

# The Influence of Finnish Culture on the Success of Luxury Brands

Case Michael Kors

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Abstract <p>The primary aim of the research was to explore for the impact of Finnish culture on the market entry of the luxury brand Michael Kors and the prospects for success of the brand's own freestanding store in Finland. Additional focus was placed on the receptivity of the current brand image of Michael Kors in Finland and how these perceptions might affect the consumption behaviors of Finnish consumers toward the brand.</p> <p>The research approach was both qualitative and quantitative. Primary data was gathered by an interview with a Finnish retailer of Michael Kors, and an online questionnaire that was sent to fashion bloggers who publish on the Indiedays.com website. The purpose of the discussion and the questionnaire was to address the aims of the research by developing a better understanding of the Finnish market place and Michael Kors' potential. The results from the online questionnaire and interview were analyzed together with information and perspectives gained from the review of literature.</p> <p>The results revealed variety of factors, in terms of the Finnish culture, which may affect the attractiveness of Finland as a market area for luxury brands and particularly for the Michael Kors company. A primary finding of the study reveals that the consumption behavior of the Finnish consumers is changing positively towards luxury consumption. Moreover, the study showed which Finnish cultural variables affect the brand management and marketing functions of Michael Kors in Finland. Recommendations for overcoming some of the obstacles the company might face in Finland are provided for the case company, which other luxury brands may also apply and make use of.</p>		
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Tiivistelmä <p>Opinnäytetyön tutkimuksen ensisijaisena tavoitteena oli määrittää, miten suomalaisen kulttuurin tekijät vaikuttaisivat mahdollisen Michael Korsin jälleenmyyntiliikkeen menestykseen Suomessa. Tavoitteena oli lisäksi selvittää, miten Michael Kors -brändin imago ja sen vastaanotto vaikuttaa suomalaisten kulutuskäyttäytymiseen ja brändin vastaanottavuuteen Suomessa.</p> <p>Tutkimusmenetelmä oli sekä kvalitatiivinen (laadullinen) että kvantitatiivinen (määrällinen). Aineisto kerättiin tekemällä sähköpostihaastattelu suomalaiselle Michael Kors -brändin jälleenmyyjälle sekä online-kysely suomalaisille muotibloggareille, joiden blogit julkaistaan Indiedays.com-blogiportaalissa. Kerätyn aineiston tarkoituksena oli luoda parempi ymmärrys Suomesta markkina-alueena sekä Michael Kors -brändin mahdollisuuksista menestyä Suomessa. Kyselyn ja haastattelun tulokset analysoitiin opinnäytetyön tietoperustan sekä teorioista saavutettujen näkökulmien kanssa.</p> <p>Tutkimuksen tulokset osoittivat useita erilaisia tekijöitä suomalaisessa kulttuurissa, jotka voivat vaikuttaa Suomen puoleensavetävyyteen markkina-alueena luksusbrändeille, erityisesti Michael Kors -brändille. Tulokset kuitenkin osoittivat, että suomalaisten kuluttajien luksustuotteiden kulutustottumukset ovat muuttumassa myönteiseen suuntaan. Tulosten avulla voitiin myös määrittää, miten erinäiset kulttuuriset tekijät vaikuttavat Michael Kors -brändin johtamiseen ja markkinointitoimintoihin Suomessa. Esitettyjen suositusten tarkoituksena on tarjota ratkaisuja Michael Kors -brändille, jotta se voi voittaa mahdolliset haasteet menestyäkseen Suomen markkina-alueella. Lisäksi, muut luksusbrändit voivat myös hyödyntää ja soveltaa esitettyjä suosituksia.</p>		
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# 1 INTRODUCTION

Understanding the cultural variables of the target market is crucial for a company's success in the market entry phase and in further business operations. To this day, Finland lacks luxury brands' freestanding stores, leaving Louis Vuitton's store as the only one of its kind in Helsinki. Despite the current recession though, people want to indulge in luxury goods, which can be seen in the increasing sales numbers in the luxury industry.

Today, one of the reasons why there is no other luxury stores in Finland might be that there are variety of factors, in terms of the Finnish culture, which may affect the attractiveness of Finland as a market area for luxury brands. Amongst these variables are values and norms that affect the consumption patterns of consumers. In our research, our primary interest was to explore for the impact of Finnish culture on the market entry of the luxury brand Michael Kors and the prospects for success of the brand's own freestanding store in Finland. Our secondary interest was on the current brand image of Michael Kors in Finland and how the current perceptions might affect the consumption behaviors of Finnish consumers toward the brand. In order to succeed in a new culture, luxury brands should develop and adjust their marketing and brand management according to these cultural variables.

A literature review was conducted as a basis for our research and to inform the collection of primary data. As a source for our qualitative and quantitative data we developed an online questionnaire for fashion bloggers. As a source for additional qualitative data we conducted an online discussion with a retailer of Michael Kors in Finland. We refer to this discussion as an interview throughout the thesis. The objective of conducting the questionnaire and the interview was to find out whether a luxury brand, such as Michael Kors, could establish a market share in the Finnish market. By conducting both a qualitative and a quantitative study, we could gather data about the Finnish consumer's and retailer's attitudes and opinions about the Michael Kors brand.

Our research problem generated a primary research question and two sub questions. The primary research question is "What components of the Finnish culture affect the

Michael Kors brand when entering the Finnish luxury market?” Our sub questions are “What is the current brand image of Michael Kors in Finland?” and “What considerations should be applied to the marketing functions of Michael Kors due to distinctively Finnish cultural aspects?”

We used a mixed methods approach in order to deepen our understanding and achieve a critical perspective for the study. In addition, to advance our analysis we utilized the cultural research conducted by, for example Geert Hofstede, Richard D. Lewis, and Anders Hovemyr and Tuula Piispanen-Krabbe, the authors Cultural Detective. An S.W.O.T. – analysis was also created as an additional tool to examine the primary data.

The final objective of our research is to make recommendations for the marketing functions of Michael Kors, if entering the Finnish luxury market. These recommendations are derived from the information gathered from our study and from our discussion section. We present these suggestions in our recommendation section. The section includes guidance for overcoming the possible obstacles and challenges the brand might face when entering the Finnish luxury market. Ultimately, other luxury brands can also benefit from the suggestions and utilize them in their market entry phase to Finland.

## 2 MICHAEL KORS

Michael David Kors was born as Karl Anderson Jr. on August 9 in 1959 on Long Island, New York. His parents Joan Krystosek, a onetime Revlon model, and Karl Anderson, a college student, divorced when Karl was two. Kors got his new name at the age of five when his mother married a businessman, Bill Kors. As a result of getting a new last name, Kors's mother gave him the opportunity to choose a new first name as well; he decided on Michael David. (biography.com, 2014; static.vogue.com)

When Kors was young he was already a "fashion addict" gathering fashion intelligence as much as he could from their suburban home in Merrick, New York. He had also been working as a model when he was a toddler. Kors's interest towards fashion grew as he got older. He has said: "I practically hyperventilated every month when Vogue arrived, and I loved shopping." (biography.com, 2014)

His passion made him move to New York City in the 1970s to attend the Fashion Institute of Technology. Yet, after two semesters Kors left the school and in 1978, he started working at a French boutique, Lothar's. The owner of the boutique offered Kors a workspace and carte blanche to design what he liked. Here Kors was able to design, and also merchandise his first own fashion collection, which was received well by the public. In 1979, he told a reporter from the Pittsburgh Post-Gazette that "After (a year and a half), I realized what kind of clothes I wanted to make, and that they worked. I always loved very simple, understated things." (static.vogue.com)

The interest towards the line enabled Kors to start his own fashion line resulting in "Michael Kors Women's Collection" launched in May 1981. The collection was sold at Bergdorf Goodman and Saks Fifth Avenue which are high-end department stores. (biography.com, 2014)

### **Success in Fashion Design**

Kors's designs were a hit with the customers due to the simple and elegantly tailored clothing and his charmingly persuasive sales techniques. In addition to the popularity of the clothing line in department stores, Kors also travelled across the USA to attend



small fashion shows, "trunk shows", which were held in private homes. The 23-year-old Kors was also able to convince the influential fashion editor, Anna Wintour, to view his collection. Before attracting celebrity fans like Barbara Walters and earning rewards for his designs, Kors's humble beginning included displaying his collection laid out on his bed in his apartment. The flashy showrooms on Madison Avenue that he would later have were, at this point, only a dream in the future. (biography.com, 2014)

Despite the growing interest of Kors's fashion line, in 1990 his company was forced to reorganize bankruptcy under Chapter 11. The downfall was mainly due to the recession that was weathering the entire industry and a manufacturing deal for his bridge line falling apart. Luckily, Kors was able to overcome these obstacles and afterwards launched his lower-priced line "KORS Michael Kors". In addition to the new line, in 1997 Kors was also named as creative director of the French fashion house Celine owned by LVMH. He held the position for six years expanding his own brand at the same time. During these years, Kors launched his menswear, accessory and perfume lines.

In 2013, Kors got recognition for his continuous efforts by winning the most desired and prestigious prize, the Menswear Designer of the Year - award, from the Council of Fashion Designers of America. (static.vogue.com)

## **Project Runway**

The next year, Kors was asked to be one of the judges on a new reality television show. The show was called Project Runway, which, after its premiere on December 1, 2004, became an instant hit with not only the fans but also critics. Kors had almost turned the opportunity down, thinking: "I thought that only fashionista freaks, gays and men wanting to see Heidi Klum in a short dress would watch it." After being a judge on the show for several seasons, Kors announced his retirement from the show in 2012. The show had earned itself several Emmy Award nominations, among other honors and in the meanwhile increased the popularity of Kors' own brand. In addition to gaining new customers, drawn in by his performances in Project Runway, new lines are constantly in production and the brand is getting publicity by countless celebrities

wearing his garments. For example, U.S. first lady Michelle Obama wore a Michael Kors dress for her first official portrait. (biography.com, 2014)

### **Michael Kors - a world-renown brand**

The logo for Michael Kors, featuring the words "MICHAEL KORS" in a bold, uppercase, sans-serif font. The letters are white with a subtle gradient and a slight shadow, giving them a three-dimensional appearance as if they are floating or resting on a surface.

FIGURE 1. Michael Kors Logo. (michaelkors.com)

The vision of Mr. Michael Kors has taken, what once was an American luxury sportswear house, to global footwear, apparel and accessories company present in 74 countries. Mr. Kors personally leads the brands experienced design team and together they are responsible for conceptualizing and directing the designs of all of the brands products. The global luxury lifestyle brand is led by the award-winning designer and a world-class team in management, is growing rapidly and becoming a highly recognized brand in both North America and the international markets. During the 30 years of business, Michael Kors has produced designs, materials and craftsmanship that are distinctive to the brand. Stylish elegance and a sporty attitude are combined with a jet-set aesthetic can be seen in all of the brands products. The main competitors include, according to the company's annual report of 2014: Coach, Burberry, Ralph Lauren, Hermès, Louis Vuitton, Gucci, Marc Jacobs, Chloé, Tori Burch and Prada. (Michael Kors Annual Report 2014, 12, 24)

### **The two primary collections**

The world-renowned designer produces luxury accessories and ready to wear products. The wide ranges of products are currently produced through his Michael Kors, KORS Michael Kors and MICHAEL Michael Kors labels. The labels sell footwear, accessories, jewelry, watches, men's and women's ready to wear, and a full line of fragrance products. Michael Kors stores are found worldwide in some of the world's most prestigious cities such as New York, London, Paris, Milan, Dubai, Tokyo and Hong Kong. The stores are operated either directly or through licensing partners. (linkedin.com)



FIGURE 2. Michael Kors Spring 2014. ([destinationkors.michaelkors.com](http://destinationkors.michaelkors.com))

The two main collections of the brand, are the Michael Kors collection and MICHAEL Michael Kors, the first being a luxury collection and the latter an accessible luxury collection. The first collection that reflects the pinnacle of luxury was initially introduced in 1981. The Michael Kors collection is the presentation of the aesthetic authority of the brand and the collection is also presented at the Michael Kors' semi-annual runway shows. This collection is carried in the finest department stores around the world as well as in many of Michael Kors' retail stores.

The collection includes accessories, handbags, small leather goods, footwear and apparel. Many handbags and leather items are made from high quality materials such as leather and other exotic skins. Despite being a luxury collection, the apparel selection also includes ready-to-wear items. ([linkedin.com](https://www.linkedin.com))

The second collection, MICHAEL Michael Kors, was first introduced in 2004 as a result of identifying an opportunity to profit from the brand strength of the Michael Kors collection. This collection was established to meet the great demand for luxury goods that would be accessible to a wider market. The emphasis of the collection is on accessories, but it also offers footwear and apparel. The collection is positioned to appeal to a younger demographic due to its accessibility. The MICHAEL Michael Kors collection is carried in all of the Michael Kors' lifestyle stores as well as the leading department stores worldwide. (Michael Kors Annual Report 2014, 4)

## **“The Michael Kors woman”**

After splitting his label into different lines, Michael Kors is now able to reach more people with his designs. Instead of only outfitting the upper echelon of women, the brands clothes have now been put on by stay-at-home moms and career girls all over the world. The co-owner of the Scoop boutique chain, Stefani Greenfield, who is also a good friend of Michael Kors, describes “a Michael Kors woman” as a woman who is body-confident, celebrates her femininity and is keen on being trend-inspired. She also adds that the “Michael Kors women” tend to be loyal followers and are almost cult-like. (observer.com, 2005)

## **Scandinavian market**

To this day, there is only one Michael Kors store to be found in the whole Scandinavian region consisting, geographically, of Norway, Sweden and Denmark, Iceland, Finland and the Faroe Islands (worldatlas.com). The store is located in Stockholm, Sweden in the exclusive shopping district “Bibliotekstan” that dates back to 1885. In addition to Michael Kors, the district is full of designer stores such as Louis Vuitton, Prada and Burberry. In the other countries, citizens can purchase Michael Kors products from retailers or order them online from official retailer websites such as Net-a-porter.com that sell the brand. (biblioteksstan.se, 2014)

## **MK in Finland**

At the moment, the widest product selection of Michael Kors products is retailed at the Stockmann department store in Helsinki, where the brand has its own section in the store. In addition to Stockmann, the Kekäle department store also retails the products of Michael Kors in Joensuu, Lappeenranta and Lahti. Kekäle retails only the brand’s handbags and clothing, whereas Stockmann in Helsinki retails watches, in addition to handbags and clothing. Moreover, several watch retailer stores in Finland, for example the retail chain Timanttiset, sell the brand’s watches and jewelry. (kekale.fi; stockmann.com, 2014; timanttiset.fi)

## **Success**

As reported by Michael Kors Financial News release (Michael Kors Holdings Limited Announces First Quarter Fiscal 2013 Results), North America produces the most revenue for the company, where the comparable store sales rose by 38.4% during the first quarter of 2012. Generally, the total revenue of Michael Kors increased by 71%, and the sales in the comparable stores rose by 37, 3%. In addition to the growth in the US, the Michael Kors brand is also doing well in Europe. In the first quarter of 2012, there was a 24.2% increase in the comparable store sales and a strong performance in wholesale operations.

According to John Idol, Company's Chairman and Chief Executive Officer, the overall success of the company has made the people working for Michael Kors very excited about the long-term growth potential of the company. Establishing Michael Kors as a global luxury lifestyle brand has brought success, which the company plans to continue to build upon. (Michael Kors Investors Financial News Release 2013, 1-2)

## **Business strategy**

The mission statement Michael Kors:

*“Michael Kors is the leading American fashion designer for luxury accessories and sportswear. The company's heritage is rooted in producing polished, sleek, sophisticated American sportswear with a jet-set attitude. Whether Aspen, Palm Beach or Capri, our mission is to bring our vision of a jet-set, luxury lifestyle to women and men around the globe. Our products, emblematic of the highest standard of quality, include apparel, accessories and beauty. Our lifestyle-driven company embraces the highest standards of creativity, quality, technology and human resources.”* (mastersintime.com)

Michael Kors' annual report of 2014 states that the company's business strategy has three main goals: to increase the company's revenue, profits and strengthen their global brand. The strategy also includes increasing the brand's awareness and

customer loyalty in North America and internationally. The company plans to achieve this by a number of ways. For example, Michael Kors will continue to open new retail stores in distinguished, high-visibility locations and it will maintain its strong advertising position in global fashion publications. Moreover, the company will increase its advertising exposure and its presence on the internet. Michael Kors will also continue to distribute its store catalog that features new collections. In order to reinforce Mr. Kors' designer status and high-fashion image, semi-annual runway shows will be held to create excitement around the main collections and create global multimedia and media coverage. In addition, press activities and personal appearances by Mr. Kors himself will attempt to leverage his global prestige and popularity. (Michael Kors Annual Report 2014, 6)

Furthermore, the company will continue to expand its retail store base in Europe and North America, where the company sees a significant opportunity to expand its business. The goal is to increase the number of stores to approximately 600 locations in these regions in the long term. The aim is to open the new stores mainly in high traffic areas of street and mall locations in high-income demographics. The company believes that the new stores will comply with their successful retail store formats, which reinforce the Michael Kors image and produce strong sales per square foot. (Michael Kors Annual Report 2014, 7)

The company will also continue to increase their global comparable store sales. Initiatives such as increasing the size of existing stores, creating compelling store environments and offering new products, are taken to increase the size and frequency of purchases by Michael Kors' existing customers and to attract new customers. (Michael Kors Annual Report 2014, 8)

In addition, the company intends to grow their international retail and wholesale businesses. Michael Kors will continue expanding internationally in select regions throughout Europe and other key international markets. The company will also persist in leveraging its existing operations in Japan and Europe to drive continued expansion by, for example, increasing shop-in-shop conversions at certain departments stores throughout Europe. (Michael Kors Annual Report 2014, 8)

### **3 THEORETICAL BASE**

Our literature review includes information about the Finnish economy, the consumption of luxury products in Finland, as well as an extensive review of Finnish subjective culture. The culture of the United States is also being compared to that of Finland's. Moreover, the research focuses on the fashion industry, luxury brands' marketing strategies and branding. The concept of luxury is also explained.

#### **3.1 Does luxury sell?**

Yle News (2012) reported that sales of luxury products have been increasing 6% annually in the world since 2000. Therefore, the recession on economy has not substantially affected the consumption of luxury products. However, the increased numbers in luxury sales are mostly derived from the peak in sales in the Asian markets such as China and India. The article also suggests that the annual overall sales growth of the luxury market is over 190 billion euros. (yle.fi, 2012)

Furthermore, a news article in Helsingin Sanomat (2012) reported that despite the economic recession, the luxury market still excels in increasing sales. According to a consulting company Bain & Company, the annual sales of the luxury market increased by six to seven per cent during 2012. In addition, the company predicted that the luxury industry would continue to flourishing in the upcoming years. The sales are growing especially in the developing markets, such as in China, Brazil, Russia and India. For example, LVMH, the giant French manufacturer of luxury products, has made success despite the economic downturn. Moreover, during the first quarter of 2012, LVMH's revenue increased by 25%. The sales of jewelry and watches increased immensely, by 140%. (hs.fi, 2012)

Moreover, the only luxury brand with its own store in Finland, Louis Vuitton, has enjoyed success in the country after establishing the store in Helsinki in 2008. The article in Kauppalehti News (2013) states that Louis Vuitton's turnover has increased

in Finland by approximately 20% annually. What is more, the Louis Vuitton store in Helsinki has bigger business operations compared to the Louis Vuitton store in Stockholm. (kauppalehti.fi, 2013)

### **3.2 The effect of the economic recession on luxury industry**

The article by Luxury Society (2010), states that the recession on economy has left its mark on the luxury market, in terms of the consumption behaviors of the luxury customers in the United States and United Kingdom. The research made by Atelier, subsidiary of Leon Burnett, states that 80% of the luxury customers in the United States and United Kingdom agreed that the recession has an effect on their purchasing behaviors. In addition, 57 % of the respondents in the United States and 38% of the respondents in the United Kingdom have significantly reduced the amount of money that they spend on luxury products. However, the research confirms that the respondents keep consuming smaller luxury goods in order to continue fulfilling their desire to indulge. Forty-three percent of respondents in the United Kingdom also stated that during the recession, they would rather invest in high quality instead of quantity. (luxurysociety.com, 2010)

#### **Finland's economy**

Finnfacts has reported that Finland is also one of the most stable societies in the world. However, the structure of the Finnish economy has had significant changes during the last decade. From the 1950's, Finland has shifted from being an agricultural country to a nation with highly educated workforce with strong engineering and technological skills. Nowadays, Finland's economy is distributed to three main sectors; services 65%, manufacturing 31% and primary production 3%. (finnfacts.fi)





FIGURE 3. Gross domestic product by quarter at reference year 2000 prices (EUR billion) (stat.fi, 2014)

The downturn on economy has had an inevitable effect on the consumption behaviors among Finnish customers. According to the Statistics Finland, the gross domestic product has been re-declining during the years 2012- 2013, after a short-term recovery from the recession of 2009. During the first quarter of 2014 both imports and exports declined together with investments. However, the private consumption grew slightly, (0, 2%) from the previous quarter. (stat.fi, 2014)

The article on The Index Mundi (2014), believes that the biggest challenge for Finland will be increasing its growth, despite the declining exports due to the weak demand in European Union and in Russia resulted by the Ukraine Crisis. Finland will also face challenges because of the aging population and declining profitability of the main domestic industries, such as paper and electronics. (indexmundi.com, 2014)

### 3.3 The Finnish culture

This chapter introduces the theoretical bases of Finnish culture. Furthermore, the values and dimensions of Finnish culture are presented. Finnish values are examined with the cultural models of Richard D. Lewis and Cultural Detective™. In addition, the dimensions of Finnish culture are presented based on the theories of social psychologist, Geert Hofstede.

## **Finnish Values by Richard D. Lewis**

According to Lewis (2006), Finnish people describe themselves as pessimistic when it comes to revealing their achievements. As a result, Finnish people do not boast about their achievements. Vice versa, Finnish people are humble and also hardworking. Moreover, Finns are individualistic, democratic and they love freedom and being independent. They are also warm-hearted and they want to be liked. Although Finns do not tend to talk much, they still like to communicate. Finnish people love their country and have a high national self-consciousness. Finns are also interested in learning about other cultures, and about differences that may collide with their own culture. Finns behave mostly in a Western way but some of the Finnish cultural values, such as losing face, reflect Asian values. (Lewis 2006, 331- 332)

### *Leadership and status*

The leadership style in Finland is usually informal and the influence of hierarchy is relatively low. Therefore, Finnish managers tend not to emphasize their status, manuals and hierarchical position. In addition, there is relatively low degree of bureaucracy in Finnish business environment. Managers in Finland are usually good team workers, and they also empower their employees. Lewis believes that Finnish employees are generally loyal, honest, punctual and reliable. (Lewis 2006, 332)

### *Space and Time*

Personal space is greatly important for Finnish people, both in a mental and physical sense. Approximately 1.2 meters is considered an appropriate distance between one person and another. When it comes to valuing time, Finnish people are extremely punctual. As a result, people usually arrive to meetings on time and work hard, in order to finish their tasks before deadlines. (Lewis 2006, 332)

### *Communication Patterns*

For Finnish people, small talk is a foreign concept of communication. In general, Finnish people are shy, and silence is considered rather appropriate than awkward. For the sake of future business operations, Finnish people cannot neglect the importance of communication anymore. Especially when communicating via media, effective communication skills are an important part of succeeding in the business world, both nationally and internationally.

In Lewis' opinion, Finnish people openly express their own belief of being inadequate in speaking foreign languages. Finnish people tend to believe that they are too slow in their communication behavior, inexperienced and even less clever than their colleagues abroad. However, Lewis states that Finns have started to improve their communication patterns, in order to develop their skills of doing business internationally. (Lewis 2006, 333)

### *Behavior in the Business Environment*

Richard D. Lewis (2006) mentions that there is a general "*Suomi Kuva*", Finnish image that describes the Finnish people as "*fair-haired*" and "*blue-eyed*" both in literal and figurative sense. Because of this image, one can count on Finns paying their debts and saying what they mean. Lewis believes that the cold climate has led to a high degree of self-sufficiency, guts and stamina, and that Finnish managers are individual thinkers with courage and persistence. (Lewis 2006, 333-334)

In general, Finnish managers tend to invest profits in developing the working environments and trainings in order to improve the conditions of the employees. Although Finland is not a threatening competitor to bigger countries, it still succeeds to enter foreign markets and conquer niches of market areas. The unique Finnish language and urge for different and independent thinking patterns has led to innovations. (Lewis 2006, 334)

Finland joined European Union after a successful membership in EFTA. Finland is managing the trade as "a bridge between East and West" and therefore, Finland has established a key position in the EU. Finland has developed the business operations

with a low degree of hierarchy and bureaucracy. Moreover, Finnish managers and employees have an advantage of high level education and training. (Lewis 2006, 334-335)

### *Working with Finns*

Because Finnish (business) people are perfectionists, it is good to start off by setting business goals and objectives in a clear manner. Finnish people do not tend to give instant feedback and they usually want to give it a thorough thought before expressing it. When communicating with Finns, it is important to remember that silence, is actually a positive thing. And when Finns do speak, it is crucial to listen carefully because generally they do not talk unless they have something important to say. (Lewis 2006, 335)

Finnish employees are used to being empowered by their managers and they want to finish their tasks in their own way and pace. Finns may sometimes be slow in making decisions but when the decision is made, it is hard to change it later on. What comes to communicating in Finnish business environment, people again tend to be humble about their own achievements. Thus, it is important not to start off by boasting yourself. In the business environment, joking in unnecessary manner is usually avoided, although healthy humor is preferable to use. (Lewis 2006, 335)

### **Finnish Culture by Cultural Detective™**

To understand what is important to Finnish people and why they behave and think as they do, one can start investigating Finnish culture by looking into values that might give insight into how people in Finland feel, think and live. The authors Anders Hovemyr and Tuula Piispanen-Krabbe (2005), state that understanding values of a culture is a starting point for learning more about ourselves and the people around us as individuals influenced by multiple cultures. However, these values do not enable us to predict behavior; they are only starting points for dialogue and observation. In addition, values are influenced by one another and they also interact with each other, and many overlap. The values may also be affected by various trends in the society.

Nonetheless, the society's prevailing values provide us help in building relationships and accomplishing goals. (Hovemyr, Piispanen-Krabbe, 2005)

The core Finnish values act as guiding principles for one's thoughts and acts because they are taught as good and virtuous, both explicitly and unconsciously in the society. In some cases, these values are only ideals, not fully realized on an individual or societal level. Nonetheless, personal behavior, political decisions and business practices are driven by the beliefs and attitudes that the core values represent. (Hovemyr, Piispanen-Krabbe, 2005)

Cultural Detective's core Finnish values:

*1. Rehellisyys—Honesty. Finns typically feel morally obligated to be open and direct toward others. Withholding criticism is seen as dishonesty, not tact. Corruption and dishonesty among public figures is not tolerated. Negative Perception: Bluntness. A Finn's desire to personally "do the right thing", without regard to the context or the other person's feelings, can produce behaviour perceived as hurtful, insensitive, or insulting. The need to tell others "what's right" can come across as self-righteousness.*

*2. Sisu—Perseverance. Finns seem willing to pursue a goal or an ideal even at great personal sacrifice; they will not give up despite the obstacles. Negative Perception: Stubbornness. Acting against seemingly impossible odds and refusing to change course can be viewed by outsiders as foolishness, even recklessness.*

*3. Itsenäisyys—Self Reliance. Finns prefer to rely on themselves to overcome problems or hard times. Negative Perception: Suspiciousness. In international business, not accepting help from others can be perceived as distrust of others.*

4. *Lainkuuliaisuus—Law-Abidance. Laws, community rules, and company policies are followed to the letter and rule-breaking is frowned upon.*

*Negative Perception: Inflexibility. Sticking to rules can be viewed as ignoring the “big picture”.*

5. *Vakaa—Stability. Finns value loyalty to one’s employer, job, community, suppliers, vendors, and friends.*

*Negative Perception: Resistance to Change. People and organizations acting out of loyalty can be perceived as rigid and incapable of innovation.*

*(Hovemyr, Piispanen-Krabbe, 8, 2005)*

The culture that people live in has a significant effect on all business. The values of a culture tell something about what to expect from people, in addition to giving guidance on how to work with people from a new culture. Furthermore, it is important to remember that most cultures have an “ideal” and a “real” version, the first being an aspiration and the latter the reality. Some trends in society might also be opposites of the country’s prevailing values and there are some people who resist traditional values. Nevertheless, the society’s prevailing values provide valuable guidance and help us in reaching our goals or building relationships. (Hovemyr, Piispanen-Krabbe, 6, 2005)

## Hofstede's Dimensions - Finnish Culture in Comparison with United States

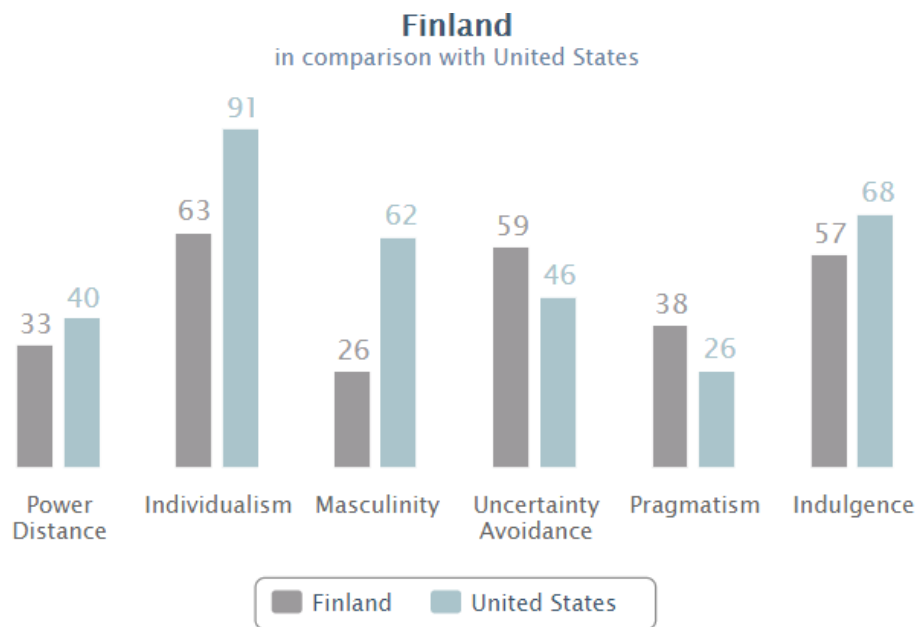


FIGURE 4. Finland in Comparison with United States. (geert-hofstede.com)

### *Power distance (PDI)*

As stated by Hofstede, the Power distance dimension is defined as “*extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally.*” Finland’s score for this dimension is 33, which is relatively low. This low score can be seen, in business life, as flatter organizations, meaning that managers and the employees are more or less equal. Furthermore, the employees’ attitudes towards their managers are more informal, - employees can call managers by their first name and they are accessible. The communication in Finland is direct and people tend to “speak their minds” more freely.

The Power Distance in United States is relatively low as well, with a score of 40. Therefore, the power which each person can exert is low. In addition, the degree of which one can influence another person’s behavior and ideas is also quite low. The low degree of power distance is influenced by the substantially high score of Individualism in the American culture. (geert-hofstede.com)

### *Individualism (IDV)*

Hofstede describes this dimension as “*the degree of interdependence a society maintains among its members.*” With a score of 63 in this dimension, Finland can be thought of as an individualistic society, meaning that people are more dependent on themselves and do not necessarily care for tight-knit social networks. Finns are more focused on the task at hand rather than the relationship, because success mainly depends on one’s own merits. Moreover, people tend to enjoy challenges and in return of hard work, expect rewards. Furthermore, people in Finland respect privacy and that is why people are not comfortable in giving too much personal information or socializing with strangers.

Individualism in United States is scored as high as 91. Thus United States is one of the most individualistic countries in the world. In America, people are supposed to take care of themselves and their direct family only. The low degree of power distance and high degree of individualism, is originated from the American premise “liberty and justice for all”. Moreover, in the business world, hierarchy does not display a big role and managers are accessible and empower their employees. Information is communicated fast and communication, in general, is informal and direct. Employees are expected to take initiative and be self-reliant. Promotions and merits are given based on what one has done and can do. (geert-hofstede.com)

### *Masculinity (MAS)*

This dimensions if defined by Hofstede as “*The fundamental issue here is what motivates people, wanting to be the best (masculine) or liking what you do (feminine)*”. Finland is considered a feminine country, according to Hofstede’s scoring system, with a score of 26 in Masculinity. This low score shows in real-life in caring for other people and valuing the quality of life. Working is also essential; it is seen as a sign to measure success and thus it reflects to valuing one’s quality of life. However, people do not wish to “stand out” from others nor show status. People value their free time and favor flexibility in the working life. Moreover, in conflict situations, problems are solved by making compromises. In general, negotiating and equality, is valued in Finland.



Masculinity in United States is scored relatively high (62). Thus, competition and success are the key factors and motivators for people. Achieving merits and being successful, is highly valued through the whole life, starting from childhood.

Americans often tend to speak about their achievements, and being able to show their success, is important to them. Americans are “can-do” people because in the general American mindset, the results can be always improved. Therefore, people tend to “live to work” rather than work to live. (geert-hofstede.com)

### *Uncertainty Avoidance Index (UAI)*

The fourth Hofstede’s dimension, uncertainty avoidance, is defined as: “*The extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these*”. In this dimension, Finland scores relatively high score of 59. Uncertainty avoidance deals with the way the society thinks about the future and what will happen, - should things be controlled or let happen. Finnish people also value and tend to need rules in their lives. Precision and being punctual are norms and security is an element that motivates people.

The Uncertainty Avoidance - dimension score’s 46 in the United States, which tells that people are, for example, ready to try something new and take risks. Americans are compliant to innovations and people do not require a lot of rules. In the United States, people are allowed to express themselves freely. However, Americans tend not to express their emotions easily. (geert-hofstede.com)

### *Pragmatism*

According to this relatively new dimension, Pragmatism describes “*how people in the past as well as today relate to the fact that so much that happens around us cannot be explained*”. In societies where Pragmatism is high, people do not have a great need to explain themselves and their behavior is not driven by norms, rules or traditions.

Societies that score low on Pragmatism, such as Finland with the score of 38, are more normative societies and the behaviors are driven by norms, and people respect traditions. In addition, people have a relatively low tendency to save things for the future and they are much more focused on getting results fast.

The United States has a low score in the Pragmatism (26) dimension as well. Thus, the United States is a more normative society than pragmatic. The Americans prefer having traditions and norms and they have strong beliefs about what is right and wrong. The United States is also one of the few societies with an increasing level of church visitors. In addition, any new information people are given is usually checked before it is assumed to be true. (geert-hofstede.com)

### *Indulgence*

Indulgence as a dimension describes “*the extent to which people try to control their desires and impulses*”. A weak control towards own desires and impulses is called indulgence and vice versa, a strong control is called restraint. Finland scores relatively high in Indulgence with the score of 57 making it an indulgent society. People want to enjoy their life, which usually leads to a weak control over desires and impulses. In Finland, people also give great value to their free time and therefore they spend money and time like they wish.

The United States has a relatively high score of indulgence (68), which means it is an indulgent society where people pursue their desires and impulses. Americans work hard in order to achieve a good level of income. Thus, it is also a pleasure for people to spend their money as they will. Moreover, people have a low control over their desires, which increases the willingness to indulge oneself. (geert-hofstede.com)

## **3.4 The concept of a Brand**

The definition of a brand, according to the American Marketing Association, is a ‘name, term, sign, symbol or design’. However, managers tend to identify a brand, for example, with brand awareness and the brand’s reputation in the marketplace. The components that differentiate one brand from another are called brand elements. These elements can include names, logos, symbols, designs, packaging etc. Marketers need to choose from variety of options what comes to the brand’s name, for example. The brand name and its symbol can be based on people, places, and abstract images, all of which can enable the brand to differentiate itself from the competitors and create awareness among prospective consumers. (Keller, Apéria & Georgson 2012, 4)

Keller (2012) states that a brand is a product with additional dimensions that can be rational, tangible, intangible, symbolic or emotional, depending on to what the brand represents. These additional dimensions differentiate the brand's product from other similar ones, which are designed to satisfy the same needs of prospective consumers. Therefore, today's competition is not only about the produced products, but how the extra value for the consumer is added through services, packaging, advertising, delivery arrangements etc. (Keller, Apéria & Georgson 2012, 5)

## **Brand Image**

Brand awareness includes the recognition of the brand and the level of performance of how the brand is recalled. According to Keller (2012), brand awareness is incredibly important in the consumer's decision-making process. Moreover, brand awareness shapes the strength of the brand image in the consumer's mind, and the brand image itself influences whether the consumer considers buying the product. Brand awareness can be increased by repeating the exposure of the brand for the consumer. The more the consumer hears, sees or thinks about the brand, the more likely the brand image will be registered in the consumer's memory. (Keller, Apéria & Georgson 2012, 60-61)

The brand image and the strength of the image of the luxury product are crucial for the brand's success. People buy luxury goods because of the brand, and the image that comes to their mind about it. There are many ways of determining the strength of a brand but one of the most important factors is the level of how well people know it. If the brand is well-known, and people have a desire for purchasing the product because of its image, the brand possesses a high value. (Chevalier & Mazzalovo 2012, 98)

Bambang Sukma Wijaya, a brand scientist from the Bakrie University, presented in *European Journal of Business and Management* (2013) a summary of various studies on literatures and relevant previous research on brand image. The summary included a picture of what he believes are the main dimensions that influence and shape the image of a brand.

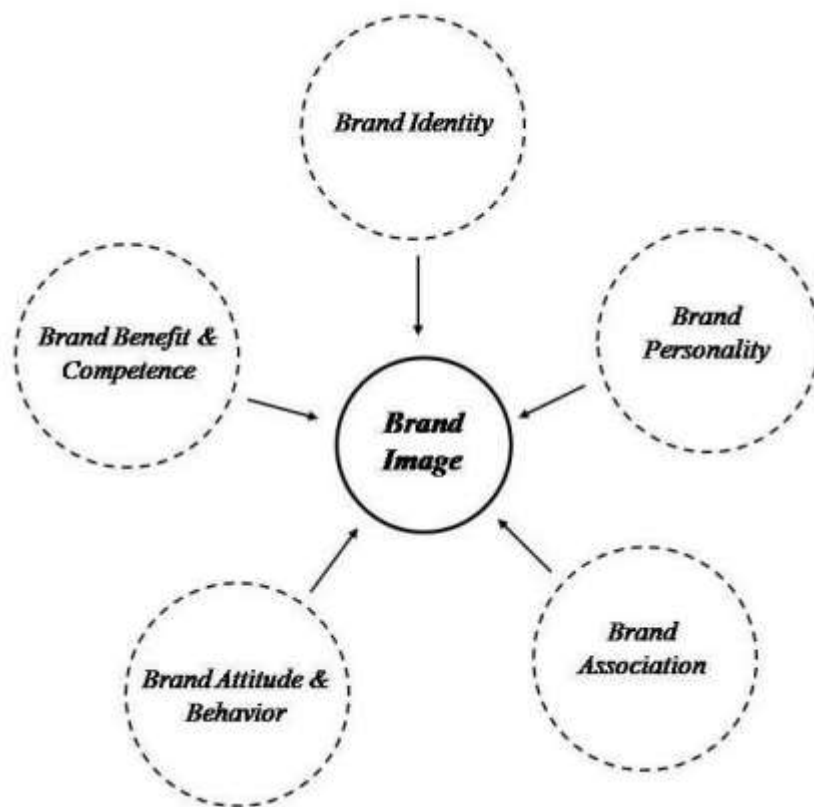


FIGURE 5. Dimensions of Brand Image. (webcache.googleusercontent.com)

With the clarity of these dimensions, companies can measure and see how strong their brand image is. All in all, the more powerful and positive these dimensions are in the minds of the consumer, the more powerful and positive the brand image of a company and its product are. (Wijaya B. S. 2013, 7-9)

### **Value of the Brand**

Bernard Dubois and Patrick Duquesne reported in their research that the value of the brand is determined by five different characteristics; a mythical value (how representative the brand is over time), an exchange value (refers to the money value), an emotional value, an ethical value (refers to the social responsibility) and an identity value (refers to how the consumers can express themselves by using the brand). When customers buy a luxury product, they buy it because of the value the brand brings them. Moreover, for customers and customers' purchasing decisions, it is highly important that customers have an emotional attachment towards the brand. (Chevalier & Mazzalovo 2012, 97; 99)

## The concept of a Luxury Brand

As stated by Michel Chevalier and Gerald Mazzalovo, (2012, 2) the concept of luxury is hard to define as one universal definition. The meaning of luxury varies between different people and the definition of luxury has been changing over time. For example, the products that were considered luxurious in the 18th or 19th century are nowadays regular products that are used daily. In addition, the meaning for luxury, the word itself, has changed and the use of the word luxury has increased notably.

The word “*luxury*” originates from the Latin word “*luxus*”. “*Luxus*” means to grow, askew and excess. Chevalier (2012) states that the concept of luxury has been transforming over time, therefore the concept of luxury itself has been “growing” over time. In 1607, owning luxury goods and making great expenditures was a way to show elegance. In 1661 the trend was to own expensive clothing. The luxury trend evolved to pursuing various other expensive pleasures in 1797. Furthermore, in 1801 quantity determined luxury and a year later, the increased quantities of luxury were desired. (Chevalier & Mazzalovo 2012, 3)

During the Classical Age, luxury indicated the level of sophistication. However, it encountered resistance at the same time, because the conception of a luxurious lifestyle was seen more and more immoral. At the beginning of industrial revolution, the importance of quantity decreased. During this era, desiring vast quantities was against the logic of being practical, which was now a typical model of thinking. (Chevalier & Mazzalovo 2012, 3)

During 1900-1950 a modern brand phenomenon emerged. After World War II, during 1950- 1990, there was an explosive growth in quantity of brands. Since then, the meaning of a brand has shifted from communicating and promoting the product, to communicating symbolic values and dreams. As a result, brands shifted to communicating intangible values. (Chevalier & Mazzalovo 2012, 3)

Although the meaning of luxury has been changing, the fact that luxury is highly valued has not changed over time. Luxury has always been expensive, and is thus an exclusive pleasure and a sign of status. (Chevalier & Mazzalovo 2012, 3)

Nowadays, luxury is something that enables people to differentiate themselves from the mass and luxury products can also be used for enhancing one's own status. Moreover, according to Google Trends, during the years 2004-2010, the use of the luxury- word has doubled. However, in order to have a brand positioned as luxury, careful strategies need to be made for communication, distribution and creation of the products. (Chevalier & Mazzalovo 2012, 2)

### **3.5 Strategic Brand Management**

Keller (2012, 42) explained that the Strategic Brand Management process includes four steps; identifying and establishing brand positioning; planning and implementing brand marketing campaigns; measuring and interpreting brand performance; and growing and sustaining brand equity.

The process starts by identifying what the brand represents and how it should be positioned, in order to differentiate it from the competitors. The main objective is to create a brand image that will be located in the consumers' minds in the most beneficial way for the producer. The heart and soul of the brand, Keller (2012, 42) believes, is the brand mantra. It should include the core values and associations of the brand that come to consumer's mind when thinking about the brand. (Keller, Apéria & Georgson 2012, 43)

Keller (2012, 71) states five types of factors for analyzing the performance of the brand. These factors are; primary ingredients and supplementary features; product reliability, durability and serviceability; service effectiveness, efficiency and empathy; style and design; and also price. Customers evaluate the performance of the brand based on these several factors, which all influence the brand image and equity.

When managing the brand equity, it is important to take into consideration the different types of consumers. For example demographical factors, such as the culture people live in, are important to keep in mind when implementing branding and marketing strategies across international market segments. Brands are important for the customer as well, because brands enable customers to associate products with good quality. In addition, it is easier for the customers to make their buying decision,

because brands enable them to build reliable relationships with the producer. Thus, for the manufactures, brands are a source of competitive advantage. (Keller, Apéria & Georgson 2012, 8, 47)

### **The power of the luxury brand**

Okonkwo (2007, 7) states that branding is the lifeline of the luxury industry. Therefore, without branding there would be no luxury goods. (Okonkwo, 2007, 10) Pickton and Broderic (2005) believe that a successful luxury brand can be identified based on the brand equity; the value of the name, logo and symbols the brand possess. The value of the brand can be measured by analyzing the factors related to brand awareness, dominance, loyalty and heritage. (Pickton & Broderick 2005, 254- 260)

### **The Lovemarks Theory**

The Lovemarks theory, created by Saatchi & Saatchi, believes that people take action because of their emotions. Therefore, marketers need to appeal to customers' emotions in order to make them feel willing to buy the specific product and brand. (lovemarks.com) According to the article in Branding Strategy Insider, the Lovemarks Theory is based on the fact that the brand offers love to its buyers. The main alteration the theory encourages brands to make, is that they shift from perceiving buyers as "them" to them being "us". Moreover, in order to make customers love the brand, brands need to offer them "mystery, sensuality and intimacy" as everyday rewards. (brandingstrategyinsider.com)

Annette Simmons, an expert in storytelling, is convinced that the most effective way for offering customers "mystery", is storytelling. Simmons believes that by telling a touching story, the brand offers unique human attention by touching the customers' heart, which makes them feel alive and special. In addition to a mystery, sensuality is another important factor for engaging customers emotionally. The theory suggests brands to answer the questions; "What does our brand smell like, taste like, look like, sound like, and feel like?" Marketers may feel that some of the sensual factors are not so important when building the brand image. However, by engaging the customer by taste, smell, sound etc. the brand will form a stronger imprint in customer's memory.

Juan Carlos Rodriguez, the Executive Creative Director of Badillo Nazca Saatchi & Saatchi, states that inspiration is the source of love. “We are inspired by brands for the same reason we’re inspired by the people we love, because they have principles and treat me like a human being who is intelligent and has feelings. They show empathy and bring joy to my life.” Rodriguez describes.

Moreover, Kevin Roberts has created The Love/Respect Axis Theory in order to help marketers build a Lovemark. The Love/Respect Axis measures, how much customers respect the brand versus how much they love it. When a brand has reached a high respect, in addition to high love, the brand is a Lovemark. In order to prove that the Lovemark Theory has relevance, the article declares that studies have been conducted related to the matter. The results have shown that consumers use their Lovemarks 119 days per year on average, when the usage rate for respected brands is only 26 days. Therefore, love towards a brand increases brand loyalty and also a positive brand image ([brandingstrategyinsider.com](http://brandingstrategyinsider.com))

### **3.6 Luxury brand marketing**

According to Lea- Greenwood and Gaynor, a corporate strategy is the guide for business operations and marketing functions. Usually the strategy is planned for the long-term, and it is determined in the corporation’s mission statement. The strategy should include all aspects of marketing functions; product selection, price architecture, promotional activities and distribution. (Lea-Greenwood & Gaynor 2012, 8)

The image of the brand is built by carefully implementing the well-considered marketing functions. For example, marketing campaigns are an efficient way to develop a positive brand image. Brand associations can also be developed in several other ways, for example by direct experience, magazine reviews, word of mouth, by an event or by the assumptions of the brand. These different possibilities together with the traditional marketing channels should be considered when implementing the marketing strategy for the brand. (Keller, Apéria & Georgson 2012, 62)



## **Implementing Marketing strategy**

The promotional strategy can be implemented after product, price and place, are managed. Moreover, the strategy is applied in order to reach the target consumers most effectively, by advertising on the television or magazines, for example. (Lea-Greenwood & Gaynor 2012, 8- 9)

## **Promotional strategy**

The promotional strategy utilizes the functions of the promotional mix; advertising, sales promotion, personal selling, public relations and direct marketing. When promoting by advertising, the customer knows the origin of the information and the message. Advertising is paid communication, from business to business, or business to customer. Sales promotion, on the other hand, is an in-store promotional activity. The usage of short-term discounts is an example of the promotional activity which increases the demand. Moreover, personal selling is the communication between sales personnel and potential customers. (Lea-Greenwood & Gaynor 2012, 8- 9)

When promoting by public relations (PR) activities it can often be unclear what the origin of the information and message is. For example, product placement in a magazine or in a TV show can be PR activity. Direct marketing most often includes communication and advertising by e-mail, SMS and quick response (QR) codes which enables quick purchasing. (Lea-Greenwood & Gaynor 2012, 9)

Furthermore, objectives of the promotional mix should be SMART; Specific, Measurable, Achievable, Relevant and Timed. The goal needs to be clear and specific and results need to be measurable, - the growth of the sales, as an example. Goals of the promotional mix need to also be achievable and timed. For example, promotional campaign should be run only for a certain amount of time. As an example, the brand French Connection repositioned itself as an edgy and urban brand by implementing a campaign with a slogan “fcuk fashion” and used the slogan “fcuk” on T-shirts. Customer wore these T-shirts and in return, the French Connection brand was promoted in public by their customers. However, this campaign should have been

timed because over time, customers got tired of the same slogan. (Lea-Greenwood & Gaynor 2012, 11)

In order for a marketing strategy to be affective, it should include well managed product, price, placement and promotional functions. There also needs to be demand for the product. Furthermore, the price needs to be balanced with the costs of the supply and demand of the consumers. Moreover, the product needs to be available to the consumers and the promotional communications need to reach the target consumers. In addition to well-managed marketing activities and operations, the strategy needs to state where the company is now, where it wants to be and what needs to be done in order to achieve these goals. (Lea-Greenwood & Gaynor 2012, 9)

For luxury brands, it is important to make a situation analysis as well. The analysis should have information about what is happening in the fashion and luxury market. The objectives can then be set up based on the analysis. After creating objectives, strategies should be implemented on how to reach the wanted objectives such as tactics, activities and actions. After the strategies are in action, companies can analyze the results and control them by evaluation and feedback. (Lea-Greenwood & Gaynor 2012, 10)

Promotion in the fashion market is competitive and therefore brands need to stand out. The most important goal for the luxury brands is to build a strong image for the customers and also make sure that the image stays in customers' minds. Therefore, advertising needs to be continuous. In order to increase awareness, the fashion brands can increase their PR activities by a number of ways; developing celebrity endorsements, sponsoring a fashion event, increasing product placement, updating web sites and encouraging bloggers to write about the brand on their blogs. (Lea-Greenwood & Gaynor 2012, 12)

### **Media Channels and Tools for Advertising**

In the 21<sup>st</sup> century, there are several different ways of advertising, for instance, fashion products. As stated by Lea-Greenwood & Gaynor (2012, 182), the most effective channels for advertising fashion products nowadays, are magazines, internet websites,

social media and blogs. Channels that are not that effective anymore are newspapers and television.

### *Television*

Advertising on television is often one of the most expensive channels to advertise on. However, by advertising on TV, lots of people from a wide range of different demographic groups can be reached. TV advertisements utilize movement, music and three-dimensionality, which are effective ways of catching attention and increasing awareness and attraction. An effective TV advertisement focuses on a narrow product selection and building the brand image. (Lea-Greenwood & Gaynor 2012, 19-21)

There are also negative aspects of advertising on TV. It is possible that people do not pay attention to advertisements and switch channels because they feel the advertisements do not contain relevant information. However, the attention can be reached with using sounds and music effectively, or with “Musical worms”, sounds used together with the brand’s logo. (Lea-Greenwood & Gaynor 2012, 19-21)

### *Cinema*

Cinema advertising is a longer version of TV advertisement that can be more attractive to people because of the movie- effects and techniques. More information about the products and brand image can be also included. Additionally, the target market of cinema advertising can be defined more precisely, because different movie genres appeal to different target customers representing different demographic groups. (Lea-Greenwood & Gaynor 2012, 21-22)

### *Magazine and newspaper*

Lea- Greenwood and Gaynor (2012) state advertising in magazines is the best channel for fashion brands to advertise, because the target customers will be reached with relatively low costs. People usually read or “flick through” magazines several times; therefore they are exposed to the advertising several times as well. (Lea-Greenwood & Gaynor 2012, 22)

Newspapers are also a good channel for reaching readers from different demographics. Advertising on newspapers needs to be effective, because newspapers are more likely to be read once. Therefore, the advertising needs to catch the attention of the reader immediately. Newspapers are a good channel for advertising sales, showing product samples and distributing coupons, for example. (Lea-Greenwood & Gaynor 2012, 22-23)

### *Radio*

Although advertising on radio is relatively cheap, it is not seen as a highly effective channel for advertising fashion brands. By listening to the radio, people can only hear sounds and music but the visual stimulus is lacking, - a factor that is crucial for advertising fashion products. On the radio, companies can however advertise their upcoming campaigns and sales. (Lea-Greenwood & Gaynor 2012, 23)

### *Outdoor and transport*

Billboards are a relatively cheap channel to advertise on. However, billboards should not act as distractions, but rather as reminders of a brand. Advertising on billboards is quite effective if the same images are used on, for example, TV or magazine advertisement. As a result, people are exposed to the brand's advertisement several times increasing the awareness and attraction. Different forms of public transportation, such as buses and the metro, can often be used for advertising. Advertising on transport channels offers a lot of space for advertising and advertisements can be seen widely in many different areas, increasing their exposure. (Lea-Greenwood & Gaynor 2012, 24)

### *Internet*

Internet is becoming more and more essential channel for advertising. From web pages and companies' own home pages, people can find information directly. For fashion brands, online stores are incredibly important channels for increasing attractiveness and awareness of the products. Online stores also increase the availability of the products for the customers. (Lea-Greenwood & Gaynor 2012, 26)

In general, advertising through social media is becoming increasingly common. Therefore, in order to succeed better, companies need to be present on the most used social mediums such as Facebook, Twitter and YouTube. Via social media, updated information about the products can be shared fast and effectively and it is an easy channel for customers to give feedback on and ask questions about the products and the company. (Lea-Greenwood & Gaynor 2012, 28)

### **The importance of Public Relations for a luxury brand**

Public Relations in fashion is about placing the products and promoting them in the media; magazines, TV, films and online (social media and blogging). Companies can have a separate public relations department or have PR agencies outside the company. Companies may also use the combination of both. The main responsibility of public relations personnel in fashion industry is to ensure that the brands and products are placed with a favorable light in the media. For example in fashion magazines, there are often product placements in editorial contents, such as “best beauty products” which is an opportunities for companies to promote themselves without direct costs. PR supports advertising during recessions as well. When companies have limited resources, PR may be the only way to promote without costs. In the fashion industry, companies’ PR needs to have relations to journalists and celebrities in order to create positive media coverage. (Lea-Greenwood & Gaynor 2012, 26-27; 56-57)

### **The retail fashion and luxury store environment**

There are several types of stores; flagship stores, stand- alone units, concessions (shops in a shop) and independent stores owned by individuals. In the retail store environment, all of the functions of the marketing mix; product, price, place and promotion, come together. The environment of the fashion retail store is particularly important because most of the buying decisions happen inside the store. The retail store environment communicates about the brand image and values. Thus, the experience inside the store needs to be positive for the customer in terms of getting information about the products and being entertained. Thus marketing communications in retail store is called as “infotainment”. The communication in the

retail environment can affect each stage of the customer's shopping behavior; identification of need or want, search, evaluation of alternatives, purchase, post-purchase behavior and confirmation of the trend (confirming that the purchased product was fashionable). Also external communications, such as advertising on billboards, public transport and bus stops will affect the customers. (Lea-Greenwood & Gaynor 2012, 90-92)

### **Approach and avoidance**

As stated by Lea- Greenwood and Gaynor, there is "*a-ten-yard-rule*" used among retailers, which means that the customers will make the decision of approaching or avoiding the store from ten yards away. These decisions are made based on the entrance of the store, the windows and the people going in and out of the store. Naturally, people mostly approach stores that suit their personality and style. Moreover, visual merchandising in the retail store's windows, tells a lot about the store's type. Stores with big windows and many products and mannequins on it, is associated with a mass- market store. A store with windows that have only few products and a single mannequin and small entrance with a security guard is associated to more luxury type of a store. However, retailers make exceptions. For example Zara, a clothing and accessories retailer, changed their mass- market type of windows to a similar kind of window design used by luxury stores. (Lea-Greenwood & Gaynor 2012, 94-95)

### **In-store behavior of the customers**

According to Chevalier & Mazzalovo (2012), several studies have been conducted related to the behavior of customers inside retail stores. These studies all suggest similar results and the authors have summarized the in-store behavior as follows; when customers enter the store, they walk straight ahead and then most probably walk to the right side of the store. Moreover, customers most often use their right hand to touch the products. Results also show that customers most often walk and look around the store only once. In addition, the studies have shown that if customers see signs further away, from a distance they cannot read the sign, they do not walk closer but they ignore it instead. (Chevalier & Mazzalovo 2012, 263-264)

In addition, studies have been made on how customers react to the waiting time for getting service in the store. Studies showed that the customers usually felt the waiting time twice as long as it actually was. Therefore, it is important that the salesperson pays attention to the customer as soon as possible. When customer feels that they are noticed, they also assess the quality of the service higher and waiting time for getting service lower. In addition to the basic behavior inside the stores and reactions to waiting times, studies have shown basic needs the customers have related to service. According to these results, customers want to be noticed, spoken to, to be able to touch the products, to find things on their own, to look at themselves in a mirror and finally get a good deal when they make a purchase. In addition, the results show that customers do not want to wait to get the service, to read unclear signs and labels, to be forced to ask silly questions from the staff and face intimidating customer service staff. These facts are all important when creating appropriate norms for the service staff and a welcoming store environment. (Chevalier & Mazzalovo 2012, 263-264)

### **3.7 International Fashion marketing communications**

Companies operating in their domestic market may see the opportunity of expanding to international markets attractive. There are several other reasons why internalization attracts: the potential of expanding inside the domestic market may be limited, challenging conditions of the economy during recession and demographic factors such as the aging population. However, many challenges are faced in the marketing communications when the company makes a market entry to another country and culture. For example, there are homogenous groups, young adults for example, in every country that uses similar luxury products as the same group in another country. Yet, the cultures in the different countries affect the purchasing decisions and behaviors of these groups. Therefore, managing marketing communications in international markets is highly important. (Lea-Greenwood & Gaynor 2012, 134-135)

## **Push and Pull factors**

Push factors are the factors that make further expansions in the domestic market challenging and difficult. Push factors can include decreased profit margins, high competition, changing consumer behavior, shareholders who aim for high returns, and governmental laws and regulations. Pull factors, contrarily, are the factors that attract making a market entry to another country. These factors can be, for example, low amount of barriers of entering the market, incentives that the new market gives, preferable political situation, lower competition compared to the domestic market, opportunity to achieve stronger market share, and fewer governmental regulations. In addition, the demographic factors influence how attractive the prospective new market area is. For example, the growth of economy in Asia attracts luxury brands to make a market entry because more and more people are interested and capable of purchasing products with higher prices and qualities. (Lea-Greenwood & Gaynor 2012, 134-135)

## **Developing versus developed markets**

Companies that are considering making a market entry to a foreign market need to decide between entering a developing or developed market. Developing markets may attract companies because of the growing economy and younger population but, for example, political situations or the conditions of the infrastructure may be challenges for the market entry. Regardless where companies decide to make the entry, marketing communications need to be adapted to the local environment. Therefore, what comes to marketing operations, company needs to think globally and act locally. In addition, all of the marketing factors; *price, place, product* and *promotion* need to be adapted to the local market. These factors include, for example, differences in climate and seasons, differences in import taxes and duties, distribution channels and adaptations to the commercial campaigns. (Lea-Greenwood & Gaynor 2012, 138-139)

## **5 C's of Marketing**

When a fashion brand is making a market entry to a foreign country, the 5 C's of marketing should act as a foundation for the marketing strategy. As stated by Lea-Greenwood & Gaynor (2012), the 5 C's of marketing are; customer, culture, climate,



competition, and constraints. Fashion retailers should take into account the different lifestyles of the customers, which have an effect on the attitudes towards luxury and fashion. The culture, which people live in, has a significant effect on what kind of marketing is suitable and most profitable. In addition, the climate is an influential factor in the clothing industry because it regulates the demand of seasonal collections. Therefore it is important to know the seasonal fluctuations that influence the amount of demand. Furthermore, research about the competitors already operating in the market area is very important for the rival company. Conducting a research about the competitors of the rival company enables the assessment of their strengths, weaknesses, opportunities and threats. This assessment is an important part of risk management. When operating in international markets, companies might also face regulations on how to advertise products. These regulations might demand adjustments. As an example, in United Kingdom, the Advertising Standards Authority has stated that “all advertising must be legal, decent, honest and truthful”. Yet in some countries, such as China, content published online is censored by the government. Moreover, factors like laws of religions, for example, have a great influence on advertising regulations in several countries. These factors are important to take into account when making a marketing strategy. For example, using forms of females in advertising is strictly regulated in Catholic countries. In addition, using symbols in advertising, which have religious meaning, can be a sensitive subject in several countries and therefore using these symbols should be avoided. There are also several symbols which are sacred or which have an insulting meaning. All in all, when a company is making a market entry, it should be aware of these differences in order to avoid misunderstandings in communication and advertising. (Lea-Greenwood & Gaynor 2012, 139-140)

### **3.8 The effectiveness of marketing communications in luxury industry**

Advertising is developed to affect people in such a way that it raises attention, awareness and interest in the consumer, which then results in a purchasing decision. The model how advertising influences the consumer, is described as the AIDA-model. The AIDA- model describes four stages the customer usually goes through;

Awareness, Interest, Desire and Action. These stages are followed by the actual purchasing of the product. (Lea-Greenwood & Gaynor 2012, 160)

When a company is launching an advertising campaign, it should conduct a research about their target market, for example, before and after launching the campaign. In addition to conducting a research, the company should set clear objectives for the advertising campaign as well. However, before conducting a research and an advertising campaign, it is preferable for the fashion brand to create a SWOT analysis in order to know the possible weaknesses the brand possesses. When the brand knows their strengths, weaknesses, opportunities and threats, it is possible to set clear goals for the intention the campaign wants to achieve. For the actual research, the company may use primary or secondary research. The resources for secondary research can consist of, for example, reports published by marketing agencies. Resources for primary research, on the other hand, are actual work done in the field. Questionnaires for customers, interviewing customers or observing customer behavior in stores are examples of resources for primary research. (Lea-Greenwood & Gaynor 2012, 161-162)

When the campaign has been started, it is important to observe the effectiveness of it and if needed, make changes to the strategy. Moreover, after the campaign has ended, the overall evaluation, of how successfully the campaign met the goals, should be made. With the help of evaluation, the strategies for the future campaigns can be altered and the brand can further utilize the mediums that were most successful in reaching the target customers. (Lea-Greenwood & Gaynor 2012, 161-162)

### **Assessing the effectiveness of traditional media**

The effectiveness of traditional media is measured by several factors; how many times the customer has the opportunity to see or hear the advertisement, how aware the customers are about the brand and what they recall happened in the advertisement after being exposed to it. (Lea-Greenwood & Gaynor 2012, 162)

### *Cinema*

Advertising in the cinema can be more specifically targeted, because in most cases, the group of people who goes to watch the specific movies has common demographic features, such as interests and age. Therefore, advertising in the cinema can be more effective in terms of reaching the target consumers, compared to advertising on television. (Lea-Greenwood & Gaynor 2012, 164)

### *Newspapers and Magazines*

Advertising luxury brands in magazines differs noticeably from advertising in daily newspapers. Advertising in fashion magazines has more potential to reach the target group and therefore, investing in magazine advertising is more profitable. Moreover, the costs are relatively low, and the colors and the overall quality of the magazine paper is much better than in a newspaper. The demand for newspapers is also decreasing, the biggest reason being that people have the possibility of reading the news daily and for free from the internet. The increased usage of smartphones and mobile tablets only support the easier access to internet in everyday life. The popularity of magazines has not decreased as much as newspapers' and therefore, fashion magazines continue being worthwhile channels to fashion brands to promote. Furthermore, magazines are also read by more than one time; research shows that magazines are read approximately 2.3 times. Thus, the exposure of the advertisements is also more substantial. (Lea-Greenwood & Gaynor 2012, 164)

### **Qualitative research**

There are many different kinds of qualitative research. Observing what draws people's attention most in magazines is one example of qualitative research. For this kind of research, eye - tracking studies can be used to show the eye movements when reading a magazine. Research has shown that consumers are more attentive in the first third of the magazine and they look more to the right-side pages. Research has also found that advertisements, positioned close to interesting story or article, draw more attention compared to other advertisements in the magazine. This kind of qualitative research

helps the brand to advertise more effectively in magazines. (Lea-Greenwood & Gaynor 2012, 165)

Brands can also use focus groups of five to seven homogenous people for interviewing or testing attitudes towards their brand image and products. Even though one-on-one interviews can be time consuming, they can reveal significant information about the consumers' perceptions about the brand image, products and services and what kind of marketing approaches are the most effective (Lea-Greenwood & Gaynor 2012, 166)

### **3.9 Future directions in fashion and luxury marketing**

Nowadays advertising on traditional channels such as TV or magazines has decreased or stayed similar. On the contrary, digital marketing, such as advertising online, has increased tremendously. The strong position of online marketing has mostly resulted from the increased content in the internet, social media and mobile media. Most fashion magazines are also found online. The internet sites of the magazines are constantly updated without any additional costs for the consumers, which is a major reason for the popularity and increased use of online magazines. (Lea-Greenwood & Gaynor 2012, 182)

Various new possibilities are emerging because of the increased use of smart mobile phones. With the mobile phones, customers can, for example, scan QR codes to reach the latest information about brands and new trends. In addition to reaching information fast, customers can make purchases with their mobile phones because of m-commerce. In addition, applications, "apps", for mobile phones offer direct access to whatever services the customers want. It will be probable use mobile phones as payment devices in the future, which makes the products and trends more available for the customers. (Lea-Greenwood & Gaynor 2012, 182-183)

Nowadays, blogging is one of the most significant PR functions for fashion brands. Bloggers operate as journalists for fashion and they are widely followed by a large amount of target customers. The most known and followed bloggers are paid by

companies to advertise their products, comment on fashion trends and styles and also to style fashion photo shoots. Blogging is thus an active way for promoting brands and it is also an interactive platform, where bloggers have an opportunity to encourage the people following the blog, as well as answering their comments and questions. (Lea-Greenwood & Gaynor 2012, 184)

### **The luxury client**

Michel Chevalier & Gerald Mazzalovo (2012) had an access to a RISC study, which studies the luxury markets in United States, Japan and Europe (United Kingdom, Italy, France, Germany and Spain). According to the luxury market study, conducted in 2003, 63% of the respondents in developed countries had bought luxury products during the last 24 months. Therefore, it can be said that only stereotypically, rich people are the only one's buying luxury products. The rapid growth of the luxury industry shows that a new middle class group, who can afford luxury products, emerges annually. However, the middle class is also the first group of people to change their consuming habits when there is a recession on economy. Thus, as stated by Chevalier; "The luxury client is almost everybody. But he or she purchases a luxury object very rarely". (Chevalier & Mazzalovo 2012, 119)

### **Luxury consumption in Finland**

Mtv News (2013) stated in a lifestyle article that one can find numerous luxury brands from variety of stores in Helsinki and that the luxury products have already conquered a market share in Helsinki. According to the article, it is hard to find signs of economic recession when, upon entering a store of Louis Vuitton, for example, can be described to be buzzing with people. The article describes the people in the store as "average" people and some customers are wearing regular everyday sweat pants. However, some people remain too timid to enter the luxury store. Therefore, a question arises: "Who is a typical luxury consumer?" The store representative Riina Kautonen of Nina's, a luxury store in Helsinki selling products from Christian Louboutin to Céline, confirms that most of the store's customers are Finnish. The majority of the customers consist of people coming from Helsinki area but many customers come from other cities as well. In addition, Kautonen tells that during the

peak seasons, 30% of customers are tourists. Otherwise the clientele is mostly Finnish. (mtv.fi, 2013)

As stated by Terhi-Anna Wilska (2010), consuming luxury products has increased among young adults who have more hedonistic values and appreciate self-indulgence. For older generations consuming luxury products is not as popular as among young adults and showing status is limited. Younger generations have more courage to buy luxury products that are “classic luxury” products of expensive brands as well as “new luxury” products meaning that they are uniquely customized for the customer. (iltasanomat.fi, 2010)

In addition, a research conducted by Jussi Nyrhinen and Terhi-Anna Wilska (2012), analyzed data collected from over 1640 Finns ages 18 to 75 in spring of 2011. The data described the respondents’ consumption styles and especially their perceptions about what luxury is. The research showed that “status-seeking” consumption is more typical for young adults and those respondents who felt they represented higher social classes. On the contrary, the conceptions of responsible consumption and luxury were more typical for the highly educated, middle aged and especially women. (Nyrhinen & Wilska, 2012, 20)

The research suggests that luxury goods are still mainly perceived as “status-seeking” and they are linked to the monetary value, well-known brands and social status. Moreover, conceptions of special service and high quality were quite often associated with luxury goods. On the other hand, service and handmade products were also generally perceived as luxury and luxury products were not directly connected to success or their users’ personality. In addition, the respondents of the research considered old or traditional products as luxury more frequently than new products. Moreover, women connected luxury to services, pleasures, handicrafts and responsibilities more generally than men. The actual consumption of luxury, however, was still relatively low in all respondent groups. (Nyrhinen & Wilska, 2012, 28)

Furthermore, the highly educated, representatives of the high income quintiles, and especially those people who see themselves in the upper social classes, felt that if they wanted they could afford luxury products. They had bought or believe that they will buy more luxury products than others in the future. People with low-income, less educated, and those who see themselves in the working class or outside the classes felt

that they did not consume luxury products. They also believed that they will not buy luxury products in the future. (Nyrhinen & Wilska, 2012, 30-31)

The results and conclusions of the research by Jussi Nyrhinen and Terhi-Anna Wilska (2012), suggest that along with the materialistic and “status-seeking” consumption, there is developing a form of responsible consumption. However, the study does not show that the traditional conception of luxury is changing or that our society is developing into a more immaterialist society. In addition to economic trends, age, vicissitude and gender affected the consumption orientation. In the future, the consumption trends can generally be seen in the appreciation and attitudes of the younger generations. It is also likely that the gap in social differences will increase the differences in the consumption patterns and attitudes among the young as well. (Nyrhinen & Wilska, 2012, 37-38.)

Moreover, an article by Outi Sarpila and Leena Haanpää (2010) examines the wants and desires in consumption patterns, from an optional consumption’s point of view. The article suggests that our consumption can be usually based on satisfying our “needs” or our “wants” and “desires”. In other words, we satisfy our needs when we buy things that our necessary for our existence: food, clothes or a place to live, for instance. This sort of consumption can be classified as “necessity consumption”. After our needs are met, we can move on to satisfying our wants and desires, if financially possible. Needs, can be defined from the outside but wants and desires are usually formed subjectively and vary amongst people. Moreover, the difference between consuming what is necessary or what we willingly buy can sometimes be indeterminate. In welfare states such as Finland, where most citizens’ basic needs are guaranteed, most people are primarily satisfying their wants not needs. (Sarpila & Haanpää, 2010, 42- 43)

## Maslow's Hierarchy of Needs

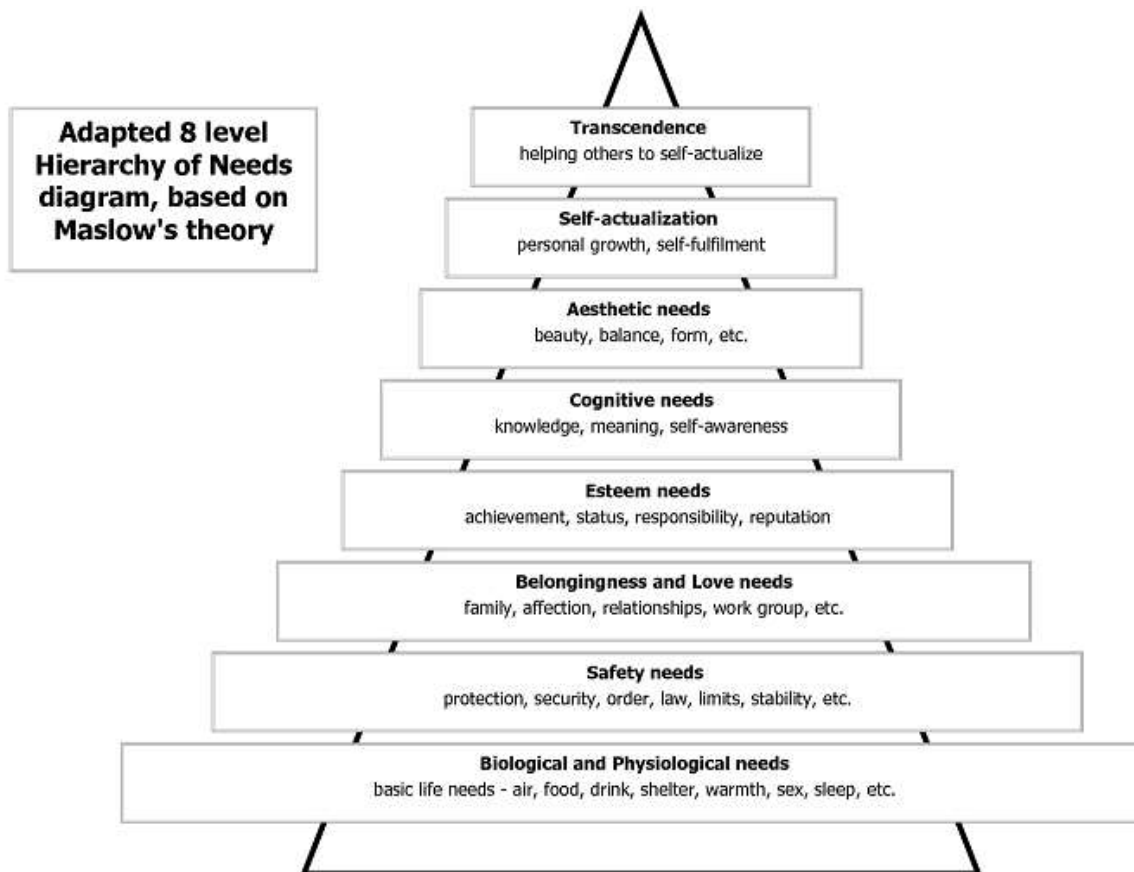


FIGURE 6. Hierarchy of Needs. (docstoc.com)

Another attempt to understand what motivates people to behave the way they do was created by psychologist Abraham Maslow. People possess, in his belief, a set of motivation systems that are not related to unconscious desires or rewards. In 1943, Maslow stated that achieving certain needs motivates people. When a person fulfills one need, he or she tries to fulfill the next one, and so on. The most commonly known version of Maslow's "hierarchy of needs" includes five motivational needs.

These needs are often elucidated within a pyramid as hierarchical needs that can be divided into five basic needs and growth needs. The basic, or deficiency needs, biological and physiological, safety, love and belongingness (social) and esteem motivate people when they are not met. The longer the duration these needs are denied, the stronger the need to fulfill the needs become. The model suggests that one must first satisfy the lower level basic needs before progressing on to meet the growth needs of the higher level. One may be able to reach the highest level, self-actualization, if one has reasonably satisfied all the other needs. In fact, every person



has the desire and capability to move up the hierarchy toward the self-actualization level. Failure to meet the needs of the lower levels can, unfortunately, disrupt the progress. Furthermore, our society rewards motivation primarily based on love, esteem and other social needs. Maslow believed that in self-actualization a person is able to find a meaning to life that is important to them. It is important to note that Maslow's five stage - model has been expanded and three more needs have been added. During the 1960's the model was developed into a seven-stage model with the expansion of cognitive and aesthetic needs and during the 1970' further expanded into an eight-stage model with transcendence needs added. ([www.simplypsychology.org](http://www.simplypsychology.org))

### **3.10 Luxury brands entering the Finnish market - Louis Vuitton**

The news article in Helsingin Sanomat (2008) reported that Louis Vuitton opened its store in Helsinki, Finland in 2008. The news article included statements from Jean-Marc Gallot, who was responsible for the commercial activities of Louis Vuitton. Gallot stated that in addition to other locations in Europe, Louis Vuitton looked for suitable business premises in Helsinki for several years. In addition to seeking premises for a store in Finland, Louis Vuitton also had to concentrate carefully on the marketing strategy for the Finnish market area. Furthermore, Gallot told that there was a market research made about Finland and Helsinki, as well as a research made about the Finnish people themselves. The market research revealed that Finnish people are considered to be serious people who appreciate and value traditions, purity and authenticity. In general, people do not brag about their accomplishments and property. The market research also proved that Finnish people appreciate products with high quality and sustainability. Gallot told that Louis Vuitton discovered that Finnish people buy a lot of their products from abroad. Therefore, it seemed natural to meet the needs of the customers and establish a store in Finland. Louis Vuitton saw Helsinki as a big enough city to establishing the store. In addition, the economic situation of Finnish people has improved; now there are more prospective consumers who want to invest in high quality products.

Gallot stated that Louis Vuitton is the first luxury brand who opened its own store in Helsinki. However, he believes that it is highly probable that the brand will not be the only luxury brand in Helsinki in the near future. Now that Louis Vuitton has

discovered the free market share in the luxury industry in Finland, other luxury brands will follow Louis Vuitton's footsteps to Finland. (hs.fi, 2008)

### **Michael Kors - The next luxury brand to open its own store in Finland?**

The brand Michael Kors could be the next to follow the footsteps of Louis Vuitton to Finland based on its high growth in sales in European market. The news article in Investor's Business Daily (2014), reports that the strong growth of Michael Kors in the European market shows that the brand is becoming a "truly global accessible luxury lifestyle brand" with attractive prices. In accordance with the management's comments, in addition to the strong sales growth, Michael Kors has also started taking over market share of other luxury brands in Europe because of the increasing demand and brand awareness. (news.investors.com, 2014) Furthermore, as mentioned before, the company will continue to expand its retail store base in Europe where the company sees a significant opportunity to expand its business. (Michael Kors Annual Report 2014, 7)

## **3.11 Framework of theory**

A literature review was conducted as a basis for our research. Our literature review included, inter alia, information about the Finnish culture and economy, the culture of United States, the history of luxury brands and marketing, data about previous studies of concerning luxury products consumption, information about branding and marketing, and also information about Michael Kors as a brand. After the process of gathering the informing literature, we could create our research problem and research questions. The analysis of primary data was informed through the viewpoints of cultural theories by, for example, Geert Hofstede, Richard D. Lewis and Anders Hovemyr and Tuula Piispanen-Krabbe, the authors of Cultural Detective Finland.

## **4 RESEARCH METHODS AND DATA COLLECTION**

The chapter introduces the research methods used during the thesis process. In addition, the chapter includes the justifications for methods of our research. Our primary data collection is also introduced, which consist of an online questionnaire and an interview.

### **4.1 Methods**

Our study is based on mixed methods: qualitative and quantitative research. As our base for qualitative research we interviewed a Finnish retailer of Michael Kors' products. In addition, we gathered both qualitative and quantitative data from an online questionnaire targeted at Finnish fashion bloggers. In order to create valid data, we compared gathered information from the literature review with the online questionnaire and the interview. By comparing all the results, we were able to deepen and broaden our understanding on our thesis topic. Therefore, the usage mixed methods benefited our research the most. (interaction.org)

We chose to gather data by qualitative research because it is based on results that are descriptive. Rather than basing the results on numbers, qualitative research answers to questions "how" and "why" customers have specific kind of purchasing behaviors, for example. Qualitative research is conducted for gathering information about attitudes and opinions of customers. The received feedback enables, for example, companies to develop and improve products and services. In addition, qualitative research can be a source of new information about the brand awareness and the image the customers associate the brand with. In our study, qualitative research was conducted for gathering information about attitudes and opinions of customers in Finland about the Michael Kors brand and the consumption of luxury products in Finland. (Lea-Greenwood, Gaynor 2013, 165)

As a main method of gathering primary data for our research, we conducted an online questionnaire for fashion bloggers, which was sent to the bloggers by email. We sent the questionnaire to 170 bloggers, from which 54 bloggers answered it. The online questionnaire was sent to bloggers who publish on the [Indiedays.com](http://Indiedays.com) website, a website that gathers the most popular blogs in Finland. The blogs are represented under the blog category “fashion” on the website.

We found the sample of fashion bloggers to be the most representative for our research because of their common interest and knowledge related to fashion and trends. In addition, the sample group consisted of respondents representing different age groups and occupations. Therefore, we could gather objective and diverse primary data. In addition, this sample group also represents the reported target group of the brand Michael Kors.

By conducting a quantitative research we could measure different variables based on the results. (Palgrave.com) Some of the gathered data from the online questionnaire was quantified and tabulated as a statistical data which could help to generalize the results. (Snapsurveys.com) Conducting the questionnaire for fashion bloggers generated both quantitative and qualitative data because both multiple choice and open questions were used. (Palgrave.com)

As our other source of qualitative data, we interviewed a Finnish retailer of the Michael Kors brand. We developed an online discussion with the owner and founder of the fashion boutique Sköna Clara, Camilla Aurén-Raatikainen. The boutique founded in 2002 in Kokkola, western Finland, sells women’s clothing, accessories and cosmetics. The boutique has a wide product range and it sells a number of different luxury brands, including Michael Kors. Therefore, Sköna Clara was a preferable choice for our primary data resource. Since the boutique has operated for more than a decade, its owner has developed an understanding about the sales and the clientele of Michael Kors in the certain geographical area in Finland. ([skonaclara.com](http://skonaclara.com))

## **4.2 The research questions**

The research questions are formed based on the theoretical framework that was introduced before. Distinctive cultural factors that vary across nations or regions may

affect luxury brands. Amongst these cultural variables are values and norms that affect the consumption patterns of consumers. After acknowledging these factors and taking them into consideration, luxury brands can develop and adjust their marketing and brand management accordingly, in order to succeed in a new culture. The current retailers of Michael Kors in Finland and the company itself, when looking into expanding to the Finnish market, benefit from understanding the core Finnish values that influence all business procedures.

The research problem is to find out how the Finnish cultural aspects affect the company's potential for success in Finland. The research questions below seek to find answers to the research problem in a holistic manner.

- What components of the Finnish culture affect the Michael Kors brand when entering the Finnish luxury market?
  - What is the current brand image of Michael Kors in Finland?
  - What considerations should be applied to the marketing functions of Michael Kors due to distinctively Finnish cultural aspects?

Our primary research question, “What components of the Finnish culture affect the Michael Kors brand when entering the Finnish luxury market?” seeks to find some of the most influential aspects of the Finnish values and behaviors that might affect Michael Kors' market entry in Finland. The question also seeks to identify the co-cultural group(s) within Finland that will comprise Michael Kors' actual market base. Ultimately, we seek to find the channels how to reach the brand's market base most effectively and see whether distribution of the brand is emphasize or direct presence of a store is warranted.

Our first sub question, “What is the current brand image of Michael Kors in Finland?” seeks to find out the current brand image of Michael Kors in Finland amongst Finnish consumers. Branding, and branding communication and receptivity, is a significant part of the internationalization process of Michael Kors. By conducting a research about the current brand image of Michael Kors in Finland, we can gather crucial information for well-rounded suggestions on how to reach the prospective customers most efficiently in Finland.

The second sub question, “What considerations should be applied to the marketing functions of Michael Kors due to distinctively Finnish cultural aspects?” enables us to formulate recommendations to the brand management of Michael Kors if entering the Finnish market.

## **5 RESULTS**

This section of our thesis comprises of the results of our study. We introduce our interview and its answers, which were collected via e-mail. In addition, the results of the online questionnaire that was sent via e-mail to fashion bloggers, is summarized and presented.

### **5.1 Description of Data**

The aim of the interview was to gather descriptions about the clientele of the Michael Kors brand; their purchasing power, their size and age the distribution. In addition, we wanted to know if the recession has influenced the purchasing behavior of Sköna Clara’s customers, and whether the economic downturn has decreased the operating profit of the boutique. It was also relevant to gather primary data on how the Finnish culture affects the consumption of luxury products, more specifically Michael Kors’ consumption in Finland. Moreover, it was important for our research to develop an understanding on how the purchasing behavior in Finland differs from that of the other Nordic cultures. By receiving information about the factors affecting luxury brands in Finland, such as culture and purchasing behavior, we develop a better understanding on how to present Finland as a possible target market for luxury brands. In Camilla Aurén-Raatikainen’s opinion, the image of MICHAEL Michael Kors, the brands more affordable line that she sells in her store, is good. However, Finns consider the line as a luxury brand and do not necessarily differentiate it from the entire Michael Kors brand, which consists of less affordable lines as well. It is becoming more common for luxury brands to offer more affordable lines, in addition to their more luxurious product lines. The lower prices of the more affordable lines attract a wider customer range.

Aurén-Raatikainen's describes the product line of MICHAEL Michael Kors as classic and modern-day trendy. In addition, the brand offers high-quality products with an excellent price-performance ratio. Plagiarism has had, however, a negative impact on the image of Michael Kors, tells Aurén-Raatikainen. Usually copying a brand's products is a sign of the brand's appreciation and desirability. As a shopkeeper though, Aurén-Raatikainen feels that cheap copies reduce the brand's value and image.

The MICHAEL Michael Kors line is not Sköna Clara's main brand, but according to Aurén-Raatikainen, the brand does have its own regular customer base. From the MICHAEL Michael Kors line, Sköna Clara sells bags, shoes, and smaller accessories such as wallets. The owner estimates that about 10-15% of the boutique's revenue comes from sales of the brand's products.

Moreover, we asked what aged people, options being 18-34 years, 35-54 years, 55-65 years, 66-75 years, purchase the brand's products. Aurén-Raatikainen answered that one can start the age distribution from the age of 13. At this age, adolescents buy wallets and cell phone covers. Although the MICHAEL Michael Kors line has its solid customer base amongst young adults, people from all age groups buy the brand's products steadily from Sköna Clara. However, the owner tells that clothes from the line are mostly purchased by customers from the age of 35 and up.

Despite the recession, Sköna Clara's net sales have remained the same, as have the sales of the MICHAEL Michael Kors line. According to Aurén-Raatikainen, there has been fluctuation in the sales of other brands, yet the total net sales of the boutique have remained the same. The owner tells that the recession has not affected the sales of the MICHAEL Michael Kors line at all. On the other hand, Aurén-Raatikainen cannot say whether the net sales would have increased or not, had the recession not hit Finland.

Additionally, Aurén-Raatikainen feels that the downturn on the economy has affected the consumption patterns of luxury products, in terms of customers buying products more considerately. The importance of quality is much emphasized: people may buy more rarely but they buy better products.

For reaching her old and new prospective customers, Aurén-Raatikainen mostly uses digital and social media marketing channels. The channels, for promoting the products of her boutique, includes; Facebook, Instagram and clientele newsletters. Aurén-Raatikainen also uses these marketing channels to promote the MICHAEL Michael Kors product line.

As a storekeeper, Aurén-Raatikainen believes that high-quality customer service is a significant factor in developing trustworthy relationships with her customers. In order to build reliable relationship with customers where customers keep coming back to the boutique, it is important to offer both classic and new products in the product selection. Aurén-Raatikainen explains that her customers trust classic products the most and that these products are often times the reason for revisiting the boutique. However, new and interesting products are important for piquing the customers' interest, in addition to sustaining it.

The Finnish culture, in Aurén-Raatikainen's opinion, does affect the consumption of luxury products in Finland. She believes that the Finnish consumers' price perception differs from that of consumers in other countries. As a result, Finns consider the middle prices of Sköna Clara's products high, when fellow Scandinavians, for example, would consider the products truly middle priced. Furthermore, Aurén-Raatikainen feels that a Finnish woman consumes less and buys more affordable products than other Scandinavian women do. However, every store has its own customer base that set themselves their own requirements and limits for their purchases. Therefore, the price is not always crucial, as long as it stays within certain limits, for example within middle prices, she adds.

According to Aurén-Raatikainen, the best-selling items of a freestanding store of Michael Kors, if one was opened in Finland, would definitely be bags, smaller accessories such as wallets, and shoes. However, Aurén-Raatikainen feels that Finland's markets are too small for freestanding stores of big, prestigious luxury brands. At this moment, there are no international brands' freestanding stores in Finland, excluding Louis Vuitton. Thus, Aurén-Raatikainen believes that the future success of the MICHAEL Michael Kors line is better, or at least longer, if distribution was centralized among boutiques carrying multiple brands. A freestanding store might



result in satisfying the needs of the market fast and the brand might get “worn out” quickly, she continues.

## 5.2 Online Questionnaire

All of the 54 respondents, of our online questionnaire, were women. The average age of the respondents was 23.8 years; the youngest respondent was 13 years old and the oldest 46 years old. Hence our sample included respondents from several different age groups.

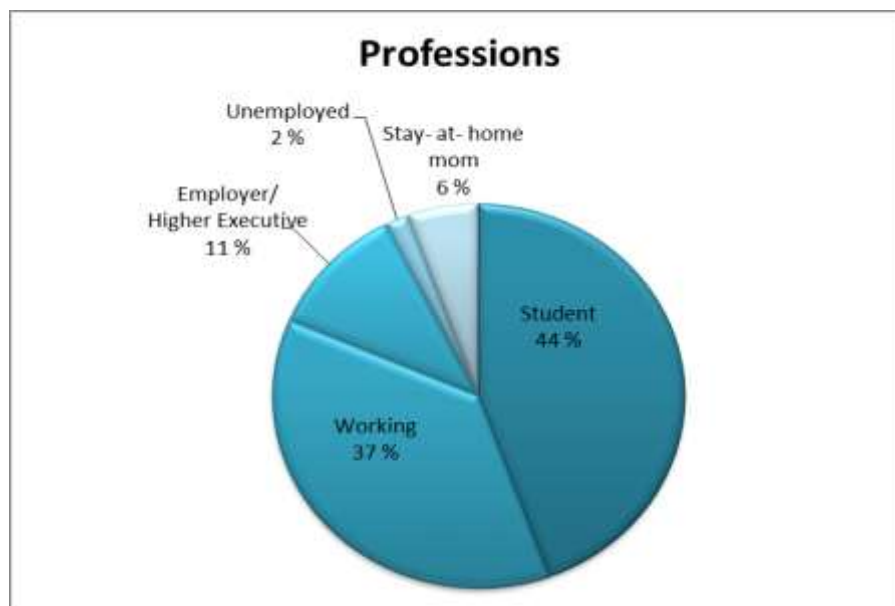


FIGURE 7. Professions.

Moreover, the respondents represented a number of different occupations. Forty-four percent of the respondents were students, 37% were working, and 11% were employers or higher executives. Six percent were stay-at-home moms and 2% were unemployed. (FIGURE 6.)

When asked the respondents, “Are you familiar with brand Michael Kors?” over half, 59% of the respondents answered that they are familiar with the brand. Furthermore, 35% answered that the brand is very familiar to them. Six percent of the respondents answered that the brand is only a little familiar. None answered that the brand was no familiar to them. In addition, when asked “How familiar are you with the logo of

the brand?” all of the 54 respondents answered that they knew the logo well. (Appendix 3.)

Fifty nine percent of the respondents answered yes, for the question “Have you ever seen advertising of Michael Kors- products in Finland?” However, 41% of the respondents have not seen advertisements of Michael Kors at all in Finland. (Appendix 3.)

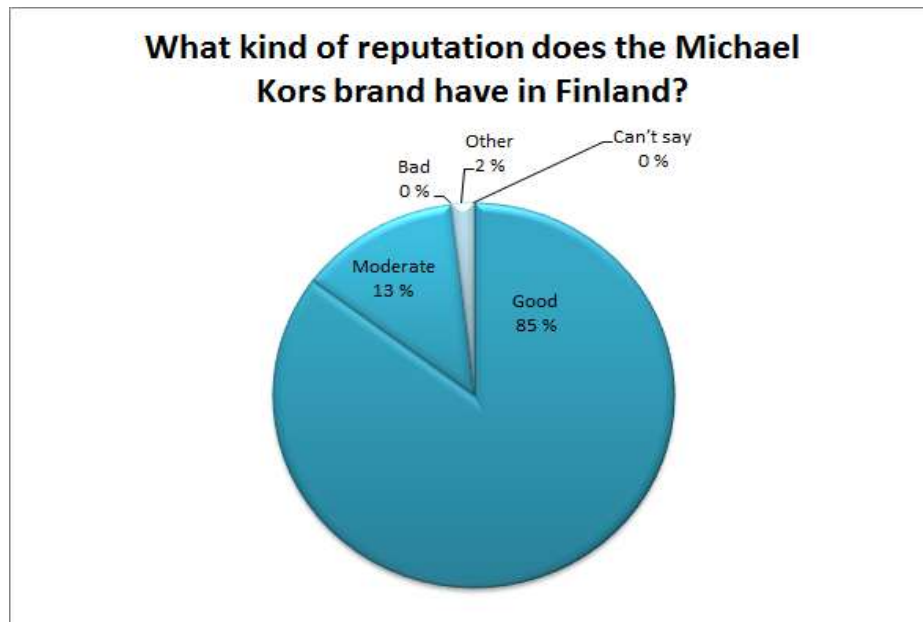


FIGURE 8. What kind of a reputation does the Michael Kors brand have in Finland.

We also asked the respondents’ opinion on what kind of a reputation the Michael Kors brand has in Finland. The majority, 85% of the respondents, answered that the brand has a good image in Finland. The rest of the respondents thought that the brand image is moderate. (FIGURE 7.)

For the next question, “How would you describe the products of Michael Kors brand?” we offered several different options (adjectives) to choose from. The most popular answers among the respondents were the adjectives “expensive”, chosen 33 times, “high quality”, chosen 32 times and “diverse product offering” that was chosen 24 times. “Bad quality” of the products was chosen three times by the respondents. The adjectives “ethical” and “cheap” were both chosen once. (Appendix 3.)

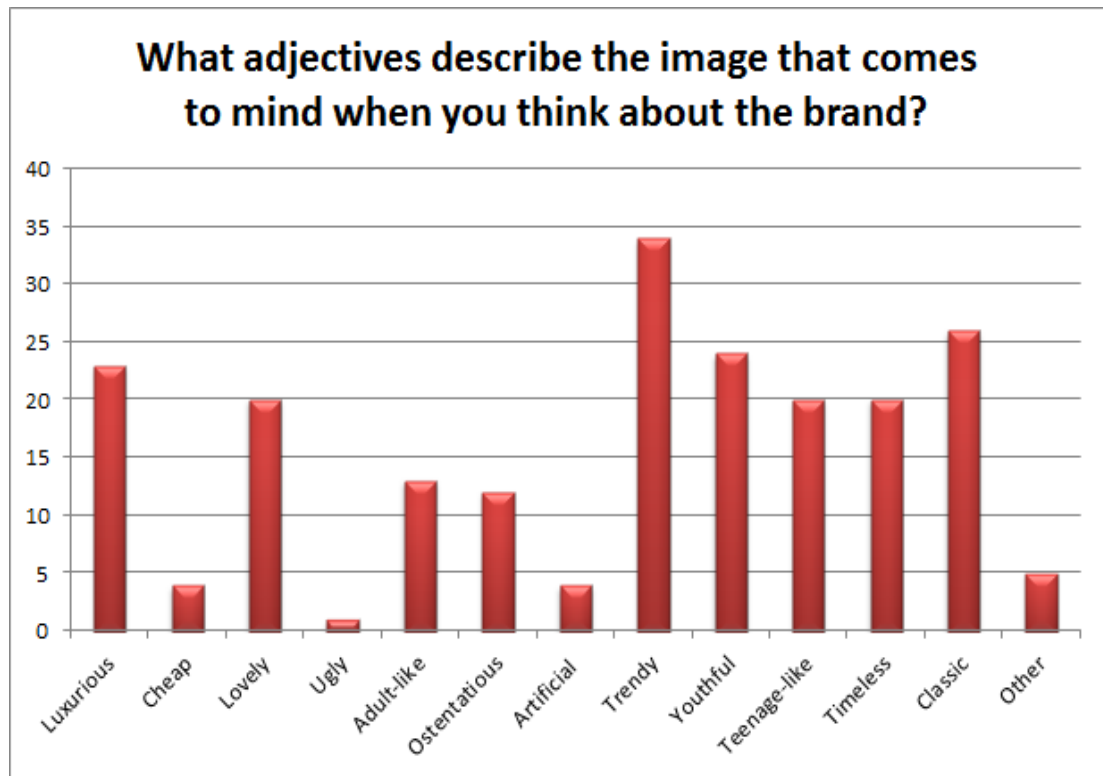


FIGURE 9. What adjectives describe the image that comes to mind when you think about the brand.

In addition, we asked the respondents, “What adjectives describe the image that comes to mind when you think about the brand?” Again we offered several different adjectives to answer the question. The most popular answers among the respondents were adjectives “trendy”, chosen 34 times, “classic” chosen 26 times and “youthful” chosen 24 times. In addition, the respondents felt that “luxurious” described the Michael Kors brand well, it being chosen 23 times. Moreover, the adjectives “timeless”, “lovely” and “teenage-like” were all chosen 20 times. Adjectives chosen more than ten times were “adult-like” and “ostentatious”. The adjectives “artificial”, “cheap” and “ugly” were all chosen less than five times. (FIGURE 8.)

For the question “In what kind of a price range do you feel the products of Michael Kors are positioned in?” more than half, 28 respondents, felt that the products are affordable. Twenty-two respondents answered that the products are expensive and four of the respondents answered that the products are too expensive to purchase. (Appendix 3.)

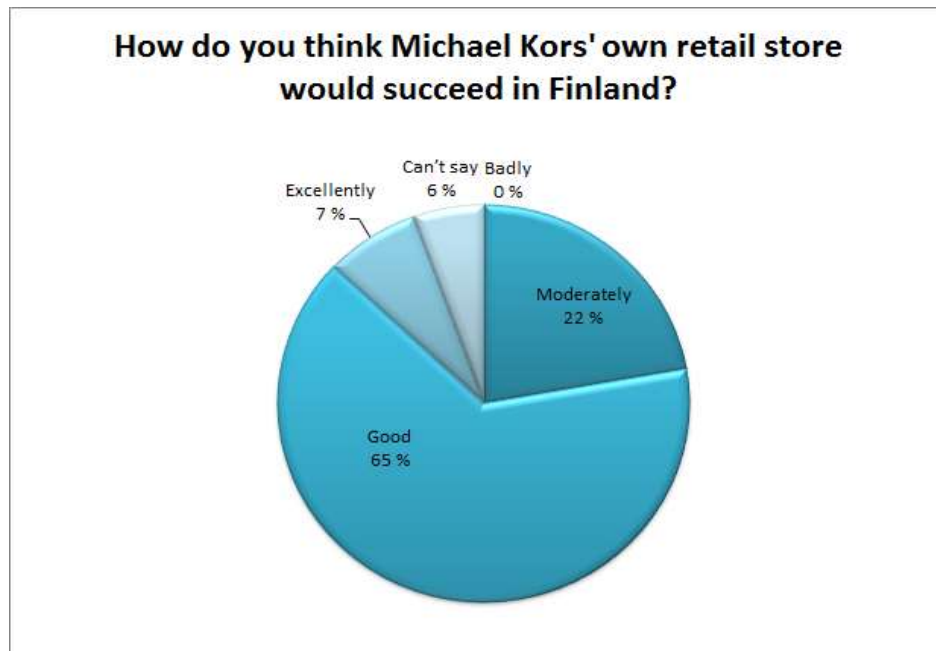


FIGURE 10. How do you think Michael Kors' own retail store would succeed in Finland.

Seven percent of the respondents felt that if there was a Michael Kors store opened in Finland, it would succeed excellently. The majority of the respondents (65%) felt it would succeed well. Moreover, 22% of the respondents felt that the store would succeed moderately and 6% of the respondents could not say their opinion. None of the respondents felt that an own retail store would succeed badly in Finland. (FIGURE 9.)

When asked the respondents, "Is there enough availability of Michael Kors' products in Finland at the moment?" most of them (41%) answered yes. Twenty-eight percent of the respondents answered that there is not enough availability. Nine percent of the respondents answered maybe and 22% of them answered that they could not say if there is enough availability of the products in Finland. (Appendix 3.)

The majority, 76% of the respondents, answered yes when asked "Do you feel that if needed, you can get Michael Kors' products easily from somewhere?" Four percent of the respondents felt that they could not find the products. Another 19% of the respondents felt they could not say and 2% answered that she could maybe find products easily from somewhere. (Appendix 3.)

In addition, we asked the respondents "Would it be necessary to open a freestanding store of Michael Kors in Finland?" Twenty-two percent of the respondents answered

that it would be, whereas the same percentage felt that it would not be necessary. Most of the respondents (41%) felt that it would maybe be necessary to open a Michael Kors freestanding store in Finland. On the contrary, 15% of the respondents felt that they could not say. (Appendix 3.)

The vast majority, 45 respondents of 52, of the respondents answered yes, when we asked, “Have you ever considered purchasing a Michael Kors product?” Seven of the respondents had not and one of the respondents had maybe considered purchasing products of Michael Kors at some point. (Appendix 3.)

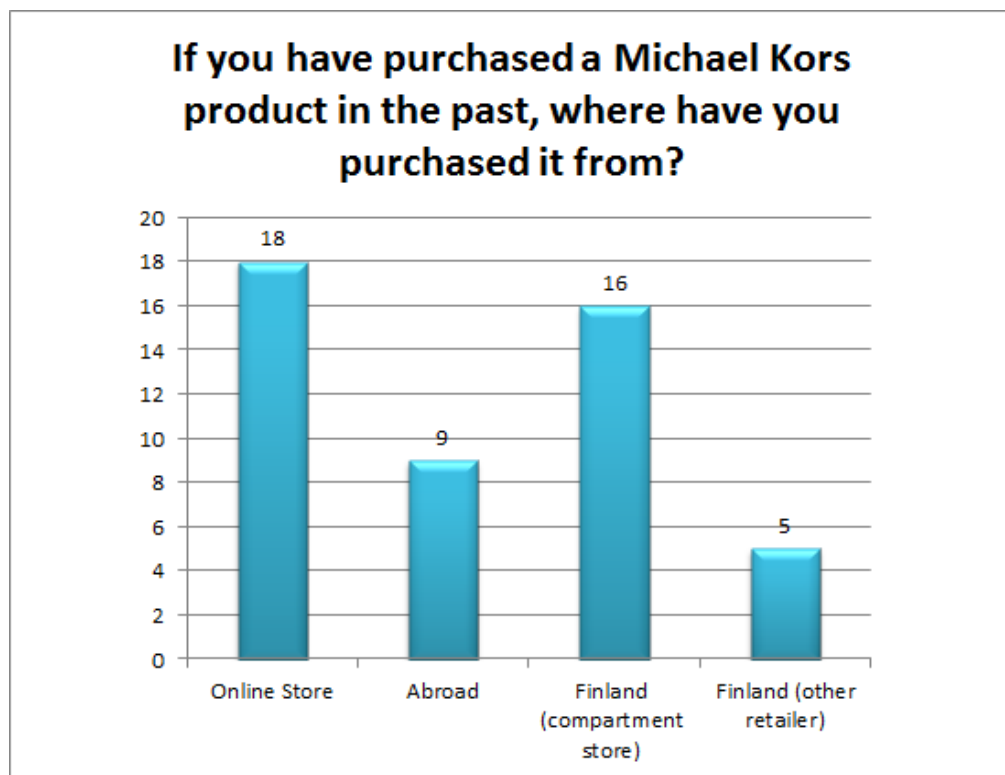


FIGURE 11. If you have purchased a Michael Kors product in the past, where have you purchased it from.

The respondents, that had purchased a Michael Kors’ product in the past, were asked where they had purchased their product. Eighteen out of 54 respondents had purchased products from an online-store and 16 out of 54 of them had purchased a product from a department store in Finland. Nine of the respondents, who had purchased a Michael Kors product, had purchased it from abroad and five of them had purchased a product from a Finnish retailer. (FIGURE 10.)

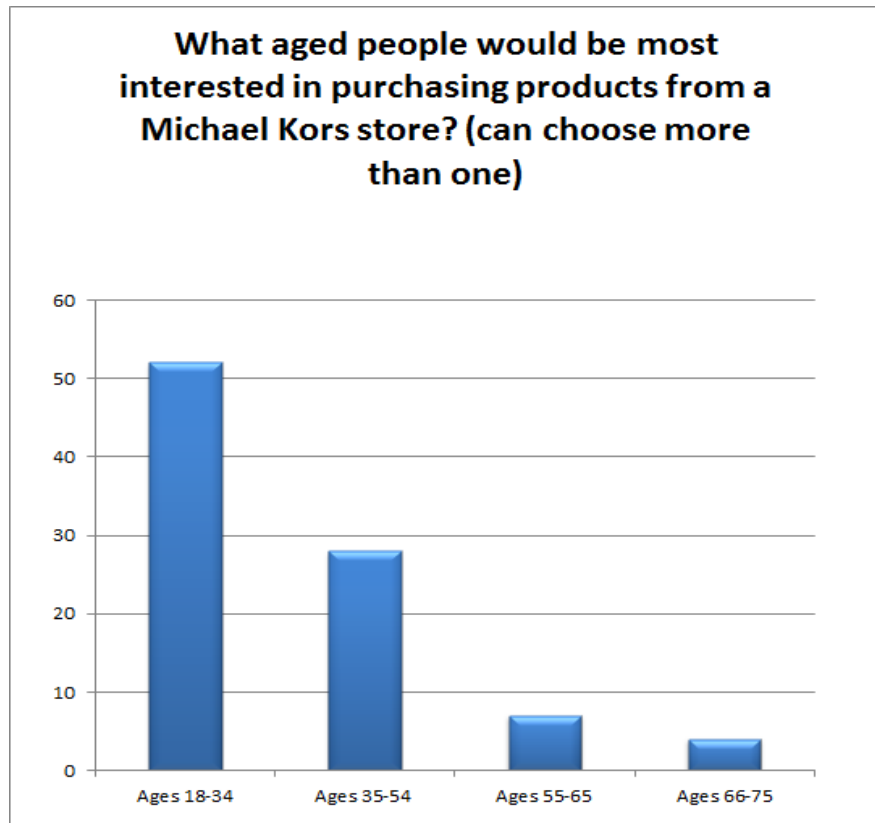


FIGURE 12. What aged people would be most interested in purchasing products from a Michael Kors store.

When asked respondents, what age-groups would be most likely be interested in purchasing Michael Kors' products in Finland, the most likely group would be people from ages 18 to 34. The next most likely group would be people from ages 35 to 54. The third most likely age -group would be 55 to 65 and the age -group of 66 to 75 would be the fourth most likely. (FIGURE 11.)



FIGURE 13. What Michael Kors products do you think would sell the best.

The Michael Kors products that would sell the best in Finland, according to the respondents, would clearly be bags and watches. Accessories and shoes would also succeed in Finland, yet the respondents felt that women's and men's clothes would be the products that would sell the least out of the five options provided. (FIGURE 12.) In the survey we also asked the respondents, "Would you visit the Michael Kors' freestanding store?" Most respondents, (54%) answered that they would and 35% of the respondents would maybe visit the store. Only 7% answered that they would not visit the Michael Kors store and 4% could not say. (Appendix 3.)



FIGURE 14. Would you be willing to purchase something from the store.

If there was to be a Michael Kors freestanding store to be opened in Finland, 44% of the respondents answered that they would be willing to purchase something from the store. Thirty percent of them would maybe be willing to purchase something whereas 19% of the respondents answered that they would not be willing to purchase. Seven percent of the respondents could not say whether they would be willing to purchase something or not. (FIGURE 13.)

When asked “How much money would you be ready to spend on a Michael Kors product?” most people, 30 out of 54, would be ready to purchase products ranging from 100€ to 200€. Moreover, 24 out of 54 respondents answered that would be ready to spend 50€ to 100€ on a Michael Kors product, whereas 20 out of 54 respondents would be ready to spend over 200€. Twelve people would be ready to spend 0€ to 50€ on the brand’s product. (Appendix 3.)

Moreover, the respondents were asked “How often would you visit the store?” and over half of the respondents, 56% of them, answered that they would visit the Michael Kors store annually or less frequently, if one was opened. None of the respondents would visit the store weekly, yet 24% would visit the store monthly. Twenty percent of the respondents could not say how often they would visit the Michael Kors store. (Appendix 3.)



When asked, “How often do you purchase other luxury products?” the majority, 69% of them, answered annually or less frequently. None of the respondents purchased luxury products weekly, but 17% of them did on a monthly basis. Fifteen percent of the bloggers could not say how often they purchase luxury products. (Appendix 3.)

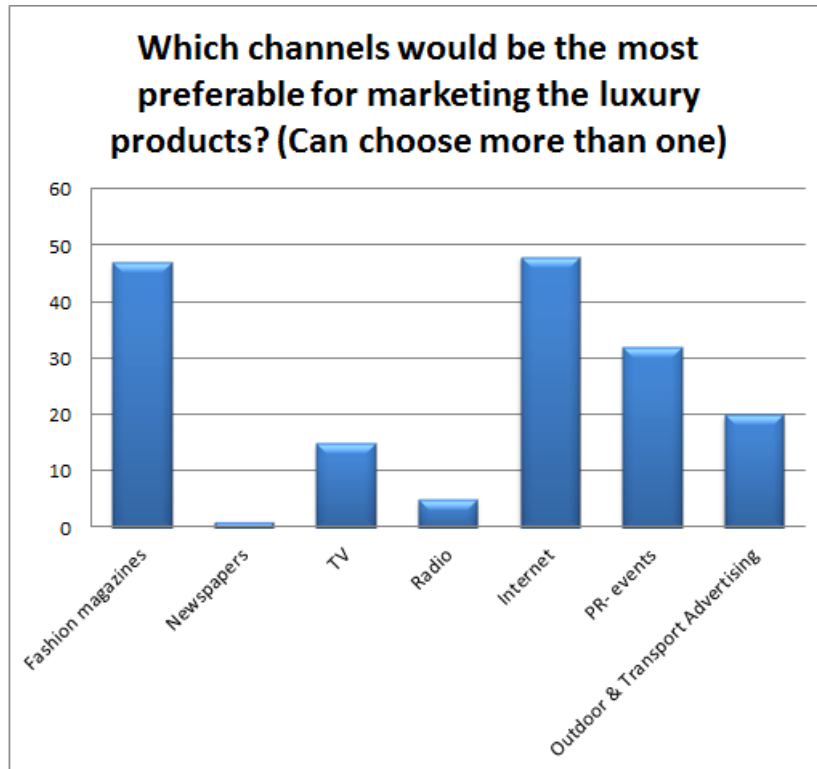


FIGURE 15. Which marketing channels would be the most efficient ones for marketing the new Michael Kors- store in Finland.

We offered several different options for the respondents to choose from for the question “Which marketing channels would be the most efficient ones for marketing the new Michael Kors- store in Finland?” The respondents answered that fashion magazines and the internet would be the most efficient channels for promoting the new store of Michael Kors. Fashion magazines and Internet were both chosen 46 times. The second most efficient marketing channel, the respondents believe, would be PR- events, chosen 31 times. Outdoor and transport advertisements as a marketing channel was chosen twenty times, television 14 times and radio five times. None of the respondents thought that newspapers would be an efficient channel for marketing the new Michael Kors store in Finland. (FIGURE 14.)

## **Open-ended questions**

This chapter presents the analyzed results of the open-ended questions included in the online questionnaire. The online questionnaire asked three open-ended questions. The questions were related to luxury consumption in Finland, success of a prospective Michael Kors retail store in Finland and also factors of Finnish culture influencing luxury consumption. The questions generated three important themes that are repeated throughout our study.

## **The effect of culture**

We asked the fashion bloggers “In your opinion, how does the Finnish culture affect the consumption of luxury products?”

Few respondents felt that because we do not have the same “consumer society” as in the United States, for example, the Finnish culture would affect the profitability of a Michael Kors store negatively. The Finnish people are not accustomed to buying luxury products because they do not believe it is reasonable to waste money on expensive products. In addition, other respondents believe that Finns are not the type to splurge on luxury products and people perceive the products to be too expensive for an average person to purchase. Some Finnish people also think that luxury products are an unnecessary investment. Moreover, the respondents who felt the Finnish culture would affect the Michael Kors store negatively answered that they would not market the brand as a “luxury brand” but as a brand that offers quality products are durable. Few respondents also believe that Finns do not feel the need to boast with their possession and they are typically quite mingy. Therefore, Finnish people tend to be more considerate when purchasing luxury products. The respondents also believe that Finns are good at combining affordable and more expensive products together. Moreover, in the past, Finns have avoided the usage of flashy logos and other signs of wealth. However, some brands and products have now reached the point where they are desirable specifically because of their logos and brand identity. Nowadays, some Finns actually want themselves to be associated with wealth, by owning flashy designer products.

On the other hand, few respondents believe that the Finnish culture would not affect the Michael Kors store, considering that the target market is young women. It is typical in Finland that when a certain product is “in”, everyone wants to purchase it. In the respondent’s opinion, people are relatively positive towards designer products in Finland, nowadays, and that the consumption of luxury products has increased over the years. Moreover, they believe that if there were more luxury stores and offering, people would probably shop and purchase more.

However, a couple of respondents felt that luxury products are not valued the same way in Finland than in, for example, central and southern Europe; people are not ready to invest a lot of money in fashion. Moreover, some respondents feel that the older generation does not understand what luxury is, compared to the younger generations. Additionally, some people might not trust the luxury products’ quality yet.

On the contrary, some respondents believe Finns enjoy investing in products that are of good quality and durability. Especially young people are seeking for quality products and some, for example, begin saving money for a designer bag from an early age. The respondents also feel that Finnish people are going to spend more and more money on quality products in the future.

The Finnish culture is also changing; more and more people want to own a luxury brands’ product and people are becoming more brand-conscious than before. The respondents of the survey believe that the Finnish culture has changed positively towards luxury consumption and is further changing in a better direction. People are now valuing the quality, durability, appearance more and contemplating less on the price.

### **The factors influencing success**

We also wanted to know from the respondents, “What factors, do you think, would influence the success of a Michael Kors store in Finland the most?”

Some respondents feel that the price of the products, young adult’s disposable income and the economic situation would affect the store’s success the most. Many respondents believe that reasonable prices of the products, sold close to the amount they cost on the official Michael Kors online store, as well as price reductions would

attract more consumers. However, some feel that too affordable product prices of a luxury brand do not evoke images of a high quality.

Numerous respondents believe that the location of the store has the most impact on the success of the potential new Michael Kors store. The store should be situated in a central location, preferably in the metropolitan area of Finland. As a result, the products are easier to access and thus many would be interested in restocking their Michael Kors product line.

Furthermore, several respondents believe that the products themselves are the factor that affects the store's success. The available products, preferably a wide range of them, should be of timeless design and the appearance of the products should be emphasized in the store.

Many respondents also answered that marketing and promotion would impact the success of the Michael Kors store. The brand is already mostly well known in Finland and therefore the most important outcome of marketing has been accomplished. Too excessive marketing and promotion would possibly irritate some potential customers. However, the right type and amount of marketing is vital, because people need to be aware of the store's existence. Promotion on the internet and various fashion related channels, as well as bloggers promoting the products, would also be effective marketing. In addition, branding and reinforcing the positive image of the brand are also incredibly important. Different campaigns and sales in the store would excite and encourage the customers to make purchasing decisions as well.

There were also respondents who felt that good quality and friendly customer service would affect the success of the Michael Kors store positively. In addition, when the prices are reasonable and the shelves are full of products, people would purchase products from the store, rather than buying them online.

Another large group of respondents felt that the brand image would influence the success of the Michael Kors store the most. This factor divided many opinions whether it is a positive or a negative aspect. The positive aspect is that Michael Kors is already an "it" - brand in Finland and it has steadily grown its popularity on social media, on for example blogs and Instagram. As a brand, Michael Kors is also a

frequently discussed topic especially among younger people. In addition, the brand is famous and trendy abroad, which tends to increase the Finn's willingness to buy the brand's products. All in all, the brand image, especially among the younger population in Finland, is very good and it has become increasingly popular brand. However, the negative aspect might be that some Finns may have prejudiced toward the brand. Several respondents feel that the brand has become a bit "lame", because of the accessibility of the products as well the product's affordable prices. In addition, fake Michael Kors products are unfortunately becoming more common, which diminish the brand's value. Some respondents also feel that the brand has lost some of its value due to many teenagers purchasing the brand's products. Moreover, some respondents fear that if there was a Michael Kors store opened in Finland the "glamour-image" of the products might weaken due to their even easier accessibility.

### **Reasons for luxury consumption**

Another question we asked the bloggers was, "If you have ever invested in a luxury product, of what reasons have you made the purchasing decision?"

Several respondents had invested in a luxury product mainly because of its appearance. Design, material and timeless designs were other factors that influenced their buying decisions. The brand itself can also be a major factor for investing in a luxury product. However, one of the respondents answered that although the brand matters, it is never a main criterion for the buying decision. On the contrary, one of the respondents had invested in a luxury product because she wanted to be associated with the status and image that come to mind about the specific brand. The respondent also added that she had bought a product after seeing another popular blogger using a similar one.

In addition, many respondents had invested in a luxury product because of its high quality. The answers show that durability of the product is a particularly important factor when making the buying decision. Many respondents stated that quality products with beautiful and classic designs attract the Finnish consumers. Thus, Finnish people are ready to invest and indulge themselves by buying more expensive product because of the excellent quality and long-lasting durability.

Based on some of the answers, strong desire towards owning a luxury product, with a certain criteria, has influenced the decision to invest in a specific brand and product. Few respondents said that they had saved money for a long time in order to fulfil their desire to buy a luxury product.

For some respondents, a specific need for the product has been more important than just a desire. They had made the investment based on their need and the knowledge that a high quality corresponds to a long durability. One respondent answered that she prefers buying more expensive, high quality products, instead of cheaper products, especially because of the durability and good quality -price ratio of the expensive products.

One of the respondents stated that in her opinion, Michael Kors brand does not actually belong in the “luxury category”. However, she added that Michael Kors brand stands for products of beautiful design and good quality. The strong use of the Michael Kors logo is not an attractive feature, in her opinion. Additionally, another fashion blogger also stated that she does not prefer buying the brand’s products because of the flashy logo used in the products.

### **5.3 S.W.O.T. – analysis of the data**

As stated by Tim Berry, the founder and chairman of Palo Alto Software and Bplans.com, S.W.O.T. as an acronym stands for Strengths, Weaknesses, Opportunities and Threats. Therefore, S.W.O.T. – analysis includes an organized list of businesses’ most significant strengths, weaknesses, opportunities and threats. Strengths and weaknesses are businesses’ internal factors that can be changed but opportunities and threats are external factors that can be linked to, for example, competitors of the business. Berry states that strengths are internal positive attributes that can be both tangible and intangible. Weaknesses are internal and negative factors that may reduce the businesses’ competitive advantages. These weaknesses should be improved internally in order to gain competitive advantages over the businesses’ competitors. Opportunities are external positive factors and reasons why the business would be likely to succeed. Threats, on the other hand, are negative external factors that can be

risks for businesses' strategies and success. On threats, businesses do not have control over. However, addressing the external risks in advance enables the business to manage these threats, and prosper in risk management. (articles.bplans.com, 2014)

Based on our online interview, an S.W.O.T. – analysis was created. The answers of Sköna Clara's founder Camilla Aurén-Raatikainen were categorized as the Strengths, Weaknesses, Opportunities and Threats of Michael Kors brand in her store.

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• The positive brand image</li> <li>• Classic and modern-day trendy product line</li> <li>• High-quality products</li> <li>• Excellent price-performance ratio</li> <li>• Effective promoting tools: social media and digital marketing</li> <li>• Best selling items: bags and smaller accessories</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• Plagiarism has had a negative impact on the image</li> <li>• Finland's markets might be too small for freestanding stores of big, prestigious luxury brands.</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Lower prices of affordable lines attract a wider customer range</li> <li>• People from all age groups purchase the brand's products</li> <li>• Customers want good quality products</li> <li>• Price is not always crucial for customers</li> <li>• The recession has not affected the brand's sales</li> <li>• Regular and wide customer base</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Finns consider middle priced luxury products expensive</li> <li>• A freestanding store might satisfy the market's needs too fast</li> <li>• A freestanding store might "wear out" the brand</li> <li>• Due to the recession, people buy more rarely and considerably</li> <li>• Compared to other Scandinavians, the Finnish woman consumes less and buys more affordable products</li> </ul>

FIGURE 16. S.W.O.T. – analysis based on the data.

### *Strengths*

The strengths of the Michael Kors brand show that the products of the brand meet the high -quality the Finnish consumer seeks in a luxury product. In Aurén-Raatikainen's opinion, the brand also has a good image in Finland, and therefore consumers trust the brand and believe that the products are worth investing in. In addition, the excellent price-performance ratio further supports the consumers' buying decision. Moreover, the product lines of Michael Kors are classic and modern-day trendy, which attracts the Finnish consumers. The best-selling items of the MICHAEL Michael Kors line would be bags and smaller accessories.

### *Weaknesses*

Despite the good brand image of Michael Kors, plagiarism has had a negative impact on the brand. Luckily in Finland, stores selling fake luxury products are not as popular or common as they are abroad. Another weakness, stated by Aurén-Raatikainen, is the fact that the Finnish market area might be too small for luxury brands.

### *Opportunities*

Aurén-Raatikainen feels that because the MICHAEL Michael Kors line is more affordable, the lower prices have attracted a wider customer range, which is a great opportunity for the brand. The brand's classic, yet trendy products attract people from various age groups to purchase the brands products. Moreover, Finns from all age groups tend to appreciate classic products and are willing to spend money on them.

### *Threats*

Finns perceive the middle prices of MICHAEL Michael Kors' line's products high. In addition, the recession has affected the consumer behavior; people buy more considerately and rarely. As stated by Aurén-Raatikainen, one significant threat for Michael Kors' success in Finnish market is that Finnish women are consuming less and buying more affordable products compared to other Scandinavian women. A freestanding store of Michael Kors could also satisfy the needs of the Finnish consumer markets too fast.

## **5.4 Conclusions**

The interview and questionnaire provided descriptions and opinions of selected individuals connected to the fashion industry. Both sources of data revealed that Michael Kors has a good brand image in Finland. Majority of the survey respondents had seen Michael Kors products being advertised in Finland. Moreover, the questionnaire results reveal that despite not everyone seeing Michael Kors' advertising before, the brand is still well known.



In addition, both sources of data showed that people have a desire for purchasing Michael Kors products. The products were mostly described positively, and the quality and the variety of the products were the key factors for the purchasing decisions. Furthermore, features such as high-quality, durability, classic design, and trendiness of the products were repeated in the answered.

Most of the respondents answered that if there was an own freestanding store of Michael Kors opened in Finland, it would succeed well and almost half of the bloggers would want to purchase something from the store. Furthermore, the majority of the questionnaire respondents would be willing or maybe be willing to visit the Michael Kors store if one was opened. However, the respondents answered that they make a purchase of a luxury product yearly or more rarely.

The questionnaire and interview results revealed that the store's best-selling products would be bags and smaller accessories. Most bloggers believe that young adults, from ages 18 to 34, would be most interested in buying the brand's products. On the other hand, the results of the interview and the questionnaire also show that people from all age purchase the brand's products.

On the contrary, the respondents were not sure whether there would be enough need or customers for own free-standing store to succeed. In addition, the interviewee believes that the Finnish markets might be too small for luxury brands. Moreover, most of the respondents had purchased their Michael Kors product online.

The interviewee also believes that Finns consider luxury products' middle prices high. There were some respondents who felt that Michael Kors' products were indeed too expensive to purchase. Contrarily, some felt that the Michael Kors products are affordable and most of the respondents would be ready to purchase a product ranging from 100€ to 200€.

Additionally, the results of the interview and questionnaire showed that the most efficient marketing channel for promoting the new Michael Kors store in Finland would be online marketing. Moreover, fashion bloggers believed that efficient marketing channels for promoting Michael Kors would be Public Relations and fashion magazines. The questionnaire results also revealed that the weakest channels

for promoting Michael Kors store in Finland would be advertising in traditional media.

## **6 DISCUSSION**

The discussion section accumulates the most valuable results and revelations of the study introducing the most substantial findings compared to similar or related topics of the prior research presented in the literature review. Based on the findings, some suggestions for components of the recommended marketing strategy were given.

### **6.1 Overview of the results**

The online questionnaire link was sent by email to all the Indiedays.com bloggers who had their blogs represented under the blog category “fashion”. The questionnaire explored factors that were important to discover regarding our research questions. The main factors were: the current image of Michael Kors in Finland, and luxury consumption and purchasing behavior in Finland. Moreover, the other factors of interest were related to the way the Finnish culture would affect the profitability of a potential new freestanding store of Michael Kors, and how the brand should be marketed in Finland.

In total, 54 out of 170 bloggers completed the questionnaire. The sample was considered representative, since the number of answers was one third of the total group. In addition, the answers were given to respondents representing different age groups and occupations. However, there were no male respondents, thus both genders were not represented.

The interview was conducted for the owner and founder of the fashion boutique Sköna Clara, Camilla Aurén-Raatikainen. The interview aimed to gain insight into the clientele of Michael Kors: their purchasing power, their size and their age distribution. The boutique was founded in 2002. Hence, the retailer had a good understanding of the Finnish luxury consumption and purchasing behavior.

Both the interview and the questionnaire offered, amongst other information, primary data about the current brand image of Michael Kors in Finland and, what marketing channels would be the most effective in promoting the brand for the target group.

### **Finnish luxury consumption**

When comparing the results with the research of Terhi Wilska (2010), it can be said that consuming luxury goods has increased among young adults and that they will also be the ones consuming the products the most in the future. Moreover, the results of the questionnaire support the earlier research that “status-seeking” consumption is more typical for young adults. The open questions of the questionnaire showed that the need for showing status and achieving an ideal self-image may also be some of reasons for investing in a luxury brand. However, according to Hofstede, it is typical for Finns to avoid showing status and wealth.

However, the results of the questionnaire revealed that luxury goods are not only perceived as “status-seeking”. Many fashion bloggers purchased luxury products for a number of other reasons. For example, certain respondents were willing to invest in a luxury brand products because they wanted good quality and durable products. This again supports the research of Wilska. She believes that along with the materialistic and “status-seeking” consumption, there is developing a form of responsible consumption. The results of the questionnaire also reveal that Finns invest in luxury products because of their features, not only because of the brand name.

In addition, the questionnaire and interview produced similar results as the market research conducted by Louis Vuitton. These results suggest that Finnish people appreciate products of high quality and sustainability. Moreover, Finnish people buy a great number of their luxury products abroad.

Some of the Finnish values represented by Richard D. Lewis (2006) and the authors of the Cultural Detective (Hovemyr, Piispanen-Krabbe, 2005) can also be justified by the results of the questionnaire. The authors of the Cultural Detective consider Finns to be stable, which can be justified by the consumer patterns of loyal customers of Michael Kors’s products in the Sköna Clara boutique, for example. Some respondents believed

the same as Lewis: Finnish people do not praise their achievements. Moreover, the respondents believe that Finns typically avoid showing off their wealth with flashy luxury products. Similar results were also found in the Louis Vuitton's market research; in general, people do not brag about their accomplishments and property. The article by Outi Sarpila and Leena Haanpää (Sarpila & Haanpää, 2010) suggest that in welfare states such as Finland, where most of the citizens' basic needs are guaranteed, most people are primarily satisfying their "wants" not "needs". This statement, compared to the research results, is both true and contradictory. The results reveal that Finnish people do not typically splurge on their "wants", such as luxury products, and that they are stingy. On the contrary, the respondents believe that the Finnish culture is changing. People are appreciating high quality products more and the trends of owning luxury products have resulted in people purchasing and investing in luxury products more than before.

Partly, some results from the questionnaire and the interview seem to contradict some of Hofstede's predictions ([geert-hofstede.com](http://geert-hofstede.com)). Finland is, according to Hofstede's scoring, an indulgent society, but rather than having a weak control over desires and impulses, the results show that Finnish women tend to consume less and buy more affordable products than other Scandinavian women. Finland being a relatively high scored country in uncertainty avoidance, it is not surprising that Finns perceive the middle prices of luxury products high. Even fashion bloggers purchase luxury products only annually or more rarely. However, the research by Wilska (2010) shows that the consumption of luxury products has increased among young adults due to their hedonistic values and specific appreciation of self-indulgence.

The economic recession has evidently had a negative impact on the luxury industry, in terms of people buying luxury products more considerably and more rarely. This is supported by all the data. Yet, despite the economic recession, more and more luxury products are sold.

People generally perceive luxury products as having good quality. Therefore, the regular customer base of, for example of Michael Kors in the Sköna Clara boutique, continues to invest in the products. Moreover, research confirms that people keep consuming smaller luxury goods in order to still fulfil their desire for indulgence. This confirmation is supported by the data gathered from the interview and the

questionnaire: the best-selling products of a freestanding Michael Kors store in Finland would be bags and other smaller accessories. (luxurysociety.com, 2010) Maslow stated that satisfying certain needs motivates human beings. Some of the esteem needs, achievement, status, and reputation may be perceived to be linked to consuming luxury products. The results of the questionnaire showed that these needs can truly lead to purchasing luxury products: one of the fashion bloggers had invested in a luxury product because she wanted to be associated with the status and image that comes to mind about the specific brand. (www.simplypsychology.org)

### **Brand image**

The online questionnaire and interview results unveiled that the image of the Michael Kors brand in Finland is mostly positive, and the brand awareness is high. Thus, when comparing these results to the theory of Chevalier & Mazzalovo (2012), the Michael Kors brand possesses a high value in the Finnish luxury market. (Chevalier & Mazzalovo 2012, 98)

Keller (2012) stated that brand awareness includes the recognition of the brand and the level of performance the brand is recalled to have. Therefore, it is assumed that the brand awareness affects the consumer's decision making process. Moreover, few respondents of the online questionnaire emphasized the importance of brand image in the decision making process, when purchasing a luxury product. However, many fashion bloggers strongly believe that the most important factors in the decision making process are high quality and durability of the product. Yet, brands are important for the customer because they enable the customer to identify a good quality product. (Keller, Apéria & Georgson 2012, 60- 61, 8)

The questionnaire and interview results also revealed important information of the brand performance of Michael Kors in Finland. Keller (2012) states that the analysis of brand performance includes five types of factors, primary ingredients and supplementary features, product reliability, durability and serviceability, service effectiveness, efficiency and empathy, style and design including price features. (Keller, Apéria & Georgson 2012, 71)

Furthermore, according to a brand scientist Bambang Sukma Wijaya (2013), the powerfulness of the brand image can be measured through brand image dimensions, such as Brand Association, Brand Competence, Brand Identity and Brand Personality. These dimensions also emerged from the results of the online questionnaire and are included in the analysis. (Wijaya B. S. 2013, 7-9)

### *Features and reliability of the product*

The results of the online questionnaire and interview revealed that the brand and the related products are mostly liked and well-known, especially among young people in Finland. Moreover, according to the interview results, people of different age -groups have the desire to buy Michael Kors products, and the brand has its own regular customer base. In addition, based on the online questionnaire results, the brand is also associated with reliability and durability. Numerous respondents also described Michael Kors products being of high quality. Therefore, it can be said that the Michael Kors brand has built a reliable relationship with its clientele and that the brand shows competence.

### *Service effectiveness*

The Michael Kors brand offers a wide range of products and the brand's second and more affordable collection, MICHAEL Michael Kors. The line is designed to meet the needs and demand of wider market. Due to its accessibility, the target group is young adults. This was also believed to be the most preferable target group by the fashion bloggers. However, based on the interview answers, the collection also attracts consumers from several different age groups and occupations. (Michael Kors Annual Report 2014, 4)

### *Style & Design*

The respondents regarded the brand and brand image of Michael Kors, mostly as trendy, classic, youthful, luxurious and timeless. However, some respondents felt that

the brand is teenage-like, and that it has therefore lost some of its value. In addition, plagiarism has also slightly diminished the Michael Kors brand value. Nevertheless, the style and design of the Michael Kors products attract Finnish consumers. For the most part, the brand identity and personality of Michael Kors is attractive to its potential target group.

### *Price features*

Although some of the fashion bloggers felt that the prices of the Michael Kors products are high, the online questionnaire results proved that Finnish consumers are rather willing to invest money in desired products. Moreover, the respondents believe that decreasing the price of Michael Kors products might result in a decreased brand value, which would weaken the exclusive brand image.

### *Conclusions from the Brand Performance*

In conclusion, based on the Keller (2012) brand analysis of the interview and online questionnaire, the value of Michael Kors brand in Finland is rather high. Moreover, the brand performance of Michael Kors is fairly good. The research results also show that the high brand awareness and the good brand performance of Michael Kors influence the overall brand image in Finland positively. However, the brand image of Michael Kors, such as the brand identity and personality, can still be improved by effective marketing activities. Nevertheless, the current position of the Michael Kors brand is already good in the Finnish luxury market.

## **Marketing**

In order to reach the target group most efficiently, promotional strategies can include several different functions and activities. However, as reported by Lea-Greenwood & Gaynor (2012), promoting in traditional media, such as TV and newspapers, has decreased nowadays, whereas advertising on online has increased considerably. (Lea-Greenwood & Gaynor 2012, 8- 9, 182) The results of the online questionnaire and

interview also supported the previous research: the importance of online marketing has increased in advertising of fashion and luxury brands. For example, the respondents believed that efficient channels for promoting the Michael Kors brand would be advertising on social media, such as Facebook and Instagram, and sending clientele newsletters by email. In addition, other efficient marketing channels for promoting the new Michael Kors store in Finland would be promoting in fashion magazines and in PR- events. Lea-Greenwood & Gaynor (2012) believe that blogging is one of the most significant PR for fashion brands. The results of the online questionnaire suggest that promotion in various fashion related channels, as well as bloggers promoting the products would be some effective ways to promote the Michael Kors brand in Finland. (Lea-Greenwood & Gaynor 2012, 57, 184)

The results also supported the previous research by revealing that the weakest channels for promoting Michael Kors store would be advertising on traditional media. As stated by Lea-Greenwood & Gaynor (2012) the experience inside the retail store should be “infotainment”. In other words, the customer gets both, information and entertainment, when visiting the store. The retailer of the Michael Kors brand, Camilla Aurén-Raatikainen, also believed that high-quality customer service is a significant factor in developing trustworthy relationships with customers. The importance of good customer service was also emphasized in the results of the online questionnaire. Numerous fashion bloggers felt that good quality and friendly customer service would affect the success of the Michael Kors store positively. (Lea-Greenwood & Gaynor 2012, 90)

When implementing the marketing strategy for Michael Kors, the importance of the customers and the culture they live in should also be taken into consideration. According to Lea-Greenwood & Gaynor (2012), fashion retailers should bear in mind the different lifestyles of customers, which have an effect on the attitudes towards luxury and fashion. Moreover the culture, which people live in, has a significant effect on what kind of marketing is suitable and most profitable. (Lea-Greenwood & Gaynor 2012, 139) For example, the fashion bloggers felt that before, it was not typical for Finns to purchase luxury products and that they did not appreciate luxury goods as much as people do somewhere else in the world. However, the trend is changing and Finns are becoming more brand conscious than before. More and more people are



willing to invest in luxury products - something that the luxury industry and brands should respond to.

## 6.2 Answering the research questions

*“The current retailers of Michael Kors in Finland and the company itself, if looking into expanding to the Finnish market, benefit from understanding the core Finnish values that influence all business procedures. The research problem is to find out how distinctive Finnish cultural aspects affect the company’s potential for success in Finland. The research questions below seek to find answers to the research problem in a holistic manner.”*

- *What components of the Finnish culture affect the Michael Kors brand when entering the Finnish luxury market?*
  - *What is the current brand image of Michael Kors in Finland?*
  - *What considerations should be applied to the marketing functions of Michael Kors due to distinctively Finnish cultural aspects?*

When considering the results of the questionnaire and interview, one can say that many components of the Finnish culture would affect the Michael Kors brand when entering the Finnish luxury market.

On the basis of the research results, the current luxury consumption patterns of Finns, as well as people’s tendency to avoid flashy designer products would, for the most part, result in difficulties with the success of a luxury brand in Finland. The research revealed that the Michael Kors brand is associated, to some extent, with consumers that seek to show their status. However, this type of consumption is typically avoided in the Finnish culture.

Despite Finnish culture being indulgent, this factor does not always reflect in people investing in luxury goods. The research results show that most Finns are still influenced by the culture and customs of the past. However, the Michael Kors products are targeted for women living a jet-set lifestyle, offering the opportunity for the young adult women to set trends and to simultaneously change the Finnish culture.

The current luxury consumption is changing in Finland, which is one of the most significant factors for the market entry of Michael Kors. The society is shifting from a feminine culture to a more masculine one, meaning that showing status with material is becoming more common. In other words, consumers are becoming more and more brand-conscious and want to purchase luxury goods such the products of Michael Kors.

Finnish consumers appreciate high quality and durability, which derives from high uncertainty avoidance. Moreover, the prices of the products should be affordable for the target group. The affordable prices may attract a wider market but in order to enhance the brand image, the prices should reflect the brand's value. To ensure the feeling of the brand's exclusiveness, the prices should be appropriate.

Based on the research results, the brand image of Michael Kors is mainly positive in Finland. The brand analysis also showed that the brand possesses high value and fairly strong brand performance. However, the results revealed a few of the weaknesses related to the brand image of Michael Kors. The current brand image of Michael Kors in Finland evidently affects people's willingness to purchase the related products either positively or negatively. Therefore, the objective for the marketing functions, should be improving the overall brand image of Michael Kors in Finland.

As a result, considering all the factors that emerged in the research, the marketing functions should be implemented, to some extent, based on the Finnish cultural aspects such as the core Finnish values and the Finnish target market.

### **6.3 Limitations of the study**

A major limitation in our research was the difficulty of finding a Finnish retailer of Michael Kors products who would be willing to be interviewed. Requests for an interview were sent to several retailers until finding the retailer who agreed to an interview. In the end, we interviewed the owner and founder of the fashion boutique Sköna Clara, located in western Finland. The boutique was founded in 13 years ago; hence the retailer had already developed an understanding of the development in sales and clientele of Michael Kors in her boutique. However, the primary data was only

gathered from one interviewee and therefore the answers are not generalizable. In addition, the non-central location of the boutique might affect the interview results. Also, the amount of sales and clientele of a boutique cannot be compared to those of a larger retail business. All in all, more research would be preferable in order to generalize the results.

We conducted an online questionnaire as a tool to gather primary data. The questionnaire was sent to approximately 170 fashion bloggers. However, we received answers only from one-third of the potential amount of responses. The final sample size consisted of 54 fashion bloggers representing different age groups and occupations. All of the respondents were women, thus both of the genders were not represented. The number of responses needs to be taken into consideration when analyzing the final results. Moreover, some of the research results might have varied, had the brand not been defined in the questionnaire.

The respondents had valuable knowledge about the latest fashion trends and insight into the luxury industry, but one must take into account the possible lack of knowledge about the entity of the Finnish culture, luxury consumption, branding and marketing.

Another limitation that needs to be borne in mind is that the language of the original online questionnaire and the interview. The language of the questions and answers of the online questionnaire and the interview were in Finnish. Thus, when reporting the results, the answers were translated from Finnish to English. There is a possibility that there is a deficiency in translation, in terms of explaining some of the answers in English in their original and exact manner.

## **6.4 Recommendations**

The company Michael Kors has proved, with their increased sales numbers in all markets that they have demand and the ability to succeed outside the domestic United States market. Moreover, the company has its own conception of cultures they want to expand their business to and their brand image in that specific market area. Therefore all of the following recommendations made are in addition to Michael Kors' own

existing viewpoint. Furthermore, the recommendations are principally focused on helping the Michael Kors Company to understand the underlying effects of culture on luxury brand marketing.

When entering a new market area, problems can arise if the new market has not been researched enough. Therefore, an unknown market and culture requires thorough research and appropriate actions and alterations to existing marketing functions to assure success.

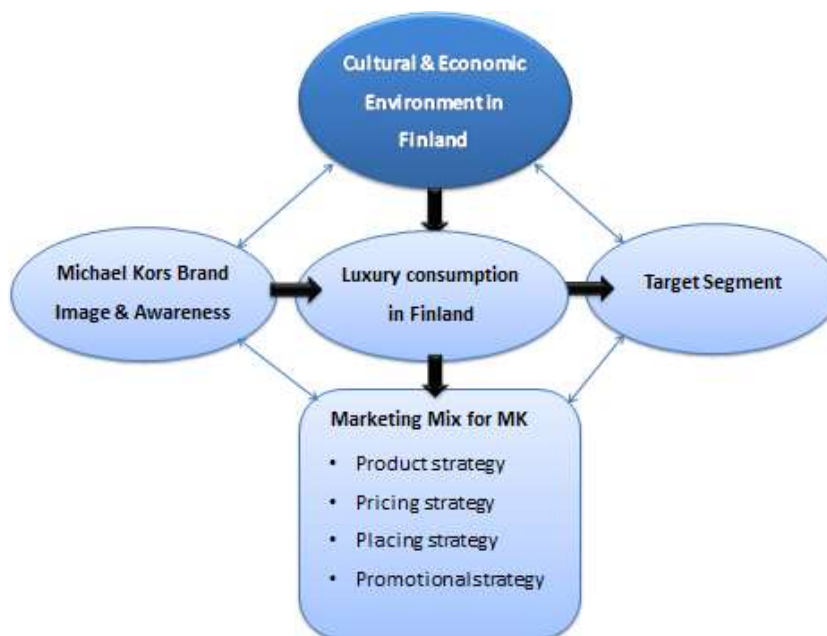


FIGURE 17. Impact of Finnish culture on the marketing functions of Michael Kors.

Finland as a market area has a lot of potential, and the market becomes even more attractive to luxury brands after recovering from the recession. In the evolving Finnish culture, for example changes in the purchasing behavior of the younger generation might potentially increase the interest of brands in the luxury business as well. Overall, market entry strategies are strongly influenced by the culture of the new market. Cultural aspects therefore affect all the stages of the strategies before and after entering a new country.

The potential of a Michael Kors freestanding store in Finland is significant. Michael Kors has already a strong and positive brand image in Finland and customers desire and purchase the products. Despite the recession, customers buy smaller luxury goods

to fulfill the desire to indulge. If Michael Kors should enter the Finnish market, it can take advantage of Finns' tendency to indulge.

Moreover, by further improving the brand image, the success will be more ensured. There are Finns who purchase luxury products on a weekly basis, and the aim of improving the brand image is to increase people's willingness to purchase Michael Kors products. It is also important that luxury brands take into consideration the values of Finnish consumers. Once a brand promotes values appreciated by the Finnish target group, the interest, desire and need for the brand's products awakens.

The marketing of Michael Kors products in Finland should focus on young adult women and people living a jet-set lifestyle. This demographic segment represents, most accurately, the target market and the people who desire the features typical of luxury products. Moreover, reliable and proficient customer service and the establishment of a "Lovemark" position will enable the brand to increase its reliability. This would result in further increasing sales and the ability to attract more potential customers. The aim is to develop a regular customer base because Finns tend to stay loyal to the brands they trust. All in all, the successful branding of Michael Kors would result in an increased respect, love and loyalty towards the brand among Finnish consumers.

The economic situation in Finland and the target group's disposable income affects the success of the luxury brand the most. By displaying a wide product selection, from affordable smaller accessories to more expensive items, options can be offered for all customers. Moreover, Finns value luxury products and are willing to invest in them, if the quality is ensured and the brand is trusted. Thus, when implementing the promotional activities in Finland, the emphasis should be on the products' high quality, durability and classic appearance.

A freestanding store in Finland could also be a good competitive opportunity for luxury brands like Michael Kors. A physical store offers an easier availability to products and better customer service for the brand's regular and new customers. The store also enables the establishment and maintenance of reliable relationships with the customers, which are one of the key factors in retaining Finnish customers.

Most respondents believe they would visit the store annually. However, appropriate customer service and an easy access to the store could potentially increase the visits to the store and the frequency of purchases. The store itself and the customer service should also reflect the Finnish values. Furthermore, the most preferable location for a luxury brand to establish the freestanding store would be in the metropolitan area of Finland.

In general, appropriate marketing and promotion are significant factors in the success of any luxury brand in Finland. The promotional strategy of Michael Kors should include all of the functions of the promotional mix when entering Finland: advertising, sales promotion, personal selling, public relations and direct marketing. However, promotion should not be too excessive but in accordance with the manner Finns are accustomed to.

The most effective marketing channels for Michael Kors in Finland would be online marketing, advertising in fashion magazines and promoting with public relations activities. Examples of online marketing would be promoting and advertising on in the social media. Sending clientele newsletters by email would be an effective channel for direct marketing. PR activities, on the other hand, could include offering the most influential fashion bloggers free products for them to promote in their successful blogs. Moreover, sales and various campaigns in the store could attract new and old customers to the store and purchase products more often. Ultimately, the desired outcome of marketing would create the need and desire for Finnish consumers to purchase Michael Kors products. These needs and desires should be derived from the Finnish cultural variables.

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# APPENDICES

## Appendix 1. Screenshot of the questionnaire



MICHAEL KORS

### QUESTIONNAIRE

**Sukupuoli**

Nainen

Mies

**Ikä**

**Ammatti**

**Onko Michael Kors -brändi sinulle tuttu?**

Ei

Hieman

Ohi

Toolella tuttu

**Onko Kyselyn brändin logo sinulle tuttu?**

En osaa sanoa

Ei

Kyllä

**Oletko ikinä nähnyt Michael Korsin tuotteiden mainontaa Suomessa?**

Ei

Kyllä

**Minkälainen maine Michael Kors -brändillä on sinusta Suomessa?**

En osaa sanoa

Hyvä

Keskittämisen

Huono

Other

**Minkälaisilla adjektiveilla kuvallisit brändin tuotteita?**

Yksä tai useampi vaihtoehto sallittu.

Kestävä

Laadukas

Käily

Halpa

Huono materiaali

Huono laatu

Erittäin

Maailman parhaimpi (väri, laatu, tuntu)

Other

**Minkälaisilla adjektiveilla kuvallisit mielikuvia, joita brändi sinussa herättää?**

Yksä tai useampi vaihtoehto sallittu.

Luksus

Halvannainen

Raha

Runo

Äkkösmäinen

Polystyreni (jogen käyttö)

Kivirikon

Trendikäs

Huonokas

Tavanomainen

Ajaton

Klassinen

Other

**Milaiseen hintaluokkaan koet Michael Korsin tuotteiden sijoittuvan?**

Halpa

Kustannettavissa on

Käily

Liian kallis ostettavaksi

Other

**Jos Suomeen avattaisiin Michael Korsin oma liiketila, miten se sinusta menestyisi?**

- Huonosti
- Keskialueesti
- Hyvästi
- Erittäin hyvin
- En osaa sanoa

**Koetko, että Michael Korsin tuotteita on saatavilla riittävästi Suomessa?**

- Kyllä
- Ei
- Ehkä
- En osaa sanoa

**Koetko, että saat tuotteita helposti muualta tarpeen tullen? (esim. netti-kaupoista)**

- Kyllä
- Ei
- Ehkä
- En osaa sanoa

**Oisiko mielestäsi oman Michael Korsin liiketilan avaaminen tarpeellinen?**

- Kyllä
- Ei
- Ehkä
- En osaa sanoa

**Oletko koskaan harkinnut ostavasi Michael Korsin tuotetta?**

- Kyllä
- Ei
- Ehkä
- En osaa sanoa

**Jos olet joskus ostanut Michael Korsin tuotteen, mistä olet sen ostanut?**

Yksi tai useampi vaihtoehto sallittu.

- Netti-kaupasta
- Ulkomailla
- Suomesta (avaruutista)
- Suomesta (muu jälleenmyyjä)
- Other:

**Minkä ikäluokan edustajat olisivat mielestäsi kiinnostuneita ostamaan tuotteita Michael Korsin liikkeestä Suomessa?**

Yksi tai useampi vaihtoehto sallittu.

- 18-24 v
- 25-34 v
- 35-45 v
- 46-75 v

**Mitä Michael Korsin tuotteita myisi sinusta parhaiten Suomessa?**

Yksi tai useampi vaihtoehto sallittu.

- Asusteet
- Kallot
- Kengät
- Laulut
- Vaatteet (naisten ja miesten)

**Kävisitkö itse liikkeessä?**

- Kyllä
- Ei
- Ehkä
- En osaa sanoa

**Oisitko halukas ostamaan jotain liikkeestä?**

- Kyllä
- Ei
- Ehkä
- En osaa sanoa

**Kuinka paljon olisit valmis maksamaan Michael Korsin tuotteesta?**

Yksi tai useampi vaihtoehto sallittu.

- 0-50€
- 50-100€
- 100-200€
- > 200€

Jos olet joskus sijoittanut luksustuotteisiin, mistä syistä olet tehnyt ostoksen?

Mikä tekijät sinusta vaikuttaisivat eniten Michael Korsin liikkeen menestykseen Suomessa?

Perustelut tai lisähuomioita

Miten luulet suomalaisen kulttuurin vaikuttavan luksustuotteiden kulutukseen?

Kuinka usein sinun tulisi käytyä liikkeessä?

- Viikottain
- Keskustittain
- Vuorittain tai harvemmin
- En ota selvää

Kuinka usein ostat muita luksus tuotteita?

- Viikottain
- Keskustittain
- Vuorittain tai harvemmin
- En ota selvää

Mikä kanavat olisivat mielestäsi tehokkaimmat uuden Michael Kors - liikkeen markkinoinnissa Suomessa?

Yksi tai useampi vaihtoehto sallittu

- Uutislehdet
- Uutislehdet
- Televisio
- Radio
- Internet
- PR-tapahtumat (esim. muotinäyttelyt, ja messut)
- Uko- ja ikkainnassäiliöt

Haluan osallistua arvontaan, jossa voin voittaa itselleni Michael Korsin yllätystuotteen.

- Kyllä, kiitos!
- En osallistu arvontaan

Jos vastasit kyllä, täytäthän yhteystietosi yhteydenottoa varten. Kiitos!

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## Appendix 2. A copy of the covering letter to the online questionnaire

(Email)

Hyvä Indiedays Bloggari,

Yhdessä opiskelija kollegani Mari Halmeen kanssa työstämme tällä hetkellä opinnäytetyötämme Jyväskylän ammattikorkeakoulussa International Business-linjalla.

Opinnäytetyömme aiheena on luksustuotteiden markkinointi ja kulutus, sekä selvittää minkälainen brändi-imago Michael Kors -brändillä on Suomessa.

Tarvitsisimme teidän apua ja näkökulmia tutkimukseemme! Olisimme hyvin kiitollisia jos vastaisitte kyselyymme joka vie noin 5 minuuttia. Kysymykset linkittyvät aikaisemmin mainittuihin aiheisiin.

Kysely on täysin anonyymi, mutta halutessanne, voitte jättää lomakkeeseen yhteystietonne. Kaikkien kyselyyn vastanneiden (ja yhteystietonsa jättäneiden) kesken arvotaan Michael Korsin yllätyspalkinto!

Alla linkki kyselyyn:

[https://docs.google.com/forms/d/1kvuq96QrDa07o8ZfzLfvF3Knh79uFfQkYGkQ4afZz8/viewform?usp=send\\_form](https://docs.google.com/forms/d/1kvuq96QrDa07o8ZfzLfvF3Knh79uFfQkYGkQ4afZz8/viewform?usp=send_form)

Kiitoksia paljon osallistumisesta ja avustanne!

Ystävällisin terveisin,

Amanda Rissanen

Yhteystiedot:

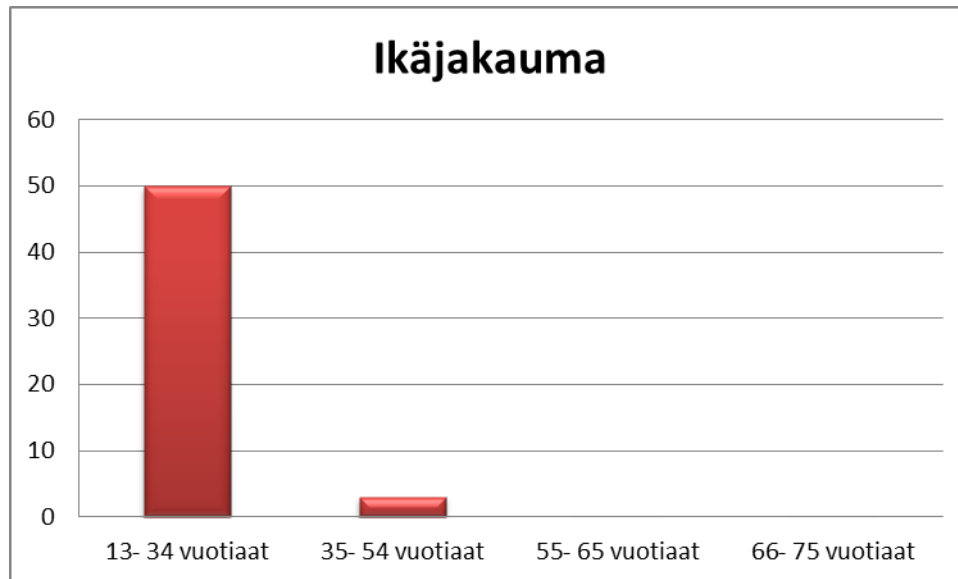
Mari Halme  
[mari.halme@gmail.com](mailto:mari.halme@gmail.com)  
041-5436998

Amanda Rissanen  
[amandarissanen@gmail.com](mailto:amandarissanen@gmail.com)  
050-4919818  
<http://a-internationalview.blogspot.fi/>

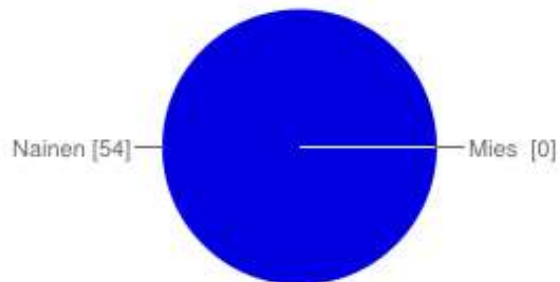


### Appendix 3. Online Questionnaire Result Charts

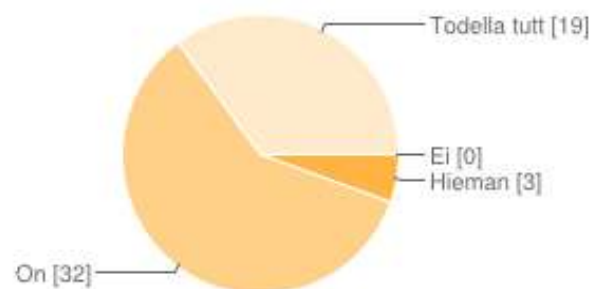
#### Ikäjakautta (Age Distribution)



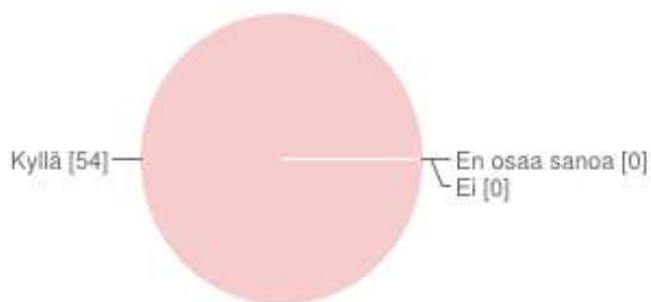
#### Sukupuoli (Gender)



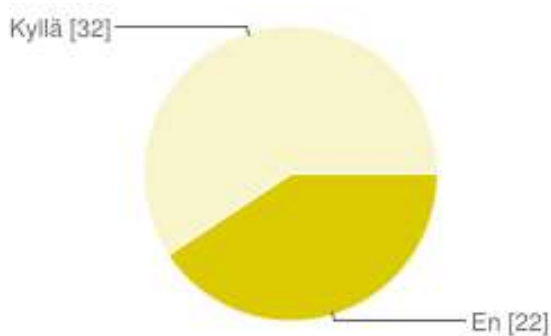
#### Onko Michael Kors - brändi sinulle tuttu? (Are you familiar with brand Michael Kors?)



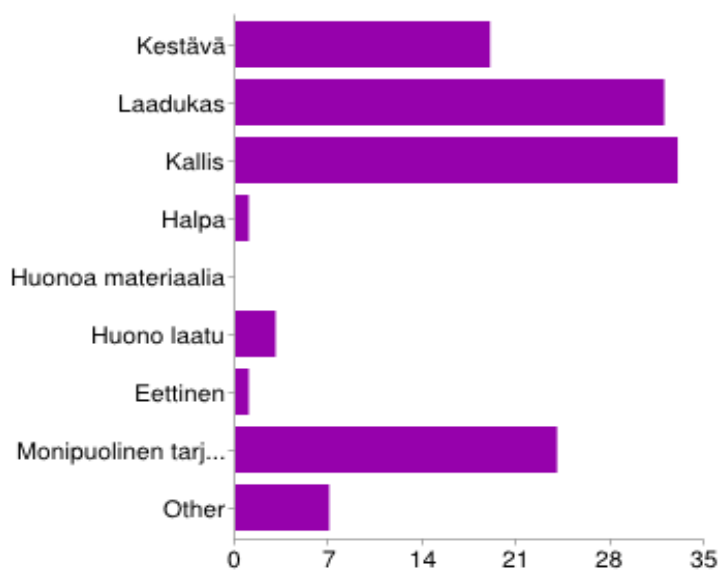
**Onko kyseisen brändin logo sinulle tuttu? (How familiar are you with the logo of the brand?)**



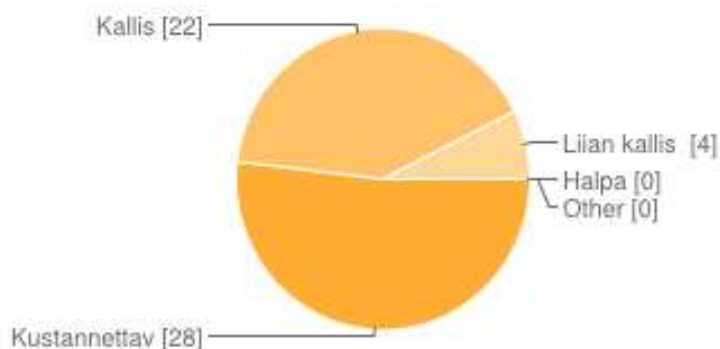
**Oletko ikinä nähnyt Michael Korsin tuotteiden mainontaa Suomessa? (Have you ever seen advertising of Michael Kors- products in Finland?)**



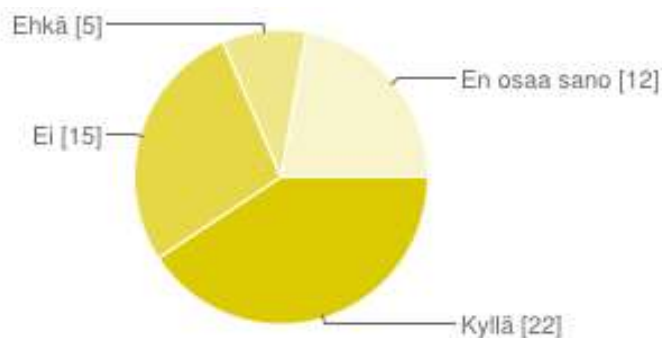
**Minkälaisilla adjektiiveilla kuvailisit brändin tuotteita? (How would you describe the products of Michael Kors brand?)**



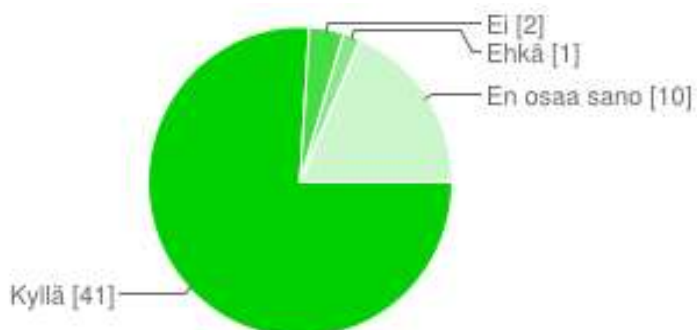
**Millaiseen hintaluokkaan koet Michael Korsin tuotteiden sijoittuvan?( In what kind of a price range do you feel the products of Michael Kors are positioned in?)**



**Koetko, että Michael Korsin tuotteita on saatavilla riittävästi Suomessa? (Is there enough availability of Michael Kors' products in Finland at the moment?)**

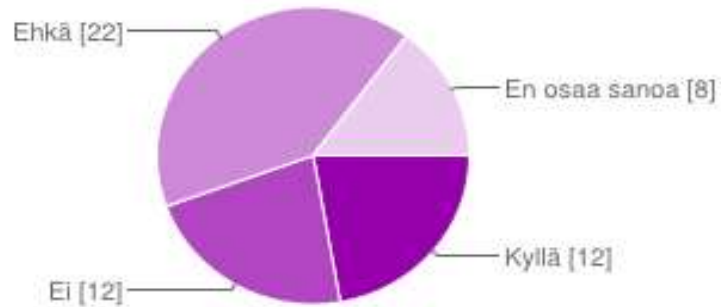


**Koetko, että saat tuotteita helposti muualta tarpeen tullen? (esim. netti-kaupoista) (Do you feel that if needed, you can get Michael Kors' products easily from somewhere?)**

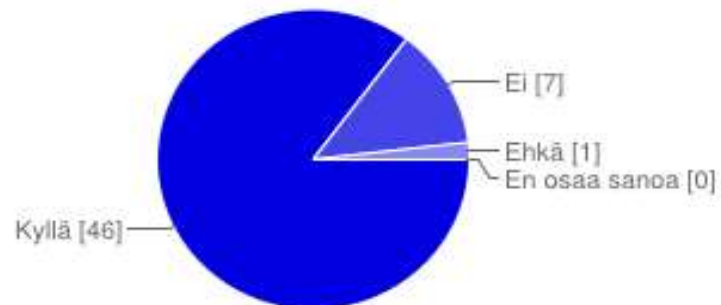


**Olisiko mielestäsi oman Michael Korsin liiketilan avaaminen tarpeellinen?**

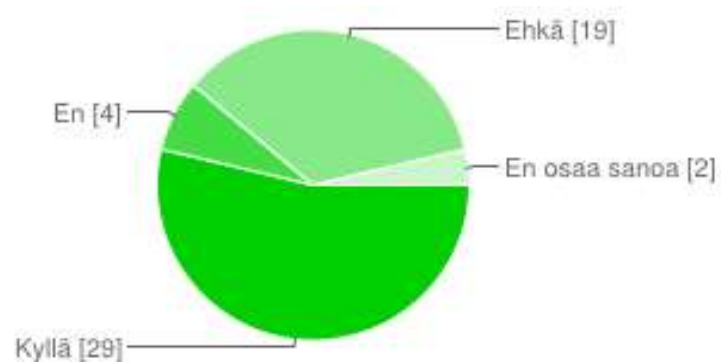
**(Would it be necessary to open a freestanding store of Michael Kors in Finland?)**



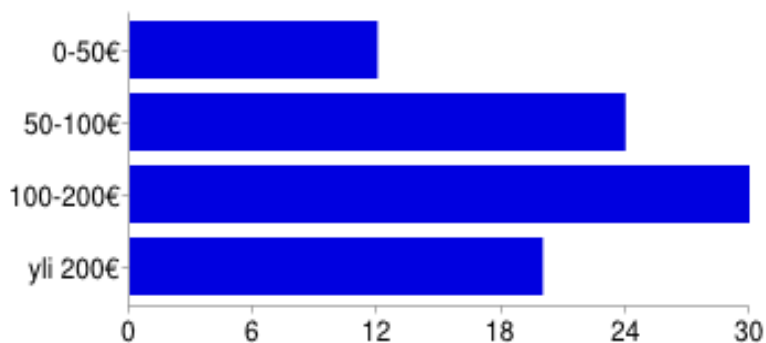
**Oletko koskaan harkinnut ostavasi Michael Korsin tuotetta? (Have you ever considered purchasing a Michael Kors product?)**



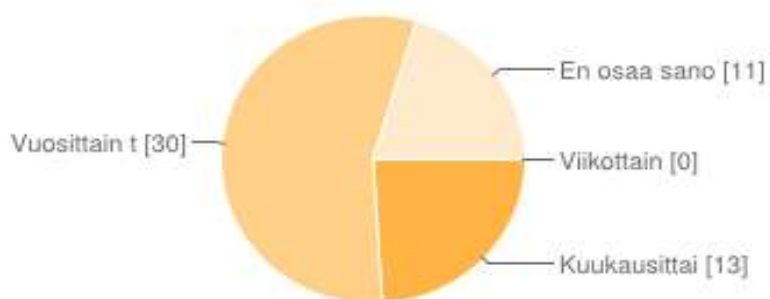
**Kävisitkö itse liikkeessä? (Would you visit the Michael Kors' freestanding store?)**



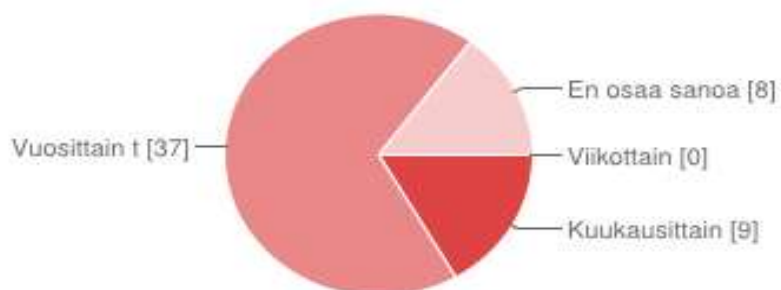
**Kuinka paljon olisit valmis maksamaan Michael Korsin tuotteesta? (How much money would you be ready to spend on a Michael Kors product?)**



**Kuinka usein sinun tulisi käytyä liikkeessä? (How often would you visit the store?)**



**Kuinka usein ostat muita luksus tuotteita? (How often do you purchase other luxury products?)**



## Appendix 4. Interview Questions

### Sköna Clara – Haastattelu

*JAMK Opinnäytetyö*

1. Millanen imago sinusta Michael Kors brändillä on Suomessa?
2. Miten saat Michael Korsin vakioasiakkaat palaamaan ostoksille liikkeeseesi?
3. Millaisin määrin koet Michael Korsin tuotteilla olevan asiakkaita (verrattuna muihin vastaaviin merkkeihin liikkeessäsi)?
4. Ovatko MK:n tuotteiden ostajat pääpiirteittäin millaisesta ikäjakaumasta: 18-34-v, 35-54-v, 55-65-v, 66-75-v?
5. Koetko että talouden laskusuhdanteella olisi vaikutusta ihmisten (luksus)kulutustottumuksiin?
6. Onko tarjoamiesi tuotteiden myynti yleisesti kasvanut vai laskenut vuosien aikana? Entä Michael Korsin tuotteiden myynti?
7. Miten luulet suomalaisen kulttuurin vaikuttavan luksustuotteiden kulutukseen?
8. Jos Suomeen avattaisiin Michael Korsin oma liiketila, miten se sinusta menestyisi?
9. Miten itse kuvailisit (adjektiivein yms.) brändin tuotteita?
10. Millaisia markkinointi tapoja käytät tuotteiden markkinointiin?
11. Mitkä Michael Korsin tuotteet sinusta myisivät parhaiten?

## FIGURES

FIGURE 1. Michael Kors Logo. Picture of the logo derived from the Michael Kors website.2014. Accessed on 10 January 2015. <http://www.michaelkors.com/>

FIGURE 2. Michael Kors Spring 2014. Picture derived from Michael Kors website. 2014. Accessed on 9.1.2015. <http://destinationkors.michaelkors.com/runway/ad-campaigns/spring-2014-ads-2/>

FIGURE 3. Gross domestic product by quarter at reference year 200 prices. ESA 2010 accordant Quarterly National Accounts time series published. GDP contracted by 0.4 per cent in the first quarter. Picture derived from Statistics Finland. Accessed on 3 September 2014.

[http://www.stat.fi/til/ntp/2014/01/ntp\\_2014\\_01\\_2014-07-11\\_tie\\_002\\_en.html](http://www.stat.fi/til/ntp/2014/01/ntp_2014_01_2014-07-11_tie_002_en.html)

FIGURE 4. Finland in Comparison with United States. Picture derived from the Hofstede Centre Website. Accessed on 2 September 2014.

<http://geert-hofstede.com/finland.html>

FIGURE 5. Dimensions of Brand Image. Figure derived from

[Webcache.googleusercontent website. Accessed on 22 March 2015.](http://webcache.googleusercontent.com/search?q=cache:vArrhYSompgJ:www.researchgate.net/profile/Bambang_Sukma_Wijaya/publication/258695231_Dimensions_of_Brand_Image/links/0a85e53ad64d3ec6b6000000.pdf+&cd=11&hl=fi&ct=clnk&gl=fi)

[http://webcache.googleusercontent.com/search?q=cache:vArrhYSompgJ:www.researchgate.net/profile/Bambang\\_Sukma\\_Wijaya/publication/258695231\\_Dimensions\\_of\\_Brand\\_Image/links/0a85e53ad64d3ec6b6000000.pdf+&cd=11&hl=fi&ct=clnk&gl=fi](http://webcache.googleusercontent.com/search?q=cache:vArrhYSompgJ:www.researchgate.net/profile/Bambang_Sukma_Wijaya/publication/258695231_Dimensions_of_Brand_Image/links/0a85e53ad64d3ec6b6000000.pdf+&cd=11&hl=fi&ct=clnk&gl=fi)

FIGURE 6. Hierarchy of Needs. Maslow's Hierarchy of Needs 8 Level Diagram.

Figure derived from Docstoc website. 2008. Accessed on 22 September 2014.

<http://www.docstoc.com/docs/291583/MASLOWS-HIERARCHY-OF-NEEDS-8-LEVEL-DIAGRAM> Accessed on 22 September 2014

FIGURE 7. Professions. Online Questionnaire.

FIGURE 8. What kind of a reputation does the Michael Kors brand have in Finland, in your opinion. Online Questionnaire.

FIGURE 9. What adjectives describe the image that comes to mind when you think about the brand. Online Questionnaire.

FIGURE 10. How do you think Michael Kors' own retail store would succeed in Finland. Online Questionnaire.

FIGURE 11. If you have purchased a Michael Kors product in the past, where have you purchased it from. Online Questionnaire.

FIGURE 12. What aged people would be most interested in purchasing products from a Michael Kors store. Online Questionnaire.

FIGURE 13. What Michael Kors products do you think would sell the best. Online Questionnaire.

FIGURE 14. Would you be willing to purchase something from the store. Online Questionnaire.

FIGURE 15. Which marketing channels would be the most efficient ones for marketing the new Michael Kors- store in Finland. Online Questionnaire.

FIGURE 16. S.W.O.T – analysis based on the data.

FIGURE 17. Impact of Finnish culture on the marketing functions of Michael Kors.