4 |
| 2 | FRANCHISING | 6 |
| 2.1 | Franchising | 6 |
| 2.2 | Forms of Franchising | 7 |
| 2.3 | Advantages and Disadvantages | 8 |
| 2.3.1 | Advantages of Franchising Bershka | 8 |
| 2.3.2 | Disadvantages of Franchising Bershka | 9 |
| 2.4 | Franchising Zara | 11 |
| 3 | CONSUMER BEHAVIOUR AND MARKETING | 12 |
| 3.1 | Consumer Behaviour | 12 |
| 3.1.1 | Models of Consumer Choice | 13 |
| 3.2 | Customer Segmentation | 14 |
| 3.3 | Women's Buying Behaviour in Zara | 15 |
| 3.4 | Advertising for Women | 16 |
| 3.5 | Affect of Online Shopping | 17 |
| 4 | COMPETITOR ANALYSIS | 19 |
| 4.1 | Porter's Five Forces | 19 |
| 4.2 | Porter's Five Analysis on Bershka | 21 |
| 5 | CASE COMPANY: BERSHKA | 24 |
| 5.1 | Inditex | 24 |
| 5.2 | Bershka | 24 |
| 5.3 | Environmental Affect on Consumer Behaviour | 25 |
| 5.3.1 | Eco-Stores for Customers | 27 |
| 5.3.2 | Introducing Circular Economy to Consumers | 28 |
| 5.4 | Code of Conduct and Responsible Practices | 28 |
| 6 | MARKETING TO WOMEN | 30 |
| 6.1 | Vero Moda | 30 |

| | | |
|-----|--|----|
| 6.2 | Comparison of Vero Moda and Bershka | 30 |
| 6.3 | The Difference in Customer Service and Online Shopping | 31 |
| 6.4 | Marketing Bershka for the Target Audience | 32 |
| 7 | CONCLUSIONS | 35 |
| 7.1 | Answers for Research Questions | 35 |
| 7.2 | Validity and Reliability | 37 |
| 7.3 | Suggestions on Further Research | 37 |
| 8 | SUMMARY | 39 |
| | REFERENCES | 41 |
| | APPENDIX | |

LIST OF FIGURES

FIGURE 1. Thesis Structure

FIGURE 2. Customer Segmentation

FIGURE 3. Bershka Advertisement on Soho

FIGURE 4. Porter's Five Forces

FIGURE 5. Porter's Five Forces Analysis for Bershka

FIGURE 6. Outside of Bershka Shop

FIGURE 7. Inditex Business Model

FIGURE 8. Percentage of Women Who Trust Blogs

1 INTRODUCTION

This chapter helps the reader get familiar with the research topic of the thesis. This chapter explains research background, thesis objectives, research questions and limitations. Theoretical framework and thesis structure are explained.

1.1 Research Background

The author got the idea for the topic when being in Cyprus for the school exchange. Cyprus had two Bershka stores which were both beautifully decorated to catch people's eye. The author fell in love with the beautiful design of the clothes and constantly changing fashionable clothes collection made from soft materials. The idea to open a new Bershka store to Finland was born.

Finland already has Zara franchise, which is part of the Inditex group as well as Bershka, so why not bring Bershka to Finland? The author is also interested in women's buying behaviour and how the company's environmentally friendliness affects on consumers. Interesting topic is also how consumer buying decisions are made, so the thesis concentrates on combining these two subjects.

Bershka is part of the Inditex group. Bershka is one of the youngest brands of Inditex group, targeted especially for young women. Bershka is a familiar brand to many who value new trends and quality. Many Finns have visited Bershka shops in Europe. Bershka is very popular among young people due to the fact that it is an affordable and fashionable brand. People value Bershka brand and hope it will expand nationwide. There are no Bershka shops in Finland. Finnish people shop Bershka clothes in Estonia, Sweden or further away in Europe.

1.2 Thesis Objectives, Research Questions and Limitations

For all the reasons mentioned above, the author decided to find out what it takes to open a new Bershka store in Helsinki, Finland. However, this thesis does not make a marketing plan for a new store, instead the main focus point is in the customer group and how to market for the selected customer group. This thesis also provides an idea about women's buying behaviour for future research purposes. This thesis also examines franchising opportunities generally and for joining the Inditex group.

Research questions

To make the thesis more constructed, the author has one main question and three sub-questions.

The main question of the research is:

Is the idea of expanding Bershka to Finland beneficial to Inditex?

The sub-research questions are:

Is it possible to franchise Bershka in Finland?

How does women's buying behaviour affect stores?

How should Bershka advertise to the target consumer group?

1.3 Theoretical and Empirical Framework

The theoretical part covers franchising, forms of franchising and advantages and disadvantages of franchising. Franchising Zara is also discussed briefly. Advantages of franchising Bershka and disadvantages of franchising Bershka are examined.

Consumer behaviour, models of consumer choice and customer segmentation are used to identify the target consumer group for Bershka. The author also uses Zara and the consumer behaviour in Zara to

compare how the possible Bershka store would attract customers. Advertising for women and the affect of online shopping is discussed.

The author also uses Porter's Five Forces to analyse the market environment for Bershka in Finland. The competition and other possible threats are examined. Bershka as a case company is introduced and the ecological factors and how they affect consumers are discussed.

The empirical part of the thesis is an interview done with women's clothes store Vero Moda's store manager. The author uses this interview first to compare Vero Moda and Bershka. Differences between customer service in both stores are taken into account. This part of the thesis is a comparison to how Bershka could succeed among Finnish customers.

1.4 Research Methodology and Data Collection

There are two research methods that can be applied to a thesis. Deductive and inductive methods. Deductive research method is seen as more of a top-down approach that works from the general to the specific. Deductive approach lets a market researcher think about research that has been conducted and develop an idea about adding to that theoretical foundation. In an inductive method, the researcher does not consider related theories until further along into the research, this means that theories or hypotheses do not apply at the beginning of the research. (Kothari 2004, 3, 4.)

There are also two types of data, qualitative and quantitative. Qualitative methods focus more on small or localized objectives and examine them more deeply. Qualitative data allows the individual to build up their own theory. Qualitative methodologies analyse subjective experiences with a level of depth over a long period of time. In contrast, quantitative methods tend to be more numerical. Quantitative data includes mathematical structures and analytical graphs to reveal research answers. (Walter & Andersen 2013, 11) Quantitative data is studying and measuring how variables change. There are several types of variables which can be

assigned scales of measurement. (Martin, Bridgmon 2012, 4, 5) To this research, the author uses both quantitative and qualitative approach. Qualitative approach may outnumber quantitative approach because the author decided to focus more deeply on female customer behaviour and how it affects clothes stores.

1.5 Thesis Structure

From here we can see how the author is planned to write the thesis. Each part is marked in the order of appearance.

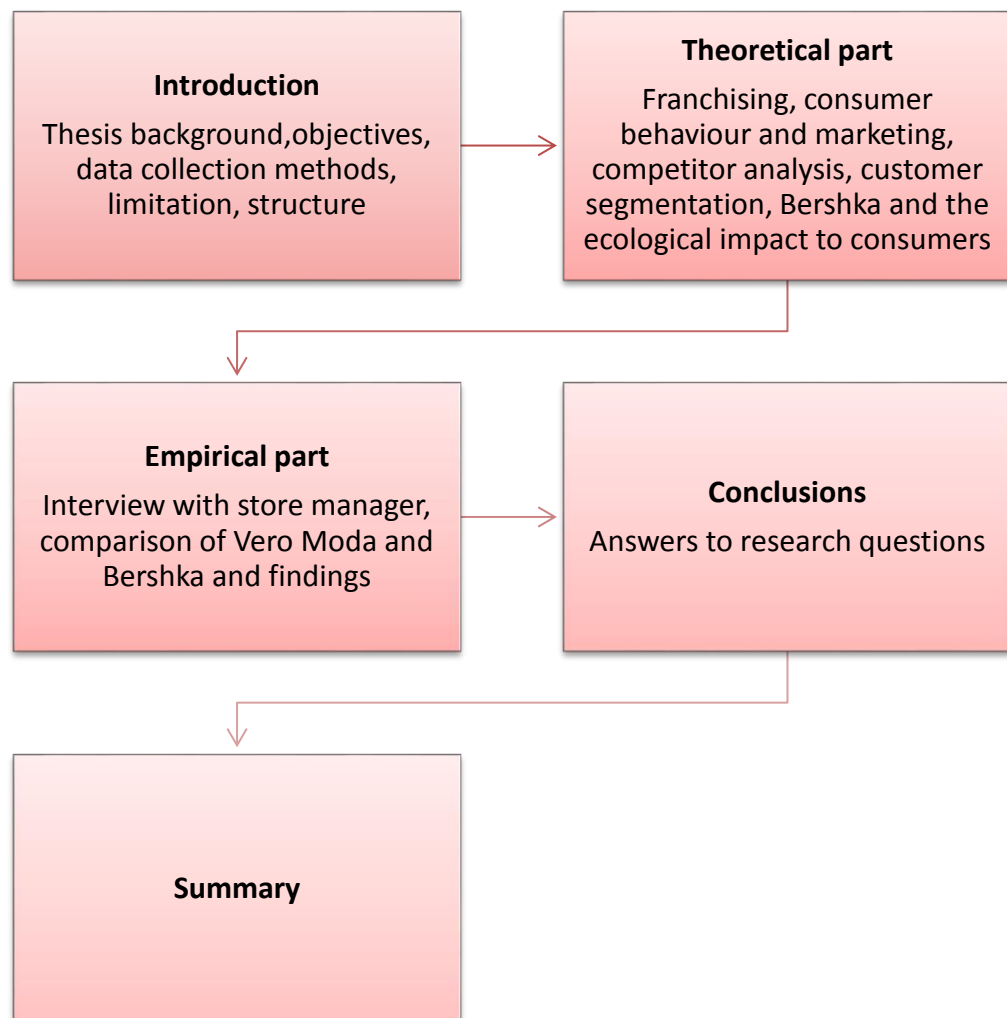


FIGURE 1. Thesis Structure

This thesis consists of seven chapters. In the first chapter the author explains the methods and reasons for this study, second chapter focuses

in franchising and looks up the franchising opportunities in Inditex and the positive and negative sides of franchising Bershka. Franchising Zara is briefly mentioned.

Chapter three then concentrates consumer behaviour and consumer behaviour models. Marketing to females and the affect of online shopping is discussed. Chapter four uses Porter's Five Forces to analyse the possible competition in Finland for the case company Bershka.

Chapter five introduces the case company Bershka thoroughly, discusses Bershka's environmental impact and how it affects consumers. Chapter six compares Vero Moda and Bershka and how women behave as customers and what are the differences in customer behaviour in these stores. Chapter seven consists of author's findings about women's consumer behaviour and whether it is successful to expand Bershka to Finland based on the consumer base. (See figure 1.)

2 FRANCHISING

This chapter introduces the history of franchising briefly, different forms of franchising and the advantages and disadvantages of starting a franchise. Franchising opportunities in the Inditex group are discussed.

2.1 Franchising

When searching through history, you can find examples of trading practices that have a resemblance to franchising. In legal terms, the word 'franchise' means a grant of rights from the crown and in some countries e.g. Australia and USA the word franchise means a grant by a governmental authority. Franchising is believed to have started when, following the Civil War, the Singer Sewing Machine Company established a dealer network. The technique of franchising was not invented overnight. Franchising evolved from the solutions developed by businessmen in response to the problems with which they were confronted in their business operations. (Mendelsohn 2004, 16.)

A franchise is a business system in which private entrepreneurs purchase the rights to open and run a location of a larger company. The franchising company signs a contractual agreement with the franchisee, in which the company's rules for operating the franchise are explained. (Lorette 2017.)

A franchise typically involves the granting by one party (a franchisor) to another party (a franchisee) the right to carry on a particular name or trade mark, according to an identified system, usually within a territory or at a location, for an agreed upon term (Libava 2017).

Franchisors run the business according to the operation's manual and the franchise contract. Franchisors must also pay the franchise fee (licence fee) and ongoing royalties as well as marketing and advertising fund. (Caramela 2016.)

Unfortunately, not all businesses can be franchised successfully. First of all, the business must provide value to customers and franchisees. The original business must be profitable to survive a long time. It must also be a concept that appeals to people who are planning to become franchisors. A franchisor must offer a business that is better than starting a new one from scratch and provide ongoing value so that franchisee is willing to pay royalties after learning how to run the business. (Norman 2006, 1.)

2.2 Forms of Franchising

There are several ways to structure franchising programs. In general, there are two types of franchise relationships, individual or 'unit' franchises and area franchises. These terms used are commonly associated with various structures of franchising programs. (Barkoff, Selden 2008, 52, 53).

Individual or unit franchises are those in which a franchisor grants the franchisee a right to develop and operate one outlet within a defined territory or a specific location. An individual or unit franchise is often used with businesses requiring an owner-operator, in which the expertise of the franchisee is critical to the success of the operation. Examples of these kind of businesses are real estate, automotive service business and foodservice. (Barkoff, Selden 2008, 53.)

Next term discussed is area franchises. Area franchises use area development agreements or multiple outlet franchises. A franchisee may be granted the right to develop and operate two or more outlets within a defined territory. Area development rights are used for businesses that require a single franchise owner in the market in order to avoid intrusion, advertising or other problems caused by multiple owners who are developing a single market. (Barkoff, Selden 2008, 54.)

Another approach to larger market area development is subfranchising. Subfranchising means that the master franchisor grants other subfranchisors the right to licence others to operate outlets. This happens by entering multiple-unit or single-unit subfranchise agreements with each

subfranchisee. The master franchisor may dictate the economic relationship between subfranchisor and subfranchisee. The sharing of the revenue between masterfranchisor and subfranchisor is defined in their contract and will depend in their relative investment and their contribution to the system. (Barkoff, Selden 2008, 54.)

Development agencies or rerepresentatives offer an alternative used often in many franchise systems. This alternative to subfranchising includes master agreement between the franchisor and the development agent or area representative. The master agreement grants limited rights to recruit new franchisees. The franchisor and the development agent may both be parties to the unit franchise agreement, which is often a three-party contract or directly from the franchisor to the unit franchisee. (Barkoff, Selden 2008, 56.)

2.3 Advantages and Disadvantages

When starting a franchise, advantages and disadvantages may occur. The advantages and disadvantages of franchising are looked upon and the advantages and disadvantages of being a Bershka shop franchisee are discussed.

2.3.1 Advantages of Franchising Bershka

Buying a franchise offers many advantages that are not available for entrepreneurs starting from scratch. In addition to a well-known brand name you also get proven system of operation and training in how to use the system. New franchisees can avoid a lot of mistakes in starting a business, because the franchisor has already perfected daily operations through making mistakes and experimenting. (Entrepreneur 2017.)

The benefits of franchising include:

- Reduction of risk
- Standardized systems and products

- Standardized financial and accounting systems
 - Consulting and supervision readily available
 - Point-of-sale advertising
 - Providing Operations Manual
 - Marketing and sales assistance
- (Entrepreneur, 2017.)

There are several advantages of starting a Bershka franchise. Bershka has strong brand name and the support of the Inditex chain. Bershka is already known for some Finnish people due to the fact that closest Bershka shop is located in Estonia, where the passenger traffic is increasing. According to Finest Link, a research done about Estonia's passenger traffic in 2015 was over eight million travellers, 80 percent of the travels done for leisure. (Finest Link 2015).

2.3.2 Disadvantages of Franchising Bershka

There might also be disadvantages of starting a franchise. The drawbacks that may occur fall into three categories: lack of independence, inflexibility and risk associated with the franchisor's performance. (Holden 2017).

Lack of independence means that every aspect and of business format is defined. Buying a franchise means that there is little space to be creative, many aspects of running the business is laid down in the manuals. Franchisors have to pay service charges which can be useful in the start, but as time passes and if services are not used it can be frustrating for the franchisor to pay the fees. Reputation is also a big part of franchising, it can be a good thing but also a bad thing. Each franchisee affects the reputation of the whole system, which means that if there is a wide gap between the quality and service it affects the whole system. (Holden 2017.)

Fashion is constantly changing, new Bershka stores are opened in different locations over the world. The cloths sold in Egypt may vary from those sold in Estonia because of the difference in climate. The clothes

come from Inditex factories, which means the quality is checked so that it is consistent. Since each franchisee affects the whole chain, there is a risk that other Bershka franchisees perform poorly and that gives bad reputation for the Bershka under planning. (Bershka 2017.)

The cost of franchising can be a shock to the franchisee. In some cases you will have to rent a building and you will have to be responsible for paying the monthly lease and the one-time security deposit. In addition, the deposit to the electric, gas and telephone companies have to be paid, employees salaries, working capital and money in the cash drawer to make change has to be paid. Money is needed just to operate until there's a cash flow. (Entrepreneur 2017.)

Responding to the market can be a bit challenging since the franchisee is bound by the franchise contract to operate the business format in a certain way. In some cases it might be difficult for the franchisee to respond for a change in the local market area. (Holden 2017). Finnish market area can be changing, as an example, Stockmann had to end the Zara franchisee agreement because of the desire to concentrate on their own business (reference from thesis page 11). Zara and Bershka are both franchises owned by Inditex. This might raise a question whether it is profitable to start a franchise in the current economical situation.

There are also risks associated with the franchisor performance. When the franchisee signs the franchise agreement the franchisee is formally binded into a particular franchisor and it is, therefore, vital to select one which is competent and ethical. (Holden 2017.) Learning more about target companies' environmental policy, code of conduct and circular economy is necessary to understand how the business works. Bershka has very strict policies concerning environment, code of conduct and circular economy. These policies and how they relate to consumer behaviour are defined in chapter four.

2.4 Franchising Zara

Most known franchise in Inditex is Zara. Zara is the flagship of Inditex group. Zara stores have men's, women's and children's clothing as well as shoes, accessories and cosmetics. Zara's products are supplied based on consumer trends, new products are shipped on the stores twice a week. Zara has also zero advertising policy, instead they invest percentage of the revenues for opening new stores. Inditex launched Zara Home brand in 2003. Zara Home offers cutlery, bedding, glassware and other home decoration accessories. (Zara 2017.)

Zara landed to Finland in 2002 and at the time, Zara's stores were being franchised by Stockmann. In 2013, Stockmann ended franchising contract with Inditex due to the fact that Stockmann wanted to concentrate on their own core business. Zara stores in Finland are owned by Z-Fashion Finland, which is also owned by Inditex. (Penttilä 2013).

Setting up a franchise can be complex and expensive. Before starting a franchise it must be considered whether the concept can be replicated. Consider whether there is competitive advantage, systems and brand to franchise. It is important to analyse the competition so you know what to expect from the market area. In this case, bringing Bershka to Finland is the objective, so Finnish competition must be analysed in order to see the bigger picture of the market. (Norman 2006, 2).

3 CONSUMER BEHAVIOUR AND MARKETING

This chapter addresses consumer behaviour, models of consumer choice, customer segmentation, women's buying behaviour and advertising for women. Women's buying behaviour in Zara is discussed briefly.

3.1 Consumer Behaviour

Understanding consumer behaviour is vital part of marketing. By examining consumer behaviour we will know how customer reacts to a certain product or service. Consumer behaviour is the study of how people make everyday life decisions about what they buy, want or need. There are three factors that affect consumer behaviour: psychological, social and personal factors. (Schofield 2017).

There are several psychological factors that affect consumer behaviour. Needs are one of them. You buy food when you are hungry, you buy protective gear to feel safe, needs vary a lot but the more basic the need the more priority it drives the consumer to fulfill it. Learning is also one of the key factors that has an effect on consumer behaviour. If a commercial message convinces customer to try a product but their post-purchasing experiences are dissatisfying, the consumers learn to avoid that product. Beliefs and attitudes also modify consumer behaviour. If the company shares the same values as the consumer, it may attract customers. (Mott 2017.)

The second factor that has impact on consumer behaviour is social characteristics. Social influences include person's family, social interaction, friends, work or school communities or any person that the consumer interacts with. Consumer's income and social class are also social characteristics. These factors influence on how people respond to marketing messages and make purchasing decisions. (Schofield 2017).

The third factor is personal factors. These are person specific factors that may not relate to any certain group of people. These characters include person's habits, interests and opinions. The consumer behaviour is

influenced also by age, culture, background and other personal matters. (Schofield 2017).

3.1.1 Models of Consumer Choice

Consumer choice modelling was not developed by only one person. The history of consumer choice modelling was developed independently by mathematical psychologists and economists. Consumer choice shows how people make choices given their financial status and preferences. (Investopedia 2017).

The first model discussed is cognitive model. When consumers make important purchase for the first time, they may reflect on alternatives and discuss pros and cons with others with the intention of securing benefits and avoiding costs. Marketers can influence cognitive decision making by providing information that leads to consumer either preferring or rejecting alternatives. When satisficing model is found, the order which products are is important since the first satisfactory solution will be the one adopted. This means that more outstanding alternatives have better chance at being selected. (East, Wright, Vanhuele 2013, 7, 8.)

The reinforcement model is controlled by factors in the environment that reward more than other alternatives. Marketing influence can be achieved by changing the consumer's situation. However, what is rewarding to some might not be so to others and this limitates the marketing. The principles of reinforcement are applied in sales promotions, such as discounts. (East, Wright, Vanhuele, 2013, 10).

The habit model is controlled by brand name, logo and other features that are associated with a product as a result of previous purchase. In this model, the consumers may be unaware of improvements in products from which they could benefit. This purchasing model can be frequently satisfactory but it may not be always the best solution due to the fact that consumers always buys the same model unaware of the new one. (East, Wright, Vanhuele 2013, 13).

3.2 Customer Segmentation

Customer segmentation does not have to be a complex procedure. Segmentation principles are based on different key differentials. It is important to think what triggers customers to buy so that the marketing can be done to the correct customer group. Customer segmentation is a successful marketing tool when implemented correctly. (Rouse 2015).

Information such as a customers' demographics (age, race, religion, gender, family size, ethnicity, income, education level), geography (where they live and work), psychographic (social class, lifestyle and personality characteristics) and behavioural (spending, consumption, usage and desired benefits) tendencies are taken into account when determining customer segmentation practices. (Rouse 2015).

CUSTOMER SEGMENTATION

Consumer Segmentation Analytics Process

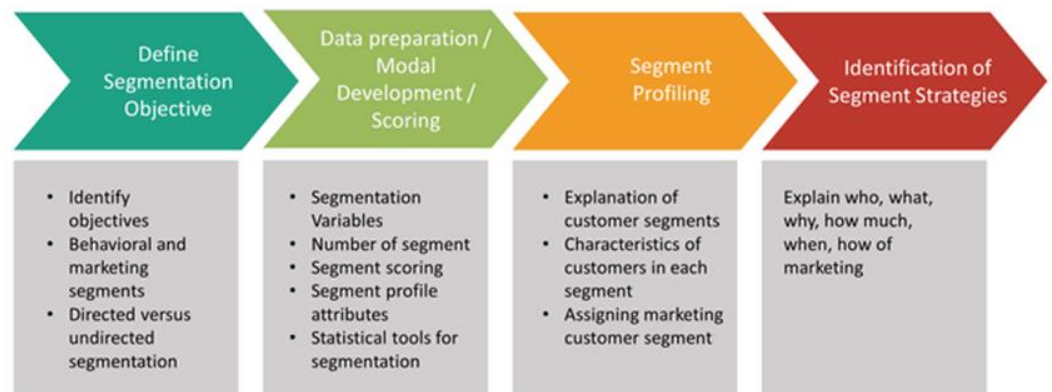


FIGURE 2. Customer Segmentation (Sketch Bubble 2017.)

The simplest way to start dividing customers is by geographic location. Geographic data includes customers occupation, how old they are, gender and number of children. Knowing your customers based on this criteria is useful because you can make advertising choices reflected on their interests. (Rouse 2015). Bershka's main clientele are women. Bershka also has men and children collection but the main focus in this thesis is to study how profitable the business would be based on women's purchasing power.

3.3 Women's Buying Behaviour in Zara

When talking about women's buying behaviour and how it affects stores we have to mention Zara, which is the most successful of Inditex stores. So what does Zara know about women that other stores do not know? Zara has scored several victories. First of all, their knock-off or otherwise called "speed-to-market" within the industry is incredibly fast. When you see something in the Paris runway, two weeks later you are able to buy a copy from it in Zara. Zara sees, copies, produces and delivers. (Underhill 2010, 124.)

Zara has also trained its shoppers to accept the prices. If you see something you like and it fits you should buy it because it will never go on sale and it will not be in store next week. Bershka works in the same principle as Zara. The fashion shifts quickly so the stores must adapt to it to get the trendiest collection first to attract customers. (Underhill 2010, 124).

Many of Zara's factories are within a few miles of the corporate headquarters in northern Spain. This means that store-to-factory-and-back is a closed circuit with no communication problems and no buyer jet lag. This has a huge impact on the whole performance of the store. Keeping up the constantly changing collection would not be possible if it were not for the factories nearby. (Underhill 2010, 124, 125).

3.4 Advertising for Women

Companies today recognize they cannot appeal to all buyers in the same way. Buyers are too varied on their needs and buying practises.

Companies must identify the parts of the market they can serve best and most profitably. Thus, companies have moved away from mass marketing and toward target marketing. Target marketing includes identifying market segments, selecting one or more of them and developing marketing programs tailored for each. (Kotler, Armstrong 2014, 214).

Since Bershka belongs to Inditex group as well as Zara the only comparison to marketing Inditex to Finnish women is Zara. The problem with this is that Zara does not use mass marketing. Why? Inditex does not use advertising since they place all of their stores strategically on major cities. They use all the money they could spend on advertising in opening new stores. The key marketing strategy of Zara is based on exclusivity, experience, differentiation and affordability. The company relies very heavily in word of mouth. (Bhasin 2014).



FIGURE 3. Bershka Advertisement on Soho 2017. (Anderson 2017.)

Bershka, however, takes a different stand towards advertising than Zara. Bershka is very active in social media with their own hashtag #Bershkastyle. Bershka is clearly targeted for young audience and it is shown through their advertising methods. In addition to having their own hashtag on social media, Bershka also has few billboard advertisements and new catalogues can be found at Bershka stores. (Bershka 2017).

3.5 Affect of Online Shopping

Bershka's target consumer group is Finnish women. The main question is: how to market Bershka for Finnish women? Young Finnish women spend a lot of time in the internet. Studies show that 87 percent of young Finnish women between the age of 16 to 24 use internet many times in a day. (Tilastokeskus 2017.)

The increased use of internet and the facilities websites offer may change the rationality of choice. The ability to compare prices online drives down the price of goods and services bought online. The internet makes it easier to compare products and prices without leaving your house, so it can take some of the effort out of the shopping. The internet can assist consumers to make better decisions and buy more cheaply, but it also takes the shopping experience the consumer gets from the store away. If women shop for the basics or clothes from familiar brand they already know, online shopping can save time and be more convenient. When women want something more unique for special occasions they go to stores because they want customer service. (East, Wright, Vanhuele 2013, 14).

Two dominant shopping motives identified are hedonic and utilitarian. Goal-oriented (utilitarian) shoppers have four different motives: informativeness, convenience, selection and the ability to control the shopping experience. Hedonic (fun oriented) shoppers are motivated by shopping experience caused by a certain product. Online shopping suits

utilitarian shoppers since they can control the whole shopping experience better when shopping on the internet. (Ferne 2005, 123)

4 COMPETITOR ANALYSIS

In this chapter the author explains Porter's Five Forces and then uses the model to analyse Finnish competition for Bershka.

4.1 Porter's Five Forces

Originally developed by Harvard Business School's Michael E. Porter in 1979, Porter's model looks at five specific factors that help determine whether or not a business can be profitable based on the other businesses in the industry. Porter's Five Forces started a revolution and continue to shape business practices today. Porter's Five Forces helps companies to decide which industries to compete in. (Harvard Business School 2017).

The job of the strategist is to understand and cope with competition. Managers often define competition too narrowly, concentrating only among today's direct competitors. Yet competition for profits goes beyond established industry rivals to four other competitive forces as well: customers, suppliers, potential entrants, and substitute products. The extended rivalry that is found by using the forces defines an industry's structure and shapes the nature of competitive interaction within an industry. The point of industry analysis is not to declare the industry unattractive or attractive, but to understand the underpinnings of competition and the root causes of profitability. (Porter 2008, 3, 4.)

Porter's insights started a revolution in the strategy field and continue to shape academic thinking and business practice today. A Five Forces analysis can help companies assess industry attractiveness, which industries a company should compete in, how companies position themselves for success and how trends will affect industry competition. (Harvard Business School 2017).

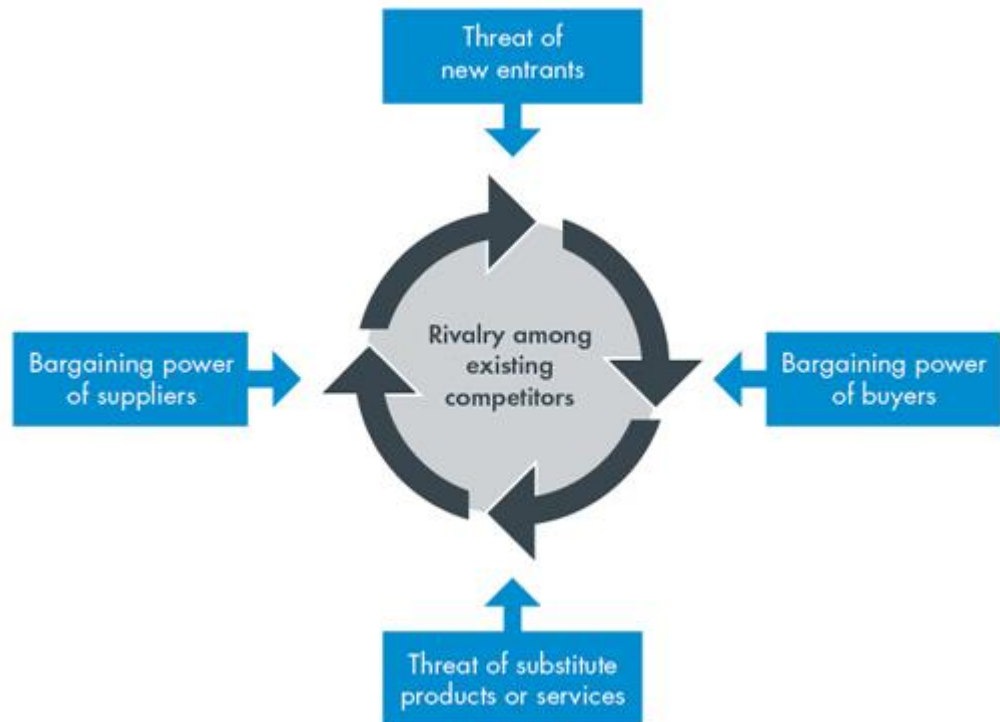


FIGURE 4. Porter's Five Forces (CGMA 2017.)

Before using Porter's Five Forces model, the five areas that help shape competition must be understood. The five areas are:

Competitive rivalry determines how intense the competition is. Competitive rivalry also determines how many competitors there are and what each of them is capable of doing in the business. Rivalry among competitors can be seen as new product introducing and price discounting. Rivalry competition can be high when there are just a few competitors equally selling a product. (Martin 2017).

Bargaining power of suppliers analyses how much power and control the supplier has over the prices. The number of suppliers available is analysed, the fewer there are, the more power they have over the market. Suppliers can capture more value for themselves by charging higher prices or limiting services. (Martin 2017).

Bargaining power of buyers means the power the consumers affects pricing and quality. When there are lots of sellers but little amount of consumers, the consumers have the power. When consumers buy small

amounts the buying power is low. Powerful customers can capture more value by forcing down prices, demanding better quality and more service and generally playing industry participants off against one another. (Martin 2017; Porter 2008, 14, 15).

Threat of new entrants studies how easy or difficult it is for the competitors to join the marketplace in the industry that is being examined. Profitable markets attract new entrants, which erodes profitability. New entrants to an industry bring new capacity and desire to gain market share that puts pressure on prices, costs and the rate of investment necessary to compete. (CGMA 2013; Porter 2008, 18, 8).

Threat of substitute products and services explains how easy it is for consumers to switch businesses product to competitors' product. This gives overall look to how many competitors there are and how their price and quality compares to the one being examined. When the threat of substitutes is high, the industry suffers. Substitutes are easy to overlook because they may appear in very different form from the industry's product. As an example, to someone searching for a Father's Day gift neckties and powertools may be substitutes. (Martin 2017; Porter 2008, 17).

4.2 Porter's Five Analysis on Bershka

Existing competition in the Finnish clothing business consist from a selection on players based on the products they offer. Since the target is to bring Bershka to Helsinki, the Porter's five is made based on what Southern Finland people prefer and what kind of shops there are in Helsinki.

The bargaining power of suppliers is medium. This is because Bershka and other Inditex brands have the same suppliers. These suppliers are picked following the Inditex code of conduct. Suppliers are located near the Inditex headquarters in Spain. (Inditex 2017).

The threat of new entrants was found low. If Bershka were to enter the Finnish market, it is possible that another Inditex group store could follow. Inditex has already Zara and Massimo Dutti placed in the centre of Helsinki. It might also be possible that smaller not so well-known companies could try and follow if Bershka succeeds.

Continuing in the threats of new entrants, largest threat a possible new entrant poses is that it is a local or Finnish otherwise well branded famous shop. In research conducted by Kantar TNS, in 2017, became clear that over 40 percent of Finnish people would buy more Finnish brands if there were any. The threat of new Finnish brand were found low since many people can study to become a designer in Finland, but a few end up selling their clothes in a shop or as entrepreneurs. The industry also has high capital requirements. Strong brand name, advanced technology and logistics are also important factors to succeed in the Finnish clothing industry. (Kantar TNS 2017; Auvinen, Kamaja, 2017.)

The bargaining power of buyers is high in Finland. Many people tend to go for the cheapest option available, so it is very easy to switch to another company's products. Bershka, as well as Zara, has the cutting edge because of the swiftly changing collection and competitive prices. Bershka has clear target consumer group which helps to advertise the brand and makes the buyer's decision to wear Bershka's clothes easier. (Bershka 2017.)

Threat of substitute products is medium. Many stores offer latest runway trends to consumers, though they might not offer them as fast as Bershka. Different variations of same clothes are found in different stores. The customer has the choice which one they prefer the most. Finland fashion industry follows latest fashion trends quite quickly. Finnish people like to dress according to latest trends and the dressing style is very European.

Rivalry among existing competitors is high. Helsinki has many clothes shops that sell clothes especially for young people. H&M, Monki, Zara, Lindex, etc. are very popular and have very strong brand names. Bershka

has the competitive edge because of the low pricing and constantly changing collection that is designed for the young and adventurous. (Bershka 2017).

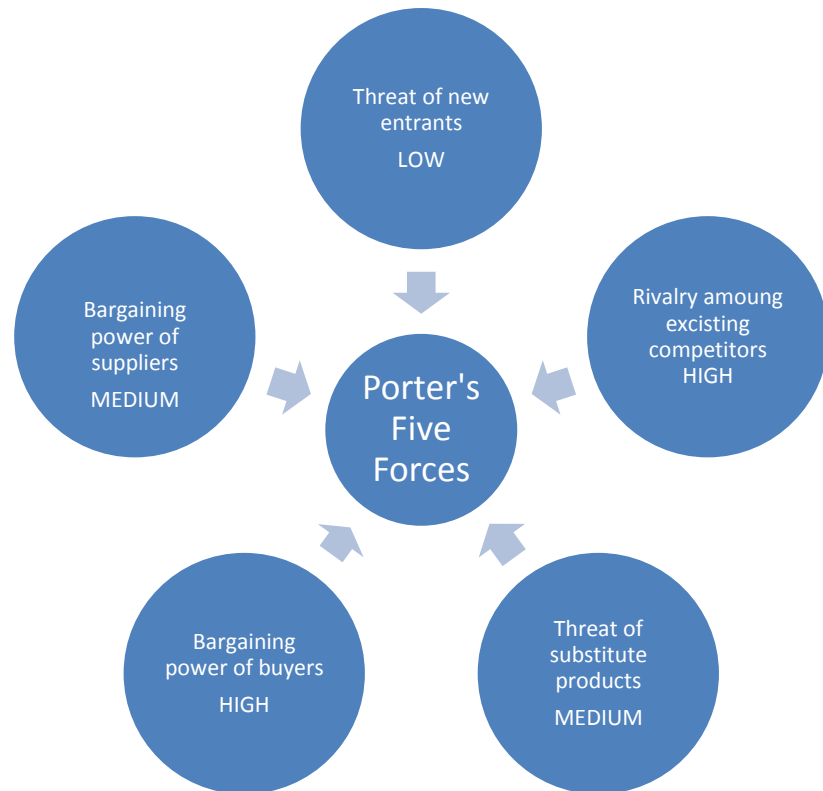


FIGURE 5. Porter's Five Forces Analysis for Bershka (adapted by thesis author).

Porter's Five Forces figure above concludes the analysis. Finnish market area is competitive and the highest threats are caused by the bargaining power of buyers and rivalry among existing competitors. Bargaining power of supplier was found medium as well as the threat of substitute products. Threat of new entrants in Finland is low because of the high entry barriers for Finnish clothing industry.

5 CASE COMPANY: BERSHKA

This chapter discusses briefly Inditex and then the case company Bershka. Bershka's environmental affect on consumer buying habits is discussed as well as ecological affect to consumers.

5.1 Inditex

The story of Inditex began in 1963 in A Corona, north-west Spain. Inditex started as a modest little workshop making dresses and quilt dressing gowns for distribution. Quickly the company expanded and first Zara store was opened in 1975. Zara quickly became popular because of the trendy, constantly changing collections with affordable prices. There on, Inditex expanded and takes on more brands: Massimo Dutti, Pull&Bear, Bershka, Stradivarius and Oyho. Inditex group has five stores in Finland, five Zara's and one Massimo Dutti. Altogether Inditex has 7,405 stores in 94 markets around the world. (Inditex 2017.)

Inditex Group is the world's leading and fastest growing fashion producer and retailer, headquartered in Arteixo, Spain. The Inditex Group is made up of more than 100 companies operating in textile design, manufacturing, and distribution, and is responsible for producing 840 million garments a year, with eight retail store formats. (Inditex 2017).

5.2 Bershka

Bershka was created in 1998 as a new brand of the Spanish group Inditex. Inditex has over 1000 Bershka shops in more than 70 countries, with sales representing 9% of the total revenue of the group. Bershka has a sales area of over 455,000 square meters. Bershka is targeted for adventurous young people who are aware of the latest trends and are interested in music, social networks and technology. Bershka's products vary from casual wear to sports and from basic garments to more fashionable items.

Bershka shops are distinguished by their strategic location and well-detailed architecture. (Inditex 2017.)



FIGURE 6. Outside of Bershka Shop (Bershka 2017).

Bershka shops interior is designed to give maximum importance of the display of fashion. Bershka stores are a shopping experience: the music, lightning, furniture and all included are making sure that the customer has an unforgettable shopping experience. Bershka's mission is to give the customer an unforgettable shopping experience. (Inditex 2017).

5.3 Environmental Affect on Consumer Behaviour

Bershka aims to help the sustainable development of the society and environment with which it interacts. Directly related to customers and stores are some activities and goals that are developed with the framework of environmental commitment the Inditex group has.

- Saving energy.
- Eco-efficient stores.

- Recycling and reducing waste production.
- Sharing commitment with the entire team.
- Team awareness.

(Bershka 2017).

Integrating sustainability and efficiency is thought by developing eco-efficient stores. Eco-efficient store management model proposes measures in all processes, from designing the store, heating and cooling systems, assembling lightning and the potential of recycling furniture and store decorations. Bershka is also reducing waste production by recycling hangars or alarms at the stores where they are processed to become other plastic items. As an addition, both the plastic and cardboard used in packaging are recycled. (Bershka 2017.)

Bershka shares the same values of many consumers. People are very aware of the environment and shopping in a store that is designed from used furniture and eco-friendly materials attracts customers. There are several psychological buying behaviour factors that the awareness of the environment triggers. The consumer wants beautiful clothes and it is considered as a good factor that the garment is made while thinking about the environment and the impact on the environment. (Bershka 2017).



FIGURE 7. Inditex Business Model (Inditex 2017).

Everything Bershka does starting from the making of the clothes affects the customers. Bershka sells clothes to consumers with the whole product lifecycle in mind. Consumers get latest fashion clothes that they can be sure are made responsibly by following circular economy. (Bershka 2017).

5.3.1 Eco-Stores for Customers

Inditex has 4,519 eco-stores, the aim is to have 100 percent eco-efficient stores by 2020. One of the primary considerations in Inditex stores is eco-efficiency. New stores are designed eco-efficiently and old ones are renovated to comply with efficiency targets. There are several factors to why eco-stores are more efficient. The main factors include saving energy with using led lightning and using automatic motion sensors that dim lighting up to 80 percent when no one is present. (Inditex 2017).

Having eco-efficient stores shows the concumer's how important climate change is to the company and how Bershka is doing changes to the stores to slow down global warming. Having eco-effient stores has an effect on

the shopping experience as well. Green plants can be found in the stores, which makes the store look beautiful but also benefits the eco-system because plants clean the room air. (Inditex 2017).

5.3.2 Introducing Circular Economy to Consumers

Inditex aims to ease recycling for customers by receiving used clothes so that they can recycle them or give second life to them. The purchasing teams and key suppliers receive special training on materials, social and economic impact of the choices and awareness of the environment encouraging them to work towards more sustainable choices. Inditex has very strict policy on animal welfare. Inditex stores do not sell fur or products from animals slaughtered exclusively for their skin. (Inditex 2017.)

Recycling old clothes to give them new life is infact trendy as well as ecological. Young women tend to follow latest trends which include recycling old clothes to give second life for them. To have recycling opportunity in the store and knowing that used garment will go for good use later on will give the customers good mood and a feeling that they can do something for the environment. (Bershka 2017).

5.4 Code of Conduct and Responsible Practices

Inditex code of conduct provides action lines which are then followed by Inditex Group and its employees in professional duties. The goal of this code is to demand an ethical and responsible conduct from Inditex and its entire workforce. These are the core values which training employees and personal and professional careers in Inditex are based upon. (Inditex 2012.)

The Code is based upon the following principles:

- All the operations of the Inditex Group are to be developed under responsible perspective.

- Obey with laws and regulations of each country.
- All persons who maintain, directly or indirectly, any kind of social, professional, economic or industrial relationships with Inditex shall be treated in a fair and honourable manner.
- All the activities of Inditex shall be carried out in the manner that most respects the environment.

(Inditex 2012).

Happy workers equal happy customers. The code of conduct makes sure that the work force is treated in equal manner and justice. Ethical shopping is considered as a trend and many consumers care about how their clothes are made and where they are made. Child labour is a subject that is closely monitored in the fashion industry. Consumers are also very aware and research the ethicality of the business before shopping. (Inditex 2017).

6 MARKETING TO WOMEN

This chapter concentrates on comparing Vero Moda and Bershka. In this chapter the author compares Vero Moda and Bershka as stores and then the advertisement strategies. For this chapter the author interviewed store manager of clothes store Vero Moda.

6.1 Vero Moda

Vero Moda is a women's clothes store, part of Best Seller Retail Finland. Best Seller consists of several brands that are: Vero Moda, Only, Jack&Jones, Name It, Mamalicious, Pieces, Vila Clothes and Noisy May. Best Seller brands are available online and in stores across Europe. Vero Moda is one of the brands under Bestseller group. Vero Moda's target customers are both young and old women but the main customer group are middle-aged women. (Pusa 2017)

Vero Moda values customers and the main emphasis is to give customer an unforgettable shopping experience by offering high class customer service done by trained workers. Vero Moda attends that the workforce is updated by offering various training in women's fashion and customer service every month. Good sellers are rewarded in competitions and others are being motivated by offering training and useful tips to sell better. (Pusa 2017)

6.2 Comparison of Vero Moda and Bershka

When opening a clothes store which target group are women, it is important to know more about the target group and their shopping behaviour. This may indicate how profitable the business will be and how the marketing should be done to reach the target consumer group. Vero Moda and Bershka stores have several differences concerning the target consumer group and forms of marketing.

The most bought items in Vero Moda are jeans, coats and seasonal tops. Women tend to buy products they detect are good in the long run. If women buy good jeans, there is 70 percent chance they will return to buy the same jeans in different colour. Finnish women value comfortable clothes that are “easy to wear” and do not disappoint quality wise. Branded clothes are more important to young customers than middle aged women. It takes women approximately 15-20 minutes to make buying decisions in one store. Everyday casual wear clothes are very popular whereas too unique clothes with too high prices are usually left to hangers. (Pusa 2017.)

Bershka is known for making clothes that are according to the latest fashion trends. This differs from Vero Moda because Vero Moda has a collection of basic wear which is always available. Vero Moda and Bershka differ a lot because of the ages of their target groups. Vero Moda’s target consumer is middle-aged women who know what they want whereas Bershka targets on young consumers that like to ride on the crest of the wave of fashion. (Pusa 2017).

6.3 The Difference in Customer Service and Online Shopping

The seller has a huge impact to the customers buying decision. At least 50 percent of customers that get service will buy the products. In shops like Vero Moda, 40 percent of customers are regular customers who shop in the store because they get excellent customer service. Since customer service is such a huge part of the shopping experience it is hard to say how stores without customer service will succeed in Finland. In this case, Bershka does not have sellers to help customers but they attend to customers by keeping the store tempting and clean for the customers. Bershka does not have other stores in Finland so it is also a selling point and makes up for the loss of full customer service. (Pusa 2017.)

Though Bershka does not have a store in Finland, they have online shop where you can order to Finland. Since people are almost all of the time connected to internet, it has been made very easy to order online. This

might have negative impact to stores which sell the same products online and in the stores. Fortunately, usually clothes stores have slightly if not entirely different selection of clothes. Mainly the reason why people do not buy everything online is shopping experience and the fact they get to see and touch the clothes before buying them.

Vero Moda clothes can also be bought online in various places, this does not affect the sales of the stores negatively. Vero Moda has collect your online package service, where the customer can pick up their package straight from the shop and try on the clothes right away. This service brings more customers to the shop and almost half of the customers picking up a package end up buying something from the store too. Bershka stores do not have this kind of custom but the difference is that Bershka's clothes are only available for buying in Bershka's webpage whereas Vero Moda branded clothes can be bought from many different websites. (Pusa 2017.)

6.4 Marketing Bershka for the Target Audience

The advertising in Vero Moda is very active. Vero Moda has a lot of special offers and events to get the consumers shopping. Vero Moda updates their Instagram very actively and uses Facebook to reach consumers that are spending time on the internet. (Pusa 2017).

Social media is constantly present in young people's lives. Almost all if not many companies use social media for marketing and gaining the attention of their target audience. Since Bershka especially directs young women, social media is a "must" for direct communication. As mentioned before (see thesis page 17), Bershka has their own hashtag #Bershkastyle where consumers who have bought Bershka clothes pose in their style choices and get featured in Bershka's website.

Instagram is a great way to reach out for young consumers. The most searched categories young women have on Instagram are #fitness, #fashion, #healthy and #Love. (Instagram 2017). Many companies use

famous bloggers to market selected clothes. This could work well in Finland also because many women read blogs. Bershka should advertise actively through social media about offers and latest trends if they want to reach the target consumer group.

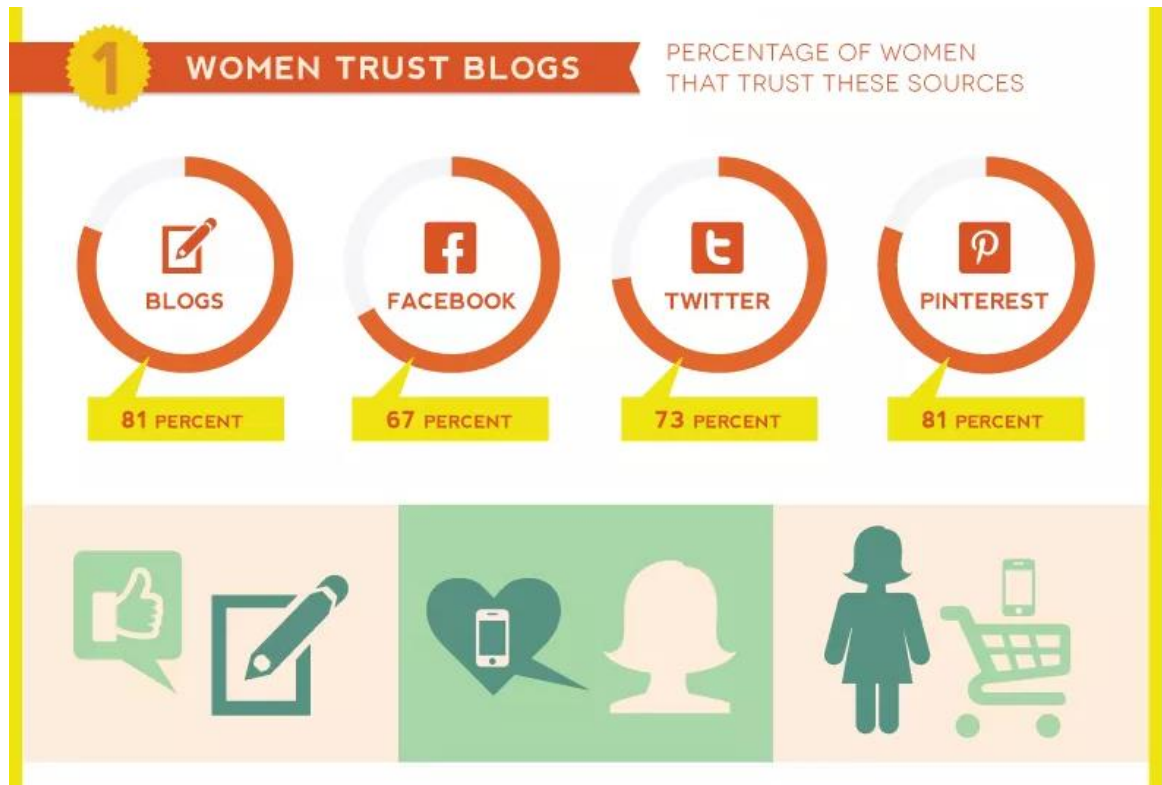


FIGURE8. Percentage of Women Who Trust Blogs (Wilson 2012).

BlogHer conducted Social Media Study in 2012, which states that 81 percent of American women trust on blogs and Pinterest, 73 percent trust Twitter the most and 67 percent trust Facebook. This affects the buying behaviour of women. (See Figure 8).

Another study conducted by marketing company Aller, women were asked if a blogger had introduced a product that has awoken reader's interest and later on caused reader to buy the product. 35 percent of women who answered the poll thought this to be true. 14 percent of readers thought that a link to a specific product has made them buy the product. Nine percent of women who answered thought that a discount

code the blogger gave has made them buy the product. In light of this research, bloggers somewhat help the businesses when it comes to advertising for women. (Aller 2014).

7 CONCLUSIONS

This chapter concludes the thesis and brings together all the main topics and the research process.

7.1 Answers for Research Questions

The purpose of this thesis was to find out if there is real customer potential for Bershka to expand in Finland. The idea was to expand Bershka and publish a new shop in the centre of Helsinki. The author picked young women for the target consumer group.

The main question of this thesis was:

Is the idea of expanding Bershka to Finland beneficial to Inditex?

The question was not meant to answer the businesses financial state but the popularity the potential store could receive. The author found in the customer segmentation process that the target audience for Bershka is women and more closely, young women. Women's customer behaviour was essential part of this thesis, since it reveals a lot of information about women shopping habits and what kind of clothes they prefer to wear.

The author came to a conclusion that young women like to dress more according to latest trends whereas mature women like to shop clothes that are "easy to wear". Bershka would have a lot of potential if it would expand to Finland, since there is clearly a spot for affordable but unique clothes store. The author did not come to a simple conclusion that bringing Bershka to Finland would be beneficial, however there is no evidence that states it would not be beneficial. Because of the wideness of the main research question, the author decided that figuring out the answer more research would need to be done.

Is it possible to franchise Bershka in Finland?

The author considered franchising opportunities for Bershka. Like Zara (which is a franchise), there are also opportunities to franchise Bershka to

Finland, however it takes a lot of money. There are several positive and negative factors in franchising which were related to the ownership of the business. Franchising is relatively easy way to take company and its operations overseas. The author thought analysing the competition in Finnish market would be good to see the bigger picture as to how successful bringing a new clothes chain would be. When expanding, Bershka has good potential opportunity for sales grow. Although the competition in clothing business is fierce, it is possible that Bershka would be successful because of the competitive prices and quality of products.

How does women's buying behaviour affect stores?

Customer segmentation is used for identifying different consumer groups, in this case the author was narrowing the research for women. Interview with the store manager of VeroModa gave the author a larger picture to how women shop and which clothes they prefer to shop. It was found that Finnish women prefer simple clothes which are easy to combine and easy to use every day. This question is quite wide too, but the author found out that women's buying behaviour affects stores nearly 100 percent, since it determines how women behave while shopping and how much they are willing to spend while shopping. In the research, it was found that Zara has 'trained' consumers to accept the prices because the collection changes so quickly and the clothes are hardly found on sale.

How should Bershka advertise for the target consumer group?

It was found that the easiest way to reach young consumers was through social media. Bershka should be more active and advertise and use their hashtag to get young people on board. Another interesting fact that was revealed was that bloggers are a huge influence to women's buying behaviour. Figure 8 (see thesis page 33) shows that 81 percent of women trust blogs as a source of information.

7.2 Validity and Reliability

Validity and reliability proof the accuracy of the research results. Reliability is a way of assessing the quality of the measurement procedure used to collect data. In order for the result to be considered valid, the measurement procedure must be first find reliable. Validity on the other hand measures how the results are equivalent to the main goal of the thesis.

The collected data included both secondary and primary data. The primary data was collected through a longer interview with the store manager of women's cloth store, VeroModa. The secondary data was collected from written sources, such as books and online sources. The thesis consists of more secondary data, since it was more easily accessible. The author thought the thesis to be reliable because of the carefully selected written sources and wide interview of store manager.

7.3 Suggestions on Further Research

In the process of making this Bachelor's thesis, the author gained a lot of knowledge about franchising and what it is to be a franchisee. The author found both problems and great opportunities in starting a franchise. The easiest way to bring Bershka to Finland was by franchising since they already are a strong brand name with many stores.

However, the main research question was left unanswered because of the wideness of the question. For further research, the customer base needs to be more carefully examined so that a good marketing plan targeted for the young can be put in motion.

Information found was a basic level so deepening the knowledge is necessary before starting up own company. It is especially important to come up with good business plan for Bershka in the future. The author defined the preliminary customer segment, this could be studied more deeply in the market research. After studying customer segments planning marketing strategies would be crucial.

8 SUMMARY

The final part of the thesis will summarize the contents in detail. The main objective of the thesis was to find out whether Bershka should expand in Finland through the examination of the potential customer base.

The introduction presented the reader overview of the outlines of the thesis, why this research was conducted, research questions, theoretical and empirical framework, research methodology and data collection and thesis structure.

The second chapter covered franchising in general, what it is, the negative and positive sides of franchising and franchising in Inditex. The author chose franchising model because it is possible to bring Bershka to Finland by franchising. The findings were that franchising requires a lot of money and usually big companies buy smaller franchises because of the lower risk.

The third chapter covered consumer behaviour and marketing to women. What impacts on consumer behaviour was discussed as well as consumer behaviour models. Customer segmentation was explained as part of the big picture.

The fourth chapter consisted of competitor analysis which was just a scratch of the possible threats in the market area. The author used Porter's five forces to determine how the market is in Finland. The results were gathered in a cycle made by the author.

The fifth chapter concentrated on Bershka as a shop and shortly covered Inditex chain. This chapter covered Bershka in general, environmental policy in Bershka, how Bershka reacts to climate change and circular economy, and the code of conduct and responsible practises in Bershka. The ecological factors and how they affect the consumers were discussed.

The sixth chapter concentrated on comparing Vero Moda and Bershka. The empirical part of the study was covered with interview about women's buying behaviour. The effect of online shopping versus

traditional shopping was shortly discussed. Some marketing ideas for the targeted young customers were discussed and the effect of social media was mentioned.

This thesis provides a good base to continue the research further on and develop a proper business plan for Bershka to enter Finnish market.

Target consumer base is identified so that the research and developing a marketing plan can continue. Bershka is a well-known and popular shop among young consumers and it would have good potential if it were to expand to Finland.

REFERENCES

Published References

Barkoff, M., Selde, A. 2008. *Fundamentals of Franchising*. Third Edition. Chicago: American Bar Association.

East, R., Wright, M., Vanhuele, M., 2013. *Consumer Behaviour: Applications in Marketing*. Second Edition. London: SAGE Publications Ltd.

Fernie, J. 2005. *Online Shopping*. International Journal of Retail & Distribution Management. West Yorkshire: Emerald Group Publishing Limited.

Kothari, C.R. 2004. *Research Methodology: Methods and Techniques*. Second Edition. New Delhi: New Age International (P) Ltd., Publishers.

Kotler, P., Armstrong, G. 2014. *Principles of marketing*. Fifteenth Edition. London: Pearson Education Limited.

Martin, E. Bridgmon, D. *Quantitative and Statistical Research Methods: From Hypothesis to Results*. New Jersey: John Wiley & Sons Inc.

Mendelsohn, M. 2004. *The Guide to Franchising*. Seventh Edition. London: Thomson Learning.

Norman, J. 2006. *What No One Ever Tells You About Franchising*. Kaplan Publishing.

Porter, M. 2008. *On Competition*. Updated and expanded edition. Cambridge: Harvard Business School Publishing Corporation.

Underhill, P. 2010. *What Women Want: The Science of Female Shopping*. First Edition. New York: A Division of Simon&Schuster, Inc.

Walter, M., Andersen, C. 2013. *Indigenous Statistics: A Quantitative Research Methodology*. California: Left Coast Press, Inc.

Electronic References

Aller. 2014. Suuri Blogi Tutkimus [accessed 21 November 2017]. Available at: https://www.aller.fi/wp-content/uploads/2014/11/Suuri_blogitutkimus_28.10.2014.pdf

Anderson, M. 2017. I went to Zara's cheaper, hipper sister store and there's ZERO comparison [accessed 21 November 2017]. Available at: <http://www.revelist.com/style-trends/bershka-store/10331>

Auvinen, A. Kamaja, M. 2017. Suomalainen haluaisi ostaa vaatekaupassa enemmän suomalaismerkkien tuotteita [accessed 20 November 2017]. Available at: <https://www.stjm.fi/tiedotteet-kannanotot-ja-lausunnot/suomalainen-haluaisi-ostaa-vaatekaupassa-enemman-suomalaisten-merkkien-tuotteita/>

Bershka. 2017. Bershka [accessed 14 September 2017]. Available at: <https://www.bershka.com/us/company.html?section=offices>

Bhasin, H. 2014. Marketing mix of Zara [accessed 16 November 2017]. Available at: <https://www.marketing91.com/marketing-mix-zara/>

Caramela, S. 2016. The Basics of Franchising and Today's Top Opportunities [accessed 10 September 2017]. Available at: <http://www.businessnewsdaily.com/4628-franchising.html#factors>

CGMA, 2013. Porter's Five Forces of Competitive Position Analysis [accessed 20 November 2017]. Available at: <https://www.cgma.org/resources/tools/essential-tools/porters-five-forces.html>

Entrepreneur. 2017. Franchise Basics [accessed 10 September 2017]. Available at: <https://www.entrepreneur.com/article/36328>

Finest Link. 2017. Documents, Statistics and Research [accessed 27 November 2017]. Available at: <http://www.finestlink.fi/en/statistics-and-research/>

Harvard Business School. 2017. The Five Forces [accessed 20 November 2017]. Available at: <http://www.isc.hbs.edu/strategy/business-strategy/pages/the-five-forces.aspx>

Holden, R. 2017. Steps to buying a franchise. [accessed 16 September 2017]. Available at:
<http://www.whichfranchise.com/resources.cfm#disadvantagesOfFranchising>

Inditex. 2012. Code of Conduct and Responsible Practices [accessed 15 September 2017]. Available at:
<https://www.inditex.com/documents/10279/241587/Code+of+Conduct+and+Responsible+Practices/aa0ee7c0-74b5-4f8d-a210-5581678919fe>

Inditex. 2017. Who we are [accessed 14 September 2017]. Available at:
<https://www.inditex.com/en/about-us/who-we-are>

Investopedia. 2017. Consumer Theory [accessed 27 November 2017]. Available at: <https://www.investopedia.com/terms/c/consumer-theory.asp>

Libava, J. 2016. Introduction To Franchising [accessed 10 September 2017]. Available at: <https://smallbiztrends.com/2011/12/introduction-to-franchising.html>

Lorette, K. 2017. Definition of a Franchise Business [accessed 27 November 2017]. Available at: <http://smallbusiness.chron.com/definition-franchise-business-4467.html>

Martin, M. 2017. Porter's Five Forces: Analysing the Competition [accessed 20 November 2017]. Available at:
<https://www.businessnewsdaily.com/5446-porters-five-forces.html>

Mott, E. 2017. Psychological Factors That Influence Consumer Buying Behaviour [accessed 27 November 2017]. Available at: <http://smallbusiness.chron.com/psychological-factors-influence-consumer-buying-behavior-80618.html>

Schofield, T. 2017. What Is Consumer Behaviour in Marketing?-Factors, Model & Definition [accessed 27 November 2017]. Available at: <http://study.com/academy/lesson/what-is-consumer-behavior-in-marketing-factors-model-definition.html>

Penttilä, H. 2013. Stockmann lopettaa Zara-franchising-toiminnan suomessa [accessed 27 November 2017]. Available at: <http://www.stockmanngroup.com/fi/tiedotteet/-/stock/showDisclosure/539038/Stockmann+lopettaa+Zara-franchising-toiminnan+Suomessa>

Rouse, M. 2015. Customer segmentation [accessed 25 September 2017]. Available at: <http://searchsalesforce.techtarget.com/definition/customer-segmentation>

Sketch Bubble.2017. Customer segments [accessed 21 November 2017]. Available at: <https://www.sketchbubble.com/en/presentation-customer-segmentation.html>

Tilastokeskus. 2017. Matkapuhelin yhä suosituimpi laite internetin käyttöön – käyttötarkoitukset monipuolistuvat [accessed 21 November 2017]. Available at: http://www.stat.fi/til/sutivi/2017/13/sutivi_2017_13_2017-11-22_tie_001_fi.html

Wilson, C. 2012. The Online Behaviours of Women on Blogs and Social Media [accessed 28 November 2017]. Available at: <http://freshpeel.com/2012/06/the-online-behaviors-of-women-on-blogs-and-social-media/>

Zara. 2017. Join Life [accessed 14 September 2017]. Available at: <https://www.zara.com/fi/en/join-life-c967743.html>

Oral References

Pusa, H .2017. Store Manager. VeroModa. Interview 10 November 2017.

APPENDIX

APPENDIX 1 Interview with Vero Moda Store Manager

Interview structure for the store manager of VeroModa

1. What is VeroModa? (Explain briefly)
2. What are the most bought items in VeroModa?
3. What is the middle age of the customers?
4. What is the target customer of VeroModa like?
5. How long does it take for the customer to shop in your store?
6. What are the most valued features in clothes?
7. Why do customers come visit the shop over and over again?
8. How much does customer service affect the consumers buying decision?

What about stores which do not have customer service? Why do you think they are so popular (H&M, Zara)?

9. How many regular customers do you have?
10. Does online shopping affect your store negatively? If so why?

Do customers come in asking for clothes they have seen in your website?

Do you believe customer buy more of your clothes online or physically by visiting the store?