Tampere University of Applied Sciences

Market Research of the Finnish Nuts and Seeds Market

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ABSTRACT

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Market Research of the Finnish Nuts and Seeds Market

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Mogyi Kft is a nuts and seeds producer based in Hungary with operations in 27 countries. Mogyi Kft covers a wide variety of products in the segment. Mogyi wants to understand the Finnish nuts and seeds market to prepare for potential market entry to the Finnish market.

The researchers were tasked with analyzing the Finnish nuts and seeds market. The purpose of the research was to gather information about the market to prepare Mogyi for possible market entry. The research areas were market study, including trade structure, PESTEL analysis, and competitor study as well as a customer study. This thesis aimed to answer the following research questions: What is the macro environment like on the Finnish market? How is the grocery retail industry structured? What competitors exist in the market? How do customers behave regarding nuts and seeds products, more specifically concerning buying habits, packaging, and taste?

The research was done by gathering both primary and secondary data, which were acquired through online sources, books, a focus group interview, a survey, and sampling. The mentioned methods were efficient and provided the researchers with useful information.

The overall economy, as well as the nuts and seeds sector, are both growing in Finland. The competition within the industry is quite balanced, with no clear market leader. The market is dominated by two major retail chains, K-Group and S-Group, which gives each one considerable bargaining power, making the entrance more difficult.

Based on customer research, Mogyi products were well-received by the research participants. Mogyi’s Caramoon, a caramel covered popped popcorn product, would be a unique product within Finland and got overwhelmingly positive reviews from both the focus group interview and the general tasting. According to the survey results, 92% of the respondents purchase snacks at least once a month. 51,2% purchase nuts and seeds at least once a month. These respondents most commonly consumed the nuts and seeds as a snack between meals, as a part of a meal or while watching movies or television.

Keywords: nuts and seeds market, market research, customer behavior

CONTENTS

1 INTRODUCTION

1.1 Introduction of Mogyi Kft. and nuts and seeds product portfolio

Mogyi Kft. is a Hungarian family-owned company producing different types of oil nuts and seeds products. The company was founded in 1990 by two brothers. Mogyi Kft. is the market leader in Hungary and is present in 27 countries. The company's activities cover most of the supply chain. Starting with the procurement of the raw material, they cover the processing, packaging, logistics, and distribution.

The company's product portfolio includes different variations (hulled, with-shell, salted, natural, dry-roasted, oil-roasted, seasoned and coated) of peanuts, sunflower and pumpkin seeds, cashews, almonds, raisins, hazelnuts, pistachios as well as coconut, corn, and flour-based products. Mogyi also offers multiple different products with mixed nuts, seeds, and raisins. Most products are available in different sized packages.

1.2 Objectives, purpose and research questions

The researchers were given the task from Mogyi Kft. to analyze the Finnish nuts and seeds market to provide information to prepare the company for potential market entry to Finland. The company wants to have an overview of the Finnish market and understand the trade structure, competitor presence, and consumer behavior. The end goal is to allow the company to answer the questions: Primarily, should they expand into the Finnish market, and if yes, secondarily, how and with which products?

This thesis aims to answer the following research questions to support Mogyi's decision making:

- What is the macro environment like in the Finnish market?
- How is the grocery retail industry structured?
- What competitors exist in the market?
- How do customers behave regarding nuts and seeds products?

1.3 Research methodology

The research consisted of four key areas: a market overview, competitor analysis, trade structure, and customer behavior. The market overview consisted of target market size and segmentation and a PESTEL analysis. The competitor study consisted of product selection, pricing, presence/coverage, and profiling of major competitors. Trade structure looked at the major retailers primarily and distributors secondarily. Customer behavior research was conducted through an online survey, a focus group, and a general tasting.

2 THEORETICAL FRAMEWORK

2.1 Market research

The purpose of market research is to examine human behavior and provide credible answers and evidence for companies to make decisions. Market research involves collecting and analyzing information, as well as interpreting and communicating it (Hamersveld & Bont 2007, 37.) One way of dividing market research is to describe it as qualitative and quantitative research (Hamersveld & Bont 2007, 39.) The data acquired from the market research is classified as either primary or secondary data.

Qualitative research and quantitative research

Qualitative research aims to explore information that exists in natural settings without dismissing complexities and nuances (O'Dwyer & Bernauer 2014, 5.) This type of research uses empirical material instead of numbers. Qualitative research is interested in the social constructions of realities, common practices, and knowledge as well as perspectives and views of participants. (Flick 2011, 2.)

In contrast, quantitative research intends to do the opposite. It seeks to simplify said every-day complexities by quantifying the information. (O'Dwyer & Bernauer 2014, 5.) Quantitative research covers methods regarding the systematic investigation, such as numerical data or statistics. This requires that the phenomena that are being studied can be measured. (Watson 2015.)

Primary data and secondary data

Primary data is “the data that are collected for the first time by the researcher for a specific research project at hand.” Secondary data, in turn, is data that has been collected previously for some other reason and used to support another research purpose. (Stevens, Wrenn, Sherwood & Ruddick 2006, 90.)

Research methods in this thesis included both primary and secondary research. Market size, demographics, purchasing power, macro-environment, customer behavior, consumer trends, competitor analysis, retailing, and distribution structure were first researched using secondary data sources. These sources included online statistics, Finnish trade magazines, authorities, and other related online sources. This was to find recent data effectively and to establish a baseline for the research. The information gathered was later be supported and expanded by primary research. The focus of the primary research was on customer behavior and competitor analysis. The primary research included a focus group interview, online survey, tasting, and in-store data collection.

2.2 PESTEL Analysis

Companies operate in a macro-environment that consists of six key components. These components are political, economic, social, technological, environmental, and legal factors. These factors can have an impact on the company’s competitive environment, some more than others. The analysis of these factors is referred to as PESTEL analysis. (Thompson, Petaraf, Gamble & Strickland 2016, 45–46.)

In this thesis, PESTEL analysis was used to characterize the Finnish market’s macro environment. This was done by gathering secondary data from various sources.

2.3 Customer behavior analysis

The tools used to gather first-hand information about the customer behavior of the Finnish market were a survey, focus group interview, and sampling.

Surveys

Surveys serve the purpose of acquiring information from a certain group of individuals to be analyzed and processed into raw data. In the thesis, the survey was issued through a questionnaire that had been distributed online in the hope of receiving answers on multiple questions about the customer behavior of Finnish consumers. (Housden 2010, 160.)

Focus group interview

A Focus group interview is a qualitative research method intending to acquire empirical information on a certain product or service. Focus groups consist of a relatively low number of individuals, preferably from a varied background. During the interview, there is a moderator and, in most cases, a person who records the process. The interviewees express their opinions and impressions about the product or service, which is processed after the interview took place. In the thesis, the focus group interview was used to acquire in-depth impressions of two different products, therefore gaining knowledge of what consumers would find positive and negative in the given products. (Housden 2010, 136.)

Sampling

Sampling is a research method primarily used in the FMCG sector by letting potential customers try the company's product or products. The research is conducted to gain feedback about a product and, at the same time, educate the consumers of the product's existence and characteristics, creating awareness. In the thesis, a tasting was conducted to get direct feedback from Caramoon and gaining knowledge about how the potential customers would rate and like the product. (Housden 2010, 186.)

3 MARKET STUDY

3.1 Grocery trade structure

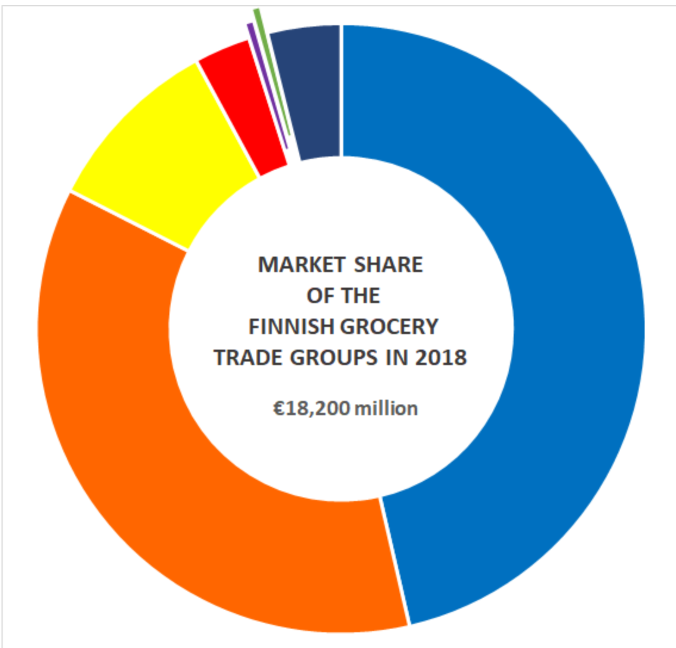
Major characteristics of the grocery trade market in Finland are the formation of chains and the centralization of procurement and logistics processes. As Finland and other Nordic countries are vast and sparsely populated, large volumes are important to enable cost-efficiency, larger selections, and better service and accessibility. This trend is caused by the migration to growth centers and increased use of cars. In the past 25 years, the selections have tripled to meet customer demand and global trends, and the number of market-sized stores has dropped from approximately 10,000 stores to under 3000 stores. Although the largest shops are more cost-efficient than smaller ones and account for 85% of the grocery sales, the smaller stores play an important role in maintaining the food supply and habitability of more sparsely populated areas outside of major cities. (Pty.fi n.d.)

Finnish grocery trade is also characterized by its capacity to adapt to changes. It works on keeping pace with demographics' changes as well as customer behaviors and trends. To achieve it, the Finnish Grocery Trade Association (PTY) actively works towards less unwieldy and rigid legislation. The changing operational environment requires a shift of the traditional regulation of the trade to a more flexible model that emphasizes self and co-regulation. These models will enable them to keep up with global markets and digitalization and react rapidly to quick changes, thus boosting the chains' competitiveness. PTY's ultimate objective is to achieve an environment of free competition and various purchasing channels within the grocery trade. (FINNISH GROCERY TRADE 2018 2019.)

Another part of the trade network, The Foodservice wholesale trade, also known as HoReCa trade (Hotels, Restaurants, and Catering), oversees external supply items for the retail trade. Hotels, restaurants, cafés, workplace and school canteens, as well as public administration kitchens, are the main customers of Foodservice wholesalers. On average, one in two Finns has a meal every day in establishments supplied by Foodservices companies. Based on customers' demand and international trends, Foodservice wholesalers are in constant development of their selection and introducing new products to the country. (FINNISH GROCERY TRADE 2018 2019.)

3.1.1 Market share

The Finnish grocery trade is dominated by two chains. S-Group and K-Group (Kesko) have a combined market share of over 80%. In 2018, S-Group had a market share of 46,4% and K-Group 36,1%. With about 180 stores, Lidl has gained ground within the Finnish market during two decades, becoming the third-largest operator with a market share of 9,6% (Nielsen Grocery Shop Directory 2018) (Figure 1.)



	MARKET SHARE %	GROCERY SALES (€ MILLION)
S-Group	46,4%	8.445
K-Group	36,1%	6.570
Lidl	9,6%	1.747
Tokmanni Group	3,0%	546
Minimani	0,5%	91
M Chain	0,5%	91
Other	3,9%	710

FIGURE 1. Market share of the Finnish grocery trade groups in 2018

3.1.2 S-Group

General overview

S-Group consists of a network of companies that operate in the retail and service industries, such as supermarket trade, department and specialty store trade, hardware trade, fuel sales, and travel and hospitality business. S-group also offers banking services, and its cooperatives conduct agricultural and automotive trade. S-group is made up of regional cooperatives, SOK Corporation, and its subsidiaries.

There are twenty regional cooperatives, which are owned by the customers. SOK Corporation is, in turn, owned by these cooperatives and its subsidiaries. SOK Corporation acts as a central company and provides the cooperatives with procurement, expert and support services, as well as strategic guidance for the development of the chains. SOK Corporation is comprised of SOK and its subsidiaries. SOK operates in the supermarket trade and travel and hospitality business in Estonia and Russia in addition to its regional and national subsidiaries. (S-kanava 2019.)

Supermarket trade, in S-group, is conducted through five chains in around 900 locations. These chains are Prisma, S-Market, Sale, Alepa, and ABC! Market. Together they comprise the largest grocery chain in Finland by revenue. (S-kanava 2019.)

Prismas are S-groups hypermarkets. They are located near good transport connections and have extensive and affordable product selections. In addition to food and other daily consumer goods, they have a selection of home, hobby, and textile products. Other services such as specialty stores, restaurants, cafés, and gas stations are usually present in the nearby vicinity of a Prisma. S-group also offers two online platforms, Prisma.fi, which is for household goods, and Foodie.fi, which is grocery centered. (S-kanava 2019.)

S-Markets have a product range that is unique since each one is designed to meet the needs of its customer base. Products at different S-Markets vary for this reason. The stores are planned to fulfill the everyday customer needs. They focus on convenience with good service that is fast and high quality. (S-kanava 2019.)

Sale and Alepa are S-groups answer to the market need for local neighborhood stores. They are convenient and straightforward stores located near homes or workplaces. The stores have longer hours of operation, with some being open 24 hours a day. Alepa stores are located only in the Greater Helsinki Area. (S-kanava 2019.)

At ABC service stations, the grocery trade is conducted through Sale, Alepa, S-Market, and ABC-Market brands. They are open long hours every day of the year, including holidays. They carry basic everyday needs and some complementary products. ABC-Markets are located in the most convenient places for customers on the road. (S-Kanava 2019.)

S-group also owns two organizations that specialize in procurement and logistics. Inex Partners Oy is a subsidiary of SOK Corporation that provides transportation and warehousing services for the S-group chains (Inex.fi 2019.) Meira Nova Oy is a wholesaler that specializes in procurement, customer service, and logistics in the foodservice wholesale trade (HoReCa) (Meiranova 2019.) The sourcing of nuts within the S-group is done through CoopNorden. (Finnpartnership 2018.)

Finance
In 2018, the S-group supermarket trade had sales of €8,096M, which was 2,9% higher than the previous year. Retail sales included business operations in Estonia and Russia. In Estonia, there are eight stores: five Prisma stores in Tallinn, two in Tartu, and one in Narva. In Russia, S-Group has a total of 13 Prisma stores, all located in St. Petersburg. Given the competitive situation in both countries, efforts are in place to increase market share and improve profits. (SOK CORPORATION Executive Board 2019.)

Net sales were €283.7M, which was 20% lower than the previous financial year. (SOK CORPORATION Executive Board 2019.) However, this was mainly due to the divestments and ceasing of business operations in Latvia and Lithuania in

2017. S-Group had three Prisma stores in Latvia and four in Lithuania. (15min 2017.) Therefore, Prisma's retail sales were affected the most.

3.1.3 K-Group

General overview

K-group is Finland's second-largest grocery trade operator by market share. The business model is based on retailer entrepreneurship. Independent K-food retailers are responsible for customer satisfaction, and they operate under the chain business model. In addition to the grocery trade, Kesko operates within the building and technical trade sectors and car trade. The building and technical trade division has operations in Sweden, Norway, Estonia, Latvia, Lithuania, Poland, and Belarus, in addition to Finland. (Kesko 2019a.) Kesko also owns Finland's leading Food Service (HoReCa) wholesaler, Kespro. They supply K-group stores, hotels, restaurants, cafés, service stations, and other retail partners. They manage and operate a Finland wide logistics and distribution network. (Kespro 2019.)

K-groups grocery trade stores are K-Citymarkets, K-Supermarkets, K-Markets, and Neste K service stations. In Finland, there are around 1200 K-food stores, with approximately 1,2M customers daily. This network of stores is the most extensive in the country. (Kesko 2019b.)

K-Citymarkets are K-groups hypermarkets. K-Citymarkets are undergoing a redesign to improve product selection and service for their respective customer bases. In addition to grocery and food products, they offer specialty goods, cosmetics, home textiles, clothing, and footwear. (Kesko 2019c.)

K-Supermarkets are comparable to S-Supermarkets. They have a broad selection of groceries and other daily consumer goods. Like all K-food stores, they focus on providing customers with organic and locally produced products.

K-Markets are Kesko's neighborhood markets. Their slogan is, “Everything good is near.” In 2018 over 90% of K-food stores and Neste K service stations

were rebranded. This process will continue in 2019 to reshape the store network.
In addition to the physical locations, Kesko is an important player in the online grocery sales market. In 2018 the growth rate of said market was 70%. Around 160 K-food stores now offer online sales of groceries. Kesko also operates the biggest food media in Finland. Their service K-Ruoka has 1,5M weekly visitors and over 600.000 registered users. This number grew by 100.000 in 2018. (Kesko.fi 2019d.)

In many cases, nut sourcing is centralized at the European level. Kesko Food is a member of Associated Marketing Services (AMS), a strategic buying alliance based in the Netherlands. (Finnpartnership 2018.)

Finance
Kesko's net sales for the grocery trade increased by 2% in the past financial year, with a total number of €5,386 million, while, in comparable terms, the figure goes up to 5,1%. In 2016, Kesko bought its competitor Suomen Lähikauppa Oy with most of those stores being converted into K-food stores. The Finnish Competition and Consumer Authority (FCCA) required Kesko to sell at least 60 of the 643 stores, previously owned by Suomen Lähikauppa Oy, to competitors. (Haverinen 2016; Talouselämä 2015.) The process was finally completed in June 2018, with a total of 380 stores transferred, thus affecting Kesko's net sales, specifically K-markets'.

Also, Kesko Group's foodservice wholesale company Kespro acquired Reinin Liha and Kalatukku E. Eriksson in 2018, expanding its offering and growing sales. (Kesko 2019d.)

3.1.4 Other retailers

Currently, there are over 180 Lidl stores in Finland. Lidl is the third biggest retail chain in the country by market share. The first Lidl opened in Finland during August 2002. They have steadily built their brand and taken a larger market share every year. One of Lidl's foundations is that no matter which Lidl you make a purchase in, the prices are always the same within Finland. Low prices are also Lidl’s competitive edge. This comes from their base values of clarity and simplicity. (Lidl n.d.)

Specialty stores represent a minimal share in the nuts and seeds market. It’s Pure offers an extensive range of bulk nuts and seeds, highlighting the organic origin of its products. It has stores in Espoo, Helsinki, Hämeenlinna, Jyväskylä, Kokkola, Kuopio, Lappeenranta, Mikkeli, Raisio and Tampere. (Itspure n.d.) Ruohonjuuri operates in the natural cosmetics trade as well as organic food trade, which covers nuts and seeds snacks. They have a total of eleven stores within Finland (Ruohonjuuri n.d). R-Kioski is the major kiosk chain in Finland. Alongside tobacco, coffee, books, and magazines, they offer snacks, including nuts and seeds (R-Kioski n.d). Although most of these companies offer their products online, two major e-commerce companies engage in the superfood and organic food business that offers a vast selection of nuts and seeds: Vegekauppa and Fitnessfirst.

3.2 Finland PESTEL Analysis

Political factors

Finland is a democratic republic. The executive power of Finland belongs to the president of Finland, while the legislative power to the Parliament of Finland. In Finland, there is a multi-party system that prevents parties from having too much power on their own. Therefore, parties need to work together.

Finnish Standard VAT rate is 24%, but on certain products such as groceries, animal feed, and restaurants, the VAT rate is reduced to 14%. The corporate tax rate is 20%. Income taxation is progressive, resulting in a higher income tax rate for individuals with a higher income. (Verohallinto 2019.)

Economic factors

Even though Finland is often referred to as an example of its economic performance, the country has been struggling to recover from the global financial crisis and the Eurozone crisis. After three years of economic contraction, a slight increase occurred in 2015. The economy continued to grow in 2016 (1.4% of GDP), boosted by private consumption and more dynamic investments. The growth continued in 2017 with an impressive 2.7% GDP growth.

- The unemployment rate decreased from 9.38% to 8.64% from 2015 to 2017. (Statista 2019.)
- GDP per capita shows steady growth in the past 4-5 years, with a growth of 1.04% from 2014 to 2017. (Trading Economics 2019.)
- Consumer spending per capita has been continuously growing since 2015, reaching 27751€ as of January 2019. (Trading Economics 2019.)

Government spending has grown steadily since 2015 and is expected to reach €142,06B by 2022 as the figure below illustrates (Figure 2.)

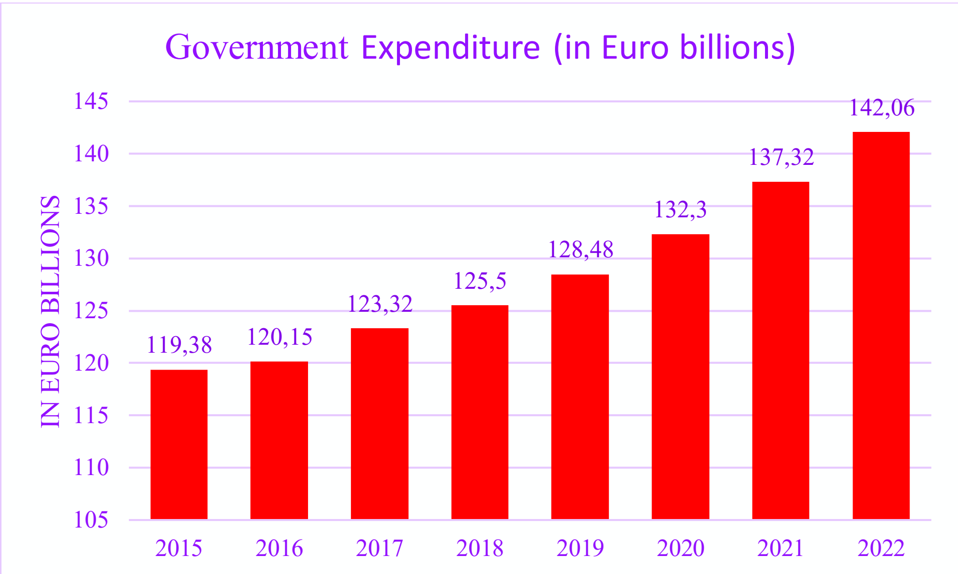


FIGURE 2. Government Expenditure

It is to be expected that government spending is going to increase due to the rising costs of healthcare, food, inflation, and many other socio-economic factors. Finland is also a welfare state in that it has socialized government healthcare that is available to all. The growing population of the country is another reason for rising costs.

The economy of Finland is quite healthy for such a small country. The GDP is on a steady rise as well. Figure 3 below shows the country's GDP from 2015 through 2020 based up estimates and trends for forecasting 2019 and 2020 from data provided by the European Commission (2019) (Figure 3.)

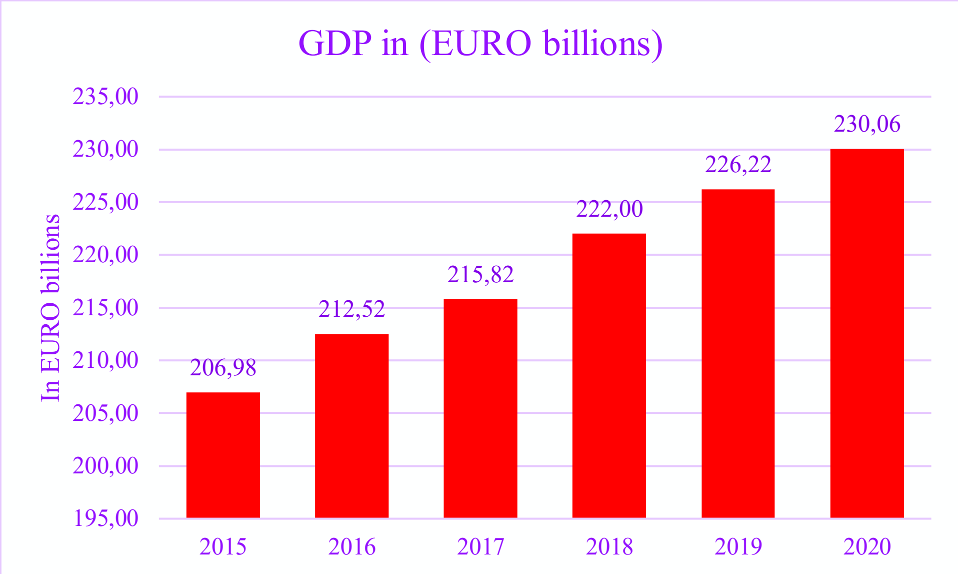


FIGURE 3. GDP

Finland has three main contributors to its GDP: service, industry, and agriculture. Figure 4 below illustrates what percentage of the overall each contribute to the overall GDP and an estimate in billions of euros that each percentage represents (Figure 4.) The figures represent the most current data available from the Macro Economy Meter (2019.)

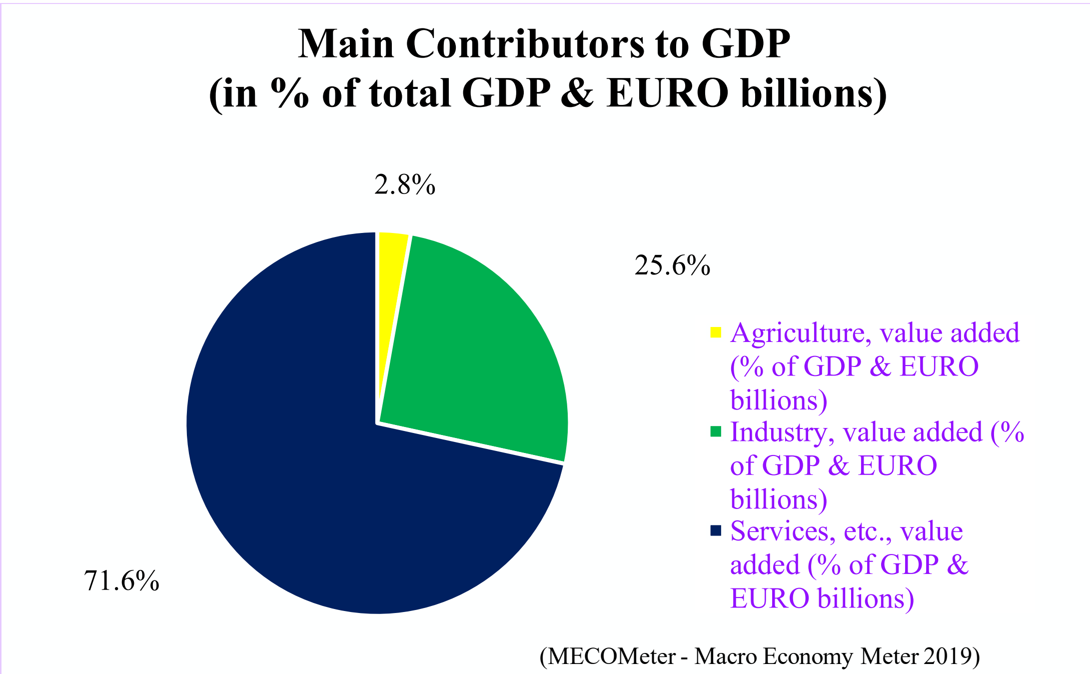


FIGURE 4. Main Contributors to GDP

Services accounted for 71.6 % (€159.19B), industry 25.6% (€59.62B), and agriculture 2.8% (€6.23B) of the overall GDP. The service sector is extremely important to Finland's economy. Technology is an ever-increasing important subsector within the service sector, and its importance will be further explored later. (Macro Economy Meter 2019.)

The economy of the nuts and seeds sector within Finland is forecasted to experience growth each year through 2023, as illustrated in figure 5. Statista (2019) used the revenue numbers from 2010 to 2018 and then estimated them for 2019-2023. The upward trend is positive for the sector (Figure 5.)

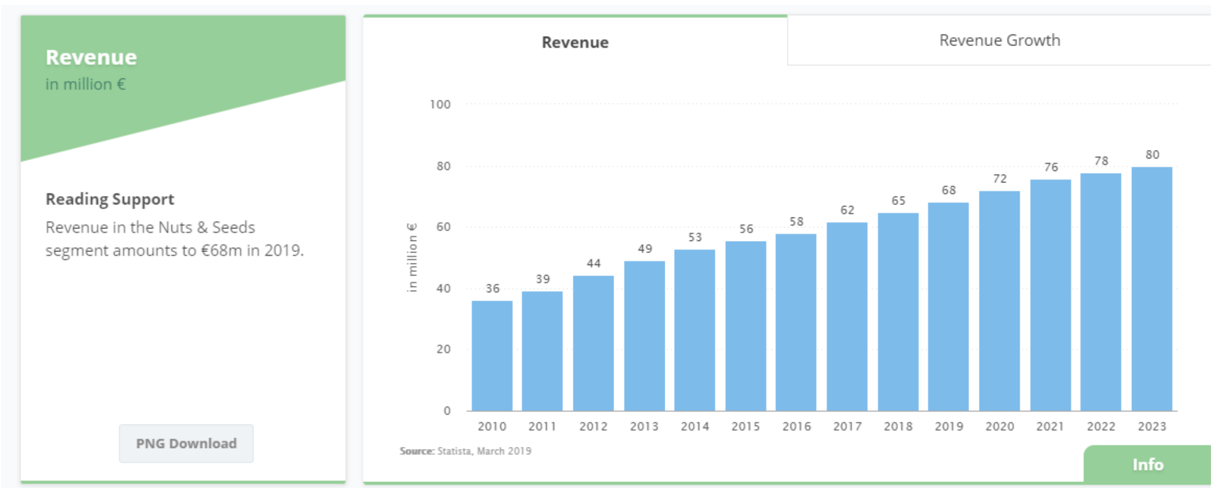


FIGURE 5. Revenue in million €

The revenue, which started at €36M in 2010, is expected to grow to €80M by 2023. The revenue per year for the sector is expected to double from 2010 (€36M) to 2020 (€72M.) Once again, a very positive indicator of sector growth. (Statista 2019.)

The volume of nuts and seeds sold is also expected to grow, as shown in figure 6. The 2010 volume was 4.4mkg, and that number is expected to grow to 6.6mkg by the year 2023. (Statista 2019.) People within Finland seem to be consuming more nuts and seeds per year (Figure 6.)

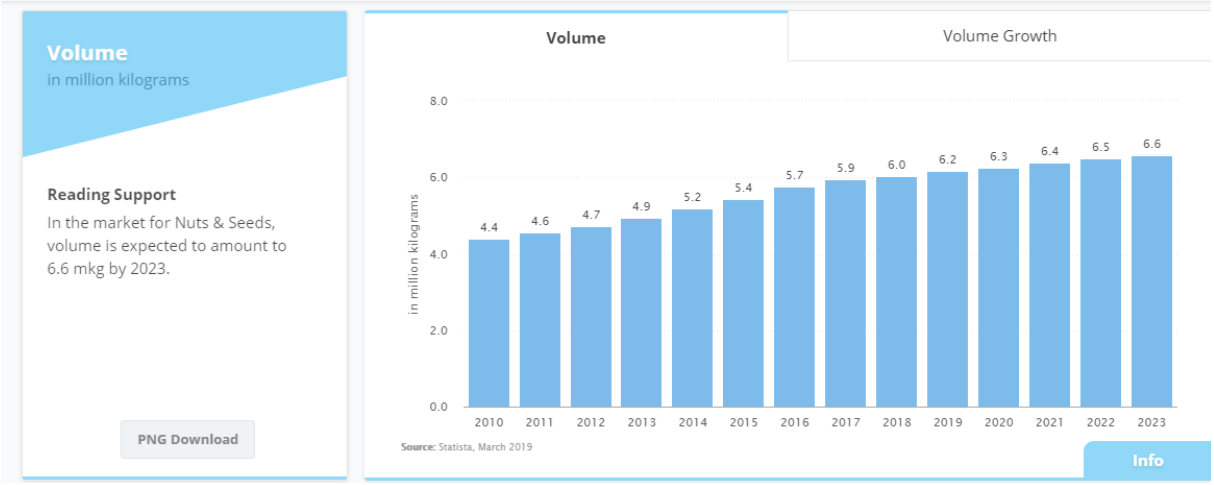


FIGURE 6. Volume in million kilograms

Figure 7 indicates a stable growth within the volume, which is also positive. The market seems to be quite healthy. The increasing consumption habits are further supported when looking at the volume per capita. It also shows a steady growth (Figure 7.)

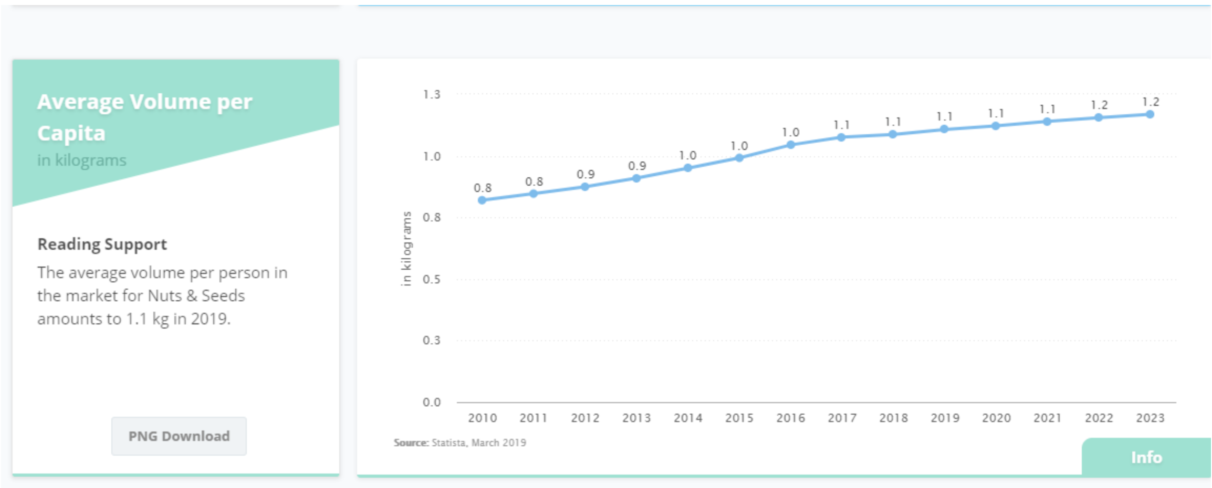


FIGURE 7. Average volume per Capita

The average volume of nuts and seeds per capita was 0.22kg in 2010. It rose to over 1kg by 2014 and continued a slow and steady climb. It is expected to reach over 1.2kg by 2023. (Statista 2019.)

While the revenue and volume both increased, so did the price per unit. It was €8.22 in 2010 and is expected to rise to €12.14 by 2023, as illustrated in figure 8. (Statista 2019.) It is also an indicator of a steadily growing market. People are willing to continually pay a bit more for their products (Figure 8.)

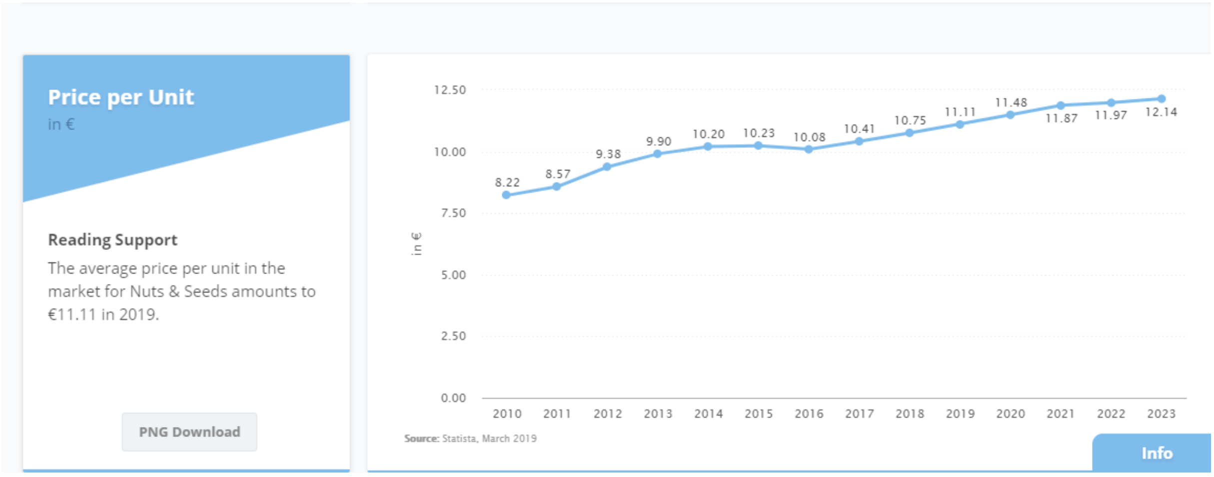


FIGURE 8. Price per Unit

The price per unit might allow a new entry to compete with the price to get a foothold within the market. Overall, the market seems to be encouraging. It is a small market, but it is growing a bit each year. In addition, the forecasted growth appears to be steady, which shows that it is more than just a trend.

Social Factors

Based on the results of 2018, Finland's population is approximately 5,56 million. 84,4% of the population was urbanized by 2016 (Trading Economics 2019), and urbanization has a continuous growth of 0,5% per year according to previous years' trends. The life expectancy of females is 83,4 years, and for males, it is 77,6 years. The unemployment rate of Finland in February 2019 has dropped to 7,4% from 8,6% of the labor force in the same month of the previous year. (Trading Economics 2019.)

Social security in Finland is known throughout the world and is defined by its health system with well-trained doctors and service. The social security system's high quality and easy availability are due to the relatively high taxes in the country. This way, everyone in Finland has access to the public healthcare system. Finland also invests a lot into education since they believe that "Investment in people is the best investment." (Aho, Pitkänen & Sahlberg 2006.) The Finnish education system is considered to be one of the best ones in the world. As a result, it is frequently exported (Hughes 2018).

Technological Factors

According to Technology Industries of Finland (2017), the most important Finnish export is the technology industry. The industry accounted for over 50% of all Finnish exports and 70% of all investments within the area of research and development. It is also a major employer with over 700.000 people employed in the technology industry, either directly or indirectly, which was roughly 13,2% of the Finnish population in 2017.

Finland has also become a destination as a hub for international companies that are looking to digitize their businesses. Google, GE Healthcare, Huawei, Rolls-Royce, and Zalando have all chosen Finland as a place for their digital hub. Besides, technology has yet to hit its ceiling. It is still capable of rapid and sustained growth and innovation. The labor costs (salary + additional costs) are one of the most reasonable in the world for a 100-employee development center, as illustrated in figure 9 below. (Investinfinland.fi 2018.) (Figure 9.)

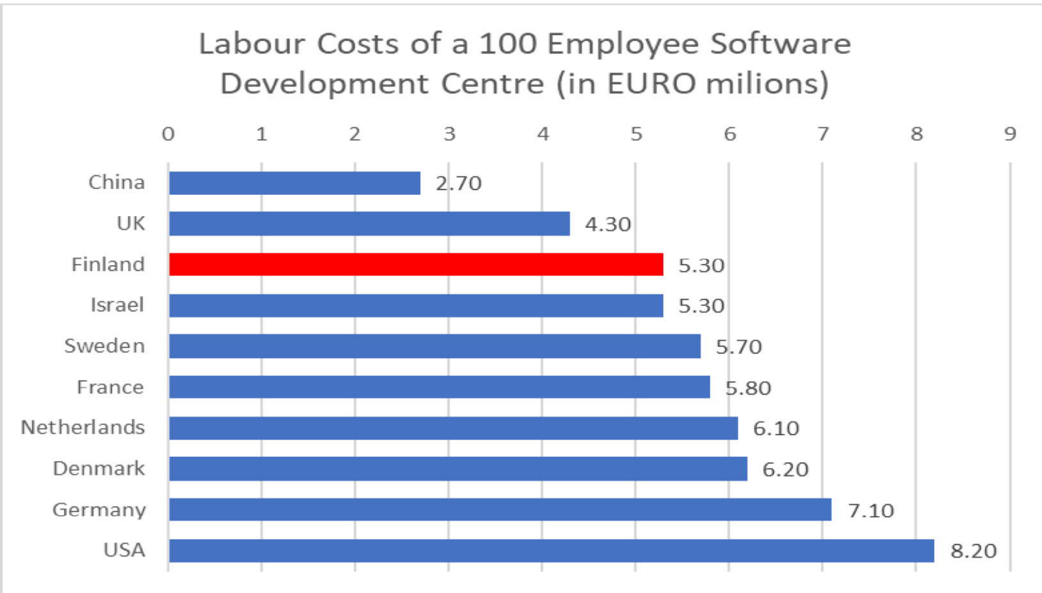


FIGURE 9. Labor costs

It is visible from the above figure that the operating costs are quite low compared to other countries. Also, the friendly environment (two years running happiest country in the world and 2016 best business environment in the world), innovative spirit (best in the world in innovation 2018), the education system (best primary education in the world 2017-2018), and high level of English skills (5th best English skills among adults in the world) have further enhanced

Finland's ability to lure international technology companies. (Investinfinland.fi 2018.)

Finland is also one of the leaders of health technology. Only seven countries export more health technology than they import, Finland is one of them. In addition, Finland has the second most advanced digital economy and is also a world leader in the research and development of pharmaceuticals. Once again, it points to the fact that Finland is the place to be for modern-day technology. (Investinfinland 2018.)

Finland is also a leader in the area of renewable energy technology. Biomass, hydro, wind, and solar power account for nearly 50% of all the energy created and used in the country. Several companies are also investing in biofuels and smart grids within the cleantech sector. Finland was the first to roll out smart meters that registered data for residential electricity consumption on an hourly basis for all customers. (Investinfinland 2018.)

Environmental Factors

Finland is well known for its history of environmental policies. Sustainable Governance Indicators (2018) ranked Finland fifth in the world with regards to environmental policies. The major focuses for the country have been in curbing water pollution, industrial emissions, and cleaning areas with high water pollution levels. One of the major challenges, though, has been to lower the water pollution created by the agriculture sector. (Stiftung 2018.)

Finland's most valuable natural resource is its vast forests. The annual growth rate of trees exceeds the timber output. This is valuable in making the forested areas much more sustainable. Government policies have been the reason behind this development. Protecting forests is a priority for the country. (Stiftung 2018.)

Prime Minister Juha Sipilä announced that Finland has set up a fund following the Paris Climate Change Agreement of 2015 to combat global warming. The fund was founded in cooperation with International Finance Corporation (IFC) in October 2017. Finland will funnel 114 million euros towards the fund with the further aim of attracting private investors as well. The fund will be used to help the least developed countries reach their goals in climate change reforms, while at the same time creating jobs that will, in turn, reduce poverty. (Valtioneuvosto 2017.)

Sipilä stated that Finland would cease to use coal for energy production by 2030 and aim to be a carbon-neutral society at large by 2045 (Valtioneuvosto 2017.) It will take a lot of hard work, but the clean energy sector is already extremely strong and getting stronger by the year. Finland is one of the leaders in the industry as well.

Finland has the goal of reducing greenhouse gas emissions by 80-95% between 1990 and 2050. The biggest area that will be overhauled is the energy production and consumption sector. Currently, this sector accounts for a majority of the greenhouse gas emissions (77%) within the country. (Ilmasto-opas 2015). Finland, as has been outlined earlier, is in the process of refining its energy production through the use of renewable energy technologies.

Legal Factors

Delimitation:
Due to the irrelevancy of the description of the Finnish legal system's basic structure regarding Mogyi's possible entry, it is not going to be included in the PESTEL analysis.

Finland, as a member of the European Union since 1995, has no customs duty on import goods from other EU countries. The standard European Union's food laws and regulations apply to Finland as well as to any other EU country. Non-legal requirements to be met regarding Nuts and Seeds are HACCP, GlobalGAP, BRC.

3.3 Segmentation and demand analysis

3.3.1 Market Size

The market size of Finland will be explained through four areas of segmentation: geographic, demographic, technographic, and psychographic. Each area of segmentation will be explored to provide an overview of the country. Also, the nuts and seeds segment will be explored, as well.

Finland was an agrarian, farming-based country until the 1950s and a latecomer to industrialization. It then began to a rapid development phase into an advanced economy as it built its extensive Nordic-style welfare state, which resulted in widespread prosperity and a nominal per-capita income of about 46,358€ as of 2018, among the highest in the world. Finland is a top performer in a wide variety of metrics regarding national performance: education, economic competitiveness, civil liberties, quality of life, and human development. (Finland - PESTEL Analysis 2017.)

Geographic

The Republic of Finland is a Nordic country located in the Fennoscandian region of Northern Europe. Finland is bordered by Russia to the east. Its closest neighboring country to the west is Sweden, which is across the Baltic Sea until you get to the Northwestern part of the country. The northern border is with Norway as the countries meet near the Barents Sea. Estonia lies to the south of Finland across the Baltic Sea. Due to the geography of Finland, most goods are imported via sea through the port cities of Helsinki and Turku. Goods are also imported via air, usually through Helsinki-Vantaa airport, or by truck through Russia or via one of the ferries from Estonia or Sweden.

Demographic

The population of Finland as of 25.04.2019 was estimated, by The United Nations, to be 5,556,299. The population has a very urban-centric distribution, with 84.2% of inhabitants, 4,685,030 people living in urban areas. In addition, the percentage of people living in urban areas is rising at a rate of nearly 0.1% yearly since 2015. Females make up 50.1% of the overall population, males 49.3%, and the other 0.6% identified themselves as neither female nor male. The median age of inhabitants is 42.5 years, and 62.5% of the population is between 15 and 64 years of age. (stat.fi 2019.) The population density of Finland is currently 18 people per square kilometer. The previous numbers show that the country is not densely populated and has a more middle-aged society. The population density between urban areas and rural areas is vastly different as well. (Worldometers.info 2019.) The average household in Finland is comprised of 2.01 people, and 52.2% of the population is unmarried. Nearly 71% of the population identifies as Lutheran, which is by far the largest religious group within the country.

Technographic

Finland is a first world country that is at the forefront of cell phone technology and also a rising center for the development of computer applications and coding technology. Customer tracking is currently a big trend, as well. Many of the retailers have a rewards card system that helps them track the spending habits of their consumers. The two largest retail groups, S-group and K-group (Kesko), allow their customer base to use their rewards cards over all of their holdings.

Ecommerce is also a growing trend among customers within Finland. According to Ecommerce News (2018), online orders increased by 8.2% during the last quarter of 2017, and online sales increased by 9.4% during the same period. The Vilkas Group found that e-commerce increased by 10% in 2017 compared with 2016 figures (Ecommerce News 2018.) It is obvious from the aforementioned numbers that e-commerce is a growing trend within the country. Both of the major retail groups, S-group and K-group (Kesko), offer online purchases from their apps as well. Zalando and Amazon are also popular e-commerce destinations.

Psychographic

Three main factors affect the Finnish consumer: quality, safety, and product origin. When looking at quality, the brand is a strong indicator, as well as the overall packaging. Also, people are willing to pay more for products that they feel are of higher quality. National products are favored, especially regarding meat and meat products. As an EU country, Finland follows the European laws and norms regarding quality and labeling. Ecolabels are increasingly important as well, and price in conjunction with the label is of lesser importance

(Santander 2019.) Hybrid consumption, accepting only high quality and most ethical options, is a stronger phenomenon than price consciousness, with nearly half of all Finnish consumers falling into this category. (Finnpartnership 2018.)

Finland recycles most things, and those values are often reflected in the spending habits of consumers. The Finnish grocery consumer is open to trying new products, but they are more inclined to do so if they perceive the quality of the product to be high and the production of the product to be ethical. (Santander 2019.)

3.3.2 Nuts and seeds segment

The consumption of nuts and seeds, as measured by revenue, has increased every year since 2010 and is projected to continue that trend moving forward according to Statista (2019.) They estimate that in 2019 the revenue for the segment will be €68M. The figure below shows the data from years past and their projections for the future (Figure 10.)

FIGURE 10. Revenue of Nuts and Seeds Segment 2010-2023

It is evident from the bar graph in figure 10 that the segment is growing. Based upon the estimate for the segment and the overall grocery market share for retailers, Table 1 was constructed. It highlights the four retailers with the highest market share of the grocery sector in total and then also accounts for all others as well. The nuts and seeds segment is expected to account for about 20.7% of the estimated €328M snack food market revenue in 2019. (Statista 2019.)

TABLE 1. Nuts and Seeds Estimated Revenue by Retailer for 2019

	S-group	K-group	Lidl	Tokmanni	Others
Market Share	46.4%	36.1%	9.6%	3%	4.9%
Nuts and seeds €68m	€31.55M	€24.55M	€6.53M	€2.04M	€3.33M

It is visible from Table 1 that S-group and K-group (Kesko) are the two major grocery retailers within Finland. They not only have the most stores among retailers, but they also have the most coverage as well. The two retail groups account for €56.1m (80.5%) of the €68m total when based upon the overall grocery market share per retailer.

The total volume of nuts and seeds follows a projection very similar to the revenue, which is to be expected. A higher revenue would most likely indicate that more volume of product is being sold. Figure 11 shows the growth of the market from 2010 to what is expected in 2023 (Figure 11.)

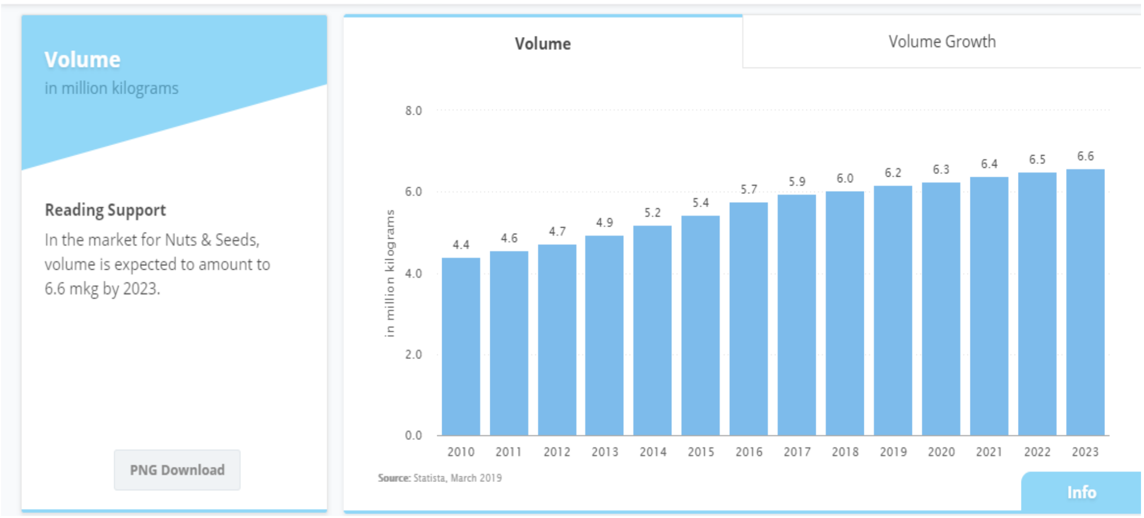


FIGURE 11. The volume of Nuts and Seeds Segment 2010-2023

The consumption habits are increasing, which will lead to a higher demand for the products within the segment. Finland will need to import more nuts and seeds to satisfy this increase in demand. The future looks favorable for this segment due to the projections.

3.4 Competitor study

3.4.1 Scope and methods

The data collection was conducted to understand the main brands and main players in the nuts & seeds market. The researchers visited 11 stores in the Tampere region. These shops included one K-Citymarket, one Prisma, two K-Supermarkets, one S-Market, one Lidl, one K-Market, one Sale, one R-Kioski and one Tokmanni. The data accurately represents only these specific stores, but it will be extrapolated to an extent to depict the Finnish market.

Delimitation:
Alesto, the private label brand of Lidl, is not included in the analysis due to a lack of information to be found on the internet and via any other reachable sources. Also, since Mogyi is present in multiple markets where Lidl is present with Alesto, it is assumed that Mogyi has a common knowledge about Alesto and their distributor, Lidl.

Except for Lidl, which only sells Alesto, the remaining retailing chains are selling a wide variety of brands. From the data gathered, a list of dominant brands was made. This list includes the most present brands regarding the number of products and the number of shops on the market. The list is as follows:

- Rainbow
- Pirkka
- Earth Control
- Exotic Snacks
- Estrella
- Mauste-Sallinen
- Taffel
- Den Lille Nøttefabrikken

- Meira

In S-group retailing outlets, between 22% and 33% of the nuts & seeds are from brand Rainbow, which is the private label of the chain. A different situation can be found in the K-group where the private labels (Pirkka & K-menu) account for 50% of the offering in the smaller shops of the chain (K-market) but only 17% in their hypermarkets.

The analysis will describe the company and the brand, identifying the strengths and focus points of the organization. The main points are the presence on the market, the pricing, and the packaging choices.

3.4.2 Nuts and seeds competitors

Rainbow

Rainbow is one of the private labels owned by the S-group. Therefore the products are offered only in its retail outlets. Rainbow branded products gradually replaced Daily products, which are older and not anymore used labels of the group. As most private labels, the goal of Rainbow is to offer products, with similar quality and characteristics as the branded versions, for a lower price. As also confirmed by the research, most Rainbow products cost 20-40% less than their branded counterparts. (Inex n.d.) The Rainbow brand doesn’t have any social media channels. All the marketing is done by the S-Group in their channels. They put effort into marketing the brand as a good bargain with good quality. (Alarotu 2019.) Table 2 below shows the range of products and their prices available within different S-group stores in the Tampere area (Table 2.)

TABLE 2. Rainbow prices by store

Rainbow		S-group prices by store		
Product	Size	Prisma	S-market	Sale
Almonds, natural	100gr	1.69 €	1.89 €	
Almonds, natural	200gr	2.69 €	2.89 €	
Almonds, peeled	100gr	1.89 €		1.95 €
Almonds, roasted	100gr	1.79	1.79 €	1.89 €
Cashew, roasted and salted	400gr	4.29 €		
Cashew, natural	100gr	1.75 €	1.85 €	
Cashew, natural	500gr	8.94 €	9.19 €	9.39 €
Cashew, white chocolate	150gr	2.45 €	2.55 €	2.59 €
Cashews, yogurt coated	150gr	2.45 €		
Chili nuts	150gr	1.25 €	1.35 €	
Haselnuts, natural	200gr	2.95 €	3.15 €	3.39 €
Nut mix, natural	200gr	3.59 €	3.59 €	3.79 €
Nut mix	250gr	2.85 €	2.89 €	
Nut mix, delicious mix	150gr	2.15 €	2.19 €	
Nut mix, happy mix	150gr	2.25 €	2.29 €	
Nut mix, mediterranean mix	150gr	3.69 €	3.89 €	
Nut mix, tropical mix	50gr	1.85 €		
Sunflower seeds, roasted and salted	400gr	1.15 €	1.19 €	
Peanuts, dry roasted	175gr	1.25 €	1.35 €	
Peanuts, honey roasted	175gr	1.39 €	1.45 €	1.55 €
Peanuts, natural	1000gr	3.15 €	3.25 €	3.29 €
Peanuts, roasted and salted	500gr	2.79 €	2.79 €	2.79 €
Peanut & raisin mix	350gr	1.75 €	1.79 €	1.89 €
Pinenuts, natural	100gr	2.15 €	2.25 €	4.49 €
Pistachios	150gr	2.59 €	2.69 €	2.79 €
Walnuts	100gr	1.59 €	1.75 €	
Walnuts	200gr			3.39 €

The nuts & seeds products offered by Rainbow come in a wide variety. Roughly 68% of the offering consists of natural raw nuts or seeds, while the remaining 32% of the offering is made up of nut mixes, roasted and salted nuts, and coated nuts like chili peanuts.

Rainbow nuts & seeds packages are very simple, usually featuring a picture of the product in a bowl or similar and a very basic description, as seen in Picture 1.

PICTURE 1. Rainbow packaging (foodie.fi 2017)

The packages could be described as not very appealing. They are of high gloss foil with a matte strip down the middle. This is in line with the Rainbow brand strategy, cutting marketing and design costs to bring the products to market at a lower cost. (Alarotu 2019.)

Pirkka

Pirkka is the major private label of the Kesko group. It has been present in Finland since 1986, and it focuses mainly on food products. The brand is, on average, more expensive compared to the S-Group counterpart Rainbow. This price difference is mainly because Pirkka offers a wide range of organic products. (K-ruoka 2019.)

The main goal of the brand, like most private labels, is to offer similar quality products at a lower price. In the last years, the brand increasingly pushed to market its organic products, advertising them on TV and social media. The selection of organic items includes more than 200 products. (K-ruoka 2019.) On social media, Pirkka makes use of many influencers like Finnish musicians and authors. Their social media content is focused on CSR (Corporate Social Responsibility) and supporting social and charity initiatives. Also, they provide design and color suggestions as well as bite-sized information about their products and the shops of K-group. (Pirkka 2019.)

Pirkka's range of products within the nuts & seeds selection consists of 62 % of natural nuts, 19% of coated and flavored nuts (chocolate, chili, etc.), and 19% of nut mixes with and without dried fruit. Table 3 below shows what products were found at the selection of K-group shops (Table 3.)

TABLE 3. Pirkka prices by store

Pirkka		K-group prices by store		
Product	Size	K-citymarket	K-supermarket	K-market
Almonds	150gr			2.99 €
Almonds, peeled	150gr	2.99 €		
Almonds, shelled	100gr	3.65 €	3.65 €	
Almond flakes	100gr		1.99 €	
Almond nut mix	180gr	3.49 €		3.75 €
Cashews	125gr	2.89 €	2.89 €	2.99 €
Cashews, organic	100gr	2.99 €	2.99 €	2.99 €
Cashews, white chocolate	150gr	2.69 €		2.85 €
Cashews	125gr	2.89 €		3.09 €
Cashews, organic	100gr	2.99 €		3.39 €
Chili nuts	125gr		1.29 €	1.49 €
Hazelnuts	150gr	2.65 €		2.85 €
Hazelnuts, organic	100gr	2.79 €	2.79 €	2.79 €
Nut mix, basic roasted and salted	175gr		2.09 €	
Nut mix, natural (more expensive nuts)	175gr	3.69 €		3.99 €
Pine nuts	100gr			4.55 €
Peanuts, roasted and salted	150gr	1.19 €	1.09 €	1.39 €
Peanuts, roasted and salted	350gr		1.99 €	
Peanut and raisin mix	150gr	1.19 €	1.19 €	1.35 €
Pecans	125gr	4.39 €	4.49 €	4.89 €
Pistachios, roasted and salted	125gr		3.35 €	3.75 €
Walnuts	100gr	2.55 €		2.85 €
Walnuts, organic	100gr	2.99 €	2.79 €	2.79 €

The pricing of the brand’s nuts & seeds products is, on average, 10% lower than their branded competitors. This is similar to the rest of the private labels present in Finland. There are few products labeled as organic, which have a higher price level than the branded choices. (See Appendix 1.)

There are three different designs on the shelves of the Kesko group. In some, the top half of the package has a picture of the product while the bottom half is transparent, showing the actual appearance of the product. Some are instead only having a product picture on the front without transparent parts. These first two typologies are fully made of non-resealable plastic pouches, while the organic package is made of a mix of paper and plastic. The organic packages are slightly different, with a cleaner design without a picture, the package is mostly transparent, and the word luomu (organic) is highlighted in the center label.
During the field research, only two products from K-Menu private labels were found in the nuts and seeds department. A 1 kg peanuts package and a peanut raisin mix. Pricing and packaging are similar to the Pirkka brand.

PICTURE 2. Pirkka products (K-ruoka, n.d)

Earth Control

Earth Control is a Danish brand that belongs to System Frugt. The company operates in the Nordic countries within the dried fruits & nuts industry, supplying both their brands and private labels.

Earth Control is marketed as natural products with a focus on product quality. Their parent company is a member of the UN Global Compact, which supports the company in conducting green and ethical business. (Earth Control 2019.)

The company is actively involved in sustainable CSR strategies. Through various initiatives, System Frugt tries to influence the environment and society positively. In 2018 the organization donated €0.10 to WWF Finland for each Earth Control product sold in two months. (WWF 2019.) Earth Control creates more value for the consumer through CSR. The company showcases the initiatives on their social media pages. Furthermore, the content published online includes colorful recipes, product giveaways, challenges for the audience, and other types of customer engagement. The co-operation with WWF is not only regarding fundraising, but the two organizations also work together on social media to promote a better, more natural, and more sustainable lifestyle. (Earth Control Suomi 2019.)

Similar marketing is conducted in all other markets of Earth Control as well. Thanks to a green and sustainable brand and the higher perceived quality of the products, System Frugt Finland was able to grow its turnover by 29% from 2015 to 2018 to a total of €5,4M. (Finder 2019.)

The products of the brand are present in both major retailers, but the widest variety of offering appears in the K-Group hypermarkets, while in the S-group, the research shows that the offering is restricted to one single product (cashew cranberries.)

As shown in the image below (Picture 3), the brand sometimes has a dedicated shelf in the snacks department (candies, chocolate, seeds & nuts.)

PICTURE 3. Earth Control secondary placement in K-citymarket

The shelf is positioned closer to the main shopping path, which guarantees a better product exposure. In the analyzed K-citymarket, there are 16 different Earth Control products. This means that 17% of the total nuts & seeds products offered belongs to the Earth Control, making it the second most prevalent brand in the store right after Mauste-Sallinen Oy. Table 4 shows where Earth Control products were available (Table 4.)

TABLE 4. Earth Control prices by store

Earth Control		S-group prices by store			K-group prices by store		
Product	Size	Prisma	S-market	Sale	K-citymarket	K-supermarket	K-market
Almonds, natural	400gr				7.09 €		
Almonds, chocolate and cacao	150gr				2.99 €		3.09 €
Almonds, chocolate and icing sugar almonds	150gr				2.99 €		3.09 €
Almonds, chocolate and licorice	150gr				2.99 €		
Almonds, chocolate and salty caramel	125gr				3.19 €		
Almonds, dry roasted	350gr				6.59 €		
Almonds, salted	350gr					6.59 €	
Almonds, white chocolate almonds	150gr				2.99 €		3.09 €
Cashews, dry-roasted	380gr				8.85 €		
Cashew & cranberry mix	150gr	2.59 €	2.69 €				
Cashew and cranberry mix	500gr				9.39 €		
Luxury nut mix	380gr				6.49 €		
Peanuts, natural with skins	700gr				4.09 €		
Peanuts, natural and peeled	700gr				3,99€		
Peanut & raisin mix	700gr				5.15 €		
Pistachio, roasted	325gr				8.85 €	8.85 €	
Pumpkin seeds, natural	800gr				6.49 €		
Walnuts, natural	350gr				7.39 €		

Earth Control products have a wide variety. Natural non-processed nuts account for 31% of the items offered, 19% are nut mixes with or without dry fruit, and 19% are roasted nuts. The remaining 31% consists of coated almonds.

The coated almonds are all sold in smaller packages of 150 grams, while the rest of the packages range from 300 to 700 grams. Interestingly, the company can price their almonds 34% lower than the average (see Appendix 2.) Their natural almonds are more inexpensive even than the ones sold under the private label Pirkka. The situation is similar to the rest of their products, where the nut prices are below average in each category.
Earth Control packages include a transparent window that allows the product to be seen.

PICTURE 4. Earth Control packaging (K-ruoka, n.d)

The packaging materials are similar to Pirkka's organic line of products, with a pouch made of transparent plastic and paper. The design and materials communicate sustainability, and the logo portrays an idea of its ethical and natural values.

The logo is in a central position, and a round sticker indicates the category and name of the product. The slogan “enjoy naturally” is present in the non-processed product and nut mixes of the brand.

Earth Control shows promising signs of growth. Their growth strategy consists of having lower than average prices, focusing on marketing investments, utilizing non-profit partners, and excellent customer engagement. (Finder 2019.)

Exotic Snacks

Exotic Snacks is a Swedish company, founded in 1985, operating in the market of dried fruits and nuts. It is a subsidiary of Rootfruit Scandinavia AB. The company is present in all Scandinavian countries in addition to Finland, and it is the market leader in natural snacks in Sweden (Exotic Snacks 2019.) Exotic Snacks focuses on quality insurance and promotes a healthy, active, and natural lifestyle. The company advertises their snacks as a better choice for health-conscious people. Through their social media outlets, they offer relevant content to their audience. Content, such as vegan and vegetarian recipes and cooking ideas and tips for a healthier lifestyle, is available. (Exotic Snacks 2019.)

In Finland, the brand is present in both major retail chains, S-group and K-group, with Prisma containing the most products. Table 5 shows a breakdown of products and prices (Table 5.)

TABLE 5. Exotic Snacks prices by store

Exotic Snacks		S-group prices by store			K-group prices by store		
Product	Size	Prisma	S-market	Sale	K-citymarket	K-supermarket	K-market
Almonds, salted	110gr					2.75 €	
Brazil nuts, natural	140gr	3.95 €	4.25 €				
Chickpeas, roasted and salted	110gr	1.89 €					
Edamame beans, roasted and beans	120gr	1.89 €					
Nuts & candy mix	170gr	3.09 €		3.29 €			
Fava beans, roasted and salted	120gr	1.89 €	1.95 €				
Peanuts, sour cream & onion	150gr						2.29 €
Walnuts, natural	250gr	4.98 €	5.29 €	5.59 €	5.39 €		
Wasabi nuts	110gr					1.55 €	

The product selection is diverse, and many products have no competitors on the market. For example, Exotic snacks offer roasted and salted fava beans, edamame beans, and a few others belonging to the Fabaceae plant family. Roughly 40% of Exotic Snacks' products present on the Finnish market are part of this category. The company also competes with natural dry nuts such as walnuts, cashews, and almonds. No coated and processed nuts (other than roasted) from Exotic Snacks could be found on the Finnish market during the research. In the walnuts category, the products of Exotic Snacks are sold for 29% lower price than average, while almonds and cashews are in line with the competition, costing 8% and 9% more than average respectively (See Appendix 2; See Appendix 3.)

The packaging size of Exotic Snacks varies from 110 to 250 grams. The designs of the packages are diverse. Common characteristics are vivid colors and good presentation trough pictures of the product offered. The packaging communicates thoughts of originality and gives the idea of green, exotic origins.

As visible in Image 5, the brand logo is always in the center top of the package. The slogan “a better choice” is present at the bottom of every package.

PICTURE 5. Exotic Snacks packaging (exoticsnacks.se 2019)

Estrella

Estrella is one of the three brands of Estrella Maarud AS. It is a Swedish company established in 1957, and it is specialized in the production of potato chips. (Estrella n.d. a.)

In 1988, Estrella products entered the Finnish market. Currently, Estrella also runs its business operations in Iceland, the Baltic countries, Denmark, Ukraine, and Russia. Estrella is a market leader in the Finnish, Swedish and Baltic markets. (Herkules Capital 2014.)

Later, starting from 2010, it expanded its line of products to nuts, dips, and popcorns. (Estrella.lt n.d.) Estrella popcorns are branded as gluten-free and, like the rest of their products, made without palm oil. (Estrella n.d. b.) They stopped using this type of oil and started using rapeseed and sunflower oil in their products one year ago for ecological reasons. (Estrella n.d. c.) Their popcorn selection includes cheddar popcorn along with salted and buttered popcorn. As for the nut variety, the company offers peanuts, a vast selection of roasted peanuts, honey and salted cashew mixes, nut mixes (including pistachios, almonds, peanuts, and cashews) as well as nut and dry fruit mixes. The products and their prices are shown in the table below (Table 6.)

TABLE 6. Estrella prices by store

Estrella		S-group prices by store			K-group prices by store			Other stores	
Product	Size	Prisma	S-market	Sale	K-citymarket	K-supermarket	K-market	Tokmaani	R-kioski
Cheese and chili coated nuts	140gr	1.69 €	1.79 €	1.85 €			2.55 €		
Chili coated peanuts	140gr	1.69 €	1.79 €	1.85 €		1.95 €			
Fruit and nuts mix	140gr	1.98 €	2.05 €			2.45 €	2.55 €		
Honey roasted cashew and peanut mix	140gr	2.09 €	2.15 €	2.29 €			2.55 €	1.99 €	
Pistachio and almond mix	140gr	3.49 €	3.65 €						
Roasted peanuts	140gr		1.65 €			1.79 €			
Salted caramel peanuts	140gr	1.69 €				1.95 €			
Salted peanuts	175gr	1.55 €				1.79 €	2.55 €		
Spicy chili nuts	140gr					1.95 €			
Spring onion coated peanuts	140gr	1.69 €	1.79 €	1.85 €					

All nut products are displayed in non-resealable plastic pillow pouches, with a glossy colored front and back design, as presented below in Picture 6. Each product's ingredients and nutritional values are shown on the company's website.

PICTURE 6. Estrella spring onion nuts (Estrella n.d. d)

In addition, Estrella introduced two new products in 2019: chili flavored peanuts and salted caramel flavored peanuts. They both have a different package design from the rest of their nut line (Picture 7.) Although maintaining the non-resealable plastic pillow bag, the brand opts for a more minimalist design in matte.

PICTURE 7. Spicy chili peanuts (Estrella n.d. d)

In 2014, Estrella Maarud AS was acquired by the German Intersnack Group, one of Europe's largest producers of salty snacks, which broadened its possibilities for growth. (Herkules Capital 2014.)

Estrella has a strong social media presence in Finland. The company is present on Instagram and Facebook but much less so on Twitter. The community is very active, and Estrella engages in both positive and negative conversations that take place online. They also work together with some Finnish influencers as brand ambassadors. They collaborate with the brand and introduce the latest products. Estrella also closely collaborates with Ruisrock festival in Turku and even launched a campaign for winning two VIP tickets for the event. They also sponsor other sport and charity events (Estrella Suomi n.d..) On the company's website, they also offer a variety of recipes using their products as ingredients as well as a section to contact them, make a complaint, and give feedback. (Estrella n.d. d.)

Regarding responsibility in their products, they ensure the reimbursement in all their products, due to their quality guarantee policy. Also, they promote their efforts in offering products with only natural flavors and low salt levels. Flavor enhancers were abandoned by Estrella during 2017. (Estrella n.d. e.)

Both, on their Facebook page and website, they declare that they use biogas to produce their chips to reduce their carbon footprint by 92%. (Estrella n.d. f) Also, they are one of the organizations of the World Land Trust, an international environmental-friendly charity. (Estrella n.d. g.)

In conclusion, Estrella is a strong operator in the Finnish market. It has gained the position of a market leader due to its customer-oriented service and constantly works towards improvement and modernization. Its engagement in social media, as well as its concern about environmental issues, gives the brand an image of being environmentally friendly and customer-focused. However, their whole marketing campaign is about potato chips, which is their leading product category. In 2016, Estrella started producing nuts, which potentially gives Mogyi an important competitive advantage over Estrella in the nuts and seeds market due to their long experience. (Estrella n.d.)

Mauste-sallinen

Salliselta is a Finnish brand belonging to Mauste-Sallinen Oy. Mauste-Sallinen has been running operations since 1961 in the spices and bakery product sector. Although they import raw materials from all over the globe, their supply chain operations take place only within Finland. (Mauste-Sallinen n.d. a.)

Salliselta is specialized in bakery ingredients, which include nuts and seeds. They offer hazelnuts, nut mixes (peanuts, walnuts, cashews, brazil nuts, hazelnuts, and pistachios), macadamia nuts, almonds, almonds and raisins mix, peanuts, peanuts and raisins mix, pecan nuts, pine nuts, walnuts, pistachios, pumpkin seeds, peeled sunflower seeds, linseeds, and seeds mix for salad amongst others. Nuts are displayed in non-resealable plastic pillow pouches, with a basic design: clear front and back, so one can see the actual product. The package size varies from 70g to 2kg in some products, to fulfill both personal consumption and professional purchasing needs.

PICTURE 8. Mauste-Sallinen suolapähkinät (Mauste-Sallinen n.d. b)

The company’s website is simple. It has a section for feedback and another for contact information. It also shows all their products, grouped in different categories, as well as the product ingredients and nutritional values. The website is available in Finnish, Swedish, Estonian and English.

Mauste-Sallinen has both an Instagram account and a Facebook page. They share the same content on these two platforms, but they do not utilize them as a way to run marketing campaigns or broaden their community. Instead, both profiles have a blog structure where the brand shows dishes and pastries using their products as an ingredient. Hence, the brand lacks engagement and a strong social media marketing presence. (Mauste-Sallinen n.d. c.)

In conclusion, they offer their products in certain supermarkets, being especially prevalent in K-Citymarket, as shown below in Table 7. However, their level of business complexity and competitiveness is oriented towards bakery professionals. It is not a company specialized in nuts and seeds manufacturing as snacks but as bakery ingredients (Table 7.)

TABLE 7. Salliselta prices by store

Salliselta		S-group prices by store			K-group prices by store		
Product	Size	Prisma	S-market	Sale	K-citymarket	K-supermarket	K-market
Almond flakes	70gr				1.75 €	1.39 €	
Almonds, natural	80gr				1.95 €		
Almonds, peeled	80gr				1.95 €		
Almonds	800gr				14.99 €		
Almond & raisin mix	80gr				1.95 €		
Cashews	80gr				1.99 €	1.95 €	
Cashews	400gr				8.99 €		
Delicacy nut mix	300gr				6.99 €		
Hasselnuts	80gr				1.59 €	1.69 €	
Hasselnuts	400gr				7.99 €		
Macademia nuts	70gr				3.95 €		
Nut mix	400gr	5.95 €	5.95 €	6.25 €	5.99 €		
Nut mix	800gr				11.90 €		
Peanuts	250gr			1.59 €	1.49 €		1.95 €
Peanuts	1000gr				3.99 €		
Peanuts, peeled	250gr		1.49 €		1.79 €		
Peanut & raisin mix	250gr				1.99 €		
Pecans	70gr				2.79 €		
Pecans	250gr				8.99 €		
Pine nuts	100gr				4.99 €	4.79 €	
Pistachio nuts	80gr				2.55 €	2.49 €	
Seeds and cranberry mix	400gr		4.39 €		4.99 €		
Tropical mix	400gr	3.39 €					
Walnuts	70gr				1.85 €	1.79 €	
Walnuts	250gr				5.99 €		

Taffel

Taffel is among the brands whose products could be bought in every retailer visited by the researchers in Tampere, Finland. Taffel is owned by Orkla, which is a Norway-based conglomerate operating in Europe, Asia, and the United States. The Orkla conglomerate supplies branded consumer goods to the grocery, out of home, specialized retail, pharmacy, and bakery sectors. Products are sold through the grocery retail trade, but Orkla also has a strong presence in the out-of-home, convenience store and petrol station sectors. (Orkla 2019.)

Orkla has four business areas regarding branded consumer goods: Foods, Confectionery & Snacks, Care, and Food Ingredients. In addition, business operations are organized within Investments in Jotun (A Norwegian chemical company that Orkla owns 42,6% of), hydropower, and other financial assets. (Orkla 2019.)

In Orkla's annual report of 2018, the operating revenue of €4,25B was reported. In addition, a total of over 18.000 people were employed by the conglomerated globally. (Orkla 2019.) Finland is grouped with other Nordic countries excluding Norway, and together they comprised 39% of the total sales revenue.

Orkla operates through four different subsidiaries within Finland and has over seventy different brands associated with its operations there. The subsidiaries are Orkla Suomi (production facilities are located in Haraldsby, Åland and Vaajakoski), Orkla Care Finland, Pierre Robert, and Condite. (Orkla 2019.) Orkla Suomi is a producer and supplier of the snack foods sector. Taffel, one of Orkla Suomi's brands, offers a great variety of products in the nuts and seeds sector of the snack market. Table 8 shows all the Taffel nuts and seeds products that were present in a variety of stores in Tampere, Finland. Prisma hypermarket, for example, had sixteen different products in the nuts and seeds sector alone. Nuts accounted for all the products within the sector. The nuts were roasted and salted, coated, flavored, or as part of a mix with dried fruit (Table 8.)

TABLE 8. Taffel prices by store

Taffel		S-group prices by store			K-group prices by store			Other stores	
Product	Size	Prisma	S-market	Sale	K-citymarket	K-supermarket	K-market	Tokmaani	R-kioski
Almond crunch	165gr	3.89 €	3.99 €						
Broadway sour cream & onion nuts	150gr	1.85 €	1.85 €			1.99 €		1.59 €	
Cheese and Chili coated peanuts	150gr	1.85 €	1.85 €						
Chili coated peanuts	150gr	1.85 €				1.99 €	2.19 €	1.89 €	
Crispy mix	150gr	2.59 €	2.75 €						
Grill coated peanuts	150gr	1.85 €	1.85 €	1.95 €				1.89 €	
Honey roasted & salted peanuts	150gr	1.85 €	1.85 €	1.95 €				1.59 €	
Nut cocktail	200gr	3.49 €	3.69 €			3.89 €	4.25 €	3.19 €	
Nuts and dried berry mix	60gr	1.59 €	1.69 €						
Nuts and dried fruit mix	60gr	1.59 €	1.69 €		1.69 €				
Peanuts, roasted & salted	175gr	1.69 €	1.79 €	1.89 €		1.99 €			2.90 €
Peanuts, roasted & salted	300gr	2.19 €	2.39 €		2.49 €	2.55 €	2.85 €	2.29 €	
Ranch nuts	150gr	1.85 €	1.85 €			1.99 €		1.89 €	
Salt & vinegar nuts	150gr	1.85 €				1.99 €			
Trail mix	300gr	3.49 €	3.69 €			3.89 €		3.29 €	
Yucatan honey 'n' chili	175gr	3.55 €							

The most common size range of packaging was 150-175 grams; however, packages of 300 grams were available for single nuts and 60 grams packages were available for some products as well (see Appendix 4.)

The packaging of Taffel salted and roasted peanuts, as seen below, is stylized and glossy. The focus group preferred the more rustic design with a matte finish of the Mogyi peanut packaging. All of the other peanut brands used in the focus group also had a glossy finish (Picture 8), so the Mogyi packaging has the potential to stand out among its potential competitors.

PICTURE 8. (Taffel.fi n.d.)

Den Lille Nøttefabrikken

Den Lille nøttefabrikken hereinafter referred to as Den Lille is a Norwegian company specialized in the production and sale of nut and dried fruit. Founded in 1990 nowadays belongs to the Brynild Gruppen, who bought it in 2003. On their website (Den Lille Nøttefabrikken 2019), the company narrates adventures, stories of their people traveling around the world to find the best nuts. The origins of the products are very important to Den Lille, which explains that they always find the best climate and soil conditions for each nut to grow. Australia's east coast for Macadamia, Georgia, in the USA for pecans nuts, Mozambique for the cashews, and so on.

The company, furthermore, as an ethical choice, supports smaller farmers. In Mozambique, for example, Den Lille contributed to creating a network of small farmers. In addition, they have supported the foundation of processing factories in Mozambique. These processes are often happening in the country of arrival of the raw nuts. (Den Lille Nøttefabrikken 2019.) Den Lille started their operations in Mozambique in 2003 and noticeably with its effort was able to improve the social-economic condition in an area which has been ravaged by civil war for twenty years. Norwegian foreign minister Børge Brende praised the company for its efforts and used it as an exemplary model of how Norwegian businesses can help world development. (F-b 2019.)

The company is proud of the diversity and of the quality of the products they are offering. Den Lille is present and active on social media. They have dedicated channels for both Norway and Finland. On the Finnish channels, they publish relevant content, like recipes, ideas on how to use the nuts, funny and entertaining videos. Furthermore, they modify the content based on trends and seasons. (DNL Suomi 2019.)

In Finland, Den Lille is present in S-group and K-group outlets. Their products are listed in smaller markets and hypermarkets of both chains in similar amounts, as seen in Table 9. The most prevalent product is Nötti Frutti, which is available in many different sizes. The package sizes are 60 grams, often found near the cash registers, 190 grams, and 400 grams. Nötti Frutti is a nut mix made of cashew, peanuts, papaya, and raisins. The rest of their offering consists of Salted Cashews and few other nut mixes.

TABLE 9. Den Lille Nøttefabrikken prices by store

Den Lille Nøttefabrikken		S-group prices by store			K-group prices by store		
Product	Size	Prisma	S-market	Sale	K-citymar	K-superm	K-market
Almonds, salted							
Cashew, roasted	160gr				6.69 €		
Cashew, roasted	280gr	7.59 €			7.95 €	7.95 €	
Mixed nuts	250gr	5.39 €					
Notti Frutti, nuts and dried fruit mix	60gr	1.69 €	1.75 €				
Notti Frutti, nuts and dried fruit mix	190gr	3.29 €	3.45 €	3.45 €	3.35 €		3.89 €
Notti Frutti, nuts and dried fruit mix	300gr	5.85 €	5.95 €	6.19 €			
Notti Frutti, nuts and dried fruit mix	400gr	6.19 €			6.29 €		
Salt & sott	300gr				6.19 €		

Den Lille cashew nuts price is about 15% above the average market price for the category. (See Appendix 3)

The packages of Den Lille are resealable and have a matte finish. Their packages are the only resealable ones found on the market by the research. The product name is written in a central space with big letters, while the logo is located on the center top of the package.

PICTURE 9. Den Lille Nøttefabrikken packaging (K-ruoka 2019)

In conclusion, the Norwegian brand is a present force on the Finnish market. They have more than 21 thousand followers on Facebook (DNL Suomi 2019), and their Nötti Frutti nut mix is sold in both S-Group and K-Group in addition to smaller chains like Minimarket (MiniMarket Shop 2019) and HalpaHalli (Halpahalli 2019.)

Meira

Meira started operating in 1914 in Finland. Meira Oy is now a part of the Massimo Zanetti Beverage Group. Meira Oy produces a variety of coffees and spices in a production plant in Helsinki. The company roasts a fifth of the total coffee that is consumed in Finland. (Meira 2019a.) Their revenue in 2018 was €84.3M, and currently, 184 people are employed by the company. (Meira 2019b.)

Meira Oy has a presence in several retailers in Finland. However, its main presence is in the coffee, not nuts and seeds, sector. Based on the research, their selection is much smaller than several competitors. The company mainly offers natural nuts without flavoring or coating. Almonds, walnuts, cashews, pecans, hazelnuts, and peanuts were found in a variety of retail outlets. Table 10 shows the products and their prices from a variety of retailers in the Tampere area (Table 10.)

TABLE 10. Meira prices by store

Meira		S-group prices by store			K-group prices by store		
Product	Size	Prisma	S-market	Sale	K-citymarket	K-supermarket	K-market
Almonds, natural	100gr	2.65 €	2.75 €		2.55 €		
Almonds, natural	300gr	6.95 €	6.98 €				
Almonds, peeled	100gr				2.79 €		
Almonds, peeled	300gr				7.25 €		
Almond & raisin	120gr	1.89 €	1.95 €	1.98 €	1.95 €		
Cashews, natural	70gr	2.05 €	2.19 €		2.39 €		
Cashews, natural	170gr	3.95 €	4.25 €	4.39 €			
Hazelnuts, natural	100gr				3.59 €		
Hazelnuts, natural							
Peanuts, natural	1000gr				4.79 €		
Peanuts & raisins	300gr		1.89 €	1.95 €			
Peacan nuts	70gr	3.15 €					
Walnuts, natural	70gr	2.95 €	2.98 €		3.49		

Packages are offered in a variety of sizes. The smallest packages are 70 grams and the largest 300 grams. The price point is from €1.89 to €6.98, depending on the product and retailer. The packages have a matte finish and seem to be nature-inspired based upon the color palate.

PICTURE 10. Meira packaging (Meira 2014)

4 CUSTOMER STUDY

4.1 Focus group interview

Introduction

On 5.4.2019, a focus group interview was conducted at ProAkatemia, a school of entrepreneurship and team leadership. The focus group had five participants, three students, and two teachers from the aforementioned community. The goal of the focus group was to acquire more in-depth information regarding the opinions of Finnish customers about Mogyi's peanuts compared to existing brands as well as first impressions of Caramoon.

Peanut comparison

In the focus group interview, the participants were first presented with salted and roasted peanuts from 5 different brands: A) Taffel, B) Pirkka, C) Rainbow, D) Mogyi, and E) Estrella. Pirkka is K-group's private label product, and Rainbow is S-group's. Taffel and Estrella are brands known for their dominance in the potato chip market. The peanuts were presented in bowls without telling the participants which products were from which brand. They were asked to rank the products from best to worst based upon the combination of flavor, texture, and appearance. After the blind tasting, the packages were revealed to the participants. They were asked to rate the packaging and give opinions about the Mogyi name and brand. Also, general peanut eating and purchasing habits were discussed. The overall ranking of the peanuts is displayed in Table 11, with 1 being best and 5 being worst (Table 11.)

TABLE 11. The overall ranking of peanuts

	1	2	3	4	5
Participant 1	Pirkka	**Mogyi**	Estrella	Rainbow	Taffel
Participant 2	Taffel	**Mogyi**	Estrella	Rainbow	Pirkka
Participant 3	**Mogyi**	Pirkka	Rainbow	Estrella	Taffel
Participant 4	Pirkka	**Mogyi**	Rainbow	Taffel	Estrella
Participant 5	Pirkka	Taffel	Estrella	**Mogyi**	Estrella

Overall, Pirkka was rated the highest, and Mogyi was a very close second. In general, Mogyi was described as having a pleasant flavor that was easy on the palate. Also, the texture was said to be crunchier compared to the powdery feel of some of the counterparts. Mogyi's peanuts were also described as being less salty in flavor. Some participants found this to be a negative factor; however, most of them felt it was positive. Pirkka was considered the least salty and Taffel the most. The results painted a very positive picture of Mogyi's peanuts within the Finnish market.

Next, the packaging of the peanuts was revealed to the participants, and they judged the overall look. Mogyi's packaging was the only one that had a matte finish, which made it stand out from the other brands. The participants described Mogyi's packaging as more natural, healthy, honest, and sustainable. These factors would increase the likelihood of picking Mogyi over other products. Mogyi's packaging was considered simple, yet memorable and distinguishable. The other products had colorful shiny materials, which reminded the participants of littering and artificial flavor. According to the participants, the foreign brand name would not be a major issue, although a new brand on the market would cause at least minor hesitation. A radio or TV commercial was suggested to educate the consumers of the pronunciation. They thought that Mogyi's brand would still be more credible than private label products.

One criticism of the packaging was related to the disconnect between the picture on the packaging and the actual product. On the picture, the peanuts were whole, while in reality, they were all halved. The disappointment was, after all, minimal.

Caramoon

After the blind tasting of the peanuts, the participants were presented with all three flavors (caramel, caramel and peanuts, caramel, and coconut flakes) of Caramoon, without showing the packaging. Although the first impressions were mixed among the participants, even the ones who disliked the product kept eating more. The product was described as addictive, crunchy, and a genius mix of sweet and salty. For some people, the product was overly sweet. The participants mentioned a sweet lingering after taste, which some liked, and some did not. This was said to increase the urge to eat more.

After some discussion amongst the participants, they defined the product as candy-like popcorn. They would look for the product either next to the potato chips or candies in a store. The sweetness of Caramoon made the participants slant more towards the candy aisle. None of the people mentioned the nuts and seeds section or the other popcorn products.

After revealing the packaging of Caramoon, the participants confirmed the placement of the product into the candy aisle. This was mainly due to the size and outlook of the packaging in addition to the sweet flavor. Also, the idea of placing the product close to energy bars or the ice-cream was brought up by individuals.

The dark color and the contrast between it and the white text on the packaging were appreciated by the participants. It was said to portray a healthier message. The pictures of the actual product were described as weird and unreal. The popcorn on the packaging was said to look like a planet, and the connection to the moon was made. According to the participants, although the pictures were inviting, they did not accurately represent the product. The participants would have preferred a real-life picture similar to the one on the peanuts. One participant would have preferred an indication of the sweetness of Caramoon. It is assumable that this was due to the connection between popcorn and saltiness.

When asked, the participants compared Caramoon to a few products in the market. These products were sweet popcorn in cinemas and chocolate covered popcorn or candy. Caramoon was considered to be a healthier option compared to candy products.

Lastly, they were asked in which situations they would consume Caramoon. The answers covered events, children's parties, while watching movies or TV, cinema, outdoor activities, and romantic dates. In this context, the fact that the product is not sticky, unless in hot weather, or messy to eat, was mentioned. There was a common opinion that the consumer price of the product should be between €2,50 to €3,00.

Towards the end of the focus group interview, a participant came up with a suggestion. He liked the combination of flavors after eating the different Caramoon flavors one after another. This led to the idea of a bag of Caramoon with all three flavors mixed.

4.2 Customer behavior survey

Introduction

An online survey was written and distributed via social media and other internet resources. The target group was Finnish speaking consumers from all demographics. One of the goals was to acquire at least 500 responses. This number of respondents would give a better picture of the overall market and customer behavior. The primary goal of the survey was to gather data on consumption and purchasing habits of snacks and nuts and seeds. The data will be used as a baseline for the analysis of market behavior.

Survey results

The goal of 500 respondents was met. These respondents comprised people of both genders and from teenagers through retired-aged. They were also from different-sized households and had a wide variety of household incomes. Thus, the survey reached the anticipated demographics.

The first question of the survey asked how often do you purchase snacks (e.g., chips, candy, chocolate, nuts, and seeds.) Roughly 92% of the respondents said they purchased snacks at least once a month. Of all the respondents, just under 23%, purchased snacks more often than once a week. Only 3 of the 532 respondents did not purchase snacks. Out of the people who purchased snacks, 57,1% preferred salty snacks over sweet ones.

After establishing a foundation for snack consumption, the survey shifted its focus to nuts and seeds. The respondents were asked how often they purchase nuts and seeds. Figure 12 shows the distribution of answers (Figure 12.)

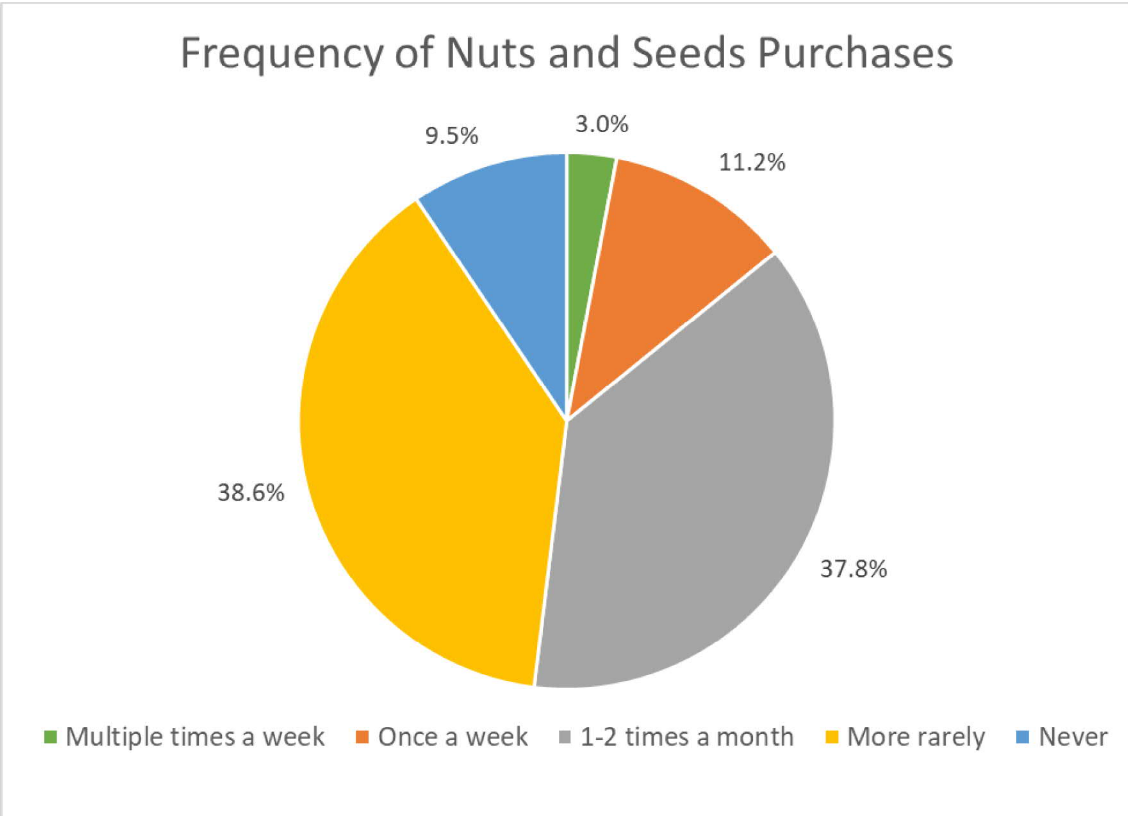


FIGURE 12. Frequency of Nuts and Seeds Purchases

A majority of 51,2% of the respondents purchase nuts and seeds at least once a month. Less than 10% never purchase nuts and seeds. According to the results of the next question, these purchases are split nearly equally between planned and impulse buys.

The respondents were asked about the situation in which they consume nuts and seeds. They were able to choose up to three options. The most common answers were: As a snack between meals (57,2%), as a part of a meal (48%), while watching a movie or television (29,9%), while travelling (28%) and during social events (23%.) Nuts and seeds are used both as a snack and a meal ingredient.

The next two questions were about the kinds of nuts the respondents purchased. One of the questions asked which kinds of nuts and seeds they like the most, and up to three answers could be chosen. Cashew nuts were by far the preferred choice with 73.1%, followed by pistachios (47%), popcorn (34,9%) and peanuts (24,6%.) Sunflower and pumpkin seeds were both preferred by roughly 15% of the respondents. The other question asked about what type of processing, if any, the nuts and seeds were put through before packaging. Once again, the respondents could choose up to three answers. Two were favorites: roasted and salted (62.9%) and natural (59.7%.) The next closest item was a mix that contains nuts and seeds at 30.7%. Nuts and seeds with a salty coating (23%) or sweet coating (10,6%) had the fewest responses. However, the percentages still show that there is a market for them.

The following question asked where the respondents purchase nuts and seeds. An overwhelming majority (49,5%) purchase them from S-group stores. The second most commonplace of purchase is K-group stores, with 24,8%. These results are congruent with the division of market share in the overall grocery trade. However, while Lidl only has 9,6% of the overall grocery market share, 21,5% of the respondents buy nuts and seeds there. Only 4,2% of the respondents purchase nuts and seeds elsewhere, such as online or specialty shops.

The final question asked about the factor that affects the choice of brand. The answers segregated themselves into four groups. The overwhelming factor for choosing a brand was the price (74.3%.) In the second group were flavor (43.4%) and habit (38.8%.) Next one comprised of organic/fair trade (15.2%) and packaging (15%.) The last one was domestic (6,3%) and brand loyalty (4,4%.) Figure 13 illustrates these results (Figure 13.)

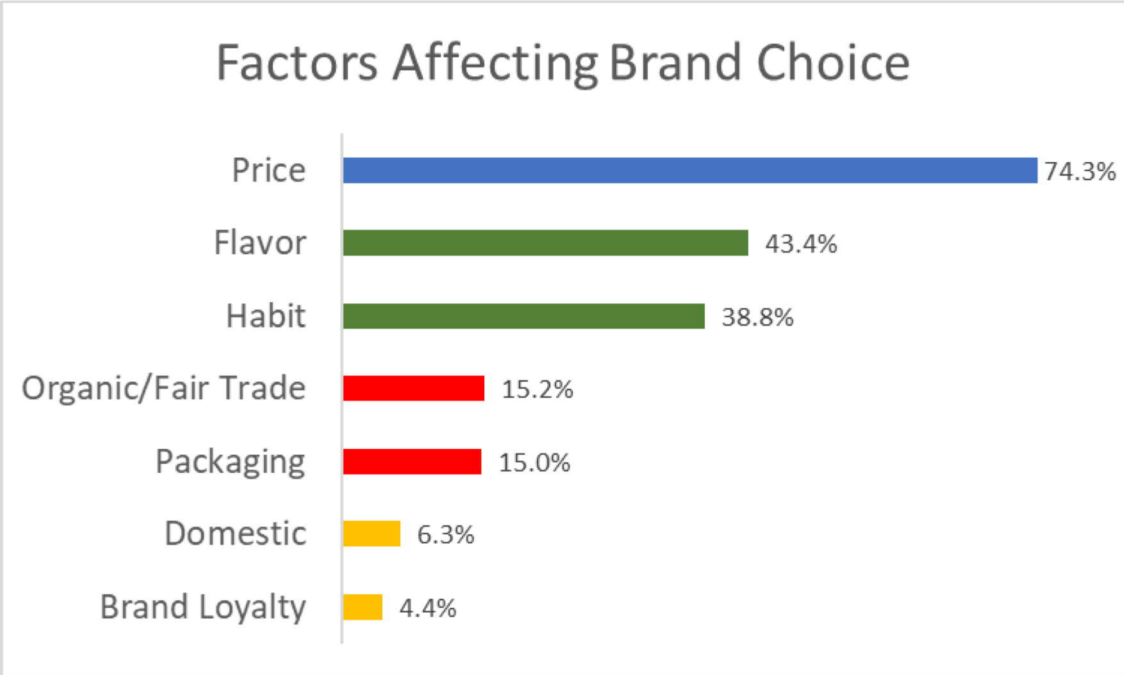


FIGURE 13. Factors Affecting Brand Choice

As mentioned in the PESTEL analysis, price does have an impact on the behavior of Finnish consumers. However, this is not to say that they necessarily prefer the cheapest option. It is quite common to pay more for products that are deemed to have a higher quality or are domestic. Flavor and habit are basic human behavior. Packaging, as observed in the focus group interview, plays a major role in the brand image, thus affecting the decision, especially the first time.

4.3 General tasting

A general tasting of Original Caramoon was held for three days. The sample analyzed consisted of coaches and students of Proakatemia. They were asked to try the product and fill a feedback form, which included the following three statements:

1. Rate the product from 1 to 5 (1 is lowest, 5 is highest)
2. Price the product (140g package was presented)
3. Tell in which supermarket section you would look for the product.

In three days, 43 people filled the feedback form. The results for questions 1 and 2 can be found in Appendix 5. Table 12 shows that almost half of the sample (21 individuals) rated the product with 4 points out of 5, followed by 17 individuals who gave 5 points. Only 5 people rated the product 3 or lower, no rating of a 1 was recorded. Thus, the conclusion can be made that people's reaction to Caramoon was overwhelmingly positive (Table 12.)

TABLE 12. Analysis of the frequency of answers to Question 1

Answer	Frequency
1	0
2	2
3	3
4	21
5	17
TOTAL	43

The analysis of question 2 gives an average price of €2,87 for the 140-gram pouch. The most common answer for the price was €3 (see Appendix 5.)

The most common answer to the question of where you would look for this product in the supermarket was in the popcorn or chips aisles. These are usually located next to each other in Finnish supermarkets. Candy aisle was mentioned roughly half as many times. Snacks and the cinema shop were mentioned by a few individuals as well.

Finally, the findings are subject to certain delimitations. Firstly, not all the people who tasted the product filled the feedback form, so there is no information from them. Secondly, two of the individuals who answered the feedback form did not give valid answers to question 2, hence reducing the sample size for the analysis of this question.

5 SUMMARY OF FINDINGS

During the research of the Finnish grocery retail market, it was found that the market is dominated by two retail chains, S-group and K-group, that hold over 80% of the market share. A third major player in the market is Lidl, with close to 10% market share.

Both S- and K-group have different sized stores from hypermarkets to gas station markets that all have a varying selection of nuts and seeds products. Lidl has a unified store design and is only selling their private label nuts and seeds brand Alesto. Other stores such as It's Pure, Ruohonjuuri, and R-Kioski focus on convenience or niches such as organic or superfood products.

The PESTEL study found that Finland has a stable political and economic environment with growing welfare and economy. The corporate tax rate is 20%, and VAT for food products is 14%. Due to the steady 2.7% GDP growth of the overall economy, consumption, and willingness to pay more for premium products are characteristics of Finland. 5,56 million people are living in Finland, and 84,4% of the country is urbanized.

A major finding from the segmentation and demand analysis was about factors affecting Finnish customer behavior and the growth of the nuts and seeds segment within the market. Finnish customers are most affected by three factors: quality, safety, and product origin. Branding and packaging are the main contributors to the perception of quality. National products are favored by the Finnish consumers, especially regarding meat products. Also, ecolabels and ethical options are gaining popularity. Higher perception of quality and ethical origin leads to a willingness among the consumers to pay more for the product.

Nuts and seed account for about 20% of the Finnish snack food market. The revenue of the nuts and seeds market in Finland has been growing since 2010, and the growth is projected to continue. Also, the volume of consumed nuts and seeds has been increasing and is projected to do so in the future as well. Due to the increased demand and consumption habits, Finland will need to import more nuts and seeds, which leads to a favorable market outlook in the future.

Competitors can be listed in four different categories. Estrella and Taffel produce potato chip-like nuts and seeds with intense flavors putting less focus on healthiness. Earth Control, Exotic Snacks, Meira, and Den Lille Nottefabrikken offer healthier premium products while each brand has a narrow product portfolio and targeting a niche trend on the market. Mauste-Sallinen focuses on large wholesaler-like packaging and branding and mainly selling natural products. Private label brands are Pirkka and Rainbow, which provide both natural and flavored options with cheaper alternatives and less appealing package designs.

The customer study gave insight into overall customer behavior within the Finnish nuts and seeds market as well as information regarding the perception of Mogyi’s peanuts and Caramoon. The customer behavior survey found out that over 90% of the respondents purchase snacks at least once a month. Out of these people, 57.1% preferred salty snacks over sweet. 51.2% of the respondents purchased nuts and seeds at least once a month. When asked about the situation in which the participants consumed nuts and seeds, the most common answers were as a snack between meals, as a part of a meal, watching movies or television, while travelling and during social events. The most common kind of nuts and seeds products were cashew nuts, pistachios, popcorn, and peanuts in respective order. It was also found that price was the number one factor for choosing a brand.

The focus group interview provided results regarding Mogyi’s peanuts compared to competitors’ as well as gave insight to the initial perception of Caramoon. Mogyi’s peanuts were ranked second compared to the competitors’ in the blind tasting. Mogyi’s packaging of the peanuts stood out from the other brands due to being the only one with the matte finish. It was described by the participants to be simple yet memorable and distinguishable.

The focus group interview and the general tasting yielded positive results about

Caramoon. The product was considered healthier than candy, and approximately half of the respondents would look for it in the candy aisle while the other half among the popcorns. The respondents valued the 140g Caramoon package to be €2,87 on average.

6 CONCLUSIONS

Based on the research conducted on the Finnish market and the results from customer behavior analysis, the researchers advice a new entry to the market.

What is the macro environment like in the Finnish market?

According to the PESTEL analysis, the target market is experiencing positive economic development, which leads to an increased amount of disposable income. This leads to increased money expenditure, which has a positive effect on the nuts and seeds sector as well. Due to the products in the nuts and seeds sector not being a necessity, the sector experiences growth due to this positive economic outlook. Also supported by the survey and focus group answers, the secondary research showed that Finnish customers are price conscious but are willing to pay more for products with perceived higher quality. However, the size of the population is relatively small, and the distance between the country of production and Finland is significant. The distance would increase product costs. On the other hand, 84,2% of the population lives in urban centers, which could lower domestic logistics complexity and costs.

How is the grocery retail industry structured?

In addition to the concentration of the population, the grocery retail trade is focused. The structure of the grocery retail industry can be an opportunity or a liability. To penetrate the market, a presence is required in at least one of the two major retail chains. To comprehensively cover the market, a presence in both would be necessary.

What competitors exist in the market?

According to data gathered, in supermarkets, the competition is diverse, and there is no clear market leader regarding nuts and seeds selection. Private labels are valuable to both K- and S-Group, looking at the range of products. Both chains dedicate significant shelf space to their brands. Estrella and Taffel are known by the Finnish market due to their dominance in the potato chip industry, which has led to a strong brand image. To an extent, this carries over to the nuts and seeds products they offer. However, their presence in the nuts and seeds sector is weaker with fewer products. Compared to multiple other companies in the market, Estrella and Taffel offer most of their nuts and seeds more as a substitute for potato chips rather than a natural, healthy, sustainable snack. These values are communicated by multiple brands within the nuts and seeds market. The existing brands on the market do not have a wide variety of products in both natural, healthy, and sustainable and the chip-like categories. Mogyi has a large selection of products in both. This would allow retailers to concentrate procurement.

How do customers behave regarding nuts and seeds products?
Within this research, Caramoon was found to be a unique product. Only one sweet popcorn was found in the retailers, and the only similar products mentioned by participants of the focus group interview were sweet popcorn and chocolate covered popcorn in cinemas. Caramoon got overwhelmingly positive feedback both in the focus group interview and general tasting, regarding texture, flavor, and packaging, which could mean that there is a possible market for it. The only criticism of the product was that it is too sweet of a taste for some people.

Although virtually all the respondents purchase snack products at least once a month, only roughly half of them buy nuts and seeds as often. The hypothesis that nuts and seeds are not perceived as snacks in Finland was supported by the results of the survey. The two most common situations to eat nuts and seeds were as a snack between meals and as an ingredient in a dish. The word used for a snack in the Finnish survey “välipala” refers to something to eat between meals such as a yogurt or a sandwich just like “uzsonna” in Hungarian.

The data and analysis provided in this thesis cover major aspects affecting the decision for market entry. Access to said information will allow Mogyi Kft. to make an educated decision whether or not to enter the Finnish market and how to proceed with that process.

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APPENDICES

Appendix 1. Hazelnut prices

HAZELNUTS										
Parent company	APICOLTURA BREZZO SRL	Makrobios Oy	Massimo Zanetti Beverage	K-Group		mauste-Sallinen Oy		Albina Snacks AB	S-Group	Fanfaria trading Co.
Brand	Brezzo	Makrobios	Meira	Pirkka		Salliselta		Albina	Rainbow	WAOW
Product name	Hazelnuts in acacia honey	Organic hazelnuts	Hazelnuts	Organic hazelnuts	Hazelnuts	Hazelnuts		Hazelnuts	Hazelnuts	Hazelnuts
Package size (gr)	330	300	100	100	150	400	80	100	200	200
Package price (€)	11,99 €	8,75 €	3,59 €	2,79 €	2,75 €	7,99 €	1,64 €	1,75 €	3,16 €	3,35 €
Kilo price (€)	36,33 €	29,17 €	35,90 €	27,90 €	18,34 €	19,98 €	20,51 €	17,50 €	15,82 €	16,75 €
AVERAGE PRICE : 23,82€/kg										

Appendix 2. Almond prices

ALMONDS									
Parent company	Albina AB		Massimo Zanetti Beverage Group		S-Group			Fanfaria trading Co.	Krav
Brand	Albina		Meira		Rainbow			Waow	Urtekram
Product name	Almonds		Almonds		Peeled almonds	Natural almonds	Roasted almonds	Almonds	Almonds
Package size (gr)	220	150	300	100	100	200	100	300	100
Package price (€)	3,89	2,24	7,1	2,65	1,92	2,69	1,84	4,92	3,27
Kilo price (€)	17,68	14,94	23,67	26,5	19,2	13,45	18,4	16,39	32,7
AVERAGE PRICE: 21,45€/kg									

ALMONDS												
Parent company	Orkla	System frugt AB		Apicoltura Brezzo SRL	Mauste-Sallinen oy				K-Group		Rootfruit Scandinavia AB	Lidl
Brand	Anyday nuts	Earth Control		Brezzo	Salliselta				Pirkka		Exotic snacks	Alesto
Product name	Dry roasted almond mix	Natural Almonds	Dry-roasted Almonds	Almonds in acacia honey	Natural almonds			Peeled almonds	Natural almonds	Peeled almonds	Almonds	Californian almonds
Package size (gr)	140	400	350	340	80	800	400	80	200	150	110	200
Package price (€)	3,99	7,09	6,59	11,99	1,95	14,99	7,95	1,95	3,49	2,99	2,75	3,49
Kilo price (€)	28,5	17,73	18,83	35,26	24,38	18,74	19,88	24,38	17,45	19,93	25	17,45
AVERAGE PRICE: 21.45€/kg												

* Cells in salmon color correspond to the average price when the same product had different price depending on the outlet

Appendix 3. Cashew prices

CASHEWS							
Parent company	Finnsweet Oy	S-Group				Den Lille Nøttefabrikken	Coop Norden
Brand	Arimex	Rainbow				en Lille Nøttefabrikke	X-TRA
Product name	Cashew	Salted cashews		Natural cashews		Cashews	Cashews
Package size (gr)	350	400	100	500	100	280	400
Package price (€)	8,29	4,29	1,79	8,94	1,75	7,59	6,85
Kilo price (€)	23,69	10,73	17,9	17,88	17,5	27,11	17,13
AVERAGE PRICE: 23,54 €/kg							

CASHEWS						
Parent company	Massimo Zanetti Beverage Group		Orkla	Fanfaria trading Co.	Lejos Oy	Rootfruit Scandinavia AB
Brand	Meira		Anyday nuts	Waow	NomNom	Exotic Snacks
Product name	Cashews		Cashews	Cashews	Cashews	Cashew
Package size (gr)	70	170	140	200	400	150
Package price (€)	2,05	3,95	3,59	5,29	1,75	3,85
Kilo price (€)	29,29	23,24	25,64	26,45	43,75	25,67
AVERAGE PRICE: 23,54 € / kg						

Appendix 4. Pistachio prices

PISTACHIOS										
Parent company	Mauste-Sallinen Ltd	K-Group	S-Group	Lidl	Coop Norden	System frugt AB	MIdsona AB	Albina Snacks AB		
Brand	Salliselta	Pirkka	Rainbow	Alesto	X-tra	Earth Control	Urtekram	Albina		
Product name	Salted pistachios	Pistachios salted	Pistachios	Pistachios	Pistachio	Roasted Pistachios	Pistachios	Pistaschios		Peeled pistachios
Package size (gr)	80	125	150	500	150	325	50	100	220	50
Package price (€)	2,49	3,55	2,69	7,79	2,79	8,85	2,99	2,29	4,45	1,89
Kilo price (€)	31,13	28,4	17,93	15,58	18,6	24,46	59,8	22,9	20,23	37,8
AVERAGE PRICE: 27,68 €/kg										

* Cells in salmon color correspond to the average price when the same product had different price depending on the outlet

Appendix 5. General tasting data

Data distribution of Questions 1 and 2

Q1	Q2 (€)
4	3,5
4	2,5
5	2
4	2,9
5	2,5
3	2
5	-
5	2,5
3	3
4	2
4	2
5	3
4	2,5
4	3
2	2
5	3
4	5
5	3
4	3
5	2
5	2
3	4
4	3
4	2,5
2	-
5	3
4	2
4	3
4	3
4	2,9
4	3
5	3,5
5	3
4	3
4	2,9
5	2,7
5	4
4	3
4	2
4	2,5

	5	4
	5	3,9
	5	3,5
TOTAL	43	

Appendix 6. Coated peanut prices

COATED PEANUTS								
Parent company	Orkla					Maarud AS		
Brand	Taffel					Estrella		
Product name	Chili coated peanuts	Grills coated peanuts	Cheese & Chili coated peanuts	Ranch coated peanuts	Sourcream & onion coated peanuts	Spring onion coated peanuts	Chili coated peanuts	Cheese & chili coated peanuts
Package size (gr)	150	150	150	150	150	140	140	140
Package price (€)	1,92	1,9	1,85	1,92	1,92	1,78	1,74	2,01
Kilo price (€)	12,8	12,665	12,33	12,8	12,8	12,69	12,43	14,36
AVERAGE PRICE: 13,11€/kg								

COATED PEANUTS					
Parent company	Victoria NUTS Ltd	K-Group	K-Group	Coop Norden	Lidl
Brand	Rois	K-menu	Pirkka	X-tra	Alesto
Product name	Peanuts coated with milk chocolate	Chili coated peanuts	Chili coated peanuts	Chilli coated peanuts	Cruspies wasabi/Chilli peanuts
Package size (gr)	40	500	125	500	200
Package price (€)	1,29	2,99	1,29	2,95	1,05
Kilo price (€)	32,25	5,98	10,32	5,9	5,25
AVERAGE PRICE: 13,11€/kg					

* Cells in salmon color correspond to the average price when the same product had different price depending on the outlet

Appendix 7. Peanut prices

PEANUTS											
Parent company	Massimo Zanetti Beverage Group	Rootfruit Scandinavia AB	System frugt AB		Norwegian Orkla ASA						Coop Norden
Brand	Meira	Exotic snacks	Earth Control		Taffel						X-tra
Product name	Peanuts	Natural Peanuts	Natural Peanuts with skin	Peanuts	Peanuts	Peanuts	Salted peanuts	Salted peanuts	Salted peanuts	Peanuts	Peanuts
Package size (gr)	150	700	700	300	175	175	300	175	300	1000	250
Package price (€)	2,29	3,99	4,09	2,19	1,69	1,89	2,85	1,99	2,55	3,78	1,09
Kilo price (€)	15,27	5,7	5,84	7,3	9,66	10,8	9,5	11,37	8,5	3,78	4,36
AVERAGE PRICE: 7,84 €											

PEANUTS											
Parent company	S-group			Maarud AS		Mauste-Sallinen Oy					
Brand	Rainbow			Estrella		Salliselta					
Product name	Natural peanuts	Salted peanuts	Salted peanuts	Salted Peanuts	Peanuts	Peanuts	Peanuts	Peanuts without skin	Peanuts	Peanuts	Peanuts
Package size (gr)	1000	500	140	175	250	1000	250	250	250	250	1000
Package price (€)	3,25	2,79	2,55	1,45	1,95	3,99	1,49	1,79	1,49	1,59	4,79
Kilo price (€)	3,25	5,58	18,21	8,29	7,8	3,99	5,96	7,16	5,96	6,36	4,79
AVERAGE PRICE: 7,84 € / Kg											

PEANUTS										
Parent company	K-group				Intersnack					
Brand	Kmenu	Pirkka			Estrella					
Product name	Peanuts	Salted Roasted peanuts	Salted Roasted peanuts	Peanuts	Salted Peanuts	chili peanuts	Roasted Peanuts (no salt)	Roasted peanuts	Salted Peanuts	Natural peanuts
Package size (gr)	1000	350	150	150	175	140	175	175	175	1000
Package price (€)	3,35	1,99	1,09	1,39	1,79	1,95	1,79	1,65	1,55	3,29
Kilo price (€)	3,35	5,69	7,27	9,27	10,23	13,93	10,23	9,43	8,86	3,29
AVERAGE PRICE: 7,84 € / Kg										

Appendix 8. Survey

Markkinatutkimus

Tällä lomakkeella on tarkoitus kartoittaa snack-tuotteiden sekä tarkemmin pähkinöiden ja siementen markkinoita Suomessa. Vastauksia käytetään osana maanlaajuista markkinatutkimusta.

*Pakollinen

1. Kuinka usein ostat snack-tuotteita? (perunalastut, karkit, suklaa, pähkinät ja siemenet jne.) *

   Merkitse vain yksi soikio.

   - Useammin kuin kerran viikossa *Siirry kysymykseen 3*
   - Kerran viikossa *Siirry kysymykseen 3*
   - 1-2 kertaa kuukaudessa *Siirry kysymykseen 3*
   - Harvemmin *Siirry kysymykseen 3*
   - En koskaan *Siirry kysymykseen 2*

2. Miksi et osta pähkinöitä ja siemeniä koskaan? *

   Merkitse vain yksi soikio.

   - Allergiat
   - Korkea hinta
   - Makutottumus
   - Heikko valikoima
   - Muu: ______________________

Siirry kysymykseen 11

3. Ostatko useammin suolaisia vai makeita snack-tuotteita? *

   Merkitse vain yksi soikio.

   - Suolaisia
   - Makeita

4. Kuinka usein ostat pähkinöitä ja siemeniä? *

Merkitse vain yksi soikio.

- Useammin kuin kerran viikossa
- Kerran viikossa
- 1-2 kertaa kuukaudessa
- Harvemmin
- En koskaan *Siirry kysymykseen 11*

5. Ovatko nämä ostot yleensä_____?

* *Merkitse vain yksi soikio.*

- Suunniteltuja
- Heräteostoksia
- Molempia

6. Missä tilanteissa syöt pähkinöitä ja siemeniä? (Valitse 1-3 vaihtoehtoa) *

Valitse kaikki sopivat vaihtoehdot.

- [ ] Sosialliset tapahtumat
- [ ] Työn aikana
- [ ] Aterian osana
- [ ] Elokuvateatterissa / elokuvaa tai televisiota katsellessa
- [ ] Baarissa tai pubissa
- [ ] Matkustaessa
- [ ] Välipalana aterioiden välillä

Muu: ____________________

7. Minkälaisia pähkinä- ja siementuotteita yleensä ostat? (Valitse 1-3 vaihtoehtoa) *

Valitse kaikki sopivat vaihtoehdot.

- [ ] Luonnollisia (ei paahdettuja tai suolattuja)
- [ ] Paahdettuja ja suolattuja
- [ ] Kuorrutettuja, makeita
- [ ] Kuorrutettuja, suolaisia
- [ ] Sekoituksia

Muu: [ ] ______________________

8. Mistä pähkinöistä tai siemenistä pidät eniten? (Valitse 1-3 vaihtoehtoa) *

Valitse kaikki sopivat vaihtoehdot.

- [ ] Maapähkinät
- [ ] Hasselpähkinät
- [ ] Cashewpähkinät
- [ ] Saksanpähkinät
- [ ] Pistaasipähkinät
- [ ] Mantelit
- [ ] Kurpitsansiemenet
- [ ] Auringonkukansiemenet
- [ ] Popcornit

Muu: [ ] ______________________

9. Mistä useimmin ostat pähkinöitä ja siemeniä? *

Merkitse vain yksi soikio.

- ( ) S-ryhmän myymälät
- ( ) K-ryhmän myymälät
- ( ) Lidl
- ( ) Tokmanni
- ( ) It's Pure
- ( ) Muu: ______________________

10. Millä perusteella valitset ostamiesi pähkinöiden tai siementen tuotemerkin? (Valitse 1-3 vaihtoehtoa) *

Valitse kaikki sopivat vaihtoehdot.

- [ ] Hinta
- [ ] Pakkaus
- [ ] Luomu / reilun kaupan tuotteet
- [ ] Tuotemerkkiuskollisuus
- [ ] Kotimaisuus
- [ ] Tottumus/tapa
- [ ] Maku

Muu: [ ] ______________________

Taustatiedot

Taustatietoja kysymme tarkemman asiakasprofiilin selvittämiseksi. Tietoja käsitellään luottamuksellisesti.

11. Kotitaloutesi henkilömäärä? *

Merkitse vain yksi soikio.

- ( ) 1
- ( ) 2
- ( ) 3
- ( ) 4
- ( ) 5
- ( ) 6 tai enemmän

12. Kotitaloutesi arvioidut kuukausitulot? *

Merkitse vain yksi soikio.

- Alle 500 euroa
- 500-999 euroa
- 1000-1499 euroa
- 1500-1999 euroa
- 2000-2499 euroa
- 2500-2999 euroa
- 3000-4999 euroa
- 5000-7499 euroa
- 7500-10000 euroa
- Yli 10 000 euroa

13. Sukupuolesi? * *Merkitse vain yksi soikio.*

- Mies
- Nainen
- Muu

14. Mihin seuraavista ikäryhmistä kuulut? *

Merkitse vain yksi soikio.

- Alle 18
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65 tai vanhempi