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INFLUENCING FACTORS FOR FINNISH CONSUMERS TO FAVOR CHINESE-BRAND SMARTPHONES

- a study on consumer behaviour
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ABSTRACT:

The aim of this study is to understand Finnish consumers’ attitudes towards Chinese-brand smartphones. Chinese smartphone brands are getting more foothold in the mobile device market in Finland. In theoretical part the buying behaviour of consumers is explained in simple concepts and the consumer buying journey is explained respectively in the following matter: what attributes of smartphone do Finnish consumers value the most, what is the source for getting knowledge about smaller, less-known brands and finally, the Finnish consumer’s overall views on Chinese-made smartphones’ quality are examined.

The quantitative data was collected in cooperation with China-based Finnish company e-ville by conducting out a survey through e-ville’s own facebook channel. Respondents were contacted through forums, web communities and other platforms of social media. The questionnaire received a total of 221 respondents. An incentive of 50 euro gift certificate was offered out for raffle between all respondents and this highly attracted more respondents to complete the survey. According to the survey, the popularity of the smartphone brand is losing its stand against the less expensive and less popular yet very high quality and well designed smartphones of Chinese companies.

The Chinese smartphone brands have gained some attention from Finnish consumers. Mostly because of their price-to-quality inference, they have gained some portions of the market in Finnish smart device industry. Huawei stands currently as the most known brand and is enjoying the fruits of their disruptive marketing strategies in Finland. Consumers indeed, prefer to buy mid-ranger phone that will act as their main daily driver for a year or two, and after that the buy a newer model of the same phone. Some consumers use use two smartphones because of their work may require it. Finnish consumer is brand-loyal and sticks to their safe and sound product from familiar brand.

Chinese smartphone brands have numerous possibilities to sell big quantities among middle-aged consumer groups in Finland. These consumer groups want a quality smartphone for reasonable and affordable price. The brand of the phone is not important for them. Some Finnish telecommunication retailers are well aware of this and are trying to close in on exclusive deals with the Chinese smartphone companies.
KEYWORDS:

smartphone, Chinese, brand, consumer buying behaviour, handset, Finland, telecommunications
Tekijä(t)

OPINNÄYTETYÖN NIMI
- mahdollinen alaotsikko


ASIASANAT:
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<th>Description</th>
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<tr>
<td>OS</td>
<td>Operating system of smart devices</td>
</tr>
<tr>
<td>SEO</td>
<td>Search engine optimization</td>
</tr>
<tr>
<td>VAT</td>
<td>Value-added tax</td>
</tr>
<tr>
<td>Ltd.</td>
<td>Limited company</td>
</tr>
<tr>
<td>Wi-Fi</td>
<td>Technology for wireless local area networking with devices</td>
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1 INTRODUCTION

1.1 Background

“They made paper. They made gunpowder. They made a very famous Wall. Why cannot they make awesome phones, then?” (Hugo Barra, a former Xiaomi executive)

When you are looking to buy a new smartphone for yourself, you are bombarded with numerous options for purchase, no matter which channel you use for information seeking first. Not too far in the past, only few groups of early adaptors would have been brave enough to buy a Chinese smartphone. These handsets usually seemed very promising in terms of specifications and affordability, being just half of the price compared to bigger, more popular brands. Nowadays it would be considered foolish to blindly just overlook what the Chinese smartphone brands have to offer.

Till a couple years ago, cheaper phone with Android OS would have meant poor quality. (Patkar, 2015) The development of this could be well interpreted with Moore’s Law. Gordon E. Moore, co-founder of Intel, reported his own projections for future development of semiconductors, i.e. microchips and microprocessors. (Cross, 2016) This law still persists and is held true. He made his observations public in year 1965, where he pointed out that the number of transistors per square inch on integrated circuits had doubled approximately every year since the invention of the integrated circuit in 1958. (Takahashi, 2005) As he had anticipated, the economics have dictated the continuous development of microprocessors. This can be seen highly associated with minimum component costs. As the components would increase with complexity, the costs of manucaturing would decrease.

Based on my own experiences, the cheap handsets are not dropping in technological complexity and performance and the ones available are actually pretty good. Personally I have had two different Chinese smartphones, Oneplus and Xiaomi. Both did not disappoint me in technical aspects and speed to perform in daily use. Most consumers can not justify spending more money on popular brands like Samsung, LG or equivalent big company anymore when they can get the similar powerful handset much cheaper from Chinese brands.
The “Made in China” is a tag that has been a warning for many many consumers. Nowadays every smartphone you buy is almost certainly assembled if not also designed in China. At least every handset is manufactured there. While the perception of low-quality “Chinese electronics” is slowly changing and most of the Chinese-made electronics should be considered seriously as affordable options or one would be missing a lot of attractive deals.

Chinese phones are not cheap knockoffs anymore. Initially, Chinese smartphone makers have shamelessly copied popular designs of other brands but this is not the case anymore. The Chinese innovation is flourishing in mobile device business and two major brands are taking over Chinese market: Oppo and Xiaomi. As all of the information is available to everyone, consumers are able to seek the correct information on the best product right now.

1.2 Finland’s smartphone market overview

During the first half of 2016, according to a research by Tefficient (Tefficient, 2017), a Swedish telecommunication specialist, Finns used nearly twice as much mobile data on portable devices as South Koreans who came second in a recent comparison of 32 European and Asian countries. Finns spend a lot of time on their phones, that it has caught attention and concern of authorities.

Since the golden days of Nokia, Finland’s former top handset innovator and manufacturer, Finns have not been late in adopting into any new technology which arise. Climate and the severe winter seasons require strong infrastructure. Finland has been one of the early adopters in offering good signal coverage throughout the country to all users. Furthermore, Finns’ withdrawn nature seems to be profitable for telecommunication service providers, since in the population of 5.5 million people, nearly 10.9 million mobile connection plans are active.

According to a survey of Statista.com (Statista, 2017), the figure below shows that there still is a portion of consumers who’s interest towards smartphones is yet to be captured by marketers. When asked the questions whether their phone was a smartphone which can download and install software and applications from internet, 81 percent of the respondents answered yes. Remaining 19 percent stated no. Every respondent was able to tell if their phone is a smartphone or not. The group that has answered “No” to this
survey are probably not interested in smartphones or feel that they can manage in life without one. Usually this group consists of elderly people who, out of their personal preferences, do not want to follow technology.

Figure 1 “Is your phone a smartphone?” (Source: Statista.com - smartphone users in Finland 2016)

“The Finnish market differs significantly from other countries in the sense that we have lots of unlimited data plans,” explains Kalle Muhonen, manager at Finnish operator Sonera. (Economic Times, 2016)

Nowadays, smartphones have 3 major operating systems types: Android, iOS and Windows. According to statistics presented in Statista.com, the results were highly on Android operating system’s favor. The survey claims that 44 percent of the respondents used the Android operating system developed by Google. Meanwhile, 13 percent of respondents started that their smartphone ran on an iOS operating system. iOS is developed by Apple and is only used in their brand’s mobile devices. 23 percent had their phone running on Windows operating system. 3 percent used a phone with Symbian OS and 17 percent were unable to tell what operating system their mobile device runs under. The results are seen in the figure below:
As the figure points out, in Finland, the Android OS is leading the market share. (Statista.com) This means, that the smartphones which run with this operating system, are more popular. Almost all of the Chinese smartphone brands have chosen Android as their operating system in their smartphone models since it is an open source code operating system.

1.3 Objectives of the study

The aim of this research is to examine the influencing factors that attract Finnish consumers into preferring and buying of Chinese branded smartphones. Furthermore, by doing this research, the author pursue to understand the Finnish consumer buying behaviour when procuring a smartphone. This research was done in collaboration with company E-distribution Ltd. (e-ville.com). E-distribution Ltd. has supported this research with giving the author admittance to their social media channels to reach out to respondents via survey. After the publication of this research, E-distribution Ltd. will have access to the data collected via survey to understand better the needs and consumer journey of Finnish smartphone consumer.
In order to better understand Finnish consumer’s buying behaviour towards Chinese smartphones, three key questions should be answered:

1. What is the Finnish consumer’s attitude towards Chinese smartphone brands?
2. What are the most important attributes that Finnish consumer is looking for in a smartphone?
3. How will the Chinese brands cope in Finnish market in the coming years and what needs to be changed to keep up with the popular brands?

The first question helps identify the common attitude and feeling towards Chinese, less-known smartphone brands. This allow author better understanding of the current level of knowledge towards smaller, internationally less known Chinese smartphone brands and how information about them is searched. The second question investigates the values that are seeked when buying a smartphone. What is most and what is least important for Finnish consumer. Third, and final question relies on author’s own conclusive findings and projections about how he sees the future of Chinese smartphone brands in Finnish telecommunications market. Furthermore, the third question is connected with the second question as it investigates the link between Finnish consumers’ needs and Chinese brands’ offerings in terms of smartphone features. When researching the specific culture’s buying behaviour, it is more efficient to focus on researching the relevant aspects such as, consumer diversity, social aspects, consumer values and consumer lifestyle.

The author will make recommendations for the associated company on how to make their marketing efforts more effective in the future.

1.4 Personal motivation

During my internship I began to see a connection in consumer behaviour theories and in practical work tasks (customer service, SEO, marketing, product development). As a compulsory study module in Turku University of Applied Sciences, it was also quite interesting topic which had a lot of open ends for creative thinking. During my internship in E-distribution Ltd. in their China-based office, I was surprised to see how most of the company’s revenue came from smartphone and smart device sales. There are two pricing models presented for the consumer: the price without VAT included and the price with VAT included. For most of the smartphone models, the VAT was not included in the price and this was sometimes confusing for the customers, whom then later on, did pay
the VAT for Finland customs, but not happily. It seemed that the Chinese smartphone brands were selling like hot cakes. The dramatically less expensive, yet high-quality offering smartphones with superb features had slowly become more important than the fact that all these phones had “Designed in China”-tag.

At personal level, I have owned two different smartphones from two different Chinese brands. With the first one I had very bad luck with the global warranty but I got my problem solved in little bit less than 8 weeks. This was at that time, of course, unbearable for me as a smartphone enthusiast, who uses smartphone daily. Second Chinese smartphone which I bought from China during my exchange studies, did not work within Finland’s cellular data networks, so it was a shame. As a tech-savvy consumer myself, I have followed the recent models released in Chinese smartphone markets, and followed their specifications closely to see where the “tech giant” nation is heading. I decided to do my bachelor’s research and explore more on this topic how the Finnish consumers see Chinese smartphones overall and how are the attitudes towards these foreign brands.

1.5 Outline

This research has outlined the current situation of smart handset market in Finland and tried to profile the consumers’ preferences and purchasing habits both in Finnish culture and subcultures.

Second chapter introduces literature review mainly by exploring some of the fundamental theoretical models in consumer buying process to back up author’s own research.

Third, the research methods are described and the data collection methods are presented. This section consists also of findings, which are presented in the most detailed matter. Figures are present in this thesis to illustrate the data in the furthermost coherent way.

In final section the author presents his own views in a brief summary. Conclusions and personal views are also presented about the thesis in his own subchapter of personal remarks. Furthermore, future study suggestions are discussed.
2 THEORETICAL FRAMEWORK

This chapter suggests the theoretical models as a support for this research. Consumer buying behaviour is displayed in four different characteristics. First, the general consumer behaviour is described and explained. In the following section, the decision making process and the factors that influence the consumer's decision making process will be discussed. Furthermore, the author will suggest some theories that specifically discuss the smartphone user's buying behaviour and needs.

2.1 Definition of consumer behaviour

Consumers are the targeted group who will consume the product and/or service. It is vital to understand the behaviour of consumers on any specific products and services. Kuester describes consumer behaviour as the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy their needs and wants. It is also concerned with the social and economic impacts that purchasing and consumption behaviour has on both the individual consumer and on broader society. (Kuester, S. 2012, 110.) We define consumer behaviour as the behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. (Schiffman & Kanuk 2010, 23.) There are two factors which have major impact on consumers' behavior. One is individual factors such as needs, awareness of brand identity and attitude toward brand selection. In addition, demographic factors, lifestyle and personality have impacts on brand selection either. The other is environmental factors such as culture, sub-culture and direct contact group etc. Marketing organization also form an integral part of environmental factors. (Yuming Zhu & Peng Guo, 2004)

The consumer Behaviorism model suggested that consumer's purchase behavior generally passes through 5 stages, before and after the actual purchase, include needs recognition, information search, evaluation of alternatives, purchase decision and post-purchase behavior. (Kotler and Keller, 2012) Understanding the needs of the customer has been the key factor of success in business. Before understanding all the key factors that lead to buying decision it is very vital to know the
reasons behind consumer behaviour. Stages that consumer goes through in buying decision making process are explained below.

2.2 The 5 stages of consumer decision process

The individual decision-making is based on five different stages of buying decision (figure below):

![Diagram of the 5 stages of consumer decision process](Source: Solomon 2013, 320)

**Problem/need-recognition**

Problem recognition appears when consumer sees a significant difference between his/her current state of affair or actual state and some desired or ideal state (Belch & Belch, 2003). Needs are triggered by two of the stimuli: internal one and external one. In general consumer behaviour theory, a need can be triggered by either internal stimuli such as hunger and thirst or external stimuli such as advertisement or suggestion.
from friends. (Kotler & Armstrong, 2012) Internal stimuli could be famine, dehydration or even inadequate feeling of social belongingness. Smartphones have become first world’s necessity product for consumer. Smartphone is nowadays a tool for staying connected and accessing information on the go. Regardless the brand of the phone, most smartphones are able to perform all the tasks required by the user. Moreover simple factors affect the buying decisions of a consumer, such as smartphone screen getting damaged or lack of features for continuing the normal usage of a smartphone.

Jobber&Lancaster (2012) describe needs being not only functional, such as performance of a smartphone, but also emotional and psychological. For instance, emotional needs may be that a person wants only one brand such as iPhone, as it portrays his or her status based on the hypothesis that all the successful people own an iPhone. This could clearly show that assumptions and how we see the world guide also our buying decisions. Companies pursue to understand, which of these need satisfactions consumers stress the most in specific products.

Furthermore, Chinese smartphone companies should think of need inhibitors. Need inhibitors are the reasons how and why the needs are prevented from being activated. For example a Finnish consumer who is demanding and brand loyal, might not make a first purchase for a Chinese smartphone as there could be some lack in the features and in functionality in Finnish mobile signal areas. This particular consumer type can be persuaded to thinking otherwise when need inhibitors are inspected and identified.

In addition, according to Maslow’s hierarchy of needs, when person has satisfied a stage of need, can he or she move to a next stage. Products or services are essential to be available to solve the problems recognized.

**Information search**

Next stage is where the consumer has known the problem/need and takes the next step to find out what they feel is the best solution. Consumer is now motivated to search for more information and pays more attention to the advertisements for example. Buyer’s effort to search the external business environment and to observe sources of information related to the buying decision is important stage. Nowadays, the digital media and social networks have made it possible for faster information finding. The younger the consumer the more hedonistic features consumers tend to value in mobile phones. (Wilska, 2003)
When a consumer’s interest is aroused by stimuli, sources of information are caught by his or her heightened attention. Active information search is a stage where the information is searched more actively using various sources such as internet, peers and print media. When a consumer does not have prior knowledge about a product, the information sought comes from external sources. Such sources can be word of mouth, public sources, forums and advertisement. Internal sources are mainly recollections of a product triggered and guided by personal experiences or memories. (Perner, 2017) For high involvement products, consumers are more likely to use an external search. (Perner, 2017) This would mean that smartphone, which is a high involvement product for a Finnish consumer, receives significant amount of information search before the final purchase decision. Moreover the amount of brands that the consumer is able consider, affects the motivation for the external search, if there just couple of brands the time used for external search decreases and contrary when there are more brands the time used increases. (Hoyer & MacInnis, 2007) As there are many Chinese smartphone brands for offering, the external information search time will be prolonged.

**Evaluation of alternatives**

This stage is the most important affecting the buying decision. After the first two stages, consumers are engaged to the judgement stage. This stage can be verified in terms of processing effort, which is from high to low (Hoyer & MacInnis 2007). According to the research of Laroche, et al (2003), evaluation of alternatives is an important activity in consumer decision making process as buyer select the perceived brand based on the past experiences. There is evaluation and comparing to be done to see, which one of the products or services can bring most benefits. The judgements that consumers make about product or service are not objective. Confirmation bias occurs when people seek out or evaluate information in a way that fits with their existing thinking and preconceptions. (Nickerson, 1998) For example, a consumer who likes a particular smartphone brand and does research on a new purchase is motivated to seek out customer reviews on the internet that favor that brand.

Involvement of the consumer is a very important factor: if the level of involvement is high, then he or she will compare between many brands; whereas if it is low, only couple of brands are evaluated. By contrast, high-involvement decisions carry a higher risk to buyers if they fail, are complex, and/or have high price tags. (Saylor Academy, 2012) High-involvement purchase decision may cause great amount of post-purchase dissonance. After the final purchase is made, the consumer might feel unsure about their
purchase whether it was satisfying enough, as they had a difficult time deciding between possible final two alternatives. (See the figure below comparing different levels of the consumer involvement.

<table>
<thead>
<tr>
<th>Customer involvement</th>
<th>HIGH</th>
<th>MEDIUM</th>
<th>LOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Characteristics</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Number of brands examined</td>
<td>Many</td>
<td>Several</td>
<td>One</td>
</tr>
<tr>
<td>Number of sellers considered</td>
<td>Many</td>
<td>Several</td>
<td>Few</td>
</tr>
<tr>
<td>Number of product attributes evaluated</td>
<td>Many</td>
<td>Moderate</td>
<td>One</td>
</tr>
<tr>
<td>Number of external information sources used</td>
<td>Many</td>
<td>Few</td>
<td>None</td>
</tr>
<tr>
<td>Time spent searching</td>
<td>Considerable</td>
<td>Little</td>
<td>Minimal</td>
</tr>
</tbody>
</table>

Table 1 Buyer’s involvement levels in information search (source: the author)

The data displayed in the table: the higher the involvement of consumer is when buying a product, the less impulsive final purchase will be. (Saylor Academy, 2012)

**Purchase decision**

At the fourth stage of buyer’s purchase decision making, the decision for purchasing is made. The consumer makes up his or her mind on what product they will purchase, ultimately reaching the end goal. Before the final decision is made, it can be influenced by factors such as reference groups, close acquaintance or even, the family. According to Kotler et al, the decision can still be disrupted by negative feedback from people around the consumer or due to surprising situations such as sudden income loss or closing of a particular retail store. (Kotler et al, 2009)

In some cases, the consumer is brand loyal. This makes the consumers’ intent to buy the product or service of that brand only (i.e. Apple, Sony or Samsung), thinking that it will suit his or her preferences the best. Brand loyalty is a way of purchasing the same brand in order to ease the consumer choice in the future. That is why influencing a brand loyal customer with the competing brand is more difficult and should be acknowledged (Hoyer&Macinnis 2007.)

Furthermore, when buying a smartphone, consumer makes purchase decision based on newly introduced smartphone in the market. The so called “flagship” model will catch the attention of consumer’s awareness first, because these models have the newest technology and latest features built inside.
Post-purchase Behaviour

This is the final stage where the evaluation of whether the purchase made has met the expectations, exceeded them or left disappointed. (Foxall, Gordon.R., 2005) The stage is critical one, as it is common for consumer confusion to start; customers will go through the feelings of post-purchase tension. Consumer is analysing the product from the using experience and its performance and if it meets the expectations he or she will be satisfied. If the performance does not meet the expectations and the results are disappointing, then the consumer tries to minimize the feeling of disappointment by replacing the purchased smartphone in immediate fashion. Ideal situation is that consumer is left with the smartphone which has features beyond the expectations and the chance of repurchase from that same brand in the future is highly increased.

2.2.1 Brand concern

Brand is a name, design or any feature that identifies company's goods or services as distinct from those of other sellers. Brand, being the most valuable asset for a company, differentiates itself from others in the same field. (Pamela Butler, 2017) Brand is not only a combination of names and symbols. (Kotler & Armstrong, 2010) Brand has immediate influence on how customer undergoes the connection between company and it's products quality and reliability. When customers are satisfied, they generate word of mouth and it will lead to others to be interested and choose the brand (Azad & Safaei, 2012). Company’s brand is what they are known for, the reputation is built around it, and all the actions of the company will affect the strength of the brand.

According to journal by David. A. Aaker, brand equity is the added value on product and service and will reflect what kind of feelings and thoughts brand consumers will get when using the brand’s products and/or services. Marketers work day and night to build brand equity and to enhance consumer response. Consumer preference and loyalty is the key factor for a creating successful brand awareness. (David. A. Aaker, 1992)

In smartphones, the case is not much different. Big, international brands still set the pace in the market. With the competition between the brands, also nowadays the competition of different Operating Systems (iOS, Android) is very visible. Consumers do not only value the features of the phone but it is important to most of the consumers whether which OS the smartphone runs with and is it compatible with their needed applications.
For example, Apple’s products, services and apps only run in the iOS operating system which captures consumers’ brand loyalty to their products and services only.

Samsung offers affordable, good quality smartphones although the company’s premium flagship smartphone models are as high in cost as Apple’s smartphones. Chinese smartphone disrupt the market by offering phones with more high-end components inside than Samsung’s models have, and with a lower price.

2.2.2 Convenience Concern

Convenience refers to a condition where works are simplified, easy and can be done with less effort, without discomfort or difficulty. Convenience in Smartphone may refer to the ability to use the Smartphone at anytime and anywhere, without having to port the Smartphone in a fixed workstation (Ding., 2011).

Nowadays, people want resources to things to be done at their fingertips. The use of applications (apps) in Smartphones has flourished businesses by having abilities, such as documenting expenses and processing credit cards anywhere (Ranson, 2009). According to a Techpost article, more than half of all phone and tablet connections in Finland come with an unlimited data plan for a fixed monthly price, meaning that consumers can browse on their phones as much as they like without having to fear a monster invoice at the end of the month. In Finland this means that everywhere is convenient to use mobile data with your smartphone, no matter the time and place. Mobile internet access in Finland is provided by telecommunication providing companies such as Elisa, DNA and Telia. This means that usage of smartphone is not restricted to public area Wi-Fi networks covered areas. Smartphone is part of life in Finland whether you are in the nature hiking or cruising on a boat around the archipelago.

According to emarketer.com article, Smartphone owners in the Nordic region are avid users of their devices. More than half of the Finnish respondents reported having their smartphone nearby for at least 20 hours per day. This evidently suggests that a good set of features from smartphones are expected nowadays by Finnish consumers. Furthermore, a better than average batterylife can be a deciding feature when buying a new smartphone. This could be related to the fact, that E-distribution Ltd. has sold thousands of units of Oukitel K-1000 smartphones within a year to Finnish users which
is claimed by the manufacturer to have over a one week long battery life with one full charge.

According to research by Buzzador, more than nine in 10 internet users in Finland now own a smartphone. Smartphone connections in Finland are available for setting up with unlimited data plan for a fixed monthly price, meaning the browsing time is never going to let the user to have an expensive invoice, no matter the amount of usage. Smartphones are used on the go, to check bus schedules, latest news and paying your bills while listening to music. User can watch his or her favorite videos while conveying from work to home or vice versa. The variety of services and the speed of mobile internet is high. This means that the smartphone needs to be packed also with features and specifications that allow the smooth and mobile user experiences.

2.2.3 Dependency Concern

Furthermore, another study shows that there is a positive relationship between University students’ dependency and their future purchase behavior, and “high dependency on Smartphone tends to make evaluations based on their past experiences in determining future purchase behavior” (Ding., 2011). Dependency is the strong propensity for continuous high usage, being engaged and unwilling to be apart from it. (Ding., 2011)

In the beginning what started as a wanting to be able to communicate “on the go” has transformed into a hand held device with capabilities of a powerful computer. Small device with a 4 to 6 inch screen that fits to a hand, one is able to do everything from booking theater tickets to handling your personal bank business. Continuous high usage can be harmful to mental and physical health. (Koo HJ, Kwon JH, 2014) Authorities and practicians of medicine are worried about whether this could become a problem in the future. Formerly some jobs that were done before without the use of smartphone or smart device, can no longer be done without the use of them.

The unlimited mobile internet data packages could be partial reason for such high usages of smartphones in Finland and thus the dependency to wield a smartphone has slowly been shaped.
2.2.4 Price Concern

Price concern is one of the determinants tested to find out the effects on demand of Smartphone (Chow, 2011). “Price is the amount of money charged for a product or service, or the sum of the values that customers exchange for the benefits of having or using the product or service” (Kotler and Armstrong, 2010). Price of a product or service is the amount of money what a consumer is willing to pay to get the value of it. It varies between consumers as the value for money is different for each and everyone of them.

Buying phones in Finland can be very easy even for a low-income consumer. Payment plans are highly attractive and most of the consumers buy their phones with plans of 12 to 36 months of payment time. Only few years ago smartphone retailers started selling smartphones with payment plans that have no percentage of interest no matter how long consumer decides to pay off the product. Options for payment plan’s length are 12, 24 and 36 months. For example, nowadays it is possible to buy the just recently released Chinese OnePlus 5 smartphone from Elisa Shop with only 15,52 euro per month for 36 months payment plan. Together with the subscription for a fast 4G SIM card (billed monthly), the price would be $15,52 + $26,90 = $42,42 euro in total. As comparison, from DNA you could get an iPhone 7 model for $19,40 euro per month, also with 36 months payment plan. There are no limitations, where the consumer buys the device or the subscription for mobile SIM card.

2.2.5 Product Features Concern

The factors which are pertinent in usage of smartphones are design, performance, connectivity, price and influences from market and social trend (Osman et al., 2012). Smartphone market is heading forward rapidly and consumers are bombed with new features and options for product purchasing. The situation might be that, when you walk out of store with your newly bought smartphone, it could be already old news after 2-3 months. “The next big thing” seems to always be around the corner. Product features include hardware and software when speaking about smartphones. Hardware is physical feature of the smartphone: size, weight, color and design. Software is definition of the operating system, amount of internal memory, apps in the phone and capabilities to run even heavier applications with sustaining speed.
In some cases the software is also the defining factor for the consumer when making a purchase decision. For example, iOS operating system, written in C, C++, Objective-C and Swift codes, is exclusive to Apple’s products and this will simply keep consumer buying this brand’s products if he or she wants to keep using this particular OS.

2.2.6 Social Influence Concern

A consumer behavior is influenced by social factors, such as the consumer's small groups, family, and social roles and status. (Kotler and Armstrong, 2010) Social factors play an important part in influencing the buying decisions of consumers. Everyone of us has a need to talk and discuss numerous issues to reach better solutions and ideas. When we are buying something we seek the acceptance of our closest ones to make the closing decision. Social factors swaying consumer buying decision can be classified as under:

- Reference groups
- Immediate family members
- Relatives
- Role in the society
- Status in the society

All of the above influence the buying decisions of consumers. These people, in some cases, know what the product is all about: specifications and features. During the decision making process, consumers are influenced by the social groups around them. It depends on many factors whether the consumer decides to listen to these different social groups. When buying smartphones, the influence will come from the friends, peer network and family members.

In Finland, the social influence plays a big role already when kids old enough to go primary school are already expected to own a smartphone. This has a significantly strong connection between child’s dependency to own a smartphone already at early age, because all of his or her friends already have one. In Finland, smartphone is a high capital value good that is purchased after a long consideration: a so-called high involvement product. Social influence indeed plays a significant role and it is the most influential to student's dependency on Smartphone (Suki and Suki, 2013).
2.4 Influential factors – Chinese smartphones

What to look for in a Chinese phone for your domestic use? Few things are to be considered. First, consumer needs to pay attention to difference of between brands. Some of the well-known brands in Finland are Huawei, Oneplus and Xiaomi. All brands do not offer the same features, and one needs to recognize his or her needs. Second, and this can not be stressed enough, the need for information search is huge. This time it is not that easy as walking to a brick and mortar shop and getting your handset from the shelf. Searching and reading through whatever reviews one can find about the phone model he or she is interested, and preferably from reviewers who live in the same region. Third, and one of the most important feature is that the Chinese phone which consumer chooses to buy in the end, supports the country of residing. Some of the models which work 100% in areas outside China are listed in PhoneArena’s list, for example, and is a perfect guide for a beginner shopper. Some of the Chinese smartphones might not work on foreign carrier signal. Fourth, it is highly suggested to stick to familiar and more popular sites such as Amazon to buy your Chinese smartphone. It would be ideal to buy from the website of the brand itself but they might not ship internationally. Using the proper guidelines and practices to avoid scamming and using services such as PayPal for payment is highly suggested.

Last but not least: importing and international warranty. When buying a smartphone from China (i.e. Aliexpress.com), whether it is an individual or a company, import duty does not apply. Still, the standard VAT rate for importing electronics to Finland is 24%. VAT is calculated on the value of the goods plus the international shipping cost. Minimum threshold for which VAT is applicable, is 22 euro. So for example VAT does not apply to a smartphone accessory marked under 22€ and is shipped from China to Finland. Most Chinese companies provide country specific warranty i.e. for China only. For warranty issues, buyer would have to ship the product back to resellers from where the product was once bought.
2.5 Mobile’s hierarchy of needs

The model that is more detailed, much similar to the Maslow’s Hierarchy of Needs, is Mobile’s Hierarchy of Needs (comScore.com, 2017). It has many similarities with Maslow’s theory, but it is only applicable with mobile devices. This theory is an interesting concept as it provides additional insight to smartphone user needs. Speed and convenience are top priorities for today’s mobile phone user. Mobile’s Hierarchy of Needs model is presented below:

![Mobile's Hierarchy of Needs](image)

Figure 4 Mobile's Hierarchy of Needs model (source: Ben Thompson, comscore.com)
Overview of the layers in Mobile’s Hierarchy of Needs model:

Hardware is the most basic of levels, which is the most vital for smartphone to be functional. Hardware makes it possible for smartphone to make and receive phone calls, keep data connection and display the media on the screen. According to an article in stratechery.com, for more than two decades, hardware was the center of all innovation in mobile. This era was completely dominated by finnish mobile phone brand Nokia. Their phones offered the best quality and highly functional phones that were simply the best of their time. (comScore.com, 2017)

Software is the operating system that makes the smartphone using possible. Software includes applications for web browsing, media playback and following of social media. The most important feature of software is ease-of-use for the user. Popular phone OS developers such as Palm and Symbian made it first possible to browse web and email on smartphone platform.

Mobile application software or just simply, “app”, is increasing potential of smartphone usage and possibilities to complete user’s daily tasks. Applications should be constantly developed and updated so consumers will keep using them because using them extend the reach of their productivity. In mobile application business consumers do not usually want to pay for app usage. These applications are personable for the user’s preference. (comScore.com, 2017)

Services are the ones that create the service and interaction layer in the cloud. User will enter that interaction through an application on his or her smartphone. Such services could be maps, shops, media streams, news or data storage.(comScore.com, 2017)

In conclusion, the model created by comScore.com is very interesting. The needs of a nowadays tech-savvy consumer are captured and measured in form of smartphone functions. Furthermore, this model helps to explain which form of content receives most activity mobile-wise from the users. For a smartphone user, hardware and software have to be fully functional in order to reach the upper layers of Mobile’s Hierarchy of Needs such as apps and services.
3 RESEARCH METHODOLOGY

This chapter focuses on inspecting the way the survey was conducted, data collection method and how the research results were distributed. Furthermore, author will discuss the validity of this research and it’s limitations. The questionnaire reached a total of 221 respondents.

3.1 Research goals and overview

This research was conducted by using quantitative research method. Quantitative method is best used when the measured group is large and have many different sub-groups. For instance the population of Finland have many types of social classes and groups that can be generalized using the quantitative research method. That is why random selection of people is the best way to define consumer type issues. (Creswell 2003.)

This research was done in collaboration with E-distribution Ltd. The company’s marketing authorities helped the author by completing the pilot test survey and gave detailed feedback. When the final survey was ready to be published, marketing personnel of E-distribution Ltd. used the company’s social media channels and mailing lists to get the attention of respondents.

E-distribution Ltd., known as e-ville to it’s customers, is a Finnish company based in Shenzhen city, People’s Republic of China. The company mainly sells consumer electronics, smartphones, smartphone accessories and interesting gadgets to Finnish customers. Their strength is in web-based customer service which offers solutions in Finnish language to every one of their customers. e-ville’s CEO, Ville Majanen has been a great help throughout the writing of this research. (Ville Majanen, CEO of e-ville.com, 2017)

The empirical part of this research was carried out via surveying consumers with questionnaire. Internet based data collection is cost effective which is also more effective by eliminating hundreds of hours of data entry. (Saunders, et al., 2012) Questionnaire (See appendix 3) was the main tool to gather the general information from sample groups to support this research. Answering the questions regarding smartphone usage priorities,
attitudes towards less-known brands and the overall buying decision process of smartphones under Chinese brands was the main focus of this research. With acquiring a big sample group, author has minimized the vulnerability to errors. Also, many things had to be taken into consideration while designing the questionnaire. In any occasion, poor response rates, incoherent questionnaire structure could end up in showing misleading results.

The goal of the survey was to get consumers’ overall views about opinions on Chinese smartphone brands and their competitive abilities in the Finnish handset market. In addition the author has seeked information about the current situation of smartphone buying priorities, buying behaviour and general buying power in Finland. In order to receive more respondents, the survey questions were translated into Finnish language.

3.2 Data collection method

Online survey was created to collect primary data. It is a method of data collection using a questionnaire in which each person is asked the same set of questions in the same order by the researcher. (Saunders & Lewis, 2012) Survey was distributed through social media, forums and peer groups. Data was collected through this method. Survey was designed in the way, that it only had one optional question, to minimize the risk of getting partly filled forms. As an incentive to complete the survey, the author has come to an agreement with the CEO of E-distribution Ltd. to draw two lucky person from all respondents to receive a 50€ gift certificate as a prize. This was considered such a positive and good idea in the company so that they agreed to submit the other gift certificate, leaving the author to pay only one of the total of two gift certificates.

Data was later analyzed and then presented using pie charts and bar graphs to display the answer distribution. Results of this questionnaire were formed using webropol system by author’s supervisor’s earlier recommendation. For displaying the result distribution, author chose the percentages as the best format.

3.3 Validity, Reliability and Limitations

Respondents of the survey were mainly customers of E-distribution Ltd. who bought products atleast once a month from the company. Since majority of the respondents had
bought a product from E-distribution Ltd., author found it convenient to select the sample from the people that have at least visited the company’s website or used it’s services at least once. E-distribution Ltd. is the only Finnish company that offers a 30-day return product policy and international warranty for the Chinese brand smartphones that they sell.

During the quantitative data gathering, couple limitations were found. Large portion of the respondents were less tech-savvy elderly people. One could argue that most of them do not even have a smartphone or had it less than one year of time. For elder people, learning new technology and what are the possibilities and limitations with it, can be time consuming. The questionnaire could have had one more question to assess whether the respondent’s current phone is a smartphone or not. For instance, if they did not own a smartphone, rest of the survey’s questions would not have been valid if the respondent was not clear what he or she was filling. This could have made the fragment of the results distorted. Second limitation was the time managing. According to feedback from few of the respondents, the survey was a bit too long for them to focus on it fully. This could have been prevented by making the questionnaire a little bit more comprehensively structured and shorter.

As for the reliability and validity, there are couple variables to be discussed. The data collection method, being quantitative with 221 respondents, is not reflecting the whole population. As the respondents came from around different regions of Finland, these regions in Finland also have differences in their own subcultures. The amount of 221 respondents should be enough to point the direction to where the smartphone market in Finland is heading and how the consumers are nowadays feeling towards new brands. The big gap in the demographics, while survey received only 2 respondents that were under 18 years old, was a unfortunate lack of demographics in this research.

The survey being a quantitative research where 221 respondents is not reflecting the whole population can be directional. The results do not present the views of whole Finland’s population but it can give direction towards the overall attitudes. As different regions have different subcultures, the generalization of these results are still not usable a whole smartphone consumer base. Furthermore, having the survey consist of 18 questions it might have been a little bit too long for them to focus on and some of the respondents might have closed their web browser before filling the form completely and sending it.
4 FINDINGS & DATA ANALYSIS

The fourth chapter presents discussion on and analysis from data collected through the survey. The results were analysed and results should bring more in-depth in order to look into the buying behaviour and preferences of smartphone consumers in Finland. Furthermore, the data from survey answers are intended to shed more light to the current attitudes and knowledge of Finnish consumers towards Chinese smartphone brands. All the data findings presented in this section are created with webropol survey system.

4.1 Data collection

Primary data for this research was an online survey conducted through various channels available for the author for immediate use. The survey data was collected during time period of 6 days, from 22nd June to 29th of June. It was done also in collaboration with E-distribution Ltd. by using their social media channels.

There was a pilot survey test done on the 19th June for two days with webropol system. This was to measure the reliability of the survey and to collect feedback for the structure of the survey. After the initial pilot test, the modified, final survey version was sent out to the customers of E-distribution Ltd. via Facebook channels. Also, it was posted to forums such as Muropaketti.com, Matkapuhelinfoorumi.fi and Vauva.fi to make the respondent demograph bar to be as broad as possible. In addition, author’s own social media did also collect a few answers. The survey was intended for all inhabitants in Finland. The survey got plenty of respondents including students, workers, unemployed, entrepreneurs and retired individuals.

Questionnaire was designed to be short, but precise enough to get the results in less than 3 minutes of completion time. This was to keep the respondent feeling focused and interested throughout filling the questions and not to lose his or her focus. It would be damaging for the reliability of the answer results if the questionnaire would take too much time for the respondent to fill out.

The following part will introduce the survey structure and explain the detailed findings of survey with analysis included in each part.
4.2 Profile of the sample

The range of respondent's ages were between less than 18 to more than 66 years of age. The diagram presents how the total of 221 respondents' age groups were divided between respondents: 5% were over 66 years old, 9% 56 to 65 years old, 38% were 36 to 55 years old, 26% were 28 to 35 years old, 19% of 19 to 27 years old and 4% of the respondents were under 18 years old. It was a little bit unfortunate that the age group of people under 18 years of age did not fill the survey. It would have been a good data to analyse to which way is the teenagers' brand awareness moving towards.

Figure 5 Survey question: "Your age?"

The objective of this study was not to target different age segments but to receive samples from all age groups. This result is very positive as we can see. The results show that 48% of these respondents were working in a steady job, 13% of were unemployed, 13% students, 12% retired, 8% entrepreneurs and 5% were working currently in a part-time job. Furthermore, 36% of respondents lived in Southern regions of Finland, 24% in West- and Mid-Finland, 15% in Southwest-Finland, 10% in Eastern Finland, 10% in Northern Region and 3% in Lapland.

The next question examined E-distribution Ltd, with objective to understand what is the possible market share available for E-distribution to continue their marketing towards. They sell mostly Chinese smartphone brands and is one of the safest and most reliable source of buying one with warranty policy and 30-day return policy. Question 5: Have you bought your smartphone from e-ville.com webshop? 84% of respondents had bought
their handset somewhere else whereas 16% had bought their smartphone from e-ville.com webshop. This means that E-distribution Ltd. has yet a lot of work ahead to attract a major segment of the market to compete with the other retailers.

Number of respondents: 221

Figure 6 Survey question: "Have you bought your smartphone from e-ville.com?"
4.3 Data Analysis

The following question assess where consumer buys their smartphone from. The number of respondents here is reduced to 184, since the 16% who did buy their phone from E-distribution Ltd. did not have this question as compulsory. 39% percent of the respondents had bought their smartphone from telecommunications brick and mortar shop, 32% from webshop, 13% from home electronics market, 8% from internet forums and 8% from authorized reseller.

Figure 7 Survey question: "Where have you purchased your current smartphone from?"

Out of 221 respondents, 31% had more than one smartphone in daily use. 69% of the respondents still managed to do everything on one smartphone. This shows that some of the consumers are keeping home and work life separate, having a backup phone or traveling a lot and not needing to play with switching of SIM cards. We can assume that the portion of 8% of entrepreneurs who filled this survey are part of this multiple smartphone owner group.
There are actually several reasons behind having multiple smartphones in use, but possible types of person who have more than one smartphone in use are suggested below:

1. Person who wants to separate work and personal life (i.e. entrepreneurs)
2. Developers who are testing smartphone app functionality
3. Tech writers & Bloggers & Youtubers
4. Tech Collectors & Early adopters

The next one was matrix-design multiple choice style question (see table 2), which requested the respondents to rate the features of a smartphone in order of importance, when they were about to buy a new smartphone. This was one of the most important questions to assess what functions and attributes create most value for buyer when they are searching for information. The question had the following five options for respondents to choose from (translated from Finnish to English, from left to right): Extremely Important, very important, somewhat important, slightly important and not important at all.

From the survey answers it can be understood that reliability, functionality and quality were the top 3 important features for over half of the respondents. We can see a connection to the product features concern theory by Osman et al. After these traits, the design and practicability were important and somewhat important. Slightly important and not important features were brand of the phone and social status which it can indicate about the user.

<table>
<thead>
<tr>
<th>Number of respondents: 221</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Table 2 Survey question: “Rate the importance of features when you are buying a new smartphone.”</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Feature</th>
<th>Extremely Important</th>
<th>Very Important</th>
<th>Somewhat Important</th>
<th>Slightly Important</th>
<th>Not Important at all</th>
<th>Total</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laatu</td>
<td>54.75%</td>
<td>38.48%</td>
<td>5.88%</td>
<td>0.45%</td>
<td>0.45%</td>
<td>221</td>
<td>1.53</td>
</tr>
<tr>
<td>Kestävyys</td>
<td>44.8%</td>
<td>45.25%</td>
<td>8.14%</td>
<td>1.81%</td>
<td>0%</td>
<td>221</td>
<td>1.67</td>
</tr>
<tr>
<td>Mustoilu</td>
<td>14.03%</td>
<td>33.43%</td>
<td>35.29%</td>
<td>14.48%</td>
<td>2.71%</td>
<td>221</td>
<td>2.58</td>
</tr>
<tr>
<td>Käytännöllisyys</td>
<td>42.53%</td>
<td>46.15%</td>
<td>9.05%</td>
<td>1.36%</td>
<td>0.9%</td>
<td>221</td>
<td>1.72</td>
</tr>
<tr>
<td>Toimintasuus</td>
<td>74.66%</td>
<td>23.53%</td>
<td>0.9%</td>
<td>0%</td>
<td>0.9%</td>
<td>221</td>
<td>1.28</td>
</tr>
<tr>
<td>Brändi</td>
<td>3.62%</td>
<td>11.31%</td>
<td>27.6%</td>
<td>38.46%</td>
<td>19%</td>
<td>221</td>
<td>3.68</td>
</tr>
<tr>
<td>Sosiaalinen status</td>
<td>1.91%</td>
<td>4.98%</td>
<td>18.1%</td>
<td>35.75%</td>
<td>39.37%</td>
<td>221</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>33.74%</td>
<td>29.02%</td>
<td>15%</td>
<td>13.19%</td>
<td>9.05%</td>
<td>1547</td>
<td>2.35</td>
</tr>
</tbody>
</table>
Next question studied the channels through which the respondents get information about new smartphones that are about to be released into market. This question is linked with consumer behaviour as one step is information search right after problem recognition. It is very likely that, in fact, the channels used for information search are also used for evaluation of alternatives.

The results (see figure 8) are implying, that most popular channels used are Internet and social media for information search. From 221 respondents, 38% searched information from Internet (this included Youtube and Forums), 22% through social media platforms such as Facebook and Twitter, 20% through peer network and persuasion of friends and relatives, 12% through traditional advertisement (print media, articles, flyers) and finally 7% through phone companies’ own public events. None of the respondents did search their information from fairs and other public events.

It is evident that Internet and social media play a very strong role in information search. In Finland the peer network could be included as part of the social media, since part of the communication with friends and relatives are conducted there.

Figure 8 Survey question: “Through which channel you receive best information about new smartphones entering the market?”
The subsequent three questions were measuring the knowledge of Chinese smartphone brands among respondents. The top 3 known Chinese smartphone brands were Huawei (22%), OnePlus (12%) and Xiaomi (12%) out of total 12 brands listed in the question. This is not a surprise since Huawei has established a good foothold in Finnish mobile device market as a first big Chinese smartphone brand landing in Finnish market. OnePlus had a good run with their first and second model, since buying it required an invite.

Furthermore, this set of questions measured the common knowledge among consumers towards Chinese smartphone brands and their reliability. As for the question 11. “Can Chinese smartphone brands deliver reliable and quality smartphones with more affordable prices than international top brands, such as Apple and Samsung?” the results were very positive: 64% agreed that Chinese smartphone brands can deliver a high quality product over more popular brands with a more attractive prices, while 28% did not have an opinion. 8% of the respondents did not agree to that the Chinese smartphones would be capable of same product quality as more popular, premium brands.

The question number 12 (see figure 9) was to give opportunity for the respondents to describe with what features the Chinese smartphone brands can currently compete with more international market leaders. Out of all options, they were given 3 options to pick which would be in their mind the most powerful attributes, features or services. The top pick was price-to-quality ratio, followed by price comparison to competitor’s similar model and the third most popular pick was battery life of a smartphone. This could be interpreted in a way that the price is one of the major factors for Finnish consumers when buying a new smartphone. This does not necessarily mean choosing the affordable handset while sacrificing quality but picking the best price-to-quality ratio deal from the seller.
Figure 9 Survey question: "Choose 3 features through which Chinese smartphone brands can compete with international brands."

In question 13. and 14. (see figures 10 and 11) the author assessed the importance of price when buying a smartphone and whether Finnish consumer’s final purchase decision will rely on the payment plan option. Also, the budget of a consumer was in question. The results show, that most of the Finnish consumers do not buy the most expensive phones but stick to the mid-range performer handset. The highest portion of the respondents’ budget for smartphone purchasing is grouped into price range of 151-299€ with 29% of total respondents. 18% of respondents do not have a budget for smartphone purchasing which means price is not a deciding factor for them and it will not affect the purchase decision too much. Also, the fact that the monthly payment plan was offered or not, did not make a big difference. As shown on the figure 12, 65% of respondents felt that monthly payment plan option was not influencing their final purchase decision. 28% felt that it was important to be offered as a choice, and 8% felt that they would only make smartphone purchase via monthly payment plan. According to an article (Helsingin Sanomat, 2016), recently the popularity of paying with a payment plan is increasing while consumers might have 2 or even 3 different smart devices under payment at the same time.
Figure 10 Survey question: "What is your possible budget when you are purchasing a new smartphone?"

Figure 11 Survey question: "Is monthly subscription important to you as a payment option when buying a smartphone?"
Next questions (Figures 12 and 13) were to focus on importance of the brand and price of smartphone for consumer. Number of respondents is reduced to 219 since these were added to questionnaire 1 hour later after publication. The results show that the brand of the smartphone has a very low impact among Finnish smartphone consumers. Image of the brand, its popularity and whether friends or relatives were using it, were not important for the respondents. Although, if two smartphones with similar design and hardware were put head to head, brand would be the deciding factor for almost 30% of the respondents. In such situation it is highly possible, that Chinese less-popular smartphone would not be picked over popular brands.
Question 17 measured the purpose of use with smartphones and which ones of the features were of importance. Respondents were able to choose multiple choices here since the grouping of different smartphone purposes were spread out. Here respondents were to choose most of the regular smartphone functions as their main purpose of their phone use. Regular phone calls & SMS, email, browsing of social media and Internet were the most used features of smartphones among respondents. Less picked choices were mobile gaming, music playing and shopping through applications.

This could be interpreted in a way that consuming of media streams, mobile gaming and web shopping through application is still an activity that is less popular among Finnish smartphone users. The smartphone is considered more as practical tool and source of internet. In the survey on the use of information and communications technology 2015, the most common of the inquired use purposes was email, which had been used by 81 per cent of Finns. Online banking was nearly as common (80%). (Official statistics of Finland OSF, 2015)

![Survey question: "Choose the smartphone functions that are important for you"](image)
Question number 18 and the final of the survey was to find out the future smartphone buying intentions of the respondents. This simply inquired only about the purchase intentions and what factors would possibly influence it. I listed the possible influential factors as following: Importance of brand, peer pressure, information search and evaluation of alternatives. The information search got the highest popularity among respondents. Finnish consumer groups consist of early adopters but mostly the buying decision lies on the result of thorough information search. Information search is a critical component of the purchase decision process for most consumers.

Figure 15 Survey question "Your future smartphone buying intentions are influenced by.."
5 CONCLUSION

The main goal of this research was to investigate the influencing factors affecting Finnish consumers’ buying behaviour towards Chinese smartphones brands. Furthermore, the aim was to also examine the purchasing behaviour of consumers in Finland. Majority of Finnish smartphone users have intentions to use and buy smartphones not based on the brand but rather the quality and functionality. The influential factors are not only the price and payment method of the purchase, but the price to value ratio of the product. Product functions and features that satisfyingly fill the needs of the Finnish consumer are more important than from which company and country of origin the product came from.

With regards to the first question, which was to identify the Finnish consumers’ attitude towards Chinese smartphone brands, the responds to survey question 11 show that the attitudes are very positive, although a small portion still does not have an opinion. (See figure 16) Finnish consumers are giving benefit of the doubt to “Made in China”. 64% agreed that Chinese smartphone brands are able to create a high quality smartphone. Only 8% did not agree and 28% did not have opinion.

Number of respondents: 221

![Survey Question Results](image)

Figure 16 Survey Question: "Nowadays Chinese smartphone brands are able to design and create practical and high quality handsets"
After-sales services are second taken into consideration when purchasing a smartphone from overseas. Findings of this research indicates that smartphone users buy smartphones due to the increased value provided by international warranties, return policies and overall smartphone durability.

One remark that can be made from the survey question about the importance of features when buying a smartphone, was that only 3.62% thought that Brand is very important. 11.31% thought that it is important and 27.6% thought that it is somewhat important. Why is this? It can be seen as a change of winds as the more popular, premium and expensive brands are losing portions of Finnish market. Finnish consumers are more active in information research and even more aware of their smartphone needs. While Finns being more and more price concerned consumers, this could mean dropping of sales for brands such as Apple, Samsung and LG.

Second question assessing the smartphone attributes that bring most value for Finnish consumer, was also answered. The most important features were functionality and reliability. These features and attributes are something worth looking into by the Chinese smartphone companies that wish to increase their sales in Finland market. Finnish consumers can be brand loyal but the they are not afraid to adopt smartphone models from other brands, if the situation demands it.

Third question was to measure how Chinese brands would cope in Finnish market in the coming years what changes are needed for staying in the competition. Chinese companies are now in a good situation in Finnish market. Huawei has increased it’s sales year after year and has shown growth each year. I think with disruptive marketing tricks the smaller Chinese smartphone brands could easily also get a share of the market and get a group of loyal followers for their products. Chinese smartphone companies need to stay innovative and keep providing affordable products, and they will do very well in the competition with the international super brands.

This research has a lot of possibilities to continue further with the same direction and develop the understanding smartphone consumers’ buying behaviours in Finland. The branding is the issue here and Chinese smartphone brands could do some disruptive marketing like the company Oneplus did. Features and attributes of smartphone is the key and should be made clear to all targeted segments that a smartphone from China can outshine most of the international brands’ models in the market in terms of quality and functionality.
5.1 Suggestions for further research

Smartphone market in Finland is changing and consumer move more towards affordable, practical phones. Future researches should be conducted with a bigger sample to increase the accuracy of data analysis. It would have a positive impact to research even more specifically the brands that are interesting to Finnish consumer and sort out what aftersale values increase preference towards those brands. Finnish consumers value the warranty policy and return policy and those are major factors when making a purchase decision.

More in-depth study on smartphone switching pattern could bring more precise data on how and for what reason smartphones are switched to newer models. This would further help assess the Finland’s market situation and consumer's needs.

5.2 Recommendation to Industry

I believe this study will provide significant knowledge and information to retailers seeking to understand Finnish consumer’s buying behaviour and to anticipate their needs. Smartphone companies that are interested in bringing their product to Finnish market should focus on the smartphone features functionality and providing affordable product. Product needs to function under harsh conditions and as promised. Activities for marketing and putting a good word-of-mouth going around will be beneficial for brand’s warm welcome in the market.

5.3 Remarks

Purpose of this thesis was to find those, if any, influencing factors that would attract Finnish consumers to buy Chinese brand smartphones. Currently, only way to do so is to go physically to China and purchase one, or to buy one online through various sites. The discussion and ideas that rose from the results’ of the survey conducted to sample group, I think this research serves it’s purpose well. I am pleased that the writing process has helped me in numerous aspects in self-improvement.

I think that smart handsets are still part of our lives for the next coming 10 years until technology takes a huge leap to another stage. Field of subject on smartphones and the
topic have numerous different approaches to study on consumer behaviour. Personally I feel writing of this thesis was a challenging task as the working hours implemented in doing it were a bit short. Time management is still something where I struggle within. Personally I feel I have grown in producing and managing sufficiently good content for academic writing. It did aid me a lot to maintain interest on the subject, since that subject I wrote about was one of my favorite ones.

Gathering the data was most interesting part of this research for me. Linking my own findings with the theoretical works of previous authors was most challenging, whereas this was not an easy task, especially when finding that my own findings and findings of others did not always relate. Thesis writing process helped me furthermore to improve my personal characteristics and time management but still I have a long path of improvement ahead of me. As for the findings of this research, they will be available for the marketing staff of company E-distribution Ltd.
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The Economic Times article “Finland is the most smartphone-obsessed country in the world” 2016 [Online] Accessed 2. June 2017


https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4205713/


https://www.e-ville.com/fi/content/4-tietoa-meista
Entinen harjoitteijamme Jarno tekee tutkimusta kiinalaisista puhelinbrändeistä ja näiden tuntemuksesta Suomessa. Auta Jarnoa vastaamalla oheiseen kyselyyn ja osallistut kahden 50€ lahjakortin arvostaan 😊

Osallistu tutkimukseen ja voita 50€ lahjakortti
WEBROPOLSURVEYS.COM
Appendix B.

Kysely älypuhelimen omistajalle ja sellaisen hankintaa harkitsevalle.

Tervetuloa kyselyyn! Tämän kyselyn tavoitteena on arvioida minkälainen asema kiinalaisvalmisteisilla älypuhelimilla on suomalaisten kuluttajien keskuudessa. Vastaaminen tapahtuu nimettomasti ja vastaukset kasittävät luotamuksettāsisesti hyvän akateemisen tavan mukaisesti.

Kyselyssä on 18 lyhyttä kysymystä ja se vie aikaa **alle 3 minuuttia**. Vastanneiden kesken arvotaan **2 kpl 50 euron lahjakorttila** e-ville.com:n verkkokauppaan. Mikäli haluat osallistua arvostaan, täytyÄ kysely huolellisesti ja jätä viimeiseen yhteystieto-sarakkeeseen sähkopostiosoitteesi.

Kyselyn ja arvonnan toteuttaa Turun Ammatikorkeakoulun opiskelija Jarno Salminen. Kysely on avoinna 29.5 asti.

Käy katsomassa uusimmat hittiutotteet verkkokaupassa **www.e-ville.com**
Appendix C.

1. Sukupuolesi *
   - Mies
   - Nainen

2. Ikäsi *
   - Alle 18 vuotta
   - 19-27 vuotta
   - 20-35 vuotta
   - 36-55 vuotta
   - 56-65 vuotta
   - Yli 66 vuotta

3. Tämän hetkinen asuinalueesi Suomessa *
   - Etelä-Suomi
   - Lounais-Suomi
   - Itä-Suomi
   - Länsi- ja Sisä-Suomi
   - Pohjois-Suomi
   - Lappi
   - Asun Suomen rajan ulkopuolella

4. Työtilanteesi *
   - Yrittäjä
   - Palvittaisessa työssä käyvä
   - Osa-aikaisessa työssä käyvä
   - Eläkkeellä
   - Opiskeluja
   - Työten

Seuraava ->
5. Oletko ostanut alypuhelimesi e-villen verkkokaupasta? (Jos vastasit Kyllä, voit jättää vastaanamatta kysymykseen numero 6.) *
   - Kyllä
   - EI

6. Mista olet ostanut nykyisen alypuhelimesi?
   - Opereetorin toimipisteestä
   - Verkkokaupasta
   - Valtuutetuilla jälleenmyyjillä
   - Kodinelektronikka-liikkeestä
   - Netiin faasumilta

7. Onko sinulla useampi kuin yksi alypuhelin käytössä? *
   - Kyllä
   - EI

8. Mitkä ovat sinulle tärkeimmät ominaisuudet uutta puhelinta ostaessaasi? *

<table>
<thead>
<tr>
<th>Erittäin tärkeä</th>
<th>Tärkeä</th>
<th>Jokseenkin tärkeä</th>
<th>Vähemmän tärkeä</th>
<th>Ei juurikaan vältä</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leatu</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kustannus</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Muistikelu</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Käyttäjänmalli</td>
<td></td>
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<tr>
<td>Tukivuokraus</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Brandi</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sosiaalinen</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

← Edellinen  Siuraava →
9. Minkä kautta olet saanut parhaiten tietoa markkinoille tulevista uusista puhelinmalleista? (Voit valita useamman vaihtoehto) *
- Internet (Youtube, forumit)
- Sosiaalinen medias (Facebook, Twitter)
- Päivitystöaineiston (lehdenmainokset, julisteet, artikkelit)
- Messutapaukset
- Puskaradio tai ystävien suosiutukset

10. Mitkä seuraavista puhelinvalmistajista ovat sinulle tuttuja? (Voit valita useamman) *
- Xiaomi
- Blackview
- Gildas
- Huawei
- Vivo
- Meizu
- Oneplus
- Doogee
- Umi
- Filaphone
- LeTV / Leeco
- Oppo

11. Kykenevätkö tänä päivänä Kionalaiset puhelinvalmistajat valmistamaan käytännöllisiä ja laadukkaita alyphelimia edullisemmin kuin kansainvälistä huippubrandit, kuten Apple ja Samsung?
- Kyllä
- Ei
- En osaa sanoa

12. Valitse ne vahvuudet joilla Kionalaiset puhelinbrandit voivat sinun mielestäsi kilpaila nykyajan alyphelinmarkkinoilla. (Valitse 3 vaihtoehtoa) *
- Hinta-lääteuhde
- Laadukkaat materiaalit
- Tehokkuus
- Toimintavaje
- Tyylityyppi
- Helfempi kuin kilpailijan vastasyvä malli
- Aluksenaste
- Taloussituiset asial

< Edellinen  Seuraava -->
13. Kuinka suuri budjetti yleisesti sinulla on uutta alypuhelinta hankkiessasi? *

☐ alle 50€
☐ 100-150€
☐ 151-299€
☐ 300-399€
☐ 400-599€
☐ Yli 600€
☐ Ei budjettti alypuhelimen ostoa

14. Onko osamaksu alypuhelimen maksuvahttoehdon sinulle tärkeä? *

☐ Hankin alypuhelimen vain osamaksu mukaan
☐ Kyllä, se on tärkeää meille
☐ Ei merkitystä ostopaatokseen

15. Alypuhelimen brändin tärkeys *

<table>
<thead>
<tr>
<th>Laatu ja luotettavuus olivat olennaiset vaan alypuhelimen brändin suosio</th>
<th>taysin eri mieltä</th>
<th>jokseenkin eri mieltä</th>
<th>ei samaa aikaa eri mieltä</th>
<th>jokseenkin samaa taysin saman mieltä</th>
<th>taysin saman mieltä</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brandin image on minulle ja sosiaaliselle statuskummalle tärkeää</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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</tr>
<tr>
<td>Valtion alypuhelimen jonka sieden ja muiden on omistettu lähipinnoi</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Jos kaksi alypuhelinta ovat taysin samanlaiset niin brändimerkkavaka</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Hinnalle ei ole merkitystä jos alypuhelimella on niin brändin marko</td>
<td>☐</td>
<td>☐</td>
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<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

16. Alypuhelimen hinnan tärkeys *

<table>
<thead>
<tr>
<th>Alypuhelimen hinta on minulle ratkaisuva takia alypuhelinta ostattaessa</th>
<th>taysin eri mieltä</th>
<th>jokseenkin eri mieltä</th>
<th>ei samaa aikaa eri mieltä</th>
<th>jokseenkin saman taysin saman mieltä</th>
<th>taysin saman mieltä</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vertaile alypuhelimien hintoja aloitteessa ennen ostopaatokseen tekoa</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Olen valmis ostamaan tohokkasan alypuhelimen hinnasta vallitakseen</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>En ole verme mitkö alypuhelimmallit tällä hetkellä tarjoavat parhaan hinta-käytännön</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Jatkoin halvat alypuhelinnallit kieltävät kielteitä laadusta</td>
<td>☐</td>
<td>☐</td>
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</tr>
</tbody>
</table>

<< Edellinen | Seuraava >>
17. Valitse ne toiminnot joihin käytät alyphelintasi päivittäin. (Voit valita useamman vaihtoehdon)

- Puhelut & Tekstiviestit
- Navigointi & GPS-palkannus
- Sähköpostin käyttö
- Internet-surfus
- Netishopailu
- Sociaalinen media
- Mobilipelen pelaminen
- Valokuvaus & Video
- Musiikkiheitin
- Muu

18. Tulevat alyphelimen ostoihaesi.*

<table>
<thead>
<tr>
<th>Tyyppi</th>
<th>Täysin sitoa</th>
<th>Pikoiseen sitoa</th>
<th>Ei samaa aika sitoa</th>
<th>Pikoiseen sitoa samaa maailmaa</th>
<th>Täysin samaa sitoa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ajan ottaa uuden alyphelimen seuraavan 3klin alipiti</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Minulle tervehtii on puhelemien brandi</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Ajan neuvoo myös ystävien ostamaan saman valitettavan mallein joka ihmetteli on</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Ei tätä tietoa alyphelimesta ennen ostopäätystä</td>
<td>☐</td>
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</tr>
<tr>
<td>Vertailen alyphelimea ystävien kanssa</td>
<td>☐</td>
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<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

19. Syöttämällä sähköpostiosoiteesi tähän sarakeeseen ja lähetämällä kyselyn täytetynä olet mukana lahjakorttien arvonnassa. Arvonta suoritetaan 31.5 ja voittajille ilmoitetaan henkilökohtaisesti (Tietoja ei luovuteta kolmansille osapuolille.)

Sähköposti

← Edellinen   Laheta
Appendix D.

1. Respondent's sex?
2. Respondent’s age?
3. Current region of living?
4. Respondent’s current work situation? Employed, entrepreneur, unemployed or studying?
5. Have you bought your current smartphone from e-ville.com?
6. Where did you purchase your current smartphone from?
7. Do you currently have more than one smartphone in use?
8. Rate the most important features for you when purchasing a smartphone.
9. Through which channels you have received the latest, up-to-date news about coming new smartphone models?
10. Which of the following smartphone brands do you know or have heard about? (multiple choice)
11. Opinion: Nowadays Chinese smartphone brands are able to design and create practical and high quality handsets
12. Choose those attributes which you think Chinese smartphone brands can compete with in the smartphone market?
13. How large is your budget when you are purchasing a new smartphone?
14. Is monthly payment plan option important for you when purchasing a smartphone?
15. Smartphone brand importance (multiple choice)
16. Smartphone pricing importance (multiple choice)
17. Choose the functions you use on a daily basis with your smartphone. (multiple choice)
18. Your future smartphone purchase intentions.