Comparison of Finnish and Russian students' buying preferences in discount retail Preliminary market research for Tokmanni

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Abstract

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The purpose of this study is to compare the consumer buying behavior of two corresponding though culturally different market segments in the context of discount retail. The two target market segments are students in two countries: Finnish students in the Helsinki metropolitan area, and Russian students in St. Petersburg and Moscow. The study aims to provide market research information that may be useful to the leading Finnish discount retail chain Tokmanni in its market entry strategy for Russia.

The data for the study has been collected through a questionnaire circulated electronically and in paper format. The Finnish and Russian respondents both represent different Universities and fields of study. In Russia the respondents also come from two different cities. Such wider coverage of the fields of study and geography was an attempt to ensure the reliability of the data. The data were further exposed to the Pearson Chi-Square test to ensure reliability and validity.

The method of the research is that of quantitative analysis by establishing the main differences between the answers of the respondents. The most chosen answers within the two market segments were assumed to be their most likely consumer preferences. The Pearson Chi-Square test was used to test the reliability of the respondents' answers based on the quantity of respondents.

The analysis revealed that the two consumer groups in the study are both similar and different in certain ways. There are demographic factors, such as family size, and a number of differences in the consumer preferences of the two groups of students. However, both the Finnish and Russian students appear to be price sensitive and favor sales discounts, and hence are hypothetically attractive market segments for a discount retailer such as Tokmanni.

However, the results of the Pearson Chi-Square test indicated a lack of reliability in the collected data, due to the low number of respondents as indicated by an Asymp. Sig. (2-sided) score exceeding 0.005. This would indicate that the answers are not likely to be consistent and replicable. A study with a larger respondent pool would be necessary to determine the reliability of the results presented in this study.

Key words: Consumer buying behavior, market segment, questionnaire, discount retail.

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1 Introduction

Internationalization appears to be one of the ways for companies to grow, diversify and gain economies of scales. It is particularly true when the domestic market is limited in size hence offers a low ceiling for company growth. However, while giving companies new opportunities internationalization is most likely to set new challenges for companies.

Such new challenges could be subject to cultural traditions, demographic specifics and economic trends of target markets. This is to the effect that a market strategy of a company seemingly successful in the domestic market might not necessarily be as applicable in a target market. In order to avoid challenges caused by the aforementioned realities of a target market, it is believed to be necessary for a company to conduct a preliminary research on the target market with the aim to develop a suitable market entry strategy.

With Finland being a relatively small market, Finnish companies often seek growth from abroad. Having had domestic success as the biggest discount retail chain in the country, Finnish Tokmanni is now looking for additional growth through expansion to foreign consumer markets. As often with Finnish companies internationalizing, attention may be drawn to the nearest Eastern neighbor – Russia.

1.1 Russian Market

A large country stretching across few time zones on the Eurasian continent, Russia with a population of over 143 million people may be a promising market for Western consumer goods manufacturers and retailers wishing to gain growth through internationalization. Russia is said to be “poised” to become the biggest European market in the coming 10 years. (Hong & Goncharenko 2011)

Its urban population represents 74% of the total population figures and is likely to generate a significant demand for consumer goods. The two biggest urban centers of Russia, Moscow and St. Petersburg are home to over 12 % of Russians. The population of Moscow is 11,503,501 based on the 2010 census, which is around 9% of the total population of Russia and the population of St. Petersburg is 4,879,566 or 3.4% of the total population of Russia as of the 2010 census. (Russian Population Census 2010)

Although the country has undergone economic crisis following the disintegration of the Soviet Union, the number of Russians living in poverty is said to have halved within the past two decades and the economy of Russia is experiencing a relatively high growth that was only interrupted by the most recent economic crisis.

While declining some years ago, the birth rate is also on the increase in Russia reflecting the economic growth and improving living standards of its people. Hence the birth rate in 2010 in Russia was 12.6 per 1000 citizens (Bennett, Coleman & Co 2012). For comparison, the corresponding figure for the US in 2009 was 13.8 per 1000 citizens. (CIA World Factbook – USA 2012)

Furthermore, Russians between the ages 15-64, i.e. working age citizens, make up 74% of the total population of the country. (Russian Age Structure 2012) The diagram below shows the distribution of age brackets within male and female Russians.

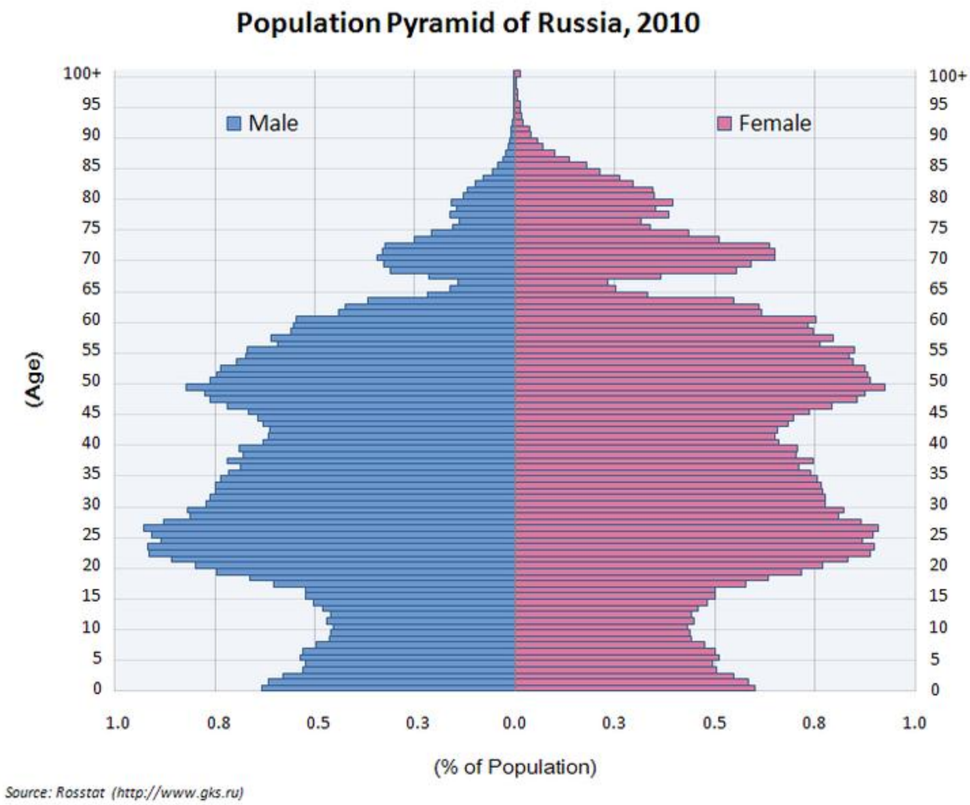

Figure 1: Population pyramid of Russia circa 2010. Source: Russian Federal Service of State Statistics (Rosstat, 2010).

As is seen from the diagram above, two age groups stand out as the biggest, both for males and females: the 18-30 years age bracket and the 45-60 years age bracket. As these age groups are most significant within the above mentioned age groups in Russia, i.e. working age people, the two are likely to have a considerable impact on the overall buying patterns of Russians.

Apparently, 66% of Russians aged 45 or older, one of the two above mentioned major age groups, remain loyal to the traditional domestic brands. At the same time, younger consumers, presumably those belonging to the other major age group, 18-30 age group, as well as the residents of Moscow and St. Petersburg regardless of age are said to be more receptive to new influences and are willing to try out foreign brands. (Hong & Goncharenko 2011)

Furthermore, Russia is said to be the ninth in the world in tertiary graduation levels, according to UNESCO 51% of young Russians graduated from higher education institutions in 2008, whereas a corresponding figure in the US is only 31%. Hence a significant share of the above 18-30 age group Russians are assumed to be students, i.e. presumably low income earners. (Hong & Goncharenko 2011)

It is also noted that most recent economic crisis has left its mark on Russian consumer buying preferences. If some years back Russians preferred to buy premium items regardless of prices, today 73% of Russian consumers are more careful while making their buying decisions and 50% of Russian consumers look for the best price. (Hong & Goncharenko 2011)

1.2 Potential Russian consumers of interest for Tokmanni

As mentioned above, people aged 18-30 represent one of the two major age groups in Russia. Also, these young people especially those of them living in Moscow and St. Petersburg are said to be more interested in foreign brands.

With the above assumption that a substantial share of these young people could be students, hence low income earners, they are likely to be a market segment of interest for the discount retailer Tokmanni. Having operated primarily in Finland, Tokmanni is well familiar with the buying habits of Finnish consumers.

However, the same age group in two different countries can manifest different buying behavior. Hence Russian consumers aged 18-30 might not necessarily have the same preferences as Finnish consumers of the same age, subject to cultural and economic peculiarities of the two countries.

Considering the above, this study seeks to determine the differences in consumer buying behavior between Finnish and Russian students in the discount retail market.

1.3 Structure of research

The primary objective of this study is to analyze two culturally differing customer segments relevant to Tokmanni. Therefore, this study begins by explaining the core principles surrounding segmentation as an element of marketing. Hence market segmentation is defined and its importance and elements are covered as they relate to the market analysis at hand.

Next, consumer buying behavior is defined and its factors are discussed. This is placed after the section on market segmentation as it is the second most important theoretical area of this study.

After the main marketing theories are discussed, Tokmanni as the case company is presented. The reader is familiarized with the background and conditions of the company, in order to understand better the context of the study and its relevance to the case company.

The study then moves on to discussing the methods of research and analysis used. Questionnaires and Pearson Chi-Square test are used in this study as research and analysis methods respectively, and are therefore discussed.

In the following section, the data of the research are presented. The questionnaire results are presented after the main body of relevant theoretical factors and the method of research.

In the final sections, the data are analyzed and discussed. Based on patterns established within the answers of the respondents, conclusions are made on possible differences in buying behavior of Finnish and Russian students, and how these major differences, if there are any, might impact the Russian market entry strategy of Tokmanni.

2 Market Segmentation

2.1 Defining market segmentation

This research is concerned with the analysis of two consumer groups, i.e. two market segments, in the discount retail market, therefore the concept of consumer market segmentation will be discussed first.

Consumer market segmentation was first defined by W.R. Smith in 1956 as a condition of growth whereby "core markets have already been developed on a generalized basis to the point where additional promotional expenditures are yielding diminishing returns". With the increasingly diversified and splintered nature of markets, market segmentation has evolved to where it is now considered a distinctly important element of marketing strategy. (Baines et al, 2011)

In the current era of marketing market segmentation has a variety of definitions that differ in diction and syntax but not in meaning. As a result, modern definitions could be endlessly quoted here, but The Collins English Dictionary provides the following short and simple definition: *"The division of a market into identifiable groups, especially to improve the effectiveness of a marketing strategy"*. For the purposes of this thesis, this definition will be utilized due its concise and condensed nature that emphasizes the key points of market segmentation. (Collins English Dictionary, 2009)

At its core, market segmentation is commonly concerned, in one way or another, with dissecting the consumer market into cleanly defined groups, or segments. Each consumer market segment typically consists of consumers who share similar needs and wants, therefore can be categorized into homogenous groups. Market segmentation is a tool used by organizations to determine which markets they need to focus their commercial efforts on.

It should be noted that market segmentation does not involve creating customer segments. Rather, through market segmentation a marketer will identify the segments and decide which ones to target. (Kotler & Keller 1994, 240)

2.2 Importance of market segmentation

Market segmentation is said to help concentrate marketing efforts on particular subdivisions of a market for the purpose of gaining a competitive advantage within this segment. Hence market segmentation can be argued as being important for the general coordination of a marketing strategy. (Baines et al 2011)

As an example of the above said, the following usage of segmentation could be considered. Preferential segmentation is a method of dividing up a market into segments based on the patterns of consumer preferences. Kotler and Keller (1994) define three different patterns:

- *Homogeneous preferences* –when all consumers in a market have the same preferences. This may indicate no natural segments in the market and the likelihood of greater competition between brands.

- *Diffused preferences* – opposite to the above, here consumer preferences are extremely scattered and do not follow any real discernible pattern. A marketing strategy of a corporation would try to appeal to as many consumers as possible or to those consumers not yet targeted by existing brands.

- *Clustered preferences* – here a market could be made up of several distinct consumer segments and the first company to enter it could choose:

    a) To attract consumers from multiple segments, by attempting to appeal to the preferences of consumers in more than one group.
    b) To utilize a more concentrated approach and focus on gaining consumer loyalty within a single segment that it would most likely appeal in.
    c) To develop multiple brands, with each one positioned towards a separate segment.

All three observable patterns of consumer preferences above would have a distinct impact on the marketing strategy of a brand, brand development, and brand positioning. Therefore, a successful analysis of the nature of a specific market type and quantity of viable segments (or lack of them) could possibly provide marketers with information on potential aspects of consumer buying habits.

For example, in a market with a predominantly *homogeneous* set of consumer preferences, consumers may show an increased lack of brand loyalty due to the highly similar nature of consumer preferences and the resulting possibility of tougher brand differentiation among competing brands. Such a scenario would serve as additional analytical information for a marketer and not concrete absolute data with which to alter an existing strategy.

The mention of a competitive advantage can perhaps be argued as being one of the central objectives behind the usage of market segmentation within a marketing strategy. Through market segmentation marketers can utilize their resources better, as the ideal consumers can be more efficiently targeted. For a company like Tokmanni, this may mean a better understanding of their range of customers, leading to improved positioning of their different department stores and product lines according to consumer segments.

2.3 Elements of market segmentation

Segmentation of consumer markets can be done in various ways. Due to the highly variable nature of not only customer characteristics but also a particular situation of a company, strategy and product or service, market segmentation can be feasibly conducted in whichever way the marketer may wish. However, markets are often segmented according to a number of well used variables. Most relevant for this research appear to be the following market segmentation variables: geographic, demographic and psychographic.

Geographical segmentation refers to consumer groups being divided based on area of residence, nation, cities, etc. Whatever the scope of a geographical zone, the overall concept is to utilize geography and space as the primary segmentation variable. Multiple geographic locations can be utilized and compared, allowing a company to view, for example, the differences in consumer needs in each geographic zone and alter the strategic or product and service approach as needed. (Kotler & Keller 1994, 247)

Demographic segmentation involves dividing consumer groups based on a wide range of attributes, such as age, gender, income, occupation, family size, education, and religion, among others. These attributes often determine the potential interest of a consumer and the ability to purchase a product or service.

Demographic segmentation is common and often used by marketers when developing marketing communications strategies and is a popular form of segmentation for a variety of reasons. Firstly, demographic elements such as age, gender and social stratification are often fairly reliable determinants of consumer needs, wants and usage rates. Secondly, demographic variables are often fairly easy to measure and categorize. (Kotler & Keller 1994, 249), (Baines et al 2011)

Psychographic segmentation utilizes principles of human psychology for better comprehending and predicting consumer buying behavior patterns. Through psychographic segmentation marketers aim to determine the motivations behind specific buying behavior, such as why consumers of a specific age, social stratification or income bracket will be more likely to act or ignore a particular form of advertisement or marketing communicational message. (Morgan et al 2002/2003)

Psychographic segmentation may be used in conjunction with demographic segmentation. A segmentation strategy combining psychographic and demographic variables can help a marketer understand not only the actions and attributes of a consumer, but also how those attributes may affect their tastes and buying motivations.

In contrast, utilizing only a demographic segmentation approach might restrict the knowledge of the attitudes of a particular consumer segment. If this same marketer were to incorporate psychographic analysis techniques, they would be able to recognize the possibility of there being a wide range of different motivations and attitude variances within the same demographic segment, which would allow them to have a better understanding of their target consumers. (Morgan et al 2002/2003)

It is not uncommon for marketers to combine segmentation types when segmenting consumers, as has been outlined above about the possible advantages when demographic and psychographic segmentation are utilized in conjunction. This method of cross-referencing two or more segmentation variables can allow for more accurate segmentation of a consumer market, a better understanding of consumer motivations, and a customizable segmentation strategy.

As another example of the above, an alternate form of geographic segmentation known as 'Geo-cluster' segmentation involves combining geographic data and demographic data as part of a singular segmentation approach. (Kotler & Keller 1994), (Morgan et al 2002/2003)
For the purpose of this research, market segmentation will be viewed as a combination of geographic, demographic and psychographic variables.

Market segmentation is not the only means for a brand to determine the right consumer to target. Through analyzing behavioral patterns in consumer groups marketers can better determine how they can satisfy the wants and needs of consumers. Therefore, it appears natural to discuss next the phenomenon of consumer buying behavior.

3 Consumer buying behavior

According to Schiffman and Kanuk (1996), consumer buying behavior can be defined as how an individual spends his or her resources on consumption related items: *what* products they purchase, *why* they do so, *when* and *where* they purchase, how often they purchase, and finally how often they use the said products.

Hence consumer buying behavior appears to be a process of making decisions, i.e. answering the above questions. Furthermore, it can be impacted by a number of factors. This process of answering questions is going to be discussed next along with the factors influencing it.

3.1.1 Consumer buying process

The act of a consumer buying a product or service has been identified by behavioral scientists as a problem-solving process. The diagram below shows this process in a five-stage model developed by marketers.

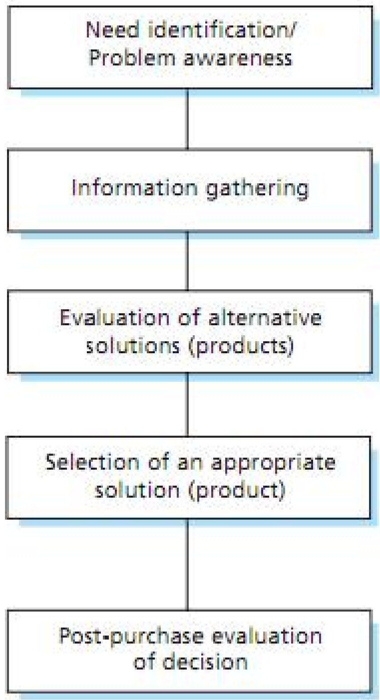

Figure 2. The five-stage model of the consumer buying process (Jobber & Lancaster 2009)

1. *Need identification/Problem awareness*. The buying process is said to start when a consumer recognizes a problem or need. It can be triggered by an internal stimulus where the fundamental bodily needs of an individual rise to a point where they must be satisfied. The need identification stage can also be triggered by an external stimulus where an individual would be motivated to act on a need through, for example, seeing a new car and associating increased social status by acquiring that car. In such a case the need would be born from an outside (non-internal) influence on the psy-

chology of a consumer. By identifying the root of the need, marketers can then develop strategies that could trigger within a consumer a need for a product or service. (Kotler & Keller 1994), (Jobber & Lancaster 2009)

2. *Information gathering*. After a need is established, a consumer will start searching for more information. Initially a consumer may be more receptive to information regarding a product, which is known as a state of heightened attention. A consumer can also be actively seeking information, and as such in a state of active information search. The various information sources that will affect the interest of a consumer and ultimately the purchase decision generally fall into four groups:

   - <u>Personal</u>, such as family and friends
   - <u>Commercial</u>, through advertising, websites, etc.
   - <u>Public</u>, via mass media
   - <u>Experiential</u>, typically from personally examining or actually using the product

   The extent of influence from each source may vary. (Kotler & Keller 1994, 191), (Jobber & Lancaster 2009)

3. *Evaluation of alternative solutions (products)*. There are a number of processes through which a consumer makes a final value judgment. For the most part they are in some way cognitive where a consumer will generally attempt to make a logical comparison of alternatives based on what need they are attempting to satisfy. Whether a consumer is looking for a particular attribute or set of attributes in a product will have an effect on the chosen alternative. It stands to reason that consumers will choose the product that will come closest to delivering the benefits that they seek. (Kotler & Keller 1994)

4. *Selection of an appropriate solution*. When executing a purchase, a consumer can make up to five sub-decisions, including i) what brand, ii) which dealer to purchase from, iii) the quantity, iv) timing of the purchase, and v) the payment method. The rarer and/or more expensive or risky the purchase, the more decisions a consumer is likely to make. In order to save time and simplify the deliberation process, a consumer will typically make their decisions based on inner rule systems known as choice heuristics. Below are three such heuristic models, presented in brief:

   i. *Conjunctive heuristics*. Here the consumer chooses the first product that meets a minimum standard set by the consumer in his or her mind.

ii. *Lexicographic heuristics*. Under this decision model, the consumer tends to choose a brand on an attribute that is considered a strong point.

iii. *Elimination-by-aspects heuristics.* Brands are compared and eliminated based on the probability (or lack thereof) of choosing an attribute.

(Kotler & Keller 1994, 197)

5. *Post-purchase evaluation of decisions.* After conducting the purchase, it is possible that a customer may become unsatisfied with their purchase due to experience gained from using the product, or from hearing about the positive features of an alternative brand. Such psychological reaction of a consumer is known as buyer's remorse. Marketers could avert such unfavorable outcome by affirming positive beliefs of a consumer in the brand, reinforcing that the purchase was the right choice. Ultimately, post-purchase satisfaction is said to rely on the closeness between the expectations of a consumer towards a product and the perceived value of the product. When the purchased product meets (or exceeds) the expectations of a consumer, the consumer will likely to be subsequently satisfied. In contrast, the larger the gap between the expectations and the true performance of a product, the greater the dissatisfaction of a consumer will be influencing the future behavior of the consumer. An unsatisfied consumer will possibly not purchase that particular product or brand again and may spread negative feedback to other consumers. In contrast, a highly satisfied consumer may become a repeat buyer, spread positive word on the brand, and be encouraged to purchase other products of the brand that they may not have originally intended to. (Barbera & Mazursky 1983), (Day 1984)

As it becomes apparent from the stages of the consumer buying model, a buying process for a consumer begins long before the actual point of purchase. Hence it becomes not only possible but important for marketers to influence the purchasing decision of a consumer at different stages of the process.

It is worth noting that the consumer buying process is not perfectly linear. Each stage might not necessarily occur in the exact order as has been presented above. Nevertheless, the step-by-step model gives an outline of the various decision-making processes that a consumer goes through and appears relevant for a marketer when developing a marketing strategy. (Howard & Sheth 1969), (Engel et al 1994)

3.2 Factors of consumer buying behavior

Consumer buying behavior is said to be influenced by a combination of cultural, personal and social factors. These factors can rarely be controlled by a marketer, nevertheless their scope and impact are recommended to be kept in mind when making marketing-related decisions. (Kotler & Armstrong 2001)

3.2.1 Cultural factors

According to Kotler and Keller (1994), culture appears to be the largest and most significant factor when it comes to determining consumer buying behavior as it is a primary determinant of the behavior, wants and values of an individual. Naturally, these behavioral factors will vary based on the culture that the individual is brought up in.

Cultures are often seen as multilayered, being made up of smaller subcultures. Kotler and Keller (1994) expand on this, *"Each culture consists of smaller subcultures that provide more specific identification and socialization for their members. Subcultures include nationalities, religions, racial groups, and geographic regions. When subcultures grow large and affluent enough, companies often design specialized marketing programs to serve them."*

Marketers have discovered that ethnic groups may respond more favorably to a niche approach tailored to them instead of a mass-marketing style of advertising. Hence subcultures have been identified as being valuable segments that can be profitable if specifically positioned towards. (Kotler & Keller 1994)

Thus, according to a series of experiments conducted by the University of Sydney and the Stanford Graduate School of Business, impulsive and spontaneous decisions where influenced by cultural differences. (Aaker 2012) Such as, it is possible that point-of-purchase advertising that encourages a consumer to make the purchasing decision there and then may be influenced by the culture of the consumer more so than other forms of advertising that allow for more analysis and cognitive thought of the customer, such as newspaper advertising. In such a case, in-store advertising may be an important opportunity for retail sellers to appeal to the culture of the consumer.

Therefore, it appears that culture affects consumer behavior in complex and fundamental ways. As has been elaborated on above, buying patterns can be impacted by the nationality of a consumer and subcultures, which not only shape long term outlooks but also reactions towards spontaneous, instant advertisement.

The aspect of culture in impacting consumer buying behavior is likely to be relevant while comparing the buying preferences of Finnish and Russian students in this study.

3.2.2 Social factors

Society is socially stratified thus being divided into social classes within a culture. Social classes are said to be hierarchically ordered groups that share similar values, outlooks, behavioral patterns and beliefs within a larger culture, such as reference groups, family, social roles and statuses. (Coleman, 1983), (Coleman & Rainwater, 1978)

Individuals within a social class will tend to behave and think similarly, and can be held in a particular view (sometimes positive or negative) by those outside their group. Notably, social class can have a significant impact on the shopping preferences of a consumer with differing tastes on advertising and language between upper and lower classes. (Kotler & Keller, 1994)

A reference group consists of groups that have a direct or indirect influence on attitudes or behavior of an individual. Family, friends, social circles, colleagues, etc. are all examples of reference groups that may have a significant impact on how a consumer behaves. Reference groups can influence a consumer by a) exposing an individual to new behaviors and lifestyles, b) molding attitudes and self-image (e.g. through peer pressure) in a way that impacts choices on brands and products, c) influencing an individual from groups that he or she does not belong, or even want to belong to. (Kotler & Keller 1994)

The above seems to suggest that reference groups may be considered particular relevant as an influential factor on student buying behavior, as the school colleagues of the student may become a significant reference group separate from and in addition to family and co-workers. In this way social factors may be particularly important as influencers of student buying behavior.

One of the places that a reference group may significantly influence an individual is home. The size of a household can also impact the buying behavior of an individual. The individual making the actual purchase may not be the only person involved in the buying process. When buying items, a consumer may be making a spontaneous or impulsive decision, but a purchase may also be as a result of multiple individuals interacting together in a buying center (such as a household) to influence the purchasing decision. This may be common among households.

In such a case, differing individuals of a household may assume a different role in the purchase decision. Blackwell, Miniard and Engel (2003) describe five such roles.

1. *Initiator*. This person begins the process of considering a purchase. Information may be gathered by this person to help the decision.
2. *Influencer*. This individual attempts to persuade others in the group concerning the outcome of the decision. Influencers typically gather information and attempt to impose their choice criteria on the decision.
3. *Decider*. Out of the others, this individual possesses the power and financial authority to make the ultimate choice regarding which product to buy.
4. *Buyer.* This person conducts the actual transaction, from calling the supplier, visiting the store, and ultimately making the payment and affecting the delivery of products.
5. *User.* This individual is the actual end user and consumer of the purchased product.

One person may take multiple roles in the purchasing decision. Jobber and Lancaster (2009) offer a good example: *"In a toy purchase, for example, a child may be the <u>initiator</u> and attempt to <u>influence</u> their parents who are the <u>deciders</u>. The child may be <u>influenced</u> by a sibling to buy a different brand. The <u>buyer</u> may be one of the parents, who visits the store to purchase the toy and brings it back to the home. Finally, both children may be <u>users</u> of the toy. Although the purchase was for one person, marketers have four opportunities – two children and two parents – to affect the outcome of the purchase decision."*

The family is believed to be an important consumer buying organization in society, and family members are said to constitute an influential primary reference group. (Spiro 1983), (Burns 1992), (Boutilier 1993), (Moore et al 2002)

As is apparent from the discussed above, the size of a household of a consumer cannot be underestimated as a factor in influencing a consumer buying behavior. In view of the research at hand, the size of household might be a relevant aspect in shaping consumer buying decisions of Finnish and Russian students hence could be inquired through the questionnaire.

3.2.3 Personal factors

Personal characteristics make up yet one more group of factors that impact consumer buying behavior. These are: age, income level, social roles, lifestyle, values, etc.

Of these, age and income level appear most relevant for the comparative analysis of consumers of a certain age and income bracket as is intended in this study.

- Age affects the attitudes and habits of an individual in a variety of ways. Tastes and preferences are often age-related as consumers tend to buy different products throughout their lifetime. *Critical events* and *transitional periods*, such as marriage, childbirth, educational and career–related changes are elements that may often alter consumer buying habits due to large alterations in lifestyle and priorities that accompany such periods. (Herzberg 1966), (Thierry & Koopman-Iwerna 1984), (Lepisto 1985)

  The majority of students are usually within a certain age bracket and a highly specific stage in life, two factors that most likely to affect buying habits.

- The economic and income level of a consumer can have direct effects on what and how much they buy. In marketing it is important to identify the income levels of consumers and tailor a marketing strategy and perhaps product characteristics in accordance. (Kotler & Keller 1994)

  Consumers with little disposable income are likely to prioritize low cost as the decisive factor in brand and product choice. Students, especially in younger age categories, have been stereotypically assumed as having income levels that lean towards the lower end of the spectrum. If this assumption is commonplace and consistent, it could have an impact on the sales of products in the discount retail market, which deliberately targets consumers of a lower economic level as part of its marketing strategy.

By understanding the motivations behind consumer choices, marketers can better plan strategies to satisfy consumer needs more effectively, therefore enable a brand to earn increased profit. For companies operating in the retail market, like Tokmanni, understanding how to affect consumer buying behavior could be strategically important, as the direct sale of physical goods is likely to make up the primary form of profit.

4 Presentation of Tokmanni

4.1 Company background

Tokmanni is the largest non-grocery discount retailer operating in the Nordic markets. It currently has a leading position in the Finnish market, with a 40% market share, over 40 million paying customers and over 600 million euros in net sales. In comparison, its sales in 1997 were roughly 36 million euros. Sales growth of Tokmanni was 3.2% in 2011.

The table below gives an overview of Tokmanni growth in sales and its history in acquisitions.

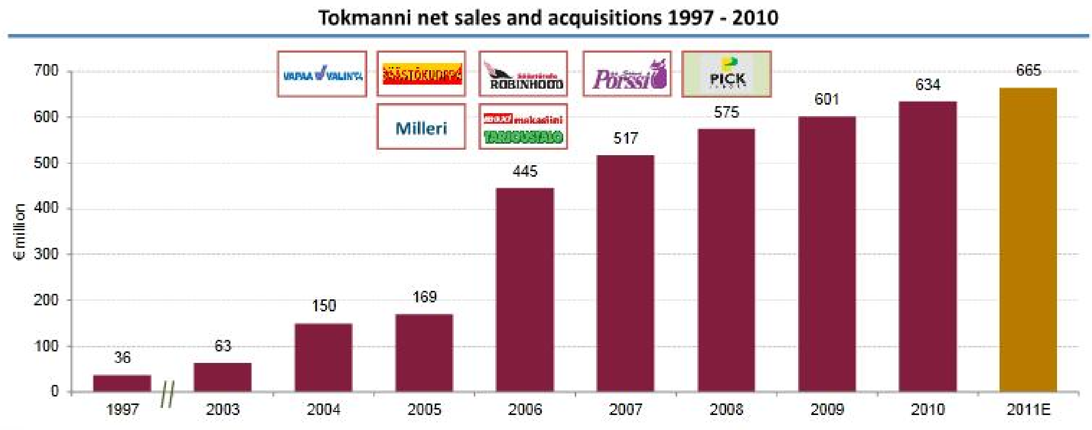

Figure 3. Tokmanni net sales and acquisitions from 1997-2010 (From: Presentation of Tokmanni, 2011)

Tokmanni was originally made up of nine Finnish entrepreneurial-driven retail brands, some of which individually date back to the 1970's. From 2004-2008 the organization expanded rapidly through the acquisition and consolidation of seven individual discounters into a single cohesive brand. In the space of the aforementioned four years, Tokmanni gained a significant share of the national market, and by 2010 invested into the improvement of its logistics chains, management and employee training.

4.2 Operational model

In Finland Tokmanni maintains a nationwide network of over 100 total stores under seven different brands. Each store aims to adapt to local demand, which is reflected through differences in product assortments between stores in different areas. The company managerial and logistics headquarters are located in Mäntsälä, in a 74 400 m^2 building complex that was opened in the autumn of 2008. The table below presents the matrix of Tokmanni operational model and standardized management system.

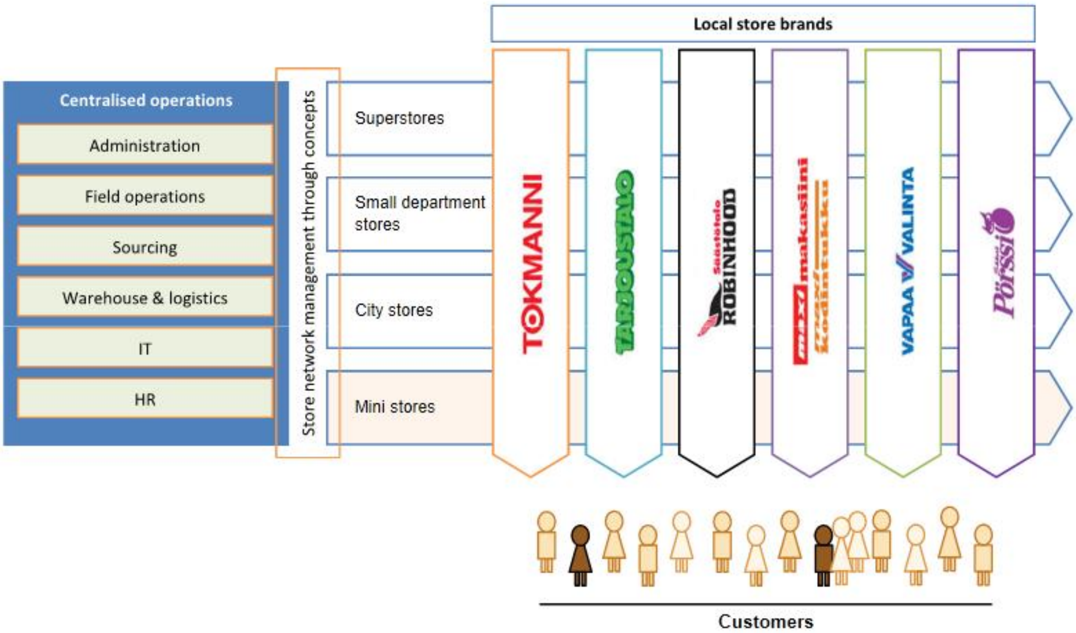

Figure 4. Tokmanni's operational model. (From: Presentation of Tokmanni, 2011)

In discount retail, products are sold at lower prices than in conventional department stores. Tokmanni business model and branding and marketing strategy focuses on the following:

- To utilize aggressive discount pricing while providing a wide range of household items -the company states that it pledges to ensure that seven out of ten products in its range are priced lower than those of competitors. In this way the company aims to create value for the consumer and build an image of a 'one stop shop'.

- To expand consistently its product selection while incorporating frequently changing special offers - Tokmanni in-store product range are broad and cover home appliances, household products, home decoration and textiles, clothing, chemicals, sports and leisure products and groceries. Products sold by Tokmanni are a combination of branded and private labels. (Presentation of Tokmanni, 2011) (Tokmanni Annual Report 2011)

- To be an affordable local retail store - the localization aspect of its brand positioning is reflected by a high number of stores located around Finland. The slogan of the company is, "Always worth its price", communicating to the consumer not only a concern for low cost, but also of product quality. (Presentation of Tokmanni, 2011)

In addition to the above, Tokmanni also attempts to incorporate social responsibility into its branding. This is done by a) waste management, with 44% of waste being recycled and 39% re-used, b) green IT, with reductions in energy usage and the recycling of equipment, and c) responsible procurement, with Tokmanni being a member of the international BSCI-initiative, supporting responsible importing from developing nations.

The above mentioned essential elements of Tokmanni branding and marketing strategy and will be taken into consideration when collecting data on consumer buying behavior of the respondent groups.

5 Source of data

The data for the research were collected through a multiple-choice questionnaire both in paper and electronic formats. The aim of the questionnaire was to gain understanding of customer buying habits among Finnish students in the Helsinki metropolitan region and Russian students of the St.Petersbrug and Moscow regions.

5.1 Survey respondents

The data for the survey were collected through a questionnaire. The respondents are Finnish and Russian students. In total, 196 Finnish and Russian students were reached through the questionnaire. The students of both countries represent different industries as far as the subjects of their studies are concerned.

A total of 141 Finnish students from Universities and Polytechnics of the Helsinki metropolitan region of Finland responded to the questionnaire: 48 students from Aalto University of Economics, 41 from Aalto University of Science and Technology, 22 from Metropolia University of Applied Sciences, 21 from Laurea University of Applied Sciences and 9 from Haaga-Helia University of Applied Sciences.

A total of 55 Russian students from Universities in St. Petersburg and Moscow responded to the questionnaire: 10 students from Moscow State Linguistic University, 20 from St. Petersburg State University Faculty of Applied Mathematics, and 25 from St. Petersburg State University of Service and Economics.

5.2 Questionnaire

A questionnaire was chosen as a form of data collection for a number of reasons. Firstly, it was assumed that a questionnaire is useful in sampling the opinions of a greater number of respondents fairly cheaply, easily and accurately. Unlike in a face-to-face interview, here the respondents are given an opportunity to take time and to consider the questions carefully and give unbiased answers.

In addition, it was hoped that the linear and standardized questions of a multiple-choice questionnaire help avoid unnecessarily long or even obscure answers that one-to-one personal communication can sometimes suffer from.

However, one notable disadvantage of a questionnaire is that it could result in less truthful responses. Because a questionnaire is a relatively non-personal form of evaluation and usually anonymous respondents may not consider the questions seriously enough to warrant an entirely truthful response.

This may especially be the case in survey methods done in electronic format, as was the case in this research. However, this issue can be alleviated through more personal form of survey, such as via telephone or having the questionnaires personally administered.

In the case of this research, telephone interviews were not utilized, though most of the respondents were approached in person. Also, for the sake of getting sincere answers from the respondents, taking part in the survey was voluntary.

The questions of the questionnaire aim to collect information about the buying preferences of the respondents with the Tokmanni business model and branding and marketing strategy in mind: to gain understanding whether the respondents could be potential Tokmanni customers.

Aside from the questions themselves, another important aspect influencing the successful use of a questionnaire is how the results are processed. If results are not properly analyzed in regard to the research objectives, the final outcome may be skewed, or even completely useless. However, the standardized nature of questionnaires helps ensure that answers are analyzed correctly.

6 Method of analysis

The questionnaire answers in this study were analyzed with the purpose of establishing the main differences in answers between the two respondent groups. As part of this analysis, the computer program PASW Statistics 18 by SPSS Inc. was utilized in putting the information into a graph format. The program was also used to measure the reliability and validity of the research as discussed below.

Throughout the analysis, the answers of both respondent groups were compared in order to identify the most or least popular choices of the respondents. Such answers form the basis of establishing the primary differences between both respondent groups within this study. The assumption here is that by observing key patterns in answers, major differences between the respondent groups can be established more accurately hence the question in this study can be answered better.

6.1 Reliability and validity

The research data were gathered from Finnish and Russian Universities that represent different fields of study and in Russia also from Universities in two different geographic locations – two Russia's biggest cities. This was done for the sake of reliability of data, in the chance that students from one particular field of study might be more inclined towards certain preferences, i.e. buying habits. It was assumed that having respondents from various fields of study would lessen any bias and more naturally represent students as a customer segment.

To ensure further the reliability and validity of the data used in the study, the Pearson Chi-Square test was utilized through PASW Statistics 18 to process the questionnaire results. The Pearson Chi-Square test was used to test the reliability of the respondents' answers based on the quantity of respondents. The test helps determine whether the number of respondents is sufficient to consider the results reliable: if the number of the questionnaire participants is insufficient, i.e. below the accepted, the results of the questionnaire are believed to be not bias hence not reliable, and invalid due to the lack of accuracy in results. To be considered reliable via the Pearson Chi-Square test, an "Asymp. Sig. (2-sided)" result would need to be ,005-,000 in order to be considered reliable, with a higher result indicating too few respondents to be considered reliable.

Furthermore, to avoid inaccurate answers leading to less reliable and less valid results of the study, participation in the survey was voluntary for the students: only those of them who were interested to give their opinion participated in the survey.

The reliability of the research method, quantitative analysis, was insured by looking for popular choices in the answers of the respondents: it is believed that more frequent answers, unlike single answers, are likely to be indicative of a true-to-life situation hence more reliable.

7 Results and analysis

On the following pages, the research results and the comparative analysis of those results of the two respondent groups will be presented by the questions of the survey. These will be accompanied by graphs. It is important to note that the blue graphs represent Finnish respondent results, while the red graphs represent the results from the Russian respondents.

On each graph, unless otherwise stated, the y-axis represents the percentage of total respondents from each respondent group that chose a particular option or answer in question. The x-axis presents the selectable options or answers of a question that were available to the respondent in the questionnaire.

Note that in some graphs, a number of options that were selectable may have been omitted because they did not get any respondent votes hence those have a default value of 0%. In such cases, a visual representation of the option has been deemed unnecessary. Nevertheless, values of 0% are displayed when applicable on graphs in the analysis section purely to draw attention to a specific disparity and key difference between respondent answers.

7.1 Household size of the respondents

The respondents were asked to indicate the size of their current household.

7.1.1 Finnish students

The graph below shows the results for the Finnish respondents:

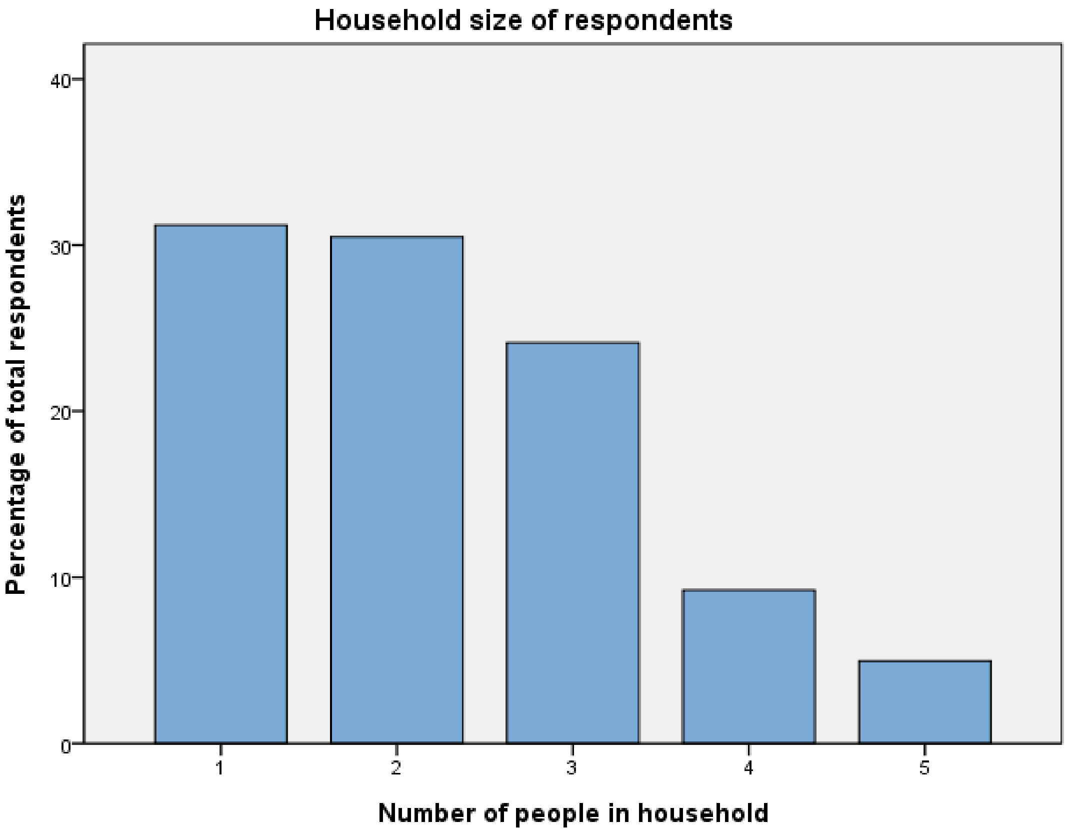

Figure 5. The size of household (people per household) of the Finnish respondents.

There was some variation in the household size of the respondents, the majority 31.2% living completely alone and 30.5% living with one other person, 24.1% live in a household of total three people. Only 9.2% of students live in a household of four and 5% in a household of five people. The graph above allows for a visual comparison of the results. This appears to indicate that the majority of the respondents have independent households.

7.1.2 Russian students

The graph below shows the results for the Russian respondents:

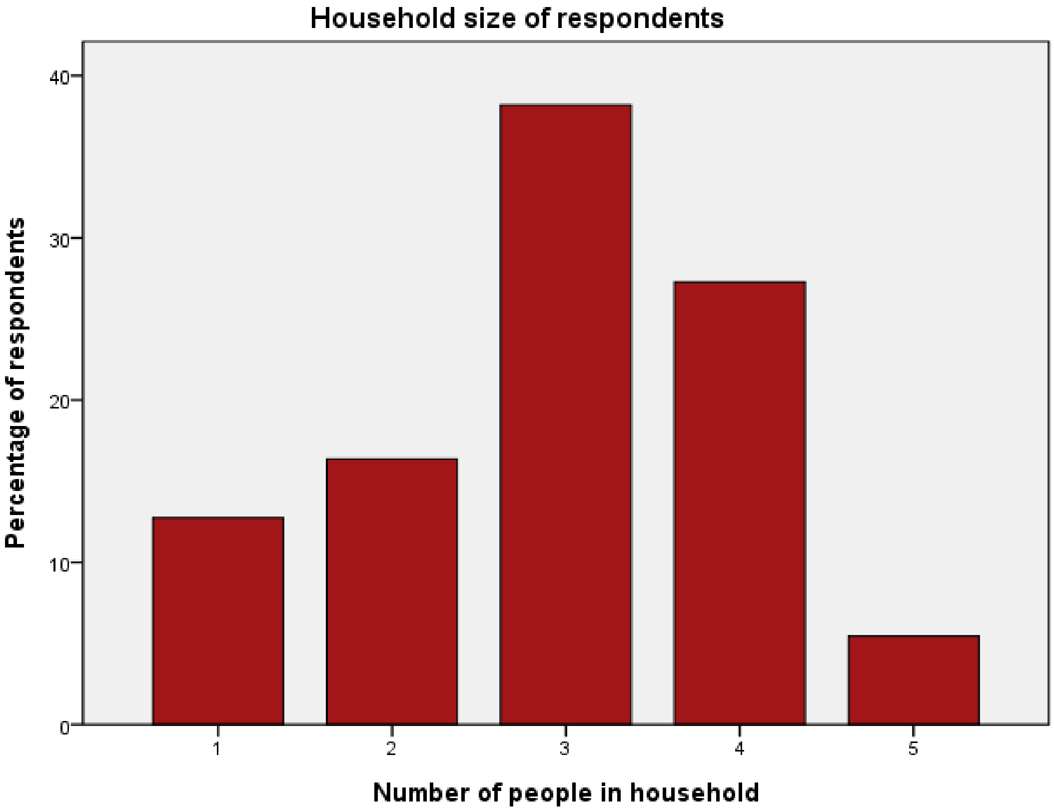

Figure 12. Overview of the household sizes of the Russian respondents.

The Russian student tend to live in bigger households, most of them living in households of three or even four people, 38.2% and 27.3% respectively. 16.4% live with one other person and only 12.7% lived alone. 5.5% of respondents live in households of five total people.

7.1.3 Finnish results vs. Russian results

As seen above, the Finnish and Russian students tend to differ in terms of the sizes of households. The graph below provides a visual overview of the primary differences between the Finnish and Russian responses in regards to household size.

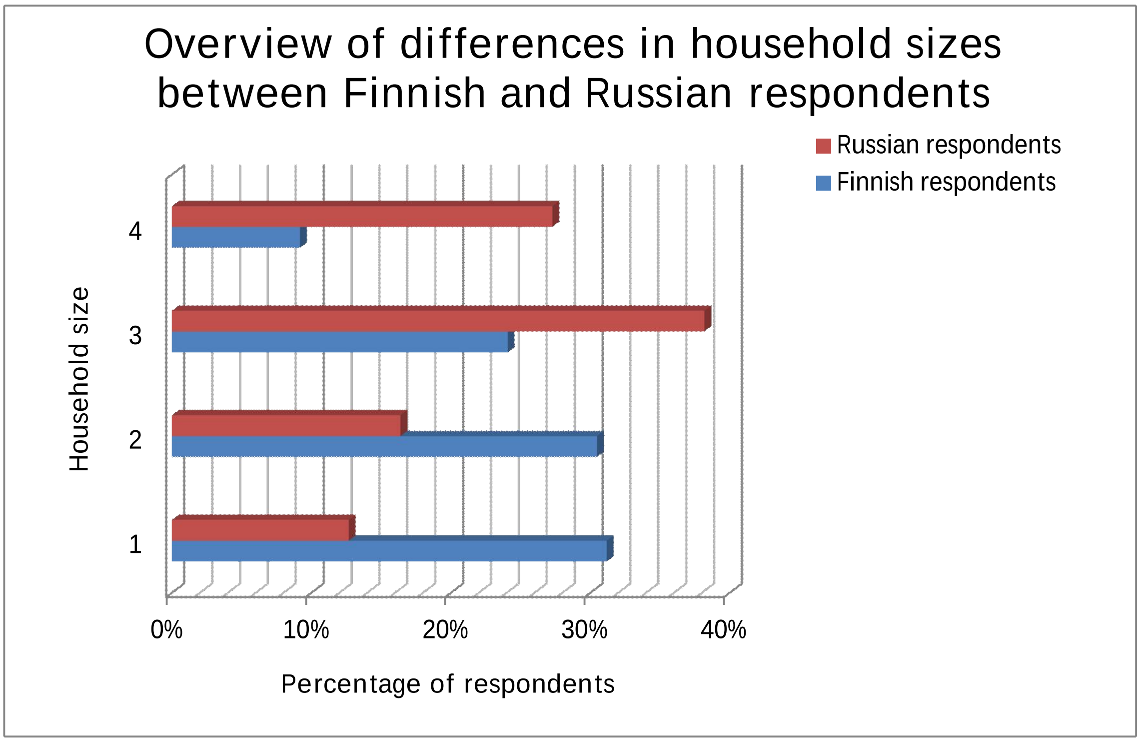

Figure 19. A visual overview of the major differences in household sizes between Finnish and Russian respondents.

Note that the y-axis refers to the size of respondent household, while the x-axis refers to the percentage of respondents from each respondent group that claimed to live in a particular size of household.

The vast majority of Russian students indicated living in a household of three people, with households of four people being more common than households of two or three. This contrasts with the Finnish results, where households of four are much less common: 9.2% for Finnish respondents in comparison to the Russians' 27.3%. Similarly, household sizes of three held 38.2% of Russian votes, and 24.1% of Finnish votes. The only point of close similarity was among households of five, which remained uncommon for both groups.

Different sizes of households might imply different buying preferences: frequency of shopping, items of purchase. Thus the bigger households of the Russian respondents might suggest a greater consumption hence greater need for certain types of goods, therefore more frequent purchase of those goods: household products, food. This preference might be more obvious in comparison to the buying preferences of the Finnish students who mostly live in one-person households.

7.2 Items of goods purchased at discount retailer

The respondents were asked to select up to three product categories they would most likely purchase from a discount retailer: food, electronics, clothing, health, beauty care, household products like kitchenware or appliances.

Finnish students

7.2.1 Finnish students

The graph below presents an overview of the results for the Finnish students.

Figure 6. Product categories most likely to be bought at a discount retailer by Finnish respondents.

As seen above, the Finnish respondents mostly buy food and health & beauty care products at discount retailers: 26.5% selected food, 26.8% - health and beauty care products. Clothes were chosen by 22.1% and electronics were chosen by 19.9% of respondents. Household products were the least popular category, garnering 4.7%.

7.2.2 Russian students

The graph below presents an overview of the results for the Russian students:

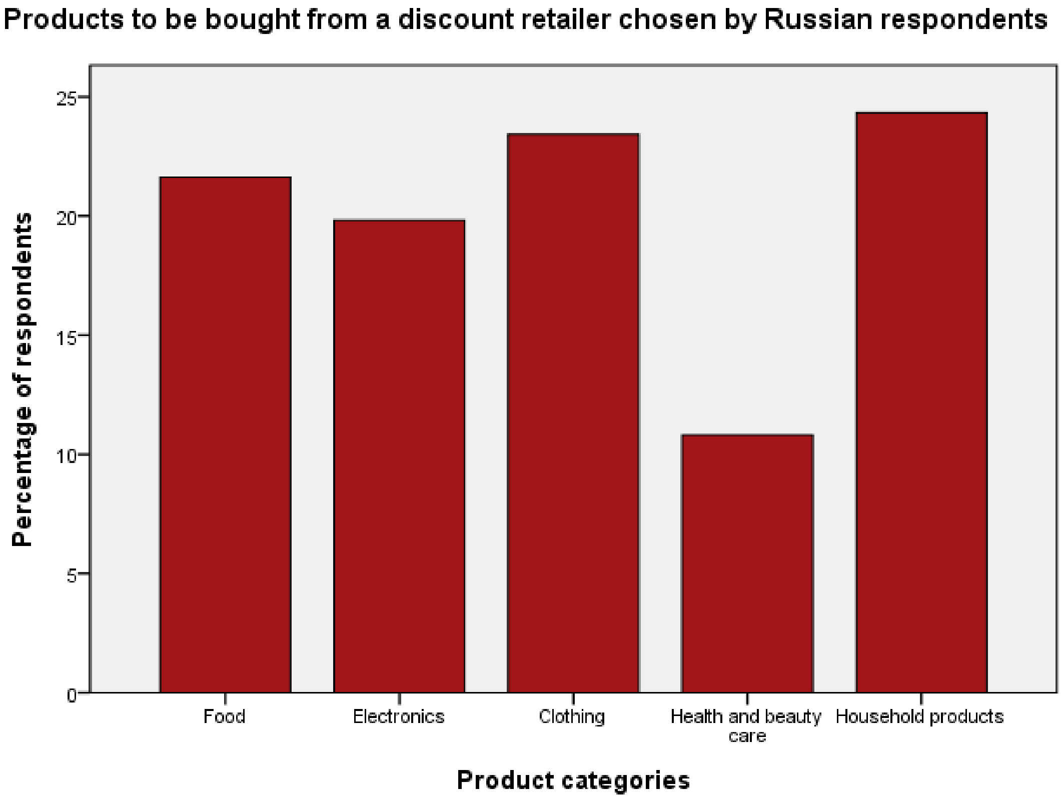

Figure 13. Overview of product categories most likely to be bought from a discount retailer by the Russian respondents.

As seen from the above graph, most of the Russian respondents, 24.3%, appear to buy household products at discount retailers. Clothing and food appear to be the next popular items of shopping, chosen by 23.4% and 21.6% of respondents respectively. Electronics was chosen by 19.8% of the respondents, while health and beauty care came last with 11.8%.

7.2.3 Finnish results vs. Russian results

The graph below visually represents the differences between the Finnish and Russian students in the preferences of items of goods to be purchased at discount retailers:

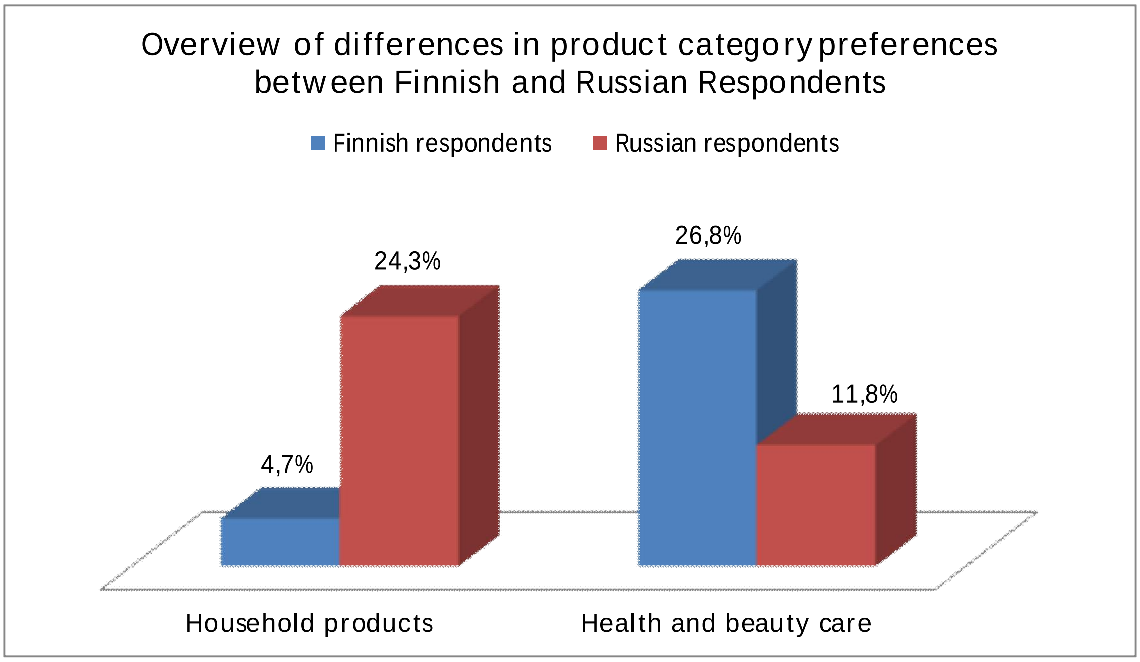

Figure 20. A visual overview of the differences in the choices of product categories between Finnish and Russian respondents.

As far as the product type bought at a discount retailer is concerned, the greatest differences were observed in the ‘household products’ and ‘health and beauty care’ categories.

The Finnish respondents, 26.8%, buy primarily health and beauty care products at discount retailers. Only 11.8% of the Russian students chose this product category.
In comparison, most of the Russian students, up to 24.3%, buy household products at discount retailers. Only 4.7% Finnish students chose the ‘household products’ option.

Additionally, Finnish students prefer to buy food at a discount price. For Russians food and clothing are also on the shopping list at discount stores. The Finnish respondents don’t seem to be shopping for clothing at discount retailers.

Overall, it looked like the Russian students indicated more product items for purchase at discount retailers than their Finnish counterparts.

7.3 Frequency of shopping for household products

The respondents were asked to indicate how often they purchase household products: every day, 2-3 times a week, once a week, once a month, or never.

7.3.1 Finnish students

The graph below visually represents the Finnish answers.

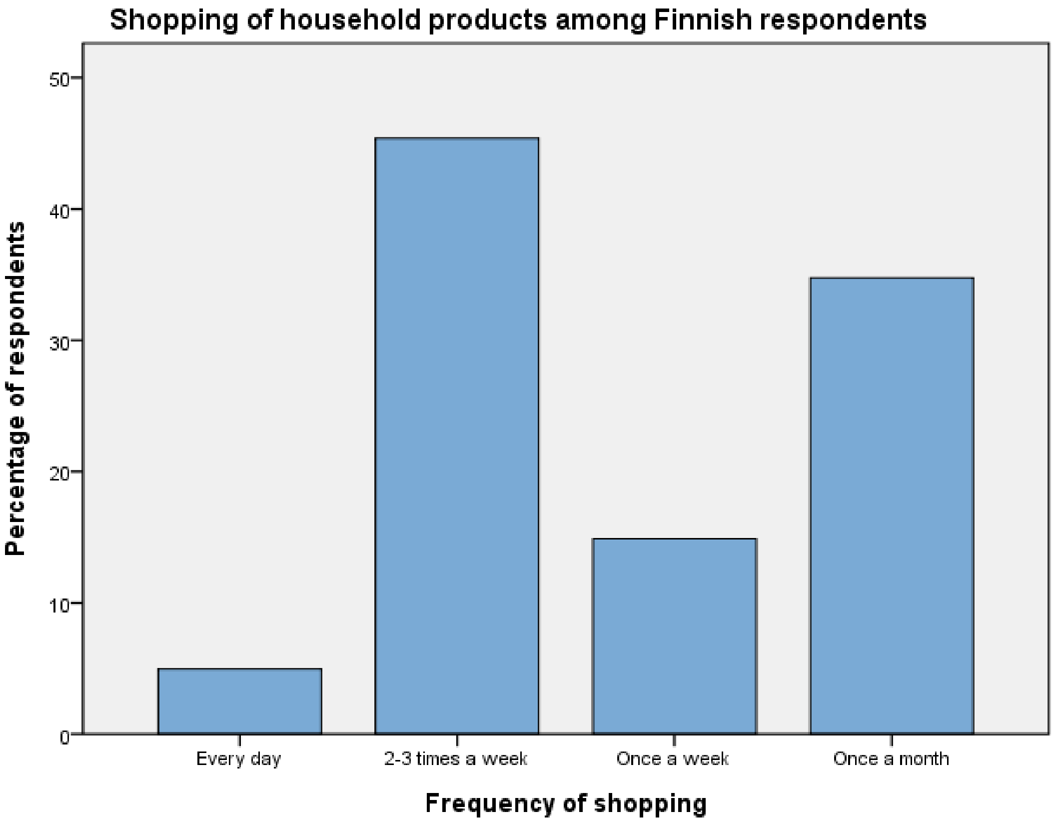

Figure 7. Frequency of shopping for household product by the Finnish students.

It appears that most of the Finnish respondents shop for household products 2-3 times a week, 45.4% of respondents selected that option. The next most popular option appears to be ‘once a month’ option being picked by 34.8%. ‘Once a week’ was chosen by14.9%, and only 5% of the respondents shop for household products every day. None of the Finnish respondents answered with ‘never’. The bar graph below provides an overview of the results.

7.3.2 Russian students

The graph below visually presents the answers of the Russian respondents:

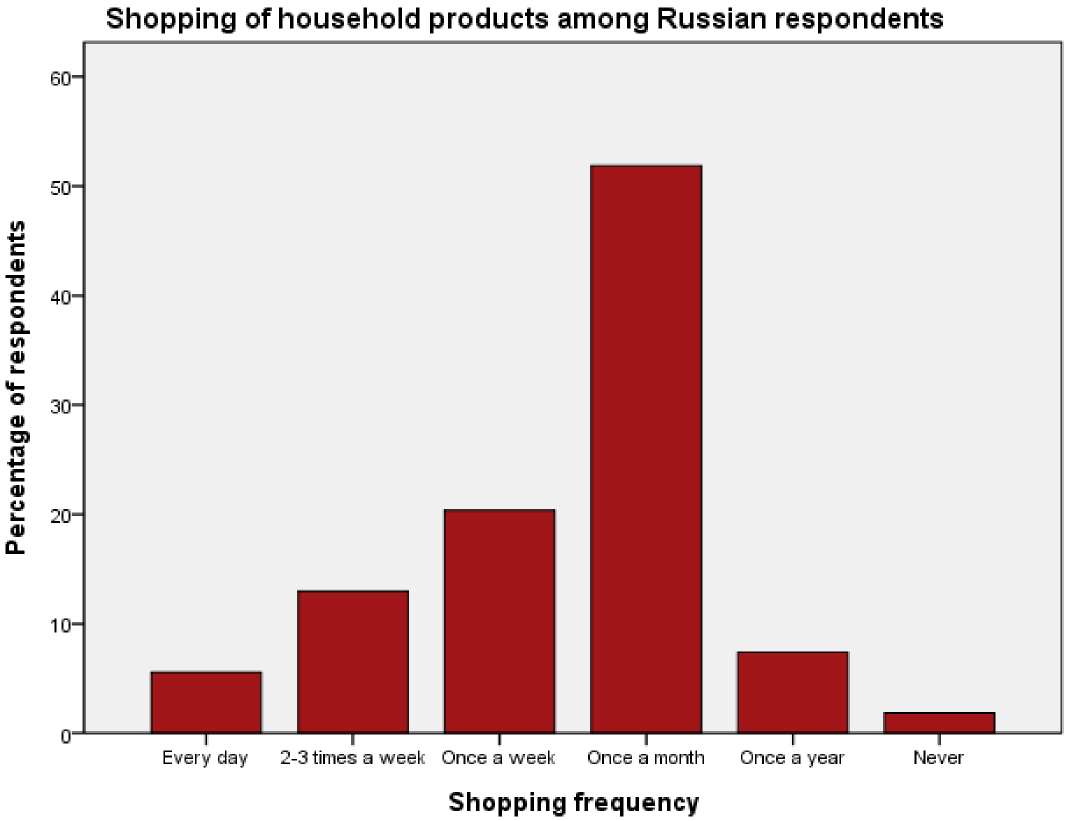

Figure 14. Overview of the frequency of shopping for household products by the Russian respondents.

As seen from the graph above, most of the Russian respondents appear to be shopping once a month, as the ‘once a month’ option was selected by 50.9% of the respondents. The ‘once a week’ option appears to be the next most selected option, being picked by 20%. ‘2-3 times a week’ was chosen by 12.7%. ‘Once a year’ was chosen by 7.3%, ‘every day’ was chosen by 5.5%, and ‘never’ was chosen by 1.8%.

7.3.3 Finnish vs. Russian preferences

There were differences between respondent groups in terms of frequency of shopping for household products as demonstrated in the graph below.

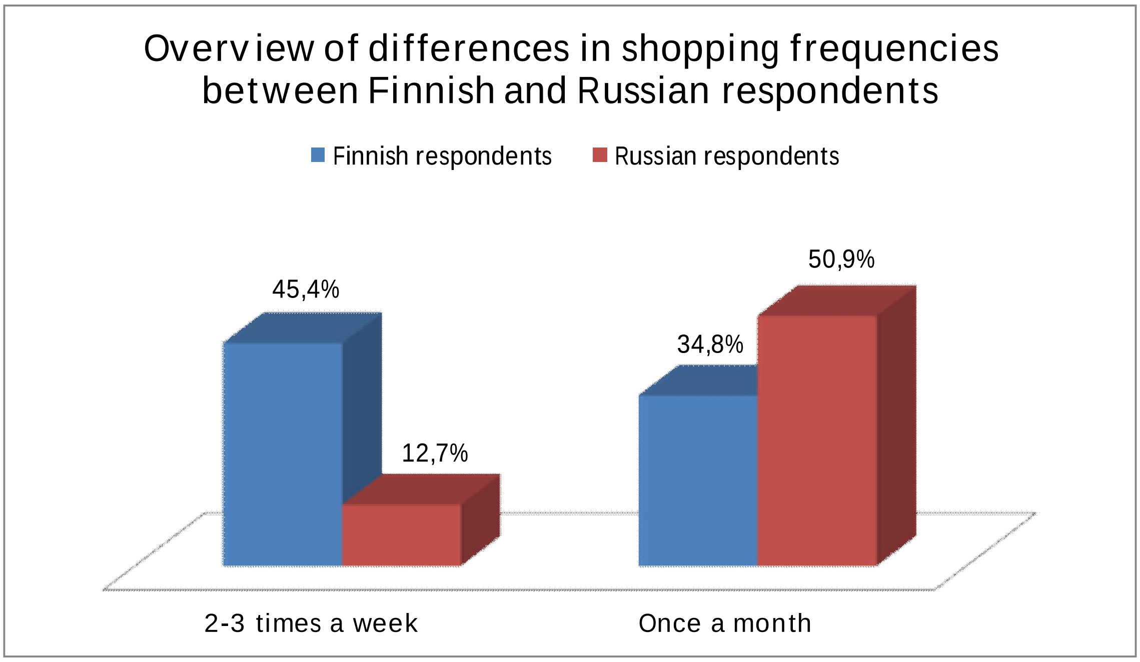

Figure 21. A visual overview of the differences between Finnish and Russian respondents in shopping frequencies at discount retailers.

One of the primary differences was with the '2-3 times a week' frequency option, which was chosen by 45.4% of Finnish students but by only 12.7% of Russian students. Another clear though less stark difference was with the 'once a month' option, which was picked by 50.9% of Russian students, but by only 34.8% of Finnish students.

From the respondent answers, it appears that while the Finnish students prefer to shop either fairly frequently, 2-3- times a week or seldom. On the contrary, the Russian students by far prefer to shop for household products once a month, only some shop once a weekly basis.

7.4 Factors impacting the choice of store

The respondents were next asked to select from the factors impacting their choices of store for shopping for items of household: low price, location of store, brand of product, shopping atmosphere, customer service, selection of products, range of product categories, store chain, the quality of products. Each respondent was allowed to select up to three categories.

7.4.1 Finnish students

The graph below summarizes the results for the Finnish respondents:

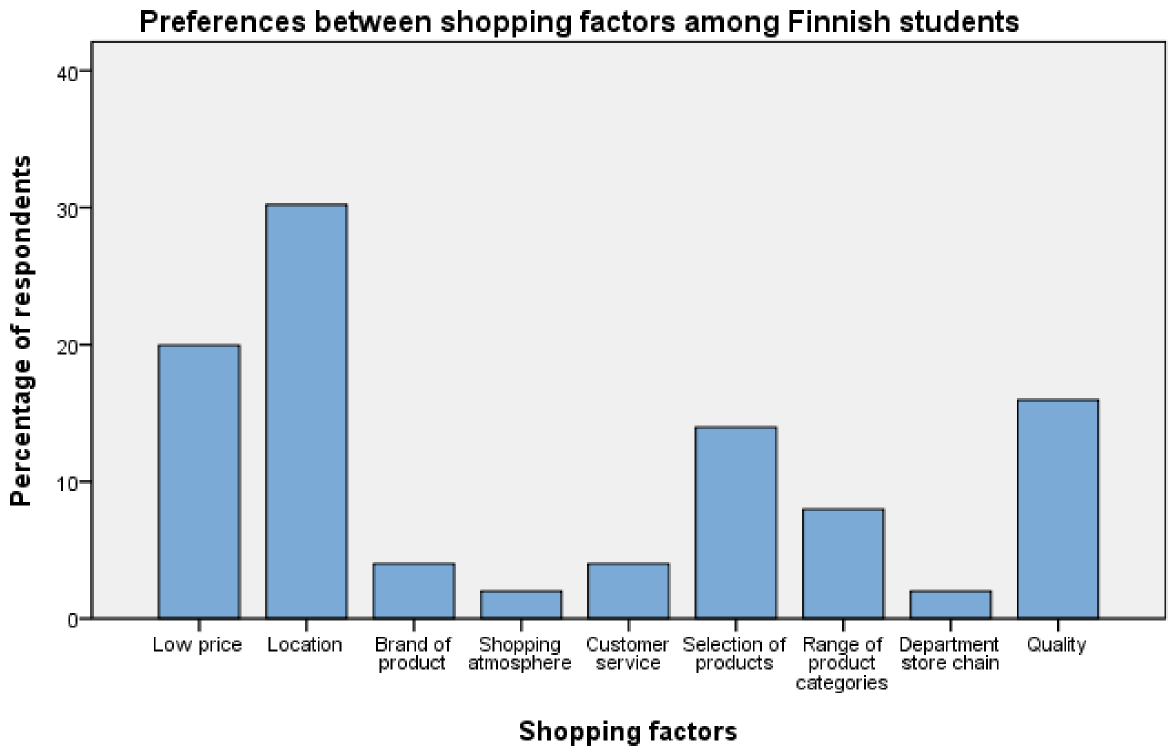

Figure 8. Factors impacting the choice of store for household goods shopping among the Finnish students.

It is apparent in the bar graph above, that the respondents consider the location of the store to be the decisive factor when deciding where to go shopping, selected by 30.2% of respondents. Low price appears to be the next important factor, receiving 19.9%. Quality of products appears to be the third important factor with 16% of votes.

'Selection of products' was picked by 14%, while 'range of product categories' by 8%. Both brand of product and customer service seem to bear little relevance for the respondents, both were chosen by 4% of respondents each. Finally, shopping atmosphere and department store chain appear to be least relevant for the respondents, both were chosen by 2% of respondents each.

7.4.2 Russian students

The graph below presents visually the preferences of the Russian respondents:

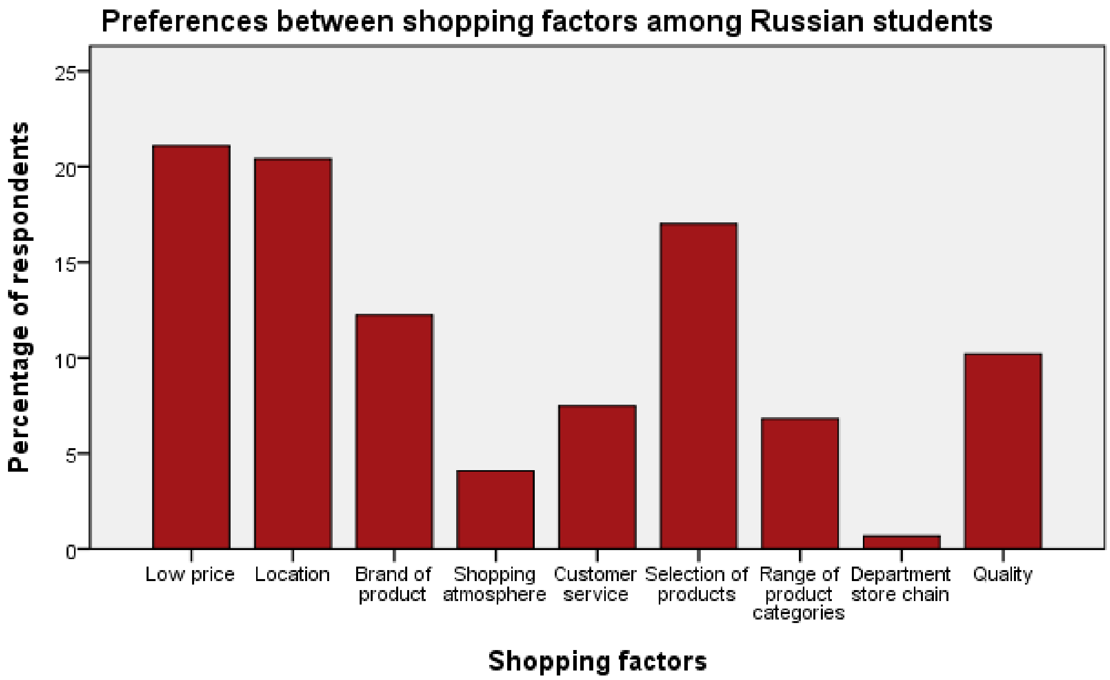

Figure 15. Preferences between shopping factors among the Russian students.

As can be seen above, low price appears to be the most important factor for the Russian students when deciding where to go shopping being chosen by 21.1% of the respondents. Location and selection of products also appear to be fairly important factors being chosen by 20.4% and 17% respectively.

‘Brand of product’ was favored by 12.2%, ‘quality’ by 10.2%, ‘customer service’ by 7.5%, ‘range of product categories’ by 6.8%, ‘shopping atmosphere’ by 4.1%, and ‘department store chain’ was picked by 0.7% of the respondents.

7.4.3 Finnish preferences vs. Russian preferences

As outlined in the graph below, several noticeable differences between respondent group choices were noticeable in relation to preferences in factors influencing the respondents’ selection of a store to shop at.

Figure 22. Overview of the major differences between Finnish and Russian respondents in the preferences over different shopping factors.

While both groups considered 'low price' and 'location' to be important, location appears to be more important for the Finns being picked by 30.2% of the Finnish students and by 20.4% of the Russian students.

Another noticeable difference was in the 'brand of product' factor. Branding was apparently more important for the Russian students than for the Finns, being picked by 12.2% of the former and by only 4% of the latter. This difference may point to Russian students having more brand loyalty towards specific low cost brands, as opposed to Finnish students who may determine where to shop based on mainly the location of a store and the affordability of products in general, and not on a particular brand.

7.5 Preferred type of marketing

The respondents were asked to select a type of retail marketing that would impact their choices of store: sales discounts, promotions, bonus cards or coupons. The respondents were allowed to choose only one type.

7.5.1 Finnish students

The graph below summarizes the results for the Finnish students. Note that bonus cards and coupons are absent from the graph because they were not chosen at all.

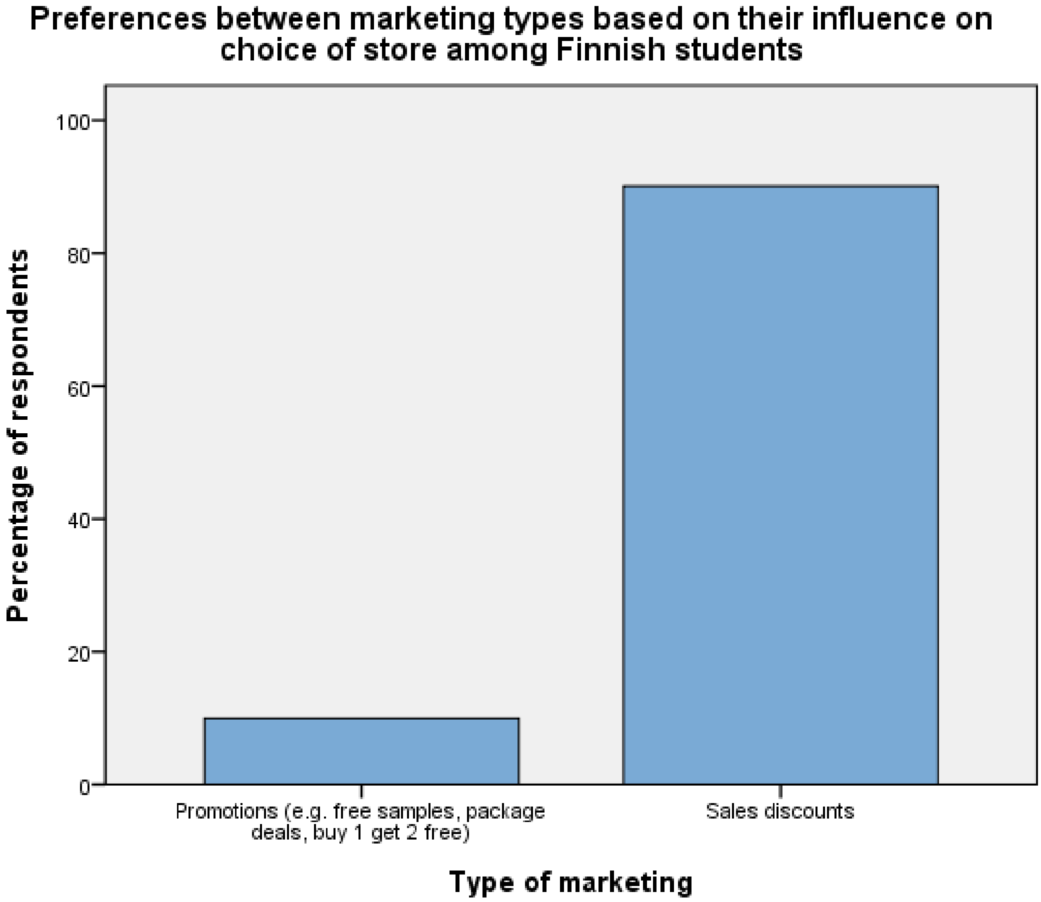

Figure 9. Preferences between marketing types impacting the choice of store among the Finnish students.

Sales discounts are clearly the most preferred type of marketing among Finnish students, being picked by 90.1% of respondents. Promotions where picked by 9.9% and as pointed out earlier, bonus cards and coupons were not picked at all. From these results, it is clear that out of the above four types of marketing used by retail stores, sales discounts are the most likely to affect the choice of store among Finnish students.

7.5.2 Russian students

The graph below summarizes the results for the Russian students. Note that bonus cards are absent from the graph because they were not chosen at all.

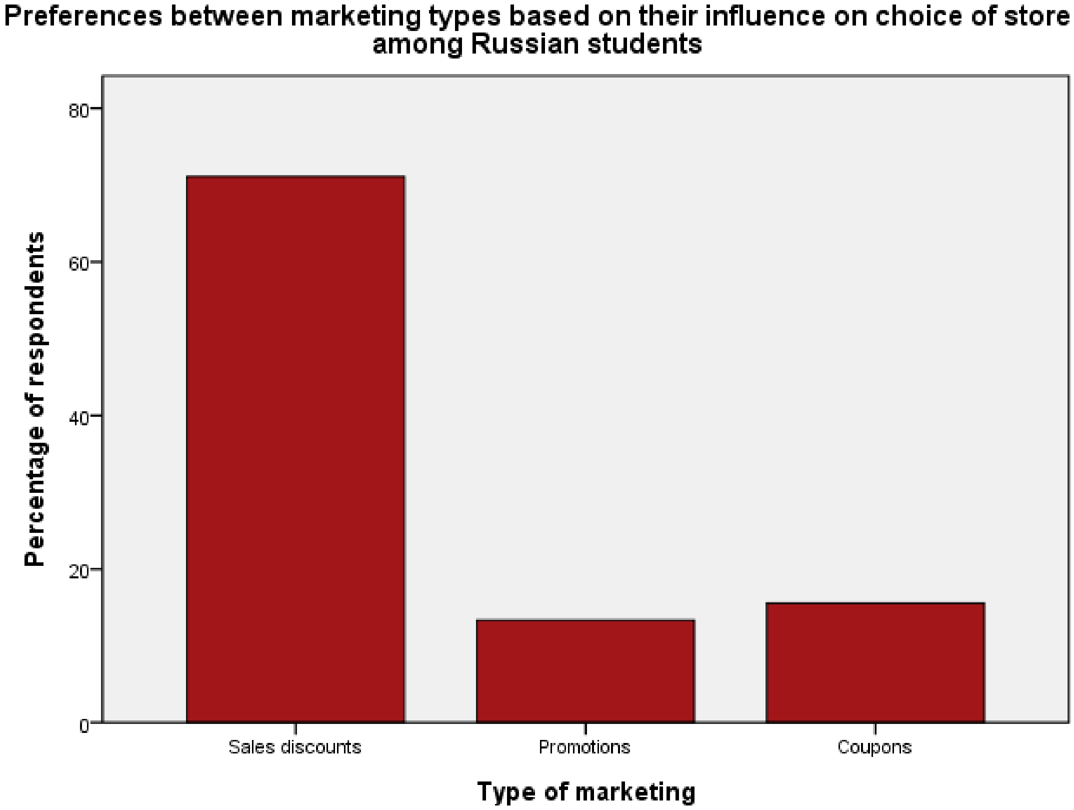

Figure 16. Preferences between marketing types based on their influence on choice of store among the Russian students.

Sales discounts seem to be the most preferred type of marketing among the Russian students and received 71.1% of votes. Coupons were chosen by 15.6% of the respondents, while promotions were picked by 13.3%. Bonus cards were not chosen at all.

7.5.3 Finnish preferences vs. Russian preferences

Figure 22. Overview of the main differences between Finnish and Russian respondents in preferences over different types of retail marketing.

As both the Finnish and Russian students are believed to be price-sensitive, quite naturally, sales discount appears to be the most preferred type of marketing for the respondents of both groups. However, with 90.1% of votes the Finnish respondents appear to prefer sales discounts even more than the Russian students with 71.1%.
The primary difference between the respondent groups appears to be in the level of interest in 'coupons'. While 15.6% of Russian students chose this as a category of interest, coupons did not receive any interest from Finnish respondents.

The seeming popularity of sales coupons among the Russian students may suggest that coupons could be seriously considered as a retail marketing method for Tokmanni in Russia.

7.6 Preferred marketing channel

The respondents were next asked to select a marketing channel they found to be most effective at getting their attention. The choices included: TV, radio, internet, billboards, public transportation (e.g. public announcements, printed advertisements), printed press (e.g. newspapers, magazines, leaflets).

7.6.1 Finnish students

The bar graph below summarizes the results for the Finnish respondents. Note that radio and public transportation are absent from the graph as they were not selected at all.

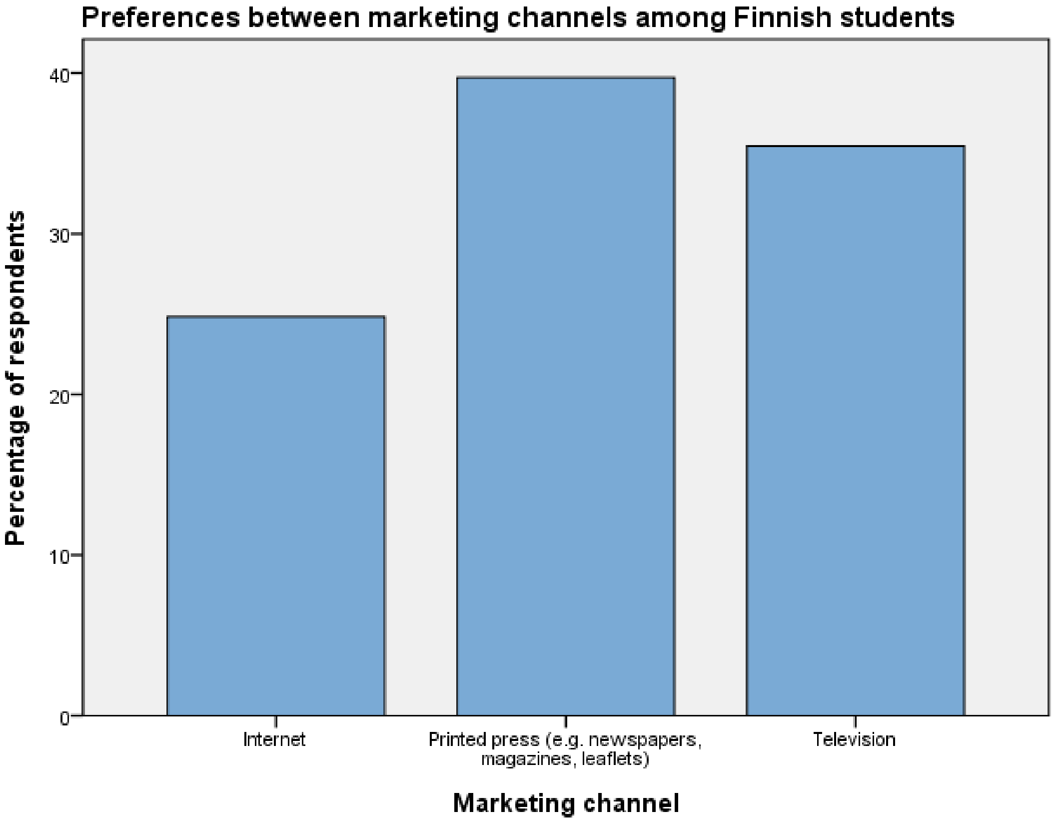

Figure 10. Preferences between marketing channels among the Finnish students.

Printed press appears to be the most favored marketing channel among respondents and was chosen by 39.7% of the Finns. TV came second with 35.5% and internet came third, being picked by 24.8% of the respondents. As mentioned above, radio, billboards and public transportation were not chosen at all. From these results, it is clear that out of the six types of marketing channels presented, printed press followed by TV are most likely to reach the Finnish students.

7.6.2 Russian students

The graph below graphically represents the preferences of the Russians:

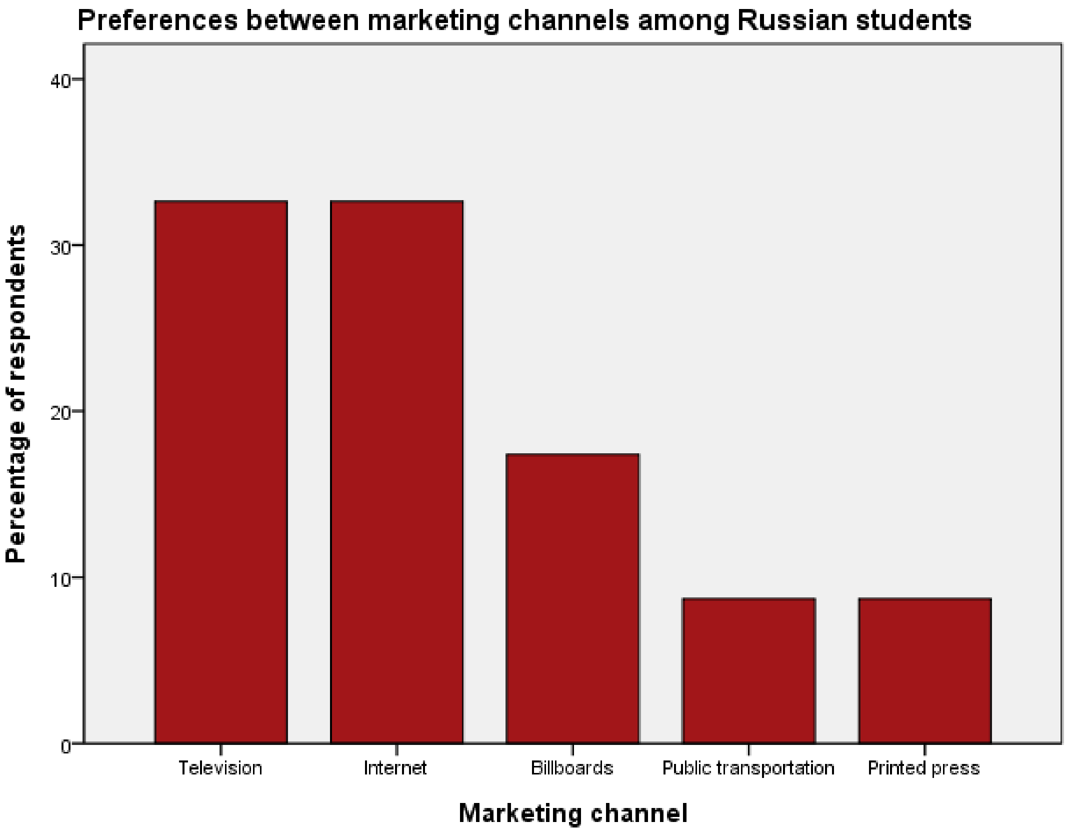

Figure 17. Preferences between marketing channels among the Russian students.

TV and the internet were both the most effective channels of marketing, gathering 32.6% of votes each. Billboards were picked by 17.4%, and public transportation and printed press both 8.7%.

7.6.3 Finnish preferences vs. Russian preferences

The graph below summarizes the differences between the Finnish and Russian respondents in the preferences for the channels of marketing:

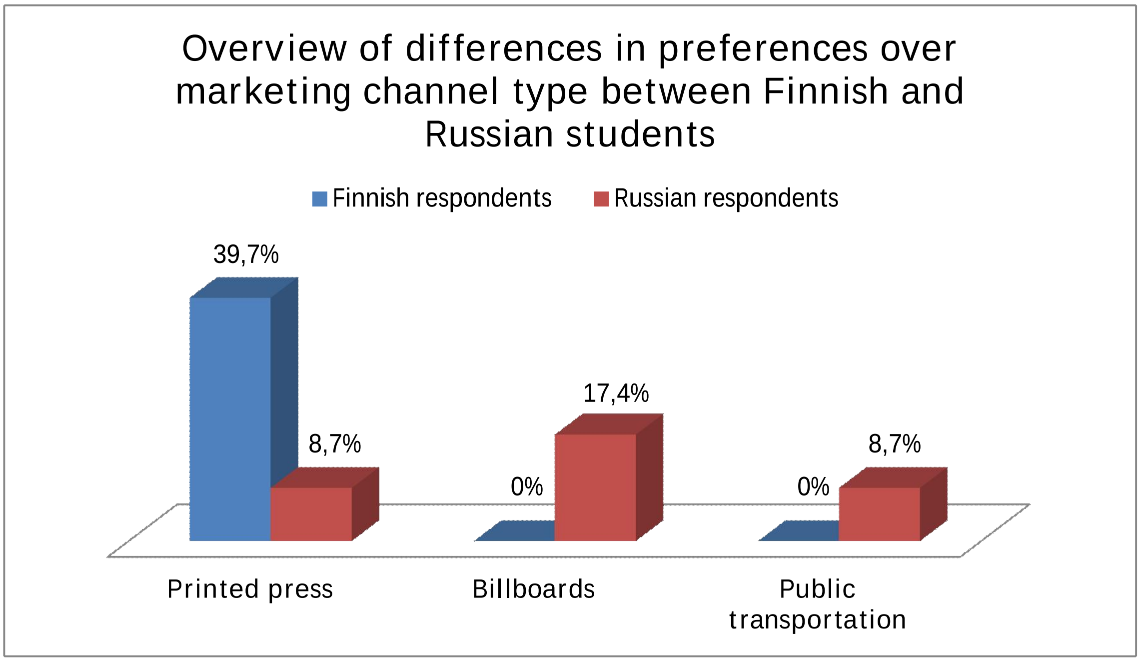

Figure 23. Overview of the most notable differences between Finnish and Russian students in the preference over different marketing channel types.

There was some distinct variation in the respondent choices in regards to the channel of marketing. The key difference seemingly is in the popularity of ‘printed press’ as a marketing channel. This channel type was chosen by 39.7% of Finnish students, but by only 8.7% of Russian students. Additionally, while ‘billboards’ were not chosen by Finnish students at all, they were chosen by 17.4% of Russian students. Similarly, ‘public transportation’ was not chosen by Finnish respondents, but garnered 8.7% of Russian votes.
Overall, these differences may indicate that printed press is effective on the Finnish students as a marketing channel. On the contrary, the Russian students seem to react mostly to the TV marketing and the Internet.

The low popularity of printed press as a marketing channel could be due to the fact that free marketing printed media is not as common in Russia as it is in Finland. On the other hand, the Russian students are quite likely to spend a considerable amount of time in front of the computer hence the popularity of the Internet advertising.
Additionally, billboards may be more effective from a marketing standpoint at targeting the Russian students than they are at targeting the Finnish students.

It appears that Tokmanni might need to consider TV, the Internet and billboards as important marketing channels, at least in order to reach the younger generation of Russian consumers.

7.7 Relevance of product country of origin

Respondents were finally asked about the relevance of the product country of origin for their buying decisions. The choices were: strongly prefer domestic products, strongly prefer foreign products, the country of origin is somewhat important, the country of origin of a product is important. The respondents were asked to make only a single choice.

7.7.1 Finnish students

The graph below summarizes the results for the Finnish students:

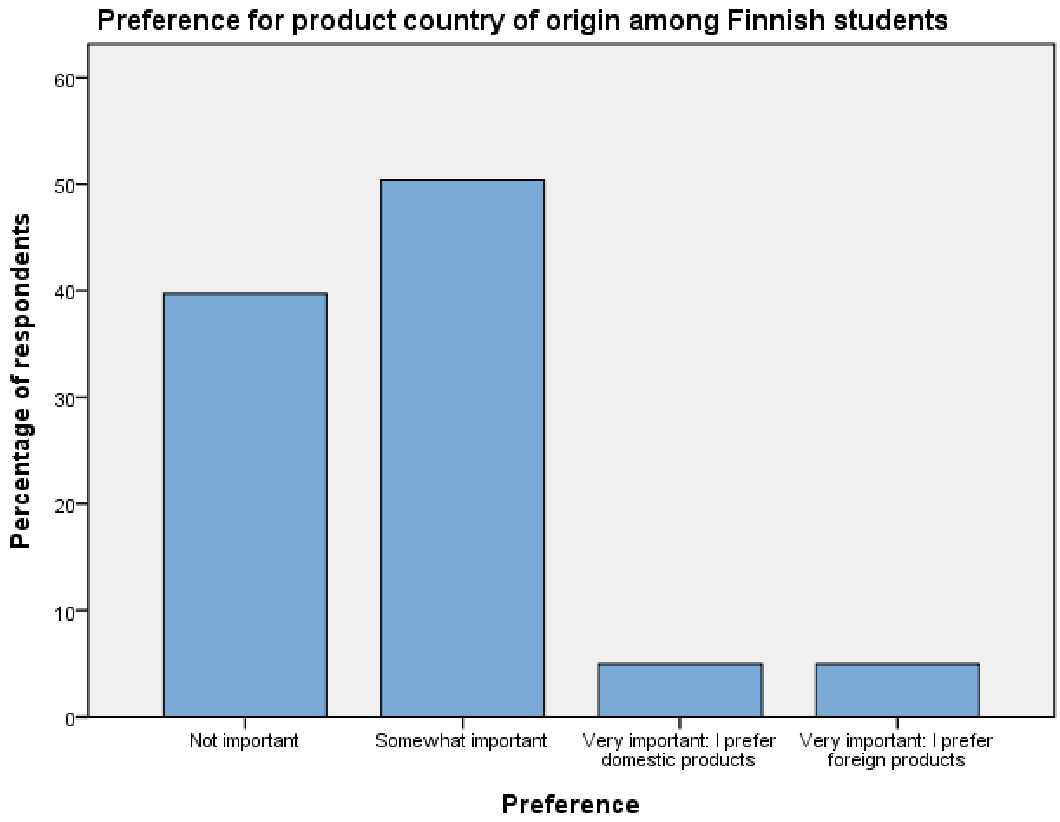

Figure 11. Preference for product country of origin among Finnish students.

As is seen above, 50.4% of the Finnish respondents consider the country of origin of products to be ‘somewhat important’. For 39.7% of the respondents the country of origin of products appears to be not important. Preferences for either domestic or foreign products scored the lowest, with each option being chosen by 5% of the respondents.

7.7.2 Russian students

The graph below summarizes the results for the Russian respondents:

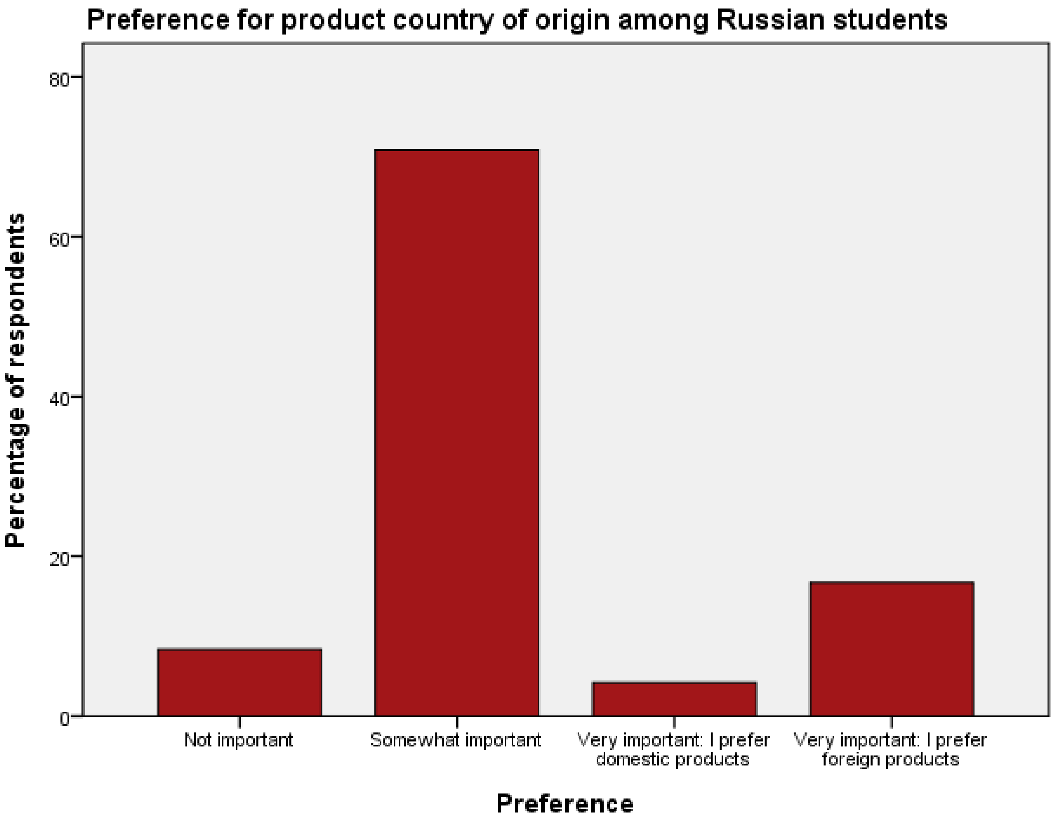

Figure 18. Preference for product country of origin among the Russian students.

The ‘somewhat important’ option was chosen by 70.8% of the Russian respondents, and the ‘very important: I prefer foreign products’ option garnered 16.7% of votes. The ‘not important’ option was picked by only 8.3%, while the ‘very important: I prefer domestic products’ choice received 4.2%.

7.7.3 Finnish preferences vs. Russian preferences

The country of origin for products was the final topic that had discernable differences, which are visible in the graph below:

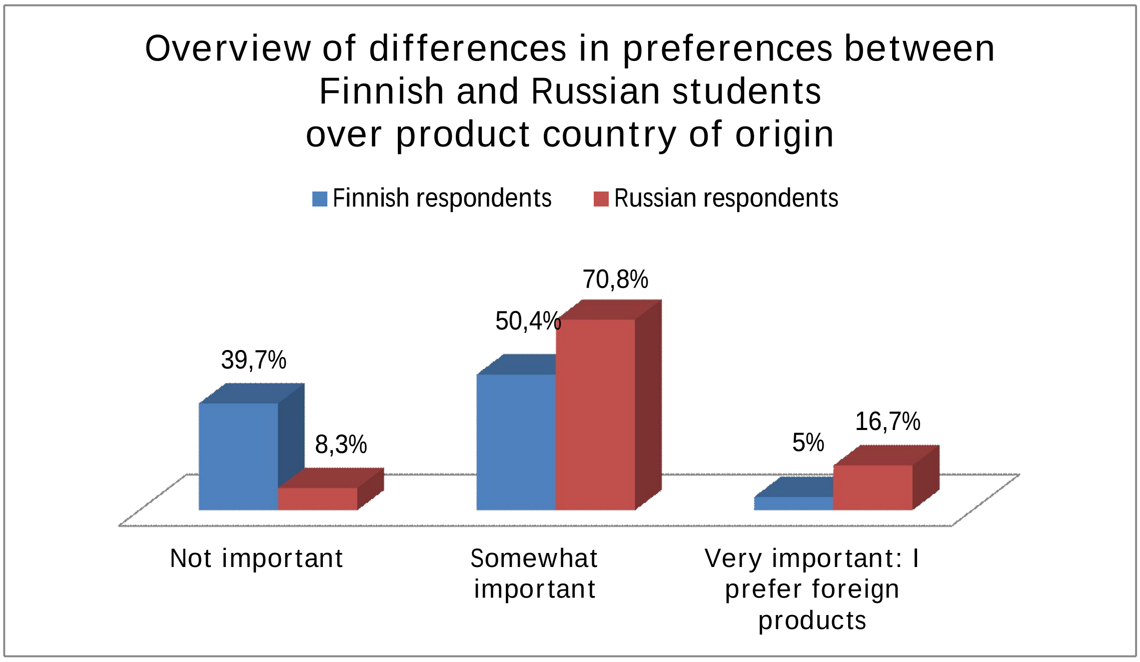

Figure 24. A visual overview of the differences in preferences between Finnish and Russian students, over the importance of a product's country of origin.

The 'not important' option proved to be more popular amongst the Finnish students than the Russians, garnering 39.7% of votes by the Finnish group and only 8.3% of votes by the Russian respondent group. Differences were additionally seen in the popularity of the 'somewhat important' option. This was chosen by 70.8% of Russian students, but by only 50.4% of Finnish students.

Another point of difference was with the 'very important: I prefer foreign products' option. This option was chosen by 16.7% of Russians, in comparison to only 5% by the Finnish students. Overall, this may point to Russian students showing more interest towards foreign products than Finnish students do. This might also indicates that the Russian students could be interested in a foreign discount retailer such as Tokmanni that aims at providing their customers with quality brands at affordable prices.

8 Discussion

It would make sense at this point to summarize the differences observed on the above pages. With this in mind, based on the findings in this study and when analyzing Russian students as a potential new market segment of interest for Tokmanni, there are several main differences when compared to Finnish students. These include:

- larger households for the Russian students, primarily 3-4 people, as compared to the Finnish students, 1-person household primarily;
- a possible preference of the Russian respondents to buy household products along with food and clothing from discount retailers, whereas the Finnish students tend to prefer buying health and beauty care products and food from the discount stores;
- less frequent shopping of the Russian students at discount retailers, mostly once a month as compared to more frequent shopping at the discount retailers by the Finnish students, two-three times a week;
- possibly more brand loyalty by the Russian students, whereas the Finnish students don't seem to show as much brand loyalty;
- possibly less importance placed on the location of a store by the Russian students as compared to the Finnish students who seem to be picking the store for shopping primarily based on the store location;
- coupons possibly being more effective on the Russian students as a type of marketing as compared to the Finnish students who do not seem to favor coupons at all;
- the likelihood of TV, billboards and public transportation being more effective marketing channels at getting the attention of Russian students than printed press that appears to be the most likely channel of marketing to reach the Finnish students;
- possibly a higher interest in foreign products among the Russian students than among the Finns.

Considering the above summary of the differences between the Finnish and Russian students as consumers as well as the Tomanni branding and marketing strategy presented earlier in this study, the following could be assumed about Russian students as a possible market segment of interest for Tokmanni in the Russian market.

The aggressive discount pricing and a wide range of household items offered by Tokmanni could be appealing to the price-sensitive Russian students who seem to be motivated for shopping mostly by discount prices and buy household products at discount retailers. Also, the 'one stop shop' image maintained by Tokmanni offers other products that the Russian consumers could be interested in buying, such as food and clothing. With preferences for quality and product brands and some degree of interest in foreign brands, the Russian students might also be attracted to the combination of branded and private labels offered by Tokmanni stores.

At the same time, Tokmanni might consider TV and the Internet as important marketing channels in Russia as opposed to printed press in Finland. Additionally, coupons and product promotions might help Tokmanni reach Russian students better.

However, it should be noted that the results of the Pearson Chi-Square test applied in this study indicated that the data set could not be considered reliable due to the lack of sufficient number of respondents. To be considered reliable via the Pearson Chi-Square test, an "Asymp. Sig. (2-sided)" result would need to be ,005-,000 in order to be considered reliable, with this number increasing if there are a low numbers of respondents. In most cases this was not the case, with scores of ,050 or more commonly occurring. This would indicate a lack of reliability. In particular, the low number of Russian respondents made the reliability of the data questionable. As such, the data in this study may be inaccurate, biased, or otherwise not reliably reflect the buying preferences of Finnish or Russian students.

Therefore, the assumptions and conclusions made in this study might lack objectivity and hence cannot be considered reliable and valid, even though the method of analysis of this study has been applied with reliability in mind. A bigger set of data that would meet e.g. the requirements of the Pearson Chi-Square test for reliability by covering the answers of a greater number of respondents might possible yield different results. Therefore, another study with a bigger hence more reliable set of data could be in place.

9 Conclusion

This study has attempted to give a comparative analysis of consumer buying behavior of two corresponding though culturally different market segments in the context of discount retail. Two student groups were analyzed: Finnish students from the Helsinki metropolitan area, and Russian students from universities in St. Petersburg and Moscow. The aim of this study has been to provide market research information that may be useful to Tokmanni in its market entry strategy of Russia.

The data for the study was collected through a questionnaire circulated electronically and in paper format. The Finnish and Russian respondents have represented different Universities and different fields of study, with the Russian respondents also coming from two different cities. These geographical choices attempted to ensure the reliability of data. The data were further exposed to the Pearson Chi-Square test to measure reliability and validity.

The research in this study was analyzed quantitatively, by examining the respondent answers in order to establish the primary differences between both student groups. These differences between the two market segments were assumed to be their most likely consumer preferences.

The analysis revealed that the two consumer groups in the study both have similarities and visible differences. Differences were observed in household sizes, shopping frequencies, and preferences in various areas like product categories and marketing channels between both groups of students. However, both the Finnish and Russian students appear to be price sensitive and favor sales discounts hence are hypothetically market segments of interest for a discount retailer such as Tokmanni.

It is important to note that the results of the Pearson Chi-Square test indicated a lack of reliability in the data of this study, due to the low number of respondents as indicated by the test scores. A study with a larger respondent pool would be necessary to determine the reliability of the results presented.

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Appendices

Appendix 1: Questionnaire

- Age: _________ years

- Marital status

	Single
	In a relationship
	Married

- Do you live alone or with parents/family?

	Alone
	With parents/family

- If answered with parents/family…. Size of household (people) (choose one [1])

	1
	2
	3
	4
	5 or more

- A discount retail store is a type of department store, which sells products at prices lower than those asked by traditional retail outlets. What product category would you most likely purchase from a discount retailer? (choose up to three [3]) (1-3 in order of importance)

	Food
	Electronics
	Clothes
	Health and beauty care
	Household products (e.g washing powder, cooking utensils)

- How often do you go shopping for household products? (choose one [1])

	Everyday

	2-3 times a week
	once a week
	once a month
	once a year
	Never

- What do you consider most important when deciding where to go shopping for household products? (choose up to three [3]) (1-3 in order of importance)

	Low price
	Location
	Brand of product
	Shopping atmosphere
	Service
	Selection of products
	Range of product categories (from bread to drills)
	Department store chain
	Quality

- What type of marketing affects your choice of store? (1-3 in order of importance)

	Sales discounts
	Promotions (free samples, package deals, buy 1 get 2 free)
	Bonus cards
	Coupons

- What type of marketing channel do you consider most effective at getting your attention? (choose one [1])

	Television
	Radio
	Internet
	Billboards
	Public transportation (e.g. public announcements, printed advertisements)
	Printed press (e.g. newspapers, magazines, leaflets)

- How important to you is a product's country of origin? (choose one [1])

	Very important: I prefer domestic products

	Very important: I prefer foreign products
	Somewhat important
	Not important