Vi Phuong Huynh

Nguyen Thi Nam Binh

NEW BUSINESS IDEAS FOR A START-UP ENTERPRISE OF IMPORTED APPAREL

Young consumer behavior towards garment consumption in Finland

Bachelor's Thesis
Business Management

May 2012

MIKKELIN AMMATTIKORKEAKOULU

Mikkeli University of Applied Sciences

DESCRIPTION

	Date of the bachelor's thesis
MIKKELIN AMMATTIKORKEAKOULU Mikkeli University of Applied Sciences	16 May 2012

Author(s) Vi Phuong Huynh Nguyen Thi Nam Binh	**Degree programme and option** Business Management

Name of the bachelor's thesis

New business ideas for a start-up imported apparel enterprise

Abstract

A main concept of this thesis is to invent a new business model for a start-up fashion company based on the research of young consumer behavior towards fashion apparel imported from Asian countries such as Vietnam and Korea. In this case, our target customers are those who are currently staying in Finland regardless of their nationality.

Nowadays business model innovation will become even more important for success than product/service innovation. No matter what basis a company is going to adapt for its business mode, an innovative business model always consists of four interlocking elements (customer value proposition, profit formula, key resources, key processes) that are taken together to create and deliver value for both a company and its customers. We have been conscious of the extent of this matter; we conducted a market research in which we particularly concentrated on studying the consumer behavior of young people to understand what they are doing with fashion goods; what added values they are expecting to get from their purchase; what they will perceive the quality of imported goods. The basis we use to build a new business model will be based on the research findings.

Quantitative research with the participation of 310 respondents was used in this thesis. All of the respondents were degree programmes students who are studying in Mikkeli University of Applied Sciences in different major. The majority of the respondents were Finns and Russian; the remaining students came from various nations such as Vietnam, China, and other European countries. Based on the results of the survey, the large majority of audience awareness about Asian apparel was neutral. Others perceived Asian products as good. The findings clearly showed that Asian goods are not bearing discrimination at all among young people here. It is actually a good sign for Asian enterprises which desire to expand their business into the Finnish market in general and for us – two young Asian entrepreneurs in particular.

The very first step we should take action in order to achieve a successful start in the context of doing business is not simply to think about business models at all. We have to start with thinking about the opportunities to satisfy a real customer's needs. Hence, the purpose of this research is to gain a better understanding of what young consumers really think of imported products/goods as well as what they desire to have but those kinds of offerings are not available in the Finnish market yet. Finally, apart from our own business purpose this thesis also could be seen as a reference either for international firms, especially Asian companies when they desire to expand their fashion business into the Finnish market or for Finnish enterprises to improve their existing products/services in our opinion.

Subject headings, (keywords)

Young consumer behavior, business model innovation, Asian apparel, Asian imported goods

Pages	**Language**	**URN**
91 + 26App.	English	

Remarks, notes on appendices

Tutor	**Employer of the bachelor's thesis**

| Juha Haimala, Heli Aaltonen | |

ACKNOWLEDGEMENT

CONTENTS

1 INTRODUCTION

The idea of this chapter is to provide readers noteworthy information of our case study such as the general purpose of research, research questions, and how the research is carried out in order to achieve needed information. Furthermore, we will also state precisely how the structure of our thesis is organized.

First of all, we want to state an overall purpose of the thesis. Becoming an entrepreneur is a mutual dream of both of us, and we have decided to carry our own business in Finland after the graduation. Our core business is to provide customers who stay in Finland with various kinds of fashion garments, accessories, and footwear imported from two Asian countries such as Vietnam and Korea. Before starting up our business, we not only simply pay attention to the legal procedures (especially legal entities) that will be mentioned in detail in the last part of the literature review, we may also concern the market research issues, which will aid us to dig out more useful information from customers staying in Finland. In any business, customers and their consumption behavior places the most momentous part in the success of a firm or an organization. Hence, the purpose of this research is to get a better understanding of what young consumers really think of imported products/goods as well as what they desire to have but those kinds of offerings are not available in the Finnish market yet.

In the second place, we briefly present how we carry out the research plan. According to Marion (2004) research questions are formal statements of the goal of a study. Under current circumstances of our research study, we are facing the following problem: "whether or not should we establish a fashion company in Finland?" In order to obtain the right and concrete information, we should design in advance a detailed market research plan. All information collected from the research process will be convincing evidence of whether or not our business plan is supported. We carry out the research by using both quantitative and qualitative method. A qualitative method is used for interviewing an officer at Centre for Economic Development, Transport and the Environment to seek out more helpful information about the legal procedures and supports of doing business in Finland and then we apply quantitative method to know the behavior and opinions of 310 young students in Mikkeli University of Applied Sciences

towards the garment consumption in Finland in general and imported fashion goods from the Asian countries (Vietnam and Korea) in particular.

As we have defined the problem as well as the purpose of our research earlier, in this third part, we will introduce the five research questions as following:

The first two research questions, which will be discussed in the chapter "2.1 Business model innovation", are:

1) What is business model for our future fashion company?
2) What kind of customer values could our fashion company provide to young consumers in Finland?

The third and fourth research questions will relate to the information mentioned in the chapter "2.2 Consumer Behavior". Here they are:

3) What factors will drive young consumers who are living in Finland to make a purchase?
4) What is the attitude of young consumers in Finland toward imported fashion goods from Asian countries such as Vietnam and Korea?

The last research question is associated with the matter of finding out the appropriate types of company to set up in Finland that is mentioned in the chapter 2.2.3 below. The question is:

5) What type of company we may concern before establishing it in Finland?

Finally, the structure of the thesis is clearly mentioned. Our thesis will include six main parts which are the following:
- Literature Review;
- Overview of the Empirical Study;
- Findings/Results;
- Discussion;
- Concluding Remarks;

- Bibliography and Appendices

In the literature review section, we examine the theories of business model innovation, consumer behavior, strategic market management, and lastly the forms of legal entity in Finland. All eleven stages to build up the research plan, what research methods are used, and how to analyze the data will be mentioned clearly in the overview of the empirical study part. Our findings section will show the results, data that we collected and analyzed during the study. On the other hand, we also give explanations for each result we present in that section.

The following sectors are discussion and concluding remarks. In two those sectors, we will discuss the results we achieved from the research in order to see whether or not the objective of the study is met and whether or not the literature framework is fully supported. We then provide further proofs to support our statements. In addition, we also present the challenges that we faced during the process. The last part is references and appendices. The list of books, articles, and other materials used during our study will be listed in the references. Besides, the readers can easily find all questionnaires we used to interview people in the appendices section.

2 LITERATURE REVIEW

The review of the literature is indeed supposed to be the best way to help the readers make logical sense of the relationships between various theories and significant factors that relate to the problem of any study. Hence, here we are going to introduce all existing/previous knowledge and the relevant theories/documents needed as well before we actually start to conduct a research. There are two focal categories in the literature review; the first part is about consumer behavior that studies the buying attitudes of customers toward certain products/services and the second one is about the strategic management methods within the business organization.

2.1 Consumer Behavior

Where there are consumers, there are products or services. It cannot be denied that consumers play a very significant role into determining the chance of success of any

company to date. In this section we would like to revise all the main issues that have direct impacts on consumers' buying decisions. This section will also view information associated with the third and fourth research questions. Consumer behavior generally is a wide term that not everyone can define what it means exactly. However, we have read many textbooks and found out there are three common definitions that have the same idea with each other. Each of them will be discussed in the next paragraph.

Solomon (2009, 33) states: " the field of consumer behavior covers a lot of ground: It is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires." and Noel (2009, 13) says that consumer behavior examines how individuals acquire, use and dispose of company offerings. He also addresses that after consumers acquire an item, a product has been put in use in a different manner. It means that a product can be consumed in one use (for example, a carton of milk) or it could be consumed over time (such as mobile phone). Lastly, Hoyer and MacInnis (2004, 3) define: "consumer behavior reflects the totality of consumers' decisions with respect to the acquisition, consumption, and disposition of goods, services, time, and ideas by (human) decision-making units over time."

According to the role theory's sociological perspectives of Solomon, he believes that the consumers are those who are playing as actors on the marketplace stage. Each consumer will have his or her own lines, costumes necessary in order for him or her to deliver a good performance. As many people act out in different ways, so their consumption decisions would have been affected when they are in a particular "play" at a certain time. The criteria they use to evaluate products and services in one of their roles may be quite different from those they use in other roles. In order to know what are the implications for a market strategy, the marketers need to understand individual differences precisely. The purpose of the next chapter is to discuss the differences among individuals in terms of perception, motivations and values, personality and lifestyle. First, we will start with the customer's perception.

2.1.1 Consumer's perception

Perception is not simply a person, idea or opinion that people think of a certain product or service; it is an information processing. Hence, this section will focus on discussing the process of perception, in which the consumer absorbs sensations and then uses these to interpret the surrounding world. According to Solomon (2009, 78) sensation is viewed as the immediate response of our sensory receptors to basic stimuli such as light, color, and sound. Stimuli are messages and information about products or brands communicated by either are marketers (via ads, salespeople, brand symbols, signs, and so on) or by non-marketing sources (e.g., the media, word of mouth) (Hoyer & MacInnis 2004, 79).

Noel (2009, 94) states: "perception is the process by which the consumers select, organize, and interpret stimuli to create the coherent and meaningful picture of the world around them." Figure 1 below will show us how the perceptual process is built based on the discussion of Solomon (2009, 79).
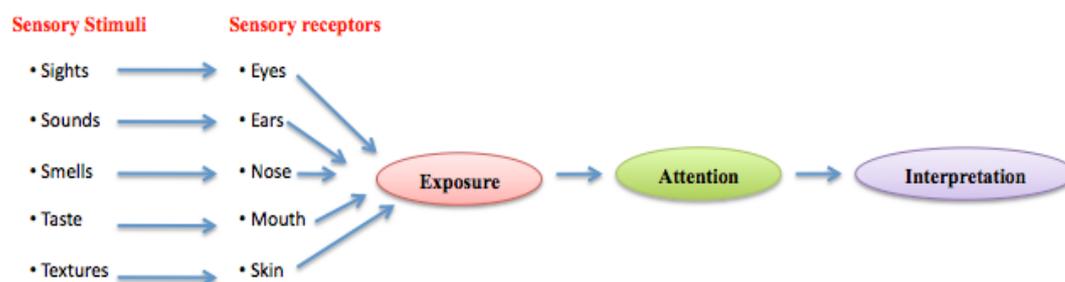
Figure 1. An overview of the perceptual process (Adapted from Solomon 2009, 79.)

Figure 1 presents three stages of exposure, attention, and interpretation that make up the process of perception, however, we are going to take a look at sensory systems (sensory stimuli, sensory receptors) that provide sensations to us in the first place.

i.   Sensory system

In order for the perceptual process to start, we first have to be aware of our sensory stimuli. Sensory stimuli are also called external stimuli, we normally can receive external stimuli in many different ways such as hearing a radio, seeing an advertising billboard, tasting a new flavor of ice-scream, or smelling a leather jacket. In general, the inputs our five senses detect are the raw data that begin the perceptual process. It

is a challenging and crucial task for a firm to create the unique sensory quality of a product that probably plays an important role in helping a company to stand out in the competition, especially of the brand creates a unique association with the sensation. (ibid). According to Solomon (2009, 82) there are five sensory stimuli the marketers need to take into account, such as vision, smell, hearing, touch, and taste.

Vision

Marketers greatly depend on visual elements in advertising, store design, and packaging. They communicate meanings on the visual channel primarily through a product's colour, size, and styling because they know that our emotions are directly influenced by colours. However, not everyone will response to the colour in the same manner. Cultural differences and even age are likely to affect our responsiveness to colour. The marketers always notice the meaning of colour; as they know colours will generate such strong emotional reactions for viewers. Consumers often learn to associate the qualities of a product with colours. (Solomon 2009, 82-85).

Smell

Our feeling may be changed or stirred by odors. They can either evoke memories or relieve stress or even create bad feelings. Noel (2009, 97) says that scents can have a positive or negative impact on an individual's emotions. Hence, businesses nowadays are very interested in exploring the connection between smell, memory, and mood. For instance, one study even found that for many people the smell of coffee summons up childhood memories of their mothers cooking breakfast, so the aroma reminds them of home.

Hearing and touch

Apart from colour and smell, people' feelings and behaviors also are agitated by many aspects of sound. For instance: the sound of music in a coffee shop in particular or at a shopping mall in general will have a direct impact on those customers who are passing along there. This sensory form is usually adapted in terms of music and commonly used in shopping malls.

Solomon (2009, 87) says that haptical senses can moderate the relationship between product experience and judgment confidence that customers are more sure about what

they perceive as touching products. A study shows that people cannot usually help themselves from touching all the products they see at a store, especially in clothing or souvenir stores. Touching products could be fun and customers feel sure and comfortable when they pay money for the products after a physical assessment. Based on the quality of materials in clothing, consumers also perceive whether a product is high class or not. (Solomon 2009, 88).

Taste

The last sensory stimulus is taste. Our taste receptors apparently give us experience of many products. For example, in a supermarket, marketers normally use sample methods to offer consumers food or candy sample so they can give their own opinions after tasting it. By that way, a firm will know how customers respond to its product, and then decide either to improve or not to sell that product anymore.

  ii.   Exposure

Noel (2009, 94) and Solomon (2009, 90) state that exposure refers to the process whereby a consumer comes into contact with a different sensory stimulus that is immediately transferred to her or his sensory receptors. In a simpler way of speaking, exposure reflects the process by which the consumer comes into physical contact with a stimulus (Hoyer & Maclnnis 2004, 79). When consumers focus on some stimuli, they are unaware of others, and even go out of their way to ignore some messages. Exposure is a very significant step as this begins the process towards the final purchase and consumption of a product.

According to Hoyer and Maclnnis (2004, 80) there are two factors that seem directly to influence exposure such as position of an ad within a medium, and product distribution and shelf placement. Position of an ad within a medium refers to the exposure in commercials or magazines. The location of ads in commercials or magazines is also quite important because it will determine whether consumers are likely to be exposed or not. On the other hand, those ads placed next to articles or within famous TV programs can help customers to be exposed. When the consumers are easily exposed to products that are featured in an end-of-aisle display or that account a lot of shelf place, it means that the consumers are encountering the matter of product distribution

and shelf placement. The more widespread the brand is distributed, the greater the likelihood is that consumers will be affected. (Hoyer & Maclnnis 2004, 81).

Nowadays, marketers are engaged in exploring what media will generate exposure to their marketing stimuli and whether the desired exposures rates have actually been reached, especially in online advertising cases. (ibid)

   iii.   Attention

Noel (2009, 95) states that no matter how much exposure a brand receives, it is not enough for a consumer lead to make a purchase and consumption. Hence, a certain amount of attention must be paid to the stimulus to which a consumer is exposed in order for it to be perceived. According to the discussion of Solomon (2009, 96-97) attention is defined as the extent to which a processing activity is devoted to a specific stimulus.

Nowadays, we are living in a society that is fulfilled with information technology and we may have too much of a good thing, with the result that consumers are often in a state of sensory overload in which they are exposed to far more information than they can process. That is why many marketers need to understand the characteristic of attention since this can have a direct impact on their brand's success. It is critical for marketers to know whether consumers are paying attention to their messages, so they constantly will devise new ways to measure how effective they are. On the other hand, Solomon (2009, 97) also says: "getting the attention of young people in particular is a challenge." Young people nowadays have a tendency to be engaged in multi-tasking, where they process information from more than one medium at a time. For example, a young person can watch a television, send instant messages, and even drink or eat food at the same time. According to Hoyer and Maclnnis (2004, 84) attention has three key characteristics: 1) it is selective, 2) it is capable of being divided, and 3) it is limited.

<u>Attention is selective</u>
One significant aspect of attention is that it is selective. As the brain's capacity to process information is limited, Noel (2009, 95) has stated that consumers are very

selective about what they pay attention to because we cannot give full attention to multiple stimuli at the same time. Hoyer and MacInnis (2004, 84) explain that we will not be able to pay full attention to multiple stimuli at once if the number of stimuli to which we are exposed is potentially overwhelming. Based on the discussion of Solomon (2009, 98), when consumers encounter the action of selecting attention, they are experiencing the process of perceptual selection that means that people attend to only a small portion of the stimuli to which they are exposed. Below are four factors which affect the personal selection of a consumer:

- Experience: it happens when consumers have experienced acquiring and processing stimuli over time. It is a factor to determine how much exposure to a particular stimulus a person accepts;
- Perceptual filters: based on our past experiences influence what we decide to process;
- Perceptual vigilance: it normally occurs when consumers are likely to be aware of stimuli that relate to their current needs;
- Adaption: it is a degree to which consumers continue to notice a stimulus over time. The process of adaption occurs when consumers no longer pay attention to a stimulus because it is so familiar.

Attention can be divided

The second important feature of attention is capable of being divided. Hence, we can parcel our mental resources into unities and allocate some to one task and some to another. In general, consumers call apportion their attention flexibly to meet up the demands of thing in their environment. Furthermore, they are also distracted when one stimulus pulls their attention away from another. (Hoyer & MacInnis 2004, 84).

Attention is limited

Finally, even if we may be able to allocate our attention, it is still limited. For instance, we can sometimes watch TV ads while we are talking with our friends, but if the conversation turns out to be serious, we may turn off the TV in order to concentrate on the conversation with our friend. The fact that attention is limited explains why consumers are less likely to pay attention to new products in unfamiliar stores

than in familiar stores. Consumers will inevitably miss some products if they attempt to attend to many unfamiliar products (Hoyer & Maclnnis 2004, 84).

In short, while shopping consumers may be exposed to many different brands, ads, displays, smells competing for their attention and purchase. As a consumer, she or he must shift through all of the competing stimuli and determine to which she/her would like to devote her/his processing effort. According to the discussion of Solomon (2009, 99) and Dubois (2000, 64-65) the stimulus itself plans an important role in determining what gets noticed and what gets ignored. In terms of the marketing implication, marketers need to understand it precisely in order to create messages and packages that will have a better chance of competing against existing competitors. Hoyer and Maclnnis (2004, 91) also say that the researchers or marketers can define their customer segments by depending on customers' attention.

iv.   Interpretation

The description in this chapter is based on the discussion of Solomon (2009, 100-105). After consumers have been exposed to a stimulus and also have devoted at least some attention to it, now consumers are in the last step of the perceptual process; it is the interpretation of the meaning that we assign to sensory stimuli. As people perceive stimuli in different ways, the meanings they are going to assign to these stimuli may widely vary. It depends on the set of beliefs to which we assign it. In general, consumers do not attend to a stimulus in isolation; they usually classify and organize it according to principles of "Gestalt" perceptual organization.

The Gestalt perspective provides several principles related to the way our brains organize stimuli. The first one is the closure principle. People tend to perceive an incomplete picture as complete. We tend to fill in the blanks based on our previous experience. Marketing strategies use this principle to encourage audience participation, which increases the chance that people will pay attention to the message. Second one is the principle of similarity. In this principle, consumers tend to group together objects that share similar physical characteristics. The last one is figure-ground principle which means that one part of a stimulus will dominate (the figure) and the other parts recede into the background (the ground). Similarly, marketing messages use this prin-

ciple to make a stimulus the focal point of the message or merely the context that sur-rounds the focus.

2.1.2 Consumer's motivation and values

This chapter will first examine the concept of consumer's motivation; factors deter-mine consumer motivation and how motivation affects their decision-making as well. Secondly, we will go through the theories of consumers' value towards certain goods or services. Furthermore, in this chapter we also have a look at some major needs that affect consumer behavior; various approaches to measurement and evaluation; and the primary implications for the marketing strategy.

i.   Factors determine consumers' motivation

First of all, we explore what consumers' motivation actually is and then the consum-ers' motivation will be mentioned in the next following paragraph. Both Noel (2009, 90) and Hoyer and Maclnnis (2004, 55) strongly believe that motivation refers to the inner state of arousal that leads people to behave the way they do. It obviously hap-pens when a need is recognized and consumers need to satisfy it. A need is activated and felt when there is a sufficient discrepancy between a desired or preferred state of being and the actual state (Engel et al. 1995, 404). Hence, need recognition is the first step to precede consumer's motivation.

The motivated consumer is energized, ready, and willing to engage in a goal-relevant activity if the outcomes of motivation are high. In addition, there is a relationship be-tween motivation and information processing as well as decision-making. When con-sumers can be highly motivated to reach the goal, they are more likely to pay careful attention to it, to think about it, comprehend information about it, weigh up that in-formation critically, and even attempt to remember it for later use. On the contrary, consumers seem to devote little effort in processing information and making decisions if their motivation is not great enough. Noel (2009, 93) states that motivation leads to a psychological state called involvement. The higher motivation consumers have, the more involvement they feel. According to Engel et al. (1995, 406) involvement is a

reflection of strong motivation in the form of highly perceived personal relevance of a product or service in a particular context.

One of the key factors that influences motivation is the extent to which something is personally relevant. Hoyer and Maclnnis (2004, 59) have defined that personal relevance is something that has direct bearing on you and potentially important consequences or implications for your lives. Other elements that determine motivation of consumers is the self-concept, which is our view of who we are and the way we think others view us. Normally our self-concept will aid us to define who we are, and it predominantly instructs our behavior. This self-concept is always applied when consumers are going to pick up clothing; they may implicate their clothes with different social status. For instance, professors always select suits for their job whereas athletes choose sport clothes instead. Hence, product's brand often plays an important role in determining the self-definition of a consumer.

In terms of the marketing strategy, marketers can enhance the motivation of consumers to process promotional materials by attempting to make the information as personally relevant as possible.

 ii.   Classifying the needs

As we have already discussed above, motivation only occurs when there is need recognition among consumers. According to Hoyer and Maclnnis (2004, 61) need is a very powerful factor affecting personal relevance and motivation. Hence, in this section we are going to examine those specific needs and analyze the Maslow's Hierarchy of needs that is proposed by the psychologist Abraham Maslow when he talks about the approach to motivation.

Firstly, we will have a discussion about specific needs and buying behavior. Obviously, identifying needs of customers is one of the most essential parts in creating customer value proposition. Johnson et al. (2008, 3) state that a successful company is the one which has found a way to create value for customers that is able to meet their unmet needs. Even if everyone has the same basic set of needs, that individual will rank the priority of his or her own needs differently from others. Solomon (2009, 161)

thinks that consumers who place a premium on products and services are those individuals with a high "need for achievement". They are likely to choose something that is able to bring a unique value for them or signify success because these consumption items provide feedback about the realization of their goals.

Additionally, Solomon (2009, 161) and Dubois (2000, 28-29) have discussed five noteworthy needs that are related to consumer behavior. The first need is "the need for affiliation" that is relevant to products and services for people in groups. Secondly, "the need to dominate" happens when consumers feel that they want to influence, control over the others surrounding, persuade, guide, and organize a group. The next one is "the need for uniqueness" which helps consumers to assert their own identification. For instance, the ad of Cachet perfume claims to be "as individual as you are". The need to relax, to have fun, to seek entertainment, to stroke, to avoid stress is viewed the fourth need – "the need to play". The last need is "the need for exhibition" that occurs when a consumer desires to leave an impression on somebody or wants to attract attention of others.

Apart from those listed specifically above, in this part we will examine the Maslow pyramid that was formulated by the psychologist Abraham Maslow. His figure illustrates biogenic and psychogenic needs that specify certain levels of motives. The marketers should pay extra attention to this perspective because it directly specifies a certain type of product or service benefits that people might be looking for according to what stage of need they are in the pyramid. Figure 2 below will summarize for us all the stages of consumer's needs varying from the basic (at the bottom) to the most desired one (at the top of the pyramid). At each single level, different priorities exist in terms of the benefits of the products and services for which a consumer is looking. Each stage will be discussed in more detail below.
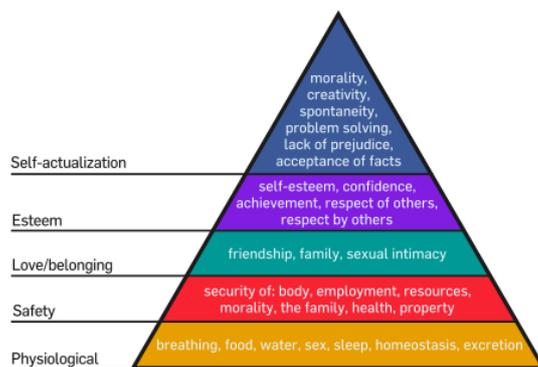
Figure 2. Maslow's Hierarchy (Adapted from Solomon 2009, 162; Dubois 2000, 32; Hoyer & Maclnnis 2004, 62; Zeithaml et al. 2009, 52.)

Physiological needs

Physiological needs are biological needs such as food, water, and sleep (Zeithaml et al. 2009, 52). This is the basic need and the recognition of these basic needs is fairly obvious to know. In terms of this need, more food or drinks manufacturers nowadays operate to satisfy it.

Safety needs

Safety and security needs include shelter, protection, and security. Consumers are looking for those products or services that offer their own and loved ones' shelter, assurance, safety. Those relevant products or services with this kind of need are insurance, alarm systems, retirements, investments. (Solomon 2009, 162).

Esteem needs

The higher level of needs is esteem needs. In this case, esteem needs happen when consumers seek prestige, success, accomplishment, and self-esteem. Indeed, those basic needs such as food, safety, and social belonging are not enough for many consumers. When an individual has accomplished something to look for good feeling about herself/himself, she/he is encountering esteem needs.

Self-actualization needs

Self-actualization involves self-fulfillment and enriching experience. Among five needs in the hierarchy, self-actualization need is the dominant motivation which is normally hard to achieve. Not any business is completely able to deliver it to its cus-

tomers. If a firm wants to be successful in providing the self-actualization need to the final users, it must not only achieve the previous needs (physiological, safety, love, esteem) but also master these needs first.

To sum up, many marketers put much effort to satisfy consumer needs, but the reasons why people purchase any product can vary widely. Hence, it is very important for marketers to identify consumer motives so they can assure that a product will satisfy appropriate needs of consumers.

iii.   Consumer values

Apart from the consumers' needs, values of consumers also have a strong impact on personal relevance and motivation. According to the discussion of Engel et al. (1995, 443) values represent consumer beliefs about life and satisfactory behavior. Values imply the goals that motivate people and the proper way to accomplish those goals. Furthermore, values provide the explanation of why consumers vary in their decision-making. Solomon (2009, 173) says: "consumers purchase many products and services because they believe these products will help to attain a value-related goal." People can believe in the similar manner but their belief systems may be different. Their beliefs can be shaped by many factors such as individual, social, and especially cultural forces. People in different nations are exposed to various cultural experiences, which leads to cross-cultural differences in values. (Hoyer & Maclnnis 2004, 425).

In the marketing perspective, marketers need to understand how consumer values have an influence on consumption patterns, new product development, and development strategy. According to Hoyer and Maclnnis (2004, 427) based on a common set of values of consumers that differ from other consumer groups, marketers are able to do market segmentation. In addition, marketers can use value to get to know the attributes that consumers in a specific segment are likely to find importance in a product and that may therefore encourage them to choose one brand over another. The last issue is new product ideas. As people have different values, smart marketers will know how to adapt it into their practical product so that a product can persuade consumers' values. (ibid).

2.1.3 Consumer's personality and lifestyle

No one is like anyone else. Apart from consumers' perception, motivation and values that have been already reviewed earlier, the personality and lifestyle of consumers also places a significant role in determining consumer buying behavior.

According to Hoyer and MacInnis (2004, 432) personality is a combination of the distinctive patterns of behaviors, tendencies, qualities and personal dispositions that make one individual unique and different from others in societies, and result in the consistent responses to environmental stimuli. Personality is also defined as enduring and inner psychological characteristics that people have with their birth or the result from the way they have been raised. Studying personality helps researchers or marketers understand why people behave differently in different situations with various kinds of people, and might be able to predict how they would behave in a certain circumstance.

Hoyer and MacInnis (2004, 439) state that lifestyles are indications or actual patterns of behaviors. Three major components of assessing lifestyles are activities, interests and opinions. Usually, the good reflections of lifestyles are what leisure activities people do in their free time and how they spend their time and money. Each individual might have one or more than one leisure activity. The more various activities people engage in, the more different interests and opinions are. Distinct lifestyle segments might be produced from that. People from different countries would have characteristic lifestyles. Individual's lifestyle has been changing rapidly because her or his activities, interests and opinions might change in terms of age and knowledge increasing over time. Additionally, a manner in which she or he thinks might be changed in the future. (Engel et al. 1995, 449).

2.1.4 Consumer as a decision maker

This section explores consumption, decision-making process of consumers, and also discusses various influences during this process. First, we examine the sequence of six steps consumers might go through to make a selection of one product over competing options. Nowadays, most of market researchers have realized that consumer

behavior is not a mere interaction of customers with service providers at the time of purchase, in fact an ongoing process. Customers follow the logical sequence, including need recognition, information search, evaluation of alternatives, and purchase (Zeithaml et al. 2009, 51). These stages are illustrated in Figure 3.
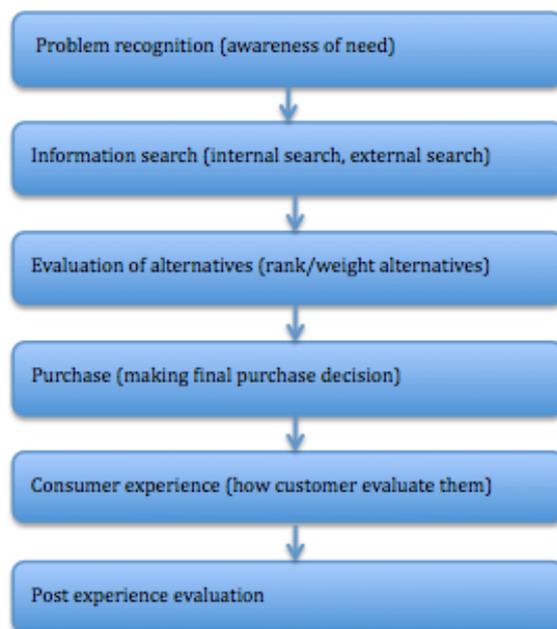
Figure 3. Stages in Consumer Decision Making and Evaluation (Adapted from Zeithaml et al. 2009, 51; Rowley 2002, 21; Solomon 2009, 351.)

The explanation of each stage will be described in the following sections.

i. Problem recognition

According to Hoyer and Maclnnis (2004, 199) the process of taking a decision of customers normally begins with identifying a consumption problem that needs to be solved. That tendency is likely to be called the awareness of needs or problem recognition. Bruner II (2011) says that problem recognition happens when there is a difference between desired and actual state of consumers. The ideal state refers to a way consumers want a situation to be whereas the actual state means the real situation consumers are experiencing. (Hoyer and Maclnnis 2004, 199). Problem recognition is the most critical step in the decision process because it motivates to take action in searching information and more involvement with products.

ii.   Information source

After a problem has been defined, a need has been recognized and consumers will seek information about goods or services that might satisfy their certain needs. Zeithaml et al. (2009, 53) state that consumers may be deeply involved in an extensive information research or formalized process if the services or products are significant or it requires them to spend a major investment such as buying a house or car. In addition, information search often helps consumers to be able to list alternatives that will solve their problems at hand and determination characteristics of each (Bhasin 2010). It is easier for consumers to find out the products or services that fit their perceived needs among available options when they go through the information search stage.

Based on the discussion of Atlskills (2008) on Marketing 101 site, information source can be typically broken down into four categories such as personal sources, commercial sources, public sources, and experience (experts) sources. Zeithaml et al (2009, 53) have held the similar opinion with Atlskills; however, there is some difference in the division of information source. Consumers use both personal sources by asking experience or recommendations from their friends, family and experts, and nonpersonal sources in the form of visuals, commercials, or public sites in order to obtain information needed about goods and services. Consumers have a tendency to become more confident about their choice when they are seeking information, especially information from the personal communication.

On the other hand, it might be critical for the marketers to identify how the information sources have influence on customers; that results in knowing how consumers heard about the products, what sources of information they turn to, and how the information sources have an impact on their purchase decision. By this way, the marketers will be able to generate a plan for advertising, selecting information to deliver to customers, and choosing the appropriate marketing techniques to meet consumers' needs. (Atlskills 2008).

iii.   Evaluation of alternatives and purchase decision

Following the information research, the evaluation of alternatives is the next step. At this stage, consumers' evaluation for each alternative is characterized by a high-effort task. It means that consumers are willing to exert the amount of time, mental and emotional energy in making it among several criteria in order to figure out the most suitable product that meets their needs. (Hoyer & MacInnis 2004, 16). All the alternatives are normally evaluated and ranked according to the basis of the standards or criteria that each consumer comes up with. If an individual who is engaging in extended problem solving, she/he may put more effort in carefully evaluating several brands, whereas that action does not usually occur to someone who is making a habitual decision. (Solomon 2009, 363; Engel et al. 1995, 207). Solomon (2009, 352) states that habitual decision making refers to those choices we make with little to no conscious effort such as low-cost products, frequent purchasing, familiar products or brands.

During this stage, consumers actually use those determinant attributes to distinguish the difference among alternatives. (Solomon 2009, 367). Engel et al. (1995, 208) consider the determinant attributes as evaluative criteria which are nothing more than the particular dimension used in judging the alternatives. The used dimensions vary in many forms depending on what products or services consumers wish to have. There are some main evaluation criteria used in comparing available options are discussed next:

Price (market belief)

Almost our product choices are heavily affected by pricing consideration. Price places an important role in determining the product choice to consumers, especially those low-income people. Solomon (2009, 374) says: "this price-quality relationship is one of the most pervasive market belief." The higher amount of money a consumer pays, the higher quality of product or service she or he will get. Consequently, consumers' price sensitivity may often be useful for market segmentation. (Engel et al. 1995, 208)

Brand name

Following price is a brand name. A product's brand name is significant to consumers when making their purchase decisions. For example, consumers normally pay attention to a brand name when they are going to purchase dress shirts or suits or a new

car. Most of consumers think that especially brand name is an indicator to measure the quality of a product or service. (ibid). The further discussion about the brand name aspect will be mentioned in detail in the Internal analysis chapter below.

Country of origin

According to the discussion of Noel (2009, 142) it is not surprising that a country in which a product is produced has become an important consideration among consumers, especially those consumers in Asian countries. For example, when a consumer sees that clothing is made in Italy, they immediately infer that the product is well made. On the other hand, the country of origin may bring some negative effects to a certain consumer's purchase decision. Noel (2009, 142) deems: "many Western consumers perceive products manufactured in China as being cheaply made and with limited durability." Apart from the brand name the initial evaluation of a consumer can be influenced by the reputation of a product's manufacturing country. At this point a consumer would either adjust their evaluation upward or downward depending on the actual quality of the item.

The salesperson

In some kinds of store, a salesperson plays an important role directly to customers. A customer is likely to make a purchase at those stores in which the salesperson knows her or his customers very well or is willing to exchange the notion of a product, service to aid a customer find the most appropriate product. On the other hand, the perception of salesperson style is also paid attention to customers. The salesperson's outfit must fit with all of other aspects of the shop so that the sales outlet and its customer base are perceived as being in harmony. It is easy for a customer to recognize what products or services a store is offering via the performance of a store and salesperson. The salespersons in the Apple stores are an obvious example under this circumstance. (Dubois 2000, 242).

Ethnocentrism

According to Solomon (2009, 375) ethnocentrism is the tendency to prefer products or people of their own culture to those of other countries. Those consumers that fall into ethnocentrism group are likely to feel wrong when they buy products made else-

where, particularly because this may lead to a negative effect on the domestic economy.

Method of payment

Based on the textbook of Dubois (2000, 246) last but not least, method of payment sometimes has an impact on a consumer's decision making. The more complicated the conditions and rules for buying items are, the lower motivation for making a purchase there is. In addition, the perceived risk coming from using a credit card online or in reality also dismisses the wish to buying a certain item.

To sum up, after identifying what evaluative criteria consumers want to use to classify the alternatives, they will come up with making a final choice among available options. In terms of the retailers and marketers' strategy, most of retailers and marketers must understand the customer evaluation process. (Tutor2u. [referred 01.01.2011]). By that way, they would discover the way to influence the type of criteria that consumers use in their product evaluations in order to create an effective marketing plan to appeal consumers and also compete against the competitors. (Atlskillz 2008). For example, in high-involvement decisions, the marketer needs to provide a good deal of information about the positive consequence of buying for consumers and the sales force would have to stress the important attributes of the product in comparison with the competition.

iv.   Purchase decision

At this stage in the decision making process, consumers have been aware of needs, some information researches have been done, and available alternatives have been evaluated. They are now ready to make a purchase decision for a specific product. (Atlskillz 2008). According to Bhasin (2010) the purchase action is associated with the exchange of money, a promise to pay for a product, a compensation agreement in terms of returning a specific good, and other customer services related. When all the matters of purchase, terms and conditions are agreed between a seller and customer, she or he will finally make a purchase.

v.   Consumer experience and post-experience evaluation

The act of purchase is normally followed by consumption or use. The sale does not end at the time of purchase, and consumers may deal with many important activities after they bring a product home. According to Engel et al. (1995, 273) every consumer has to decide whether they feel satisfied after entering into a purchase with certain expectations about what the product or service will do when it is used. In the textbook, the satisfaction is defined as the post-consumption evaluation that a chosen alternative at least meets or exceeds expectations. In a simpler manner of speaking, a customer is satisfied with a purchased item once it has done at least what you hoped it would. There are three main categories that consumers normally use to evaluate their expectations of how a product will actually perform once it has been put in use based on the discussion of Engel et al. (1995, 275):

- Equitable performance: a normative judgment for the performance of a certain product that a consumer has to receive given the cost and efforts devoted to purchase and use;
- Ideal performance: the performance of a product perfectly matches the entire expectation of a consumer;
- Expected performance: what the performance probably will be.

Once the product or service has been purchased and consumed, outcomes are normally compared against expectancies, and a judgment is made according to three criteria mentioned above. When the customers feel pleased or satisfied with a product or service, they have a tendency to spread out positive words about a product or service to other people including family, friends or even post some testimonies on social connection websites, blogs. This kind of sharing is called "word-of-mouth" communication, because consumers are strongly influenced by the personal opinions of others, understanding and controlling word-of-mouth communication becomes even more important for companies. (Zeithaml et al. 2009, 65). Zeithaml et al. present that the best way to get positive word of mouth is the marketers have to create memorable and excellent experiences for consumers.

Another author discusses the benefits that a firm will gain when customers are satisfied with their purchase such as Noel (2009, 150) states: "satisfied customers are often repeat purchasers and this leads to greater profitability. Additionally, repeat customers help to reduce costs." The costs Noel has mentioned is the cost of attracting new customers that it five times greater than the cost of keeping an existing one. In order to gain a long-term survival, a business must maintain its loyal customer base, meanwhile, build its market with new customers. (ibid). In short, the satisfaction process is especially important to savvy marketers who realize that the key to success is not selling a product one time, but rather forgoing a relationship with a consumer so that she or he will keep coming back (Solomon 2009, 390).

However, not anytime consumer' s product usage has turned out to be positive results after using. Consumers are often dissatisfied with purchases because the products do not fulfill their intended needs, do not perform satisfactorily, or are not worth the price. (Zeithaml 2009, 66). Dubois (200, 248) has stated that if satisfaction often leads to loyalty, dissatisfaction usually leads to a feeling of deception provoking in turn complaints. According to Engel et al. (1995, 276) and Solomon (2009, 415) when consumers are not happy with the items being purchased, they can take three different complaint forms in order to react on their dissatisfaction.

To sum up, going through the whole stages in consumer decision making and evaluation, Solomon (2009, 351) has made a conclusion that marketing managers must carefully study six steps in decision making to understand how consumers obtain information, how they form beliefs, and what criteria they use to make product choices. Then, companies can develop products that emphasize the appropriate attributes, and marketers can tailor promotional strategies to deliver the types of information customers are most likely to desire and in the most effectives formats. Understanding this process well, the companies are easily able to create values for customers, which is one of the most significant elements to contribute to the success of your organizations along with reinventing your business model in the future if needed. However, Solomon (2009, 34 - 35) also emphasizes that in many cases, the purchaser and user of a product might not always be the same person. In other cases, someone's buying decisions are simply affected by others' recommendations for certain products but they have not actually bought or used it yet. Under this circumstance, the person who gives advice

is acting like an influencer as well as both the user and purchaser do not completely go through all the steps in decision - making process.

2.1.5 Types of complainers

The complaint manners can be formed in different ways. For example, voice responses happen when a consumer can appeal directly to the retailer for refund or compensation whereas a consumer may express his or her feelings by spreading negative word-of-mouth communication to a friend and boycott the products, services, or the stores where they bought it, which is viewed as a private response. The last type is the third-party response that means that a consumer may take legal action against the merchant, or perhaps write a letter to a newspaper.

Solomon (2009, 415) states that people are more likely to complain for expensive products such as household durables, cars, and clothing than for inexpensive goods. Additionally, he also addresses an issue that those who are satisfied with a store in general are more likely to complain if they experience something bad; as they feel connected with the store, they take time to complain. Whereas, older people strongly believe that their problem would actually be solved when they are going to complain. It is critical for a firm to convince its consumers that they will get an acceptable answer on their complaints. If the consumer does not believe that the store will respond well to a complaint, the person will be more likely switch than fight. (Solomon 2009, 416).

Human beings seem to have a propensity for complaining when they actually experience or go through something bad, but not everyone will willingly response to failures in the same manner of each other under some circumstances. Hence, Zeithaml et al. (2009, 220 – 221) has divided complainers into four groups: passives, voicers, irates, and activists.

Passives
This group of customers is the least likely to take any action. Those consumers who fall into this category often doubt the effectiveness of complaining, with the result

that they do not want to say anything to the provider. They are less likely to spread negative words than others, and are unlikely to complain to a third party. (ibid).

Voicers

These customers actively complain to the provider, but they are less likely to spread negative words of mouth, change patronage, or go to the third parties with the complaints. The customers in this group usually give a company a second chance to fix its mistake after they complain. Zeithhaml et al (2009, 220) officially state that these customers will be considered as the firm's best friends. People in this group give different reasons for complaining such as they tend to believe complaining has social benefits and therefore they do not hesitate to raise their voices. In addition, they also deem that the outcome of complaining will turn out to be positive and they are less likely to believe in other types of complaining such as spreading negative word of mouth or working with the third parties. (ibid).

Irates

These consumers are interested in engaging in the negative word of mouth communication with friends, relatives and probably change providers. Those people in this group do not like to talk to the third parties. Consumers are normally irritated with a company and rarely give their providers a second chance to work out on the mistake even if they do believe they will get social benefits from their feedback. These customers have a tendency to switch to another competitor when they are mad and also create blogs themselves to put the negative words down. (Zeithhaml et al. 2009, 221).

Activists

This last group is characterized by above-average propensity to complain on all dimensions. They have a tendency to complain to a provider, are engaged in telling others, and especially more interested in talking to the third parties than other types of complainers. In general, these consumers are more alienated from the marketplace than other people. (ibid).

In terms of marketer's perspective, good marketers are constantly on the lookout for reasons why their customers might be dissatisfied as well as strive to understand customer requirements so that they can improve customers' experience. (Solomon 2009,

413). Either satisfaction or dissatisfaction can directly impact on the bottom line of a company through sales. So, it is an essential task for a business to pay attention to its satisfied customers because they are going to stop purchasing, also spread negative word of mouth, and may be the tip of the proverbial iceberg. According to Noel (2000, 150) a company needs to be aware of consumers' post-decision interaction with buyers in order to maintain a long-term profitable relationship with them.

2.1.6 Customer's recovery expectations

When consumers take time and effort to complain for unsatisfied usage, they generally have high expectations in return. All they expect in return are the responsibility from the firm, immediate help, and the compensation for their grief and also for the hassle of being inconvenient. On the other hand, customers not only look ahead to get the reimbursement, but they also look forward to being treated nicely in the process. Based on the discussion of Zeithaml et al. (2009, 221), in many service failure situations, customers do expect the firm to understand what happens and be willing to take responsibility for its shortcomings. The compensation could be a product repaired or service fixed, or receiving a free product, service in the future, or even an apology and assurance that the problem will not be repeated. In particular, understanding and accountability are very important to many customers after experiencing a failure. Customers are looking forward to hearing an apology when things go wrong, and they are excited to know what the company is going to do to ensure that the problem will not recur in the future.

Apart from understanding and accountability of a company, the customers also want justice and fairness in handling their complaints (Zeithaml et al. 2009, 222). There are there types of fair treatment that customers wait for in their complaints: outcome fairness, procedure fairness, and interaction fairness. (ibid).

Outcome and procedure fairness
Outcome fairness comes from the result that customers get from their complaints. This compensation can take the form of an actual monetary compensation, an apology, future free service or product, reduced charges, repairs or replacements. According to Zeithaml et al. (2009, 224) customers look forward to equity in the exchange

because they would like to feel that the company has paid for its mistakes in a manner at least equal to what the customer has suffered. On the other hand, the outcome fairness is considered as one of the most important elements for customers to set whether their negative emotional responses to the failures.

Not only expecting to fair compensation, customers also anticipate fairness in terms of procedure fairness, which refers to the policies, rules, and also timeliness of the complaint process. Most consumers want to go through an easy complaint process and they want things to be solved quickly. Fair procedures are pointed by clarity, speed, and absence of hassles while slowness, inconvenience, illogical process, and a prolonged period of time are perceived as an unfair procedure. In general, the customers will be grateful for companies that can be adaptable in their procedures so that the recovery effort can go with their individual situation. (ibid).

Interaction fairness

Further than the hope of fair compensation and hassle-free, quick response, customers especially wait for being treated friendly with care and honesty. Customers will remark on the interaction in unfairness if they feel the company and its employees have uncaring attitudes and even have done little to try to resolve the problem. (Zeithaml et al. 2009, 224-225).

In particular, the marketers and business organizations should not neglect the substance of understanding the customers' expectation for the recovery. The higher a company pays attention to expectations of consumers, the greater chance for a company to satisfy their requirements and also gain future loyal customers if they experience an excellent recovery for their failure.

2.1.7 Customer satisfaction determinants

Everyone thinks that it seems easy to give a definition of what satisfaction is, but when the question actually comes, nobody knows how to answer. As we have already mentioned in the "post-consumption evaluation" above – the last step in the decision-making process, satisfaction normally occurs when you feel pleased or happy because of someone or something you are done with experiences. However, at the point of

consumer behavior views, Zeithaml et al. (2009, 104) interpret: "satisfaction is the customer's evaluation of a product or service in term of whether that products or services has met the customer's needs and expectations. Failure to meet needs and expectation is assumed to result in dissatisfaction with the products or services." Other authors such as Hoyer and Maclnnis (2001) also say that satisfaction could be associated with feelings of acceptance, happiness, relief, excitement, and delight. (Harkiranpal Singh 2006; The importance of customer satisfaction in relation to customer loyalty and retention. [referred 15.10.2011]).

Indeed, the customers might be fulfilled with feeling of delight once those services or products really surprise them in a very positive way. Delight is the highest level of customers' feelings when they have experience with products or services. However, in some cases, Zeithaml thinks that satisfaction could be associated with the feelings of ambivalence in which positive and negative experiences of products or services are mixed. Figure 4 below illustrates key elements that determine whether the customers feel satisfied or not.
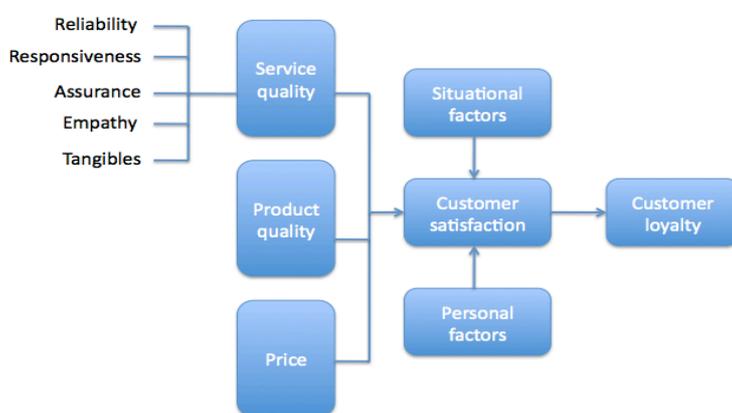
Figure 4. Customer Perception of Quality and Customer Satisfaction (Adapted from Zeithaml 2009, 103.)

Zeithaml et al. (2009, 103-105) recognize that customer satisfaction is affected by four key factors such as service quality, product quality, price, and consumer emotions based on Figure 4 above. Under this circumstance, consumer emotions consist of two other factors, which are situational (family or friend influence) and personal factors (mood or emotional states, life satisfaction). Positive emotions such as happi-

ness, pleasure, elation also enhance customers' satisfaction whereas sadness, sorrow, regret will cause dissatisfaction.

Since customer satisfaction is an important indicator how strong the national economic health is, it is not enough only to track economic efficiency and pricing statistics. Besides, those matters are associated with macroeconomic, individuals firms have found out that if the level of customer satisfaction dramatically increases, it can be linked to customer loyalty and profits. In addition, the relationship is extremely strong when the customers are very pleased. However, a firm will not stop at aiming customers feel merely satisfied because it may not be doing enough to enhance loyalty. Companies must have a strategic plan to delight their customers in order to gain loyal customers or keep customers. Customer loyalty can fall off precipitously when customers reach a particular level of dissatisfaction or when they are dissatisfied with critically important service attributes (Zeithamal 2009, 110).

2.1.8 Social class

Social class is one of important contributing elements to the explanation of consumer behavior. As a consequence, examining the definition of social class, its dimensions and determinants and how it impacts consumers would be necessary. Social class is identified as comparatively stable and identical divisions in a society in which individuals and families sharing homologous values, lifestyles, interests and behavior patterns can be grouped (Engel et al. 1995, 681). Solomon (2009, 515) says: "social class is as much a state of being as it is of having." There are three major types of social class in most societies: high, middle and low class (Hoyer and Maclnnis 2004, 331). According to Noel (2009, 68 and 72) three largest indicators to determine social class are earned income, education and occupation.

Income level
Most of people believe that the more you earn, the higher your position in society is. Unfortunately, it is not true due to several reasons such as age, stereotyping way of thinking conducted within a society and the amount of members in a family go to work. In short, income is one of the factors deciding social class, but other related factors should be studied in order to have an entirely accurate view.

Education level

The second determinant is educational level. In general, the better educated people are, the more likely they will have a chance to find a good job that helps them to earn high income. Therefore, the better you get educated, the more respect you gain from others and the higher status you have in society. Earlier, having a university degree has been a "must have" license to a bright future of earning potential so that it is seen as being the key to upward social mobility. It has existed until now, especially in Asian countries. One more reason why education is highly assessed is the fact that not all young adults from poorer circumstances have the possibility to get access to higher education to gain better qualifications. It is particularly true in developing countries. (Noel 2009, 69). Being able to let your children to go to a university by parents' own, your family would be considered quite affluent and that means you might belong to social class from middle upwards.

Occupation

The last but not least factor is occupation. Primarily in Western cultures, occupation is even the greatest one to appraise social class because it is based more on social prestige rather than money or income. Some professions, specifically those that require a greater academic level of education, skills, training and experience are perceived as higher in status than others. Moreover, people having similar occupations tend to share analogous income, lifestyles, knowledge, goals and values. The perceived status of an occupation may be different in terms of culture. One occupation might be favorably evaluated in this culture but in another society, it might not be at the same level. (Hoyer and MacInnis 2004, 336).

2.2 Business strategic management

In this chapter we will examine the theories of the creation of a new business model in emerging industry, the strategic market management, and the types of legal entity in Finland.

2.2.1 A business model innovation

According to Johnson et al. (2008, 1 - 3) Apple Company is one of the biggest successful enterprises in the world because it not only introduces a good technology with an appealing design but also knows how to wrap a good technology in a great business. Eyring et al. (2011, 3) believe that there are many firms which have struggled to increase their revenue stream because they approach a wrong business model instead of not creating viable offerings. Nowadays business model innovation will become even more important for success than product or service innovation. Moreover, in these tough economic times, some CEOs are already looking to business model innovation to address permanent shifts in their market landscapes (Johnson et al. 2008, 3). In emerging markets, those competing business models are a primary source of innovation that significantly influences market structure and preferences (Holloway & Sebastiao 2010, 86). Holloway and Sebastiao (2010, 87) also state that business models play a critical role in the emerging markets because they are the mechanism for integrating the value chain of an individual organization.

Eyring et al. (2011, 7 - 8) state that we should consider the basis on which you would like to compete. As the following Figure 5 describes, there are two different ways to compete other alternative offerings on the market such as competing on differentiation and competing on price. A company would have to take two methods into consideration in order to have a precise decision on which basis will be used.
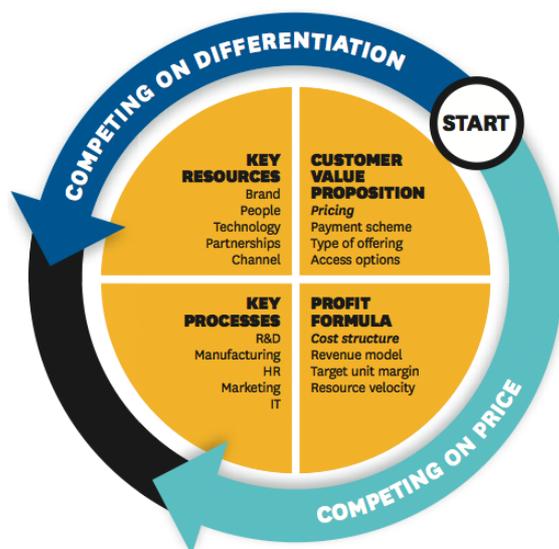
Figure 5. Building a new business model (Adapted from Eyring et al. 2011, 7.)

Before selecting on which basis a company will adapt, it should have devised a CVP for its proposed offerings. If a firm prefers to work on the differentiation method, there is a question for it to answer: "What do I have to do to produce this?" Then it takes a look first at what resources and processes are needed to deliver the CVP. Both fixed and variable costs will determine the price required to get the anticipated profits. For offerings that compete on the basis of price, a company will proceed in the opposite way. Again it starts first with the CVP, then sets the expected price, devises a cost structure in order to figure out what processes and resources are necessary to meet its price requirements. The price of offerings has also an impact on consumer's decision making because it is a basic measure that customers predominantly use to evaluate whether or not the goods or services are affordable. (ibid).

However, the companies cannot pursue business model reinvention anytime. The entities are only able to do it when there are significant changes needed to all four elements of their existing model. Jonhson et al. (2008, 7 - 9) discuss that a company needs to think of redoing its business model when it faces these following circumstances:

- The opportunity to address through disruptive market innovation the needs of potential customers who are shut out of a market entirely because of expensive/complicated available solutions;
- The opportunities to capitalize on a brand new technology by wrapping a new business model around it;
- The opportunity to bring a job to be done;
- The need to fend-off low-end disrupters;
- The need to respond to a shifting basis of competition.

2.2.1.1 Customer value proposition (CVP)

The very first step we should take in order to achieve a successful start in doing business is simply not to think about business models at all. We have to start with thinking about the opportunities to satisfy a real customer's needs. A company cannot completely succeed in its business unless it does figure out the way to meet customers' unmet needs. When a firm brings the value to customers, it is likely to help customers

get their important job done. Johnson et al. (2008, 4) states: "it is not possible to invent or reinvent a business model without first identifying a clear customer value proposition."

According to the discussion of Eyring et al. (2011, 3 - 8) and Johnson et al. (2008, 3 - 5) "the jobs to be done" under this circumstance refer to those unmet needs of customers has already been fulfilled by a company's given. Companies that are able to carry the excellent business models and offerings to better meet those consumers' needs affordably will discover enormous opportunities for growth. Developing new business models always begins with devising a new CVP (Eyring et al. 2011, 7). Figure 6 below is going to illustrate the whole process to uncover unmet needs of customers.

Figure 6. Four ways to uncover unmet needs (Adapted from Eyring et al. 2011, 8.)

Figure 6 shows that a company must first learn how customers are using its products in order to know that whether your company's products have met customers' usage purpose. A marketer then takes into consideration all alternatives' aspect to discover what features its products are missing, what features of competing products are currently pleasing customers, or even what features the customers are looking for but not any products are able to meet. Apart from the perspective of goods, a marketer should also be careful in studying the behavior of consumers for compensation. This section will be discussed in more detail in the chapter "Customers' expectation on recovery". The last step in uncovering unmet needs of consumers is asking what people are trying to accomplish with the goods or service they use. By asking, a business organiza-

tion will have a chance to get to know customers' purpose for using products, what goals they set when consuming a certain product. Based on that result a firm easily could create or develop products/ services to help its customers reach their aims.

2.2.1.2 A profit formula

Johnson et al. (2008, 3 - 4) define that a profit formula is consistent with a blueprint that helps a company to envision how the company can create value for itself while still bringing value to its customers. There are four criteria in a profit formula: revenue model, cost structure, target unit margin, and resource velocity. (Eyring et al. 2011, 6 - 7).

Revenue model
Revenue is the amount of money that a firm can earn in exchange for its goods and services. It is received by a company and usually listed on the first line of the income statement as revenue, sales, net sales, or net revenue. Revenue is calculated by multiplying the price at which goods or services are sold by a number of units or amount sold. (Revenue. [referred 14.10.2011])

Cost structure
Cost structure is the amount of expenses that the companies must take into account when manufacturing a product or providing a service (Cost Structure. [referred 14.10.2011]). The cost structure consists of direct costs, indirect costs, and economies of scale. It will be predominantly driven by the cost of key resources required by the business model. (Johnson et al. 2008, 3.)

Direct costs normally refer to the costs which can be readily identified with the item being produced such as raw materials, manufacturing wages, whereas those costs happen in the organization which cannot be directly associated with a specific item or service being produced such as rent or supervisor's wages are known as indirect costs. (Black 2009, 246). Economies of scale are factors that cause the average cost of producing something to fall while the number of goods being produced increases (Economies Of Scale And Scope. [referred 14.10.2011]). There are two types of economies of scale such as internal and external economies of scale. The internal

economies of scale are cost savings that accrue to a firm regardless of the industry, market or environment in which it operates. On the contrary, those benefits the company gains because of the way where its industry is organized. (ibid).

Margin model

Margin model is also known as target unit margin. The margin model indentifies the expected volume, cost structure, and the contribution needed from each transaction to achieve desired profits. (Johnson et al. 2008, 3). Apart from the determination of the anticipated volume and cost structure, based on the discussion in introduction to accounting and finance (Black 2009, 262) the calculation of the contribution is also quite important in marginal costing. It is defined that the contribution is the difference between variable (marginal) cost and the selling price. In other words, every time a good is sold, a contribution is made towards meeting the fixed costs of the business. A firm only gains a profit once the total contribution exceeds the total fixed costs. (ibid).

Resource velocity

One of the four elements that contribute make up a profit formula is resource velocity. The resource velocity refers to the ability of quickly converting inventory, fixed assets, and other assets in order to support target volume. On the other hand, it also helps us to realize how well we need to utilize resources so that we can support expected volume and get our estimated profits. (Johnson et al 2008, 3).

Moreover, Johnson et al. (2008, 4) also give a recommendation that it would be useful if a firm first starts setting the price required to deliver CVP, and then works backwards from there to find out what the variable costs and gross margins must be. This determines what the scale and resource velocity needs to be to achieve the expected profits.

2.2.1.3 Key resources and key processes

In order for a company or an organization to be able to deliver the CVP successfully to the target groups, it must pay extra attention to its key resources available in the company. In this case, the key resources might include people, technology, products,

equipment, facilities, information, channels, alliances, and brand. (Eyring et al. 2011, 7; Johnson et al. 2008, 4-5).

The last criterion in the innovative business model is key processes. Successful companies are those who really know how to execute their operations and manage all internal processes that allow them to create value for customers in a way they can increase in scale repeatedly. Key processes are also one of the most essential elements in determining whether or not the business model is effective. Key processes are always associated with current tasks such as training, manufacturing, budgeting (Johnson et al. 2008, 4), research & development, human resources, marketing, sales (Eyring et al. 2011, 7). The key processes also include a company's rules, metrics, and norms. (ibid).

2.2.2 Strategic market management

Apart from understanding behaviors of consumers in order for a firm can create unique values to meet unmet needs of consumers, an intelligent marketer also must take into account the analysis of a company's current environment aspects, especially in a start-up business situation. This chapter will review the literature about the business strategy along with how to carry an analysis of business environment for a certain company. Companies indeed always need to have a precise strategic market plan in order to be successful in what they are doing as well as to be able to manage their share on the market. Aaker (1998, 18) states: "strategic market management is a system designed to help management both precipitate and make strategic decision, as well as create strategic vision. A strategic decision involves the creation, change, or retention of a strategy." Ferrell et al. (1994, 25) also propose their views in the same manner with Aaker; strategic market management can be called a situation analysis, which is the foundation of decision making and planning, in a less formal way.

Both Aaker (1998, 19) and Ferrell et al. (1994, 25) have mentioned that a business organization would have to examine two specific perspectives of market once it decides to carry a strategic or situation analysis to create competitive advantages. Two mentioned perspectives are: 1) External analysis, 2) Internal analysis. Dobson and Starkey (1993, 7) state that the role of management is to attempt to fit the analysis of

externalities and internalities, to balance the organization's strengths and weaknesses in the light of environmental opportunities and threats. The ideas of external and internal analysis will be discussed in the following sections.

2.2.2.1 External analysis

The external analysis examines the relevant external elements such as opportunities and threats existing in the environment. External factors and forces exist outside of, and largely independent of, the organization itself (Ferrell et al. 1994, 26). According to the explanation of Aaker (1998, 20) an "opportunity" is a trend that leads to a significant upward change in sales and profit patterns, whereas a "threat" is regarded as challenges that will deteriorate profits and sales, in the absence of a strategic response. On the other hand, a successful analysis of externalities should be directed and purposeful. The outcome of external analysis probably will help a company to locate where it is standing in the market and how it is going to move on. The external analysis includes three main elements: 1) Customer analysis; 2) Competitive environment analysis (market analysis); and 3) Environmental analysis.

Customer analysis

Customer analysis is the large part (Ferrell et al. 1994, 28) and also the first logical step (Aaker 1998, 20) to analyze customers in the marketplace. The customer analysis must focus on identifying accurately what the customer segments of an organization are, understanding customer motivations of each segment, and discovering customers' unmet need. In the strategic context, Aaker (1998, 44 - 45) defines that customer segments are various groups of customers that respond differently compared to other customers groups to competitive strategies. In order to have a specific idea of what exactly customer segment involves, the managers should have to ask themselves those following questions: Who are our customers? Who are the biggest customers and most profitable? Who are the most attractive potential customers? Do the customers fall into any logical groups based on needs, motivation, or characteristics? How could the market be segmented into groups? Once the marketing manager has already answered them, he or she will be able to formulate an idea of customer segments then. (Aaker 1998, 45; Ferrell et al. 1994, 29).

After identifying the customer segments, the managers will move on to the next part which is to consider customers' motivations. As we have already mentioned in chapter "2.1.2 Consumer's motivation and values" above, there are some personal reasons that lie behind customers' purchase decisions. The analysis of customer motivations provides information needed to decide whether the firm can and should attempt to gain or maintain a sustainable competitive advantage (Aaker 1998, 20). Here is a figure 7 that illustrates the whole process of analyzing the customer motivation according to the description of Aaker (1998, 50):
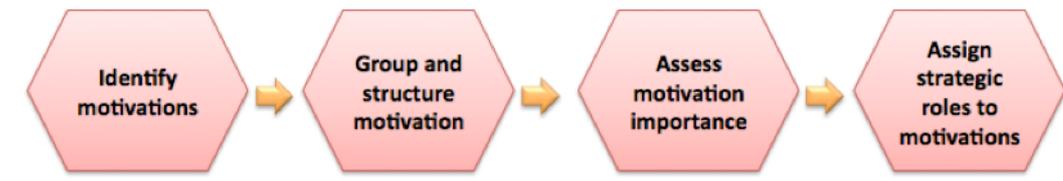
Figure 7. Customer Motivation Analysis (Adapted from Aaker 1998, 50.)

As Figure 7 suggests, the marketing managers have to get customers in a given segment to discuss and exchange the ideas about products or services in a systematic way in order to obtain and identify customers' motivations – the first step of analyzing customer motivations. Several of the following questions will aid marketing managers to reveal the customers' motivations such as: Why is it being used? What type of your need are you in? What is the objective? What is associated with good and bad use experience? As the number of motivations can be in the hundreds, so the next step is to arrange them into groups and subgroups. After clustering all the motivations in group/ subgroups, a marketer will begin to evaluate the relative importance of motivations and then rank them from the highest to the lowest level. The last step is to assign strategic roles to motivations. A marketer has to develop an appropriate business strategy for a business; however, it will depend not only on customer motivations, but on other factors such as competitors' analysis, feasibility of strategy for the business in the future.

The last scope of the customer analysis is to study unmet needs of customers that have already been discussed in the customer value proposition section of new business model. An unmet need is a need that is not currently being met by existing offering. Unmet needs are strategically important because they represent opportunities for

firms to increase their market share, break into the market, or create and own new markets (Aaker 1998, 53).

Competitive industry analysis

Nowadays there is a huge number of different companies existing on the market; customers have more choices and preferences for their products or services. Firms must figure out what kind of competitors they have in order to compete by conducting a competitor analysis. Apart from competitors (both existing or potential), a company also pays attention to other factors that are relevant to a firm's strategy such as suppliers and customers. Thus, the competitive industry analysis is the second phase of the external analysis. In this section, we will discuss the "five forces model of industry competition", developed by Michael E. Porter that managers should adapt to assess their competitive environment. According to Hill (2005, 56-57) the five forces model describes the competitive environment in terms of five basic competitive forces:

1. The threat of new entrants;
2. The bargaining power of buyers;
3. The bargaining power of suppliers;
4. The threat of substitute products and service;
5. The intensity of rivalry among competitors in an industry.

From a firm's perspective, Hill (2005, 56) says that each of these forces will affect the ability to compete in a given market of a company. However, if we put it together like the model is shown in Figure 8 below, Bowman (1990, 27) states: "the rationale behind this model is that industry profitability is not determined by what the products looks like, nor whether it embodies high or low technology: it is determined by the structure of the industry."
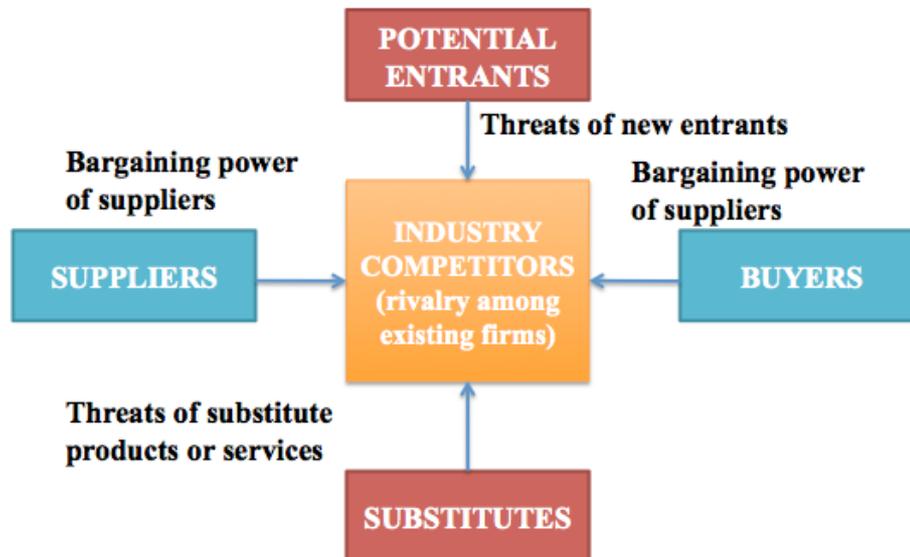
Figure 8. Porter's Five Forces Model of Industry Competition (Adapted from Hill 2005, 57).

Each force of the model will be discussed in detail in the following paragraphs.

i.   The threat of new entrants

The threat of new entrants refers to the possibility that the profits of established firms in the industry may be eroded by new competitors (Hill 2005, 57). According to Wright et al. (1996, 32) when more new competitors get into an industry, the productive capacity of an industry will increase. If the market is not growing dramatically, a new entry intensifies for market share, with that result bidding prices will go down and industry profitability is likely to fall. Hence, the extent of the threat bases upon existing barriers to entry and the combined reactions for competitors are available in the market. There are the most common seven barriers to entry (Bowman 1990, 29; Hill 2005, 58; Wright et al. 1998, 32):

Economies of scale
We have already mentioned the definition of economies of scale in the section "Cost structure". However, we are going to revise it one more time according to the definition of Bowman (1990, 29). He states that the economies of scale are cost advantages that happen through having large-scale operations. Wright et al. (1998, 32) claims that substantial economies of scale will deter new entrants by forcing them either to come

in at a large scale, thereby risking a strong reaction from existing, or to come in at a small scale and accept a cost disadvantage. Indeed, both options are not desirable solutions. (Hill 2005, 58).

Product differentiation

The next barrier that most of companies need to be aware of regarding their goods or services is product differentiation. This matter has also been discussed in detail in "2.1 Business model innovation". In general, it is quite important for a firm to differentiate its products or services from other existing competitors. Another challenge for new entrants is how to gain customer loyalties. New entrants must spend a great deal of money to overcome those established companies that have already gained brand identification and customer loyalties. (Wright 1996, 32).

Capital requirements

Capital requirements are viewed as the amount of financial resources that a new company needs to have in order to compete with other competitors, especially if the capital is required for risky unrecoverable up-front advertising or research and development (R&D). (Hill 2005, 58).

Switching costs

Switching costs refers to the one-time costs that the buyers of the industry's outputs incur if they switch from one company's products to another's. When changing from established one to a new one, a business organization needs to spend more money for rehiring or retraining employees, purchasing new equipment, renting new location if needed. (Wright et al 1996, 32).

Access to distribution channels

Another important matter for a company to take into consideration is its ability to access distribution channels. Bowman (1990, 29) says that the company's products or services will not be sold if all distribution channels that have been used cannot reach the customers as effectively as the incumbent firms do.

Cost disadvantages independent of scale

According to Hill (2005, 58) some existing rivals may have advantages that are independent of size or economies of scale. All advantages derive from proprietary product technology, favorable access to raw materials, favorable location, and the learning or experience curve from producing products, service. (Wright 1996, 58).

Government policy

Under some circumstances, many entries enter certain industries with licensing requirements or other regulations are still under the influence of governments.

    ii. The bargaining power of buyers

The buyers of an industry's outcomes can lower the profitability of that industry by forcing down prices, bargaining for better quality, asking for more service, and even playing competitors against each others (Hill 2005, 59; Wright et al. 1996, 37). According to Bowman (1990, 30) and Hill (2005, 59) a buyer group is powerful under the following conditions:

1. There is just a small number of customers, and they purchase in large quantities.
2. Customers' purchases represent a sizeable percentage of the selling industry's total sales.
3. The industry's product is unimportant to the quality of the buyer's products or services.
4. It is economically feasible for customers to purchase they input from several suppliers rather than one.
5. Products are bought from the industry that are standard or undifferentiated.
6. The buyer faces few switching costs.

    iii. The bargaining power of suppliers

The suppliers can have a strong impact on participants in an industry by threatening to increase price levels, or reduce the quality of purchased goods/services. (Hill 2005, 59). Hence, the power suppliers can cause a decline in a firm's profitability if a company cannot recover the costs of raw material inputs or it has to put higher input costs. (Bowman 1990, 31). Based on the discussion of Wright et al. (1996, 37-38) the sup-

pliers can be powerful when the supplying industry is dominated by a few companies and is not an important customer of the suppliers, no substitute products, suppliers' product is an important input of the buyers' businesses.

Furthermore, Hill (2005, 60) also adds more ideas of how suppliers can become powerful such as the supplier group's products are differentiated or it has built up switching costs for the buyer. When suppliers have the ability and resources to operate their own manufacturing facilities, distribution channels, or retail outlets, they will possess considerable power over buyers.

iv. The threat of substitute products and services

The threat of substitute products and services is the fourth force of Porter's five forces model. Substitute is something that meets the same needs as the product in the industry (Bowman 1990, 29). According to Rosen (1995, 40) a consumer's choice will depend on the benefits and values of alternatives they perceive, and cheap substitutes will depress prices and profits. If a substitute is more attractive in terms of price and performance, buyers have a tendency to switch from their previous providers to new ones.

v. The intensity of rivalry among competitors in an industry

Finally, rivalry occurs among competitors when a competitor senses the pressure or act on an opportunity to improve his or her position. Those business organizations can compete against each other in terms of price competition, similar products are sold in the same market, advertising battles, product introductions, and even the improvement of service quality. Rosen (1995, 40) states that intense competition will force down prices and profits, but in contrast, if the competition is weak, there will be less need for price trimming or heavy expenditure on anti-competitive activity, thus improving profitability.

Analysis of the macro-environment

An environmental analysis is the last dimension of an external analysis. Important forces outside an organization's immediate markets and competitors will shape its

operation and thrust (Aaker 1998, 23). According to Wright et al. (1996, 22) all organizations are affected by four macroenvironmental forces: political-legal, economic, technology, and social; all four forces are not under the direct control of business organization. This is sometimes referred to as the PEST analysis. (Rosen 1995, 42). Moreover, Hill (2005, 47) also proposes another segment that can affect an industry which is demographic segment. The effects of a trend or event in the general environment vary across industries. Hence, in this chapter, we are going to discuss each segment in order to see how it can impact industries. Then we will examine the relationship among the general environment segments.

Political-legal and economic forces

Political-legal forces consist of the outcomes of elections, legislation, and court judgment, as well as the decisions rendered by various commissions and agencies at every level of government (Wright et al. 1996, 23). They also state that the business organizations as well as the standards of living of citizens are strongly influenced by a political-legal system in a certain nation.

According to Hill (2005, 53) the economy has a great impact on all industries, from suppliers of raw materials to manufacturers of finished goods and services along with service organizations, wholesalers, retailers, government, and non-profit sectors. Wright et al. (1996, 25) say that when there is an increase or decline in gross domestic product (GDP), interest rates, inflation, and the value of the currencies, these changes will present both opportunities and threats to strategic managers.

Technological and social forces

Technological forces include scientific improvements and innovations that provide opportunities or threats for businesses (Wright et al. 1996, 27). The speed of changes in technology will vary considerable from one industry to another. According to Hill (2005, 51) innovation can create entirely new industries and alter boundaries of existing industries.

There are several elements related to society such as traditions, values, societal trends, and a society's expectations of business. Traditions are viewed societal practices that have existed for decades or even centuries, whereas values refer to concepts that a

society holds in high esteem. Society trends will present various opportunities and threats or constraints to businesses. Moreover, society trends also include demographic changes. Finally, there are society's expectations. These expectations normally derive from diverse groups referred to as stakeholders, which affect companies and are affected by the activities of companies. (Wright et al. 1996, 28).

Demographic segment

Demographic segments consist of many issues such as aging population, rising affluence, changes in ethnic composition, geographic distribution of population, and disparities in income level. (Hill 2005, 47). Demographic trends can dramatically affect business opportunities. For instance, teenagers have a tendency to consumer fast-food more than baby boomers, and baby boomers will shop at home more and spend a huge amount of money for health care needs, leisure activities. (ibid).

In our discussion of the general environment, Hill (2005, 54) gives the following excellent example we may see the relationship among the various elements. In US, the emergence of information technology as a means to increase the rate of productivity gains and other developed countries. Such use of IT results in lowering inflation and helping offset costs associated with higher labor rates.

2.2.2.2 Internal analysis

According to Dobson and Starkey (1993, 38) the internal analysis will show the market researcher or decision maker strong points and weak points of a current performance of a certain business. That means what still be able to maintain and what need to be terminated and changed in order to improve the performance. The internal analysis should be market-oriented and customer-oriented, because strengths will be evaluated as what benefits the company brings to its market and how it served its customers; weaknesses will be judged also by customers who perceive it, much better than the company itself or anyone ins and outs of the company (Internal Analysis. [referred 20.10.2011]). The internal analysis is based on the resources and organizational capabilities of the company, called the resource-based view of the firm. It is one of the latest strategic management concept used in analyzing and assessing the internal envi-

ronment of the firm. (Strategic Marketing and the Resource Based View of the Firm. [referred 3.11.2011]).

Resources

According to Dess et al. (2005, 86 - 88) there are two types of resources, intangible and tangible resources. Financial and physical are tangible resources. Financial resources relate to the company's borrowing capacity and its internal capital generation, which are indicated in the debt to equity ratio, credit rating and net cash flow. Physical resources include factory, workshop, facility, location and size of factory, land and buildings, and raw materials as well as the research and development facilities. The market will assess the value of the company's fixed assets by their scale and the alternative uses of them.

The intangible resources comprise technology, reputation of the company and human resources. Technology is the technological knowledge, patents, copyrights, and the scientific and technical skills of employees as well as R&D staff. The technological resources are recognized by the number of patents and copyrights owned, royalty incomes, and the investment spending for research and development. Reputation is an important intangible asset of the company gaining time over time. Reputation with customers is made through the ownership of brand that establishes the relationships with customers, and reputation of the company's products and services. Reputation is also what the company builds with other parties such as suppliers, governments and community. Brand recognition, price premium over competing brands, percentage of repeat buying, level and consistency of company performance are the indicators of it. (ibid).

The last one is human resources, which is the educational, technical and professional qualifications of employees contributing to the company. Compensation relative to industry, record of labor disputes and employee turnover also demonstrate human resources. The training and expertise of employees determine the skills available to the firm. The adaptability of employees determines the key aspects of strategic flexibility of the firm. The commitment and loyalty of employees establishes the capacity of the firm to attain and retain competitive advantages.

The importance of brand name and brand recognition of customers requires a deeper discussion because it plays a major role in creating the company image and its reputation. Brand name is a mean of distinguishing a company's products or services from those of its competitors. Moreover, it is also a signifier conveying the value that a company is going to provide to its customers. Keller (2003, 10) states: "brands can also play a significant role in signaling certain product characteristics to consumers." Aaker (2010, 10) says that a brand is like a mental box inside a customer's head. When all the information of a brand is received, a customer will save it in the box named that brand. Once she or he files it, she or he already knows which room it is stored – a positive room with good and liking attitude or a negative room. By time passing, little by little in the box would be retrievable. The action of reminding the mental box in the positive room is called brand recognition. According to Aaker (2010, 10 – 11) brand recognition only remembers and reflects the experience and understanding of the brand from the last exposure. So that the familiarity of a customer toward the brand will decide which brand he or she will purchase in the pool of alternatives for one kind of products. Aaker (2010, 11) states: "Consumer affinity for the familiar brand is not just an instinctive response." It is a process of getting experience and remembering the brand that he or she has seen before not just one time. His or her recognition serves as a signal that the brand is good.
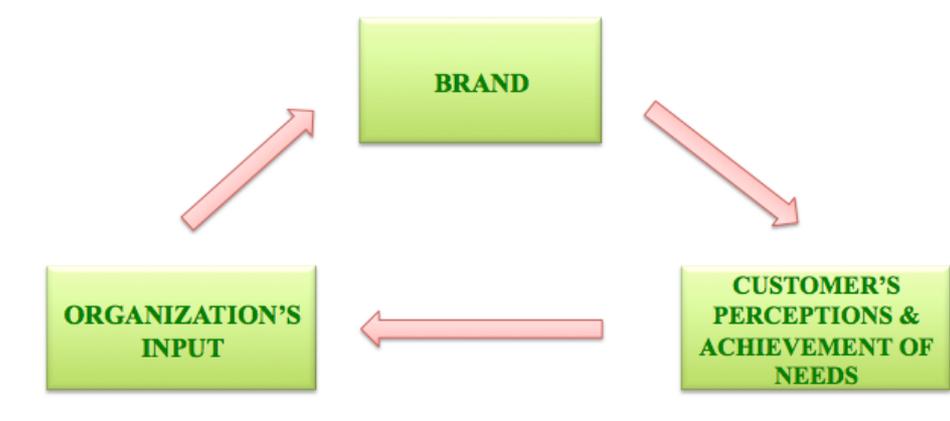
Figure 9. The Unified Nature of Brands (Adapted from Chernatony 2010, 31).

Capabilities

Resources cannot be profitable themselves. They need someone and something that would be able to turn them into the end usable products or services for customers. Wheelen and David Hunger (2006, 106) say that capabilities can be divided into six functions as follows:

- Corporate administration;
- Information management;
- Research and development (R&D);
- Manufacturing;
- Product design;
- Marketing and sales;
- Distribution and service.

In the corporate administration, financial management, expertise in strategic control, effectiveness in stimulating and collaborating business units, management of partnerships, overall company organization or resources management are essential. Information management is a comprehensive and effective information system that can be used for managerial decision making. Research and development counts the capability in basic research innovation of new products. Efficient volume manufacturing, continuous improvement and flexibility are required in the manufacturing function.

The design function is about design capability like designing creativity and new product design innovation. In the marketing function, it is necessary to mention brand management and promotion, promotion and exploiting reputation for quality, understanding of and responsiveness to market trends. The last function is sales, distribution and service, of which capabilities are effectiveness in promoting and executing sales, efficiency and speed of distribution, quality and effectiveness of providing customer service for customers of the company.

2.2.3 Form of legal entities in Finland

The last part of our theoretical framework is dealing with the business law in Finland. Doing business in Finland requires a deep understanding of the Finnish business law in order to avoid any obstacles and know all the rights and obligations as stated in the law. In this final part we are going to examine different types of Finnish legal companies and what advantages as well as disadvantages there are in each kind.

According to Toiviainen (2008, 266-267), in general a private law corporation can be defined on the basis of a relationship of judicial relations such as: 1) The amount of people in the collaboration (two or more persons); 2) an equal basis; 3) collaborate voluntarily, 4) to achieve or carry out their mutual goal, which necessitates a further distinction between the objectives and forms of activity of the collaboration; 5) the parties are obliged to cooperate (or, contribute to the collaboration). Based on the five criteria mentioned above, the types of business organizations could be defined as follows:

- Partnerships and Limited Partnerships
- Companies Limited by Shares (public or private)
- Cooperative Societies

2.2.3.1 A Partnership

According to Toiviainen (2008, 267 – 268) corporate prerequisites must be fulfilled in order to be dealt with as a Partnership. There is no upper limit to the number of parties in the collaboration but it has to have at least two partners, also act as its founders. Doing business in Finland (2002, 16) identifies he founders might be natural or legal person, but at least one partner must be a legal person, who is a natural person residing within the European Economic Area, or have its office or organization registered in The European Economic Area. For those partners who are not from the EEA, a permit needs to be applied from the National Board of Patents and Registration (Holopainen 2009, 18). The nationality of the partner is not important but their permanent residence is critical, so the residency requirements are applied not only to the Finnish citizens but also to citizens from other countries. (ibid).

According to Toiviainen (2008, 274), in a partnership, every partner has to take part in the management of the business of the company jointly and severally unless the contribution of work is agreed upon the corporate agreement. However, in a partnership, a financial input is not required rather than an active work input. The profits are shared equally among partners regardless the amount of investment input of each partner. (Jaensch, 2009). Holopainen (2009, 18) states: "the partners are responsible for the commitments of the partnership with their whole property included." They are liable for the debts and obligations towards the creditors of the company and carry the work together and jointly (Toiviainen 2008, 268).

2.2.3.2 A Limited Partnership

According to Toiviainen (2008, 268) and Holopainen (2009, 26) there are always two types of partners in a limited partnership, and the requirement of two types of partners is a must. One of the partners has to be a general partner, whose liability for corporate obligations is unlimited in a similar way to the liability of all partners of a partnership; and at least one of the general partners has to be a legal person. Another partner is considered as silent partner, whose liability for corporate obligations or towards creditors of the company is limited to the amount of his capital investment made to the company as indicated in the corporate agreement. There has to be at least one silent partner in a limited partnership. A silent partner is not required to be a resident in or registered in the EEA as a legal person.

The duty of two types of partners is also different based on the distinction between two types of partners. The general partner does not have any responsibility to invest money or any capital input in the partnership but his active conduction and participation in the business of the company will be counted. The silent partner with a limited liability for the corporate obligations will invest money or other capital input with no minimum amount set, but have no duty or even a right to participate in the management of the company. (Toiviainen 2008, 275). Janensch (2009) says that the silent partner will get his return on his investment paid by the general partner.

2.2.3.3 Company Limited by Shares

According to Toiviainen (2008, 276) there is no minimum or maximum limit for the number of founders. One or more founders, who is also an owner, called the shareholder of the company as in the law, might establish a company limited by shares. A company limited by shares should have more than one shareholder, even though the Finnish Law still accepts a so-called single member company. A shareholder might be either a natural person or legal person. (Holopainen 2009, 33).

A company limited by shares has two types, which are private and public companies. The essential difference between them is the security of a private limited company might not be admitted to the public trade in the Securities Markets Act. Also, a private limited company is required to have a minimum share capital of 2 500 euros and a public limited company of 80 000 euros. (Holopainen 2009, 33 - 34.)

According to Holopainen (2009, 34), in a company limited by shares, the owners are called only shareholders, whose liability for the debts towards creditors of the company is limited to the value of their shares. The profit of the company is distributed among the shareholders as dividends depending on their capital contribution. A shareholder has no obligation to take part in the management of the company, not even a duty to be present at a general meeting other than his economic responsibility towards the company. (Toiviainen 2008, 282 - 286).

2.2.3.4 Cooperative Society

According to Toiviainen (2008, 284) the number of members must be at least three in order to form a cooperative society. The members might be either natural persons or legal persons. A foreigner can also act like a member of a cooperative. Place of residence or nationality are not important concerning the matter of establishing a cooperative society. (Holopainen 2009, 49). The fundamental objective and feature of a cooperative society is not to bring the economic profits as dividends as in a company limited by shares, but to enhance the economic welfare of the members by subsidizing the members through more beneficial price setting for the members compared to other alternatives (Toiviainen 2008, 286).

A cooperative society can work according to either economic objectives or non-economic objectives. (Toiviainen 2008, 287). The capital of a cooperative society is constituted by accrued individual share prices that it will decide itself on the size of the share price on its rules (Holopainen 2009, 49). On the authority of Toiviainen (2008, 290 - 291) the only duty of a member of a cooperative society is to pay cooperative payments to the cooperative society. The members do not have to be personally in charge of corporate obligations of the cooperative society towards its creditors. The members usually have neither duty to participate in the management of the cooperative society, nor the duty to use the services of the cooperative society.

3 OVERVIEW OF THE EMPIRICAL STUDY

In this chapter, we discuss our proposed case study and then how to organize and apply the market research plan in our case in order for us to be able to collect needed information efficiently.

3.1 A case study description – An imported apparel company

Becoming an entrepreneur is a mutual dream of both of us and we have decided to carry our own business in Finland after the graduation. Our core business is to provide customers who stay in Finland with various kinds of fashion clothes, accessories, and footwear imported from two Asian countries, such as Vietnam and Korea. Before starting our business, we do not only simply pay attention to the legal procedures, we may also concern the market research issues that will aid us to dig out more useful information from customers staying in Finland about their perception towards imported apparel from Asian countries. In any business, customers and their consumption behavior place the most momentous part in the success of a firm or an organization. Hence studying the attitudes of consumers who are living in Finland is an important consideration.

The purpose of this thesis is to get a better understanding of what consumers really think of exported products/goods as well as what they need to have but those kinds of offerings are not available in the Finnish market yet and further matters. In order to obtain the right and concrete information, we should design in advance a detailed

market research plan. All the information collected from the research process will be convincing evidence of whether or not our business plan is supported.

3.2 Research design

Indeed the marketing research is considered an essential part in helping business developers or marketers to come up with a final decision. According to Burns and Bush (2010, 24) the entire marketing research process normally consists of eleven (11) steps in terms of successive steps. These steps are the following:

1) Establish the need for marketing research;
2) Define the problem;
3) Establish research objectives;
4) Determine research design;
5) Identify information types and sources;
6) Determine methods of accessing data;
7) Design data collection forms;
8) Determine the sample plan and sample size;
9) Collect data;
10) Analyze data;
11) Prepare and present the final research report.

3.2.1 Establish the need for research

Burns and Bush (2010, 25) state that the need for doing a research only occurs when there is not adequate information for managers or marketers to make decisions. According to our case study, it is true that we are lacking information at hand about the young consumer behaviors in Finland towards the imported fashion stuffs, which results in the need for carrying out more research. On the other hand, another reason for us to conduct this market research is the fact that applying a research into a real case study is one of the compulsory requirements for our Bachelor Thesis.

3.2.2 A research objective

Identifying an objective of research is not a less important task for managers. If the research objectives cannot be spelled out in detail, a market researcher is not likely to know exactly what information they must collect in order to solve the problem. Burns and Bush (2010, 84) state: "research objectives are totally dependent on the problem, but they are different in that they state what the researcher must do." According to the Small Business Development Corporation Western Australia there are three common questions to ask ourselves when we are going to establish the research objectives: 1) What is the reason of the research? 2) What information is being sought? 3) How will the information be used?

In short, we would have to describe precisely the segment (interview action), all information we need, and the last one is how to use the collected information in the research objective section. (Focus Group Tips. [referred 26.10.2011]). The objectives for our study have finally been defined below after we applied all of the above theories to our case study.

Interview action (identify the segment).
We are going to get actions/thoughts about fashion perception of the young students who register as presence in this autumn semester in Mikkeli University of Applied Science by using survey method. Our target group is young people including male and female. These young students will include both Finnish people and international people who are considered as a sample representative of the whole population (people are currently living in Finland).

We also plan to have a face-to-face meeting with business counselor in Economic Department in Mikkeli in order to gather more information about legal procedures of doing business in Finland.

Information needed.
As we have mentioned many times about the importance of studying consumer behavior in doing business. In this case, we are eager to explore the attitude, perception, beliefs, expectation, needs, and wants of our target group in Finland towards Fashion trend and imported goods from Asian countries such as Vietnam and Korea. We also

concern to the advantages and disadvantages of each legal entity in Finland and how to build it up in the future as well.

<u>Information used.</u>

We will use all findings that are generated from information collected from respondents to make a decision whether or not to establish a Fashion company in Finland. Base on the findings, we will know exactly that our future business is either feasible or unfeasible to do in Finland. On the other hand, the result of our study will provide us an opportunity to dig out the unmet needs of customers that result in helping us to develop a right business model to compete against existing offerings.

3.2.3 Determine research design

There are two approaches of carrying the research are qualitative m and quantitative research. Qualitative research is a method that does not include any figures, statistics or calculation. It shows some deep and implicit information that no numbers or figures can solve. Based on Boeree's document, qualitative research is usually done by three main techniques that are qualitative interviews, direct observation, and case studies. (Qualitative Methods. [referred 26.10.2011]).

Quantitative research is a method that is opposite to qualitative research. It involves a lot of figures, measurements and large numerical data. According to Pallant, it is usually done by two approaches: surveys and questionnaires, experimental designs and intervention studies. It normally shows to researchers the certain behaviors, behavioral intentions or habits, attitudes and knowledge related to a definite matter of a part target audiences, as well as the frequency of these components and the majority of them in the research sample. (Quantitative research methods. [referred 26.10.2011]).

In our research, we would like to approach both qualitative and quantitative researches. We used qualitative method by interviewing an officer at Centre for Economic Development, Transport and the Environment to seek out more helpful information about the legal procedures and supports of doing business in Finland. We applied quantitative method to know the behavior and opinions of the chosen sample.

3.2.4 Information types/sources and methods of assessing data

There are two types of information for a market researcher to use. These are primary information and secondary information. According to Burns and Bush (2011, 31) primary information is what we collected specifically for a problem at hand, whereas secondary information is what has already been collected by other researchers. As we carry the research for our own purpose and all the information we need to know is not available now, as a result we have to obtain information by ourselves. The information we collected will help us to solve our problem at hand. It is called primary information.

Regarding the methods of assessing data, we conducted a personal interview with an officer at Centre for Economic Development, Transport and the Environment in Mikkeli to gather information about legal procedures. Also, we carried out the questionnaires for a selected sample to gain the data from young consumers living in Mikkeli, Finland.

3.2.5 Design data collection forms

According to Burns and Bush (2010, 304) a questionnaire is a means used to present the questions that the researchers desire correspondents to answer. Questionnaires place a critical role in determining the success of recording, gathering information in market research projects. In order to obtain the right information from the correspondents, our survey questions should stay focused on a specific issue or topic, be brief, be crystal clear, and even be grammatically simple sentences.

In our survey form, we would like to simply use different question methods to get the answers from interviewees such as:
- 1-5 scale points from the lowest to highest level or very unlikely to very likely;
- Multiple-choice type: various alternatives/options for the respondents to pick up;
- To give the respondent a chance to put down their own opinions if possible.

In addition, we also adapted the computer-assisted questionnaire design "Qualtrics" at www.qualtrics.com to help us create a survey online. The program offers a list of question types for selection such as closed-end, open-ended, numeric, or scaled-response questions. All the questionnaires and survey forms about our study are found in the appendices section (appendix 1 and appendix 2).

3.2.6 A sample plan and sample size

A sample plan refers to the action of selecting units or elements from the population to be included in the sample. All sample designs always fall into one of two general categories such as probability and non-probability samples. (Burns & Bush 2010, 342 - 343). In the preliminary proposal for research plan, we had planned to adapt the probability sample method because the chances of selection of a sample unit in the population are known. We supposed to conduct a simple random sampling because this was the most convenient way for us to select the sample unit when we have a great population number. We deemed that simple random sampling exposes the objectivity as it guarantees that each member of the population has an identical chance of being selected into the sample. The rest of methods may take a long time to go through the whole population in order to select the appropriate units; so they are not very convenient at all. Our population consists of all young students who are studying in Mikkeli University of Applied Science. The total number of the whole population was 3096 students. As the population was large, it would be a wise choice if we use simple random sampling to select the sample units.

In order to pick up randomly the elements in the whole population, we would come up with the function "RANDBETWEEN" in Excel application. All the members of the population would be assigned with a unique number from 01 to N, and then generated the number of random numbers needed in the range of 1 to N (3096 in this case) by using the function "RANDBETWEEN" we mentioned above. In our case, we were going to withdraw 310 members as a sample representative of the population. Hence, we would have 310 random numbers under this circumstance. Each generated number would correspond to the member who would have to be drawn out of the population. That was all we had first mapped out in order to carry a research.

However, in the process of carrying the empirical study, the challenges occurred right at the first step, selecting the sample size. At first, we used function "RANDBETWEEN" in Excel application to choose the sample size randomly from the whole population of the university. When it was done, we recognized we could not contact them because we could not know specifically who was student A or student B. Furthermore, there were a lot of classes that we could not find available in the schedule. So we had to change the way of sample selection, as we still needed 310 students for the sample out of the whole population of 3096 students. We took students from the first-year and second-year classes in different degree programmes such as Business Management in English and in Finnish, Environmental Engineering in English and in Finnish as well, Nursing and Construction Building. We tried to catch up as many students as possible at high-traffic locations such as the cafeteria during lunch breaks and the hallway at Building D upstairs and downstairs. As a consequence, we moved from the simple random sampling of probability sampling methods to convenience sampling and purposive sampling of non-probability sampling.

3.2.7 Collect and analyze data

Regarding the quantitative method, there were two ways for us to approach the respondents. We could either directly give a survey form to a member or send it via his or her email in case we did not have a chance to have a face-to-face meeting with her/him in class. However, we may encounter with nonresponsive error if we deliver the questionnaire form in mailbox. The qualitative method, as we have already performed earlier, we would carry a face-to-face meeting with an officer at Centre for Economic Development, Transport and the Environment in Mikkeli. The data gathered in this interview was used to create a pre-understanding about the legal procedures, legal forms, and the most appropriate legal entity for our case as well as the custom and duty concerning import affairs. Finally, all data collected would be analyzed by using basic descriptive analysis program such as SPSS. Working with SPSS software, it would help us to generate accurately findings.

4 FINDINGS

The findings from the survey are presented in this chapter. The survey aims to help us to obtain the most concrete information from the consumers are living in Finland. According to the findings, we will have a better understanding of what they really think of imported products or goods as well as what they are desiring to have, but those kinds of offerings are not available in the Finnish market yet. On the other hand, the decision of establishing a fashion company in Finland will be predominantly based on these findings. The total number of participants of the survey was 310. The survey's findings are illustrated with different charts, figures, and tables below.

What is your gender?

There were 173 women (55,8%) and 130 men (44,2%) participating in the survey. (Figure 10).
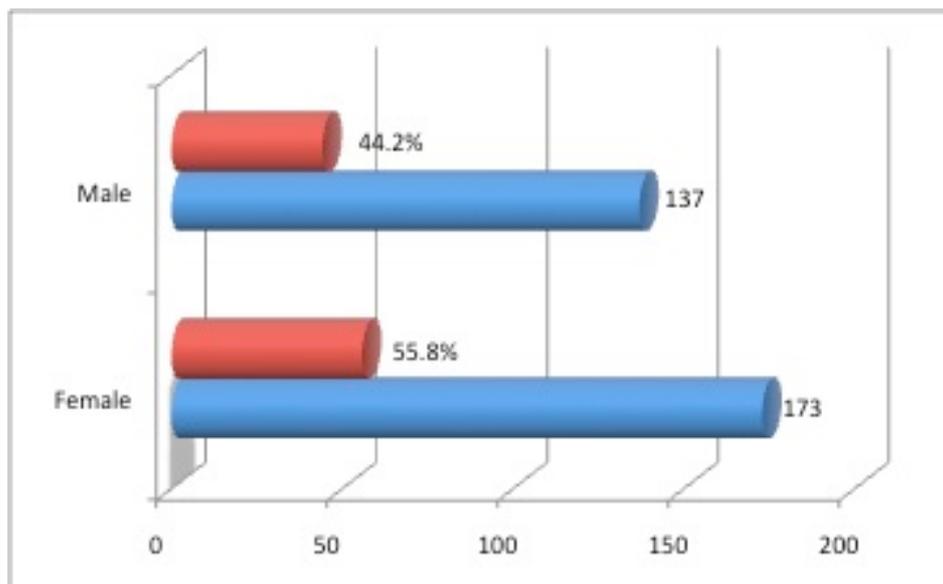
Figure 10. Respondents' gender

What is your age?

The age of the respondents vary from a minimum 17 to a maximum of 33 years. According to the figure 11, most of the students in this survey are 21 years old, 68 respondents are 21 years old and 63 respondents are 20 years old. Other common age groups are 22 years old (53 respondents), 19 years old (37 respondents), 23 years old

(20 respondents). In short, the majority of students are very young and there is only one person who is 33 years old.
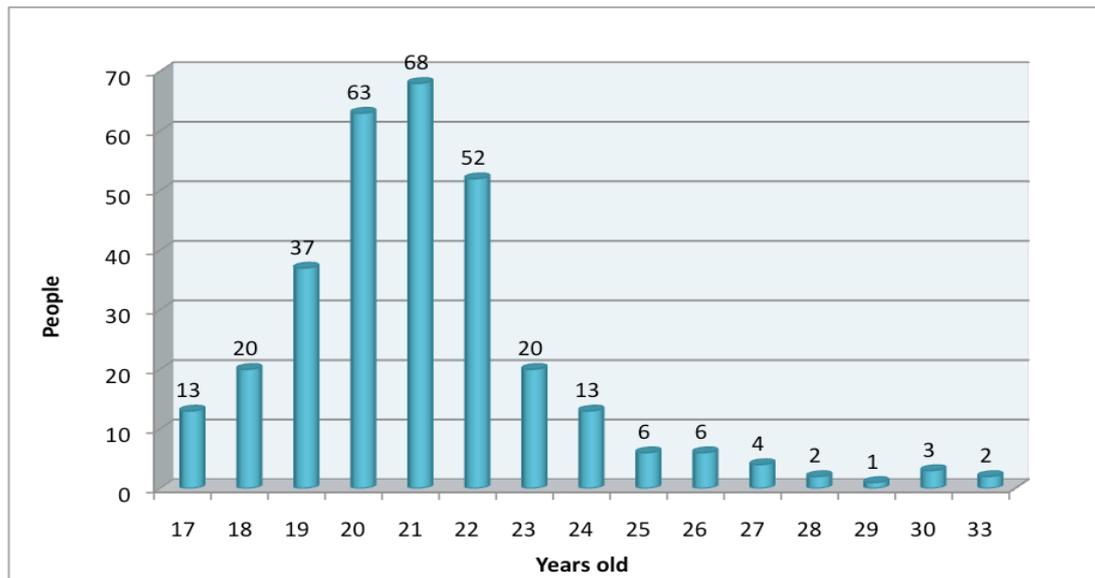
Figure 11. Respondents' ages

What is your nationality?

The figure 12 will illustrate the nationality of different interviewees including the exchange students and degree students. There are about 18 countries, however, the vast majority of the students were Finnish citizens (206 respondents), followed by Russia (45 people), and Vietnam (18 persons). There was only one respondent who did not provide his or her nationality.
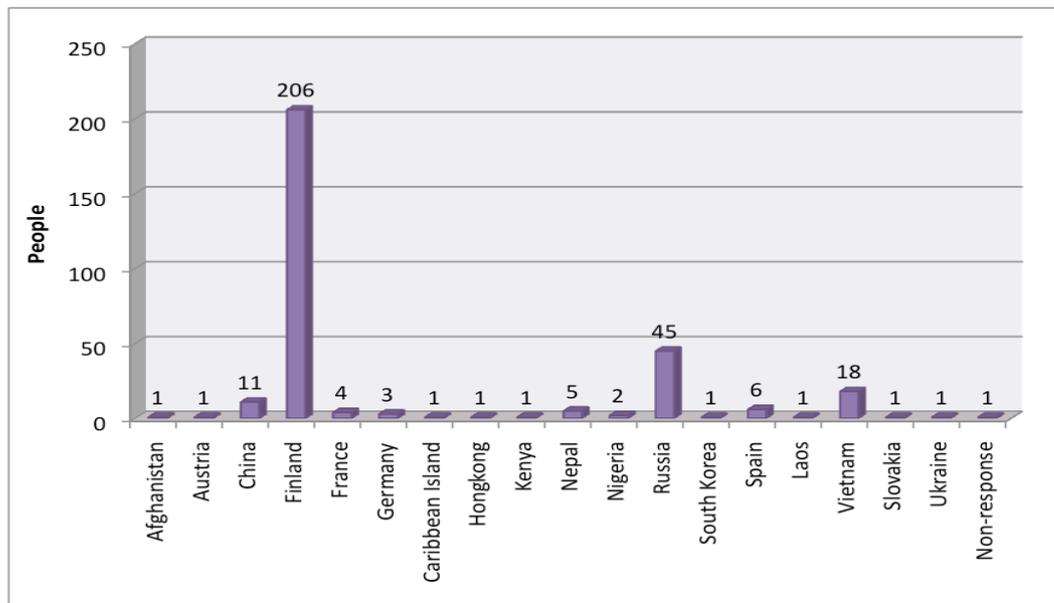
Figure 12: A nationality of the respondents

What is your degree program?

The figure 13 below shows the number of degree programs in which the respondents were studying in Mikkeli University of Applied Sciences. The respondents included both Finnish and international students. The percentage of Business Management programme reaches the highest rate (53.2%) compared with the rest of the pro-grammes. Environmental Engineering placed at the second rank (18.7%) and it was followed by Information Technology (9.4%).
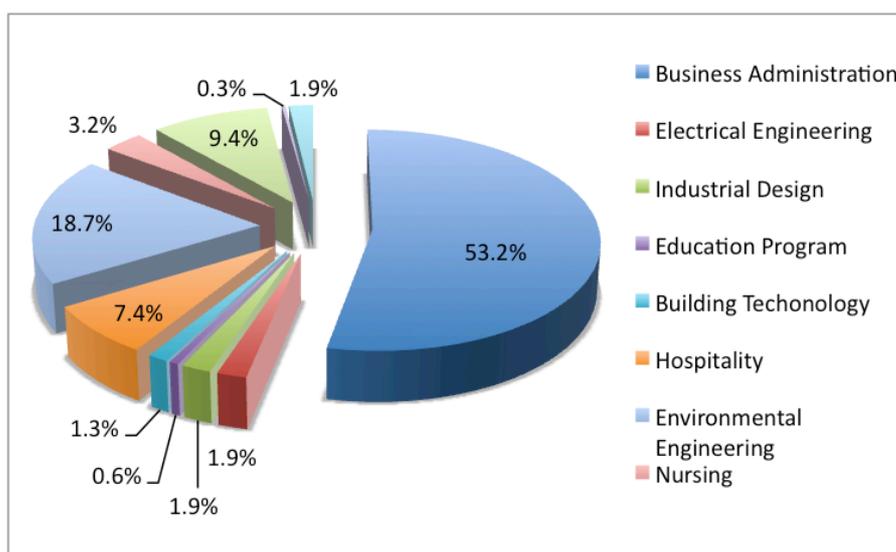
Figure 13. The list of the respondents' degree programmes

What is your fashion style? And on what kind of apparel/clothes do you spend the most?

The figure 14 below portrays a picture of the buying trends of young people living in Finland when they go shopping. The majority of the respondents normally go shopping for normal outdoor clothes (169 people) and footwear (155 people); they actually do not pay attention to the current fashion trends. There were about 221 students considered casual as their fashion style when they were asked to describe their own fashion style among various styles, such as feminine (74 students), skater (9 students), classic (55 students), tomboy (14 students), vintage (20 students), trendy (54 students), rocker (23 students), sporty (68 students), and others (7 students).
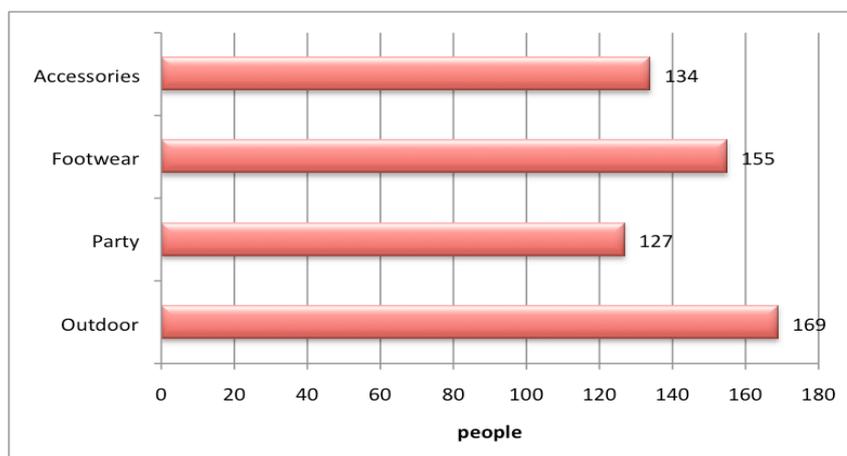
Figure 14. The fashion styles of 310 respondents

What kind of accessories do you usually buy?

The graph 15 illustrates what type of accessories the young people frequently spent money on. The given answers would primarily depend on the gender of the respondent; however, there were still some unisex accessories such as hat, scarf, and sunglasses. Most of the answers fall into scarf category (111 answers), followed by earrings (104 answers), bag or purse (90 answers), and necklace (89 answers).
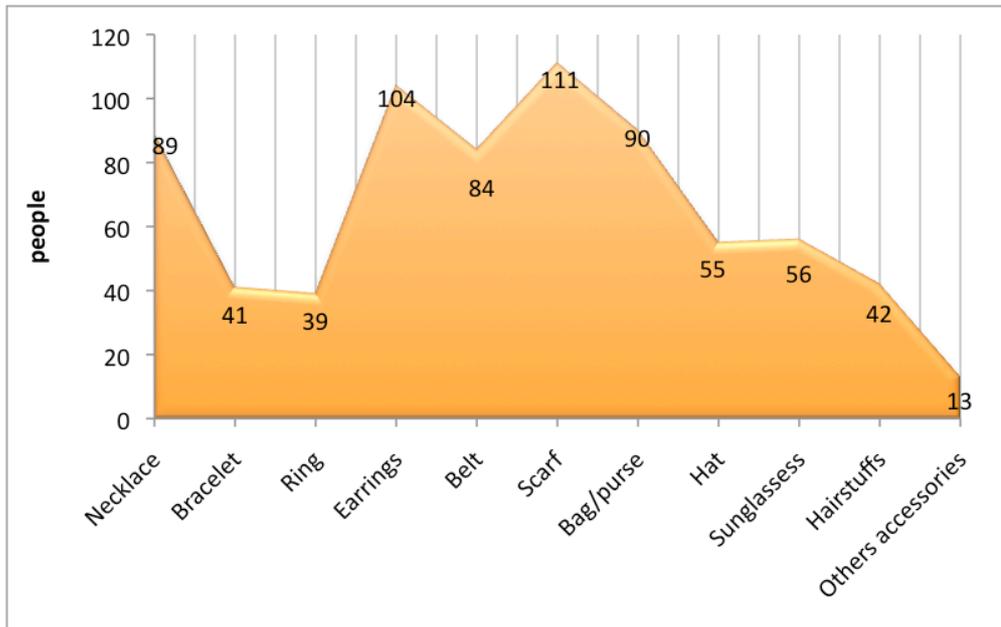
Figure 15. Various types of accessories the respondents usually purchase

In addition to the accessories mentioned in the survey, most of the students also listed watch (30.8%), T-shirt (30.8%), and shoes (15.4%) as their alternative options for accessories when they were requested to randomly think of other favorite accessories. (Figure 16).
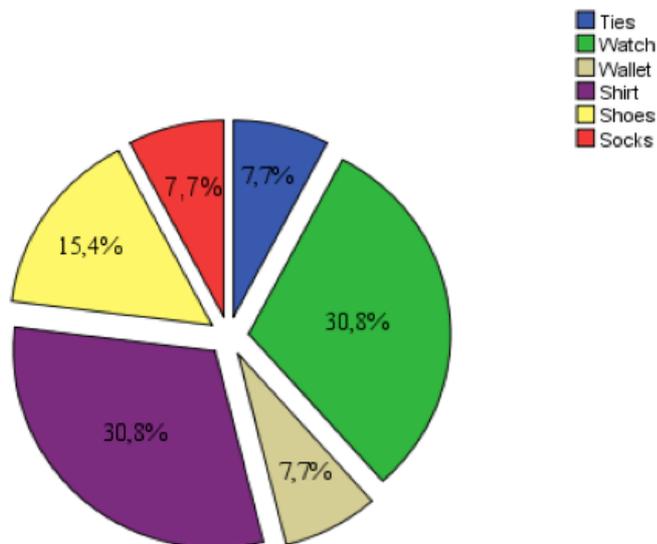
Figure 16. Other types of accessories the respondents also prefer to buy

What are your favorite colours?

According to the following figure 17 we can clearly see that more than half of the respondents (183) preferred black as their top favourite colour among different colours. About 130 students answered blue and 116 interviewees selected white. There were 21 people who chose other colours such as purple, lilac, dark blue, turquoise, dark violet, and creamy apart from the colours offered in the survey. The proportion of purple and lilac colour were the highest, approximately 24% among other favourite colours.
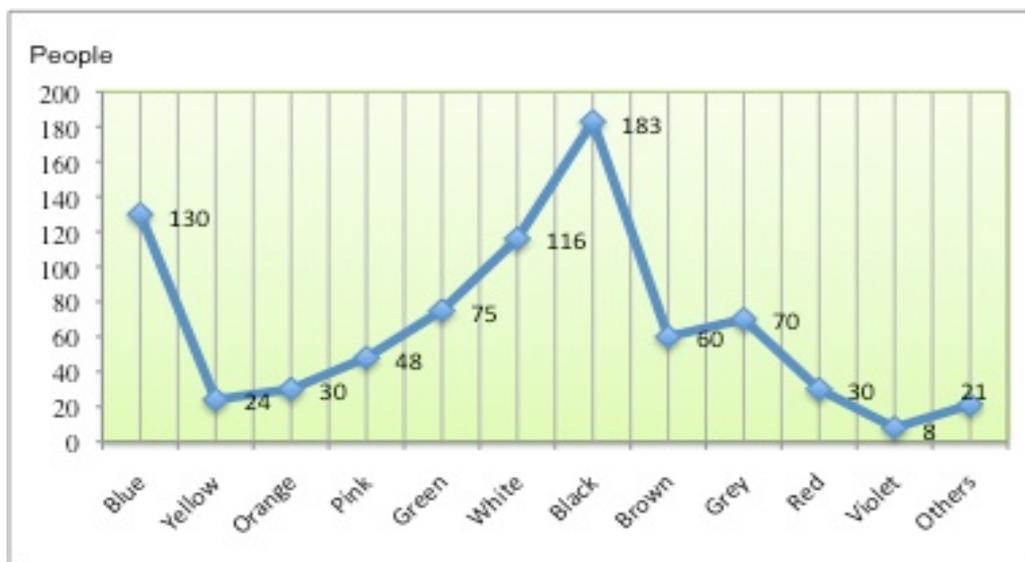
Figure 17. The respondents' favourite colours

How often do you shop for clothes?

The ratio of the number of actually going shopping over a particular period of time of 310 respondents is performed in the graph 18. Once a month was in the majority (214 people). There were 66 students who had a tendency to go shopping 2-3 times per month. The rest of the respondents went to a store to purchase clothes varying from time to time such as once a week, 5 times a week, twice a year, or even they just go whenever they have a need. Generally, most of the students go shopping weekly whereas there were only 3 persons who had never gone shopping.
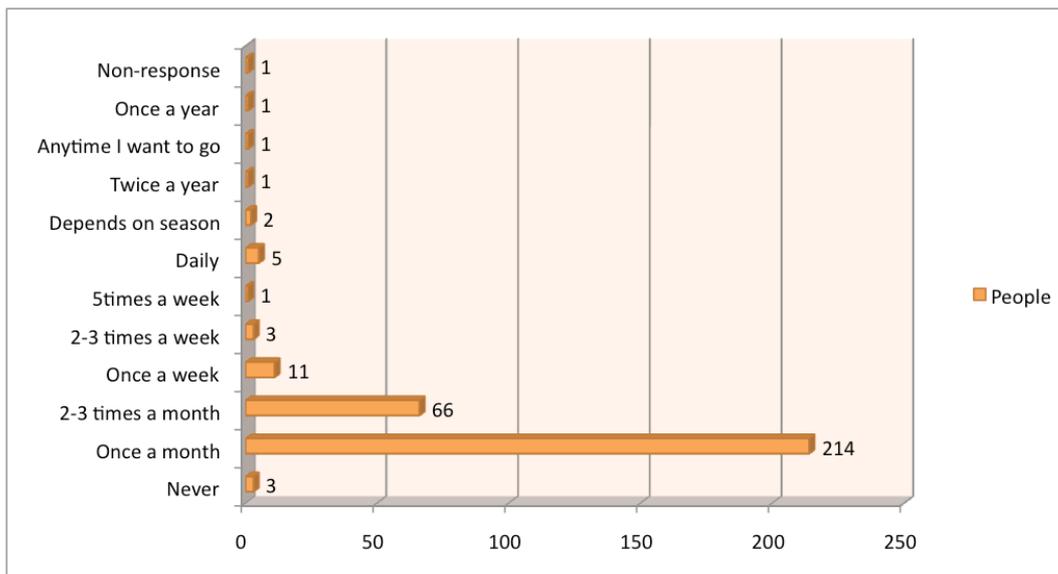
Figure 18. Respondents' shopping frequency

How much do you usually spend on clothes per month?

The amount of money that young people are willing to pay varied according to their income. However, the figure 19 shows us that the respondents normally spent less than 100 euros per month when they made a purchase on clothes. The category of lower than 100 euros per month counted 63.5% and 17.1% for 100-200 euros monthly. Some students (16.5%) did not have an exact amount of money they would like to pay for their shopping as they spent different amounts from time to time.
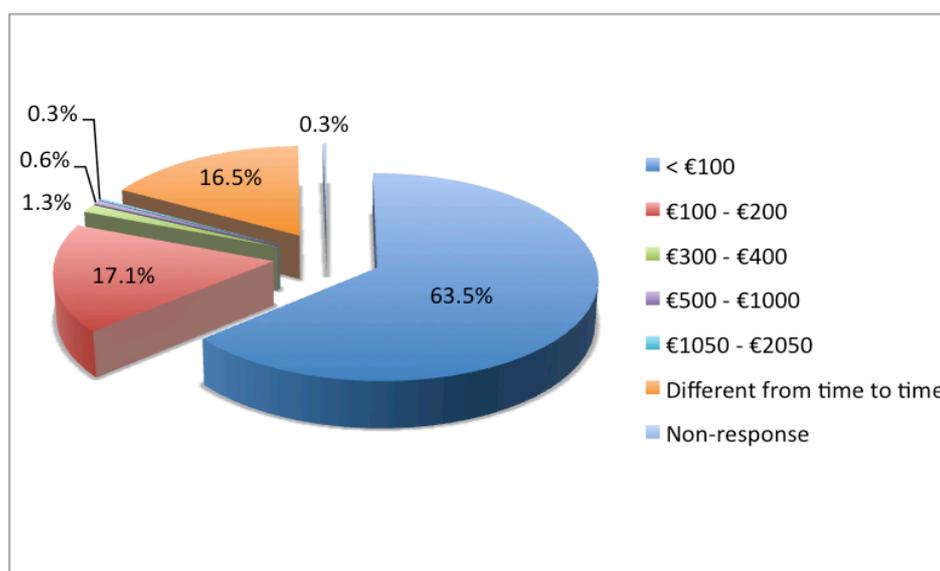
Figure 19. A sum of money that young people usually spend for shopping

What are your favorite stores in Mikkeli

According to the figure 20 below, in the vast majority of top ten well-known fashion stores in Mikkeli, H&M was selected as the favourite store with 179 answers, followed by Ginatricot (96 answers), and Vero Moda (83 answers). It is reasonable to list H&M as the most favorite store in comparison with the remaining ones, as it has created an excellent strategy for its customers, such as affordable prices, updated fashion collections, attractive design, customer services, and especially its products that mostly attract young customers.
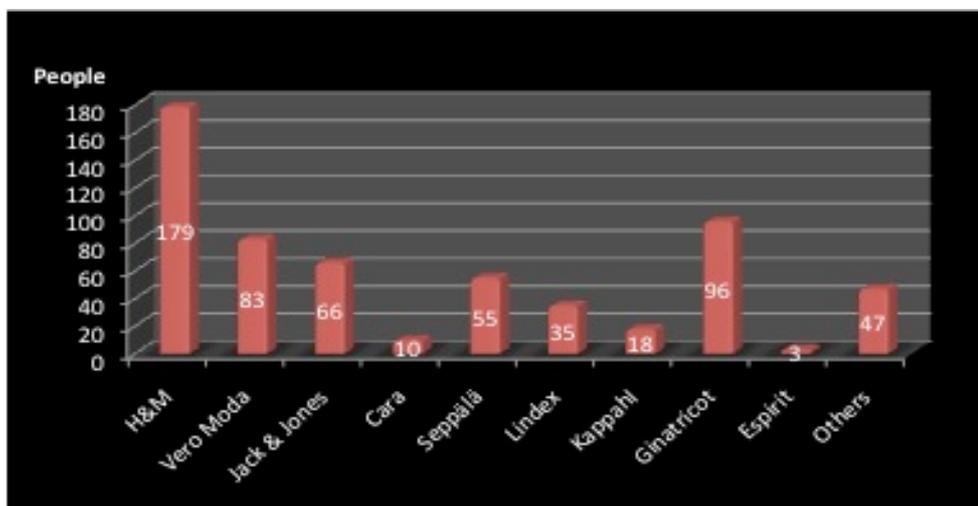
Figure 20. The favourite stores in Mikkeli

Fashion brands you like the most

When the respondents were asked to accidentally provide three names of their favorite fashion brands available in Mikkeli, the large number of the students answered Nike (30%), H&M (28%), and Adidas (20%). The rest of the brand names were listed as follows: Jack & Jones (11%), Guess (5%), Vero Moda (3%), and Only (3%).

Do you want to be outstanding?

There were 122 respondents (39.4%) who might like to be outstanding if they have a chance, and 88 respondents (28.4%) did not know. Only 59 respondents (19%) were

absolutely sure what they want, whereas 39 respondents (12.6%) absolutely did not want to be outstanding. There are 2 respondents (0.6%) who did not give an answer. (Figure 21).
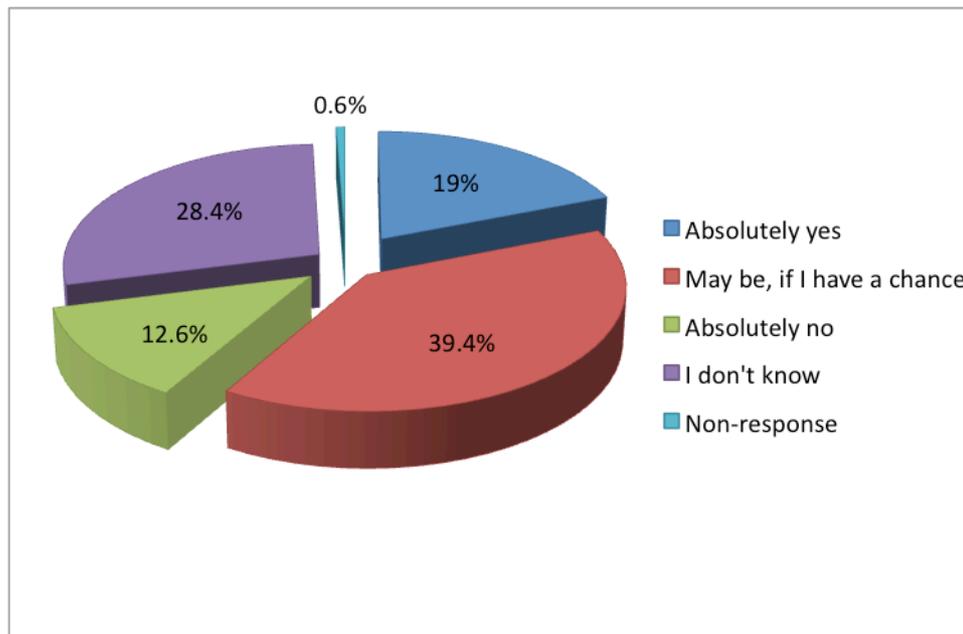
Figure 21. Respondents' interest to be outstanding

The elements that affect respondents when buying clothes

According to the table 1, the letter "N" in the table shows us the number of respondents below. The maximum number of the respondents we have is 310, and in this case there are at least 306 respondents who assessed each element that affected their buying behavior. The rest of the people might not have answered. The 5-point Likert scale (from not strongly affect to strongly affect) is applied for this kind of a question. An element's scale will vary from 1 to 5 (1=not strongly affect, 2= not likely affect, 3=neutral, 4=likely affect, 5=strongly affect). The mean in this case means a central tendency which represents the most typical response, whereas the last column standard deviation is a variability that shows how similar the responses are.

Under these circumstances, in order to understand how a respondent perceives the level of every element's influence over her/his buying behavior (price, brand name, appearance of clothes), the readers have to look at the "mean". For example: there were 310 students who answered the price element question, and its mean is 4.08

which is very close to 4, that means, on average, the survey respondents deemed that the price likely affected their buying behavior. When we take another example, such as appearance of clothes, there were 306 students who gave an assessment and 5 did not provide their evaluation. The mean of this element is 4.72 that is rather close to 5, meaning that the respondents' buying behavior would be strongly affected by the appearance of clothes. Similarly, there are various means for different factors. Most of the respondents did not pay attention to the origin of country when they purchased clothes because the mean is 2.26 which is close to 2 = not likely affect, and the decoration of a shop (shop appearance) was neutral to respondents as its mean is 3.

Table 1. The elements that affect the respondents when they purchase clothes

	N	Minimum	Maximum	Mean	Std. Deviation
Price	310	1	5	4.08	.853
Brand name	310	1	5	2.85	1.185
Appearance of clothes	306	1	5	4.72	.659
Quality	310	1	5	4.02	.824
Country origin	308	1	5	2.26	1.091
Salesperson behavior	309	1	5	2.74	1.066
Payment method	310	1	5	2.23	1.122
Shop appearance	308	1	5	3.00	1.003
Friend's recommendation	309	1	5	3.17	1.011

The qualities of clothing the respondents may care about

The 5-point Likert scale (from not strongly affect to strongly affect) is also applied for this kind of a question. An element's scale will vary from 1 to 5 (1=very unconcerned, 2= somewhat unconcerned, 3=neutral/not sure, 4=somewhat concerned, 5=very concerned). According to the Mean of eight criteria for the clothes qualities (airflow, wrinkle resistant, sun protection, color resistant, stain resistant, weather protection, shrinkage resistant, moisture wicking) it shows that the majority of students do not care about them at all as the its mean value varies between 2.44 and 3.36 which is very close to 3 = neutral. (Table 2).

Table 2. The qualities of clothes the respondents maybe concerned about

	N	Minimum	Maximum	Mean	Std. Deviation
Airflow	308	1	5	2.89	1.077
Wrinkle Resistant	307	1	5	2.78	1.078
Sun protection	307	1	5	2.44	1.226
Color retention	308	1	5	3.74	1.054
Stain resistant	305	1	5	2.90	1.084
aExtreme weather protection	308	1	5	3.28	1.076
Shrinkage resistant	307	1	5	3.36	1.071
Moisture wicking	304	1	5	3.16	1.070

Shopping behavior statements of the respondents

The table 3 below shows the statements that describe the shopping behavior for clothes of 310 respondents. There were some interviewees who gave no answer to each statement. The 5-point Likert scale (from not strongly affect to strongly affect) is once again applied to this question. An element's scale varies from 1 to 5 (1=definitely disagree, 2= somewhat disagree, 3=neutral, 4=somewhat agree, 5=definitely agree).

In the majority of cases, the respondents had a neutral opinion when they were asked to give an idea of their buying behavior. However, the mean is rather close to 4 for the following statements "I like to buy clothes", "I like clothes that makes the most of my figure", "wearing good clothes is part of leading to a good life". The mean shows that the respondents somewhat agreed with these statements, and through it we can suppose that most young people are very fashion conscious and have a tendency to care much about their figure when they purchase clothes.

Table 3. Shopping behavior statements of the respondents

	N	Minimum	Maximum	Mean	Std. Deviation
I buy clothes regardless of current fashion	308	1	5	3.52	1.022
I buy new clothes when they suit me	304	1	5	3.13	1.311

I prefer to buy well-known designer clothes rather than take a chance on something new	308	1	5	2.36	1.096
I'm not afraid to be the first wearing something different in fashion looks	307	1	5	3.34	1.077
I like to buy clothes	308	1	5	3.97	1.148
I like clothes that make the most of my figures	307	1	5	4.28	.871
I plan my shopping trips carefully	308	1	5	2.50	1.154
Wearing good clothes is part of leading a good life	307	1	5	3.71	1.038
I shop for coordinated outfits	305	1	5	2.95	1.095

How do you perceive the quality of clothes manufactured in Korea and Vietnam?

Figure 22 shows that over half of the respondents (53.2%) perceived the quality of clothes manufactured in Korea and Vietnam as neutral. 20.3% of the respondents recognized it as good quality. 15.5% of the respondents did not have any idea about it and 9.4% of respondents thought it as bad quality. There were 1.6% of the respondents who did not give an answer.
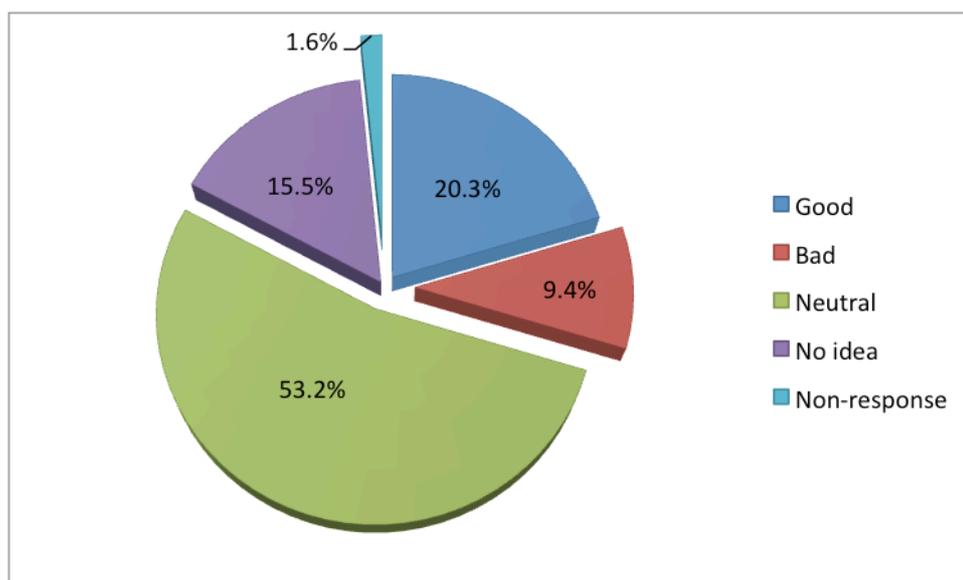
Figure 22. Respondents' awareness quality of clothes manufactured in Korea and Vietnam

What do you expect in return for damaged clothes?

In this question respondents could choose two answers. Thus, there were 228 respondents wanted to replace their damaged clothes with another product. 185 respondents preferred money return. 105 respondents liked to have discount for the next purchase. Only 5 respondents wanted to have product fixed. (Figure 23).
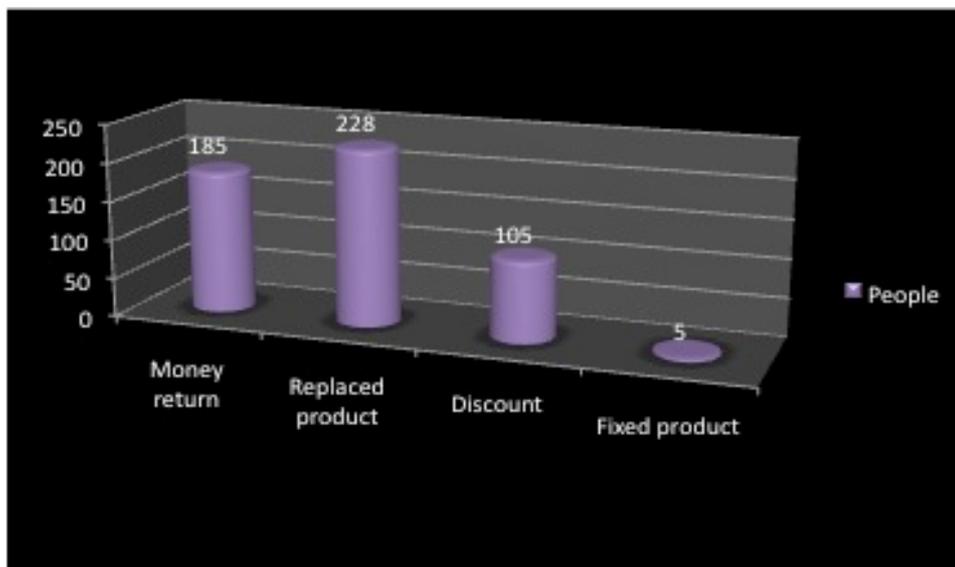
Figure 23. Respondents' expectations in return for damaged clothes

What makes you feel satisfied after you are done with your complaint process?

In this question respondents could choose two answers. Therefore, the figure 24 shows that 172 respondents felt satisfied with the outcome fairness after they were done with their complaint process. 94 respondents felt satisfied with the procedure fairness, and 91 respondents felt pleased with the interaction fairness.
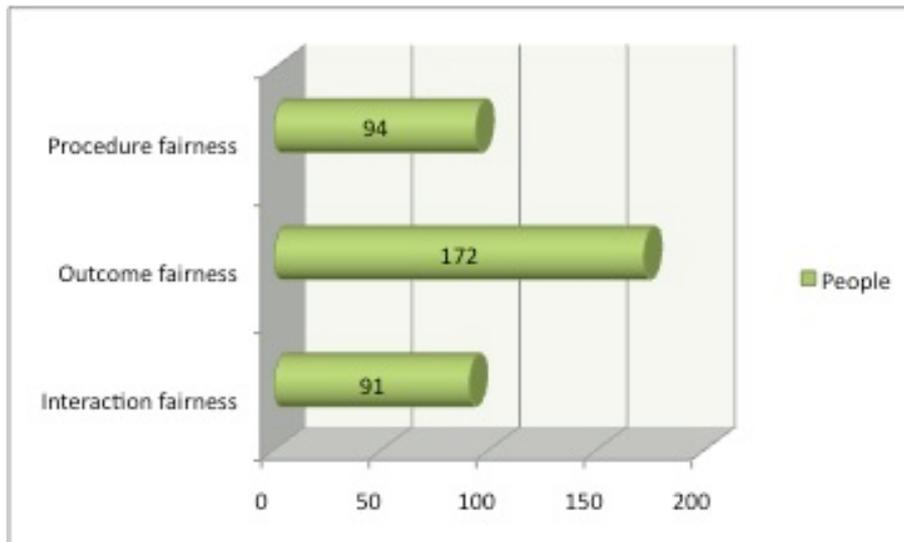
Figure 24. What made respondents feel satisfied after the complaint process

How would you behave when you feel unsatisfied and satisfied with your purchases?

In this question the respondents were required to select a manner in which they would behave towards their post-purchase. The respondents could choose more than one option and maximum four. According to the figure 25 below, there were 181 students who tended to complain to a company or provider about their products, and 137 students would spread negative words of mouth to their friends or relatives if they were unsatisfied with a purchase.

On the contrary, when they felt pleased or satisfied with a certain product, they only told their friends and relatives (233 answers), and just 19 people agreed with contacting a company. There were about 40 respondents who would post their own opinions on social media (Facebook, twitter and blogging), and 20 people wanted to contact a third party such as court when they did not like a product. In the majority of cases, the respondents' complaint was referred to a company and friends in general, but there were some respondents who would choose all of four actions to complain in particular.
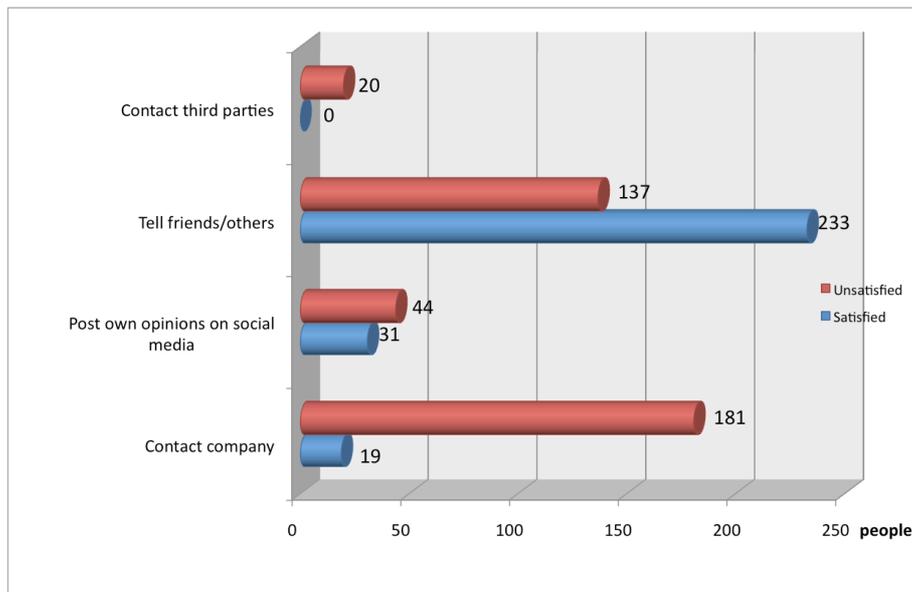
Figure 25. The respondents' behavior when they are satisfied and unsatisfied with their purchase

What are your favorite fashion magazines?

The respondents were asked to provide their favorite fashion magazines. In this question, the respondent could choose more than one answer and mention other options if they were not mentioned. Most respondents (86) chose Cosmo magazine. There were 48 respondents who chose Elle magazine and also 48 respondents who chose Vogue magazine. There were only 10 respondents who mentioned other options such as Olivia, USA Today, Trendi beside these three. (Figure 26).
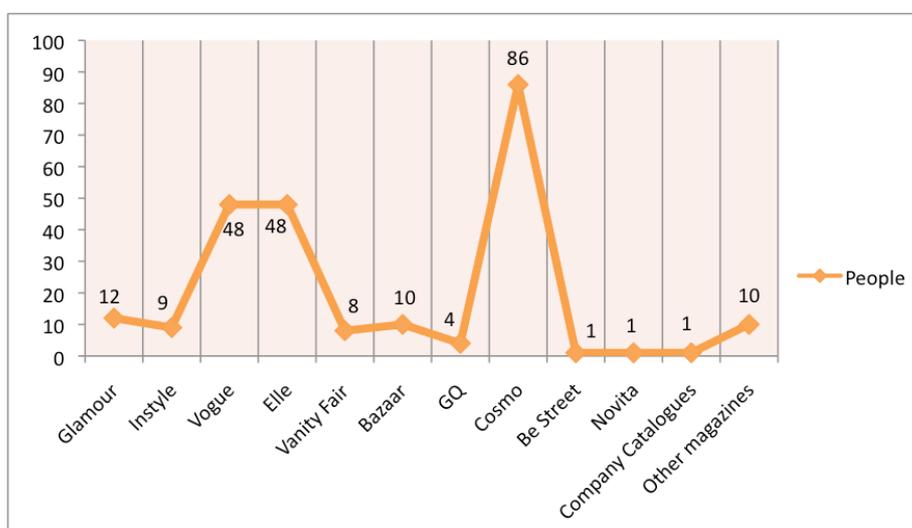
Figure 26. The respondents' favorite magazines

Where do you usually see advertisements?

In this question, respondents could choose more than one answer. Figure 27 illustrates the result with 209 respondents who chose television as the most popular channel for seeing advertisements. The second was social media with 176 respondents. On the third place was newspaper with 149 respondents. 14 respondents chose other options.
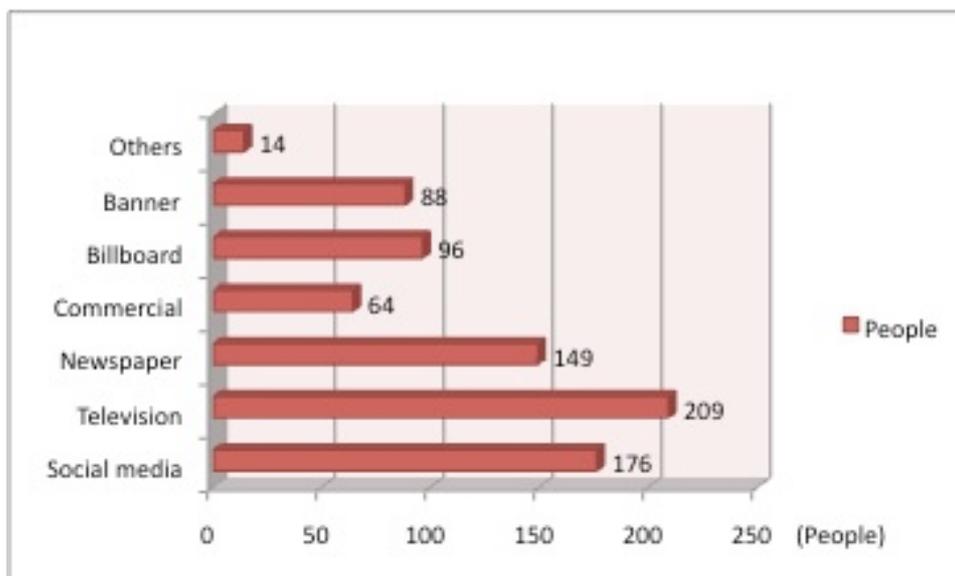
Figure 27. Where does a respondent usually see advertisements

Would it be useful to have a consultant who would help you to select the most suitable clothes?

The repondents were aksed if they considered having a consultant useful or not. 26,5% of the respondents thought it would definitely be helpful and 22,9% of the repondents saw it as probably helpful, while 21% of the respondents found it as probably unhelpful, and 18,4% of the respondents thought it as definitely helpful. There were 22,9% of the respondents who regarded it as normal. There was 1,6% of the respondents who did not answer this question. (Figure 28).
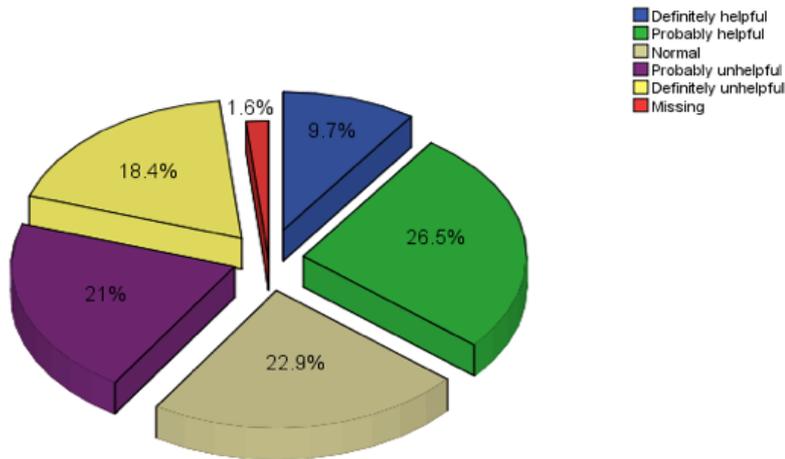
Figure 28. Respondents' considerations of having a consultant

5 DISCUSSION AND CONCLUSION

The purpose of this chapter is to show the strong association between the findings and the theoretical framework. It presents the discussion concerning the final decision whether or not to establish a fashion company in Finland, as well as how to operate it and especially what customer values we must bring to our target customers. In this part, based upon the findings we will answer four research questions that have been mentioned in the introduction chapter. Furthermore, the reliability and validity of the research are also discussed here.

5.1 What is a business model for our fashion company and what kind of value could it provide to young consumers in Finland?

In order to answer to this question we have to go through the section "2.2.1 business model innovation" in the literature review, and also the results of this study. Erying et al. (2011, 6) say that the business modes of a company normally expose what a company is going to offer to its customers, how it reaches them and relates to them through the key resources, activities and partners, and finally how it gets profits or earns money. Moreover, there are two methods for a company to create its own uniqueness based upon what basis a company is going to apply. One is competing on differentiation and another is competing on price. Before making a final decision on

which basis would be adapted, we first examine how young people living in Finland are behaving and what they are expecting with respect to the findings.

According to the findings, the respondents' age mainly varies from 17 years old to 30 years old; however, in the majority of cases the main respondents fall into 17-22 years old group. They are very young and not willing to spend much money for purchasing clothes monthly. Most of them normally spend less than 100 euros on their monthly clothes shopping (63%) and another group of respondents would be willing to spend around 100 euros - 200 euros per month (53%). On the other hand, the young respondents stated that their buying behavior was strongly affected by the price (Mean 4.08 = 4). As they are still young and do not have a stable job, it is clear that the price would be one of the most important indicators for them in making a purchase. Furthermore, almost all the respondents considered H&M as their favourite brand name compared with the remaining fashion stores in Mikkeli. According to our own research, H&M mainly offers various clothes with affordable prices for young customers.

Based on what we figured out during this study and understanding what is the top concern of our target customers in decision making, we have decided that the method of competing on price will be applied as a company's business model strategy. With respect to the theoretical framework for offerings/products that compete on the basis of price, a company will proceed first with defining Customer Value Proposition (CVP), then set the expected price, devising a cost structure in order to figure out what processes and resources are necessary to meet its price requirements. In fact, this decision is an answer to the question "*what is a business model for our fashion company?*"

In this following part, we are going to discuss the matter of Customer Value Proposition (CVP), which is the first step that should be taken into account in order to achieve a successful start in doing business. This section is also an answer for the question "*what kind of value could our company provide to young consumers in Finland*". Johnson et al. (2008, 4) states: "it is not possible to invent or reinvent a business model without first indentifying a clear customer value proposition." In accordance with the theoretical framework, the figure 1 (Adapted from Eyring et al. 2011,

8.) shows that there are fours steps to discover the unmet needs of our consumers. These steps are: a) study what your customers are doing with your products; b) look at the alternatives to your offering that consumers buy; c) watch for compensating behaviors; d) ask what people are trying to accomplish with the goods/services they use.

We pay attention to four steps to create Customer Value Preposition for our target group – young consumers.

Study what your customers are doing with your products
We indeed have not offered our target customers any products or services yet under these circumstances; however, we can make an assumption based on the findings. The findings have shown us that our respondents' usage purpose is to purchase daily attires. They intend to buy anything they like regardless of current fashion or purchase new clothes when it suits and makes the most of their figures. There is one remarkable thing in our study; in the majority of the cases, the respondents did not take the country of origin and the brand name into account when they made a purchase. Moreover, the findings also present that almost all the respondents disagreed with the matter of buying well-known designer clothes rather than taking a chance on something new (Mean = 2.36 that is equivalent to 2 "likely disagree"). It means that young consumers are willing to take chances on new things. This is a good sign for our business as our products will be imported from Asian countries (Korea, Vietnam) and are not as famous as several European brand names.

About the quality of apparels, young customers might care most about colour retention. As most of people tend to wash their clothes in washing machines in which they put different things together, it is essential that those clothes could retain their colours during the washing process. On the other hand, as Finland has extremely bad weather conditions in the winter, the respondents expect that attires they wear could protect their body. Hence, when we import products to Finland, we particularly have to take two of these issues into consideration. These could also be seen as a value we bring to our future customers in this case.

Look at the alternatives to your offerings that consumer buy

The majority of the respondents prefer H&M, Vero Moda, Jack & Jones (J&J) as their favourite brand names. H&M, Vero Moda, and J&J are the stores in which the attires are mainly for young consumers. The offerings in these stores are updated in every season including new styles of clothes, accessories, and footwear. Among three favourite stores in Mikkeli, H&M is the only store that has an ideal location and offers its consumers affordable prices such as for an average pair for one pair of shoes 15 euros, 19.90 euros for Jeans, 9.99 euros for one normal T-shirt. The maximum price for daily attires does not exceed approximately 50 euros. In the context of Vero Moda and J&J, these two shops are located in the same place and are not as big as H&M. The clothes of Vero Moda and J&J had little bit higher price than those of H&M, but they are more unique and fashionable in comparison with those of H&M. However, H&M is still the first consideration as a favorite brand name and favorite store in Mikkeli. The quality of clothes in these three shops is rather good. In general the respondents currently feel pleased when they use products of those stores. According to the analysis above, we could assume that our young consumers expect to possess unique, fashionable, and good quality clothes with a reasonable or affordable price level. These are all aspects that we must take into consideration in order to find out what features our future products might be missing.

Watch for compensating behaviors

According to Engel et al. (1995, 273) every consumer has to decide whether they feel satisfied with it after entering into a purchase with certain expectations about what the product or service will do when it is used. Solomon (2009, 415) states that when consumers are not happy with the items they purchased, they can take different complaint forms in order to react on their dissatisfaction. Apart from the perspectives of goods, a firm should be careful in studying the behavior of consumers for compensation. It is called service recovery. There are four types of compensation with respect to the theoretical framework: a) money return; b) replaced products, c) discount, d) fixed products. Based on the findings, most of the respondents expect to have a replaced product and money return in return when their product is damaged whereas just few people want that their products are fixed.

Apart from a mere outcome fairness such as replaced products and money return, all the consumers also expect in return responsibility from the firm, immediate help, and the compensation for their grief, and also for the hassle of experiencing inconveniences. In other words, customers not only look ahead to get the reimbursement, but they also look forward to being treated nicely in the process. With respect to the findings the consumers also expect to go through interaction and procedure fairness in addition to outcome fairness when they are involved in a complaint process. The definition of interaction and procedure fairness has been indentified in "2.1.6 Customer's recovery expectations" section in the theoretical framework.

In short, the customers not only have high expectations on outcome fairness, but they also want justice and fairness in handling their complaints. Understanding both physical and mental expectations of consumers; we will adapt outcome fairness, procedure fairness, and production fairness as the methods for service recovery strategy in our future business. In fact, it is necessary to study customers' recovery expectations as the findings show that consumers have a tendency to spread their negative words to friends or others instead of contacting a company first if they are disappointed with their purchase and compensation as well. When they tell their friends, it at once accidentally creates the word of mouth (WOM) effect that is actually not good for a company.

To sum up, the findings help us to realize that customers normally look forward to hearing an apology when things go wrong, and will be excited to know what a company is going to do to ensure that the problem will not reoccur in the future. The customers will be more pleased and tend to come back if a company offers them an excellent service recovery. In terms of sales and profits, it is very essential for our future business to pay attention to our satisfied customers because they are going to stop purchasing, and also spread negative word of mouth. Either satisfaction or dissatisfaction will have a strong impact on the bottom line of a company through sales. A company needs to be aware of consumers' post-decision interaction with buyers in order to maintain a long-term profitable relationship with them. (Noel 2000, 150).

Asking what people are trying to accomplish with the goods/services they use

This last step is to uncover unmet needs of consumers, as a result a company easily can create or develop a product or service to help its customers to reach their aims. Based on the findings, the respondents would like to purchase clothes that specially make most of their figures and protect them in winter. In addition, we will offer our target customers a new kind of customer service that has not been available in Mikkeli yet. We have been thinking of offering our customers a consultant who is responsible for giving advice/recommendations or helping them to select the right attires in our shop. The findings show us more than 112 respondents (35.2%) think that it is useful to have a consultant and 71 respondents (22.9%) deem it is fine or normal to have a consultant in a shop. Even if there are about 57 people (18.4%) who did not want to have assistance from a consultant, our company still wants to take a chance to try.

5.2 What factors will drive young consumers who are living in Finland to make a purchase?

As we have discussed a definition of motivation as well as what factors determine consumers' motivation in the literature review chapter, we are now going to make a connection between that theoretical framework and the findings in this part to answer the question *"what factors will drive young consumers who are living in Finland to make a purchase?"* According to the theoretical framework, one of the key factors that influences motivation is the extent to which something is personally relevant. However, in order to let motivation occur, the needs of consumers would have to be recognized first. Need is a very powerful factor affecting personal relevance and motivation. (Hoyer and Maclnnis 2004, 61). Furthermore, problem recognition is also considered as the first important step in a consumer's decision-making process.

The Maslow pyramid presents five types of need with a certain level of motives. In order to know how young consumers' need is distinguished we are going to examine the Maslow's Hierarchy based on the finding of this study. Then we will go through two specific motivations (consumer values, consumer's personality and lifestyle) that have a strong impact on our young consumers' buying behavior.

Physiological needs and safety needs

Physiological needs are the basic needs and it is quite obvious to know. With respect to our findings most of young respondents purchase attire because they need to wear clothes daily to cover themselves. They go shopping for a daily outfit which is the most basic need in their life. The findings also show that the respondents purchase clothes to protect themselves. For instance: they purchase clothes to wear in winter to protect their body.

Love/belonging needs

Love or belonging needs are also called social needs. Young people tend to purchase clothes for themselves because they have to go school, go out with their friends, or even join several parties sometimes in accordance with the findings. Young people tend to lead a social life.

Esteem needs

The higher level of needs is esteem needs. According to the theoretical framework esteem needs happen when consumers seek for prestige, success, accomplishment, and self-esteem. In this situation, based on the findings most young consumers want to purchase clothes that can make most of their figures. On the other hand, young consumers have a tendency to pay much attention to the fashion clothes and their appearance. Moreover, the young respondents would like to be outstanding if they have a chance and they are not afraid of being the first ones who wear something different in fashion looks. The findings are a proof to show that young consumers highly value their esteem. Even if they are not willing to spend a lot of money on their purchases, they still expect to wear something that makes them feel unique and fashionable.

Self-actualization needs

Self-actualization involves self-fulfillment and enriching experiences. In this case, the young respondents did not mention any idea about self-actualization. However, we deem that in order to deliver self-actualization needs to the young consumers our future company should master four previous needs above by offering the consumers products/services that help them to satisfy their needs from the basic to the higher level.

Consumer values

Apart from the consumers' needs, the values of consumers also have a strong impact on personal relevance and motivation. As we have mentioned in the theoretical framework, values present consumer beliefs about life and satisfactory behavior according to the discussion of Engel et al. (1995, 443). Furthermore, values provide the explanation of why consumers make a purchase decision. Based on the findings, in the majority of cases the young respondents perceived that their life would be good if they wore good clothes (mean= 3.71 that is close to 4 "likely agree"). From the marketing perspective, it is significant for our future business to take consumer values into consideration in order to create an appropriate strategy development for new products/services that help to persuade consumers' values.

Consumer's personality and lifestyle

There is a similar relation between this part and the "esteem needs" part. We have realized that an insight idea of these concepts is that consumers tend to seek prestige, success, accomplishment, and also differences among individuals. According to the findings the young respondents liked going out for shopping in their freetime but they were not willing spend a lot of money, which is considered as their lifestyle. Furthermore, they desired to be unique and different from others in society; they wanted to shop for their coordinated outfit and pay much attention to their figure when purchasing clothes. In addition, young people are not conservative because they do not hesitate to take a chance on new things. Young generation now is more active and dynamic indeed. All these matters (unique, coordinated outfit, ideal figures, active, and dynamic) are seen as young consumers' personality.

To sum up, based on the findings and interpretations above we can make a conclusion that young consumers purchase clothes because they need to meet their needs first, and then they will create themselves through a set of clothes they intend to wear. We assume that these elements mentioned in this part are driving-factors for young consumers in Finland to make a purchase decision.

5.3 What are the attitudes of young consumers in Finland towards imported fashion goods from Asian countries (Korea, Vietnam)

To be able to answer the third question, we need again to go through the theory relating to driving-factors in making a purchase decision. According to the discussion of Noel (2009, 142), it is said that the country in which a product is produced has become an important consideration among consumers. The first appraisal of a consumer can be influenced by the reputation of a product's manufacturing country. At this point a consumer would either adjust their assessment upward or downward depending on the actual quality of the item. However, the findings actually show that the respondents did not care about the country of origin of a product when they made a purchase because the mean was 2.26 which is close to 2 = not likely affect. The result also shows that the respondents were not ethnocentric because they did not have a tendency to buy only products made in their own countries. They are not likely to feel wrong or guilty when they make a purchase of products manufactured somewhere else (Solomon 2009, 375).

The findings also show that most of the respondents perceived the quality of apparel manufactured in Korea and Vietnam not as bad as we think. There were only 9,4% of the respondents who saw it as bad quality whereas 20,3% of the respondents found it as good quality. There were 53,2 % of the respondents who thought it as neutral, not good nor bad while only 15,5% of the respondents said they had no idea about the issue. We can see that the apparel made in Korea and Vietnam would be highly appreciated. This was an answer to the question *"What are attitudes of young consumers in Finland toward imported fashion goods from Asian countries (Korea, Vietnam)?"*

5.4 What types of legal entity we may concern before establishing it in Finland?

After deciding to have a business in Finland, we must know about the legal procedure and requirements as well to build a company in Finland. According to the theoretical framework, Toiviainen (2008, 266-267) states that the types of business organizations can be defined based on five criteria: 1) The amount of people in the collaboration (two or more persons); 2) an equal basis; 3) collaborate voluntarily, 4) to achieve or carry out their mutual goal, which necessitates a further distinction between the objectives and forms of activity of the collaboration; 5) the parties are obliged to cooperate (or, contribute to the collaboration).

In our situation, we are two people who strongly desire to create our own company selling apparel and accessories to young consumers in Finland. We received advice from the officer at Centre for Economic Development, Transport and the Environment in Mikkeli after having the face-to-face meeting with her. We told her our plan and idea, and she then advised us to choose between general partnership and limited partnership. This is considered the most suitable type of a company for us in terms of the number of the people in collaboration, the voluntary collaboration of both of us, the need of achieving our mutual goals, and the share of being responsible for the management of the company. The general partnership and limited partnership requires the same capital in order to firstly establish the company, which is 2500 euros. She also gave us the helpful link where we can seek more information and requirements, responsible people whom we can contact to, and the form we can fill in to register our company.

After considering our wish and our situation, we have decided to establish our company under the type general partnership because we would like to be equal in everything concerning the business, the whole management of the company, the responsibility to the authorities and law, as well as the contribution of work effort and capital finance. We want to share equally the profit that we earn together. We consider the limited partnership is not suitable for us because it requires at least there is a silent partner who does not participate in the management of the company rather than making investment. That is the reason why we choose general partnership as the most appropriate type of business organization for us.

5.5 Reliability, validity, and accuracy of the research

According to Burns and Bush (2010, 293) reliability is a statistical measure in which a respondent answers in the same or in a very similar way to an identical or nearly identical question. The research is reliable, because we made up quite a lot similar-meaning questions but being asked in different ways and the results show that the respondents answered the survey properly and honestly. There is a very small portion of the respondents who did not give an answer or missed some questions in the sur-

vey. That means the respondents really understood the questionnaire and seriously put their effort on answering each question in the survey.

Validity is defined as the accuracy of the measurement. It is an assessment of the exactness of the measurement relative to what actually exists. Validity is the truthfulness of responses to a measure. (Burns and Bush 2010, 293.) The study is valid, because the survey questions were closely linked to the theoretical framework and were compiled with our purposes. The respondents gave adequate answers to the research questions in the report. The survey consists of not only questions with categorical answers, but there were also open places where respondents could present or add their own opinions besides the ready options. The response rate was significant which gives more credibility to the research.

Sample accuracy refers to how close the random sample's statistic is to the true population's value it presents (Burns and Bush 2010, 376). There are two following important points we should pay attention to:

Sample size is not related to the representativeness.
That means the sample population is not the representativeness of the whole census in Finland. Burns and Bush (2010, 376) state: "no sample is a perfect representation of the population".

Sample size is related to the accuracy
Sample size is related to the accuracy of the empirical study because in the study of Burns and Bush (2010, 376 – 377) it is said that the sample accuracy increases, as the sample size is larger. Burns and Bush (2010, 376) also state: "the only perfectly accurate sample is a census". As a consequence, we can only try to reduce the inaccuracy of the sample as much as possible but we can not erase it totally because it always exists if we do not take the census as a sample. Unfortunately, taking a census as a sample is always almost infeasible due to expenses and practical reasons.

5.6 Possibility for future studies

In general this empirical study mainly concentrates on studying the consumer behavior of young people who are currently living in Finland. There is a big ignorance of research concerning business environment for a certain company, especially in a start-up business situation. Business environment consists of two following specific perspectives of a market: 1) External analysis, 2) Internal analysis. Hence, we deem that this area of research would be very interesting and useful to further study by a more specific inspection what are strengths, weaknesses, opportunities, and threats of a company. Not only for start-up companies in the fashion industry in Finland, this study also serves as a roadmap for existing companies to build up a future business plan. Below are some external and internal areas that we have found out that could be considered for future research:

- Research for an ideal location to set up a business
- The threat of new entrants
- The bargaining power of buyers
- The bargaining power of suppliers
- The threat of substitute products and service
- The intensity of rivalry among competitors in the fashion industry
- Macro-environment analysis: political-legal forces, economic forces, technological forces, and social forces
- Analyze internal conditions of a company: resources, capabilities
- A strategy for building a brand name

These studies will help a company to develop a business plan and also a strategy for products and services development. By this way, a company will be capable to enhance its competitiveness among the Finnish rivals and be able to obtain the maximum market share in the Finnish market.

6 CONCLUDING REMARKS

Becoming an entrepreneur is a mutual dream of both of us, and we desire to have our own business in Finland after the graduation or in the near future. Hence, this thesis was written to serve the interests of us with the objective to get a better understanding of what young consumers really think of products/goods imported from the Asian

countries such as Vietnam and Korea; what Customer Value Proposition (CVP) we could offer to young consumers, and finding the ways of how to improve customer services. The process of writing the thesis actually began in the middle of October 2011 with Juha Haimala as our supervisor; however, Heli Aaltonen was appointed as a new supervisor for us. There was a huge amount of work to be done during the process, and we were eventually able to answer four research questions and meet the thesis objectives.

This research study has brought us many interesting recognition and especially provided us with profound knowledge of consumer behavior and increased skills regarding academic and scientific writing. Having now completed this thesis, we can say that there were a lot of challenges we had gone through. Apart from those challenges of selecting the sample size, reaching the respondents, and collecting information we have mentioned in the section 3.2.6, we were also faced with difficulty in finding appropriate literature. There were few materials of consumer behavior in the MUAS library and most of them were outdated. We had to borrow extra books from the HSE library.

Another difficult thing was the language because most of the Finnish respondents preferred to do a Finnish survey. We had to translate the majority of questionnaires into Finnish and it was extremely challenging to us, as we had to do the whole translation by ourselves before asking help for the language check. On the other hand, carrying out the survey was time-consuming work indeed. We had to contact the teachers responsible for different classes in order to send them an email to ask for a permission in advance to do the survey during their lessons. Some of the teachers did not allow us to enter into the busy lessons so we had to wait or delay it till the next lessons. It actually took us more than two weeks to get 310 surveys done as the sample size.

 If we could have conducted this research only in English and conveniently visited some big cities in Finland, something would be done differently. We would have arranged a qualitative research with some managers in the fashion stores in several big cities to get a better, deeper and wider understanding of what products or services they are offering to young consumers in Finland as well as where they normally im-

port apparels, or whether they have their own designer. In short, this study was a good experience to us and we actually feel mature after finishing this research.

Finally, apart from our own business purpose this thesis also could be seen as a reference either for international firms, especially Asian companies when they desire to expand their fashion business in Finnish market, or for Finnish enterprises to improve its existing products/services in our opinion.

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APPENDICES

APPENDIX 1: Questionnaire "Consumer Behavior" in English

1. What is your gender?

    a. Male   b. Female

2. What is your age?

3. What is your home country?

4. What is your program at school?

5. What is your fashion style?

- Casual
- Emo
- Sporty
- Feminine
- Rocker
- Skater
- Trendy
- Classic
- Vintage
- Tomboy
- Other, pls specify………..

6. What kind of apparel/clothes do you spend most?

- Swimming suits
- Going-out clothes
- Footwear
- Accessories

- All of them
- None of them

7. Kind of accessories do you usually buy? (You can pick up more than 1 option)

- Necklace
- Bracelet
- Ring
- Earrings
- Belt
- Scarf
- Bag or purse
- Hat
- Sunglasses
- Hair stuffs
- None of them
- Other, pls specify
  ………………

8. Do trends have an impact on your dress? If then, which fashion trends do you like?

- US – UK
- Korea
- Japan
- Buy anything if I like

9. What is your favorite color? (you can pick more than 1 option)

- Blue
- Yellow
- Orange
- Pink
- Green
- White
- Black
- Brown
- Grey
- None of them
- Other, pls specify…………………….

10. How often do you shop for clothes?

- Never
- Less than once a month
- Once a month
- 2 – 3 times a month
- Once a week
- 2 – 3 times a week
- Daily
- Other………….

11. How much do you usually spend on clothes along **PER MONTH? (Euro/month)**

- <100
- 100 – 200

- 300 – 400
- 500 – 1000
- 1050 – 2050
- It's quite different from time to time

12. What are your top favorite stores in Mikkeli? (You can pick at max. 3 options)

- H&M
- Vero Moda
- Jack & Jone
- Cara
- Seppala

- Lindex
- Kappala
- Ginatricot
- None of them
- Other, please specify…………

13. List 2 or 3 fashion brands you like most?

- …………….

- ……………..

14. Do you like to be outstanding?

- Absolutely yes
- Maybe, if I have chance
- Absolutely no
- I don't know

15. Rank the level of each element that affects you when you purchase clothes

	Not strongly affect	Not likely affect	Neutral	Likely affect	Strongly affect
Price					
Brand name					
Appearance of clothes					
Quality					

Country of origin					
Salesperson behavior					
Payment method					
Shop appearance					
Friends' or others' recommendations					

16. Rank the level of quality of clothing you may concern

	Very unconcerned	Somewhat unconcerned	Neutral/ not sure	Somewhat concerned	Very concerned
Air flow					
Wrinkle resistant					
Sun protection					
Color retention					
Stain resistant					
Extreme weather protection					
Shrinkage resistant					
Moisture wicking					

17. The statements below are about shopping behavior for clothes. Rank you opinion concerning it.

	Definitely disagree	Somewhat disagree	Neutral	Somewhat agree	Definitely agree
I buy clothes regardless of current fashion					

I buy new clothes when they are accepted					
I prefer to buy well-known designer rather than take a chance on something new					
I'm not afraid to be the first wearing something different in fashion looks					
I like to buy clothes					
I like clothes that make the most of my figures					
I plan my shopping trip carefully					
Wearing good clothes is part of leading good life					
I shop for coordinated outfits					

18. How do you perceive about quality of clothes manufactured in Korea, Vietnam (Asian countries)?

- Good
- Bad
- Neutral (not good, not bad)
- No idea

19. Suppose that your purchase cloth is damaged. What do you expect for return? (You can select at max. 2 options)

- Money return
- Replaced product
- Discount
- Fixed product
- Nothing
- Other, pls specify……………..

20. What make you feel satisfied after you are done with your complaint process?

- Interaction fairness (the company is willing to answer your question, friendly salesperson)
- Outcome fairness (the product is compensated reasonably)
- Procedure fairness (the problem is solves quickly)
- Other, pls specify……………

21. When you feel UNSATISFIED with your purchased product? How would you mostly behave?

- Contact your company or provider
- Post you own opinion on social media (Facebook, blogs…..)
- Tell your friend or others
- Contact third party (court,….)
- Do all above
- Do nothing

22. When you feel SATISFIED with your product. How would you mostly behave?

- Contact your company or provider
- Post you own opinion on social media (Facebook, blogs…..)
- Tell your friend or others
- Do all above
- Do nothing

23. What are your favorite fashion magazines? (You can select more than 1)

- Glamour
- Instyle
- Vogue
- Elle
- Vanity Fair
- Bazaar
- Cosmo
- None of them
- Other, pls specify………….

24. What channels do you usually see advertisements? (You can select more than 1)

- Social media
- Television
- Newspaper
- Commercial
- Billboard
- Banner
- None of them
- Other, pls specify………………

25. Do you think it is helpful to have consultant who will instruct you to select the most suitable clothes?

- Definitely helpful
- Probably helpful
- Normal
- Probably unhelpful
- Definitely unhelpful

APPENDIX 2: Questionnaire "Consumer Behavior" in Finnish

1. Mikä on sukupuolesi?

    b. Mies   b.   Nainen

2. Mikä on ikäsi?

3. Mikä on kotimaasi?

4**. Mikä on koulutusohjelmassa opiskelet**?

5. Mikä on sinun pukeutumistyylisi?

- Rento
- Urheilullinen
- Naisellinen
- Rokkari
- Luistelija
- Trendikäs
- Klassinen
- Vintage
- Poikatyttö
- Muu, mikä?………..

6. Millaisia vaatteita / pidät eniten?

- Työvaatteet
- Party clothes
- Jalkineet
- Asusteet
- Kaikki
- Ei mikään näistä

7. Millaisia asusteita niille yleensä ostat? (Voit valita enemmän kuin 1 vaihtoehto)

- Kaulakoru
- Rannerengas
- Sormus
- Korvakorut

- Vyö
- Huivi
- Pussi tai käsilaukku
- Hattu

- Aurinkolasit
- Hiuskoristeet

- Ei mikään näistä
- Muu, Mikä ………………

8. Vaikuttavatko trendit pukeutumiseesi? Jos vaikuttavat, mistä muotivirtauksista pidät?

- US – UK
- Korea
- Japani
- Osta sitä, mistä pidän

9. Mikä on lempivärisi? (Voit valita useamman kuin 1 vaihtoehto)

- Sininen
- Keltäinen
- Oranssi
- Pinkki
- Vihreä
- Valkoinen

- Musta
- Ruskea
- Harmaa
- Ei mikään näistä
- Muu, Mikä……………………

10. Kuinka usein ostat vaatteita?

- Ei koskaan
- Harvemmin kuin kerran kuukaudessa
- Kerran kuukaudessa
- 2-3 kertaa kuukaudessa

- Kerran viikossa
- 2-3 kertaa viikossa
- Päivittäin
- Muu, mikä?....

11. Kuinka paljon yleensä kulutat vaatteisiin kuukaudessa? (Euro)

- <100
- 100 – 200
- 300 – 400
- 500 – 1000
- 1050 – 2050
- Vaihtelee

12. Mitkä ovat suosikkimyymäläsi Mikkelissä? (Voit valita max. 3 vaihtoehtoa)

- H&M
- Vero Moda

- Jack & Jones
- Cara

- Seppälä
- Lindex
- Kappahl
- Ginatricot
- Ei mikään näistä
- Muu, Mikä?…………

13. Luettele 2 - 3 nykymuotimerkkiä, joista eniten?

- ……………..

- ……………..

14. Haluatko erottua joukosta pukeutumisellasi?

- Ehdottomasti kyllä
- Ehkä, jos minulla on mahdollisuus
- Ehdottomasti ei
- En tiedä

15. Valitse, miten seuraavat asiat vaikuttavat, kun ostat vaatteita

	Ei vaikuta vahvasti	Ei todennäköisesti vaikuta	Neutraali	Todennäköisesti vaikuttaa	Vaikuttaa vahvasti
Hinta					
Tuotenimi					
Ulkonäkö vaatteen					
Laatu					
Alkuperämaa					
Myyjän käyttäytyminen					
Maksutapa					
Liikkeen viihtyisyys					
Ystävien tai muiden suositukset					

16. Miten seuraavat asiat vaikuttavat ostopäätökseesi?

	Ei vaikutusta	Vähänvaikutusta	Neutraali	Vaikuttaa aikapaljon	Vaikuttaa paljon
Ilmavirta					
Rypynkestävä					
Aurinkosuojat					
Värisävyn					
Tahrankestävä					
Suojaa äärimmäiseltä säältä					
Kutistuminen kestävä					
Kosteutta siirtävä					

17. Mitä mieltä olet seuraavista väittämistä?

	Ehdottomasti eri mieltä	Jokseenkin eri mieltä	Neutraali	Jokseenkin samaa mieltä	Ehdottomasti samaa mieltä
Ostan vaatteita riippumatta nykyi muodista					
Ostan uusia vaatteita, kun ne hyväksytään					
Mieluummin ostan tunnettujen suunnittelijoiden vaatteita kuin					

kokeilen uusia kykyjä				
En pelkää olla ensimmäinen, jolla on yllään jotain erilaista				
Tykkään ostaa vaatteita				
Pidän vaatteesta, jotka istuvat hyvin vartalolleni				
Minä suunnittelen ostosmatkan huolellisesti				
Hyvät vaatteet ovat osa hyvää elämää				
Ostan koordinoituja asukokonaisuuksia				

18. Mitä mieltä olet Koreassa, Vietnamissa (muut Aasian maat valmistetuista vaatteista)?

- Hyvä
- Huono
- Neutraali
- Ei ole aavistustakaan

19. Oletetaan, että ostoksesi kangas on vaurioitunut. Mitä odotat myyjältä? (Voit valita max. 2 vaihtoehtoa)

- Rahan palautus
- Korvaava tuote
- Alennus
- Kiinteä tuote

- Ei mikään näistä
- Muu, Mikä?........................

20. Mikä saa sinut tuntemaan tyydytystä, kun olet tehnyt valituksen?

- Vuorovaikutuksen oikeudenmukaisuus (yhtiö on valmis vastaamaan kysymykseen, ystävällinen myyjä)
- Oikeuden mukainen lopputulos (kohtuullinen korvaus)
- Oikeudenmukainen (ongelma ratkaistaan nopeasti)
- Muu, Mikä?........................

21. Kun olet tyytymätön ostamaasi tuotteeseen? Miten enimmäkseen käyttäydyt?

- Otat yhteyden yritykseen tai palveluntarjoajaan
- Laitat mielipiteesi sosiaaliseen media (Facebook, blogit ... ..)
- Kerrot ystävällesi tai muille
- Ota yhteyttä kolmanteen osapuoleen (tuomioistuin, ...)
- Kaikki
- Ei mikään näistä

22. Kun olet tyytyväinen tuotteeseen, miten enimmäkseen käyttäydyt?

- Otat yhteyden yritykseen tai palveluntarjoajaan
- Laitat mielipiteesi sosiaaliseen media (Facebook, blogit ... ..)
- Kerrot ystävällesi tai muille
- Kaikki
- Ei mikään näistä

23. Mitkä ovat suosikkimuotilehtesi? (Voit valita useamman kuin 1)

- Glamour
- Instyle
- Vogue
- Elle
- Vanity Fair
- Bazaar
- Cosmo
- Ei mikään näistä

- Muu, Mikä?....................

24. Missä yleensä näet mainoksia? (Voit valita useamman kuin 1)

- Sosiaalinen media
- Televisio
- Sanomalehti

- Kaupallinen
- Mainostaulu
- Julistemainos
- Ei mikään näistä
- Muu, Mikä?........................

25. Luuletko, että olisi hyödyllistä palkata konsultti, joka neuvoo sinua valitsemaan sopivia vaatteita?

- Ehdottomasti hyvä
- Luultavasti hyödyllistä
- Normaali
- Luultavasti hyödytön
- Ehdottomasti hyödytöntä

APPENDIX 3: Tables

Table 1. The elements that affect the respondents when they purchase clothes

	N	Minimum	Maximum	Mean	Std. Deviation
Price	310	1	5	4.08	.853
Brand name	310	1	5	2.85	1.185
Appearance of clothes	306	1	5	4.72	.659
Quality	310	1	5	4.02	.824
Country origin	308	1	5	2.26	1.091
Salesperson behavior	309	1	5	2.74	1.066
Payment method	310	1	5	2.23	1.122
Shop appearance	308	1	5	3.00	1.003
Friend's recommendation	309	1	5	3.17	1.011

Table 2. The qualities of clothes the respondents maybe concerned about

	N	Minimum	Maximum	Mean	Std. Deviation
Airflow	308	1	5	2.89	1.077
Wrinkle Resistant	307	1	5	2.78	1.078
Sun protection	307	1	5	2.44	1.226

	N	Minimum	Maximum	Mean	Std. Deviation
Color retention	308	1	5	3.74	1.054
Stain resistant	305	1	5	2.90	1.084
Extreme weather protection	308	1	5	3.28	1.076
Shrinkage resistant	307	1	5	3.36	1.071
Moisture wicking	304	1	5	3.16	1.070

Table 3. Shopping behavior statements of the respondents

	N	Minimum	Maximum	Mean	Std. Deviation
I buy clothes regardless of current fashion	308	1	5	3.52	1.022
I buy new clothes when they suit me	304	1	5	3.13	1.311
I prefer to buy well-known designer clothes rather than take a chance on something new	308	1	5	2.36	1.096
I'm not afraid to be the first wearing something different in fashion looks	307	1	5	3.34	1.077
I like to buy clothes	308	1	5	3.97	1.148
I like clothes that make the most of my figures	307	1	5	4.28	.871
I plan my shopping trips carefully	308	1	5	2.50	1.154
Wearing good clothes is part of leading a good life	307	1	5	3.71	1.038
I shop for coordinated outfits	305	1	5	2.95	1.095

Table 4. The respondents' gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	173	55,8	55,8	55,8
	Male	137	44,2	44,2	100,0
	Total	310	100,0	100,0	

Table 5. The respondents' age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	17	13	4,2	4,2	4,2
	18	20	6,5	6,5	10,6
	19	37	11,9	11,9	22,6
	20	63	20,3	20,3	42,9
	21	68	21,9	21,9	64,8
	22	52	16,8	16,8	81,6
	23	20	6,5	6,5	88,1
	24	13	4,2	4,2	92,3
	25	6	1,9	1,9	94,2
	26	6	1,9	1,9	96,1
	27	4	1,3	1,3	97,4
	28	2	,6	,6	98,1
	29	1	,3	,3	98,4
	30	3	1,0	1,0	99,4
	33	2	,6	,6	100,0
	Total	310	100,0	100,0	

Table 6. The respondents' nationality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Afghanistan	1	,3	,3	,3
	Austria	1	,3	,3	,6
	China	11	3,5	3,6	4,2
	Finland	206	66,5	66,7	70,9
	France	4	1,3	1,3	72,2
	Germany	3	1,0	1,0	73,1
	Caribbean Island	1	,3	,3	73,5

	Hong Kong	1	,3	,3	73,8
	Kenya	1	,3	,3	74,1
	Nepal	5	1,6	1,6	75,7
	Nigeria	2	,6	,6	76,4
	Russia	45	14,5	14,6	90,9
	South Korea	1	,3	,3	91,3
	Spain	6	1,9	1,9	93,2
	Laos	1	,3	,3	93,5
	Vietnam	18	5,8	5,8	99,4
	Slovakia	1	,3	,3	99,7
	Ukraine	1	,3	,3	100,0
	Total	309	99,7	100,0	
Missing	Non-response	1	,3		
Total		310	100,0		

Table 7. The respondents' degree programme

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Business Administration	165	53.2	54.3	54.3
	Electrical Engineering	6	1.9	2.0	56.3
	Industrial Design	6	1.9	2.0	58.2
	Education program	2	.6	.7	58.9
	Building technology	4	1.3	1.3	60.2
	Hospitality	23	7.4	7.6	67.8
	Environmental Engineering	58	18.7	19.1	86.8
	Nursing	10	3.2	3.3	90.1
	Information Technology	29	9.4	9.5	99.7
	Mechanical Engineering	1	.3	.3	100.0
	Total	304	98.1	100.0	
Missing	Non-response	6	1.9		
Total		310	100.0		

Table 8. The respondents' fashion styles

	N	Minimum	Maximum	Mean	Std. Deviation
Casual	221	1	1	1,00	,000
Feminine	74	1	1	1,00	,000
Skater	9	1	1	1,00	,000
Classic	55	1	1	1,00	,000
Tomboy	14	1	1	1,00	,000
Vintage	20	1	1	1,00	,000
Trendy	54	1	1	1,00	,000
Rocker	23	1	1	1,00	,000
Sporty	68	1	1	1,00	,000
Others	7	1	5	3,29	1,380

Table 9. Kinds of clothes the respondents prefer the most

	N	Minimum	Maximum	Mean	Std. Deviation
Outdoor	169	1	1	1,00	,000
Party	127	1	1	1,00	,000
Footwear	155	1	1	1,00	,000
Accessories	134	1	1	1,00	,000
Valid N (listwise)	92				

Table 10. Kinds of accessories the respondents usually purchase

	N	Minimum	Maximum	Mean	Std. Deviation
Necklace	89	1	1	1,00	,000
Bracelet	41	1	1	1,00	,000
Ring	39	1	1	1,00	,000
Earrings	104	1	1	1,00	,000
Belt	84	1	1	1,00	,000
Scarf	111	1	1	1,00	,000

	Frequency				
Bag or purse	90	1	1	1,00	,000
Hat	55	1	1	1,00	,000
Sunglassess	56	1	1	1,00	,000
Hairstuffs	42	1	1	1,00	,000
Other accessorries	13	1	7	3,46	1,664
Valid N (listwise)	0				

Table 11. Kinds of other accessories the respondents usually purchase

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ties	1	,3	7,7	7,7
	Watch	4	1,3	30,8	38,5
	Wallet	1	,3	7,7	46,2
	Shirt	4	1,3	30,8	76,9
	Shoes	2	,6	15,4	92,3
	Socks	1	,3	7,7	100,0
	Total	13	4,2	100,0	
Missing	System	297	95,8		
Total		310	100,0		

Table 12. Types of fashion trends which have an impact on the respondents

	N	Minimum	Maximum	Mean	Std. Deviation
US-UK	71	1	1	1,00	,000
Korea	8	1	1	1,00	,000
Japan	7	1	1	1,00	,000
Buy anything if I like	249	1	1	1,00	,000
Valid N (listwise)	1				

Table 13. The respondents' favourite colours

	N	Minimum	Maximum	Mean	Std. Deviation
Blue	130	1	1	1,00	,000
Yelow	24	1	1	1,00	,000
Orange	30	1	1	1,00	,000
Pink	48	1	1	1,00	,000
Green	75	1	1	1,00	,000
White	116	1	1	1,00	,000

Black	183	1	1	1,00	,000
Brown	60	1	1	1,00	,000
Grey	70	1	1	1,00	,000
Red	30	1	1	1,00	,000
Violet	8	1	1	1,00	,000
Others	21	1	10	4,86	2,886
Valid N (listwise)	0				

Table 14. The respondents' shopping frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	3	1,0	1,0	1,0
	Less than once a month	108	34,8	35,0	35,9
	Once a month	106	34,2	34,3	70,2
	2-3 times a month	66	21,3	21,4	91,6
	Once a week	11	3,5	3,6	95,1
	2-3 times a week	3	1,0	1,0	96,1
	Daily	1	,3	,3	96,4
	Depends on season	5	1,6	1,6	98,1
	Twice a year	2	,6	,6	98,7
	Anytime I want to go	1	,3	,3	99,0
	Non-response	1	,3	,3	99,4
	5 times a week	1	,3	,3	99,7
	Once a year	1	,3	,3	100,0
	Total	309	99,7	100,0	
Missing	System	1	,3		
Total		310	100,0		

Table 15. The amount which the respondents usually spend per month (euros)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<100	197	63,5	64,0	64,0
	100-200	53	17,1	17,2	81,2
	300-400	4	1,3	1,3	82,5

	500-1000	2	,6	,6	83,1
	1050-2050	1	,3	,3	83,4
	Different from time to time	51	16,5	16,6	100,0
	Total	308	99,4	100,0	
Missing	Non-response	1	,3		
	System	1	,3		
	Total	2	,6		
Total		310	100,0		

Table 16. The respondents' favourite stores in Mikkeli

	N	Minimum	Maximum	Mean	Std. Deviation
H&M	179	1	1	1,00	,000
Vero Moda	83	1	1	1,00	,000
Jack & Jones	66	1	1	1,00	,000
Cara	10	1	1	1,00	,000
Seppälä	50	1	1	1,00	,000
Lindex	35	1	1	1,00	,000
Kappahl	18	1	1	1,00	,000
Ginatricot	96	1	1	1,00	,000
Espirit	3	1	1	1,00	,000
Other favorite stores in Mikkeli	47	1	21	7,49	4,854
Valid N (listwise)	0				

Table 17. The fashion brands the respondents like the most

	N	Minimum	Maximum	Mean	Std. Deviation
Espirit	13	1	2	1,08	,277
Adidas	19	1	1	1,00	,000
Etnies	3	1	1	1,00	,000
Nike	32	1	1	1,00	,000

Abercrombie	3	1	1	1,00	,000
H&M	22	1	1	1,00	,000
Polo	5	1	1	1,00	,000
Hampton Republic	1	1	1	1,00	.
Jack & Jones	17	1	1	1,00	,000
Top shop	7	1	1	1,00	,000
CK	12	1	1	1,00	,000
D&G	8	1	1	1,00	,000
Levis	9	1	1	1,00	,000
Luis Vuiton	2	1	1	1,00	,000
North Face	3	1	1	1,00	,000
Guess	14	1	1	1,00	,000
Chriss	1	1	1	1,00	.
Tommy Hilfiger	9	1	1	1,00	,000
Ginatricot	8	1	1	1,00	,000
Hugo Boss	4	1	1	1,00	,000
Mango	5	1	1	1,00	,000
Forever 21	2	1	1	1,00	,000
Roxy	1	1	1	1,00	.
Seppälä	1	1	1	1,00	.
Timberland	1	1	1	1,00	.
Vero Moda	14	1	1	1,00	,000
Tom Tailor	2	1	1	1,00	,000
Mac O Polo	4	1	1	1,00	,000
Lacoste	5	1	1	1,00	,000
White Moment	1	1	1	1,00	.
Peak Peformance	3	1	1	1,00	,000
Other brand names	134	1	72	41,23	16,360
Valid N (listwise)	0				

Table 18. The respondents' interest to be outstanding

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Absolutely yes	59	19,0	19,2	19,2
	May be, If I have a chance	122	39,4	39,6	58,8

	Absolutely no	39	12,6	12,7	71,4
	I don't know	88	28,4	28,6	100,0
	Total	308	99,4	100,0	
Missing	Non-response	2	,6		
Total		310	100,0		

Table 19. The respondents' perception of the quality of clothes manufactured in Korea, Vietnam

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Good	63	20.3	20.7	20.7
	Bad	29	9.4	9.5	30.2
	Neutral	165	53.2	54.1	84.3
	No idea	48	15.5	15.7	100.0
	Total	305	98.4	100.0	
Missing	Non-response	5	1.6		
Total		310	100.0		

Table 20. The respondents' expectation in return when a product is damaged

	N	Minimum	Maximum	Mean	Std. Deviation
Money return	185	1	1	1.00	.000
Replaced product	228	1	1	1.00	.000
Discount	105	1	1	1.00	.000
Fixed product	5	1	1	1.00	.000
Valid N (listwise)	0				

Table 21. What make the respondents feel satisfied when they are involved in the complaint process?

	N	Minimum	Maximum	Mean	Std. Deviation
Interaction fairness	91	1	1	1.00	.000
Outcome fairness	172	1	1	1.00	.000
Procedure fairness	94	1	1	1.00	.000

	N	Minimum	Maximum	Mean	Std. Deviation
Interaction fairness	91	1	1	1.00	.000
Outcome fairness	172	1	1	1.00	.000
Procedure fairness	94	1	1	1.00	.000
Valid N (listwise)	15				

Table 22. The respondents' behavior when they are unsatisfied with their purchases

	N	Minimum	Maximum	Mean	Std. Deviation
Contact company or provider	181	1	1	1.00	.000
Post own opinions on social media	44	1	1	1.00	.000
Tell friends or others	137	1	1	1.00	.000
Contact a third party (court..)	20	1	1	1.00	.000
Valid N (listwise)	12				

Table 23. The respondents' behavior when they feel satisfied with their purchases

	N	Minimum	Maximum	Mean	Std. Deviation
Contact company or provider	19	1	1	1.00	.000
Post your own opinions on social media	31	1	1	1.00	.000
Tell friends or others	233	1	1	1.00	.000
Valid N (listwise)	11				

Table 24. The respondents' favorite fashion magazine

	N	Minimum	Maximum	Mean	Std. Deviation
Glamour	12	1	1	1.00	.000
Instyle	9	1	1	1.00	.000
Vogue	48	1	1	1.00	.000
Elle	48	1	1	1.00	.000
Vanity Fair	8	1	1	1.00	.000
Bazaar	10	1	1	1.00	.000
GQ	4	1	1	1.00	.000
Cosmo	86	1	1	1.00	.000
Be Street	1	1	1	1.00	.
Novita	1	1	1	1.00	.

Company Catalogues	1	1	1	1.00	.
Other magazines	10	1	7	4.00	2.309
Valid N (listwise)	0				