Consumer behaviour in Ostrobothnia

What challenges do marketers have?

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Abstract

Consumer purchases are strongly influenced by cultural, personal, social and psychological characteristics that can't be controlled by marketers. The study of consumer behaviour helps companies understand why a customer's purchase intention doesn't always result in a purchase decision.

The purpose of this research is to study young consumers' buying behaviour in order to understand their buying decisions and what they expect from companies in Ostrobothnia. The thesis work is divided into a theory part and empirical part. The theoretical part presents the importance of recognizing the different factors of consumer behaviour and the buying process. The empirical part consists of a quantitative study in terms of questionnaires where the target groups' opinions and behaviours are analysed.

The results of the survey show that the young consumers in Ostrobothnia are thrifty, but impulsive at times. The companies' biggest challenges are to provide great quality, be innovative and give bilingual service through all channels in order to successfully reach the target audience and keep existing customers.

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Abstrakt

Konsumentköp påverkas starkt av kulturella, personliga, sociala och psykiska egenskaper som inte kan kontrolleras av marknadsförare. Genom att studera konsumentbeteendet kan företag bättre förstå varför kundens köpintention inte alltid resulterar i ett köpbeslut.

Syftet med denna forskning är att studera unga konsumenters köpbeteende för att förstå deras köpbeslut och vad de förväntar sig av företag i Österbotten. Examensarbetet är uppdelat i en teoridel och en empirisk del. I teoridelen presenteras faktorerna som påverkar konsumentbeteende och köpprocessen. Den empiriska delen består av en kvantitativ studie i form av enkäter där målgruppens åsikter och beteende analyseras.

Resultaten av undersökningen visar att unga konsumenter i Österbotten är sparsamma, men impulsiva. Företagens utmaningar är att erbjuda hög kvalitet, vara innovativa och ge tvåspråkig service via alla kanaler för att framgångsrikt nå målgruppen och behålla existerande kunder.

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Språk: engelska   Nyckelord: köpbeteende, marknadssegmentering, Österbotten

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Tiivistelmä

Ostokäyttätymiseen vaikuttavat voimakkaasti kulttuuriset, henkilökohtaiset, sosiaaliset ja psykologiset ominaisuudet, joita markkinoijat eivät voi valvoa. Kuluttajien käyttäytymisen tutkiminen auttaa yrityksiä ymmärtämään miksi asiakkaan ostotarkoitus ei aina johda ostopäätökseen.

Tämän tutkimuksen tarkoituksena oli tutkia nuorien kuluttajien käyttäytymistä ymmärtääkseen heidän ostopäätöksensä ja mitä he odottavat Pohjanmaaan yrityksiestä. Opinnäytetyö on jaettu teoriaosaan ja empiiriseen osaan. Teoreettisessa osassa esitetään kuluttajien käyttäytymisen ja ostoprosessin eri tekijöitä. Empiirinen osa koostuu kvantitatiivisesta kyselylomakkeesta, jossa analysoidaan kohderyhmien mielipiteitä ja käyttäytymistä.

Tutkimuksen tulokset osoittavat, että Pohjanmaalla nuoret kuluttajat ovat säästäviä, mutta ajoittain impulsiivisia. Yritysten suurimmat haasteet on tarjota hyvää laatua, olla innovatiivisia ja tarjota kaksikielistä palvelua kaikkien kanavien kautta tavoittaakseen kohdeyleisö menestyksekkäästi ja säilyttääkseen nykyiset asiakkaat.

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Kieli: englanti   Avainsanat: kuluttajien käyttäytyminen, markkinoiden segmentointi, Pohjanmaa

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Contents

1   Introduction

Consumption is a universal and frequent activity and purchasing power is something that develops in people at an early age. We develop mental shortcuts and rules of thumb as we choose between different options, even though we are not aware of it. Consumer experts say that 95% of thinking, feelings and learning that drive our purchases come from the unconscious and are therefore sometimes difficult to interpret.

The Web and social media transform the way consumers interact with companies and with each other. Online commerce allows people to locate obscure products from around the world, and consumption communities provide forums for people to share opinions and product recommendations (Solomon, 2018, p. 51). Social media has a great influence on the buying behaviour process. Influencers, such as youtubers, are constantly marketing products to their huge fanbases. If your idol is reviewing and recommending a certain product, it is a given that you will get excited about the product and purchase it for yourself.

Research on people as consumers dates from the mid-1960s. The main motivation for marketing managers has been to find out how the social and behavioural sciences could help them find specific causes of consumers actions and, in particular, their buying decisions (Statt, 1997). An interesting issue is whether marketer and consumer perceptions are consistent. Do consumers see the brand the same way as marketing, advertising and packaging designers see it? and Why does the purchase intention not always result in an actual purchase decision?

There are a lot of factors that can impact on the final purchase decision, such as social situations, situational factors and mood. It is all about the attitude and involvement of the customer himself. Marketers must realize that people don't always act rationally when making purchasing decisions, and some don't even understand why they make the decisions they make.

1.1   Problem formulation

Marketers in Ostrobothnia need further research and analysis of young customers' behaviour in order to conclude why the customers make specific buying decisions, and to understand what they expect from their local companies. That way marketers will know how to distribute their resources towards product development more accurately.

1.2 Purpose

The purpose of this study is to investigate the buying behaviour of young consumers in the ages between 18 and 26, and to understand what factors influence the purchasing behaviour in Ostrobothnia. By comparing their thoughts and attitudes we will get a bigger understanding of how marketers can reach these consumers through different channels.

2 Theoretical Framework

The basic theory is presented in the theoretical framework part. At first, consumer behaviour, Ostrobothnia, market segmentation and word of mouth is introduced, followed by characteristics that affect consumer behaviour which are cultural-, social, personal and psychological factors. The second part introduces the buying process, buying behaviour and the process that buyers go through when introduced to new products. The last part presents marketers impact on consumers and consumer- and social well-being.

2.1 Consumer Behaviour

Consumer behaviour can be defined as the study of the purposes involved when individuals or groups select, purchase, use or dispose of products, services, ideas, or experiences to satisfy needs and desires.

The reason why managers, advertisers and other marketing professionals bother to learn about consumer behaviour is simply because it's good business. The basic marketing concept states that organizations exist to satisfy needs. Marketers can satisfy these needs only to the extent that they understand the people or organizations that will use the products and services they sell.

Consumers take many forms, ranging from an 8-year old child who begs her parents for a toy to an executive in a large corporation who helps to decide on a multimillion-dollar computer system. The field of consumer behaviour is interdisciplinary, it is composed of researches from many different fields who share an interest in how people interact with the marketplace (Solomon, 2018, p. 28).

2.2 Market segmentation and consumer behaviour

The segmentation concept was first developed by Smith (1957) and is concerned with grouping customers in terms of their needs. The aim of segmentation is to identify a group of people who have a need or needs that can be met by a single product, in order to concentrate the marketing firm's efforts most effectively and economically. For example, if a manufacturer produces a standardized product by a mass production method, the firm would need to be sure that there are sufficient people with a need for the product to make the exercise worthwhile (Blythe, 2012, p. 74).

The assumptions underlying segmentations are:

- Not all buyers are alike

- Sub-groups of people with similar behavior, backgrounds, values and needs can be identified

- The sub-groups will be smaller and more homogeneous than the market as a whole

- It is easier to satisfy a small group of similar customers than to try to satisfy large groups of dissimilar customers (Zikmund & D'Amico 1995).

Segmentation is not only concerned with choosing the right customers- it also means deciding which customers cannot be served effectively. Sometimes this is because the firm lacks the resources and sometimes it is because some groups of customers are more trouble than they are worth. Rejecting some customers is called demarketing (Kotler and Levy 1971), and research conducted by Medway et al. (2011) showed that marketers responsible for managing places (for example ancient monuments) use demarketing as a way of controlling sustainability of the place as well as controlling such factors as seasonality and crisis prevention (Blythe, 2012, p. 78)

2.3 Ostrobothnia

Ostrobothnia, or the Coastline of Finland from Kristinestad in the south to Kokkola in the north, covers an area of about 10,000 sq. km. About 200,000 people live on the Coastline, of which 51% are Finnish-speakers and 48% Swedish speakers.

The area has a strong tradition of entrepreneurship and the largest number of companies per capita on the mainland of Finland. The export share of approximately 70% is exceptionally

high. Another indicator of the area's strong economy is that the unemployment rate is the lowest in the country (Coastline).

2.4   Word-of-mouth

Friendship patterns are important to consumer behaviour because one's friends and neighbours are often the source of advice on goods and services. This process is known as word-of-mouth contact, or the working of referral network when it deals with services (Statt, 1997).

Word-of-mouth operates within small informal groups and takes place on such a continuous basis that people are usually not aware of how often advice is received or given. It's estimated that 80% of buying decisions are based on word-of mouth.

Newly open bars and lounges frequently offer customers free drinks to encourage them not only to return but also to tell others about the place and to bring their friends. Word-of-mouth communications is the primary way such establishments become popular. Health clubs, such as Bally Total Fitness or Golds Gym, run promotions in which members who bring in new customers get special rates for themselves as well as for their friends. One cable TV company ran a promotion in which any subscriber who got a friend to purchase the service received $10. Such tactics increase not only communication but also other behaviours in the purchase sequence (Peter & Olson, 2008).

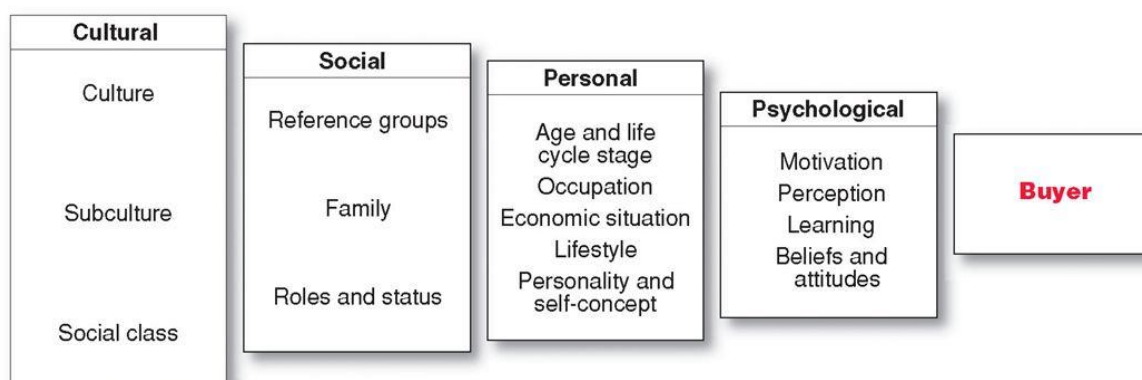## 2.5   Characteristics affecting consumer behaviour

Figure 1. Factors affecting consumer behaviour (adapted from De Mooij 2004)

2.5.1 Cultural factors

Cultural factors exert a broad and deep influence on consumer behaviour. The marketer needs to understand the role played by the buyer's culture, subculture and social class (De Mooij 2004, p. 137).

Culture

Cultural factors have a deep influence on consumer behaviour. Culture can be defined as the glue that binds groups together. Culture cannot be separated from the individual and can neither be separated from the historical context. Every group or society has a culture, and culture influences on buying behaviour may differ greatly from country to country.

Western (and particularly US) culture has a huge impact around the world, although people in other countries don't necessarily ascribe the same meanings to products as we do. The United States is a net exporter of popular culture. Consumers around the world eagerly adopt U.S products, especially entertainment vehicles and items they link to a U.S lifestyle (e.g., Marlboro cigarettes, Levi's jeans) (Solomon, 2018, p. 553).

Subculture

Each culture contains smaller subcultures, which are groups of people with shared value systems based on common life experiences and situations. Subcultures include religions, racial groups and nationalities. Subcultures make up important market segments and marketers often design products tailored to the customer's needs. An example is the wig-and-weave market for African American women that is constantly growing and evolving. According to chapter 5 (Consumer markets and consumer behaviour) there are 39 million African Americans in the US with a buying power of $630 billion.

The internet subculture is changing the field of marketing. Young artist with little or no support from the entertainment industry can now reach a widespread audience, and maintain the attention of their target consumers, all with a minimal budget (Peter & Olson, 2008).

One of the biggest subcultures in Finland are gothics. Finland has large communities of goths, punks, metalheads and a growing fanbase for steampunk. Heavy metal is especially popular, since nearly 1 in 50 people in Finland is part of a heavy metal band, yet all gothic subgenres can be found in the country (The culture trip).

Social class

Every society has a form of social class structure. Social classes are society's permanent divisions whose members share same values, interests and behaviours. Many people have the assumptions that social class is only determined by income, but in reality it measures as a combination of occupation, education, wealth, income and other variables.

As income distributions change around the world, it is getting more difficult to distinguish among members of social classes: many products succeed because they appeal to a newly emerging group that marketers call the *mass class* (people with incomes high enough to purchase luxury items, at least on a small scale (Solomon, 2018, p. 472).

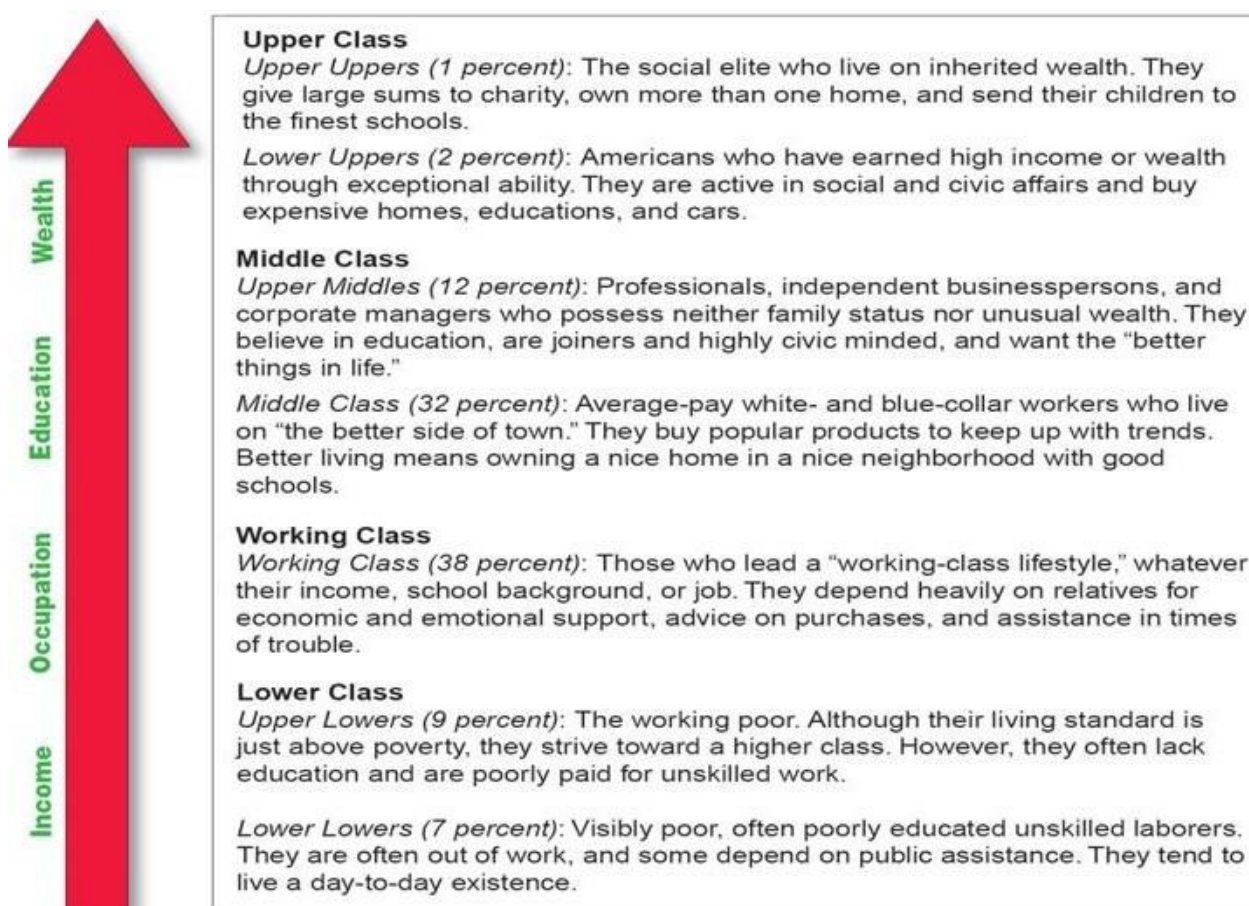Social scientists have identified seven American social classes shown in figure 2.

Figure 2. The major American social classes (Kotler & Armstrong 2012, *Marketing: an introduction* 11th edition)

2.5.2   Social factors

Consumer behaviour is strongly influenced by social factors such as the consumers groups, family, social roles and status (De Mooij 2004, p.141).

Groups

Individuals may be involved in many different types of groups. A group consists of two or more people who interact with each other to accomplish some goal. Important groups include families, close personal friends, co-workers, formal social groups, leisure or hobby groups and neighbours. Some of these groups may become reference groups. A reference group involves one or more people whom someone uses as a basis for comparison or point of reference in forming affective and cognitive responses and performing behaviours (Peter & Olson, 2008).

Family

Family members can strongly influence buyer behaviour. Children learn about consumption as they watch their parent's behaviours and imitate them. Parents influence consumer socialization both directly and indirectly. They deliberately try to instill their own values about consumption in their children. Parents also determine the degree to which their children come into contact with other information sources, such as television, salespeople, and peers.

The process of consumer socialization begins with infants: within the first two years, children request products they want. By about age 5, most kids make purchases with the help of parents and grandparents, and by the age 8 most buy things on their own (Solomon, 2018, pp. 144-145).

Roles and Status

A person belongs to many groups- family, clubs, organizations. The person's position in each group can be defined in terms of both role and status. A role consists of the activities people are expected to perform according to the persons around them. Each role carries a status reflecting the general esteem given to it by society.

2.5.3   Personal factors

A buyer's decision is influenced by personal characteristics such as age and life-cycle, occupation, economic situation, lifestyle and personality (De Mooij 2004, p. 144).

Age and lifecycle

A person's taste in food, clothes, furniture, and recreation often changes through the years. Marketers initially develop a product to attract one age group and then try to broaden its appeal later on. An example is the high-octane energy drink Red Bull which was aggressively introduced in bars, nightclubs and gyms by the company to young people. Over time it got popular, and the company began to sponsor the PGA European Tour to broaden its reach to older golfers (Solomon, 2018, p. 31).

Occupation

A person's occupation affects the goods and services bought. Marketers try to identify the occupational groups that have an above-average interest in their products and services. Some companies specialize in making products needed by a given occupational group, such as builders and carpenters.

Economic situation

A person's economic situation affects product choice. Someone who has a high status can enjoy spending their money without care, while an unemployed single mother might be very thrifty. It's proven that blue-collar workers usually buy more rugged work clothes, while executives buy business suits.

Lifestyle

Lifestyle can be defined as a person's pattern of living as expressed in his or her activities, interests and opinions. The way people feel about themselves, the things they value, the things they like to do in their spare time-all of those factors help to determine which products will push their buttons or even those that make them feel better. Lifestyle research is useful for tracking societal consumption preferences and also for positioning specific products and services to different segments. Marketers segment based on lifestyle differences: they often group consumers in terms of their AIOs (activities, interests and opinions).

Personality and Self-concept

Personality refers to the unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment.

Consumer's self-concepts are reflections of their attitudes toward themselves. Whether these attitudes are positive or negative they will help to guide many purchase decisions: we can use products to bolster self-esteem or to reward the self (Solomon, 2018, p. 232).

Michael R. Solomon states in chapter 6 (The Self: Mind, Gender, and Body) that we choose many products because we think that they are similar to our personalities. People use valued objects, such as cars, homes, and even attachments to sports teams or national monuments to define the self, when they incorporate these into the extended self.

2.5.4   Psychological Factors

A person's buying choices are further influenced by four major psychological factors: motivation, perception, learning and beliefs and attitudes (De Mooij 2004, pp. 148-154).

Motivation

A motive, or drive is a need that sufficiently pressing to direct the person to seek satisfaction of the need.

Marketers try to satisfy consumer needs, but the reasons people purchase any products can vary widely. The identification of consumer motives is an important step to ensure that a product will satisfy appropriate needs. Traditional approaches to consumer behaviour focus on the abilities of products to satisfy rational need, but hedonic needs also play a key role in many purchase decisions (Solomon, 2018, p. 51).

Maslow's Hierarchy of Needs

Abraham Maslow sought to explain why people are driven by particular needs at particular times. Maslow arranged human needs in a hierarchy of importance: physiological needs, safety needs, social needs, esteem needs, and self-actualization. His hierarchy of needs concept is based on the assumption that a person's behaviour is directed at satisfying needs and that some needs will take precedence over others when the individual is faced with choices as to which needs to satisfy. Psychological needs will take precedence over security or safety, the needs for group membership or esteem needs. The ultimate need is self-

actualization. This order is generally presented as universal for mankind, but several authors have demonstrated that it's defined by culture.
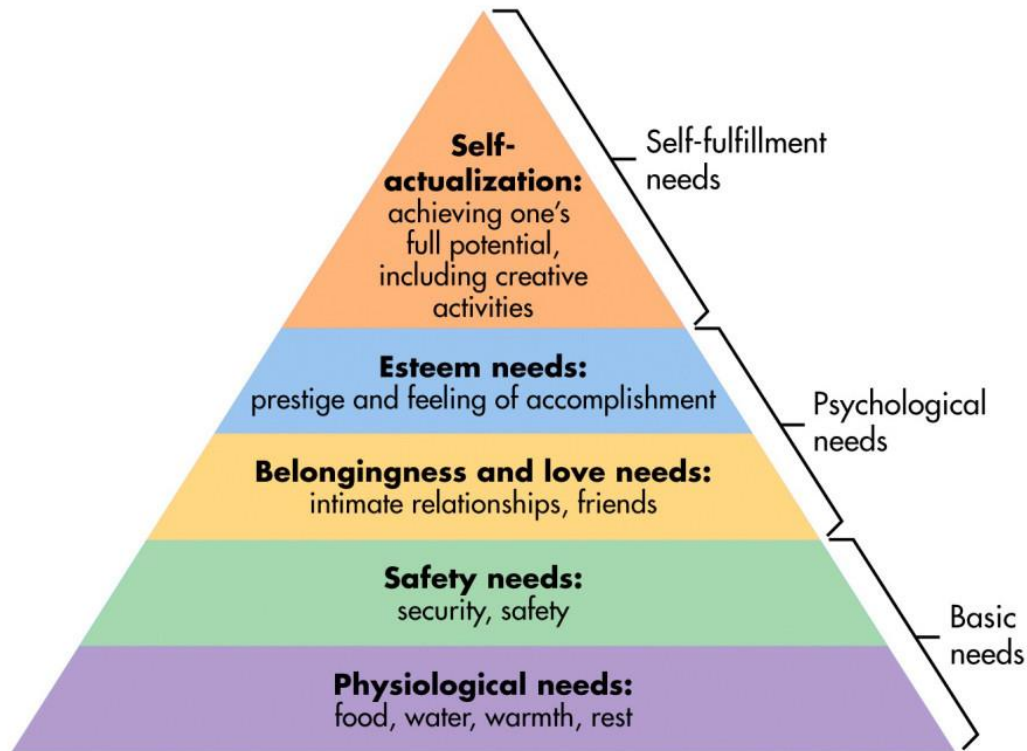

Figure 3. Maslow's hierarchy of needs (adapted from De Mooij 2004)

Perception

Perception is the process by which people select, organize and interpret information to form a meaningful picture of the world. The eventual interpretation of a stimulus allows it to be assigned meaning (Solomon, 2018, p 124)

Learning

Learning describes changes in an individual's behaviour arising from experience. Learning theorists say that most human behaviour is learned. Learning occurs through the interplay of drives, stimuli, cues, responses and reinforcement (De Mooij 2004, p. 152).

Beliefs and Attitudes

A belief is a descriptive thought that a person has about something. Beliefs may be based on real knowledge, opinion, or faith and may or may not carry an emotional charge. Marketers are interested in the beliefs that people formulate about specific products and services, because these beliefs make up product and brand images that effect buying behaviour. If some of the beliefs are wrong and prevent purchase, the marketers will want to launch a campaign to correct them.

Attitude describes a person relatively consistent evaluations, feelings and tendencies towards an object or idea. Attitudes put people into a frame of mind of liking or disliking things, of moving towards or away from them. A person's attitudes fit into a pattern, and to change one attitude may require difficult adjustments in many others. Thus, a company should usually try to fit its product into existing attitudes rather than attempt to change attitudes (De Mooij 2004, pp.152-153).

There are three components that make up an attitude: beliefs, affect and behavioural intentions. People form attitudes toward products and services, and these attitudes often determine whether they will purchase or not. *Persuasion* refers to attempt to change consumers' attitudes (Solomon, 2018, p. 324).

2.6   Buying decision behaviour

The most typical buying behaviour in our society is done through retail outlets that do not themselves manufacture the products they sell. The products must therefore be marketed to potential customers by the combined efforts of the producers and the retailer, and the people they hire to do their advertising and market research (Statt, 1997).

Buying behaviour differ greatly for a tube of toothpaste, a tennis racket, financial services, and a new car. More complex decisions usually involve more buying participants and more buyer deliberation (De Mooij 2004, p. 154).

Complex buying behaviour

Complex buying behaviour occurs when there is high consumer involvement in a purchase and significant perceived differences among brands. This behaviour can be associated with the purchase of a new high-tech electronic devise, such as a laptop. The consumer is highly involved and does a lot of research before proceeding to the next stage.

Dissonance-reducing buying behaviour

Dissonance-reducing buying behaviour occurs when there is high involvement, but few perceived differences among brands. An example is when a person is trying to choose a new wallpaper design for a room (Marketmedialife). The consumer might find that the brands are quite similar and gives up on doing research. The purchase decision will most likely be based on price or advertisement.

Habitual buying-behaviour

Habitual buying-behaviour occurs when there is a low consumer involvement and few significant perceived brand differences. Many products fit in this scenario, such as household items. If the consumer grabs the same brand every time it's most likely habitual buying and not brand loyalty.

Variety-seeking buying behaviour

In variety seeking situations consumers tend to do a lot of brand switching and the consumer doesn't have a brand loyalty. A common variety seeking type of product is ice cream (and other snacks). The consumer might reach for the favourable brand when he or she is out shopping or pick another brand out of curiosity or boredom (De Mooij 2004, p. 155).

2.7   Buyer decision process

Consumer decision making is a central part of consumer behaviour, but the way people evaluate and choose products varies widely, depending on such dimensions as the degree of novelty or risk related to the decision (Solomon, 2018, p. 368).

 Kotler designed a five-stage model that explains the processes that consumers go through when they purchase an item (De Mooij 2004, p. 156).

1. **Need/Problem recognition** is the first step in the consumers decision process, as is also referred to problem identification. It occurs when the consumer discovers an unfulfilled need that has to be fulfilled. The need may be triggered by an internal stimuli (hunger or thirst) or by external stimuli (advertisement or word of mouth).

2. **Information search.** The customer tries to find information in order to find the best solution. The customer may rely on online media or word of mouth for obtaining information.

3. **Evaluation of alternatives.** The customer must evaluate the different alternatives that are out there, and important factors in this stage are the customer's attitude and involvement. If the involvement is high, then the customer can evaluate many companies and brands.

4. **Purchase decision.** There are two factors that can come between the actual *purchase intention* and *purchase decision*. One of them is the *attitude of others*, which means that other people's attitude to a product or service may have a great impact on yours. If your close friends recommend a certain phone brand to purchase, you most likely will take their advice. The other factor is *situational factors*. The consumer may form a purchase intention based on factors such as expected product benefits and expected price. The purchase intention may quickly change if there are unexpected events, for instants if one friend dislikes the phones features.

5. **Postpurchase behaviour** is the stage of the buyer decision process in which consumers take further action after the purchase based on their satisfaction or dissatisfaction. Customer satisfaction is a key to building profitable relationships with customers. What determines whether the buyer is satisfied or dissatisfied lies in the relationship between the consumer's expectation and the products perceived performance. It's important for companies to only promise what their brands can deliver, which will keep buyers satisfied (De Mooij 2004, pp. 156-158).

2.8   The buyer decision process for new products and innovations

Time is important when considering global markets. No innovation, even when highly successful, will ever be adopted by everyone in the market, because different countries have different timetables of adoption of innovations (Statt, 1997). New innovations have invariably begun or been adopted first in the United States then spread to other countries.

Consumer go through five stages in the process of adopting a new product. A new product is a good, service or idea that is perceived by some potential customers as new.

- *Awareness*. The consumer becomes aware of the new product

- *Interest*. The consumer seeks information about the new product

- *Evaluation*. The consumer considers whether trying the new product makes sense.

- *Trial*. The consumer tries the new product on a small scale to improve his or her estimate of its value.

- *Adoption*. The consumer decides to make a full and regular use of the new product.

This model suggests that the new product market should think about how to help consumers move through these stages. A manufacturer of HDTVs may discover that many consumers in the interest stage do not move to the trial stage because of uncertainty and the large investment. If these same consumers were willing to use HDTVs on a trial basis for a small fee, the manufacturers could consider offering a trial-use plan with an option to buy (De Mooij 2004, p.160).

New products, services, and ideas spread through a population over time. Different types of people are more or less likely to adopt them during the diffusion process. Diffusion of innovation refers to the process whereby a new product, service or idea spreads through a population. Innovators and early adopters are quick to adopt new products, and laggards are slow. A consumer's decision to adopt a new product depends on his or her characteristics as well as on characteristics of the innovation itself (Solomon, 2018, p. 553).

2.9 Marketers' impact on consumers

Marketers typically want at least three types of information from customers. First, they want *information about the consumer* to investigate the quality of their marketing strategy and the success of market segmentation. Warranty cards are frequently used for this. These cards commonly ask about consumer demographics, what magazines consumers read, where they obtained information about the product, where they purchased it, and what competing brands they own or have tried. Free gifts are sometimes offered to encourage consumers to return

their warranty cards-as well as subtle threats that the warranty will be cancelled if the card is not filled out and returned promptly.

A second type of information sought from consumers is *the names of the potential buyers* of the products. Some firms and organizations offer awards for the names of several potential buyers and a larger award if any of the prospects actually makes a purchase. Finally, marketers seek *consumer information about defective products*. Money- back or other guarantees that require the consumer to contact the store or company provide this information and also reduce the risk of loss to the consumer. For example, General Mills offers "a prompt adjustment of equal value" if the consumer is dissatisfied with Cheerio's (Peter & Olson, 2008).

Marketers also want consumers to tell their friends and others about the product. A product that is effective and performs well may encourage this behaviour. However, other tactics can also encourage it. Tupperware parties have long been used to take advantage of the fact that consumers respond favourably to information from their friends and to create an environment that heavily encourages purchase. This approach has been so successful that, during the first 25 years of its existence, Tupperware doubled its sales and earnings every 5 years (Peter & Olson, 2008).

2.10 Consumer and social well-being

Business ethics are rules of conduct that guide actions in the marketplace: these are the standards against which most people in a culture judge what is right and what is wrong, good or bad. Marketers must confront many ethical issues, especially ones that relate to how much they make consumers "want" things they don't need or are not good for them. A related issue is materialism, which refers to the importance people attach to worldly possessions, and the role of business in encouraging this outlook.

Marketers have an obligation to provide safe and functional products as part of their business activities. It is both ethically and financially smart to maximize customer satisfaction. In some cases, external bodies such as the government or industry associations regulate businesses to ensure that their products and advertising are safe, clear, and accurate. Consumer behaviour researches may play a role in this process and those who do transformative customer research (TCR) may even work to bring about social change. Companies also play a significant role in addressing social conditions through their corporate

social responsibility (CSR) practices and social marketing campaigns that promote positive behaviours (Solomon, 2018, p. 83).

3   Methodology

In the methodology part the research approach, the quantitative research method and the online survey is presented, followed by choice of respondents, the questionnaire and data analysis and validity.

3.1   Research approach

There are different ways to conduct surveys, for this research I have chosen to use an online questionnaire to understand the young consumers' attitudes and behaviours when it comes to consuming for detailed and versatile results.

You can distinguish between two different research methods: quantitative and qualitative research. For this research a quantitative method is suitable, because it aims to collect numerically data (Bryman & Bell, 2015, p. 160).

When choosing a research method, consideration should be given to some important criteria for assessing the research, the criteria being: validity, reliability and replication. Reliability is concerned with the question of whether the results of a study are repeatable. Reliability is particularly at issue in connection with quantitative research. Validity is concerned with the integrity of the conclusion that are generated from a piece of research. If someone else wants to do the same study, it should be possible and replicated. This is called replication (Bryman & Bell, 2015, pp. 49-50)

3.2   Quantitative research method

In business administration studies you can choose between different ways to perform research. The two most common approaches are qualitative and quantitative methods. Quantitative research is a means for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analysed using statistical procedures. The final written report has a set structure consisting of introduction, literature and theory, methods, results, and discussion.

Qualitative research is a means for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. The process of research involves emerging questions and procedures, data typically collected in the participant's setting, data analysis inductively building from particulars to general themes, and the researcher making interpretations of the meaning of the data (Creswell, 2009, p. 4).

Below are different quantitative research methods.

Surveys

Surveys can elicit facts about the respondent's behaviour and possessions, can find out opinions about issues and ideas and can sometimes elicit interpretations of the respondent's actions and opinions. A major problem with any survey lies in ensuring that the right questions are asked and that they are asked in the right way. A typical questionnaire would ask respondents about their behaviour and attitudes and about themselves; this is important for classification purposes. The questions about the respondents themselves must be discreet as well as relevant, and this requires considerable skill on the part of the research in deciding what might or might not be relevant to the study at hand (Blythe, 2012, p. 104).

Structured interview

The research interview is a prominent data collection strategy in quantitative research. A structured interview (standardized interview) entails the administration of an interview schedule by an interviewer. The aim is for all interviewees to be given exactly the same context of questioning. This means that each respondent receives exactly the same interview stimulus as any other. Interviewers are supposed to read out questions exactly and in the same order as they are printed on the schedule. Questions are usually very specific and very often offer the interviewee and fixed range of answers (Bryman & Bell, 2015, p. 211).

The quantitative research method is divided into 11 steps. It is never or rarely found in its pure form, but the outline represents a useful starting point for getting to grips with the main ingredients of the approach and the links between them.

Step 1 & 2: **Elaborate theory & devise hypothesis**. The hypothesis should provide the researcher with a guideline that can help him to collect data relevant to the study.

Step 3: **Select research design**. A research design provides a framework for the collection and analysis of data. Research design is a significant step in the process that affects the study's reliability, validity and replication.

Step 4: **Device measures of concepts**. This process is often referred to as operationalization (operations by which a concept is measured.

Step 5 & 6: **Select research site(s)** for the study and **select research subjects**/respondents.

Step 7: **Administer research instruments/collect data** using different methods, either by questionnaires or scheduled interviews.

Step 8: **Process data**. Step 8 refers to the fact that, once information has been collected, it must be transformed into "data". In the context of quantitative research that means that it must be prepared so that it can be quantified.

Step 9 & 10: **Analyse data & develop findings/conclusions**. In this step, the researcher is concerned to use a number of techniques of quantitative data analysis to reduce the amount of data collected, to test for relationships between variables, to develop ways of presenting the results of the analysis to others. On the basis of the analysis of the data, the researcher must interpret the results of the analysis. It is at this stage that the "findings" will emerge.

Step 11: **Write up findings/conclusions**. The answers are formulated in writing in order to convince the reader that the conclusions of the study are valid and relevant. Once the findings have been published, they become part of the stock of knowledge which is reversed from step 11 to step 1 (Bryman & Bell, 2015, pp. 161-163).

3.3   Online-survey

Questionnaires that are completed by respondents themselves are one of the main instruments for gathering data using a social survey design.

Web surveys operate by inviting prospective respondents to visit a website at which the questionnaire can be found and completed online. Once respondents have completed this questionnaire the answers will be automatically programmed to download into a database, eliminating the daunting coding of a large number of questionnaires (Bryman & Bell, 2015, pp. 676-677).

Self-completion questionnaires are more convenient for respondents, because they can complete a questionnaire when they want and at the speed that they want to go. Questionnaires can be distributed in very large quantities at the same time (Bryman & Bell, 2015, pp. 239-240). I used this type of survey method to get as many responses as possible.

3.4   Choice of respondents and approaches

The aim of the survey is to gather opinions and perceptions of young people's buying behaviors. In order to do this, it is most effective to make the survey available for university students in Vaasa. By sending the questionnaire to student in Novia, it will be easy to get the target audience in the age group 18-26 years.

The questionnaire was sent out to all students in Novia (Campus Wolffskavägen 33). Since the majority of students are Swedish-speaking, the questionnaire was made in their mother tongue. The e-mail consisted of a brief description of the author and information about the questionnaire. In the end of the e-mail there was a direct link to the online questionnaire.

Respondents were chosen by convenience sampling, which means that the respondents selected people who are easily accessible to the researcher. Convenience samples may provide interesting data, but it is crucial to be aware of their limitations in terms of generalizability (Bryman & Bell, 2015, p. 201).

3.5   The Questionnaire

After choosing the survey method and target group, I decided to compile the survey using the Forms-application on Google Drive. The questionnaire consisted of 14 questions, with both open and closed questions that could be answered via mobile, tablet or via computer.

The survey design is clear and divided into three sections. The first section asks about demographics (age and sex), the second section has questions about consumer behaviour (loyalty, brands and attitude), and the last part has questions about the buying process. The questionnaire is designed in a way where the respondents can't skip questions, because every question is required to be answered.

There are both open and closed questions in the questionnaire. The advantages with closed questions are that they enhance the comparability of answers, making it easier to show the relationship between variables and to make comparisons between respondents or type of respondents. Closed questions may also clarify the meaning of a question for respondents. Sometimes respondents may not be clear about what a question is getting at, and the availability of answers may help to clarify the situation for them. The disadvantage on the other hand is that there is a loss of spontaneity in respondents' answers (Bryman & Bell, 2015, pp. 259-260).

I also used open questions in the questionnaire because I'm interested of people's opinions. Open questions present both advantages and disadvantages to the survey researcher. A big advantage is that respondents can answer in their own terms. They are not forced to answer in the same terms as those imposed on them by the closed answers. They are also useful for exploring new areas or ones in which the researcher has limited knowledge. However, open questions present problems for the survey researcher, because they require greater effort from respondents. This can result in respondents being put off by the prospect of having to write extensively, which may worsen the problem of low response rates (Bryman & Bell, 2015, pp. 257-258).

3.6 Data analysis and validity

Validity in quantitative research refers to whether one can draw meaningful and useful inferences from scores on particular instruments (Creswell, 2009, p. 235). Internal validity is concerned with the question of whether a conclusion that incorporates a casual relationship between two or more variables hold water. External validity is concerned with the question of whether the result of a study can be generalized beyond the specific research context (Bryman & Bell, 2015, pp. 50-51).

The survey was answered by a total of 66 participants. The participants had three days to answer the questionnaire which was then closed to give the researcher time to analyze the collected data. The answers where directly available in the database and where afterwards transferred to a Microsoft Excel-document for further analysis.

When it comes to measuring the validity of the survey, the research covers a significant part of the theory. The theory was used as an outline for the design of research questions.

3.7 The study's limitations and reliability

A limitation to the questionnaire is the loss of a face-to-face contact between the interviewer and the participants. A tight schedule also resulted in the questionnaire only being open for 3 days in order for the researcher to have enough time to process and analyze the data.

To increase the reliability, a test was conducted in advance where the questionnaire was answered by two people, where their answers were not considered, in order to test whether the concepts and research questions used in the study were strong and clear enough.

In addition, the results of this survey may contain one number of unknown errors due to the lack of interviewers presence on site. Although the online surveys reached a large number of people, there is always a risk of misinterpretation.

4 Results

In this part, results of the research forms will be investigated and presented. There was a total of 66 responses in the online survey. The answers are presented with the help of graphs in addition to the open questions presented as comments and in the form of quotes. In the graphs you can read the answer rate in percentage.

4.1 Demography
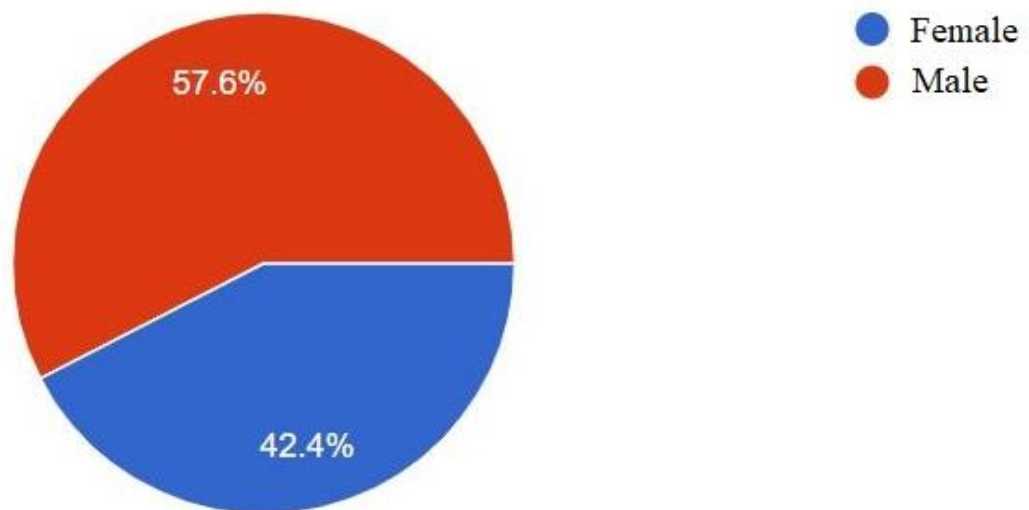
Demographics, such as age and gender are the focus of the first question in which we in the pie chart can see that of the total number of respondents there were 28 (42.4%) women and 38 (57.6%) men who participated in the survey.
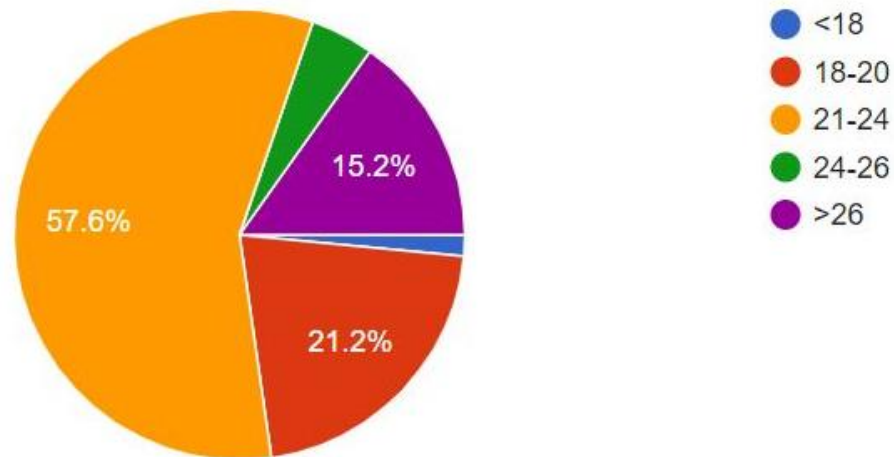
The majority of participants were between 21-24 years old (57.6%), the second largest age group was 18-20 years (21.2%) followed by the age group <26 (15.2%) and <18 (1.5%).

4.2   What identifies you as a consumer?

In this section I chose to ask an open question where respondents could freely define themselves as consumers. There were some key words added in the question itself to help guide the respondents on what the question meant. This question was crucial in my opinion, because it directly shows the consumer's' behaviour.

It turned out that the majority where thrifty buyers, but impulsive at times. Other keywords where: thoughtful, analysing and critical.

"Thrifty, but impulsive. If I find something on sale, I buy it, even if I wouldn't really need it at that time. Otherwise, I try to plan what to do and buy only what I need."- Woman 21-24 years

"Thrifty, but sometimes impulsive if I've just received my salary"- Woman 21-24 years

*"Price conscious, I research alot before buying"-Man 21-24 years*

"Impulsive if I feel I can afford it, thrifty if not the case."- Woman 18-20 years

4.3 Whose opinion do you value the most when buying an expensive product?
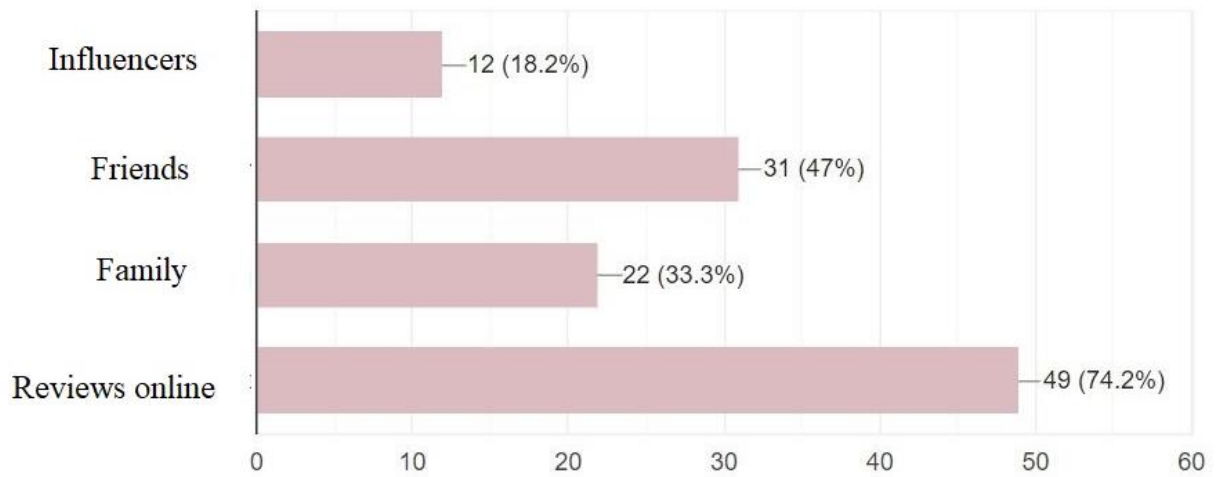
This question was asked to understand whose opinion the respondents value the most when spending their hard-owned money on a more expensive product. The respondents had the option to choose up to 2 alternatives. The results show that the majority trust strangers' reviews (74.2%), followed by friends' recommendations (47%) and family members (33.3%). Influencers, such as youtubers, instagrammers and bloggers got the least number of votes (18.2%).

4.4 What qualities are important when you buy a new product?
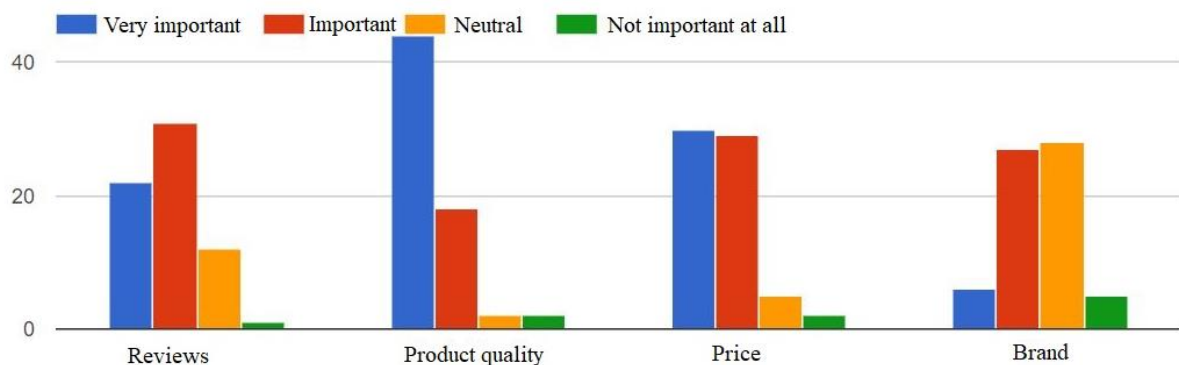
The following question was asked in order to understand what factors young consumer value the most when buying a new product.

Reviews: 31 answered that it's crucial, 22 people answered that it's important, 12 people where neutral on the question, and 1 person answered that it's not important at all. The age group 21-24 valued reviews more than the other age groups.

Product quality: The majority (44) answered that it's very important, 18 people thought it's important, 2 people were neutral and 2 answered that quality isn't important at all. The age group 21-24 also valued product quality higher than the rest.

Price: 30 people answered that it's crucial, 29 said it's important, 5 were neutral and 2 answered that price isn't important at all.

Brand: 6 people answered that brand is crucial, 27 people said it's important, 28 people were neutral, and 5 people said it's not important at all.

To conclude, the respondents thought that product quality was the most crucial factor when buying a new product, followed by price and reviews. The brand isn't that important in this case.

4.5 How many brands are you loyal to?
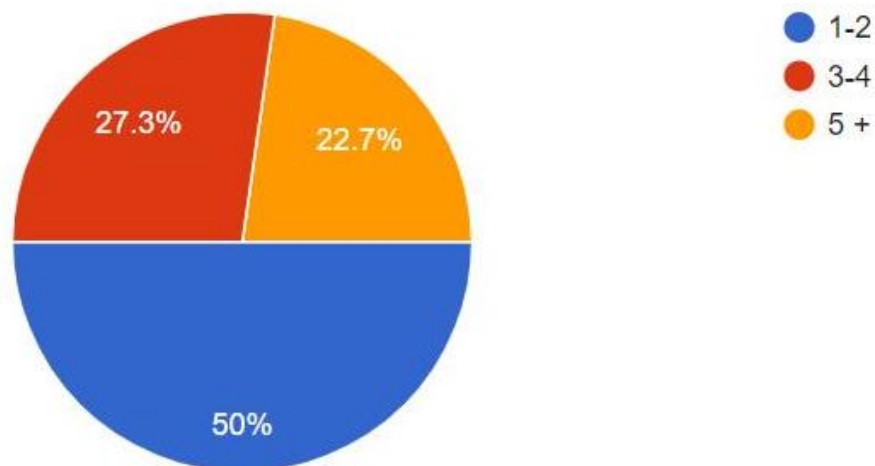
The question was asked to get an insight about how many brands the respondents are loyal to. The majority (50%) are loyal to only 1-2 brands, 18 of the respondents are loyal to 3-4 brands and 15 people answered that they're loyal to 5 or more brands.

4.6 How willing are you to try new brands?
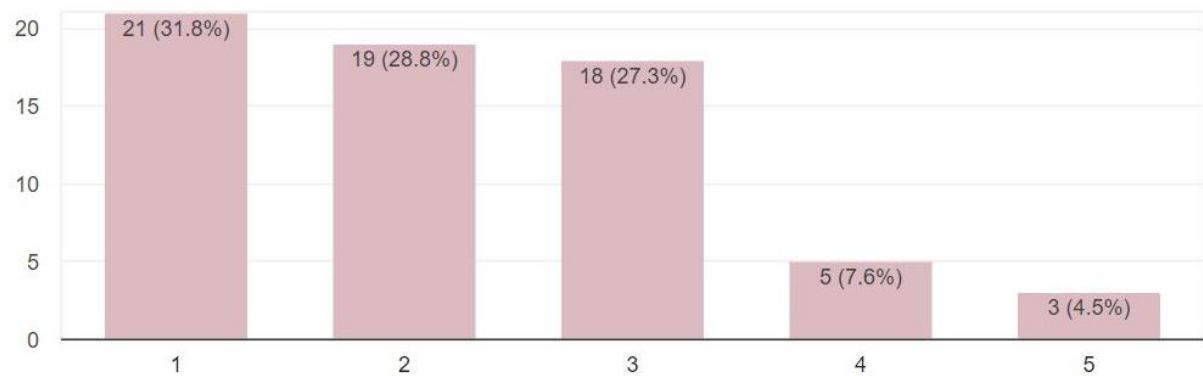
This question was asked to understand how willing people are to try new brands. The respondents had to choose a number on a scale where number 1 represented "very willing", number 3 was "neutral" and number 5 was "not willing at all".

The majority (31.8) are very willing to try a new brand, and it was interesting to see a small group of people (4.5%) being not willing to try a new brand at all.

4.7 Where do you prefer to shop?
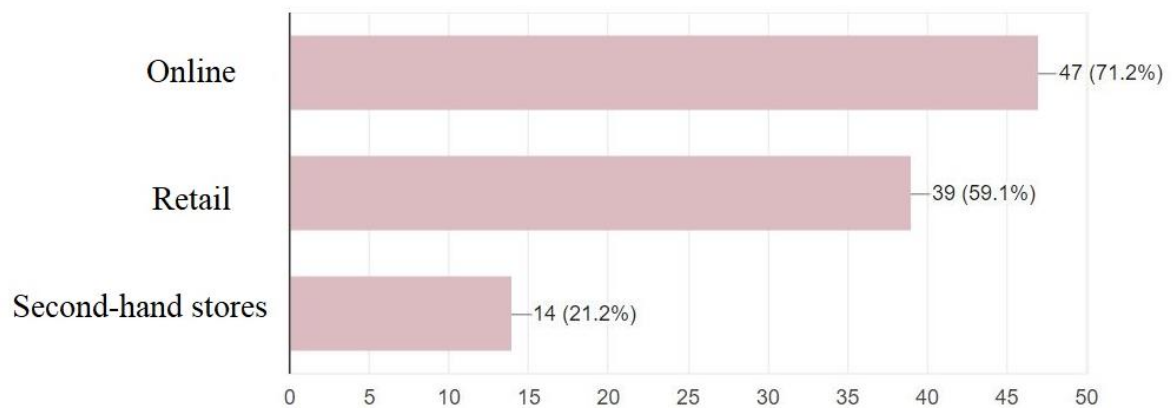
This question was asked in order to understand where the young people of Ostrobothnia prefers to shop. The respondents could choose up to 2options. The different options were "Online", "Retail" and "Second-hand stores". The results show that the majority prefers to shop online (71.2%), followed by retail (59.1%). It was interesting to see a great amount (21.2%) of people who enjoys shopping at second-hand stores.

## 4.8 Do you use loyalty cards or loyalty programmes?
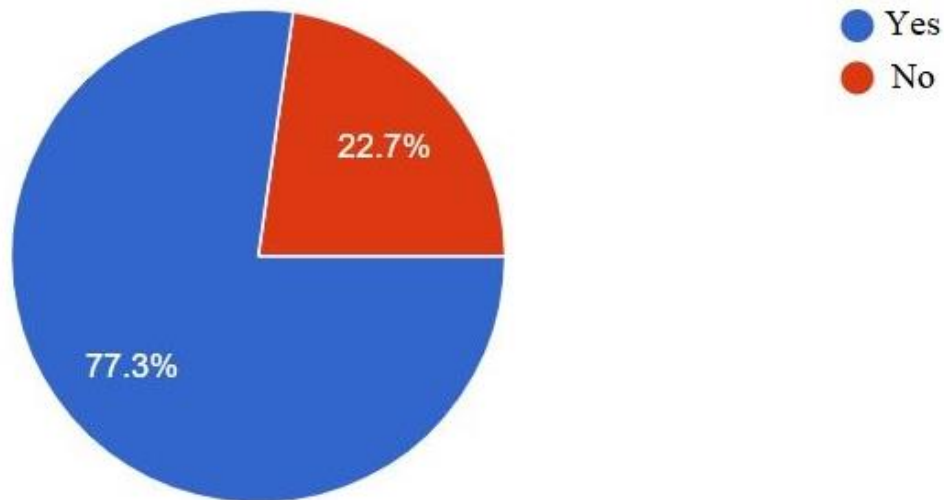
This question was asked in order to see how eager people are to use different bonus cards and/or loyalty programmes such as S-kortti or Bonusway. The majority (51) use a loyalty card or loyalty programme that gives bonus credits and discounts, while 15 of the respondents do not use any loyalty services.

4.9 Do you know what information companies gather about you?
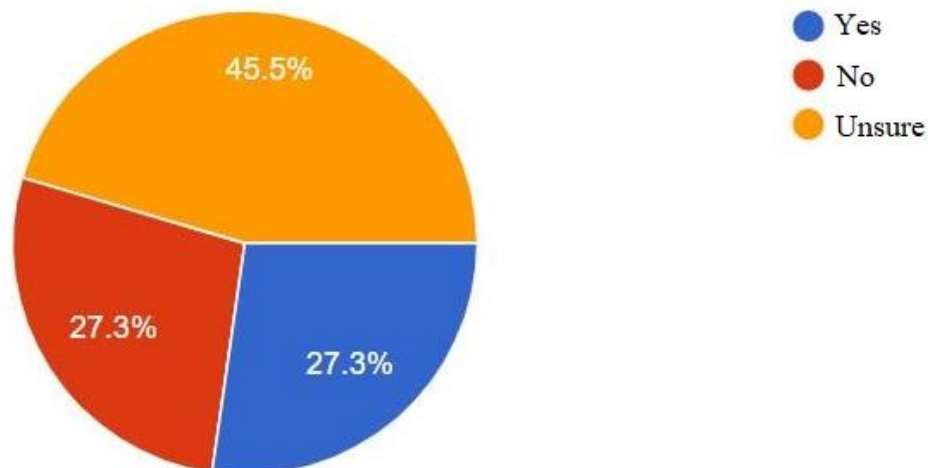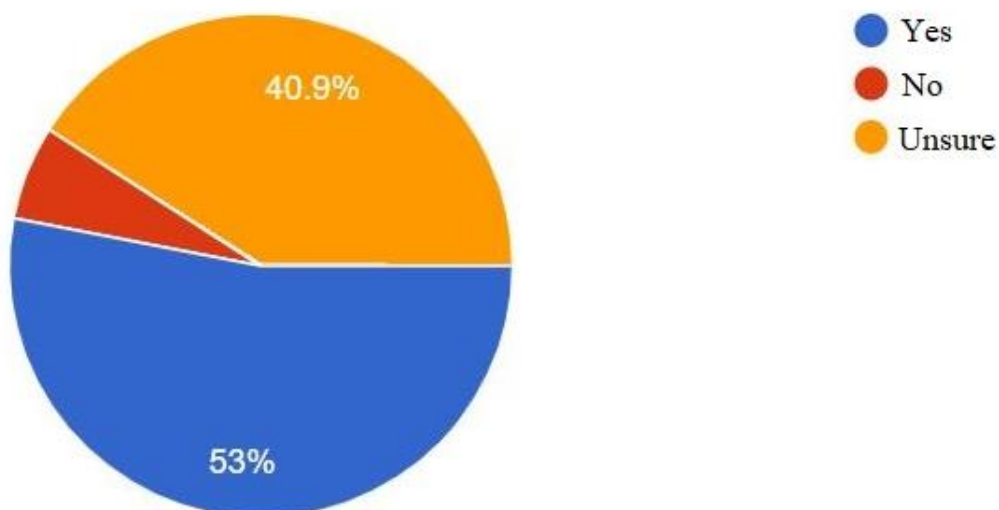

This question was asked to get an insight on the consumer's knowledge about what information companies gather about them. The majority (45.5%) was unsure, 18 people (27.3%) answered that they are fully aware of what information the company is getting, and the rest (27.3%) has no idea of what information the companies are withholding.

4.10 Do you compare different products before purchase?
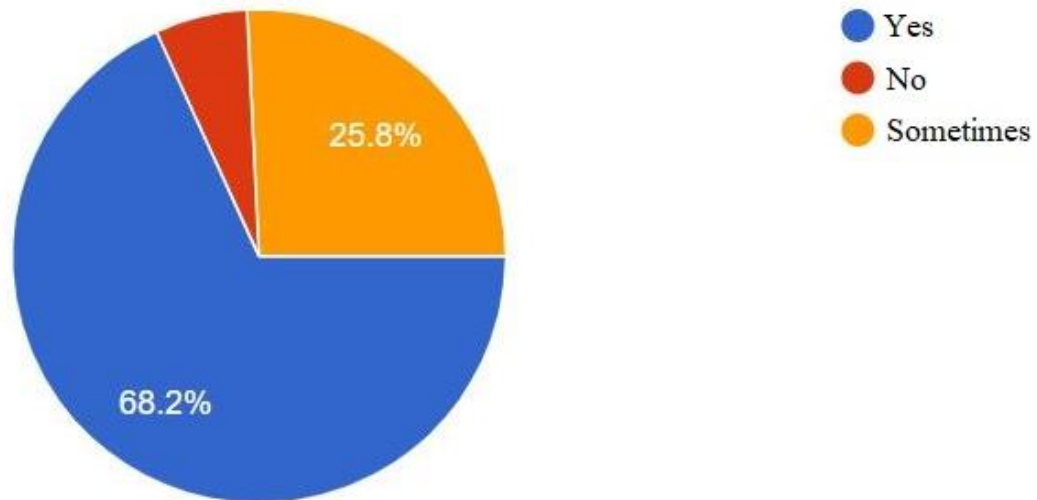
This question was asked to get an idea of young consumers buying behaviour, and to see how many people compare products before doing a final purchase decision. The majority (45) compare products before a purchase, 17 do it at times, and 4 people said that they don't. It was interesting to see so many people admitting that they like to compare products before purchase. It goes to show that the internet has definitely made it easy to compare products and prices.

4.11 Do you change your mind about a brand or a product if you hear or read negative comments about it?

To get an understanding of the perception of others, and how it affects the consumer this question was asked. The majority (35) answered that they do change their mind after hearing or reading a negative review, 27 people were unsure, and 4 people said that negative comments don't affect their purchase decision.

4.12 Do you give a review after a purchase?
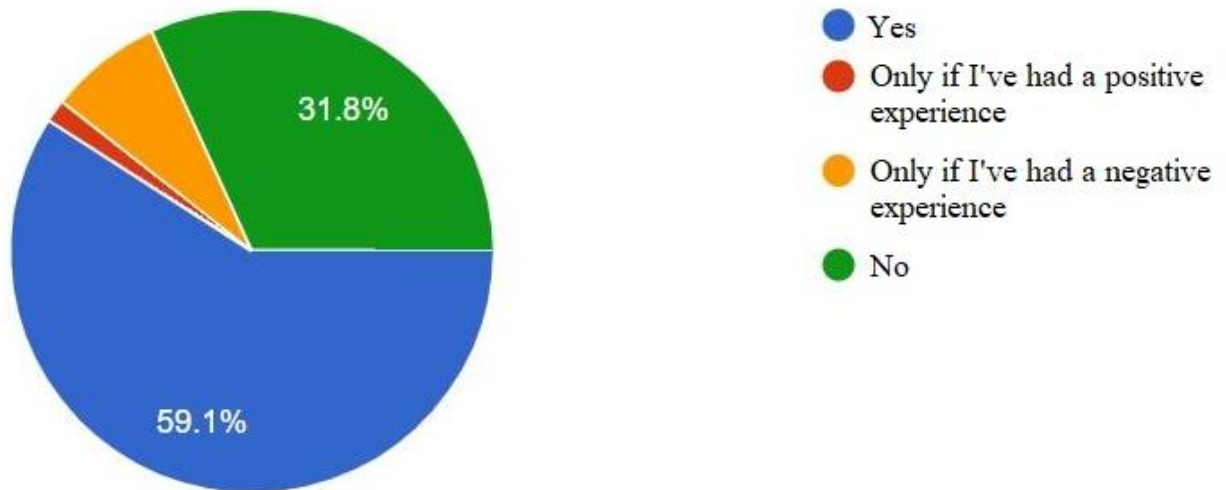
This question was asked in order to see if and at which circumstances people gave reviews in the postpurchase stage. The different options where Yes/No and "Only if I've had a positive experience"/" Only if I had a negative experience".

The majority (39) answered that they like to give reviews for others to read, 21 people said that they don't give reviews, 5 people (7.6%) give reviews only after a negative experience and 1 person (1.5%) answered that they only give a review if they had a positive experience. It was interesting to see that the age groups 18-20 and 21-24 were much more eager to give reviews after purchase compared to the other age groups.

4.13 What do you expect from Ostrobothnian companies?

The last question was open, and the respondents had the freedom to express what they expect or wish from the Ostrobothnian companies. The question was asked to get an insight on people's thoughts and to see if the different demographics (e.g. age groups) had similar expectations.

The participants in the age group 18-20 answered that they are hoping that the local companies focus on newthinking (new ideas) and product development. It was unfortunate to see some people in this particular age group not answering the last question.

"I expect bilingualism"- Man 18-20 years

"I expect them to meet the customer's needs, and that products will not get too expensive"- Woman 18-20 years

"It depends on product, but I expect them to be honest and near-produced"- Woman 18-20 years

The majority of people in the age group 21-24 answered that they expect great quality from the local companies. Key words where: loyalty, good service in Swedish language and reliability.

"I expect higher quality than mass-produced products and more knowledge of where and how their products have been manufactured"- Woman 21-24

"Competitive prices, good quality, and good service"- Man 21-24 years

"I wish that they could be a bit better, even if that means they get a bit more expensive"- Woman 21-24 years

The people in the age group 24-26 years wanted quality and good customer service. The age group <26 has similar expectations as the younger age groups. There were three people that answered that they don't really expect anything from the local companies, which could mean that the consumers are already satisfied with what the local companies have to offer.

"I expect honest customer service and reliable and durable goods."- Woman <26 years

It was interesting to see all answers and compare the different age groups' expectations. Quality and customer service in both native languages were definitely high on the wish list.

5 Discussion

The aim of the study was to investigate the buying behaviour of young consumers in the ages between 18 and 26, and to understand what factors influences their purchasing behaviour.

The result of the analysis showed that the majority of the participants where men. The majority of the participants were between 21-24 years old followed by the age group 18-20. These facts can be essential for the companies to be able to design products/advertisements in the future for the right audience.

Personal, social and psychological factors all affect the consumers choice of where and when the customer wants to shop.

The target group had a very distinctive definition on what it means to be a consumer. The majority identifies themselves as thrifty, but impulsive at times. Sales and special occasions make people naturally shop more. As discussed in the theory part, factors like economic situation changes the way consumers spend their money. If you have just gotten you salary you are more likely to spend it freely compared to after all the bills have been payed.

It was interesting to see that the majority of people trust online reviews (strangers) more than anyone when buying a more expensive product. In the questionnaire "new phone or laptop" where mention in the description part, since "expensive investment" in this particular target group usually means a more expensive electronic device. Young consumers like to do a lot of research and read reviews before deciding on a purchase. This confirms that expensive products brings on a complex buying behaviour, which was discussed in the theory part. If there was another product or service in question, such as a vehicle, the response would probably be much different, and the respondents would value someone else's opinion much higher.

The researched showed that next to online reviews, consumers value their friends' opinion because of same interest and same lifestyle/lifecycle. As discussed in the theory, one of the marketers' primary goal is for consumers to tell their friends and others about their product.

Quality is something young people in Ostrobothnia value, and it showed in the results that product quality is crucial when buying a new product. Price and reviews on a product are also important factors for the target group.

33 of 66 respondents answered that they are only loyal to 1-2 brands, which means that most people are open to try new brands. This particular question didn't have a zero option, which could have been interesting to research further. 21 of 66 people answered that they are very willing to try new brands, which shows that the young consumers in Ostrobothnia are very open-minded. Just as mentioned in the theory part, adopting to a new brand or product depends on a consumer's characteristics as well as the characteristics of the product.

The majority likes to shop online, which was a very expected result. Different social media platforms have made it easier for people to find new brands and products.

Loyalty cards or loyalty services are something that the majority of the young consumers use, which confirms with the theory part (different types of information that the companies try to get from customers). It would also have been interesting to know exactly which loyalty cards and loyalty programmes are the most popular amongst the young consumers.

Based on the answers about the information that companies gather, companies could definitely improve on informing their customers on what exact information they collect and how it's used (e.g. buying patterns, personal information etc.). The information could be sent directly to the customers per mail or be published on the shop's website.

Most young consumers like to compare products before a purchase. Comparing products has become very easy, there are even special websites dedicated to follow up on a products price, for example the site *hintaseuranta.fi* which is the largest price tracking service in Finland. The service provides comparisons on 190 online stores where you can find out prices, different shipping costs and delivery time.

Figure 4. Hintaseuranta.fi

Majority of the participants answered that they like to give reviews after a purchase, regardless of a positive or negative experience, which is very helpful for other customers and the companies. A negative review definitely affects the young consumers' attitude to the product and/or brand and can result in comparing it to other products and/or brand switching.

To sum up the respondents' wishes and expectation of Ostrobothnian companies, they should provide great quality products, be innovative and give bilingual services in order to successfully reach the target audience and keep existing customers.

6 Conclusion

Consumer behaviour in Ostrobothnia can be summarized by the following:

It is important for marketers to have an understanding of young consumers' buying behaviour. Based on the results, we can assume that consumers want companies to provide great quality products for reasonable prices, they want to know how and where the products are made, and they want bilingual service when they are in direct contact with the company. If companies want to reach this particular target group and achieve the best possible result, they should review the consumers' expectations and interests in the future.

The findings of this research showed that the different factors discussed in the theory clearly have an influence in the choices of young consumers. Word-of-mouth strongly affects the consumers, especially if there is a negative association with a brand or product. The internet makes it easy to compare and find products in a short amount of time. When spending a significant amount of money on a product, young consumers like to do a lot of research, and read reviews, which brings on a complex buying behaviour.

In the postpurchase stage of the buyer decision process, majority of young consumers like to leave a review on their experience in order to help others. Some consumers choose to leave a review only if they have had a positive or negative experience.

Loyalty cards and loyalty programmes are popular amongst young consumers, which also helps motivate them to shop more when there are sales and different campaigns. The research unveiled that a significant number of young adults don't know what personal information the companies gather about them. This could be something that marketers could focus on in the future in order to better the communication with their customers.

In general, it can be noted that the theoretical frame of work and the results support each other in the survey in various points. Witch consumer behaviour being an important model in marketing strategies the study has been significant. The results are consistent with the purpose, and the main question was answered. The answers to the study should act as a guideline for companies in Ostrobothnia when planning marketing campaigns and products and it can simultaneously act as suggestions for improvement.

7 Recommendations for further research

For future research on the subject of consumer behaviour and getting a more in-depth understanding, one could investigate how and what methods companies use to get information on their customers. It would be interesting to interview a CEO of an Ostrobothnian company and ask what kind of information they gather about their customers and how the measure customer satisfaction.

Another suggestion is to investigate another age group, such as kids or teenagers and research what kind of things influence their buying behaviour.

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Figure references

Figure 1 Available: https://iitmaverick.wordpress.com/2012/11/11/consumer-buying-behavior-2/ [retained 07.10.2018]

Figure 2. Available: https://slideplayer.com/slide/5260360/ [retained 07.10.2018]

Figure 3. Available: https://www.simplypsychology.org/maslow.html [retained 24.09.2018]

Figure 4. Available: https://hintaseuranta.fi/ [retained 01.11.2018]

List of annexes

The questionnaire

Köpbeteende i Österbotten

Den här enkäten är anonym och används endast för examensarbetet.

1. Kön? *

○ Kvinna

○ Man

2. Ålder? *

○ <18

○ 18-20

○ 21-24

○ 24-26

○ >26

Konsumentbeteende

Description (optional)

3. Vad identifierar dig som konsument? *

(t.ex. impulsiv, sparsam...)

Short answer text

4. Vems åsikt värdesätter du mest då du köper en dyr produkt (t.ex en dator eller telefon)? *

Välj upp till 2 alternativ

☐ Influencers (bloggare, youtubers eller instagrammers)

☐ Vänner

☐ Familj

☐ Recensioner på nätet

8. Var föredrar du att handla? *

Välj en eller flera alternativ.

☐ På nätet

☐ I detaljhandeln

☐ I second-handbutiker

9. Använder du förmånskort eller nättjänster som ger köpkredit? *

(t.ex. S-kort eller Bonusway).

○ Ja

○ Nej

10. Vet du vilken information företagen samlar om dig? *

○ Ja

○ Nej

○ Osäker

11. Brukar du jämföra olika produkter innan ett inköp? *

○ Ja

○ Nej

○ Ibland

12. Ändrar du inställning till en produkt/ett märke efter att ha läst/hört negativa åsikter om det?   *

○ Ja

○ Nej

○ Osäker

13. Brukar du dela din åsikt efter inköpet av en produkt? *

○ Ja

○ Endast om jag har haft en positiv upplevelse

○ Endast om jag har haft en negativ upplevelse

○ Nej

14. Vad förväntar du dig av österbottniska företag? *

Short answer text