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International Business/ International Trade

PLYAH REH

Marketing Strategy: Keidas Food Shop or Intercultural Corporation Limited Liability Company

Bachelor of Business Administration Thesis 2013
ABSTRACT

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International Business May 2013

REH, PLYAH Marketing Strategy for the International Food Shop Keidas

Bachelor’s Thesis 46 pages + 4 pages of appendices

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This research for the study of the marketing strategy has been prepared for the Keidas food shop or Intercultural Corporation limited liability Company. This thesis aims to explore the opportunities and possibilities that the company could achieve with an effective and efficient marketing strategy in the future.

The oriental food shop has great potential to serve a large Finnish customer base in the Kymenlaakso area, but due to a lack of a marketing strategy, the company has failed to reach the target market and is not as well-known as it should be in the area. However, this study has provided the core strategies and procedures of marketing to help implement better results in the Finnish Market.

Both primary data from the Keidas and secondary data from books and internet were collected to support the theoretical framework for the Keidas food shops’ marketing planning and its implementation. Descriptive analysis was used as the method for data.

This study has suggested an effective marketing strategy for the Keidas food shop to improve its customer’s’ perception of the company’s products. In order to support the marketing strategy and develop a profitable relationship between the company and the customer, the satisfaction and relationship between both the consumer and the company should be the top priority in the marketing processes.
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1. INTRODUCTION

1.1 Background

The Keidas food shop is a foreign enterprise operating its business in the shopping center Pasaati, Kotka. It is a treasure trove of gourmet food stuffs. In the Keidas food shop, you can find natural oriental products. The store can be classified as an Intercultural Enterprise Corporation limited liability Company, mainly importing their goods from Middle Eastern countries.

They have ginger and soy products, a great selection of rice, e.i. Jasmine and Basmati, to name but a few, chilies, bamboo shoot, dried fruits, various nuts, oriental spices, sauces, various soft-drinks and many other oriental products. There is also a large selection of natural and healthy oriental food in the shop. They also offer free food recipes.

The Keidas food shop was established in 2009 to offer new and authentic foreign dishes from the Middle East and Asia for foreigners and for Finns alike. The main reason behind the idea was to give the local populace the opportunity to try foreign food right at their doorstep. To have these products selling locally in Kotka would alleviate the necessity to travel back and forth to Helsinki. The food shop was started with the assistance of the Cultural Enterprise Corporation Oy in Helsinki by buying the products from the company and ordering the goods from abroad, primarily from the Netherlands and Sweden through outsourcing agents according to the Keidas store manager.

1.2 Research and Development Problem

The topic of this thesis will be focusing on the core marketing strategy of the Keidas Food Shop located in Kotka, Finland. In a global competitive business world, companies grow by marketing and advertising so a small foreign enterprise such as the Keidas Food shop will need
to plan its marketing strategy carefully and will need to study the behaviors of Finnish customers.

Small foreign retailer shops such as the Keidas Food shop in Kotka, have little product knowledge and they know very little of their target customers because of the lack of a clear marketing strategy. Another reason for this is that all the products in the shop are food stuffs that are imported from the Middle East and are almost completely new to Finnish customers and foreigners alike. To escape isolation from its potential customer base and possible closure of the company in the future, a new marketing strategy is required for the company. Product price adjustments and comparisons to its competitors in local markets will also need to be reviewed.

This thesis will be devoted to small foreign enterprises in Finland to aid them in considering that their marketing strategies are the most vital part of their growth of business and in order to win Finnish hearts and minds. Through this process, Keidas shop should produce customer satisfaction. Customer added value strategies are needed to be understood by those foreigners who want to start their own businesses here in Finland.

Many small foreign enterprises end up with their business closing down in Finland due to the failure to produce a precise marketing strategy and to serve the needs of the Finnish and foreign customers. Investing in marketing strategies for small companies like the Keidas food shop would be a wise investment and help the business become more competitive in the country.

1.3 Research and Development Objective and Limitations

The Keidas food shop is a small foreign enterprise in Kotka which possesses a limited knowledge of the Finnish customer’s behaviors. Unfortunately, the business is facing difficulties with how to make their products known to potential customers effectively. Due to this concern, I chose to conduct research for the Keidas food shop to help it develop its business and improve its sales by applying some of the points in this thesis, in both the literature review
and the suggestions. In addition to this, effective business operations can be achieved by implementing a marketing strategy based on identifying the real market challenges and opportunities.

The Keidas food shop could be one of the least known companies in the Kotka area because of the lack of a clear marketing strategy. Setting a new strategy of marketing and investing more in advertising could pave the way for growth for the company.

1.4 Research and Development Question

Information is a key element in the development of successful marketing strategies. Information has to be collected to determine which advertising theme to use, whether and how to launch new products, what prices to charge, and what distribution channels to use in marketing a product. In addition, information is needed to monitor changing trends in the environment, so that strategies can be adapted accordingly. Information is also required to evaluate the effectiveness of these strategies and to assess performance. (Samuel & Douglas 2000:1)

All of the results could avoid company closures. In this study, new techniques on marketing will be proposed for better growth in the future as well as reviews of the Keidas food shop’s business activities.

In developing an international marketing strategy, information is even more important for effective marketing decisions. Lack of familiarity with customers, competitors and the market environment in a country, coupled with the growing complexity and diversity of international markets makes it increasingly critical to collect information in relation to these markets. Marketing research is needed to determine whether and how far to adapt marketing strategy and tactics such as product positioning or advertising to local market conditions, rather than standardizing strategy across markets. (Samuel & Douglas 2000:11)

The research will focus specifically on Finnish and foreigner behaviors alike. The main reason for this is the slow growth of small foreign enterprises, and the cultural differences between
Finns and foreigners in order to develop the marketing strategies successfully. The main objective for the thesis study is to prepare a marketing strategy for the food shop.

1.5 Conceptual Framework

In order to reach the objective of this research study, the following steps will be applied:

Introduction

This briefly introduces the background to the Keidas food shop and its problems, the objectives of the thesis, and the research methodology and the thesis’s conceptual framework.

Business overview of Keidas Food shop

The Keidas food shop business overview mentions a short introduction about the company’s need to consider a new marketing strategy in order to gain more new customers. A small enterprise in Finland who had not used the full potential of a marketing strategy had failed to serve the needs of the Finnish and the foreigners. Also the core framework of marketing strategies is discussed, with their weaknesses including a business vision and missions that are most applicable to Keidas food shop.

Keidas Food Shop’s Business Analysis

The SWOT analysis in this chapter has identified the most important points from the business environment as a vital part for the Keidas food shop to solve the current problems and develop a marketing strategy in the future. In order to identify and develop an effective marketing strategy, a Micro and Macro Marketing environment needs to be presented with clear
information about legal regulation, the market, customer behaviors, suppliers, and competitors as marketing analysis in chapter 6 of the Analysis of the Marketing Environment.

Keidas Food Shop’s Core Marketing Strategy

The concepts of theoretical marketing strategy are how to implement it and how it impacts the overall business performance of the food shop. The marketing strategy is identified in this study with a basic strategy and objective, including the way in how a marketing structure uses to implement itself. Finally, some concepts of customer relationship marketing is provided as an effective tool for customers’ satisfaction and maintains the relationship with its customers in chapter 7 of Summaries of Main Finding in order to create the sustainable business development in the future.

Conclusion and Suggestions

The conclusion summarizes major lessons learnt and outlines how the creative marketing strategies can move forward with its aim to adopt an effective marketing strategy for the Keidas food shop.

2 Methodologies

2.1 Research Methodology

Qualitative methods are applied in this thesis in order to gain the facts about customer opinions by analyzing the results and to develop further marketing strategies for Keidas food shop. The qualitative research is mainly concerned with the store manager.
In-depth interview with the store manager is designed to encourage subjects to express their opinions and views of the real situation and comment on current events occurring in the business and provide suppositions for the development of marketing strategies of Keidas shop.

Qualitative research will be elaborated into short sets of questions, regarding attitude to the food shop from foreigners and to the services rendered, points where there is room for improvement, and what the company could do to encourage marketing strategies.

2.2 Justification of Data Analysis Methods

The research paper will conduct qualitative research of Keidas food shop’s store manager in order to study the problems of the business, including the marketing strategies and customer service methods. After this study, some analysis and suggestion for Keidas food shop will be presented. An interview by email with the store manager of the shop will be evaluated and will include its missions and vision on marketing for the company.

The Author of the paper will collect both primary and secondary data of the business and the relevant information of the company’s marketing plans for the future. The annual financial report and the mission of the company will also be presented in this paper to analyze the future development of the company.

Primary data means the information will be mainly collected from the store manager of Keidas food shop. It has focused on the company’s business performances including marketing strategy, mission and its customers buying behaviors as qualitative data from interview research.

The secondary data source books will be mainly on marketing see Kotler & Armstrong (2009), Czinkota & Ronkainen (2010), Samuel Craig & Douglas Susan (2000) and Kotler (1994) the literature review part of this thesis study.

Internet sources are more up to date and easier to verify for readers. Book sources are applied in more in-depth formulas and systematical methods. The descriptive analysis of the company on
strategic, functional and operational levels is included in both the primary and secondary data. The information in this paper can help and guide new entrepreneurs who are based in Finland in understanding international marketing strategies and allow them a deeper understanding of the analysis of the situation.

3 MARKETING STRATEGY

3.1 Marketing Segmentation

Marketing strategy is a process that creates loyalty between customers and companies, according to Kotler and Armstrong (2009:79). The idea behind it is to build customer value and long-term relationship achievement in order to gain profit for both parties.

Marketing strategy aims to identify different kinds of buyers with similar behaviors. This segment strategy determines which products are offered to which kind of customers and how best to offer them. The ideology of Kotler and Armstrong (2009:80) is that the market consists of many types of customers, products, and needs. The marketer must determine which segments offer the best opportunities. Consumers can be grouped and served in various ways based on geographic, demographic, psychographic, and behavioral factors. Market segmentation is a method of separating target customers into specific groups such as their behavior, characteristics to meet their needs and wants of the products. To get the products of the Keidas food shop to the right people and groups, the marketing manager must choose a certain market and then target a particular group. He can then position them among the chosen segments. (Kotler & Armstrong 2009:80.)
3.2 Target Segment

Target segmentation is the second step of the segmentation which is to serve a product to the right group or person. The Marketer would need to first target a single product to a single segment then position it in the later stages. There are several segments to enter in a company’s marketing catchment area but the marketing manager should choose the most profitable group.

The company can make decisions on the income of the segment and the target groups that ignore other companies. “A company should target the segment in which it can profitably generate the greatest customer value and sustain it over time.” (Kotler & Armstrong 2009:80). An example of the Keidas food shop’s rice product is the basic needs of its customers and there are two different kinds of Jasmine rice, broken and longer seed rice. The company would need to do some research to find out who would most benefit from these different types of rice.

3.3 Positioning Segment

After the targeting segment, comes the third part of the positioning under the issue of segmentation. The best position would be the first choice for customers. This would be highly advantageous for competitors or other companies. Kotler and Armstrong (2009:81) suggested that “Positioning is arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers.” One thing to remember is that every person’s values are not the same, so customer’s perceptions may affect buying volume. As earlier mentioned, in case of broken and longer seed Jasmine rice, some may prefer long seed Jasmine rice because it is of a better quality, while others may prefer the broken rice because it can be bought in larger quantities and will last longer.
3.4 Marketing Mix

This section will be about how to develop the marketing strategy for the Keidas food shop based upon the marketing mix 4P strategies. Kotler and Armstrong (2009:82) describe the marketing mix as follows:

- Product- Product means the goods and service combination of the company offers to the target market.
- Price- Price is the amount of money customers must pay to obtain the product.
- Place- Place is where the company is based and that make the product available to target consumers.
- Promotion- Promotion is an activity that communicates the merits of the product and persuades target customers to buy it.

Figure 1 A Model of Marketing Mix (www.notesdesk.com)
The marketing mix is one of the most well known in marketing processes. “Marketing mix is the set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target market.” (Kotler & Armstrong 2009:83). These major theories could help develop every functioning part in the company, especially in the marketing strategy. The marketing mix’s model below represents the Keidas food shop of 4P, which could bring effective and efficient products to the targeted customers. (Kotler & Armstrong 2009:83).

3.4.1 Product Strategy

Here will see how product strategy is important for future marketing planning, how much market share has to be achieved, how to market it and what profit will come from the planning. Three methods of the core, actual and augment product in this strategy are usually associated according to Kotler (1994:443).

The core product is known as an intangible product so touch it with hands. The core product is something that benefits the product which makes it valuable to us. One example of this is that the food from the Keidas food shop’s benefit is healthy and tasty. The actual product is tangible so we can touch it with our hands, that we can get use out of it. We can buy, cook and eat the food. It is what we would think of under the common banner of product. (Kotler 1994:443).

The augmented product is the non-physical part of the product and it contains several added values that we may or may not pay a premium too. If we buy a food product from the Keidas food shop, we should be guaranteed that we will not get sick or buy anything that is contaminated. It is important that the augmented product is in line with the core and actual product, as this will be a benefit to the individual customer. (Kotler 1994:443).

Product positioning

Product positioning need to discussed here in more detail because Keidas food shop is a retailer, and it is important to see how it should be the first choice for its customers. Product positioning
is the way in how customers of Keidas food shop see their products and how they view its important attributes in relation to the competitor’s products. The shop’s products positioning of the shop could be based on oriental taste, healthiness, cheapness but with a high quality standard. In order to implement the Keidas food shop’s product positioning strategy, it is necessary to decide competitive advantages of its products compared to its competitors and then position the offering market base on this information (Kotler 1994:444).

Customer Quality Service

A few more comments on the quality of customer service of the product strategy are necessary because quality service is very important nowadays. An increasing number of consumers are becoming educated, sensitive, demanding, and are more aware of their rights. These kinds of service components cannot be ignored in terms of products strategy. It is worth remembering the following points when implementing or developing customer service methods.

First point: a satisfied customer will tell only a few numbers of his/her friends, but a dissatisfied customer will pass his/her negative experience much more number his/her friends than negative one, so reducing dissatisfied customers is the best possible way.

Second point: feedback and complaints from customers can be invaluable for the business as it could give the shop opportunities to solve current issues or problems, and answer its customers’ needs. There should be a way for customers to give feedback, such as a comment box in the shop or set up a free facility where comments can be sent via the stores website through email.

3.4.2 Pricing strategy

The Keidas food enterprise sells products, so it is a retailer. There are several ways to apply pricing strategies and the first traditional four pricing strategies of skimming, premium, penetration and are the most suitable to the company. (Kotler & Armstrong 2009:203). Firstly present to you price skimming is introduced.
Price skimming

Price skimming is when a company sells a product the first time at a higher price so that its customers might be willing to pay for it but it only gives a limited advantage. This advantage is not sustainable long term due to the number of products that will increase supply by other competitors into the market. There are three certain conditions to set the skimming price on: In order to set effect pricing strategy, the first step to consider is a product quality including its image must support its higher price and just keep enough buyers at that time and second step is the cost of production must keep in and finally keep out competitors to enter the market according to Kotler & Armstrong (2009:303).

Premium Pricing

Premium pricing in the pricing strategy is a unique brand, in which a company exists in a competitive high class market and has the belief in itself that it will be safe to charge its products or services in a higher price bracket suggested by Kotler & Armstrong (2009:303).

Penetration pricing

Penetration pricing is a pricing system that charges relatively lower than its competitors to attract a bigger customer base. Once this is achieved, the price will be set higher later on. As an example, Kotler & Armstrong (2009:303) suggested that the market must be highly priced sensitive so that a low price produces more market growth and the low price must help keep out the competition. Finally, the penetration which sets the price must maintain its low-price position, or otherwise, the price advantage may be only temporary.
Economy pricing

In terms of pricing strategy, economy pricing is a no-frills low price one. Advertising and promotion are kept as low as possible for the products to be sold. S-Markets often have economy brands for soups, spaghetti and other snacks if Keidas follow similar pricing strategy like this method.

3.4.3 Placing strategy

Now we come back to the marketing channel of the marketing mix. The marketing channel is a process in which products pass through from its own firm to reach customers in shops in a logistical format. Some firms sell their products directly to their customers through websites but some also rely on agents, who are also known as ‘outside distributors’. They carry their goods to the target markets on their behalf. The reason producers use outsourcing is to reduce the cost of management and logistics. Most of producers are relying on intermediaries in order to make a better product and more efficiency through their contacts, experience, specialization, and scale of operation so intermediaries usually offer the producers to upgrade their products according to Kotler and Armstrong (2009: 326).

3.4.4 Promotion Strategy

Promotion is the component of the marketing mix which is exclusively responsible for communicating the marketing plan. Marketing managers are always trying to create a unique marketing plan for their product or service. According to Kotler & Armstrong (2009: 383), the promotion mix tool is the description used for marketing communications activities which are as follows:
Advertising is a kind of cost of non-personal presentation and promotion of ideas, goods, or services by a recognized sponsor.

Sales promotion: Short-term incentives to encourage the purchase or sale of a product or service

Personal selling: Personal presentation by the firm’s sales force for the purpose of making sales and building customer relationships.

Public relations: Building good relations with public at large, by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events.

Direct marketing is a direct connection with carefully targeted individual consumers to get a quick response and keep lasting customer relationships by the use of direct mail, the telephone, television, e-mail, the internet, and other tools to communicate directly with the right target consumers. Let look at this in more detail in the process of Advertising and Public relations because these two promotion channels might be the most applicable to the Keidas food shop in its current form and in the future. (Kotler & Armstrong (2009: 383).

Advertising

The best way to communicate to customers is through advertising and it informs customers about the brands which are available in the market. There are four advertising objectives:

- **Trial**: Companies which are in the introduction stage generally work in this objective. The trial objective is the one which involves convincing the customers to buy the new product being introduced into the market.
- **Continuity**: This objective is concerned with keeping the existing customers wanting to keep purchasing their products.
- **Brand switch**: This objective is basically for those companies who want to attract customers from their competitors.
• Switching back: This objective is for companies who want their previous customers back, who have switched to their competitors. (Management Study Guide, 2013).

Advertising is used to create customer values by building customer relationships. The primary purpose of advertising is to inform, persuade and remind (Kotler & Armstrong 2009:390). In order to implement these strategies, there are several ways to approach media channels such as newspapers (local, national, free, trade), magazines and journals, television (local, national, terrestrial, satellite) cinema, outdoor advertising (such as posters, bus sides).

There is much more that can be done through digital, online and Internet advertising but the Marketing Manager of the Keidas food shop would need to decide on which format is the most suitable to the company’s budget. Ankkuri or Kymensanomat newspapers would be the best alternative for the shop. Iskelma radio could be another choice due to the company budget and business operation area.

The main aim of advertising is to communicate the target customers with the right period of time. There are two methods of informative and persuasive advertising which can approach the objectives. Informative advertising is used heavily when introducing a new product category. In this case, the objective is to build primary demand. (Kotler & Armstrong 2009:390.)

Public relations

Public relation is used to establish and maintain mutual understanding between the Keidas food shop and its public relations. Public relations are not exactly cheap but it is not exactly free either. It is an economical process and can affect a lot of sectors of public institutions like the Red Cross, non-governmental or governmental organizations, social organizations; the media, and other business sectors. Trade unions and shareholders could also be attracted. The tool of public relations could help the shop in an effective way through advertising and give the product a better status to a lot to audiences.
According to Czinkota & Ronkainen (2010: 589), public relations is the marketing communications function charged with executing programs to earn public understanding and acceptance, which means both internal and external communication. These situations could be news stories and features on newspapers, sponsor to sports, and even annual events such as Christmas, New Year, and fashion shows in Pasaati (shopping mall), Kotka. Internal communication refers to employees in the Keidas food shop and external communication refers to media agencies, society and government. (Czinkota & Ronkainen 2010: 589).

3.5 Marketing Budget

Marketing budget is a cost that the shop plans to spend on advertising in order to achieve the marketing objectives in a certain period to promote the company and its products. The planning could be semiannually or yearly according to its budget size, consequence of advertising and the channel of media. The food shop is limited in advertising, so in my opinion planning for a marketing strategy and participating in some events to acquire new customers and to stir up public awareness could be very profitable.

There should be a certain budget for advertising in newspapers and radio to help increase public awareness and target customers from the sale revenue. As Czinkota & Ronkainen (2010:569) suggest, the marketing budget establishes objectives with media, message, and control decisions. Ideally, the budget would be set as a response to the objectives met, but resource constraints often preclude this approach. However, realities may force compromises between ideal choices and resource task method which could then commence. As a matter of fact, available funds may dictate the basis from which the objective task method can start. Furthermore, advertising budgets should be set on a market-by-market basis because of competitive differences across markets.
3.5.1 Percentage of Sale Method

Percentage of sale Method is a system of allocating percentage of fun from the sale revenue for advertising for companies use this by setting their promotional budget annually. The percentage-of-sales method has advantages. It is simple to use and helps management contemplate on the relationships between promotion spending, selling price and profit per unit. (Kotler & Armstrong 2009:392).

Actually, the company should spend its marketing budget by a certain percentage of their sales revenue. In order to execute an effective marketing plan, a company must spend between 4-10 percent of its sales revenue on marketing (Bransom 2013). For example, if a firm expects to attain 50 million euros of business next year and chooses to allocate 5% of their sales to the advertising budget, it would propose a 2.5 million euro budget for advertising. To clarify the calculation, it simply multiply 50 million by 5%. The answer would be 2.5 million euros and this would be allocated for next year’s marketing budget.

3.6 Product Life cycle/PLC

I would like to present example of Jasmine rice product of the Keidas Food shop because it is one of the most profitable products in the company. Jasmine rice could be applied in the process as the model of PLC’s strategies from the introduction to the declining period. Some products have a very short life span due to another similar product entering the market as a competitor. However, some products like Coca-Cola, has had a very long life span and will not change because of the customer base continuously demanding the product due to the robust brand name.

Some more light on the PLC’s strategies should be shed:. There are four stages of product life used through the introduction, growth, maturity and declining stages. Below is given the five stages of the product life-cycle strategies of Kotler and Armstrong (2009:278).
• Stage 1: Production development begins when the company finds and develops a new-product idea. During product development, sales are zero and the company’s investment costs mount.
• Stage 2: Introduction is a period of slow sales growth as the product is introduced into the market. Profits are nonexistent in this stage because of the heavy expenses of product introduction.
• Stage 3: Growth is a period of rapid market acceptance and increasing profits.
• Stage 4: Maturity is a period of slowdown in sales growth because the product has achieved acceptance by most potential buyers. Profits level off or decline because of increased marketing outlays to defend the product against competition.
• Stage 5: Decline is the period when sales fall off and profits drop.

Figure 2. A Model of Product Life Cycle (www.insights.org.uk)

The five stages of the product life-cycle strategy is one of the most vital steps to control and predict a product market in order to maintain a company’s profit. “The PLC concept can be
applied by marketers as a useful framework for describing how products and markets work and it can help in developing good marketing strategies for different stages of the product life cycle.’’ (Kotler & Armstrong 2009:279). In the product development stage, the company has an idea to come up with a new product, but it has to make an investment in the product’s production first before a profit is made.

3.6.1 Introduction Stage

The marketing mix is the first phase of launching the product and the profit might be lower than expected due to the product being new and the investment being high. The importance in this stage is to carefully observe the product’s market in order to gain loyal customers and to be a better success in the following stages. The product can be set at a higher price then be reduced later if the numbers of the same product are available. Lowering and then increasing the price might not be preferred by the customer. (Kotler & Armstrong 2009:282).

3.6.2 Growth Stage

The growth stage can start gaining profit if the earlier phase has been achieved as planned. The challenge here is that more competitors could come into the same market and advertising costs could spiral even higher due to the added segments in the marketing targets. Carrying the message from word of mouth would be one effective way of getting the product out to friends and family. Expanding the market area could be possible and would maintain the current advertising range. This period would be the best time to build customer awareness, but product reviewing of the package, quality and features would need to develop. (Kotler & Armstrong 2009:282).
3.6.3 Maturity Stage

The maturity stage would be the longest period and from here, profit would undoubtedly start to decline. Product differentiation such as new flavors, colors, scents, ingredients and packages would be required to improve performance and refresh consumer buying. The market would reach saturation point and then the producers may begin to leave the market due to the limitations. The price would most likely reduce in order to match competitor’s prices. A price war would then ensue. “The company can try modifying the marketing mix by improving sale by changing one or more of the marketing mix elements and it can launch a better advertising campaign or use aggressive sales promotions such as trade deals, cents-off, premiums and contest” as was suggested by Kotler & Armstrong (2009:282).

3.6.4 Declining Stage

The final stage of declination is due to the negative growth in the market because the product had been modified and tastes have changed. Customer demand is almost at an end at this point. Some products would be withdrawn or sold to competitors for a very low price. The advertising range would fall and the cost of equipment and maintenance would reduce. In the real life of the product life-cycle there might be differences between the PLC strategies as stated previously. However, the categories are strategies that can help aid the company while implementing its marketing planning. Therefore marketers can change the stage which might be most suitable to their products and marketing area. One thing to remember is that the PLC strategies can be adapted to any form of change. For example, like the introduction stage to the declining stage or the introduction stage could ending up in the maturity stage. (Kotler & Armstrong 2009:283).
4 Marketing strategy manual for Keidas Shop

4.1 Company Operation

The key point for the Keidas food shop. The company is operating with less than 5 employees and job positions are changing regularly, except the Store managers, due to the small amount of profit. The marketing department is non-existent so a marketing manager is needed as soon as possible in order to implement an effective marketing strategy.

The marketing manager should have a good knowledge of managing finances and marketing planning, research and development, accounting, and communicating with outside companies. The Keidas food shop will need to set a fixed cost for marketing in an annual or specific period to gain more customers and reach the market targets.

The best alternative for the marketing manager is to approach local media such as the Ankkuri newspaper because it would be cost effective and help reach potential customers. Ankkuri is a city newspaper and circulates its papers in Kotka, Hamina and Loviisa. Another option would be the Kouvola newspaper because it is also a relatively large catchment area.

Food product ingredients and their combinations should be explained with clear details in the advertising with instructions how to make dishes, so that customers could easily understand and want to try them for themselves. A demonstrator in the shop offering instructions would assist this.

4.2 Business Overview

The Food shop (officially known as an Intercultural Enterprise Corporation Limited liability) is a small retail shop that imports its goods from the Middle East and sells to Finns and foreigners in Pasaati (shopping mall), Kotka. The products of enterprises are exotic to most Finns, so extensive advertising and effective marketing is needed in order to sustain its operation and
make a sustainable profit. It is currently running its business with an income of approximately 100,000 Euros. It employs three staff to maintain the supply chain and to serve customers in the shop.

4.3 Business Mission and Vision

The mission and vision of a business is to value the customer’s viewpoint and to see the business, employees, and the products in the best possible light. As Dennis & Philip (1993:62) described that the core of a business is its purpose or mission. The mission provides the guiding direction for developing strategy, defining critical success factors, searching out key opportunities, making resource allocation choices and pleasing customers and stakeholders. The mission and vision of the Keidas food shop is as follow:

- To have satisfied customers who enjoy the products
- To serve customers efficiently and effectively and,
- To offer the best oriental food in the Kotka area.

I received this mission and vision statement from the Store manager in 2013 by Email. Of course the enterprise is still at its early stages and setting up a business will bring trials and errors. According to the growth and success, its mission and vision of the business will also go through changes on an on-going basis.

4.4 Keidas Food Shop Analyses

This section will present the analysis about the marketing budget, strategy and current situation regarding questions with the store manager of the company. The questions were mainly constructed in a way to the company in how it used to carry out advertising, its procedures and
their processes in advertising. Changes with prior products which have been promoted seasonally and their pricing were also suggested.

The overview of the company’s marketing plan is simple traditional advertising, but there should be more detail of the ingredients and combinations of different dishes from staff. It should be more specific because most of Finnish consumers do not have the relevant knowledge. Advertising in newspapers is the best choice for the company because information can then be written down and customers can then keep the recipes for themselves.

Most companies today rely on outside advertising agencies to design, set tone and the usage of the language for their advertisements. They are generally more cost-effective as they specialize in the advertising world so the ads will look more professionally done. Advertising agencies like GENERO would be good for Keidas, which is located in Helsinki, uses different kinds of advertising. The Keidas food shop could use their services as an alternative. The company is doing both paper and digital advertising for companies. Outsourcing advertising would be an advantage for the shop and would be more appropriate in the Finnish language as most of the company’s employees are foreigners.

4.5 Result

The advertising budget of the company and the infrequency of their advertising in any given year are too small. The size of advertising should be larger in scope with the product’s image displayed with cooking instructions. They should advertise more frequently (at least once a month) so that customers will see their services and visit the shop more often. I also present in this thesis, how to set a budget for marketing under the topic of the Marketing strategy in marketing budget with detailed explanations and calculations. According to the company’s store manager, there is an annual 3000 euro advertising budget and is spread out every 2 or 3 months for advertising.

The business is situated in one of the best locations in Pasaati (the shopping mall in Kotka) at the right hand corner of S-Market, but most of the locals seem to ignore the shop because they
are unsure of what the products and services are. Finns and foreigners really need to know more about the products and the food stuffs on offer and they need to know what kind of dishes can be cooked from products sold in the shop.

The following environmental factor that may affect the ability of a small enterprise’s to serve its customers better. I would like to look at the SWOT of strengths, weaknesses, opportunities and threats to the Keidas food shop’s environmental analysis in order to conduct the overall objectives and create the core marketing strategy of the business. These analyses could help to develop the business’s possibilities, strengths and weaknesses in a marketing environment.

4.6 Manual of Keidas Shop

The products of Keidas food shop are primarily exotic, oriental food from the Middle East and Asia so the products prices should not be so different from the local Finnish markets in order to attract more customers. Studying competitors’ prices is another strategy which could be advantageous as customers would be more satisfied and purchase more goods knowing they would be getting a good deal. As it stands, the food shop’s products are a little bit more expensive than their Finnish counterparts if you compare the rice products. For example, Jasmine rice from the Keidas food shop is 14.95 euros for 5kgs, but the price in S-market (a local supermarket in Paasati) is only 12.99 euros. They are the same products but the prices are different. Another example is the coconut soft drink which sells at 1.65 euro for 33cl but some soft drinks in Finnish supermarkets sell for around 1 euro, so checking and fixing product price accordingly with competitors is the best strategy marketing advantage.

Positioning products seasonally is a marketing strategy that allows customers to have some selection in the shop. Oriental soft-drinks, like coconut and mango, could increase sales in the summer, if their prices are a little lower than normal. The strategy of selling more at a lower price and persuade more customers to part with their money in the long-term is more profitable than selling at a higher price and gain customers in the short term.
Advertising seasonally is an effective marketing strategy. Selecting certain products in advertising is very important and special deals should be informed to customers. Some groups of products like, ginger and soy products, difference kinds of rice, oriental spices, sauces, and various soft-drinks should be advertised at the same time with specific prices. After the products have been advertised for a period of time, the products should be made available in the shop and easily seen by customers.

Products like milk powder (5.70 euros for 400gms) are one of the best to advertise because there is a lack of competition in the Finnish market. Other products like small green chilies, green salad from Thailand, and other new products should be told to its customers by advertising in the spring and summer months because these products would be an attraction to foreigners in Kotka. Pricing again is a very important matter if you compare with other competitors like the Asian stores, Vii-Voa and China in Helsinki. They sell small green chilies for 2.50 euros in small packages, but the Keidas food shop is selling similar packages for 3 euros, so visiting competitor’s businesses and studying their product price structures would be a great benefit for the company in the long term.

5 SWOT Analyses

These marketing analyses of the food shop are to help manage, evaluate, implement or eliminate the functioning of the business environment because the main purpose of matching the company’s strengths to grasp opportunities in the environment and to reduce the weakness and minimizing the threats according to Kotler and Armstrong (2009:85). SWOT analyses are vital tools for most companies to help solve problems and develop strengths and opportunities. This SWOT analysis’ table will be the most suitable for the Keidas food shop.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Exotic products.</td>
<td>• Lack of capital.</td>
</tr>
</tbody>
</table>
- Few competitors.
- The employees are integrated and keen on team work.
- Located in shopping mall.
- Cheaper price than on the Finnish Market.
- Cheap oriental soft drinks.
- Easy access into shop.
- Easy to locate.
- Customers have added value by sending them home with large packages (eg. rice)
- Free coffee.
- Customer-friendly service.

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of foreigners in Kotka.</td>
<td>Low price, poor quality.</td>
</tr>
<tr>
<td>Situated in shopping center.</td>
<td>Expensive to hire local staff.</td>
</tr>
<tr>
<td>More Finns travel abroad so they might like to taste exotic products.</td>
<td>Lack of studying marketing environment.</td>
</tr>
<tr>
<td>Finns market may increase food prices.</td>
<td>Difficult to compete with other Finnish markets because of small capital.</td>
</tr>
<tr>
<td>The shop has good support from the business community (eg. Curson Oy)</td>
<td>Finns are strong nationalists.</td>
</tr>
<tr>
<td></td>
<td>Lack of new product regulation.</td>
</tr>
<tr>
<td></td>
<td>Limited shopping area for</td>
</tr>
</tbody>
</table>
• Products price could steady low imports with a cheaper price.

Table 1 The Keidas Food shop’s SWOT analysis

6 Analysis of the Marketing Environment

According to Kotler & Armstrong (2009:97), the marketing environment is made up of a microenvironment and a macro-environment. The microenvironment consists of actors close to the company that affect its ability to serve its customers - the company, suppliers, marketing intermediaries, customer markets, competitors, and publics. The macro-environment consists of the larger societal forces that affect the microenvironment - demographic, economic, natural, technological, political, and cultural forces. (Kotler & Armstrong 2009:97.)

In this chapter, the detail about the factors and forces that affect the marketing of the company, suppliers, marketing intermediaries, customers, competitors and public, and be able to build and maintain a good relationship with the food shop’s target customers.

6.1 Microenvironment Analysis

The microenvironment is also known as an internal environment and it functions within or between companies. They are from individuals and organizations that are closely connected to the company and affect the customer’s experience. In order to create customer value and implement marketing successfully; company’s suppliers, customers, competitors, various publics, other company departments and marketing intermediaries are the major players of making up the company’s value delivery network according to Kotler & Armstrong (2009:97).
6.1.1 The Company and the Suppliers

The marketing manager should understand that the ‘customer is king’, so while conducting a marketing process, the tone and design in advertising need to be wholly for the Keidas food shop’s customers and what they would like to hear and see. It is very important to do research into other companies marketing plans, marketing budgets, the channel of their advertising, and their development of advertising strategies. (Kotler & Armstrong 2009:97.)

The suppliers’ (or otherwise known as vendors’s) major role is providing the resources for the shop to make goods available to potential customers. The marketing manager should know what is in stock and the prices needed to match what has been advertised. Most customers nowadays purchase goods after seeing them advertised especially when there are discounts and new products are arriving into store. The marketing manager needs to carefully and regularly
watch the availability of the products in the store, because shortage of supply and changing the prices over a period of time may harm customer satisfaction and slow down sales growth. (Kotler & Armstrong 2009:97).

6.1.2 Marketing Intermediaries

According to Kotler & Armstrong (2009:98), marketing intermediaries help the company to promote, sell and distribute its products to final buyers. Marketing intermediaries include resellers, physical distribution firms, marketing services agencies, and financial intermediaries. Resellers are distribution channel firms that help the company find customers or make sales to them. These include wholesalers and retailers who buy and resell merchandise. (Kotler & Armstrong 2009:98).

6.1.3 Customers

Customers do their shopping in the Keidas food shop for their own personal needs. However, according to Kotler & Armstrong (2009:98), there are still five styles of customers buying behaviours of customer markets, business market, reseller markets, government markets and international market. Meanwhile Customer markets consist of individuals and households that buy goods and services for personal consumption. At the same time business markets buy goods and services for further processing or for use in their production process, whereas reseller markets buy goods and services to resell at a profit. Finally, international markets consist buyers in other countries, including consumers, producers, reseller, and governments. (Kotler & Armstrong 2009:98).
6.1.4 Competitors

Competitors are businesses that sell food products like S-market and K-market or like Vii-Voa shop and China’s shop in Helsinki. The Keidas food shop needs to study the competitor’s prices in order to adjust their prices accordingly to provide better customer value. Setting lower prices than their competitors is one of the best strategic advantages in order to stay in the customer’s minds. (Kotler & Armstrong 2009:98).

6.1.5 Publics

The marketing environment of the food shop may consist of public groups who are customers, future customer, and potentially interested in buying product from the shop. According to Kotler & Armstrong (2009:99, there are seven types of publics are as follow:

- Financial publics influence the company’s ability to get funds. Banks, Investment houses, and stockholders are main financial target.
- Media publics are carrying news, features, and editorial opinions. They include newspapers, magazines, radio, television stations and so on.
- Government publics must take developments into account such as marketers can negotiate the company’s lawyers on issues of product safety, truth in advertising, and other issues.
- Citizen-action public is the company’s marketing decisions may be questioned by consumer organizations, environmental organization, minority groups, and others. Its public relations department can help it stay in touch with consumer and citizen groups.
- Local publics include neighbourhood residents and community organizations. Large companies usually appoint a community relations officer to deal with the community, attend meetings, answer questions, and contribute to worthwhile causes.
- General public. A company needs to be concerned about the general public’s attitude toward its products and activities. The public’s image of the company affects its buying.
- Internal publics include worker, managers, volunteers, and the board of directors. Large companies use newsletters and other means to inform and motivate their internal publics. When employees feel good about their company, this positive attitude spills over to external publics.  (Kotler & Armstrong 2009:99).

6.2 Macro-environment Analysis

The Macro-environment is also known as an external environment that impacts the microenvironment in quite a broad range. In this section, the factors of the demographic environment, culture environment, political environment, technology environment, natural environment and economic environment, and how they affect plans for marketing according to Kotler & Armstrong (2009:99)

![Macro-environment Diagram](www.marketicko.blogspot.fi)

Figure 4. Actors in the Macro-environment by Kotler & Armstrong (2013)

Source: (www.marketicko.blogspot.fi)
6.2.1 Demographic Environment

The study in population in any given area of sex, age, race; and ethnicity where there is a diversified populace who has different needs and wants. (Kotler & Armstrong 2009:100). It also includes location, eating habits, environment and various other factors. In marketing, all of these factors of demographic and segmentation should be considered and are best suited to a company who wants to implement a marketing strategy.

![Pie chart showing age distribution](image)

Figure 5. Kotka Population by Age group 2007 (Kotkan kaupunki 2013b)

6.2.2 Economic Environment

The marketing manager has to study population income, occupations, purchasing power and the income that they are ready use to help divide the groups into market segments and market targets. (Kotler & Armstrong 2009:115). Of course, population and incomes are changing over time, so the researches data needs to be reliable and up to date.
### Economy of Kotka City

<table>
<thead>
<tr>
<th>Economic Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenses</td>
<td>392 M €</td>
</tr>
<tr>
<td>Total costs per inhabitant</td>
<td>7169 €</td>
</tr>
<tr>
<td>Annual margin</td>
<td>13.2 M €</td>
</tr>
<tr>
<td>Local tax revenues</td>
<td>148.5 M €</td>
</tr>
<tr>
<td>Loans per inhabitant</td>
<td>3350 €</td>
</tr>
<tr>
<td>Loan capacity</td>
<td>183.2 M €</td>
</tr>
</tbody>
</table>

Table 2. Economy of Kotka City (Kotkan Kaupunki 2013)

#### 6.2.3 Natural Environment

Natural resources, such as raw materials for example, that suppliers use and need for production, is also needed for the marketer because these factors could halt or delay the supply chain for the company’s products in the long run. Environmental degradation and global warming are current ‘hot’ topics in the UN and on political stages, even though it is not easy to implement in a short space of time. However, it could have an impact in the future. (Kotler & Armstrong 2009:116).

#### 6.2.4 Technological Environment

Technology today is offering humans both opportunities and challenges so we will always need to be up to date and use it when needed to quicken the sales process and improve the customer’s purchasing experience. It is good to learn from competitors using technologies such as payment
processes and detecting security systems to protect from loss and to eliminate queues at the cash register. (Kotler & Armstrong 2009:116).

6.2.5 Political Environment

In terms of the political environment in marketing environment analyses, there are legal issues such as law, government institutions, pressure groups and individuals in society and their decisions and influence could impact company activities and marketing strategies. New regulations of environment protection, such as packaging products with appropriate material (especially tin foods and other paper packaging) for consumer safety, could introduce unexpected loss of time. (Kotler & Armstrong 2009:117).

6.2.6 Cultural Environment

The word ‘globalization’ does not really filter through to today’s societies. There are groups of people that have maintained certain values from their culture. According to Kotler & Armstrong (2009:117), the cultural environment is made up of institutions and other forces that affect a society’s basic values, perceptions, preferences, and behaviours. People grow up in a particular society that shapes their basics beliefs and values. They absorb a worldview that defines their relationships with others. The following cultural characteristics can affect marketing decision making. (Kotler & Armstrong 2009:117).
7 Conclusions

In this section, the key findings included in this research are provided. Suggestions for the commissioner who may want to implement these marketing strategies are included. After that, recommendations and suggestions for future studies are included.

7.1 Summaries of Key Findings

The main objective of this thesis is to assist the Keidas food shop in how it manages customer relationships and implement new marketing strategies. Of course, all the information in this research might not be the primary focus for the company to implement its marketing strategies, but studying and applying the theories and suggestions would have to be considered as an improvement in efficiency.

The main reason for the marketing environment analysis discussed in the above chapters is making sure that the Keidas food shop are aware of its competitors, its environment, politics and legal issues that face them now and will do more in future situations. Planning beforehand and studying the future legal policy could bring a lot benefit, while helping avoid any negative feedback from customers to the company.

They have failed to create awareness to its target customers and because of poor promotion the company’s products are an unknown quantity to both the Finns and to foreigners alike. The local people need to be shown how to prepare and cook the food as well. An effective marketing strategy is one of the most beneficial tools for any business. This would help generate a healthy profit and would be a key to overcoming any barrier. An effective marketing strategy is needed for promoting the company’s image in the Finnish market.

In order to increase sales the marketing mix, for example: product, price, place and promotion are required for an effective strategy for different product life cycles with periods of time. I presented the core strategies, actual and augmented, under the product strategy. These would
benefit customers. I also presented the core pricing strategy of price skimming and price premium, as these are applicable to the food shop because this data would help set a price that customers would be willing to pay for.

Promotion strategy of the marketing mix is an important one to assist in improving customers perceptions of the product. In the promotion strategy, there are detailed public relations and advertising processes that show how to approach media channels and to use them efficiently. As earlier discussed, a marketing strategy is the most vital objective to increase sales for the Keidas food shop.

7.2 Implication for the Commissioner

The marketing manager who will implement the Keidas food shop strategies and objectives will need to be appointed as soon as possible in order to proceed with the marketing strategy successfully. Employing salespeople with the necessary expertise is needed because building trust is important here in Finland. The marketing manager and the sales team are major players in making loyal customers and developing long-term relationships. They are the faces of the company after all.

A loyal customer base depends on a sound working ethos and profitable growth must depend on marketing strategies that work in order to overcome, especially as an international company.

7.3 Evaluation of the Study

The research contained here is practical in dealing with today’s businesses in the global climate. It will help to manage and win customers over other competitors by creating effective
marketing strategies. This research is valuable and it is strongly recommended to be examined and to be carried out with the related information that has been provided.

The researches key issues were mainly dealing with marketing strategies while combining in both theory and in practice. The information has been brought up to date to apply to present, modern businesses. This research study provides a wide range of marketing strategies that can also apply locally, especially to the Finnish market in Finland.

After doing research on this thesis, I realized I had gained a lot of insight into working as a marketing manager and I learnt about the intricate processes of various marketing strategies. This has been a great experience for me. However, there is much to benefit from with both my own experience and the research that was carried out. It can be applied effectively in the marketing strategy in topics covered in this thesis.

I have invested a lot of my time and energy into this research. Preparing questions regarding pricing structures for the small enterprise and comparing them with the Finnish markets has been interesting to say the least. I have a lot of gratitude to the Keidas store manager for helping me out by providing me with invaluable information and answering questions regarding the company’s business situation.

This study has offered me the opportunity to concentrate on marketing strategies in international businesses and I have learned better concrete marketing plans in the current Finnish markets. Doing research on this thesis has also encouraged me to develop myself for a more demanding role in the business world.

I learnt about the different systems of marketing strategies and how to build customer relationships in an international context. This study will not be only a benefit to the Keidas food shop but to other companies that deploy these strategies. Customers will also become loyal to those businesses that implement these strategies due to the deployment of what has been learnt throughout this thesis. This research has taught me about different marketing
strategies and management in international business and also the behaviors that coincide in business practices.

7.4 Suggestions for Further Research

The thesis was mainly purposed for the Keidas food shop’s marketing strategy in building a stronger and a more robust relationship with its customers. The core marketing strategies and the current situation of the marketing behavior has also been presented to the company in this study.

My suggestion to the Keidas food shop is that the company should generate more profit by promoting the company’s image and its products by teaching cooking methods to the general public. I also presented a percentage-of-sale method under the topic of promotion, in the marketing mix, showing how important the percentage from sale revenue is in allocating funds for advertising. Setting a product price is one of the most critical parts for a business, and doing research on competitors’ prices and price adjustments with local Finnish markets will give the small enterprise an advantage.

I would suggestion to the Keidas food shop that in order to achieve the best possible outcome for the long term would be to compare, analyze and apply the information in this Thesis. The business is an Asian food shop and has very little competition in the Kotka area, so possibilities for growth are limitless.

To conclude, this thesis has given some suggestions to the Keidas food shop to help solve the business’ problems that it is currently going through. The business’ activities are actually good with a lot of potential by offering foreign dishes to the general public with affordable prices. This should assist in creating a marketing strategy through effective advertisement, choosing the right target markets, and responding to local competitors’ like S-market and K-market. In my opinion, this will be the best alternative for the business to generate more profit in the future.
My recommendation to the food shop for possible future research is to build up the brand name locally and nationally in order to gain a stronger company image in Finland.
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Appendices

Appendices 1

Unemployment Rate

According to Finnish statistics in Finland, unemployed rate in December 2012 was 180,000, which is 12,000 lower than a year ago. The unemployment number was 6.9% and the amount of employed people was nearly the same as in December 2011. The unemployment rate in the fourth quarter of October to December was 7.0 per cent, which was 0.2 percentage points higher than in the respective quarter of 2011. In 2012, the employment rate was 7.7 per cent, having been 7.8 per cent in 2011. (Statistics Finland 2013)

Figure 3 Unemployment rate and trend of unemployment rate 1989 – 2012 (Finnish Statistics official website)
1. How do you plan for your marketing?
   - It depends on the situation.

2. How much do you set your advertising budget annually?
   - 3000 Euros.

3. What difficulties do you have for advertising?
   - Designing and the Finnish language are the main problems in advertising.

4. Do you prefer to use newspapers or radio for advertising? And (why)?
   - I prefer to use newspapers because of the language.

5. How often do you advertise?
   - Once every 2 to 3 months.
Images of Keidas Food shop

Appendices 3/1

Appendices 3/2
Age Structure of Finnish population

Appendices 4/1