

How Can Asian Snack FuLoi Plan Successful Entering to Greater Helsinki Area?

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<p>Abstract</p> <p>This thesis introduces the significant factors of market research and its importance when considering doing international business. Furthermore, it could be useful for investors who have same favour to enter Finnish market.</p> <p>The case company is Asian Snack FuLoi- a German food industry company looking for new market. The goal of this study was to investigate the possibility for a company to enter Finland in general and Greater Helsinki in particular. The thesis was structured with theoretical part about market research, entry mode and factors affecting selection of entry mode. For primary part, the author interviewed Ms Huong Nguyen, regional manager from case company and carried out a survey to figure out Finnish people's perception toward Asian restaurants. As a result, Finland can be seen as potential market for company due to minimum market barriers, stable policy and economic. In addition, the survey's result found out that people showed positive attitude and they considered to visit Asian restaurant. About operation, franchising is considered as the most reasonable entry mode in term of pros and cons. Then, a suitable designed marketing mix as well as further recommendations are mentioned. For the success's sake, company should target age 20-39 group with high quality meals and have promotion on special event like Valentine's day, Father's day, Mother's day..</p>			

Keywords: Asian Snack FuLoi, Finnish market, market research, entry mode, Asian restaurant.

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1 INTRODUCTION

This thesis discusses the Finnish market environment in the food industry. During a trip to Germany, the author had a chance to be in Asian Snack FuLoi restaurant and have a deep conversation with the regional manager there. The writer was impressed by the way how fast they served food to customers and found out that it was what people were looking for in modern life: healthy food in fast service. Moreover, Asian Snack FuLoi considered whether they should operate abroad or not. As the case company had little knowledge of Finland and Finnish markets especially its retailing system, the thesis discusses issues comprehensively. According to this, the thesis is composed to answer the following question:

Is it feasible to establish an Asian Snack FuLoi restaurant in Greater Helsinki area and which entry strategy should be used if the company wants to enter this new market?

The subject area of this thesis work is entering new markets and market research. Market selection is important for business. It helps companies understand the potential customers. It reduces costs and allows maximum advantages from common experience. In order to respond these issues, theoretical framework is set up based on literature about market research process in chapter 2 and entry strategies in chapter 3. The next part chapter 4 analyzes current situation of Finnish cuisine market, especially in Greater Helsinki area, that was the foundation to build a proper questionnaire for quantitative research. Then the case company: Asian Snack FuLoi and its internal factors will be determined in division 5. Following this, chapter 6 provides information about data and method description, research results and analysis. Consequently, an appropriate market strategy is developed upon the gained information in the next part. The guideline for marketing plan is built on the foundation of the marketing mix model. The marketing strategy should be generated to offer the best response to the selected entry mode. Finally, the conclusions and suggestions for marketing strategy are conducted in the last chapter.

2 MARKETING RESEARCH

Marketing research is a systematic continuous process for collecting and evaluating data to identify marketing opportunities and problems (Chisnall 1992, 5-6).

Another definition from David Aaker states that Marketing research is an essential system part to help in improvement of management decision making by providing relevant, accurate, and timely information. For instance, that information can be used to determine the product characteristics, supplier capabilities and the business practices. It is also used to shape, develop marketing actions and monitor marketing performance. (Aaker and George 2001, 1-18.)

2.1 Marketing research process

David Jobber (2004) defines five stages of the marketing research process, which are drawn in Figure 1 below.

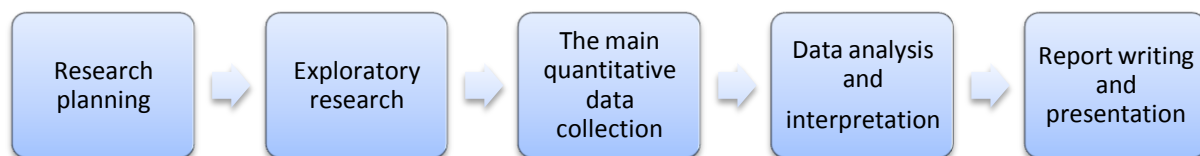


FIGURE 1. Five stages of marketing research process (Jobber 2004, 180-195)

First is the research planning stage. The start of research process describes the nature of the research and explanation of the sample design, measures and analysis techniques. Next, the exploratory research should be conducted. The exploratory research helps researchers initially investigating the market and people who are interviewed during the main data collection. The exploration into the problem will lead the researcher to spot the opportunity which can be further measured quantitatively in the next stage, called hypothesis development. This main quantitative data collection requires the interviewing process. Before that, the researcher decides on the sampling process, the survey method and the questionnaire design. There are two types of main quantitative data collection: the descriptive research and the experimental research. While the descriptive research tends to identify customer's beliefs, attitudes, preferences, behavior, the experimental research examines the cause and effect. The fourth step of the marketing research process is data analysis and interpretation. During

data collection, no sampling errors may occur and researchers must know the controls to minimize them. Then data cleaning should be run to verify that raw data is checked. Data analysis is a process of entering data into computer files, inspecting data for errors, running various statistical tests. The analysis of questionnaire data is described at the descriptive level (such as means, standard deviations, frequency tables) or on a comparative basis (such as cross tabulations, t-test). The last stage is report writing and presentation. The research report is a documentary evidence which is supporting the decision making process. The final report contains the following points: preface (research objective, brief discussion on methodology), summary of conclusions and recommendations, research methods (type of design used, data collection, scaling techniques), research findings, conclusions. (Jobber 2004, 180-195.)

2.2 Categories of marketing research

Marketing research designs vary depending on the type of project. A good market research provides a better insight into how the business will fare. To get a better idea of market trends and company's position, Proctor marked the following issues to be examined when planning a marketing research: customer and market research, advertising and promotion research, product research, distribution research, sales and marketing environment research. (Proctor 2004, 9-11.)

Customer market research is mostly analysed based on quantitative method to find out market share or market segments. The data determines customer information (such as location, gender, age, and occupation), customer behavior (such as reason for choosing brand name product or favorable price), customer characteristics (spending pattern, lifestyle, income and purchasing power. Next, market research allows company to compare brands and services of competing suppliers. By gathering data, researcher can identify trends and forecast the future sales. (Proctor 2004, 9-11.)

Advertising and promotion research analyse the effectiveness of advertising and other promotional stimuli toward changing attitudes. It helps researchers select the most suitable media and campaign material to reach the target audience. Moreover, data also points out the appropriate communications tools to achieve objectives. (Proctor 2004, 9-11.)

Product research used to identify functional features, specifications of competitive products. Besides, by comparison with competitor, product research provides information on strengths and weaknesses of that helps company to remove any apparent issues to promote the image of the product. In case of developing new product, research is applied to test the product concept with potential purchases before launching the expensive produce process. (Proctor 2004, 9-11.)

Distribution research helps to find the appropriate distribution method and select the suitable channel members. It also determines the number and location of warehouses and retailers handling the company's products. (Proctor 2004, 9-11.)

Sales research identifies sales by territory, type of account, size or model of product and the effectiveness of different methods and techniques of selling. From the standpoint of marketing research, key information is gathered to provide adjustments in motivating the sales force or in setting sales targets and performance salespeople. Research is also concerned with feedback on the sales presentations so managers determine corrective actions toward performance related issues and design suitable sale training. (Proctor 2004, 9-11.)

2.3 Marketing research techniques

The choice of research methods is fundamentally on the questions and answers (for instance: answers through numerical evidence or explaining particular phenomenon) the goal of the research (for instance: broad or narrow hypothesis), the number of respondents (for instance: focused group or large population), the usage, the type of data. Depending on the purpose and objective of the research, quantitative and qualitative methods are chosen based on their strengths. For example, quantitative research allows statistical analysis for generalization to others by choosing a sample while only specialized findings are recognized through qualitative research. However, qualitative data perceives depth and richness knowledge about each participant. (Johnson and Christensen 2008, 34.)

1) Quantitative research

Quantitative research is used to quantify the problem with structured data collection that provides statistical report with correlations, numbers, and comparisons of means.

Its purpose is to test hypotheses, look at cause and effects and make predictions. Therefore, it is designed to estimate buyer attitudes and behavior, to evaluate market size, market segmentation or figure out driver for brand and product preference. There are many forms of surveys to collection data in quantitative research, such as online surveys, paper surveys, mobile surveys, systematic observation. It requires a large number of respondents. Typical results of a specific hypothesis are used to inference to other populations. (Kenneth and Karen 2013, 41-44.)

2) Qualitative research

Qualitative research is collecting, analyzing data to understand and interpret social interactions. In addition, qualitative research is useful in conducting customer value analysis, customer satisfaction research, brand equity research and new product development research. Small numbers of people are interviewed in depth, such as open-ended responses, observations. From that, researchers identify underlying reason and define people's opinions, perceptions about the topic being discussed. It provides viewpoint to the problems or helps to establish new hypotheses for potential quantitative research. The final report of qualitative research should be written with contextual description and direct quotations from research participants. (Kenneth and Karen 2013, 41-44.)

3 INTERNATIONAL MARKET ENTRY STRATEGIES

There is a variety of market entry modes which company can utilise to enter a foreign market. Each strategy has different levels of risks and numerous pros and cons. The choice will lean on the target market and the objectives of the firms. In this chapter, the theoretical background and an overview of the relevant decision factors will be introduced as Figure 2 below.

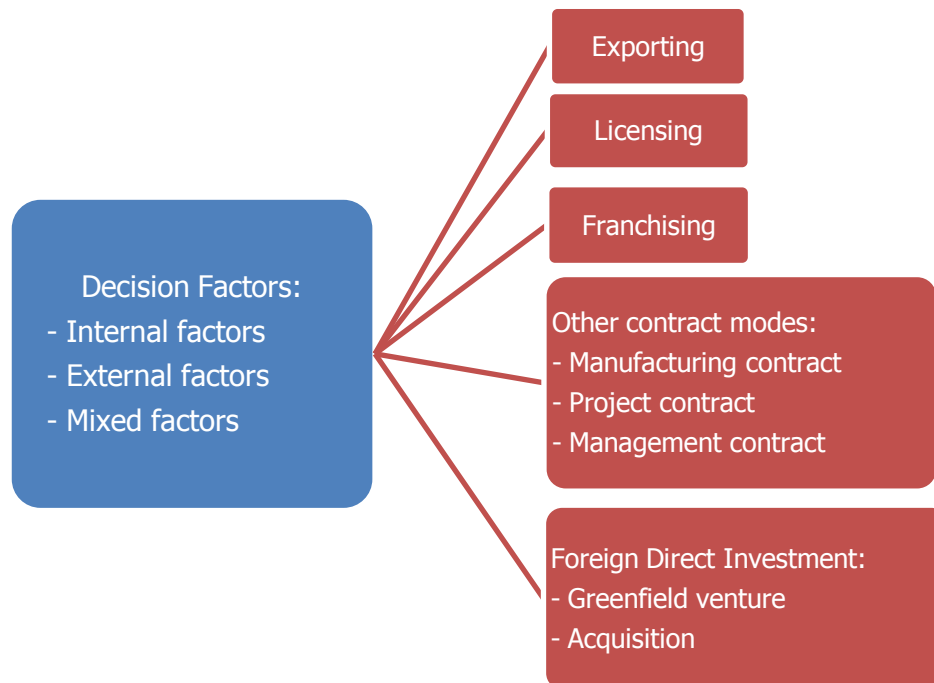


FIGURE 2. International entry mode and decision factors (Welch 2007, 42; Koch 2001, 351-361)

The theory illustrates ways of entry modes: Exporting, Licensing, Franchising, Other contract modes and Foreign Direct Investment. There is a rising question for marketer that is what kind of strategy should be used to maximize advantage and minimize risks. Therefore, the influence of internal, external and mixed factors must be taken into account when outlining market selection decision criteria.

Entry mode is an institutional arrangement necessary for the access of the product or service into a new foreign market (Lambin 2007, 249). International markets are more complex in terms of markets (e.g. new customers, new competitors), intermediaries (e.g. agents, brokers, and distributors) and governments (e.g. philosophies, public policies). Consequently, company is no longer in familiar ground; instead it has to expose its competitive ability. Depending on firm's organizational and financial

resources, it chooses the suitable entry mode, which includes export, licensing, franchising, other contract modes (such as: contract manufacturing, project contract, management contract) and Foreign Direct Investments (such as: Alliance, Greenfield venture, Joint venture). (Welch 2007, 42.)

3.1 Exporting

Exporting is a major mode used to enter international market penetration by companies since it brings advantage of foreign opportunities while maintaining efforts and resources. Export is considered as the first step for companies to go abroad because it offers firms a most simple and low risk way to begin its international process. Export strategies have two types: indirect export and direct export. (Jamshid 2011, 56-57.)

In indirect export, manufacturing company does not take care of exporting activities which another company situated in home market undertakes. It is suitable for small company with limited resources or companies with no experience. However, it's the most inactive mode of doing business abroad because the information flow is blocked and the company has no interaction with customers. (Jamshid 2011, 56-57.)

In direct export, firms are in interrelationships with foreign customers and markets. In this strategy, firms connect to the middleman in the host country such as special distribution company for import purpose, joint buying organization or industrial company. According to this, it requires higher level of activity and knowledge of international business as well as demands more financial resources. Company should have own capable export personnel for strategic planning, coordination purpose and language ability. The advantages of direct export are more sales, control, market information, distribution and customer knowledge. By having more contact with target market, company plans efficient marketing strategy to meet customers' needs and builds long-term relationship with distribution channels. (Jamshid 2011, 56-57.)

3.2 Licensing

Licensing is an agreement in which licensor grants rights to intellectual property to another organization or individual to use these assets for defined purpose in a specified period. Two parts of intellectual property, which the licensing agreement includes, are industrial assets right and confidential know-how. The industry property will involve the

trademarks, copyright and patents. Licensees also receive raw material, machinery, the feasibility study manuals, technical advice from licensors. In exchange, the licensors will use these elements in return for a lump sum payment and an annual royalty. (Welch 2007, 94-135.) Some product licensing examples are: Jack Daniel's licensed products, Crayola, Hostess, Kellogg's (Brand Licensing Agencies).

Licensing offers companies many advantages, such as quick entry into foreign markets and no capital requirement to establish manufacturing operation abroad. Licensing is favorable when firm meet export difficulties (e.g. trade barriers, legal protection, large cultural distance) or risks associated with foreign investment. Especially, licensing is attractive for existing technology because of low risk and its quick expand into new product area or extend product range. For instance, due to the level of technology, the product, which is at the end of the product life cycle in developed countries, still is in growth in developing countries. Consequently, licensing brings profit for licensors and valuable for licensees by extending the product life cycle. (Welch 2007, 94-135.)

On the other hand, the disadvantage of licensing is that licensees may become competitors of the original licensors as they gain the technologies and product through a period of time. This has mainly happened in technology business when the local partner acknowledges the secret part of licensors. Therefore, firms should enhance continuous stream of technological innovation to maintain a competitive advantage. Next, the control over manufacturing and marketing may be lost. If the licensees produce lower standard quality, it could suffer to the licensor's brand images. For example, it is hard to maintain a standard service or a particular brand image in international hotel chains. (Welch 2007, 94-135.)

3.3 Franchising

In franchising operation, franchiser sells his business model and marketing concept to partners for the specified fees. It includes selling of right to use trademarks, marketing material and well-known products as well as production techniques, service support such as advertising, specialized training and quality-assurance programs. In return, franchisee has to pay fixed sum and royalties or management fee depending on the contract. The overview of franchising package draws in Figure 3. (Welch 2007, 53.)

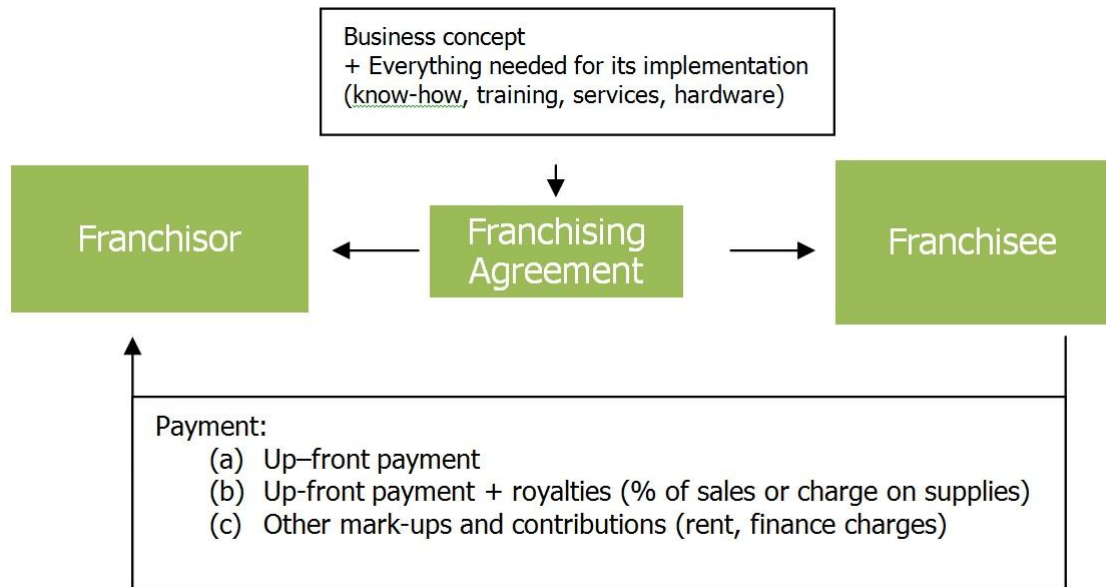


FIGURE 3. The franchising package (Welch 2007, 53)

KFC, McDonalds, Hotel Hilton, APTECH school are well known franchisee brands. There is considerable confusion between licensing and franchising. The most difference is the level of control. For instance, the control lies more in hands of the licensees whereas franchisees are part of an overall system and must operate within it. Beside, licensing focuses more on the production while franchising pays attention more on marketing strategy and promotion. (Welch 2007, 53.)

The significant benefit for franchisor is building the value of the brand. Based on the uniformity of retail presentation, marketing methodology, operational compliance in franchise framework, it helps to build strong brand identity in the consumer's mind (Holmes 2003). Next, franchising is a suitable choice for rapid expansion and minimum growth risk. Unlike company-owned outlets, company franchises business model invests capital into many locations and earns high royalties from sales at those places (Shane 2013).

Besides positives issues, there are major disadvantages of franchising business model. Firstly, it is a huge risk in reputation by allowing franchisee use the brand names while they cannot meet the required quality standards. Next, those parties will face with business relationship issues. In some cases, franchisees do not share the same view as franchisors and they are not willing to follow systems. For example, franchisee may want upgrading the production chain rather than paying for the new advertising and

promotion while the franchisor changes the marketing strategy. This situation leads to desynchronizing level in overall system and confusion to customers. (Holmes 2003)

3.4 Other contract modes

Manufacturing contract is the agreement that foreign contractee produces contractor's products and brings it back to contract for sales. In special case like "private label" (such as Tesco, Pirkka, Euroshopper) contractee manufactures his own products for contractor under contractor's trademark. Especially in technology industry, company's products or components must meet the contractor's specification and quality requirements that is called OEM (Original Equipment Manufacturer). For example: NIKE athletic footwear was manufactured in factories in South Asia. (Welch 2007, 53.)

Management contract is the arrangement in which the contractor appoints the board of directors or managers to take responsibility in the client firm. The payment consists of basic fee plus incentive fee (such as percentage of profit) plus additional services and expenses (such as personnel, training cost). A significant number of hotel chains, such as Starwood, InterContinental, sold their property and switched to management contracts rather than own hotels. (Welch 2007, 142-146.)

Project contract is the agreement that a company agrees to build up the entire project from concept to completion. It covers all departments in project, for instance in marketing (market research, in defining target markets, sales, marketing communications, pricing, distribution); in production (procurement, transportation and storage, R & D, production, technology); in financing (loans, investments). The project contractors will get a fixed fee plus profit over a period of time. Nowadays, many infrastructure projects such as railway stations, refineries or power plants are constructed based on the frame of project contract. Beside, Mitsubishi, Deawoo or Hyundai are examples of this form. (Welch 2007, 198-202.)

3.5 Foreign Direct Investment

According to OECD definitions, Foreign Direct Investment (FDI) is a cross-border acquisition of plant and equipment for production or business. FDI takes two forms. Company can set up a new venture or acquire local firm and possesses its information, assets, brands, distribution networks, skilled management. (OECD 2013)

The significant benefit that FDI brings to a company is the possibility to utilize local factors of production, for example: cheaper labor costs, access to raw material, reduce transport costs. Next, company has high control level in production and markets. Since being closer to market, company can react quickly to the change of market circumstances as well as having better customer service. Even though good advantages, FDI also has some certain cons because this form of operation requires much capital, resources and time to develop. Beside it hides high risk due to cultural difference that may brings disagreement and ultimately a failed business venture. Last but not least FDI form is vulnerable for political risks. In serious case, the political change can put company in expropriation situation, which means that the government takes control of firm's property and assets. (Welch 2007, 315-353.)

3.6 Factors affecting selection of entry mode

All of those entry modes described in previous part involve resource commitments at varying levels. Consequently, company's initial choices of a particular mode must consider different issues, which will influence on the selection. Koch (2001) categorizes those factors into external, internal and mixed category depending on whether they are controlled by the firm itself or the environment. The following Figure 4 shows factors in more detail:

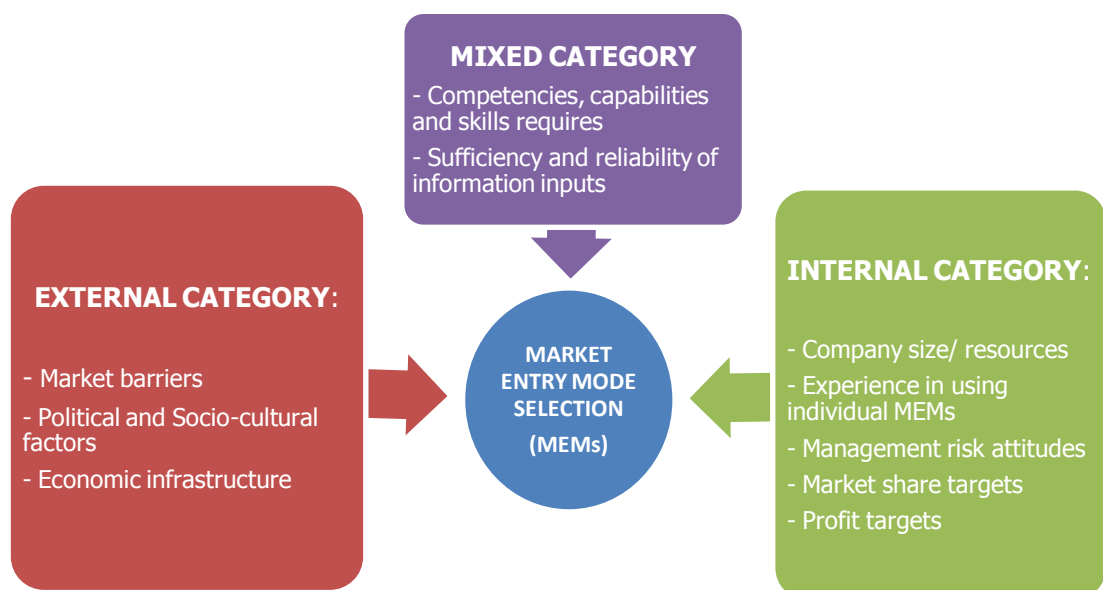


FIGURE 4. Factors influencing market entry mode selection (Koch 2001, 351-361)

1) Internal factors

Internal factors are factors influencing on selecting entry mode that are under the control of organization, for example: company size/resources, experience in using market entry modes, management risk attitudes, market share targets and profit targets.

Company size/resources: The size of company has huge influence on the choice of market entry mode. For example, small companies are limited own resources, lack of special management skills so they may not have sufficient resources for establishing international subsidiaries of joint ventures. (Koch 2001, 351-361.)

Experience in using market entry modes: It has been suggested that company should considers about their international experiences according to these factors: how many times, what kind of entry mode they used and the relevant success rate. Companies who have considerable knowledge prefer to invest directly into target market rather than just export product while the new players choose licensing of contractual modes because of lower risk. (Koch 2001, 351-361.)

Management risk attitudes: It measures the level to which the company will accept dangerous chance in strategic options, financial situation, and competitiveness of its environment. The less risk-averse the management, the more likely it is for the company to pick safe choice that promise long-term prospects. (Koch 2001, 351-361.)

Market share targets: If companies wish to maximize market share in term of distribution development and after sales network, foreign direct investment is preferred. Alternatively, if the maximization export sales revenues growth over a period of time is the target, firm favors indirect export into new market. (Koch 2001, 351-361.)

Profit targets: Different market entry modes bring various level of profit. For instance, export or licensing will contribute low and immediately profits whereas contractual modes or foreign direct investment takes time to build up and be able to collect higher profit after three or four years. (Koch 2001, 351-361.)

2) External factors

Along with the above mentioned internal factors, it's crucial to take into account external factors when planning to penetrate a new market. Those forces mostly come from foreign country, such as market barriers, political and socio-cultural factors, economic infrastructure.

Market barriers: The following sections are viewed as roadblock when accessing to the new market: government regulations, quotas and tariff, distribution access. Tariff barriers tend to favor local production since they make imported goods more expensive than local counterparts. The higher level of trade barrier is, the more likely it is company prefers being partnership with local firms like licensing, franchising or management contract than involving themselves in long term business like FDI. (Ikechi and Sivakumar 1998, 281-284.)

Political and Socio-cultural factors: Political instability has massive impact on entry decision due to government changes, insurrections, military coups, riots, worker strikes. If the target market is unstable, company may be select trading from a distance via exporting. In addition, difference in culture also needs to take into account. The variability in culture is determined based on power distance, gender roles, uncertainty avoidance, individualism and long-term orientation that reflect in social structure, languages, ideology, work ethic. If the cultural distance between home market and foreign market is minimal, company tend to engage to joint venture or own subsidiaries for closer interaction with suppliers and consumers. (Ikechi and Sivakumar 1998, 281-284.)

Economic infrastructure: A host country with positive long term capital inflow, low foreign debt percentage, good performance of production and marketing task attracts firms to high resource commitment, such as foreign direct investment. In contrast, the local market which insufficient available facilities and supporting service is likely to decrease the number of ownership ventures. (Ikechi and Sivakumar 1998, 281-284.)

3) Mixed factors

Koch (2001, 351-356) states that the following factors are the mixed:

Competencies, capabilities and skills required: Cross border business brings many challenges for company, such as they must reappraise the mechanisms, transform the business environment to enhance competitiveness. According to this, company should review their competencies, capabilities and skills required for those components: company strategic objectives, form of business, product category.

Sufficiency and reliability of information inputs: In case of unavailability of data or out of date information in foreign countries as well as some forms of bias may bring difficult to compare competing market entry modes.

4 FINNISH MARKET

As mentioned above, external factors that have impact on choosing entry mode comes from target market. This chapter gives a deeper look into Finland and Finnish market as the objective of the case company.

4.1 Market characteristics

Based on the criteria to identify the external factors by Ikechi and Sivakumar (1998, 281-284), the size and shape of the market is illustrated. In general, Finnish market offers huge opportunities and benefits of sophisticated infrastructure. Beside the skilled labour force that is accessible to new technologies provides potential success.

4.1.1 Market barriers

Tariff barriers for international trade are ruled by the EU, not by its member states. Many agricultural and food products are considerable barriers. The EU's internal market is the main sector, which accounts to 53 % of Finland's foreign trade. In the autumn 2012, The Ministry for Foreign Affairs run a survey on Internationalization and Trade Barriers to find out top ten of barrier which foreign investments had when doing business in Finland. According to the result, the discriminatory product specification is the most problematic in trading, followed by customs tariffs levels and customs procedures. Other problems are also shown in Table 1. (Nieminen, Siikaluoma, Koskela and Vilhunen 2013, 5-7.)

TABLE 1. Top 10 Trade barriers to Finland (N=1374 respondents of survey). (Nieminen, Siikaluoma, Koskela and Vilhunen 2013, 5-7).

#	Type of barrier, % (N)	Share
1	Discriminatory product specifications	15.4% (212)
2	Customs tariffs levels	13.2% (179)
3	Customs procedures	12.2% (168)
4	Tax problems	8.7% (119)
5	Public procurement	8.5% (118)
6	Movement of persons	8.4% (115)
7	Other barriers and problems	7.3% (100)
8	Intellectual property rights (IPR)	7.1% (97)
9	Movement of capital	5.9% (81)
10	Business environment	3.6% (49)
11	Legal status of the enterprise	3.5% (48)
12	Quantitative restrictions	3.4% (47)
13	Competition conditions	1.8% (25)
14	Anti-dumping and countervailing duties and safeguard measures	1.2% (16)

Being at the fourth grade in above top ten, the tax policy is additionally considered as issue for doing business. Like other Nordic countries, the tax system is quite high in Finland. Even though corporate tax rates are slightly below EU average, personal taxes are huge. It's a block wall for foreign investors who want to locate key personnel in Finland. Consequently, the labour market is a weak point of Finland's business environment due to high costs and restrictive law (AIG 2013).

4.1.2 Political and socio-cultural factors

Finland is a parliamentary republic with a president and a prime minister. The President is elected popularly in 6 years period, two-term maximum. (Encyclopedia of the Nations) Today, Finland is a democratic country with nine political parties. It appears by the flexibility of voting parliament. In 1928, the law of congress was passed. It sets out the structure, responsibilities and mechanisms for parliamentary elections. Members of parliament are elected by universal suffrage for a term of four years. According to the constitution, the parliament elect prime minister, then by president is appointed to the cabinet. The Ministers are also appointed by the president upon the proposal of the prime minister. Unlike the president, the prime minister has very little real power, he or she can only cast vote for a certain faction of the parliamentary impasse. (Laine 2011.)

All the parties support the basic political structures. Therefore, political issues are solved democratically within the legal framework. It contributes for Finland's stability as well as the high level of voter satisfaction and public trust. Consequently, the political risk is low and the impact is likely to be limited. (AIG 2013.)

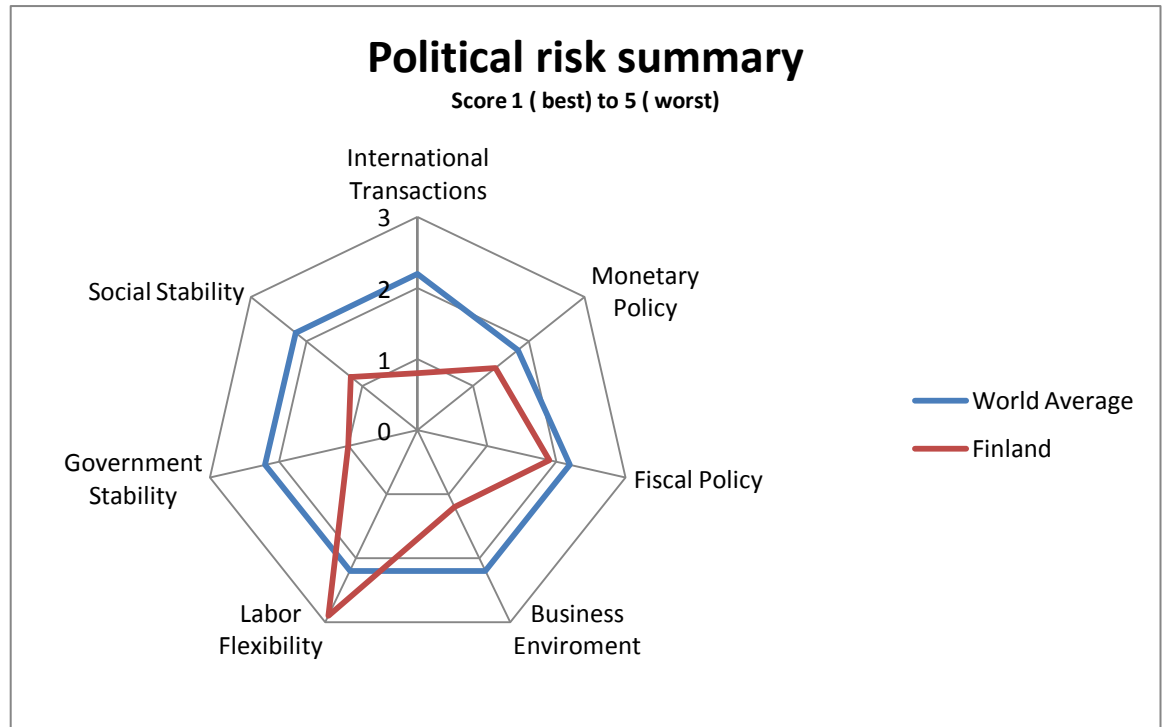


FIGURE 5. Political risk summary between Finland and World Average (AMB 2013, 1-3.)

According to A.M.Best's standard of three classification of risk, such as economic, political and financial system, Finland is the Country Risk Tier -1. It means that Finland is low or very low level of risk in all three categories. The political risk summary is described more detail in Figure 5. (AMB 2013, 1-3.)

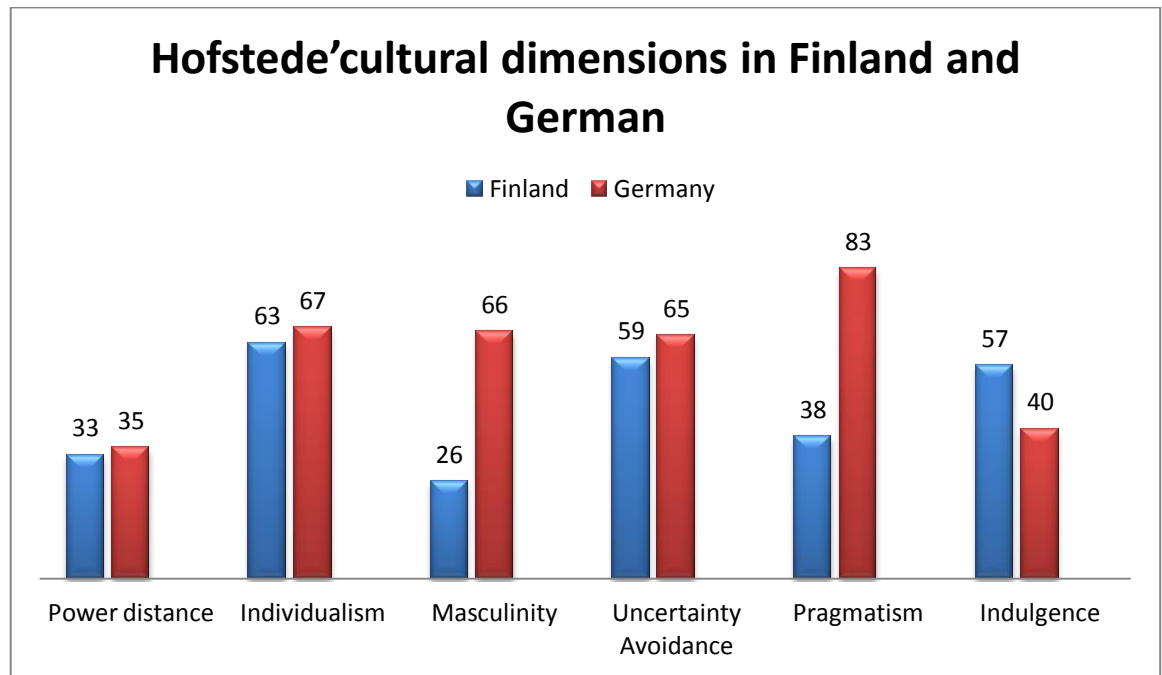


FIGURE 6. Hofstede's cultural dimensions in Finland and German (Hofstede)

If using the Hofstede's cultural dimensions for framework, it shows deep view of Finnish culture relative to Germany. Overall, both countries are low power distance, high individualism, high uncertainty avoidance, medium indulgence. The score in Masculinity of Finland is quite low. It means that Finnish "work in order to live", while German "live in order to work". For more detailed, Finns like to choose fewer working hours, take more holidays for enjoy and not so ambitious while Germans tend to be more competitive, focused on performance. The next difference in culture is Pragmatism. This dimension calculates on how people react to the fact that some things happened around us cannot be explained. Finnish culture is described as normative orientation with low score at 38. Consequently, people have a strong concern with establishing the absolute truth. Personal steadiness and stability are value characteristic. The living style of Finns is "keeping up with the Jones" so they balance social pressure, work and enjoy for the present. So if they invest, it is expected to get quick result. In comparison, it isn't common in pragmatic cultures like Germany with 83 point. Thus, Germans are willing to persist themselves for a purpose which takes long time to get outcome. People tend to believe that truth is affected on situation, context and time. Therefore, they are easily to adapt easily to change conditions. (Hofstede)

4.1.3 Economic infrastructure

Finland has transformed its economy from primary production base with agrarian workforce to become one of the richest industrialized countries and most stable societies in the world.

According to CIA, in 2013 Finland has a high GDP (194.1 billion), growth -0.6 %. The GDP per capita rate is about 35,800 USD/person, as much as GDP per capita of some other western economies such as France, Germany, Sweden or the UK (CIA, 2014). Look back to year 1990, when comparing with UK, USA and Sweden, it is totally different when GDP per capita of Finland is only one fourth of GDP PPP of those countries (WorldBank, 2005). The statistics in Table 2 show that Finland had a wonderful improvement of the economy.

TABLE 2. Main economic indicators in Finland 2006 – 2012 (Statistics Finland)

Change in %	2006	2007	2008	2009	2010	2011	2012
GDP	4.4	5.3	0.3	-8.5	3.4	2.7	-0.8
Private consumption	4.3	3.5	1.9	-2.9	3.3	2.6	0.2
Government consumption	0.4	1.1	1.9	1.1	-0.4	0.5	0.6
Gross fixed capital formation	1.9	10.7	-0.6	-13.2	1.6	5.7	-1.0
Exports of goods and services	12.2	8.2	5.8	-21.3	7.9	2.7	-0.2
Imports of goods and services	7.9	7.0	7.5	-17.2	6.8	6.2	-1.0
Current account (% of GDP)	4.2	4.3	2.6	1.8	1.5	-1.6	-1.9
Unemployment rate (%)	7.7	6.9	6.4	8.2	8.4	7.8	7.7

The labor force of Finland in 2013 is 2.6 million, stay on 111st when comparing to other countries in the world. The largest percentage occupied in public sector with 28.5 %, followed by commerce (21.3 %), industry (15.5 %), finance, insurance and business services (13.3 %). Working force in agricultural and forestry is the lowest (4.4 %), shows the downturn of those sectors. The unemployment rate is 8.1 % in 2013, which is 0.3 % higher than previous year. (CIA 2014.)

Finnish infrastructure is high standards in term of physical transportation as well as telecommunications with overall score at 6.4, rank 6th. Finland in general and Helsinki in particular is easily accessed by plane, ship, road and rail networks. In more details, quality of air transport is 6.2, rank 16; quality of port infrastructure: 6.2, rank 7; quality of roads: 5.8, rank 15; quality of railroad: 5.6, rank 10. Technology infrastructure is one of the best in Europe, for example the quality of electricity supply: 6.8, rank 5. (World Economic Forum 2011.)

4.2 Consumer market and buyer behavior

Kotler (2003) states that buyer's decision-making is resulted normally from steps in the process of Model of Buyer Behaviour as Figure 7 shows.

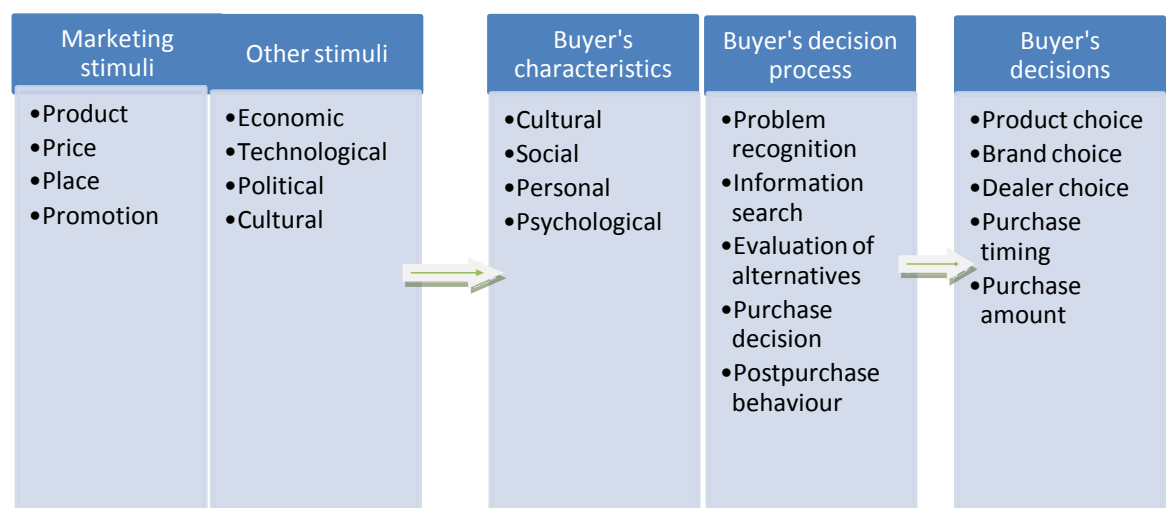


FIGURE 7. Model of Buyer Behaviour (Kotler 2003, 184)

Perhaps the most challenging concept for marketer is understanding why customers do what they do or do not. Therefore, this part identifies the key influences on buyer decision making. Following this, the writer created questions for questionnaire base on those guidelines.

4.2.1 Buyer's characteristics

Apprehending the characteristics of buyer is critical in designing suitable marketing strategy to reach these customers. The buying behavior is related to cultural, social,

personal and psychological factors. Without this awareness, marketers find it difficult to respond the needs and wants of customers.

1) Cultural

Culture is a code of attitudes, norms and values, the way of thinking. Culture is not right or wrong but it's individual behavior, which determines how a person sees himself and the entire world. Culture is handed down from one generation to the next and influences broadest and deepest in day to day living. (Browaeay and Price 2008, 4.)

The culture of Finland is also affected by sub-cultures. Sub-culture is group of people shared same value system based on common situation and life experiences, for example: Swedish-speaking Finns, Sami, Gypsies. When paying attention to the existence of sub-culture, marketer can provide special product aiming at them. (Wright 1999, 81.)

Beside, Kotler (2003) also explained the importance of social class in cultural factors. Members in the same class share similar interests, behaviors, lifestyles and values. The category bases on combination of education, occupation, income, wealth and other variables. (Kotler 2003, 184.)

As mentioned in previous part, the difference between the target market and case company is low. Thus, there are not many difficulties in planning suitable market strategy if marketer adapts the culture gaps.

2) Social

Social factors combine reference groups, small group, family, roles and status. Reference groups are people to whom an individual considers as a basic for personal standards and have influence on a person to or not to purchase products or services, for example: membership groups. Small group may be a part of reference groups, such as friends or colleagues. (Solomon 2002, 325- 327.)

Group consumption is usually larger than an individual is. When purchasing alone, an individual buys what he needs and even thinks back and forward to make final decision.

Conversely, he will buy more in amount while his company comes together. Sometimes, people buy things to get the approval of others. For instance, if their friends have full bags of stuff, they automatically pick up at least a thing even if they do not plan to buy at the beginning. It's a good point for restaurants that they can have special offers for group customers. (Solomon 2002, 325-327.)

In Finland, people consider family as one of the most important things in life. Therefore, dining out is often a family gathering, which is voted by family members about what, where and when to go. In addition, Finland scores 26 in Masculinity (Hofstede's dimension in Figure 6), it seems to be the tradition that women usually have voice in the consumption of food, households, clothes while men take care of choosing material, cars, technological construction.

About roles, an individual may play many roles, for example: son, daughter, mother, father, husband and wife in family; leader, manager and member in team. Status is the esteem given to a role by society which tells about one's "power, privilege and respect". Status helps marketers to identify the potential customers for particular products or services. (Wright 1999, 83.)

→ *Question: "With whom do you live with", "With whom would you most often go dining out?" in questionnaire.*

3) Personal

Those factors that affect consumer behavior in personal factors are age, gender and life-cycle stage, occupation, economic situation, life style and personality and self-concept (Kotler 2003, 189).

Age, gender and life-cycle stage: As studied by Mathur and Moschis (2007), youth prefers spending over saving, especially spending on technological products. Furthermore, life-cycle stage also makes customers change habits and buying patterns. Undergraduates like casual wear more than formal wear while officers are in contrast. This illustrates the importance of demographic studies to target different consumer segments. (Mathur and Moschis 2007, 110.)

Lifestyle and personality and self-concept: Lifestyle is the mode of living that reflects an individual's attitudes and values. It is measured through AIO dimensions – Activities (work, shopping, hobbies, social events, sports); Interests (fashion, food, recreation, family,) and Opinions (about themselves, business products, social issues,). In addition, it is essential to fully recognize about customer's life styles. The reason is that "Consumers don't just buy the products, they buy the values and lifestyles those products represent" – said Kotler. (2007, 191.)

Occupation and economic situation: Nowadays people are more concerned about their image and the status, which is direct outcome of their material prosperity. Economic growth leads to higher level of consumption, satisfaction and expectation. In addition, different occupation with different education backgrounds also had impact on buying decision, for example, highly educated customers prefers healthier lifestyle and more approachable with news things or knowledge. (Kotler 2007, 192.)

➔ *Question: "What is your gender", "What is your age", "How often do you eat outside?", "When you are having a meal outside home which type of restaurant do you prefer?", "What is the suitable price for a meal in a restaurant?" in the questionnaire.*

4) Psychological

The four key psychological issues are motivation, perception, learning, belief and attitudes. Marketer has great control over those various factors, therefore, they should understand well to adjust the marketing strategies.

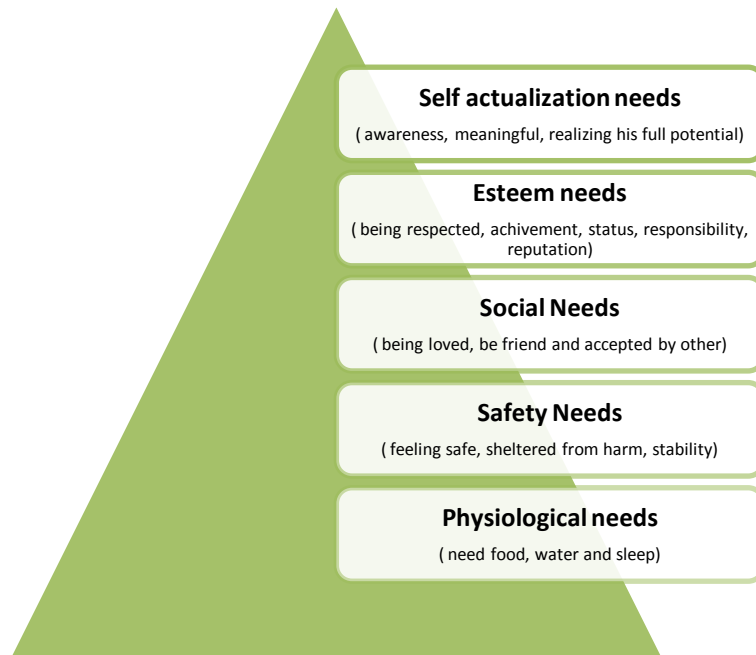


FIGURE 8. Maslow's Hierarchy of Needs (Zalenski and Raspa 2006).

Motivation: Maslow's Hierarchy of Needs explained that the lower level of need should be fulfilled before an individual was motivated to a higher level (Zalenski and Raspa 2006). In the case for dining out, it can be considered to satisfy all needs according to Solomon. Firstly, the basic need is food because of hunger. The atmosphere is safe, warmly welcomed and suitable decorated in the restaurant. Next, the customers enjoy themselves with their company in eating and chatting. About status, it's at some levels that they classify the esteemed need due to their financial possession, such as affording a meal with higher price rather than ready cook meal in supermarket. Lastly, customers need to be accomplish his object of cheer, enjoyment and excellent appetite, which is considered is "self-fulfillment". (Solomon 2002, 108-110.). According to this, it's almost the same satisfaction from level 1 to 3 for restaurant in serving customer. The case company is better achieving level 4 and 5 needs of their customers to enhance the competitiveness over other competitors.

➔ *Question: "What are your main reasons for dining out?", "What is the motivation for you to go to Asian restaurant?" and "What is the discouragement for not eating Asian food?" in questionnaire.*

Perceptions: Perceptions is the way in which people interpret stimuli the world around them and acquire a sense of it in their thought. The way how people combine their five

senses (such as hearing, sight, touch, taste and smell) makes difference perceptions. Each sense sends information to brain continually. According to Tanner (1999), everyday, the consumer is bombarded with average three thousands advertisements through television, radio, magazines, internet... per day. However, only some of those ones stay in their minds. (Tanner and Raymond, 2012) For this issue, the answer for how the message of company or products can go through customer's selective exposure will be investigate through next part about buyer's decision process.

➔ *Question: "Which nation's cuisine do you prefer to eat?", "Would you come to Asian restaurant if there was one nearby?" in questionnaire.*

Learning: It's the process that customers change their perception after gaining experience or information. That's the reason why they don't buy bad product second times. A firm can get buyer learn about their products or services by many ways. For example, offering free sample to try for new customers, having prizes for rewarding loyal customers to make them repeating purchasing behaviors. (Tanner and Raymond, 2012)

➔ *Question: "What would attract you to try a new restaurant?" in questionnaire.*

Belief and Attitudes: The attitude is the combination of three elements, for instance: affect (physiological reactions to an object), cognition (belief toward an object), behaviour (an observable reaction). Once one of three elements changes, the attitude changes as well. (Tanner and Raymond 2012) However, the changing attitudes take a long time to distort a frame in mind about dislike and like an object. Therefore, it's more likely that products should be modified to match with buyer's attitudes rather than demand them change to suit, especially with food. (Solomon 2002, 184.) For instance, with high score at Uncertainty Avoidance, Finnish do open to take risk or change rapidly. In addition, Finnish cuisine refers mild food. Therefore, if restaurant serves Asian food with too much spicy and strange spiced, they may fail due to regional consumption difference.

➔ *Question: "Please grade each of the following criterias according to its importance when you choose a restaurant. (1. Strongly disagree, 2. Somehow disagree, 3. Neutral, 4. Somehow agree, 5. Strongly agree) " in questionnaire.*

4.2.2 Buyer's decision process

To understand how customer makes buying decisions, the part will go through five stages on buying decisions: 1. Problem recognition, 2. Information search, 3. Evaluation of alternatives, 4. Purchase decision, 5. Post purchase behavior.

Beside, the writer wanted to demonstrate about a study done by O'Brien (2006) in which the influence of buyer characteristics to the choice was pointed out clearly. In this study, she interviewed 2 individuals about their decision to purchase a meal. Subject A made decision to respond basic need: hunger. Subject B was interested to dining out as reward himself. They had preconceived reasons for choosing particular restaurant due to their needs. Both subjects were asked questions during the purchase process. Finally, subject A was convinced to try the same prospective restaurants as subject B. It tested if the post purchase behavior was the same when buyer characteristics were different or not. (O'Brien 2006)

1) Problem recognition

Recognizing an existing need is the beginning of decision-making process. The structure of basic need by Maslow was reviewed in previous part. People purchase a meal to satisfy the basic needs: hunger. Beside that, in O'Brien's research, subject B had another need: rewarding himself. (O'Brien 2006)

2) Information search

Once the consumers identify their needs, they will search for information from various sources, such as: personal sources (family, friends, neighbors), commercial sources (advertising, dealers, sales persons, display), public sources (media, consumer rating organizations), experimental sources (examining, using of the product, handling). In particular, dining out is considered as high in experience. Therefore, customers prefer personal source like friends, public sources like page for rating restaurant than others. Among them, personal source or word-of-mouth seems to be the most influencing on the purchase. (Jaakkola 2007, 97-103.)

➔ *Question: "Where do you seek for information about restaurants?" in questionnaire.*

3) Evaluation of alternatives

After gathering information, there are hundreds of choices so buyer somehow develops evaluative criteria to narrow down options. As mentioned in previous part, different perception will lead to various criteria. Some of characteristics are more concerned than the others. The consumers are likely to prefer those attributes connected with their needs. (Jaakkola 2007, 97-103.)

According to O'Brien, both subjects have same reasons for selecting a particular restaurant, such as: quality, services and atmosphere. However, subject B was more controlled by his family role, social factors so he called attention to familial responsibilities factors to choose restaurant with shorter waiting time. (O'Brien 2006)

4) Purchase decision

In last stages, the buyers rank all brands. Consequently, they buy the most preferred brand in this stage. The unexpected situation factors and the attitude of others have indirect or direct influenced on the final decision of customers. (Jaakkola 2007, 97-103.)

The purchase decision of subject A didn't meet her purchase intention since she was convinced to try same restaurant as subject B not her frequent one. (O'Brien 2006)

5) Post-purchase behavior

After buying, consumer will be satisfied or dissatisfied depending on the relationship between the consumer expectation and experience of product.

In the study, subject A has buyer's remorse since she said "I look at the bill and think, God, we could have ate for a week on that if we had cooked at home". Even though she wasn't happy with the price, she didn't think that the results would be different between her intended restaurant and new one. In contrast, subject B totally felt good experience. The reason is the difference in the needs of individual. For subject A, she just needed to fulfill the basic needs so she found it expensive. Meanwhile, subject B wanted to satisfy not only basic need but also higher level such as safety, social or even self-esteem level, therefore, he was willing to pay for meal as well as enjoyment. (O'Brien 2006)

5 ASIAN SNACK FULOI

The case company- Asian FuLoi, especially Asian Snack FuLoi brand will be illustrated in this chapter in which information was gathered from company's website and interview with the regional manager in Kiel, Germany. The introduction about history, mission and business concept will be in part 5.1, that helps the reader have observable view about the situation of company. Then, based on theory in part 3.2 about the internal factors of choosing entry mode, the next part will analyze and evaluate criteria such as company size and resource, experience in using market entry modes, management risk attitudes, market share targets, profit targets.

5.1 Introduction of the case company

Asian FuLoi company has 2 main business concepts and trademarks. Asian Snack FuLoi serves Asian food, especially wok and noodles while Hiraki offers Japanese cuisine to customers. The first Asian Snack FuLoi restaurant was opened in Kiel since 1999. Firstly, the restaurant opened in a corner of street then moved into Ciiti Park in 2000. Until now, the company has 6 Asian Snack FuLoi branches in Ciiti Park in Kiel, in Altmarkt Galerie in Dresden, Saar Basar Center in Saarbrücken, Weserpark in Bremen, Rathaus Galerie in Dessau, Halle-Peishen Center in Halle. About Hiraki, it first established in 2009. Company plans to open more restaurants in Hamburg, Hannover and München in the near future. They aim to reach the main customer segments: local residents who are attracted by value-for-money by affordable prices and nutritious food. (FuLoi)

Above all, Asian Snack FuLoi claims to present a healthy-food-in-fast-way image. They have big kitchen where customers can see how chefs cook dishes. To highlight more about this business concept, the regional manager said that nowadays people concern what they eat and how are their portions to balance good health. Furthermore, some special Asian ingredients only appear in Asian countries so they are somehow strange to buyers. Therefore, by seeing, customers know exactly what they are ordering to suit their taste. If anyone has dietary restrictions or allergies, they speak directly to the waiter or waitress then the dish will custom made upon his requirement. After placing order, customer will pay for their meal and drink. As soon as customers are sitting down, dishes are supposed to be served hot and flavorful. With this fast service, Asian Snack FuLoi strengthens its competitiveness among other restaurants.

The missions of Asian Snack FuLoi are establishing long term relationship with customers, offering high quality food and promoting traditional food culture. According to this, every dish promises to maintain enough protein (from pork, chicken, duck), starch and carbohydrates (from rice or noodle), fiber and vitamin (from different kinds of vegetables). In addition, they set rules to keep up the high standard level of dishes. Firstly, some ingredients are steamed or flash boiled instead of frying. If it needs to be fried, they use high quality vegetable or canola oil and no reuse oil. Next, restaurant serves fresh vegetables not canned ones. Beside, the chefs of all restaurants have meeting every quarter to have training for new dishes. Consequently, Asian Snack FuLoi asseverates the same taste for thousands dishes sales from day to day.

5.2 The internal factors of Asian FuLoi for selecting entry mode

Be diverse with external factors, internal factors are variables and strategies that influents on firm's activities.

Company size/resources: The amount of available resources such as human, skills and knowledge of employees, physical and financial has influence on the entry mode option. Asian FuLoi is a medium company size with about 110 employees. The director is Mr Dao Loi. The store manager in each restaurant will report directly to regional manager. Asian FuLoi, especially Asian Snack FuLoi brand is well known in Germany and they account for good market share there. In general, company has advantage in resources so they can choose many kind of entry mode, even establishing international subsidiaries with large resource commitment.

Experience in using market entry modes: Asian FuLoi has no previous international experience. Finland was the first thought of expanding cross-border of company. Telling the reason for this, the regional manager – Ms Huong Nguyen - said that Finland was economically and politically stable society. They consider Finland as a first step with more potential. Nonetheless, Ms Nguyen also mentioned that growing outside home was tough for a restaurant brand and being successfully was even harder.

Management risk attitudes: When entering a foreign market, the level of management of international business risk will be up on: strategic options, financial situation and competitiveness of environment. Risks maybe predicted by appropriate formula. (Koch 2001, 351-361.) Firstly, it's recommended to talk a little more about Germany which is

made up of sixteen states (Länder). Mostly the states are commanded by a Minister-President (Ministerpräsident) in cabinet led together with a State Diet (Landtag), the parliament. The basic law of the Federal Republic of Germany was put in use in 1949 and ruled for the whole area of the Federation. Beside, each state will pass laws on all matters validity in the Land, except some issues like defense, foreign affairs and finance. (CIA 2012) Asian FuLoi has restaurants in many states, therefore, the regional manager is needed to deal with different law and rule in each state. At some level, it is assumed that Asian FuLoi has good risk-averse management.

Market share targets: At the first time, the firm seeks for safe and stable expand to avoid losing market opportunities. Then in long term, they wish to maximize market share in term of distribution development and after sales network. The target customers in Finnish markets are young adults from 20-29 and mature adults 30-39 years old. Beside, the company wants to maintain the current image healthy-food-in-fast-way so they pick young and mature because they are easily to accept new concept and have knowledge to care about health. Next Asian FuLoi sets selective criteria for place of opening restaurant in Finland. The restaurant will be open in shopping center with area minimum 15000m² with good transport connection.

Profit targets: Due to the characteristic of product, the commitment is long. Therefore, there could be no profits for three or four years. It takes time to establish all necessary assets, market contacts, customer relationship as well as training employees. So far, there is not yet clear company's profit target. The aim of this thesis is research for the possibility to establish an Asian Snack FuLoi restaurant in Greater Helsinki area. Therefore, it requires further study to investigate more about strategy in general and profit target in particular if company wants to enter to Finland.

To summarize, some above factors may impact on selecting entry mode. The case company is the service industry, therefore, after analyzing the writer suggested those following types: franchising, joint-venture and wholly-owned subsidiary. The research result in next chapter will determine the most suitable one.

6 RESEARCH IMPLEMENTATION AND RESEARCH RESULTS

This thesis consists of theoretical and empirical part. The first part provides basic theoretical framework using secondary data from books, internet sources and publications. The empirical division focuses on collecting and analyzing primary data. The research is done by two main methodologies: qualitative and quantitative. Qualitative research is made through interview with manager from the case company. This chapter will concentrate more on the quantitative research technical.

6.1 Research method, sample and data collection

The purpose of this quantitative research is to determine the picture of individual and groups of people in Greater Helsinki in the sense of behaviour and reactions towards an Asian restaurant.

1) Questionnaire

The questionnaire was drawn up based on the theory about buyer characteristics presented in part 4.2. The survey was quite simple, understandable, specific questions. In addition, the instruction clearly pointed out what the respondents needed to do. Mostly, the answers are ticking the suitable option, about 6 questions have option which provided chance for respondent write their own opinions.

Questionnaires were sent to some Finnish friends of the author for testing. The pre-test showed that wording and questions are fine. They also suggested more options for reason why/ why not to choose Asian restaurant. The final version of questionnaire was applied using internet form and in paper form. The questionnaire is in the Appendix 1 in Appendices part.

2) Sample and data collection

Since Greater Helsinki is a large area, at least 250 respondents were needed. The sample was defined to collect as much as possible answerers from male and female respondents, the variation of age and occupation. About internet form, questionnaire was made via Webropol. Then the writer created post together with the link on public website (such as finlandforum.org, vsaf.org) and many groups on Facebook (such as

Finland IEASF, Helsinki Expat Meetup, Student in Helsinki/Vantaa/Espoo, Parents in Helsinki...) Beside that, the questionnaire was printed into 600 paper copies. Since the goal was reaching people in different age and situation, the writer chose many places to deliver questionnaires. The collection time was 4 weeks from 13th April to 10th May. In first week, the author went to many universities, for example: Haaga-Helia University of Applied Sciences Laurea University of Applied Sciences, Metropolia University of Applied Sciences, Hanken University, Aalto University to reach young people groups. The mid age groups were caught in shopping centers in Helsinki like Kamppi, Forum, Itis, Kaari, Columbus in second week. Next week, writer moved to Sello and Iso Omena shopping malls in Espoo and head to Jumbo, Tikkuri in Vantaa in last the week. During the gathering, the writer had help from Finnish friends to translate for people who were not good at English.

6.2 Research result analysis

As mentioned before, 600 questionnaires were sent out. The writer received 220 replies on paper and 42 via internet, which means that the response rate was 43.7 %. All the answers were recorded and analyzed with SPSS 16.0 program. The missing values were also noted in some questions that participants did not answer. Since the questionnaire was created based on the theory of buyer's characteristics, the research results would be analyzed according to personal factors, social factors and psychological factors.

6.2.1 Personal factors of the respondents

Those questions designed for personal factors would describe the age and gender, lifestyle, personality and self-concept as well as economic situation of respondents. From the result, the potential group of customer would be indicated.

1) Age and Gender of the Respondents

People in different age and gender have different points of view towards the opening of Asian restaurant. According to this, the variability of age and gender will point out who the potential customer group are.

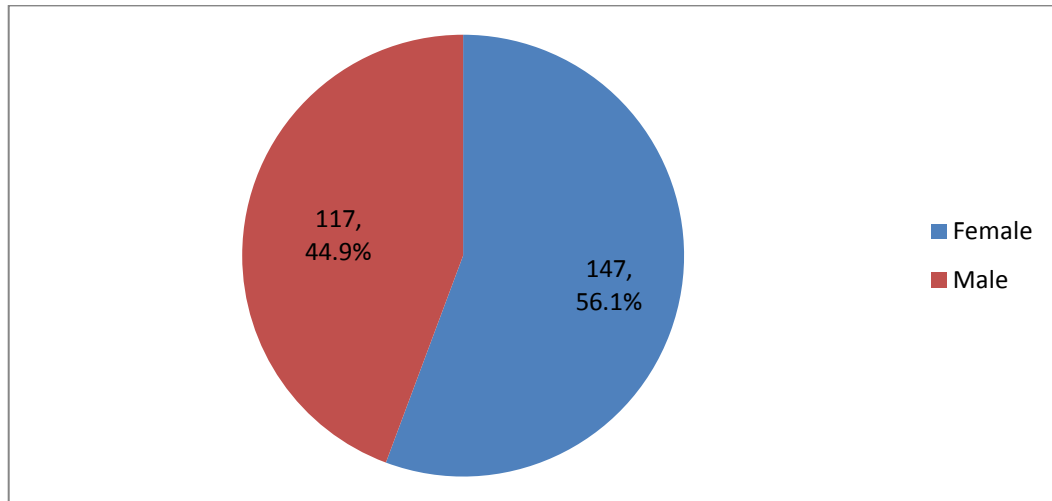


FIGURE 9. Gender of the respondents, N=262

Figure 9 shows the respondents' gender. The number of female respondents was 147, which accounted for 56.1% and the rest 44.9% were males with 117 respondents. The number of males and females was not so different because the writer selected on purpose to have both gender's opinions. However, in some cases, they went together and the author came to talk about the survey. The husband or boyfriend let his woman answer the questionnaire while he refused doing because of shyness. Same reason for young boy, they were shy to answer questionnaire in shopping mall. All questionnaires done by young boy were sent from educational institutions.

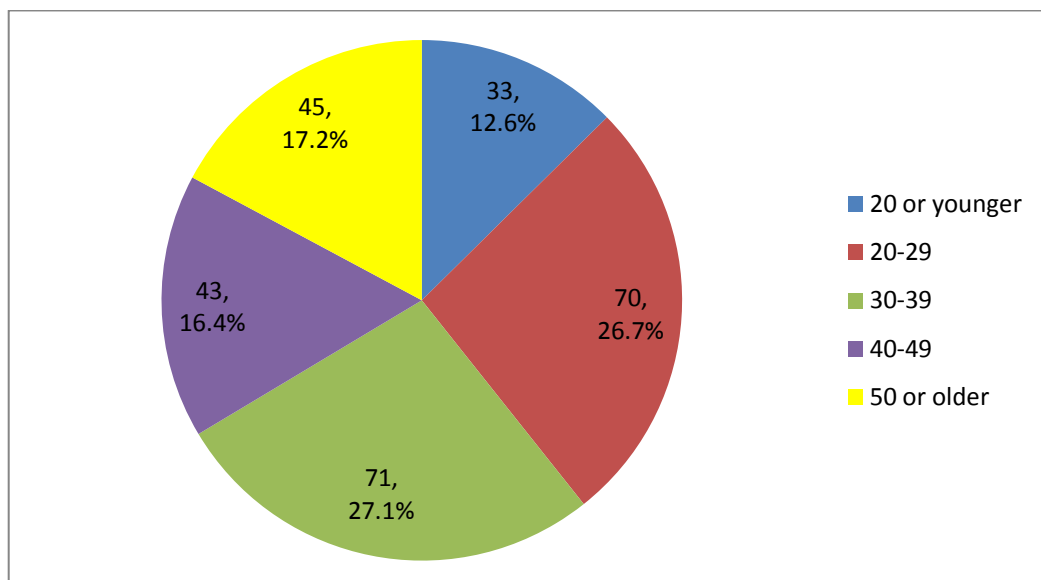


FIGURE 10. Age of the respondents, N=262

The age of respondents was divided into 5 groups, in which Figure 10 shows more in details. During collection time in supermarket, it was noticed that males at age 30-39

were friendly to accept answering. An interesting reason for that were men waiting for his friends or wife shopping and they spent free time doing nothing.

Overall, young people seemed more interested in contributing to the survey. The number of responds in age 21-30 group was 70 (26.7 %) and in age 30-39 group was 71 (27.1 %). They were also the groups, which gave much more specific view when ticking other choice. Older age group or people with children said they were in a hurry or had no time to do the questionnaire. There were only 43 (16.4 %) respondents for age 40-49 group and 45 (17.2 %) for age 50-older group. The rest with 33 (12.6 %) answer belonged to youngest groups. According to this result, middle age group was more interested in research's objects, thus they were considered as potential customers. It's also the target group set by the case company.

2) Frequency of eating out

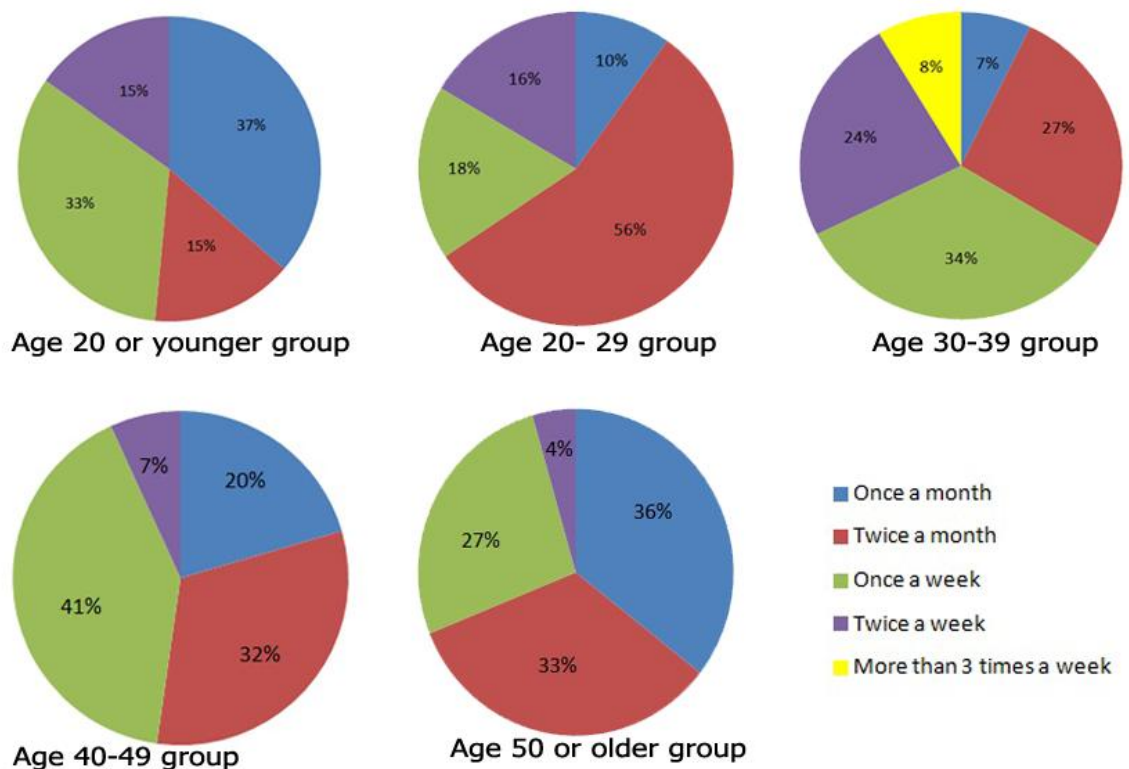


FIGURE 11. Frequency of eating out according to age groups, N=262

In general, 87 (32.2 %) respondents chose dining out twice a month, 83 (31.7 %) once a week, 48 (18.3 %) once a month, 38 (14.5 %) twice a week and only 6 (2.3 %) more than 3 times a week. The Figure 11 describes the frequency of eating out according to

age groups in more details. Young adult and mature adult people spent more time eating out, usually twice a month or once a week. Young person at age 20-29 sometimes went to restaurant, with 34 (56 %) responds said twice a month and about 12 (18 %) ones said once a week. In comparison, within age 30-39 groups, there were 19 (27 %) choices for twice a month and 24 (34 %) ones for once a week. It is one more time illustrate that both groups were possible target.

3) Type of restaurant

Among 4 options to the question which type of restaurant people prefer, waiter/waitress service was ticked most of all with 98 (37.4 %), then buffet 74 (28.2 %), decreasing to 57 (21.7 %) for fast casual restaurant and bistro/self service 33 (12.7 %). The number was used to draw chart in Figure 12 below.

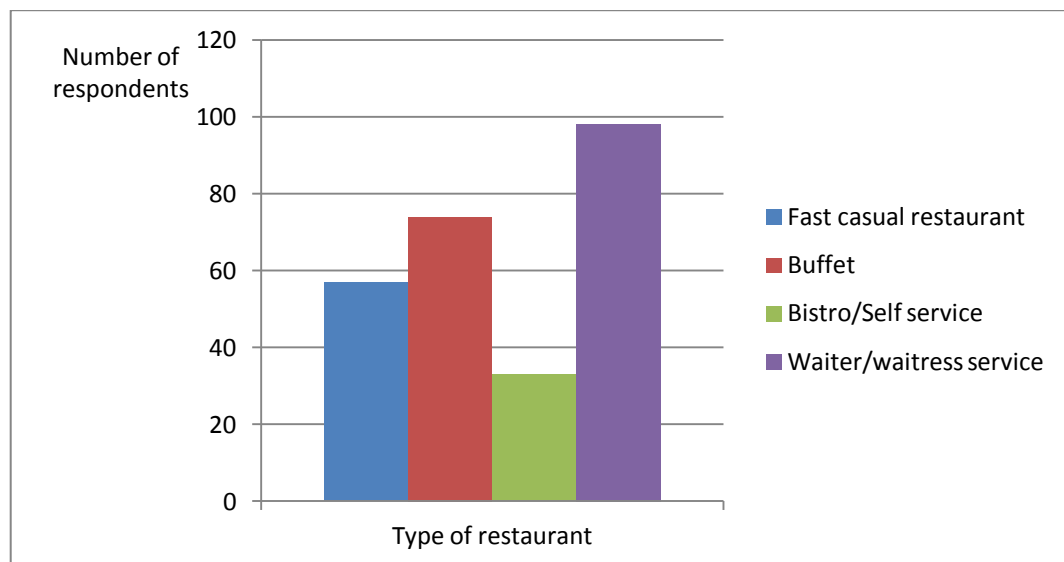


FIGURE 12. Preferences different types of restaurants, N=262

To conclusion for this question, it's supposed that people want to experience good atmosphere in fine dining restaurant rather than grab a sandwich and go. They look for relevant serve of well trained staff together with delicious meal course.

4) Suitable price for a meal in a restaurant

The question "What is a suitable price for a meal in a restaurant?" was created to find out which was favourable price in customers' consideration. The collected information will assist in setting a proper price and reduce risk of impractical price.

Figure 13 describes the connection of age and price. The final horizon variable named "Total" displays the total choice of each price level in total 262 respondents in all age groups. Price at 10-12 euro was in the majority choices with 101 (38.5 %). It's such average restaurant meal price in Greater Helsinki. Interesting there was no much difference between other price levels: the tick boxes for 7-8 euro, 10-12 euro and over 15 euro was following by 51, 54 and 56 (19.5 %, 20.6 % and 21.4 %).

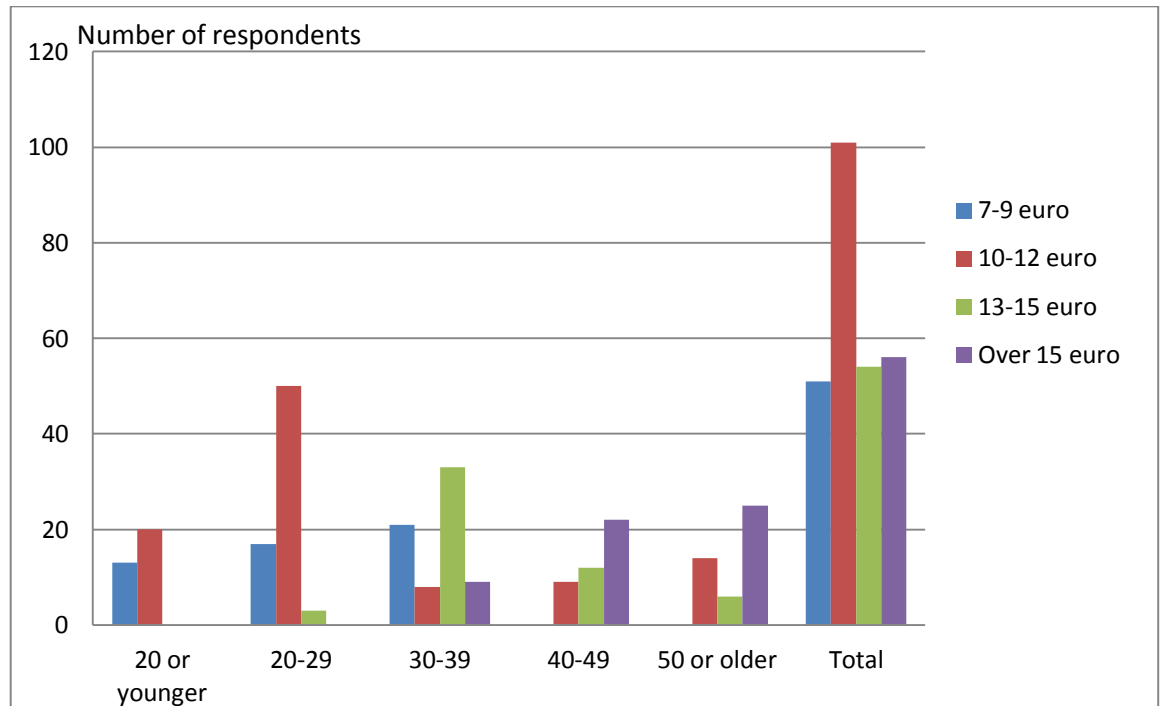


FIGURE 13. Suitable price according to age groups of respondents, N=262

The writer decided to make comparison between age and desire price due to the reason that difference age with difference occupation and economic situation influences financial choice. The youngest group ticked for cheap price as well as the age 20-29 group. They selected price from 7 to 15 euro. The middle age group is willing to pay more for a meal, highest mark for 13-15 euro. For older group, over 15 euro is a suitable price since they are supposed to be wealthier. Depending on the target group, the case company would decide price strategy.

6.2.2 Social factors of the respondents

Buyer characteristics are influenced by social factors, which are described clearly in chapter 4.2. There were 2 questions designed to find out the reference groups and role,

for instance "With whom do you live with?" and "With whom would you most often go dining out?" The answers are analyzed in Table 3 below.

TABLE 3. Preference group that the respondents live and go dining out, N=262

		With whom would you most often go dining out?			
		Go alone	With partner	With family member	With friends
With whom do you live with?	Live alone	14	17	0	27
	Live with spouse/partner	13	52	15	65
	Live with spouse/partner and children	0	14	15	10
	Live with children	0	0	18	2
Total		27	83	48	104

The result showed that people really enjoy time with their friends with 104 (39.7 %) response and partners with 83 (31.7 %) responses followed by family member with 48 (18.3 %) choices and the rest going alone with 27 (10.3 %). Mostly, people in the research live with their spouse and partner or live alone. It's understandable because of high number of young people took part in the survey.

Solomon (2002) stated that an individual plays many roles during his/her life (Solomon 2002, 325). In case he/she lives with spouse/partner and children or lives with children only, the role of parents and child affects their choices. They particularly prefer going to restaurants with their family member while people living alone would choose friends as company to dining out.

The aim of those questions helps marketer to identify the target customer to adjust products or service. For example, for people who have children, restaurant should have kid meal together with normal dishes and baby chairs.

6.2.3 Psychological factors of the respondents

Marketer has high control over those various factors, consequently, this part will go through answers according to motivation, perception, learning, belief and attitudes. Those questions aims to draw a clearly view of citizens in Greater Helsinki.

1) Motivation

There were 3 questions asking about individual's motivation. Firstly, it's the general reason for dining out. Next, the inspiration and discouragement for going to Asian restaurant is defined. From that, the writer will adjust suitable marketing strategy to maximize motivation and limit the cause based on main needs of customer.

What are your main reasons for dinning out?

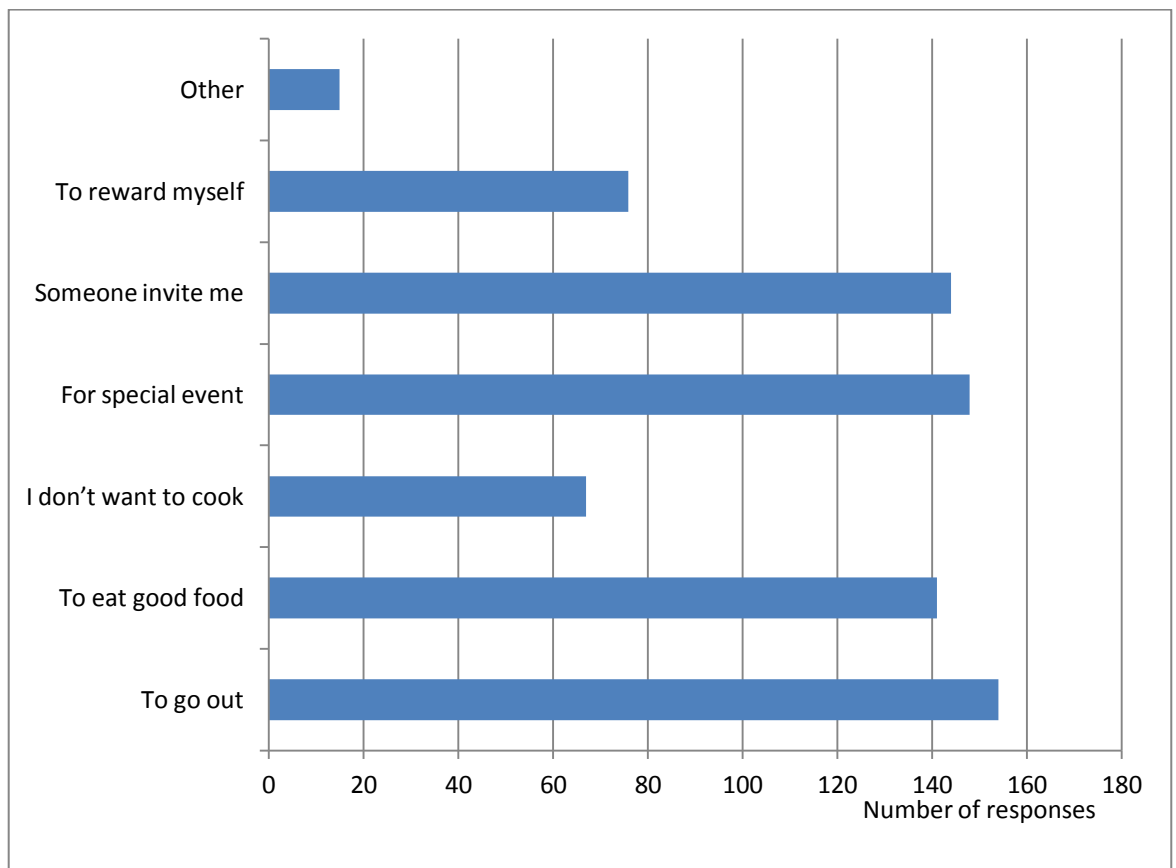


FIGURE 14. Main reason for dinning out, N= 262, n= 745

This is a multiple choice question in which participants could choose up to 3 options about main reason for eating out. Figure 14 lists some explanation why people consider visiting a restaurant. 154 (20.7 %) ticked to go out, followed by 148 (19.7 %) choices for special events, 144 (19.3 %) went on invitation, then 141 (18.9 %) to eat good food, 76 (10 %) to reward themselves, 67 (9 %) for I don't want to cook and 15 (2.4 %) for other. To conclusion, there are 4 main reasons to go to restaurant. Customers need to go out and want good food which company can provide high quality meals. People go to restaurant because of being invited so the marketing strategy should focus

on the special discount for groups. Beside in special event, restaurant should have promotion to attract buyers.

What is the motivation for you to go to Asian restaurant?

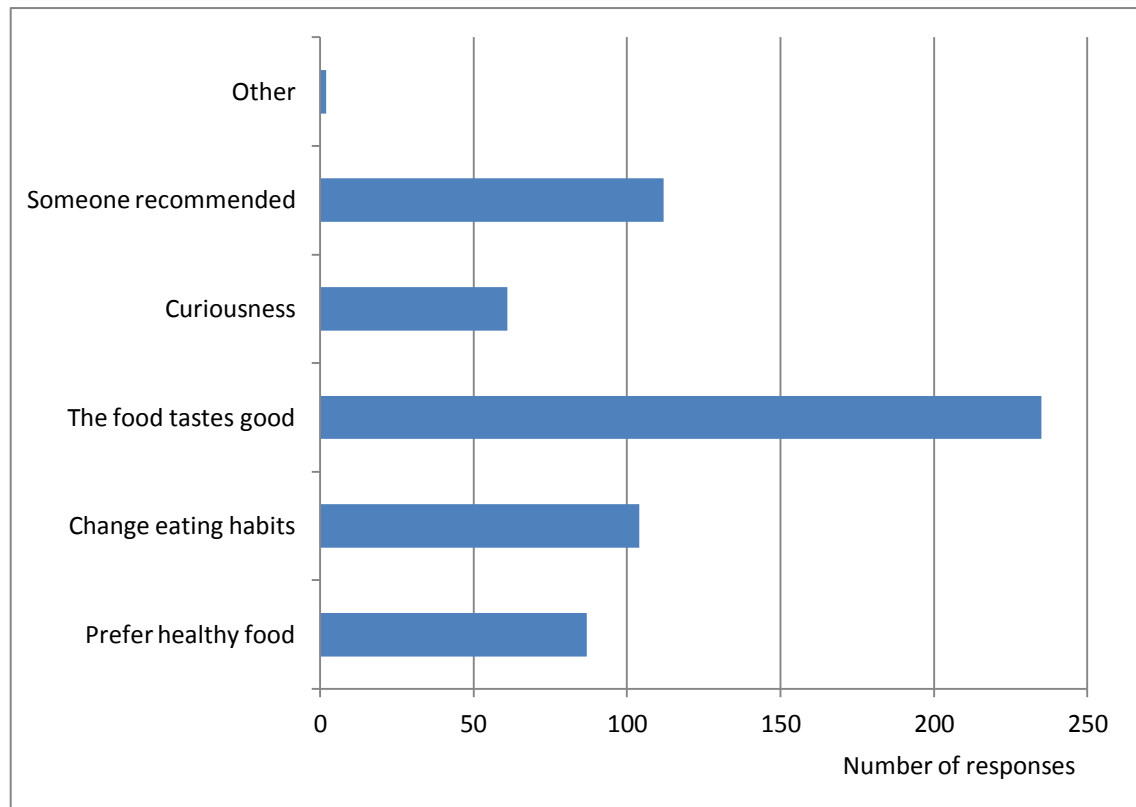


FIGURE 15. Motivation for go to Asian restaurant, N=262, n=601

This is a multiple choice question in which participants could choose up to 3 options about motivation at going to Asian restaurant. A large portion 235 (39.1 %) of the respondents believe that Asian food tastes good. Following this, 112 (18.6 %) people would go to Asian restaurant because of someone's recommend. 104 (17.3 %) ticked was for changing eating habit; 87 (14.5 %) for prefer healthy food; curiousness was the motivation of 61 (10.1 %) respondents. 2 (0.4 %) said other reason, one person shared the inspiration for Asian culture while one told that he/she ate Asian food for diet.

Overall, people considered Asian food tasty and healthy. Therefore, marketing should focus on building suitable image with flavourful and nutritious meals.

What is the discouragement for not eating Asian food?

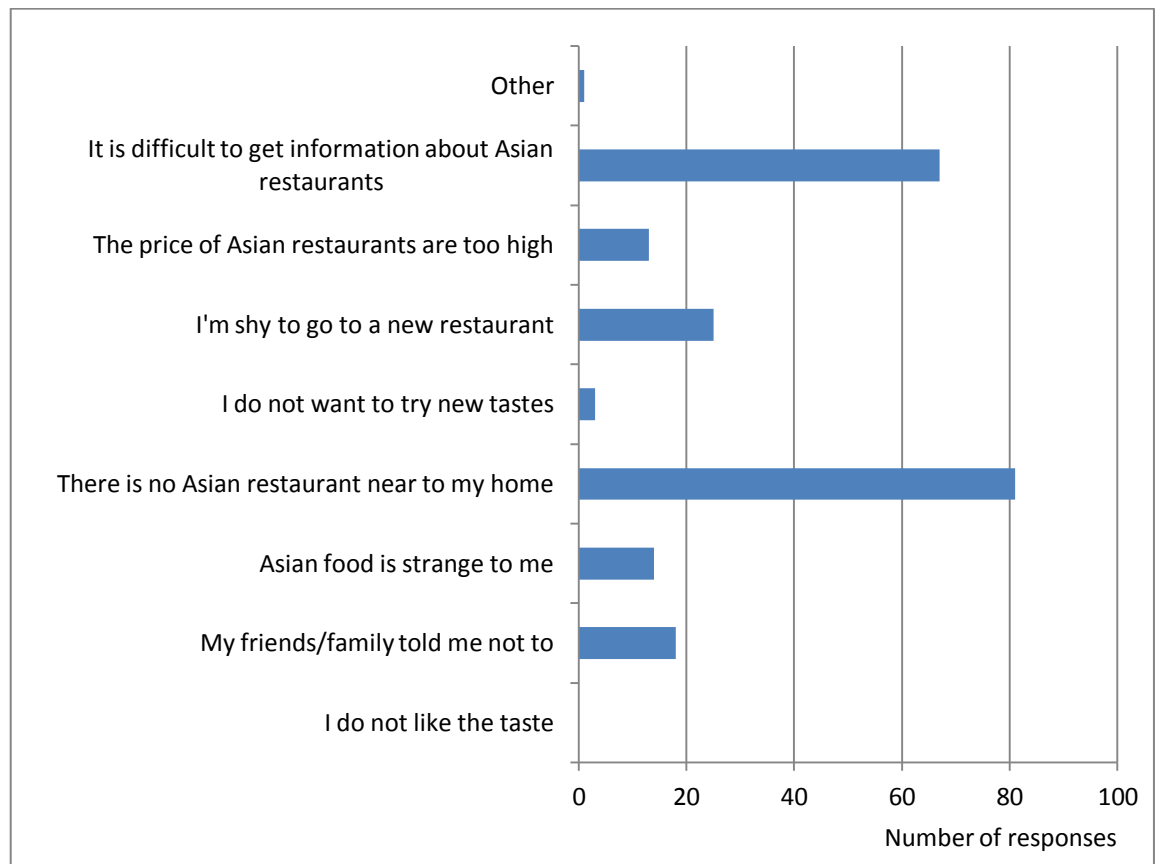


FIGURE 16. Discouragement for not eating Asian food, N= 262, n=222

This question is a multiple choice in which participants could choose up to 3 options about reason for not eating Asian food. As in Figure 16, 80 (36 %) respondents do not eat Asian food because there is no Asian restaurant near their home. The second most chosen reason was difficulty to get information about Asian restaurants with 67 (30.2 %) ticks, 25 (11.3 %) too shy to go to a new restaurant, 18 (8.1 %) was told not to by friends or family. 14 (6.3 %) refused to eat because Asian food is strange to them and 13 (6.2 %) considered the prices of Asian restaurants too high. 4 (1.8 %) said they don't want to try new taste. One respondent told the reason that food is similar in all of them and easy to get used to. It seems Asian food has good reputation since quite large number of respondents didn't recognize any dissatisfaction with Asian food. However, the most barriers for consuming Asian food are the lack of information and location of restaurants. The marketing strategy should focus more on the communication tools with customers.

2) Perception

Perception varies on the way people combine their five senses (hearing, sight, touch, taste and smell). The question asked respondents preference on nation's cuisine. Another question was about possibility to visit Asian restaurant. From that, marketer could analyze the way of understanding, regarding or interpreting of respondents.

Which nation's cuisine do you prefer to eat?

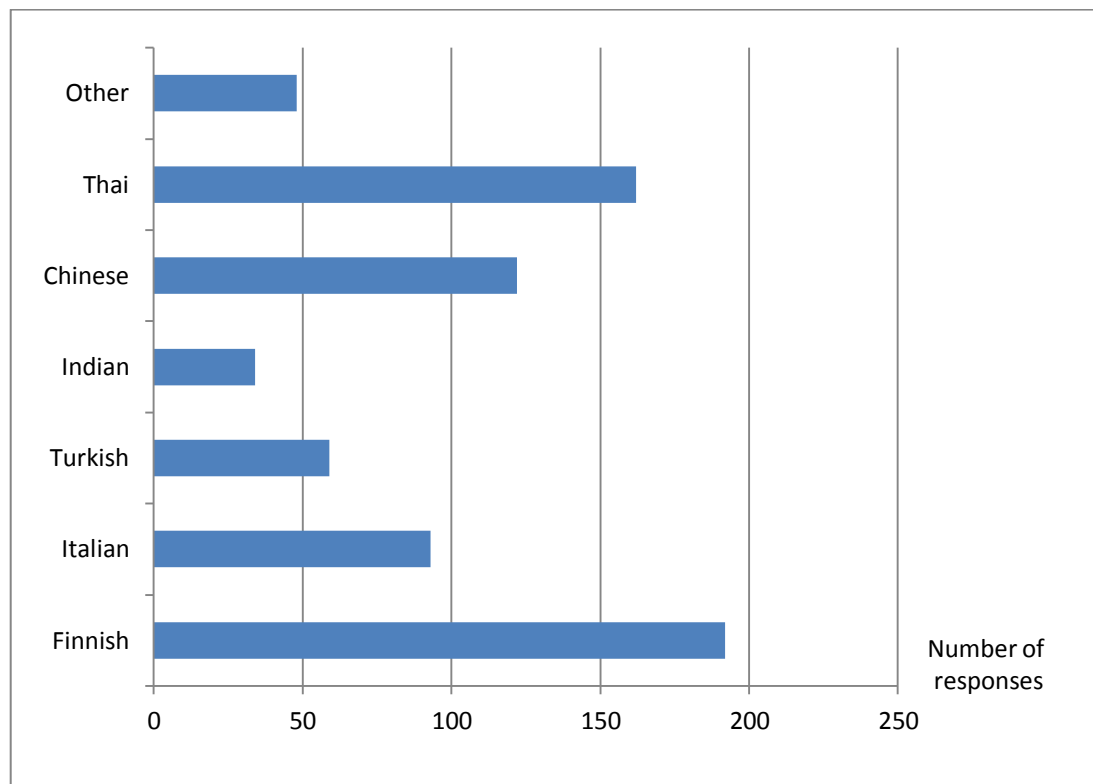


FIGURE 17. Respondents reference on nation's cuisine, N= 262, n=710

This is a multiple choice question in which participants could choose up to 3 options about preference on nation's cuisine food. According to the cuisine selection in Figure 17, Finnish food certified its strength while the majority of respondents 192 (27.1 %) ticked Finnish cuisine. The second choice was Thai food with 162 (22.9 %), coming up was Chinese food with 122 (17.2 %). The following 93 (13.1 %), 59 (8.3 %) and 34 (4.8 %) went to Italian, Turkish and Indian cuisine. Other mentioned some ethnic cuisine such as Russia, Estonian and Japanese.

Would you come to Asian restaurant if there was one nearby?

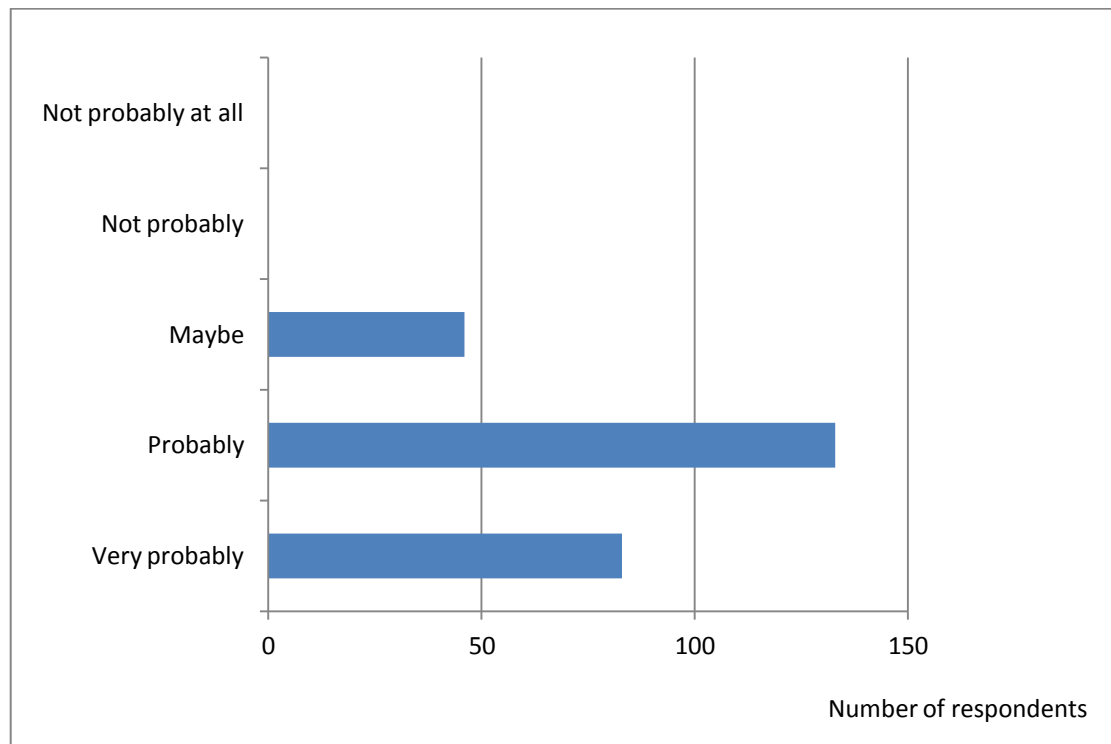


FIGURE 18. Probability to come to Asian restaurant if there was one nearby, N=262

It was quite good news since all 262 respondents would consider coming to Asian restaurant. It's obvious when Thai and Chinese cuisine were the second and third options which people like to eat. About half of respondents chose probably 133 (50.8 %) while 83 (31.7 %) were so eager to tick very probably, the rest 46 (17.5 %) went for maybe. It could be a promise that Asian restaurant would have enough customers to operate.

3) Learning

As mentioned before, it's the process that customers change their perception after gaining experience or information. Through question "What would attract you to try a new restaurant?", the information which comes from surrounding environment will be acquired as scale for choosing a particular restaurant.

What would attract you to try a new restaurant?

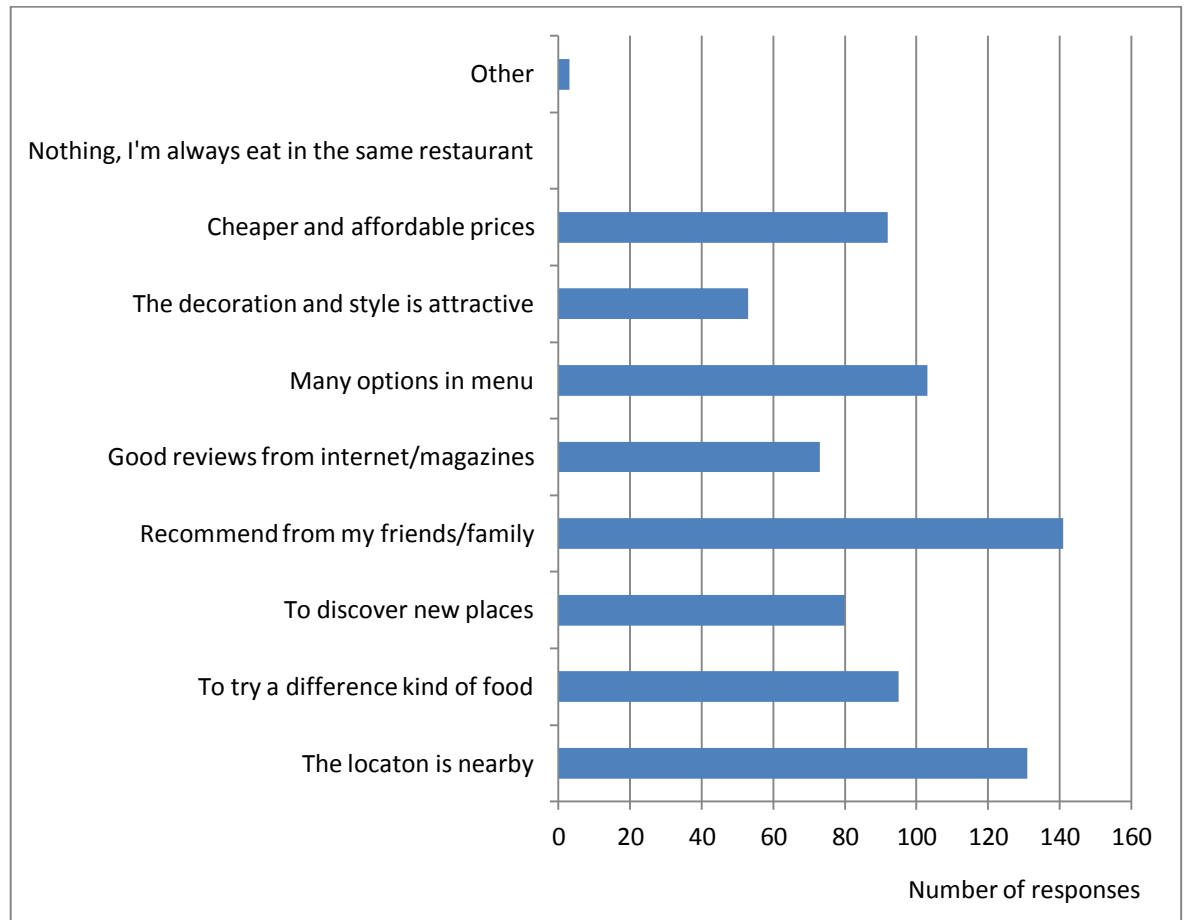


FIGURE 19. Attractions to try a new restaurant, N=262, n= 771

This is a multiple choice question in which participants could choose up to 3 options about interest factors of new restaurant. Among those options to attractive factors, recommend from my friends/family was ticked most of all with 141 (18.3 %), coming up close with 131 (17 %) for near location then 103 for many options in menu. The following 95 (12.3 %), 92 (11.9 %), 80 (10.4 %) went for to try different kind of food, cheaper and affordable price, to discover new place. Few people chose good reviews from internet/magazines about 73 (9.5 %) and the decoration and style is attractive at 53 (6.9 %). Therefore, it can be concluded that the company should pay attention to word-of-mouth marketing and good price strategy.

4) Belief and Attitudes

The belief and attitudes take long time to change or distort a frame in mind about dislike and like an object. Consequently, it's wise to modify the product to match buyers'

attitudes. The question "Please grade each following criteria according to its importance when you choose a restaurant" will point out clearly customer's attitude.

Please grade each following criteria according to its importance when you choose a restaurant

TABLE 4. Respondents' grade of criteria according to its importance when choosing a restaurant, N = 262

	1. Strongly disagree	2. Somehow disagree	3. Neutral	4. Somehow agree	5. Strongly agree	Average
Quality of food is excellent	0	0	31	110	121	4.34
Taste is flavourful and fresh	0	0	32	74	156	4.47
Service is excellent	0	0	117	117	28	3.66
Price is competitive	0	0	126	83	53	3.72
Environment is friendly and warm	0	0	165	73	24	3.46
Location is convenient	0	0	109	75	78	3.88

As shown in Table 4, people graded highly for the flavourful and fresh taste with 4.47 over 5. Coming close was quality of food with 4.34. There were more people say somehow agree with the quality while they strongly agree with the taste. Therefore, a restaurant should adjust spice and savour according to Finnish taste. The third place was the location with 3.88 and followed by the price 3.72. It's once again underline for the high amount of respondents choosing "the location is nearby" and "cheaper and affordable price" in previous question. The least attention paid to service and environment with 3.66 and 3.46.

According to the result, it found out the quality and tastes of food are two most important factors. Therefore, a restaurant should adjust spice and savour according to Finnish taste. Beside, when building marketing plan, company should also pay attention to location, price and service.

6.2.4 Restaurant related issues

Besides examining buyer's characteristics, the questions moved on to customer's decision process and asked about information search. In addition there were also 2 questions which were created due to the strengths of case company, for instance, the open kitchen and fast service.

Where do you seek for information about restaurants?

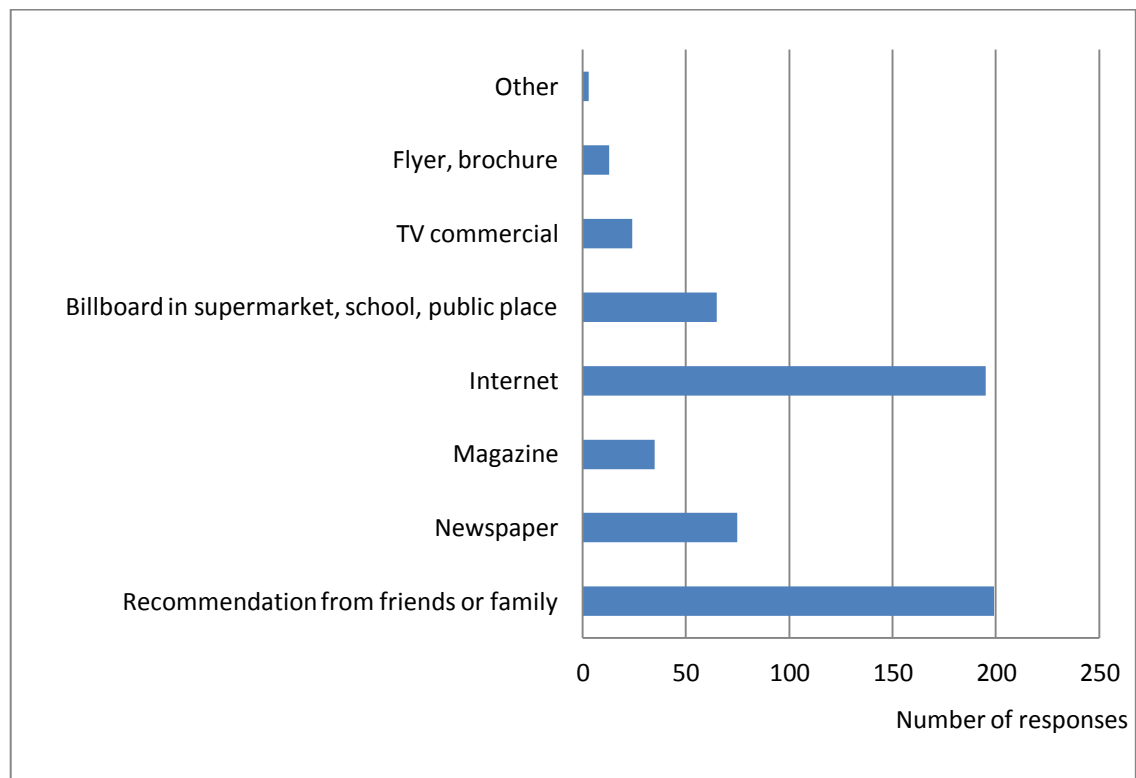


FIGURE 20. Information sources for restaurants, N=262, n=609

This is a multiple choice question in which participants could choose up to 3 options about information sources for restaurants. Figure 20 illustrates the source of marketing message. Word of mouth and internet attracted people mostly with 199 (32.6 %) and 195 (32.1 %) responses. About 75 (12.3 %) people ticked for newspaper and 65 (10.7 %) for billboard. Marketing communications by magazine or TV commercial were picked by fewer groups with 35 (5.8 %) and 24 (3.9 %). Flyers and brochures were assumed less affective since 13 (2.1 %) respondents will look at them. Among 3 (0.5 %) choices for other, 2 of them said they would become interested in a restaurant when walking along the street and one said he/she would check for the trend. To conclude this, since

restaurant is likely an experience process, especially a foreign cuisine, people seem to rely on real evidence and sharing of reference groups than message from company.

Do you like if the restaurant has an open kitchen where customers can see how the chef prepares the food?

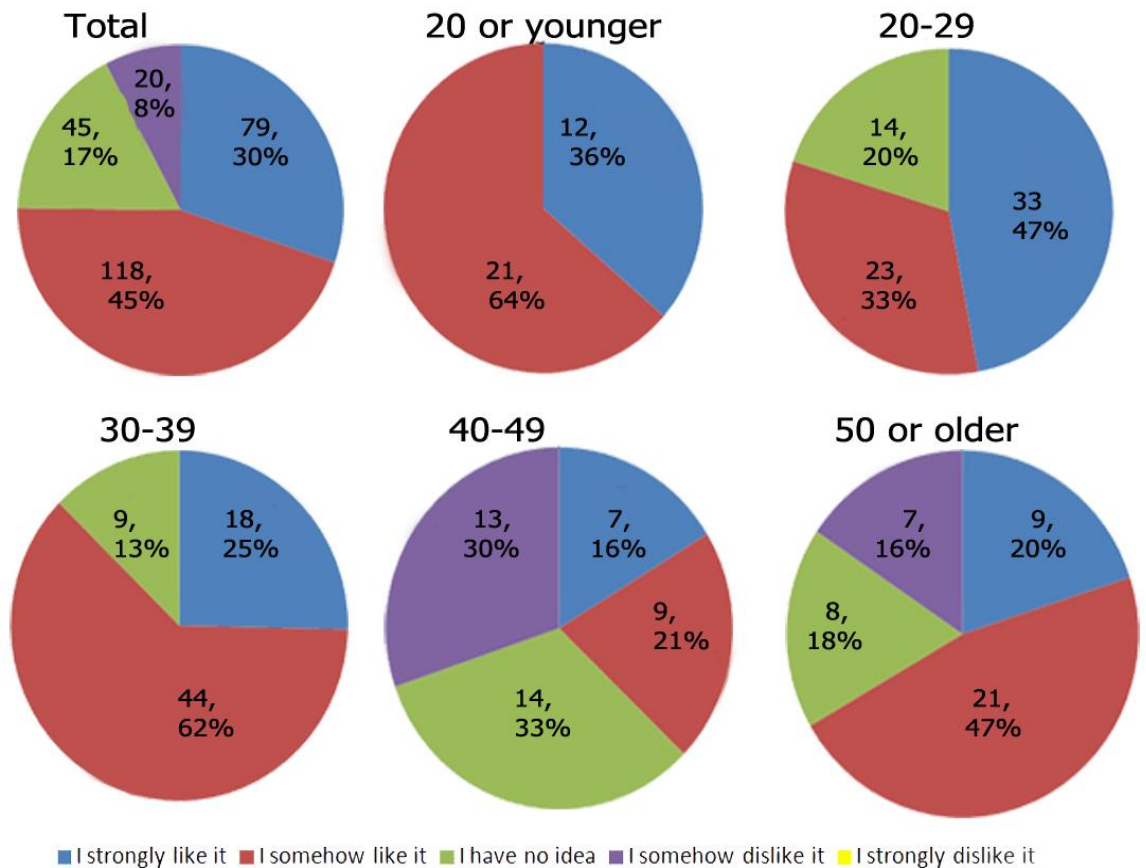


FIGURE 21. Option of respondents according to open kitchen, N=262

The relation between age variables and perception about open kitchen is described in Figure 21. Overall, people are willing to try and interested in new concept, 79 (30 %) choices for strongly like, 118 (45 %) for somehow like, 45 (17 %) for no idea and 20 (8 %) for somehow dislike.

The potential groups 20-29 and 30-39 are keen on that idea. The highest choice for groups 20-29 is 33 (47 %) respondents thought they strongly like the open kitchen and 23 (33 %) choices for somehow like it. In group 30-39, there were 18 (25%) choices for strongly like and 44 (62%) for somehow like. It is recorded no negative response from those groups while the older group delivers some ignorance with 13 (30%) ticks from group 40-49 and 7 (16%) ticks from group 50 or older for the option somehow dislike it.

How soon after ordering you would like the meal to be served?



FIGURE 22. The wished delivery time of the order, N=262

A large portion 169 (64.5 %) respondents would like fast service within 5-10 minutes while 103 (35.5 %) ticked for 11-30 minutes. Even though more people prefer shorter waiting time, there is not much difference between 2 options. Therefore, the quick serving can be good point but not the strength for case company in Finland.

6.2.5 Missing value

SPSS program always coded the missing value along when participants did not answer to the question along with other variables. There were some questions having missing values as the following:

6. What are your main reasons for dining out?
8. Which nation's cuisine do you prefer to eat?
11. What would attract you to try a new restaurant?
12. What is the motivation for you to go to Asian restaurant?
14. What is the discouragement for not eating Asian food?
17. Where do you seek for information about restaurant?

All of those questions above said people could choose up to 3 options. However, some only ticked 1 or 2. It was natural since they only have one reason or motivation for acting. In particular, a large number of respondents skipped question number 14. It's assumed that many people find no reason for not eating in Asian restaurant.

7 CONCLUSIONS AND RECOMMENDATION

The author set three main objectives when working on this thesis: to examine Finnish market, to suggest an appropriate entry mode and to develop right marketing strategies for Asian Snack FuLoi.

1) Feasibility to open Asian Snack FuLoi restaurant in Greater Helsinki area

Finnish market is evaluated as potential for Asian Snack FuLoi. Market barriers are minimum since both countries are in European zone. Finland's political situation is stable and there is low distance in culture between Finns and Germans. Beside the available facilities and supporting services as well as economic factors are attractive for foreign investment.

Finns deliver positive attitude towards opening of Asian restaurant as all 262 respondents consider visiting the restaurant in quantitative research result. In addition, Asian food, especially Chinese and Thai cuisine, was highly graded as favour meal. It is predicted that the restaurant would have enough customers to operate.

2) Entry mode suggestion

About entry mode, there are various options for a company to choose as was previously mentioned in the theoretical part. Firstly, it was decided to list pros and cons of each one. It gives a distinct picture of what company can have as an advantage and what problems company has to face.

Despite being thought as simplest way of going international, the export option clearly is out of list. The nature of product is intangible not in physical form. Next, licensing does not prove much possibility since it's mostly attractive to technological industry. Another entry mode like contract modes isn't suitable for medium sized company like Asian Fuloi. The last one, Foreign Direct Investment is a cross border acquisition of plant and equipment for production or business. Asian Fuloi can set up a new venture or acquire local firm. The main strength is close connection with customers and good knowledge of the business field. However, language barrier and no brand awareness in Finnish market is a huge disadvantage.

After careful weighing out those elements influencing the decision, the writer suggested franchising as the entry mode to Finnish market due to its lower risk and fewer involvement of time and capital because the case company has limited resources and no experience in international trade. Next, franchising also minimizes further costs and assessed contribution. A huge weight of establishing new restaurant, promotion and advertising as well as creating brand awareness will be shared by the franchisee. Franchising promises potential for rapid expansion. Aside from that, company is guaranteed the royalties from sales of franchisee so firm can focus on its own improvement. Moreover, knowledge of company employees in general and regional manager in particular will be greatly helpful in maintaining smooth work in whole system. However, it can bring risks when the franchisee does not meet the required quality standards.

If Asian FuLoi company is interested in further penetration and investigation in Finnish market, the author also recommends company to contact Finnish Chamber of Commerce (from website www.kauppamari.fi) to seek for help and support. Another organization which company can submit profile to find interested partners is Enterprise Finland (from website yrityssuomi.fi). There are also plenty of websites which guide company in steps to enter Finnish market such as Finnvera, Expert Finder (Asiantuntijahaku.fi), Team Finland. From those sources, company can easily access instructions when doing business in Finland as well as obtain the necessary information about potential partners.

3) Marketing mix strategies

The marketing mix in this case is the most essential thing to implement the strategy. Finns have no idea about the brand name of company, therefore, the suitable marketing is design about product, pricing, promotion and placement. Another factor which company should take into account when planning marketing mix is the target groups: the young adults from 20-29 and the mature adults 30-39 years old. Due to differences in characteristics, the message in marketing must be suitable and reachable by them.

Product strategy

Since people consider taste and quality as critical standard, the product must be flavorful and good value. It's the strength of Asian Snack FuLoi due to their rules to

keeping up the high standard level of dishes. Beside, each meal is particular about color, shape, smell and favour, especially the harmony of five flavours by using seasoning. However, flavour treating techniques should be suitable with the taste sense of Finns.

Pricing strategy

Pricing strategy works as an effective element in combining with other factors in marketing mix to provide firm profitable market position (Palmer 2005, 366). Consequently, the pricing method of company will be value based pricing. Suitable meal price of 10-12 was most selected which is also the average price in Finnish market. Therefore, even though company has the relative prices as its competitor but excellent in other fields of business such as quality, services or atmosphere..., Asian Snack FuLoi will definitely succeed. In addition, people are more willing to pay 13-15 or even more than 15 euro for a meal. Having some tasteful dish with pricy ingredients at price 13-15 will absolutely satisfy the high-class customers.

Place strategy

As the selection criteria of case company, a shopping center with more than 15000m² area will be picked. In Greater Helsinki, there are plenty choices for shopping malls, for example Kamppi, Forum, Itis in Helsinki; Jumbo, Myyrmanni in Vantaa; Sello, Iso Omena in Espoo. The author went to most of those shopping malls in the list above to do research and people were inspired by the idea of opening Asian restaurant.

About customer's psychology, people prefer a near location of restaurant. In addition, since people favour to go along with somebody else rather than going alone so the decoration especially the tables should be suitable for two persons and then having some space for larger group.

Promotion strategy

As discussed above, Finns usually have company when dining out. Firm should have special offers for group customers as well as small meals for kids. Next, the most chosen reason for eating out was for special event. Asian Snack FuLoi should take advantage of it to have promotion on Christmas time, Valentine's day, Father's day, Mother's day, etc.

For the marketing tools, respondents rely on word of mouth. This can be beneficial or harmful for a company. In case individual is not satisfied with service, company loses not only that person but also more potential ones (Palmer 2005, 268). Therefore it's necessary to focus on old customers' happiness as well as attract new customers. Since Asian Snack FuLoi is quite new brand in Finnish market, the author suggests internet-based marketing which was the second source marked by respondents. Company can advertise themselves via social media such as Facebook, Twitter, Youtube or public websites such as eat.fi, finlandforum.org, etc. Beside, newspaper then billboard and magazine were helpful in message delivery. An idea for opening day was inform the restaurant opening with menu and special offers for example discount of 10 % for groups during that day. It would attract people's attention to at least try the restaurant.

4) Evaluation of the thesis process

The three goals that were set were reached. This work provides the framework for evaluation Finnish market and entry mode selection for Asian Snack FuLoi restaurant. The thesis illustrates the guides for collecting suitable data in order to make decision about operation strategy. Beside it is also suitable for firms similar to the case company who also wants to target new market.

However, there were still some limitations during the thesis process. Firstly, it's better to have another Finnish version of the questionnaire even though the writer had help from Finnish friends to translate it for people. It's easier and more comfortable for respondents to answer in Finnish rather than having translator beside.

Aside from that, the recommendation for entry mode selection is purely strategic. In other words, it didn't take into the financial analysis for entry mode, just basic capital resources of the case company since the market share target and profit target in Finnish market are not yet clear in company's plan. According to this, it is required further research about business plan as well as financial calculations if company wants to enter Finland. By conducting net present value, forecasting sales and estimating investment expenditure, the profit can be calculated.

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APPENDICES

Appendix 1

MARKET RESEARCH QUESTIONNAIRE IN ENGLISH

Dear Sir/ Madam,

My name is Loc Dan Vy Nguyen, a final year student in International Business Programme at Savonia University of Applied Sciences. I am writing my thesis about "Feasibility of Establishing an Asian Snack FuLoi Restaurant in Greater Helsinki Area" and doing research among citizens living, working and studying in Greater Helsinki area. It only takes you about 5 minutes to answer these questions, which help me a lot in finishing my thesis. I promise all the information from you will be only used for study purposes.

Please tick the box/boxes of your choice.

1. Your gender

- Male
- Female

2. With whom do you live with?

- I live alone
- I live with spouse/ partner (cohabitation)
- I live with spouse/ partner (cohabitation) and my child (children)
- I live with my child (children)

3. Your age

- 20 or younger
- 21 - 29
- 30 - 39
- 40 – 49
- 50 or older

4. How often do you eat outside?

- Once a month
- Twice a month
- Three times a month
- Once a week

Twice a week

More than 3 times a week

5. When you are having a meal outside home which type of restaurant do you prefer?

Fast casual restaurant

Buffet

Bistro / Self service

Waiter/ waitress service

6. What are your main reasons for dinning out? (You may choose 3 options)

To go out

To eat good food

I don't want to cook

For special events (birthdays, anniversary, holidays etc.)

Someone invite me (friends, relatives etc.)

To reward myself

Other, please specify _____

7. With whom do you most often go dining out?

Go alone

With family members

With my partner

With friends

8. Which nation's cuisine do you prefer to eat? (You may choose 3 options)

Finnish

Italian

Turkish

Indian

Chinese

Thai

Other, please specify _____

9. What is a suitable price for a meal?

7 – 9 euro

10 – 12 euro

- 13 – 15 euro
- Over 15 euro

10. Would you come to Asian restaurant if there was one nearby?

- Very probably
- Probably
- Maybe
- Not probably
- Not probably at all

11. What would attract you to try a new restaurant? (You may choose 3 options)

- The location is nearby
- To try a different kind of food
- To discover new places
- Recommend from my friends/family
- Good reviews from internet/magazines
- Many options in menu
- The decoration and style is attractive
- Cheaper and affordable prices in comparison with other restaurants
- Nothing, I always eat in the same restaurant
- Other, please specify _____

12. What is the motivation for you to go to Asian restaurants? (You may choose 3 options)

- Prefer healthy food
- Change eating habits
- The food tastes good
- Curiousness
- Someone recommended
- Other, please specify _____

13. What is the discouragement for not eating Asian food? (You may choose 3 options)

- I do not like the taste
- My friends/family told me not to
- Asian food is strange to me. I prefer Western food

- There is no Asian restaurant near to my home
- I do not want to try new tastes
- I'm shy to go to a new restaurant
- The prices of Asian restaurant are too high
- It is difficult to get information about Asian restaurants
- Some other reason, what? _____

14. Do you like if the restaurant has an open kitchen where customers can see how the chef prepares the food?

- I strongly like it
- I somehow like it
- I have no idea
- I somehow dislike it
- I strongly dislike it

15. How soon after ordering you would like the meal to be served?

- 5 – 10 minutes
- 11 – 30 minutes
- Over 30 minutes

16. Please grade each of the following criteria according to its importance when you choose a restaurant.

	Strongly disagree	Somehow disagree	Neutral	Somehow agree	Strongly agree
The quality of food is excellent					
The taste is flavorful and fresh					
The service is excellent					
The price is competitive					
The environment is friendly and the welcome is warm					
The location is convenient					

17. Where do you seek for information about restaurants? (You may choose 3 options)

- Recommendations from friends or family
- Newspaper

- Magazine
- Internet
- Billboard in supermarket, school, public place
- TV commercial
- Flyer, brochure
- Other, please specify _____

Thank you very much for your co-operation!

INTERVIEW QUESTIONS FOR MS. HUONG NGUYEN (REGIONAL MANAGER OF ASIAN SNACK FU LOI)

1. Please describe your current business operations (countries, market shares, main future plans)
2. What are the main products of your company?
3. How do you keep the products on a standard level?
4. What are the main markets and customer segments of your company?
5. What kind of image you have created for your company?
6. What are the main success factors of your company?
7. What are the weaknesses of your company?
8. Is there a special reason for your company's interest in entering the Finnish markets?
9. Does your company have any experience in using market entry modes?
10. Does the company want to maintain the current image or look for a change in the Finnish markets?
11. Who are the main target customers in Finnish markets?
12. What is the general price range that you may set when entering the Finnish markets?
13. What are the selective criteria for place of opening restaurant if the company wants to enter Finnish markets? (For example: in shopping center, in a corner street)
14. What is the market share the company hopes to achieve in Finnish markets?
15. How will the company manage and suffer if the entry risk may happen?

