



VAASAN AMMATTIKORKEAKOULU
VASA YRKESHÖGSKOLA
UNIVERSITY OF APPLIED SCIENCES

Wang Liang

DEVELOPING FINNISH
CONFECTIONERY IN CHINA
THROUGH THE LUXURY STRATEGY

Case: Fazer Group (Chocolate)

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ABSTRACT

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As globalization is proceeding rapidly today, China is growing into a powerful player due to its great consuming capability and huge potential for development. A good business environment has been created for foreign companies, and an increasing number of foreign brands are landing there every year.

Fazer Group is a leading corporation in food industry in Northern Europe and the Baltic area; it has diverse businesses running in 27 countries while enjoying a good reputation. However, rare sales trace has been found in Eastern countries; therefore, to make Fazer a more international brand, China would be a good choice for it to expand its business eastwards.

A western brands' cult exists in Asian countries, especially in Japan and China. People there spend incredible amounts of money on fancy products originating from Europe, and they have become the biggest consumer group of luxury goods in the world. Interestingly, according to previous experience, normal products from Western countries can easily be sold as upmarket goods or even luxury goods in China. Therefore, it would be worthwhile for Fazer to attempt the strategy to launch its products in China as a luxury brand, which would be profitable once it has succeeded.

In this thesis, luxury brand building is a key issue which is discussed emphatically; the key facets of luxury and the anti-laws of luxury marketing are explained to the readers. Besides, a market analysis is provided as well, including updated market facts about China. In addition, a survey is conducted in order to clarify the attitude of Chinese people toward the idea of introducing Fazer in China. At last, based on the gathered information, advice is provided on how to proceed with the market strategy at the latter part of thesis.

Keywords Luxury Strategy, Consumer Behaviour, Chocolate, Fazer, China

TIIVISTELMÄ

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Maailma globalisoituu nopeasti ja suuren kulutuskapasiteettinsa ja valtavan kehityspotentialinsa ansiosta Kiinasta on kasvamassa maailmanmarkkinoiden johtava toimija. Kiinaan on luotu hyvä kasvualusta ulkomaisille yrityksille ja maahan rantautuukin kasvavassa määrin joka vuosi ulkomaisia tuotemerkkejä

Fazer-konserni on ruokateollisuuden johtava toimija Pohjois-Euroopassa ja Baltian alueella. Tällä hyvämaineisella yrityksellä on moninaista liiketoimintaa 27 maassa. Aasian maissa myynti on länsimaita vähäisempää. Tämän vuoksi jotta Fazerista voisi tulla kansainvälisempi, Kiina olisi paras vaihtoehto laajentaa liiketoimintaa Aasiassa.

Aasian maissa, erityisesti Kiinassa ja Japanissa, länsimaisia tuotemerkkejä palvotaan. Ihmiset käyttävät uskomattoman suuria summia rahaa hienoihin eurooppalaisiin tuotteisiin ja tulevat suurimmaksi ylellisyystuotteiden kuluttajaryhmäksi maailmassa. Mielenkiintoista on, että aiempien kokemusten mukaan tavallisia länsimaisia tuotteita myydään yläluokan ylellisyystuotteina. Fazerin olisi kannattavaa yrittää viedä tuotemerkinsä Kiinaan. Onnistuessaan hanke olisi tuottoisa.

Ylellisyystuotteiden kehittäminen on tärkeässä osassa tätä tutkielmaa ja sitä tarkastellaan laajasti. Lukijalle esitellään myös ylellisyystuotteiden luonnetta ja tavallisista markkinointistrategioista poikkeavaa ylellisyystuotteiden markkinointia. Myös kaupankäyntiä analysoidaan ja siihen sisällytetään keskeiset päivitettyt tiedot Kiinasta. Lisäksi suoritetaan tutkimus tiedon keräämiseksi kiinalaisten asenteista Fazerin esitlemistä Kiinassa kohtaan. Lopuksi, saatuihin tuloksiin perustuen tarjotaan neuvoja, joiden avulla markkinointistrategia saataisiin toimimaan Kiinassa.

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1 INTRODUCTION

“Life was like a box of chocolate, you never know what you're gonna get.”

-----Forrest Gump

1.1 Background of the Thesis

Along with the financial crisis, global economics is experiencing an unparalleled age for exploding. It is hard to provide for expanding business in the limited domestic markets; therefore, to explore beyond the national borders to start a new phase becomes essential for corporations. While globalization becomes the prominent feature of today's economic landscape, Chinese market shows its great consuming capability and huge potential for the world, before long it becomes the treasure land for foreign corporations and makes them vie with one another to enter.

Over the last three decades, there has been an eightfold increase in Chinese income per capita (Economy Watch: 2010). A higher income translates into a higher purchasing power, especially for medium- and high-income groups, and it fundamentally leads to a steep increase in the high-grade and luxury goods' consumption as has been seen in the few past years. Additionally, the unique Chinese consumption concept is another strong driving force. The Chinese have an unreasonable complex to the alien products, particularly goods from Europe and the US. Interestingly, no matter how these products are defined in their domestic market, they are mostly sold as high-grade and even luxury goods in China. Among those fabulous importing goods, foreign snacks as a delicate flavor of elegant life have won plenty of fans among the Chinese. And chocolate, owing

to its delicious taste and romanticized connotations, has become the darling among all age groups for both personal consumption and as gifts. Though sold at an exorbitant price, the “foreign” label still attracts millions of Chinese to swarm around them every day.

Nowadays more than two thirds of the Chinese chocolate market is occupied by foreign brands (China-jzqh: 2009), which shows a great advantage for foreign enterprises. Nevertheless, the market saturation is very low and there is huge potential for development. In this light, the aim of the present study is to explore market entry strategies for foreign chocolate corporations with operation methods primarily design for luxury goods, aiming at providing references and practical suggestions for those who intend to enter Chinese market. However, based on the fact that rare products in the food industry are counted as luxury goods, therefore the object of this study will principally adopt the concept of luxury as its developing direction and strategy reference, but not to make chocolate products of Fazer in to a luxury that as strictly as real luxury goods such as jewelry, cars and so on.

1.2 Research Problem and the Objective of the Study

The aim of this research is to determine how corporations can highlight the competitive character as it relates to the specific preferences and behavior of the consumers in developing their product marketing for a foreign market.

In addition, with the expectation that this study can not only be a theoretical investigation, but also a project proposal which can be put into practice, the Finnish company Fazer is chosen as the case company, and the research is conducted in accordance with it and aiming at making it capable to be developed

into a real business plan in future.

Therefore, the research questions are set as follows:

How will the consumption concept affect consumer behavior?

Why should Fazer adopt a luxury status when entering China?

To figure out these questions, conclusions can be drawn to help foreign corporations and Fazer get a deeper understanding of Chinese customers and then grasp the opportunities of entering the Chinese market with the most effective strategies.

1.3 Introduction of the Case Company

The Fazer Group is a famous Finnish food corporation in Europe. It was originally founded as a family company by Karl Fazer in Helsinki in 1891. Based on commitment to the customer, quality excellence and team spirit, Fazer today has become a successful diversified food company which being the leader of Food Services and Bakeries & Confectionery in the Nordic and the Baltic countries, with its products operated in 8 countries and exported to 27 countries. (Fazer)

As started, Fazer has produced chocolate and candies for more than a century. With the aim and ambition of “striving to exceed the customers’ expectations,” Fazer devotes itself to providing products with high quality and taste, at the same time striving to be an innovative creator of new products and concepts. Among the numerous types of confectionery products, there are three major brands of chocolate that have brought fame to Fazer and have made it a powerful player: (Fazer)

The Fazer Blue milk chocolate: It is the masterpiece of Fazer's chocolates. The well-chosen cocoa beans from Ecuadorian Arriba ensure the high quality of material for the chocolate, and using fresh milk in chocolate manufacture has made Fazer unparalleled in Nordic countries. Over the years, the company's secret recipe has remained the same since 1922 when it was firstly launched in its famous blue wrapper. (Fazer)

Figure 1: Products of Karl Fazer.



Source: Fazer

The Karl Fazer Nordic Gourmet chocolates: This branch is a rising star of Fazer's chocolate products. It caught the fancy of the public when it was launched in 2009. The secret lies in the addition of unique Nordic berries – lingonberry, blueberry, raspberry and cloudberry – with cocoa grown in Equator. (Fazer)

Figure 2: Products of Karl Fazer: Nordic Gourmet chocolates



Source: Fazer

The Geisha chocolate bar: Launched in 1962, the product portfolio has been recently expanded: smaller bars and confections are now available. With the beautiful package design, the product series has become one of Fazer's most popular international brands. (Fazer)

Figure 3: Products of Geisha.



Source: Fazer

There are also other famous chocolate brands of Fazer, for instance Dumle, Fazemint and Liqueur Fills. New products are coming to the market as time goes by.

Figure 4: Products of Dumle.



Source: Fazer

Figure 5: Products of Fazermint.



Source: Fazer

Figure 6: Products of Liqueur Fills.



Source: Fazer

As a powerful confectionery company in Europe, however, Fazer can rarely be found in the Eastern countries. To make it more competitive on the international stage, the interest in the east should not be ignored. No products of Fazer are officially sold in China yet, but it is very likely to bring a win-win situation for both the Chinese and the Finnish if the rarity was introduced to the huge potential market.

1.4 Methodology and Methods

This study is conducted in three parts: firstly, the theoretical part where relevant information is gathered; secondly, the empirical part in which the research results are integrated and analyzed, and the last one is the conclusion part where summary and suggestions are presented.

In this study the quantitative research method is used. Structured questionnaire was drawn up to gather attitudes of Chinese who has previously bought Fazer towards the idea of introducing Fazer into China. After that, the results of the questionnaire were imported to SPSS for analysis. Final information was presented as the findings of the research in Chapter 5.

The study is concluded with personal suggestions for Fazer on how to approach the marketing and suggestions for future study, an evaluation of the thesis in general is stated in the end as well.

1.5 The Structure of the Thesis

The thesis is divided into seven parts. First off is an introduction, which states the focus of the study, what methods are used and how the research is conducted. The

theoretical part follows and includes Chapter 2, 3, and 4, in which the knowledge that associated with the study and analysis of the target country as well as research methodologies together with validity and reliability analysis are interpreted. Then Chapter 5 is the empirical part where research results are integrated and analyzed by professional tools, and at the latter part of the study, Chapter 6 provides the practical suggestions on how to carry out the strategy on four aspects; and to end up with, a conclusion of the study is given at Chapter 7.

2 LUXURY

“Luxury is a state of mind. It is about how you carry yourself and fulfill yours as well as others desires”.

-----Paurav Shukla

2.1 Luxury Goods

Definition of Luxury

The concept of luxury has been present in various forms since the dawn of humanity. Though substantial body of knowledge has been accumulated by researchers, no common definition of luxury has been worked out among them yet. During the past few decades, divers attempts have been made to define luxury: some researchers brought forward the price-quality dimension, stating that higher priced products in any category would count as luxuries. Meanwhile, other researchers focus exclusively on dimension argued that luxury must evoke a sense of belonging to a certain elite group; withal, more brief definition has been advanced, insisting that whatever the poor cannot have and the elite can is defined as luxury. (Paurav Shukla 2010)

Based on comprehensive sources, the widely accepted definition of luxury goods was concluded as follows:

“Luxury goods are products and services that are not considered essential and are associated with affluence. They could be a specific (i.e. higher-priced) tier of offering in almost any product or service category. Luxury products have more than necessary and ordinary characteristics compared to other products of their

category, which include their relatively high level of price, quality, aesthetics, rarity, extraordinariness, and symbolic meaning. When taking an experiential approach, luxury goods are defined as items which provide extra pleasure by flatterer all senses at once". (Bernard Dubois 2010; Jean-Noël Kapferer 2010; Klaus Heine 2011:41; Paurav Shukla 2010)

Characters of Luxury

Luxury goods are said to have high income elasticity of demand: a greater demand of luxury will appear as people become wealthier, and the ratio of increase in demand would be higher than that of increase in income. To some extent this means, however, that when there is a decline in income, the demand will drop at the same time, but more rapidly. In addition, income elasticity of demand is not constant with respect only to income, and will also change at different levels of income. That is to say, luxury goods may be regarded as normal goods or even inferior goods at different income levels (J.N. Kapferer and V. Bastien 2009; Paurav Shukla 2010). For instance, to a person who earns \$1 per day, an ice cream would be a luxury for him; but to a person who collects air plans, a \$100,000 car would not be counted as luxury. To simplify, the average income of the Chinese will be used as the basis of research in this study, excluding the two poles of income groups (extremely poor and extremely rich).

Classification of Luxury

A classic classification of luxury goods principally includes haute couture clothing, accessories and luggage. However, in contemporary marketing usage, a broader segment of luxury market has been defined, where automobiles, wine, bottled water, tea, chocolates, watches, jewelry and high fidelity are involved. (Wikipedia)

2.2 Key Facets of Luxury

When luxury is mentioned, people will soon think of its key elements of identity, namely, price, rarity, exclusivity, time, history, art, dreams, etc. As for the entrepreneurs who wish to participate in luxury markets, understanding these key elements thoroughly will be of value when pursuing success in their business.

Label

A distinctive logo implies luxury with its visible nature as the predominant facet of its identity. Luxury would be the symbolic and hedonistic recompense of success and therefore of the acquisition of power, and the high recognition and visibility of its logos and brands would surely function like medals and spoils that a victor receives or that they share with their clan. Since one of the sources of recompense is the prestige, especially in the eyes of the peers, it gives a good reason for luxury to make itself seen. What's more, luxury is the distinctive sign of a person's own distinctiveness. When the unique logos are assigned to its products, they provide additional soul to the products and are an auxiliary means for the consumers to raise themselves beyond their current status. (J.N. Kapferer and V. Bastien 2009: 77)

The Product and the Brand

When talking about luxury, the central unit should be the brand. A product is considered "luxury" primarily if it bears the seal of a brand that is itself called "luxury". The products, emanating from public relations and advertising agencies, are only considered as secondary: it is the qualification of the clients themselves that make a luxury object. (J.N. Kapferer and V. Bastien 2009: 79)

As for many brands, born of passionate young creators tempted by luxury, wonder why their efforts on quality and perfection were never rewarded. Obviously they

fail to realize the important fact that luxury is located above quality; in other words, to borrow an expression from Rémi Krug, ‘that which distinguishes the very good from the emotionally moving’. It is not enough to ceaselessly pursue perfection. In luxury, it is the emotion that must be sought after at the highest level. (J.N. Kapferer and V. Bastien 2009: 80)


Although luxury forms a part of a social process of recreation and emphasis of social class, it also assumes an intimate, intense satisfaction, linked to the object itself and its imaginary and beauty, and relying on its merits, for its merits. This distinguishes those who really appreciate and savoure the product and those who are able to buy it, but are simple followers of others’ tastes. (J.N. Kapferer and V. Bastien 2009: 79) It is undeniable that there indeed exist clients who buy luxury just for showing-off; they choose only the products with exorbitant price but not the ones which tally with their means. However, a luxury brand, especially a recent one like Fazer, to some extent it would be good to have this kind of clients, since they tend to be irrational when buying products—they buy large amount in one time, hence could somehow create more sales opportunity than those who really appreciate the brand and have rational buying behaviors. This happens in China frequently. Once these clients get some benefit from the brand, for instance a VIP identity, they could be easily transformed into loyal customers since all they want is to hook on a luxury brand that could show their status only with simplest buying process—not spending time acquainting the history and meaning of thousands of luxury brands and then choosing the best one.

Real or Virtual Rarity

Rarity is the central in the identity of luxury. In reality, there’s more than one rarity. Objective, physical rarity is necessary at a certain stage of building a profitable luxury brand, but not at all stages, otherwise there would be no sales

and no profits if there happened to be some problem with one of the rare raw materials. What will increase their cost is the rarity that we may describe as virtual, with which they must be imbued. (J.N. Kapferer and V. Bastien 2009: 91)

Table 1: Five types of rarity

Natural	Type of rarity driver	Compatibility with volume
	1. Ingredients, components limited capacity, rare human expertise eg: diamonds, rings, fur	Little
	2. Technology rarity, innovations, new products and features	Average
	3. Limited editions, custom-made orders, one-to-one relationships	Average
	4. Distribution-based rarity	Good
	5. Information-based rarity, marketing, brand, secrecy	Very good: no physical limit
Virtual		

Source: Bernard Carty (2006)

In modern luxury, it is therefore necessary to know how to distribute ‘rarity’ without rarity. Rarity is managed, or even simulated. As to the chocolate industry, there are hardly any raw materials that are very rare. Therefore, Fazer has to focus mostly on the virtual rarity so as to create an allusion of luxury, thus to make it stand out among the massive chocolate brands,.

2.3 Anti-Laws of Marketing Peculiar to Luxury

On the anthropological, sociological and historical bases, the traditional marketing

strategies could not readily be applied to luxury. On the contrary, they can somehow be harmful to it. (J.N. Kapferer and V. Bastien 2009: 60) Professors of luxury research have put forward several management suggestions that are in conflicts with what marketing doctrine normally means to people. The rules are briefly concluded as ‘anti-laws of marketing peculiar to luxury’ as follows:

1. Forget about ‘positioning’, luxury is not comparative

Uniqueness makes a luxury ‘luxury’, not any comparison with competitors. Luxury is the expression of taste, of a creative identity and of the intrinsic passion of a creator; luxury makes the bold statement ‘this is what I am’, not ‘that depends’—which is what positioning for consumer marketing implies. (J.N. Kapferer and V. Bastien 2009: 61)

Identity gives a brand the particularly powerful feeling of being unique, timeless, and the necessary authenticity that helps give an impression of permanence. Identity is not divisible, it’s not negotiable, but just simply as it is. (J.N. Kapferer and V. Bastien 2009: 61)

Strictly, luxury is ‘superlative’ and not ‘comparative’. It prefers to be faithful to an identity rather than be always worrying about where it stands in relation to a competitor. (J.N. Kapferer and V. Bastien 2009: 62) Unlike the long-lasting products such as luxe cars and jewelry, a confection brand with its products require active and frequent trading, and proper changes will be made when following the luxury rules in order to achieve the best-matches method. In this case, competition should be taken into consideration when Fazer launches in China, since chocolate is the product that has limited guarantee period, and that regular competition strategies are still needed so as to make sure there are sustainable sales, thus to minimize the waste.

2. Does your product have enough flaws?

In surveys of perception of luxury, consensus from all over the world has been that ‘product excellence’ is the primary prerequisite. However, nothing could be farther from reality: when buying a luxury watch, people may be warned that it loses one minute every year. Obviously, the flaw is not only known, it is assumed—one could regard it as both charm and its guarantee of authenticity. Luxury brands are not interested in being the leader of utilitarian or functional comparisons; on the contrary, they are primarily hedonistic and symbolic. Therefore, in the world of luxury, the models and products must have character or personality, and every model forces its owner to accept its flaws. (J.N. Kapferer and V. Bastien 2009: 64)

Luxury products do not dominate the customers with function. The same applies to Fazer, as a chocolate brand, where the product itself do not have to be the best in quality when compared to others or how good it is for people’s health. The domestic products in China nowadays are almost always focus on telling how good quality a product has or how functional a product is, as a consequence those products are mostly sold as cheap products and appeal to mass customers, since only people in low income bracket need products that are most functional at the lowest price. Then, taking a look at the foreign products, it is observant that less are emphasizing repeatedly their practicality but show more abstractly the atmosphere. People feel confident with every aspect of the product through those positive atmospheres’ rendering; this method indeed attracts much more customers than stressing functions and qualities.

3. Make it difficult for clients to buy

Owning a luxury brand product is something that has to be earned. People do eventually get to appreciate and enjoy it after passing through a series of obstacles

– financial (they have to spend large amount of money to get it), cultural (they know how to appreciate and consume it), logistical (find the expected size, standard and other aspects in right shops) and time obstacles (long waiting and seeking time). Therefore, the greater the inaccessibility—whether actual or virtual—the greater the desire would be. (J.N. Kapferer and V. Bastien 2009: 67)

4. Communicate to those whom you are not targeting

Luxury has two value facets: luxury for oneself and luxury for others. It is essential that there are many more people that are familiar with the brand than those who could possibly afford to buy it. Thus, it is essential to spread brand awareness beyond the target group. (J.N. Kapferer and V. Bastien 2009: 68)

The reason for this is because, on one hand, a brand could create a clear borderline for itself as well as for its buyers, making itself and the clients stand out of the mass and being exalted. On the other hand, there are large numbers of potential customers who spend plenty of time seeking for a brand which will match their illusive status, owing to a high brand recognition, and letting more people know how extraordinary the brand is and which group of people is buying it, will attract them quickly accessing and further being loyal to the world created by the brand.

5. The presumed price should always seem higher than the actual price

Advertising of luxury products often shows only the product, without any commentary, and certainly with no price. In the luxury world, price is something not to be mentioned. As a general rule, and the imagined price should be higher than it really is—to create the distance of affordability, but, at the same time, making the clients feel lucky about the real price. (J.N. Kapferer and V. Bastien 2009: 70)

6. Luxury sets the price, price does not set luxury

Luxury marketing should turn ‘demand-based’ into ‘supply-based’. Once dominated by the demand of buyers, the brand will fall into the world of the mass market. In luxury, the enterprise first comes up with a product, then sees at what price it could be sold; the more it is perceived by the client to be luxury, the higher price it should claim. (J.N. Kapferer and V. Bastien 2009: 72)

7. Cultivate closeness to the arts for initiates

Much like art, luxury is a promoter of taste. It is something unparalleled and bold. And as luxury is a creator rather than a follower, when advertising it is best to remain close to the unpopular arts—or rather the non-popular arts—those that are emerging and have yet to appeal to the majority, if they ever will. (J.N. Kapferer and V. Bastien 2009: 73)

8. Don’t relocate your factories.

Reducing cost is vital in the mass consumer markets, which often means relocating factories. Luxury management does not apply this strategy. When someone buys a luxury item, they are buying product steeped in a culture or in a country. Having local roots increases the perceived value of the luxury item. (J.N. Kapferer and V. Bastien 2009: 75) Considering the products’ characters and unit cost, it is best to keep the original factories for luxury products, such as cars and hand bags, but as for food industry such as Fazer, relocating does not seem impossible after Fazer conquers the hearts of people in China, being ready to leave the world of luxury and transforming to an upmarket brand (see leaving luxury in 2.9).

2.4 Developing Brand Equity

There is no luxury without brands

A recognized signature of all that is beautiful and exceptional in the product and the service, the luxury brand is thereby weighted with a particular significance: it relates back to a latent social and culture stratification and makes the purchaser someone apart—even if they are not alone in processing the object. (J.N. Kapferer and V. Bastien 2009)

The brand is therefore the social recognition of both the product and the person. To be expensive is far from enough to be qualified as luxury: it must also be inscribed with a cultural hallmark accepted as a social stratifier. This hallmark is brand, when the brand itself has a reputation with the cultural, political and financial powers. (J.N. Kapferer and V. Bastien 2009)

A luxury brand is a real and living person. In addition to its founder, whose name it bears (as Karl Fazer), the brand also has its own ancestors, history, cultural and geographical roots. When evaluating and attaching the brand to themselves, people would be eager to know its country of origin, from which ilk or culture it derives. (J.N. Kapferer and V. Bastien 2009)

As a well-established brand with history of 120 years, Fazer has fascinating and annotative stories to tell. Past is a treasure of the old Finnish brand, but charming legend still needs to be vividly portrayed in order to hold its future clients tight and make them all be lost in a reverie.

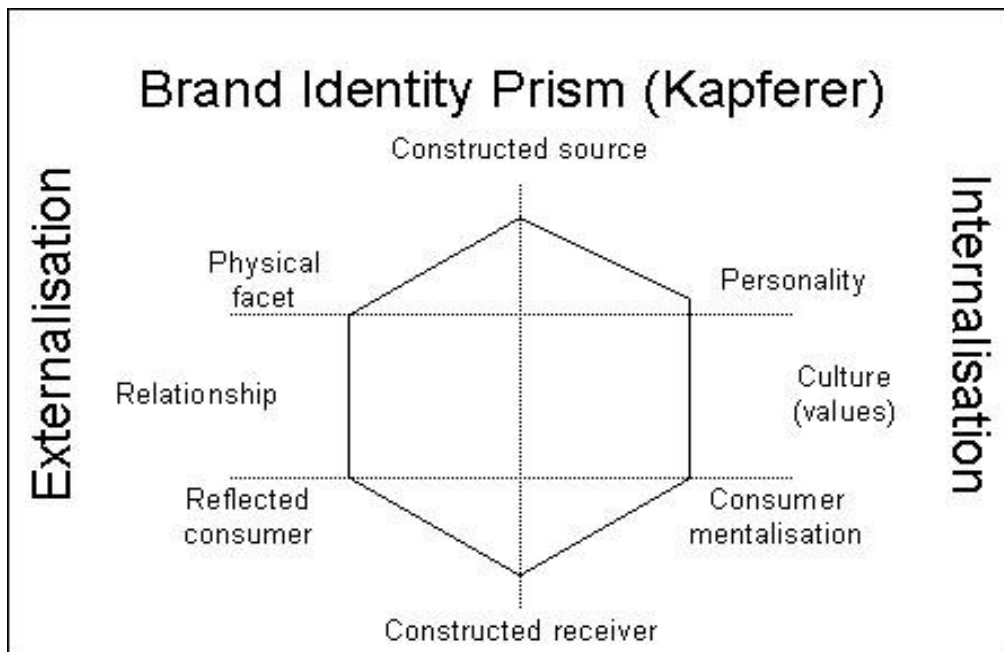
The core of the luxury brand: its identity

Different from traditional marketing that emphasis on positioning, the luxury brand cultivates its uniqueness; it prefers to be faithful to an identity rather than constantly worry about superiority over an opponent. Identity expresses the tangible and intangible specificities of the brand, which make the brand what it

is—without them it would be something else. Identity is not something that can be bolted down: it is nurtured from the brand’s roots, its heritage, everything that gives it its unique authority and legitimacy in a specific territory of values and benefits. (J.N. Kapferer and V. Bastien 2009)

The identity of the luxury brand thus contributes to building the identity of its clients themselves. Below is the brand identity prism (Kapferer, 2008). It provides a detailed path to help the entrepreneurs understand better what a brand identity is and how it interacts with divers factors through breaking down the symbolic dimension of brands into their essential facets, while linking them together.

Figure 7: Brand Identity Prism



Source: Kapferer, 2008

Generally the brand experience consists of two main aspects: external and internal. The external brand experience includes the brand’s name, logo, advertising, environments, etc., and the internal parts include customer relations, brand values, staff motivation, etc. Below are the six key dimensions that form Kapferer’s brand

identity prism:

- *Physical*: it is the facet that makes it possible to define the family resemblance necessary within the brand: the product features, attributes, and traits, etc.
- *Personality*: it shows the brand's character and attitude. The brand's personality expresses an anthropomorphic vision of the brand, particularly relevant in the world of luxury, which emanates from a creative person.
- *Relationship*: together with culture, these are two intermediary facets of the brand identity prism. It translates the brand's beliefs and association. It also defines the nature of the relationship installed between the brand and recipients.
- *Culture*: it is the set of a brand's values. Here a luxury brand is able to create a cult and develop proselytes.
- *Reflection*: it is called an 'external mirror', which makes the clients build their own views and understandings of the brand.
- *Consumer mentalization*: also called 'consumer self-concept' and 'internal mirror'. Each luxury brand offers a self-concept to its followers; it is like a question of 'my intimate relationship with luxury'. (J.N. Kapferer and V. Bastien 2009; Nitin 2008)

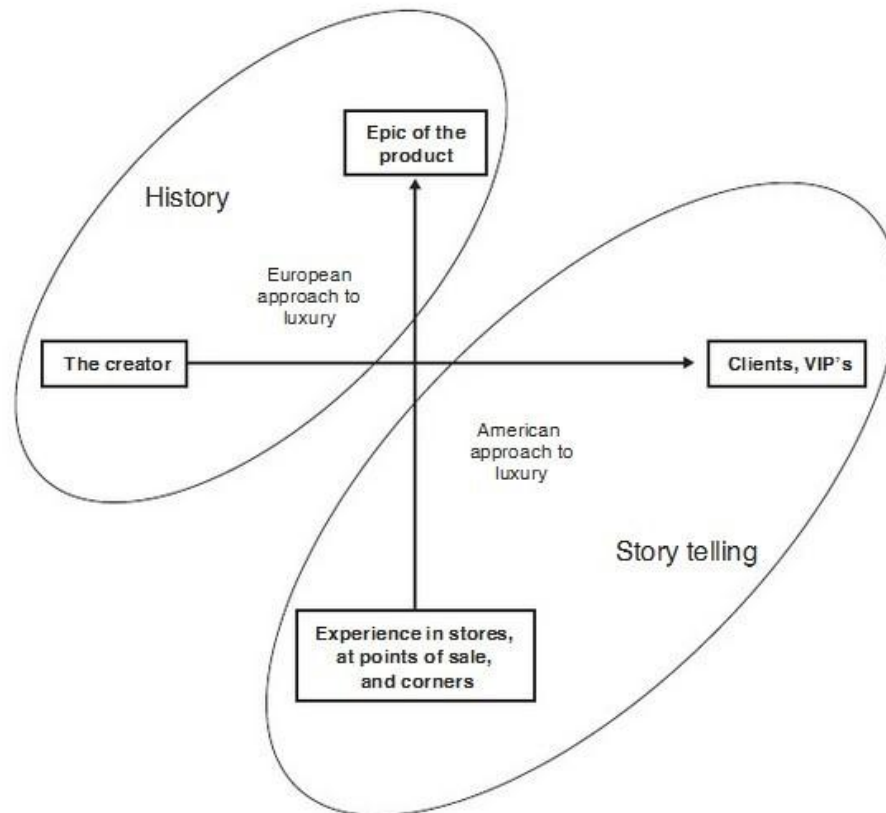
Two modes of luxury brand building

Building a brand is building a unique, strong perception. In luxury, it must also be inspired and aspirational. Figure 8 shows the two main modes of luxury brand building: (J.N. Kapferer and V. Bastien 2009: 128)

- European approach to luxury: it is based on the creation of value, product quality taken to the extreme, with a cult of the product and heritage.

- American approach to luxury: lacking such a history of its own, it does not hesitate to invent one.

Figure 8: The two modes of Luxury brand building



Source: J.N. Kapferer and V. Bastien 2009: 128

Although Fazer can take the advantage of its European origin and has a long history with its creator, it would achieve another guarantee if adopting the story telling method as with the American approach.

In addition, in the world of luxury, consideration is seldom talked about, but of dreams. Luxury is access to a dream. Thus, it is significant to build and preserve a dream for both the brand and the clients. Besides, when taking a look into the architecture of luxury brands, what should be clear is that the luxury brand must

have access products, and the brand must also resonate today, be a key emitter of trends and tomorrow's taste, and continually raise its status and prestige. And of course, it is essential to defend itself against counterfeiting. (J.N. Kapferer and V. Bastien 2009: 129)

2.5 Communicating Luxury

Luxury and communication are consubstantial, since one of the luxury's two fundamental roles, which of recreating social stratification, is pure communication. Moreover, luxury is a transmitter of taste. It must therefore be active at a cultural level. In luxury, communication is to create dream and to recharge the brand's value, but not 'making sales'. (J.N. Kapferer and V. Bastien 2009: 211)

Do not talk about money & selective advertising

For luxury, to communicate is to sell. However, the price of the product should not be shown in communication, neither should provide discounts and savings. A brand can communicate, but advertising less, selectively. At the mass market level, media advertising plays a key role, with stores being promoted. In luxury, it is secondary. Then where to advertise? Buy pages in glossy magazines, the media streets of luxury. In order to be recognized as such, it should display the visible signs of its adoption by those who make the front covers. It should be present in the high place of taste, living culture, and fashion, a little, as well. (J.N. Kapferer and V. Bastien 2009: 213)

Cautious on personalities in advertising

According to René Girard's analysis, there's 'no personalities in advertising'. This idea is precisely because a luxury brand is desired for itself, and not because a person conveys the desire to someone else for it; so that luxury escape the trap of

‘triangular desire’, the register of mass consumption goods and in particular of fashion. The best way to avoid any ambiguity on this point is not to have any ‘significant’ personality appear in the advertising, since one of the specificities of a luxury brand is the personal relationship that the client maintains with it; it then gives the client’s imagination free reign, allowing the affective relation between the client and the brand to establish itself without interference, respecting the fluidity of this relationship and not calculating it by interposing a third person.(J.N. Kapferer and V. Bastien 2009: 215)

However, in reality, some of luxury brands tend to invite famous people to advertise their brand. And as for Fazer, in its first showing to the Chinese, a famous person especially from Europe or America, who is known as celebrity worldwide would easily reach to target customers. Two people for instance from the famous American TV play called Gossip Girl, Blair & Chuck, are ideal spokesmen for this, since they explains exactly the characters a luxury chocolate requires: their social status, taste, stands for timeless love.

Permanently encourage word of mouth

One of the key consequences of these events is the fact that the media will relay it. It must be talked about. Rumor, which is known to all, is fed on marvels (Kapferer, 1990). Everything the brand does should be made use of in press relations. It is therefore necessary to feed the media constantly with news, stories, events, facets, etc., which wave the tale of the adventure of its products from conception to use. (J.N. Kapferer and V. Bastien 2009: 219)

And as to a ‘new comer’ like Fazer, it is especially important to maintain a high frequency of exposure and to create long-lasting attention of the public. Luckily, Fazer has a long history in Europe and has owns very good reputation, so there’s

no need to start over creating the necessary tales and stories or to build the fame from the very beginning; all it needs in China is to develop the existing tales a little bit and if necessary, create a new one according to the Chinese environment and culture, and finally give Chinese a romantic dream to chase.

The codes of luxury communication

The luxury brand is a universe, not a promise. The luxury brand is experiential first and foremost. Its language is mostly non-verbal: it is primarily visual, and sensory. It is more the way of doing things, its referents, its aesthetic, its modes of expression that will weave the emotional relationship with its audience than the words themselves. (J.N. Kapferer and V. Bastien 2009: 219)

Making the brand's visual language denser: the nine signatures of the brand

To impress people of its spirit and atmosphere, nine essential elements of the signature of the luxury brands should always be kept in mind: (J.N. Kapferer and V. Bastien 2009: 220)

- *The figure of the brand's creator*, he or she who made the brand a work and not a production: the effigy of this person will be found in its shops and communications.
- *The logotypes*, generally short and very visual, such as Chanel's double C. Originally this was a way of protecting against counterfeiting, and now it has become an aesthetic form of signature, capable of being repeated ad infinitum.
- *A visual symbol that accompanies the logotyped signature*: Aston Martin's wings, Mercedes' circle.
- *A repeated visual motif*: the use the repetitive motif as a visual signature on their textiles.

- *A brand color:* Tiffany's blue, Veuve Clicquot's orange.
- *A favorite material:* such as leather for Parada.
- *The cult of detail,* to the point of obsession which is expressed visually, for example through close-ups on the seams and the lock details at Louis Vuitton.
- *The constant hymns to the manual work,* to the excellence of the artisans who have contributed to each object, to the know-how.
- *A way of doing things that is typical of the brand:* whether it is the 'Chanel style visible in the woman's suit- an icon of the brand- or the typical driving experience at the wheel of a BMW. (J.N. Kapferer and V. Bastien 2009: 220-221)

These codes should be found in the communication, but also in the store, on the products and on the packaging, a veritable antechamber of the product, the theatre of the brand, a signature and factor of surprise and the tension of desire, all at the same time. (J.N. Kapferer and V. Bastien 2009: 221)

2.6 Pricing Luxury

Once 'luxury' is evoked, people will immediately connect it to the word 'expensive'. In fact, a product can be selling well, in luxury as elsewhere; it is because it is at its correct price. Thus, it is necessary to know the price zone in which the products are legitimate, so as not to move 'up' beyond it, in which case the client will abandon the brand and then the sales will crumble. (J.N. Kapferer and V. Bastien 2009: 177-180)

Price is the 'exchange value' of a product, but what makes luxury is the 'symbolic value' (J.N. Kapferer and V. Bastien 2009: 182). This means that the stronger the symbolic value a luxury brand, the higher price it can command.

The first step in fixing the price in luxury is to understand the competitive universe of the products, particularly extending far beyond its direct competitors. Besides, it is important to begin with the price in order to construct the product rather than define it on 'cost-plus' basis. Therefore, once both the functional part as well as the part of dream created to the clients, the basis of symbolic value will be properly proportioned. (J.N. Kapferer and V. Bastien 2009: 184)

After its products are sold on market, a brand can increase the price properly in order to increase demand and recreate the distance. The most effective way to setting it is to begin at the bottom of the zone of the price legitimacy, and then progressively increase the price, adding improvements to the offers as necessary, until a zone of equilibrium between volume and the margin will be optimal for the brand. (J.N. Kapferer and V. Bastien 2009: 185)

The reason for this tactic is simple: an enterprise cannot know a priori symbolic value of a product before it is sold to customers, that is, what a client is ready to pay in addition for the part of dream. So, in order to discover the figure of this 'symbolic value', the enterprise can only begin with a relatively low price and then progressively increasing it and the volume offered for sale until demand ceases to grow. (J.N. Kapferer and V. Bastien 2009: 186)

While public reductions in price whose aim is to sell off unsold or poorly-selling product are significant, sales are totally kept away from luxury products. The price, therefore the value, of a luxury product should increase over time, and not suddenly crumble, which might to show that ordinary clients have been robbed: (J.N. Kapferer and V. Bastien 2009: 186)

- A luxury product should be timeless, not quickly become obsolete.

- The purchase of luxury is deliberate, considered act, not an impulse; however sales play one the mimesis of appropriation, an acquisitive fever, not on dreams.
- The price should be in the background in luxury, not in the foreground as it is in sales—a gift from the sales is a depreciated gift: in the sales, people buy the price, not the product. (J.N. Kapferer and V. Bastien 2009: 186)

However, no sales does not equal to ‘never any price reduction’ in luxury. it can certainly be done. It can be opportune to give a price advantage in certain cases to particular clients. But once again, different with the normal promotions in the mass market, this approach must be personalized and individualized in order not to damage the brand. To legitimize a reduction in price, a luxury brand does not lower prices because it is unable to sell off the product; on the contrary, it is the brand that decides to enable such or all the customer to benefit from favorable treatment. The key point is to manage this personal aspect well: by lowering the price, a luxury is not devaluing the product, but giving greater value to the client, since it enables them to get a good bargain. (J.N. Kapferer and V. Bastien 2009: 187)

The pricing of luxury is a game of seduction of unsaid. Seducing discerning clients who are blasé or who feel guilty because they already own many of the brand’s products: they will buy yet another product, on the pretext (either to themselves or as gifts) that is a ‘bargain’. The key point is: it is a brand that they like, and continue to like; not only does this offer them not to be put off by the brand, but this an advantage that makes them like the brand even more; in fact, it is an reward of loyalty that the brand is giving them. But one thing to be stressed here is that never do this with anyone who is not already a loyal client of the brand. (J.N. Kapferer and V. Bastien 2009: 189)

As Kapferer once described, just like the eroticism, the price of luxury should ‘Always thinking about it, never talking about it’:

- The price should be known, but as an understatement.
- ‘If you have to ask the price, you can’t afford one.’ (Charles Rolls, confounder of Rolls- Royce)

In general, the price level (not the exact) of the brand’s flagship products should be known, not only by potential clients, but also by a broad fringe of the population, as broad as possible. But, the price should not be publicly advertised. This ideal strategy is summed up in two points: (J.N. Kapferer and V. Bastien 2009: 189)

- The price level is known to all, and if possible overestimated;
- Only the person who pays knows the price.

Consequently, all communication must make an effort to position the product at the highest possible, still credible, price, without ever mentioning it directly. (J.N. Kapferer and V. Bastien 2009: 189-192)

2.7 Distribution and the Internet Dilemma

“Someday, all department stores will become museums, and all museums will become department stores” (Andy Warhol)

In every big city of the world, luxury shops are flourishing, luxury malls are opening, and the most beautiful streets are being transformed into luxury streets. The multi-sensory experience is lived and felt at each point of contact with

the luxury brand. Since the shops are where the clients living the brand, so it's not hard to aware that how important distribution is in luxury management. (J.N. Kapferer and V. Bastien 2009: 193)

In order to make the sales effective and adept, luxury brands are suggested to follow the tips below, since without them there is no concept of luxury:

- Monitoring of the product right up to the end client;
- Personal knowledge of this client, not only his/her tastes and preferences, but also lifestyle;
- Accompanying of the client, so that the purchase gains value over time. (J.N. Kapferer and V. Bastien 2009: 201)

Sell to someone before sell something

In luxury, a personal, quasi-affective relationship must be built between the brand and the client during the sale. At its roots, a luxury product is remitted (rather than sold) from one person to another. This 'one-to-one' relationship is an integral part of the DNA and universe of luxury. In reality, the clients always enter the boutique without any idea of what to buy, especially when seeking a gift. In this situation they often trust entirely in the sales-person's opinion, and will prefer someone they already know: the 'personal advice' aspect of the sale is very important in luxury. As a consequence, it is vital to maintain a regular staff in boutiques, and to continue training the sales personnel to establish a feeling of belonging. (J.N. Kapferer and V. Bastien 2009: 193)

In addition, distribution must be done in a way that the clients can buy in calm (no forced sales, no pressure from the salespeople) and secure atmosphere (the true product at the true price). In fact, a luxury brand is not selling the product to the client, but it is the clients who buy the product. (J.N. Kapferer and V. Bastien 2009:

194)

A luxury purchase is a lengthy act

Although the moment of purchase is only one step and it certainly is the vital one of the process through which the client enters the brand universe; in fact, the process of the purchase of a luxury product is long, where each step is important:

- The pre-purchase, where the clients dream of the product. The brand must prepare the dream through its communications strategy, and long before the act of purchasing; in luxury, the time lapse between the act of communication and its practical outcome can be very long, even years.
- The moment of purchase: the pleasure that they should feel at that moment is an integral part of the luxury of the product itself. The aesthetic environment is of great importance, but the human environment is even more so: the client should not feel simply at ease faced with the brand; they should not feel under pressure to buy.
- The after-purchase: it is necessary to reassure the client that he/she was indeed right to spend so much, putting in perspective the heart of the brand itself, its values, heritage, fundamentals, and demands. (J.N. Kapferer and V. Bastien 2009: 198)

The brand must absolutely foster and help to create this feeling, both on principle (remaining a luxury brand) and through commercial effectiveness to ensure that clients will come back, and will tell their friends. (J.N. Kapferer and V. Bastien 2009: 202)

Distribution is a weak link of luxury

Each of the four aspects of the luxury relationship (affective relationship,

dominant position, communication of codes, long-term management) are within themselves difficult to manage. The major difficulty in managing the ‘one-to-one’ of luxury is that all four must be managed at once and by the same person; the sales teams are therefore one of a brand’s great strengths, their stability being of the utmost importance. The principal difficulties to be managed are the cost of distribution and the maintenance of its quality from day to day. (J.N. Kapferer and V. Bastien 2009: 200)

The cost of personalized distribution is very high

Unlike most of the daily consumable products sold in the mass markets, the sales of luxury products are more likely to have a tighter relationship between sales person and the clients. Based on human relations and not on systems, it is very difficult to rationalize, both because luxury brands cannot use standardized ‘instruction manuals’ for salespeople to read (it must be passed on through ongoing and very personalized training), and because they cannot rely on written reports from salespeople on the problems clients have encountered: it is vital to discuss them face to face, and therefore to be continually on the move. As a consequence, the costs on personnel are high, and it increases as the brand develops. Although there are economies of scale on material aspects (furniture and shop design, software) in selective distribution, but for the most expensive aspect (the personnel), the opposite is true: competent salespeople are rare, and it is difficult and costly to move them when you need to open a new sales point. (J.N. Kapferer and V. Bastien 2009: 201)

Day-to-day management is a delicate matter

The most difficult problem is the multicultural aspect of sales nowadays. If conflicts of culture are to be found at all levels of a multinational organization, it is at the retail sales level that they are most obvious, not as a result of language

problems, but of cultural and behavioral challenges. By working hard on a language that is not one's mother tongue, the personnel can relatively easily become bilingual or trilingual; but, becoming bicultural is difficult. If the client is to perceive the brand universe clearly, it is necessary that the salesperson is from the same culture as the client, but also from the same universe as the brand. Bicultural people are rare and expensive. This is why it is important to find a good local partner who will manage all the 'retail' aspects of operations, even when the luxury brand has integrated distribution. This is also why it is important that managers of home country travel regularly, so that they can truly understand what is happening on the ground and immediately rectify any aberrations. (J.N. Kapferer and V. Bastien 2009: 202)

Once again, being different from the luxury such as cars and jewelry, Fazer is aimed at being a luxe in confectionery, so the requirements for the personnel with bicultural background can be not as strict as with other luxury products. Compared with lifetime luxury, chocolate is a comparatively low cost and quickly consumed product, hence the clients spend less time on purchase decision, making both the pre-purchase and the purchase process in shops. The information is mostly disseminated through the publicity of the brand and its products, so it is unnecessary to have the expensive bicultural salesperson in every distribution store.

Distribution must manage rarity

By its own construction, luxury is reserved for elite from the very beginning. Rarity and luxury are consubstantial. Once luxury loses the attribute of rarity, it loses its essence and becomes common; and if the only differentiating factor is the price, it then becomes snobbish. In order to maintain its status, a luxury product must deserve it, whether through financial (price) or cultural (initiation) effort, by

dedicating time (going to a given city and into a specific shop) and patience (waiting list), etc. (J.N. Kapferer and V. Bastien 2009: 203)

Rarity partly comes automatically from the conception of the luxury product, such as precious raw materials and manual work by qualified artisans; hence there is inertia, both upwards and downwards, which ensures the rarity of the luxury products from the production process. On the 'non-automatic' aspects, there should be an organized penury; management of rarity is an integral part of the luxury strategy, and selectivity is the consequence of this where distribution is concerned. This rarity should be perceptible at all levels: (J.N. Kapferer and V. Bastien 2009: 203)

- Few sales points;
- Precise locations;
- Quality sales personnel;
- The shop as a showcase;
- Merchandizing as staging for the product. (J.N. Kapferer and V. Bastien 2009: 203)

Luxury and mode of distribution

Among the distribution modes, such as own brand store, exclusive distribution, selective distribution and at-home sales, almost any system of distribution can work for luxury. According to the differentiations of characters of products and the target markets, some modes would be superior to others. (J.N. Kapferer and V. Bastien 2009: 204)

As for the first step, owning a store in a prosperous downtown area in a big city is strongly suggested as the marketing entry strategy for Fazer. When launching as a

luxury brand in China, it's extremely necessary to declare which level its products belong. Comprehensively thinking, nothing would be better than owning a franchised store in the main commercial area where a luxury brand can be shown: only those brands which are noble enough can have their own shops in such an area to exhibit both brand culture and products. An independent store separate from big shopping malls' can deliver a feeling of exclusivity and power of the brand thus to create the distance. Besides, owning a store can provide enough space to display its overall products intensively as well as other things telling a brand's history and culture (see 'nine signatures of a brand').

Generally speaking, when choosing its mode of distribution when launching as a luxury brand for the first few years, Fazer should follow the majority of luxury brands and then consider other modes, for instance, exclusive distribution as its distribution modes when leaving luxury, and change its marketing strategies.

The Internet dilemma

It is easy to see that a product placed for sale on the internet is not considered a luxury product. One most important reason is as mentioned before, that the price of luxury is never mentioned directly to its clients, therefore, it seems impossible to sell a luxury brand's products online without a clear price. Besides, a window of advertisement for a luxury product on a web page will surely be a disaster for luxury brand—it puts itself into the same category as everyday products that are making a promotion. (J.N. Kapferer and V. Bastien 2009: 207)

However, it is true that, one by one, some luxury brands are arming themselves with internet sales; we can find Gucci or Armani Collezione online. (J.N. Kapferer and V. Bastien 2009: 207)

As for Fazer, there should be no online advertising or selling, whether through official website or franchisers. Though China now owns the largest population of online shopping in the world and online shopping is considerably mature there, to place its products online too quickly would drag Fazer into normal brands market while fake ones spring up. This would cause Fazer to lose rarity and its reputation, and then, be beaten by other cheap brands. After steady sales for years, when the reputation and loyal clients are maintained, online advertising can be considered, but still with concentration on store sales.

2.8 Qualifying a Product as Luxury

In luxury, everything begins with a product. But what makes a product intrinsically the object that stimulates dreams or a source of intimate pleasure and the aspiration of others? (J.N. Kapferer and V. Bastien 2009: 158)

No product without service

In luxury, the 'product' always comprises of one (or more) object and service; a luxury service should become material in a product, a souvenir or transactional object. A luxury object is always accompanied by a service, or is even the expression of it. Just as what has been mentioned before, a luxury product is a complete, holistic 'experience', lived in a multi-sensory manner over time by the client. (J.N. Kapferer and V. Bastien 2009: 158)

The luxury product and the dream

The most discriminating aspect of the luxury product is its relation to the dream. As is well known, a basic product corresponds to a need, and the specific product corresponds to a desire, a wish, and that corresponds to a dream. (J.N. Kapferer and V. Bastien 2009: 159) Therefore, the pivotal issue for Fazer is to create a

dream, which is everyone's lifelong pursuit.

However, one fact to be realized is that a luxury product is not a perfect product, but an affecting one. All it needs is its competitive universe. And of course, luxury product is a 'product' in nature, innovation of new product range is absolutely essential. Thus Fazer has to make the most of its uniqueness and creative thinking to develop greater products so as to maintain a long-lasting and high-class brand image.

2.9 Entering Luxury and leaving it

There are three key questions that the founders of new luxury brands must ask themselves:

- Why choose a luxury strategy?
- How to manage development while maintaining a luxury strategy?
- When, how and why to exit luxury? (J.N. Kapferer and V. Bastien 2009: 266)

Why Luxury?

There are three fundamental reasons why an entrepreneur might be attempted by a 'luxury strategy':

Profitability

Luxury is a 'jackpot business': an enterprise can earn a great deal, with an uncommonly high return on invested capital. (J.N. Kapferer and V. Bastien 2009: 267)

The unimportance of the company's size

In traditional markets, whether it is a matter of consumer goods or industrial goods, it is known, through PIMS (the Profit Impact of Market Share) or BCG (Boston Consulting Group) studies, that the 'leader's bonus' is very high: in a homogeneous market (PIMS figures), whatever the product, on average: (J.N. Kapferer and V. Bastien 2009: 268)

- The profitability on turnover of the leader is over 12 per cent;
- That of the second is around 8 per cent;
- That of the third around 3.5 per cent;
- The rest are losing out.

Consequently, if an enterprise is not in the top three in any market, it is worth thinking of adopting a luxury strategy, if there is a base for it in its product or service. Small initial size is not a handicap in that case, and it can even be an asset. (J.N. Kapferer and V. Bastien 2009: 268)

Desire

Creators are born every day with the ambition of installing new codes of taste and excellence, creating a new luxury house, their own. All of them should remember the three basic conditions that make a luxury strategy conceivable at the beginning: (J.N. Kapferer and V. Bastien 2009: 269)

- The product must have the power to be a valorizing social signifier;
- The product must comprise a significant dream part for enough people;
- Start small.

The golden rule for luxury is to maintain a direct link to the clients, and use the word of mouth to build the brand and then win more clients. So to start small will

make it easier to build this close relationship with clients, and then, make the brand profitable. (J.N. Kapferer and V. Bastien 2009: 269)

Once profitable, grow quickly

Once this 'launch base' has been built, it then conversely becomes necessary to grow quickly, or in some sense make up for lost time. The reason for this abrupt change of pace is simple: just as it was necessary to take time in the beginning to be certain that the dream a brand it is offering was, indeed, a dream for enough people. Once there is certainty, it is equally necessary to make haste to conquer the maximum number of clients, before the dream fades away with a change of socioeconomic circumstances, or a competitor who fulfills it better. In some sense an enterprise needs to 'occupy the terrain'. (J.N. Kapferer and V. Bastien 2009: 269)

In geographic development: creating the roots of the brand

A new luxury brand needs to begin local and specific (one place, one product) in order to ensure coherence and the personal link to the clients from the start, and then become regional, and finally national. (J.N. Kapferer and V. Bastien 2009: 271)

In product development: creating the reference

Begin with a single product, or, if this is impossible, with a single range of products, at a global level. This is the condition for achieving a minimum of 'scale effect' in production and communication, and therefore being able to finance worldwide expansion. (J.N. Kapferer and V. Bastien 2009: 271)

It is only later, once worldwide expansion has been achieved, the luxury brand can introduce (and not 'launch') a second range, and then possibly a third, within

the same product universe, and only after this that can the brand envisage new product territories. (J.N. Kapferer and V. Bastien 2009: 271)

Therefore, however, due to the fact that Fazer has a diversity of product categories of chocolate, a survey is conducted in this study in order to find out the most popular category of chocolate of Fazer, and make it as the flagship product launching in China, and then follow with other tastes of products in the following few years.

Departing from luxury

The up-side-down strategy for Fazer: enter as luxury, once built the brand is built image and great reputation won, thus leave the luxury level and bring in more “affordable” products (small packaged ones, or cheaper ones) then to win larger market share.

3 TARGET MARKET ANALYSIS

Asians have a love affair with brands, especially those Western fashion and Luxe.
(J.N Kapferer 2012)

3.1 A Cult towards Luxury

There is a cult of luxury sweeping Asia, and the phenomenon is so powerful that the continent now is the biggest market of the world for Western luxury brands. Other than the nerve center of this cult Japan, the rest of Asia is showing the same passion for those luxury goods as well: in Hong Kong, Taiwan, South Korea, Singapore, India, etc., the cult is gathering momentum. In the beginning of 21st Century, China joined the stream of the cult, rushing headlong into those charming luxury products and now displays a strong luxe tooth: Chinese consumers—shopping at home and abroad, already accounted for 10 per cent of global luxury goods sales by 2006, and the figure is growing rapidly as every seconds passed by. (Radha Chadha and Paul Husband 2006: 2)

Phenomenally, the cult grows even deeper in the Chinese mind nowadays. Millions of Chinese, not all of them rich, rush to buy outrageously expensive designer-label bags, clothes, watches, jewelry and other accessories; junior executives in Shanghai happily sell out the entire month's salary just to buy a Gucci purse (Radha Chadha and Paul Husband 2006: 2); and some of the teenagers even sell their organs just to get money together for an iPhone 4s. It might be difficult to understand this phenomenon; however, it is a fact that occurs not only in China, but in some cases, more extremely in other Asian countries.

The driving force for this crazy behavior lies in diverse aspects—political, social, and above all economical. These have steadily transformed Asia, through a process of dismantling centuries-old ways that used to denote who people are and the social status they have. From rigid traditional social orders defined by birth or profession, the wealth they own becomes a new classifying criterion. Whatever social class people were born into, if they make enough money they can climb up the ladder. Nevertheless, keeping a low profile and living a simple life is not the typical style of wealthy groups in most Asian countries; to set themselves apart and to be distinguished from the commonality is the right choice for them. Therefore, the only way to make the sizeable bank balance commensurate social esteem is through the western luxury goods with loud logos and unmistakable signs that provide a handy tool for letting the world know their financial prowess. (Radha Chadha and Paul Husband 2006: 2)

As in other Asian countries today, in China, people are *what they wear*. The things with visible brands that people own are part of a new social protocol by which their identity and self-worth are determined. (Radha Chadha and Paul Husband 2006) To get better acceptance in social life or to enhance their social position, keeping the same pace of acquaintances on material things is of great significance for most people, especially the medium- and high-income groups. Thus, this complexity leads to a paradox that many Chinese of moderate means are simply spending their way up the social hierarchy, often in amounts totally in conflict with their real income.

Chinese Attitudes towards Luxury

KPMG-TNS made a survey of the attitudes of Chinese middle class towards luxury in 2008, in which 902 respondents were from 15 different cities with annual income separately above US\$ 3,250 in the small cities and US\$ 4,500 in

big cities such as Beijing, Shanghai, Guangzhou and Shenzhen. The income benchmarks in this study were considerably lower than in other studies, because here the ‘individuals’ rather than ‘households’ that were interviewed were partly from the western part of China where the cost of living as well as income levels are low. In the end, this study mainly dealt with people’s attitudes rather than behaviors. This enabled the readers understand better how Chinese react to luxury products.

The following tables provide answers to the willingness of buying luxury goods as well as the driven forces to buy them:

- **Table 2: ‘I am willing to pay a premium for luxury goods with a long heritage’**

Annual Income (RMB)	Very Willing	Willing	Total
Over 96,000(US\$ 7,500)	33%	45%	78%
72,000-96,000(US\$ 5,500-7,500)	37%	39%	76%
Below 72,000(US\$ 5,500)	27%	40%	67%

Source: KPMG-TNS 2008

- **Table 3: ‘I am willing to pay a premium for a positive retail experience’**

Gender	Very Willing	Willing	Total
Female	27%	40%	67%
Male	20%	40%	60%

Source: KPMG-TNS 2008

- **Table 4: ‘I am willing to pay a premium for goods that are fashionable’**

Age	Very Willing	Willing	Total
35-44	24%	39%	63%

30-34	13%	36%	49%
25-29	14%	32%	46%
20-24	13%	50%	63%

Source: KPMG-TNS 2008

These responses indicate that Chinese consumers, just as their Japanese counterparts, show great passion for luxury goods through a wide range of ages, while mostly interested in a brand's heritage, attracted by fashionable items and looking for a special retail experience.

Then just what made Chinese people desire a luxury so much? Table 4 provides parts of motivations that drive middle class Chinese to buy or consider buying luxury products:

- **Table 5: Motivation of buying luxury goods**

To reflect my personality	Beijing	49%
	Shanghai	50%
To reflect taste and discernment	Beijing	50%
	Shanghai	47%
To pamper myself	Beijing	47%
	Shanghai	52%
To stand out from the masses	Beijing	24%
	Shanghai	41%
Because I am a 'connoisseur'	Beijing	18%
	Shanghai	16%

Source: KPMG-TNS

- **Table 6: Attitudes towards people who own luxury goods**

They are successful	64%
They have good taste	53%
They are fashionable	28%
They are show-offs flashy	18%
They are ‘nouveau riche’	14%
They are wasting money	14%
They are superficial	3%

Sources: Chinese Luxury Consumers, 2008

Thus the information above gives a clear clue to Chinese middle-class consumers: they look for brand heritage and fashion content, and purchase that which will help reflect their personality, taste and discernment. As for the general view regarding those who own luxury products, respondents in this survey generally had a favorable view of such people, which the majority considering them successful and having good taste. Only a small part of respondents claims they are wasteful or superficial.

To sum up the other research findings, the Chinese luxury market is to some extent male-dominated, with business gifts continuing to make a substantial contribution. But as time goes by, the situation changes little by little today in that females play a strong role in purchasing luxury goods, for instance bags, shoes, jewelry and etc. Males are also purchasing more luxury for self-consumption or as gifts for relatives or mates.

The facts stated above can give a big picture of the attitude of Chinese towards luxury, but people would say the objects mentioned are mostly products that can last long, for instance, cars, jewelry, watches and bags; people may be willing to

pay high prices for durable goods for owning one and keeping it for a lifetime or several years will justify the cost. Consumable goods, such as chocolate, are different, it cannot be expected that people buy only one box within several years. If they are sold expensively, people will turn to the ordinary ones. This can be true, however, the target customers in this study is never the everyday people, but the medium- and high-income groups.

When considering successful examples in food industry, Haagen-Dazs and Starbucks would be good evidence. Though not counted as luxury, the two ordinary brands in Chinese markets are the fancy and costly snacks that denote 'noble-people-only'. People are proud of having one cup of the coffee or ice-cream and are always envied by others, if they can eat or drink them often. Due to the rise in income of the Chinese people in recent years, these two brands are not so unreachable today. But at the time of arriving in China, they were the dreams that people were striving for. Even today, these two products are still very expensive and a sign of wealth. They attract people to save money, thus to enable them to indulge in a Starbucks shop, and always, the higher price, the better sales.

Thus, making Fazer into a luxury in confection in China does not sound so incredible any more. With diverse festivals and the special culture of 'sending presents' in China, chocolate is always a best choice, having a broad range of consumers, young and old, men and women, and for people with any relationships. So to draw a clear distinction from the mass chocolate brands in Chinese market, Fazer could also demand exorbitant prices when starting out in China and create another European Dream for millions of dreamers there.

3.2 Country Facts

Economy Overview

Since the late 1970s China has moved from a closed, centrally planned system to a more market-oriented one that plays a major global role. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2010 stood as the second-largest economy in the world after the US, having surpassed Japan in 2001. (CIA)

Table 7: Economy of China

	2011	2010	2009
GDP (purchasing power parity):	\$11.29 trillion	\$10.34 trillion	\$9.356 trillion
GDP - real growth rate:	9.2%	10.5%	9.2%
GDP - per capita (PPP):	\$8,400	\$7,500	\$7,000
Exports	\$1.898 trillion	\$1.578 trillion	-
Imports	\$1.743 trillion	\$1.327 trillion	-

Source: CIA

Luxury Brand Recognition Level for Middle-Class Chinese

According to the report of the brand awareness research by KPMG-TNS, there were more than 30% of the brands mentioned by the interviewers that were known to the Chinese middle class. Cars, with 65%, commanded the highest degree of recognition (at least in percentage terms); bags and shoes has 37% recognition and watches had 34%. These figures were on par with Japan and much higher than Germany. (Michel Chevalier and Pierre Lu, 2009: 37) As economic resurgence as well as a greater pitch of globalization in the past few years, there would undoubtedly be a huge increment on the brand recognition

level for Chinese.

Sales Growth of Luxury goods in China

The following chart provided by Euromonitor International shows the recession triggers of long-term global shift in luxury sales:

Figure 9: Sales Growth of Luxury goods



Copyright: Euromonitor International

As shown in the chart, between the years of 2005-2007, sales of luxury goods were booming in developed markets as well as in emerging economies. But when the global economic downturn began making an impact from 2008, the luxury goods market suffered a huge defeat. However, China's progress still kept the usual unstoppable momentum, while the ever flourishing countries cooling rapidly.

3.3 Chocolate Market

Nowadays 70% of the chocolate market in China is held by foreign brands

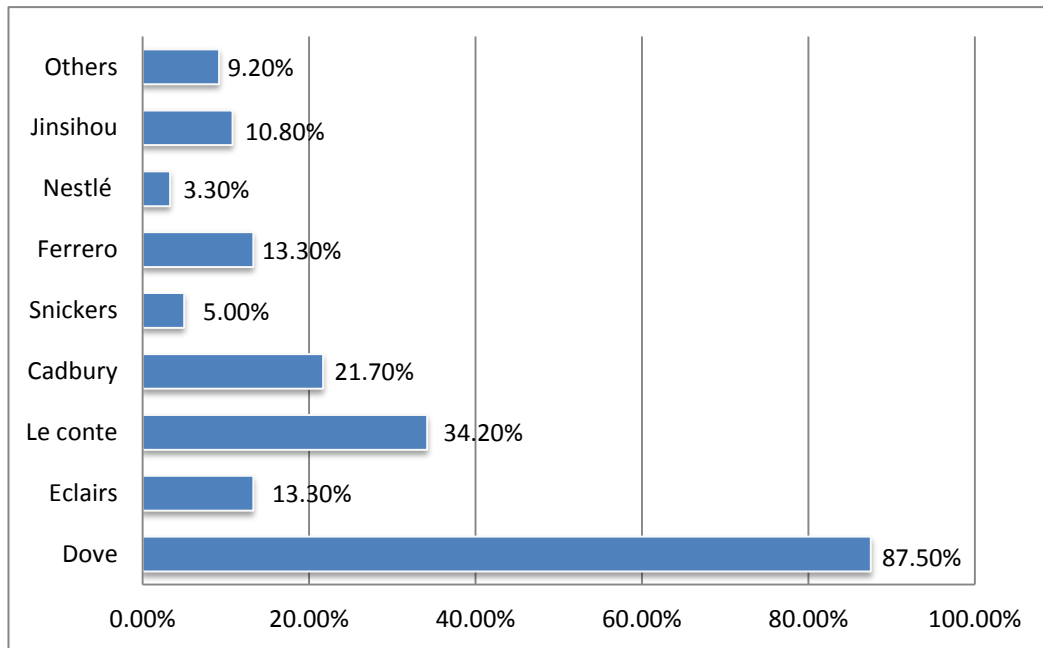
(China-jzqh: 2009), and the absolute advantage is steady and obvious. However, though the foreign brands play a leading role in the competition in the Chinese chocolate market, the market saturation is very low at present and has a huge potential for development. The average consumption of chocolate in China is 0.5-0.6 kilogram per year (American: 9 kilograms; Japanese: 2.95 kilograms); and the Compound Annual Growth Rate of chocolate in China was 11%-15% during 2002-2007 (Askci: 2008). It is estimated that it will be maintained at a rate of 15% in the next ten years with a consumption potential of 3 billion dollars. (Alibaba China: 2009). Once the average consumption per year reaches 1 kilogram, China will have the largest chocolate consumption in the world (Alibaba China: 2009).

Beijing Jingzhun Company conducted a survey on Beijing's chocolate consumption in 2009, aimed at finding out the future development opportunities for the domestic chocolate brands as well as the method of increasing market share in order to compete with the foreign brands. This survey was carried out with 316 respondents in Beijing, among which 62.9% were female and 37.4% were male. Though the survey only concerned Beijing and was in the interests of Chinese domestic chocolate enterprises, there is, nevertheless, much valuable information that could provide significant guidance and direction for Fazer when launching their China market.

Part of the valuable information obtained in the survey is as follows:

- **There is an Escalating Trend of Consumption for Middle- and Upmarket Products.**

Chart 1: The brand of chocolate that consumers have ever bought

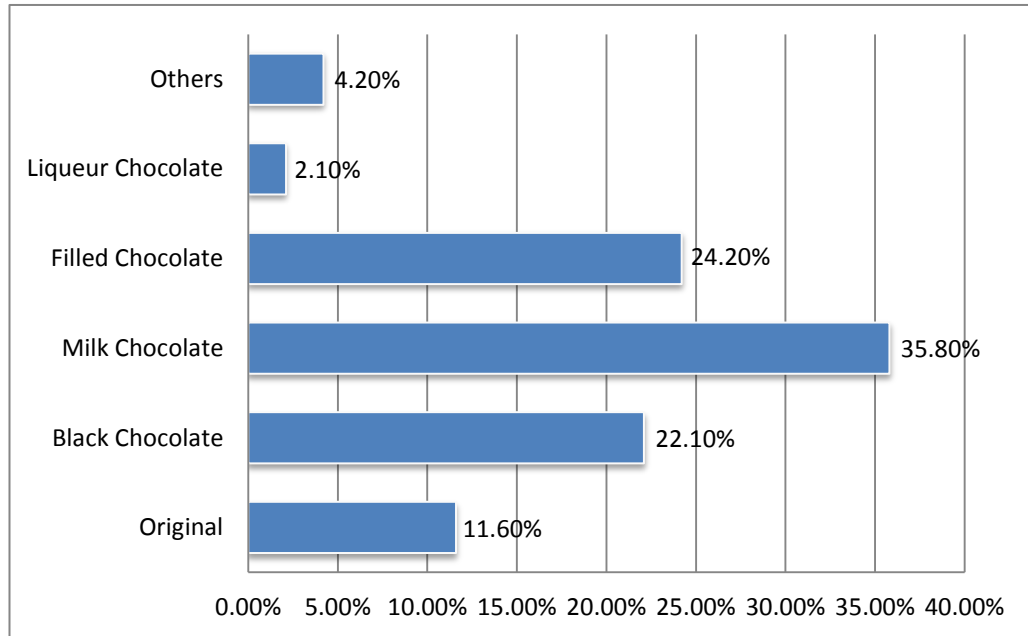


Source: Beijing Jing Zhun Company

According to the research, the most frequently purchased brand of chocolate by Chinese consumers is the American brand Dove, with an overwhelming market share of 87.5%. Next is the Chinese domestic chocolate brand Le conte, claiming a percentage of 34.2. Its brand awareness is increasing due to its good taste and medium price. As to other foreign brands such as Eclairs, Cadbury, Ferrero, etc., the consumption is comparatively lower mostly due to their high price and low recognition value of the brand.

- **Milk chocolate is the most favored one among consumers.**

Chart 2: The flavor of chocolate that consumers prefer

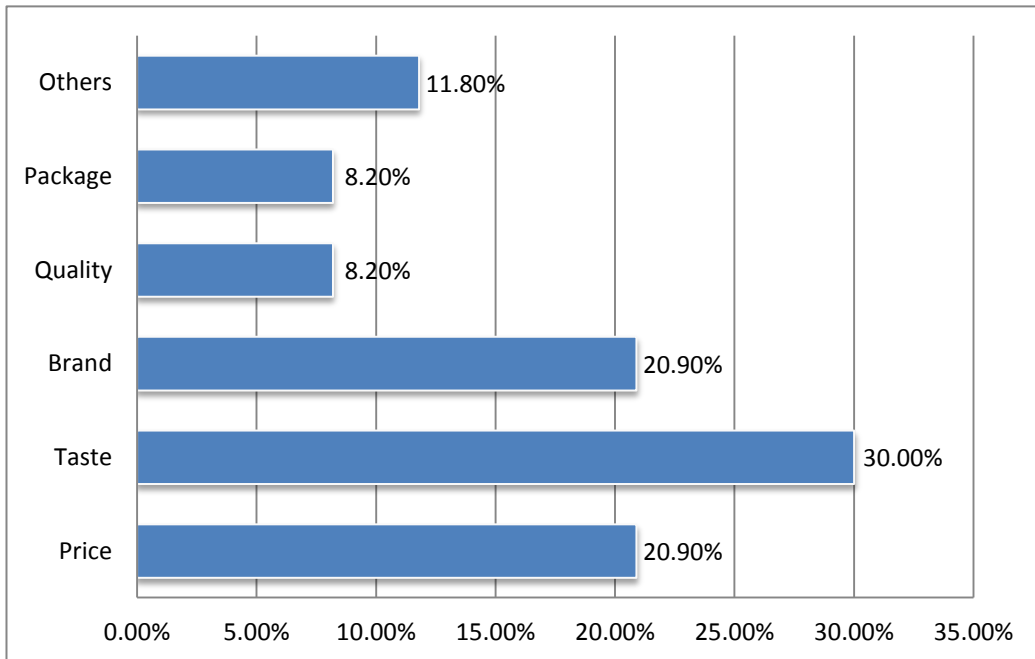


Source: Beijing Jing Zhun Company

The most preferred flavor of chocolate for these respondents is milk chocolate, followed by filled and dark varieties. As to Fazer, as a professional chocolate maker that has diverse product categories which cover the most popular ones among the Chinese, with milk chocolate as its masterpiece, it could easily win customers in the Chinese markets.

- **Taste, Price and Brand are the Most Important Issues to Be Considered when Buying Chocolate**

Chart 3: Key Factors Been Considered when Buying Chocolate

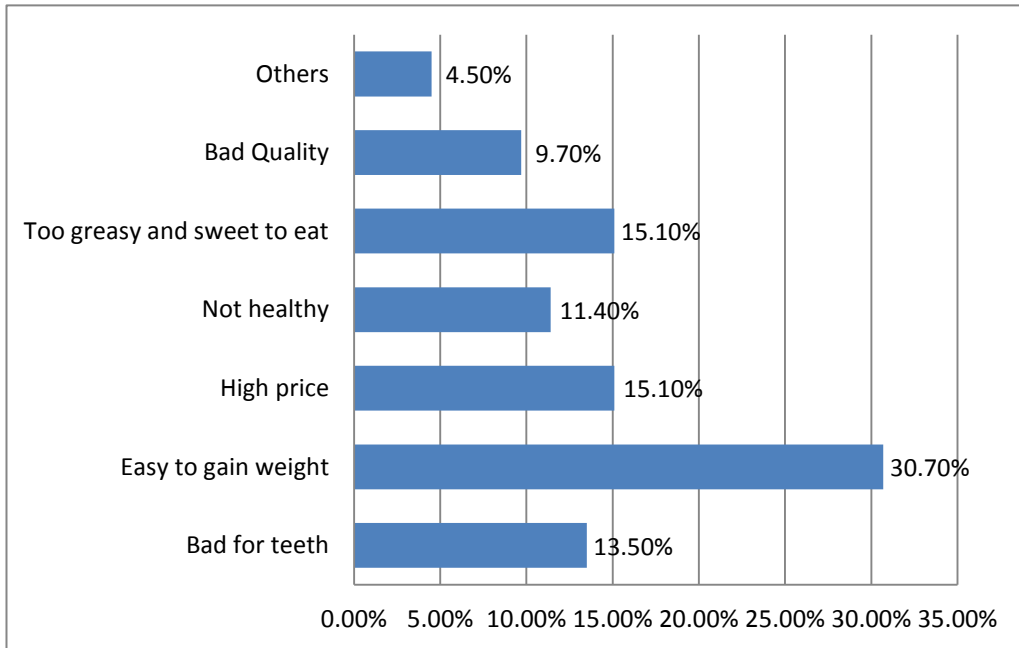


Source: Beijing Jing Zhun Company

To the consumer, when purchasing chocolates, taste is the main consideration, as well as the brand awareness and price. Quality and packaging are also important issues for Chinese consumers. As for the key factors mentioned in this survey, the only thing Fazer has not yet achieved is brand awareness in the new market. It would be a key issue for Fazer when entering the Chinese market, to tout its products as unique and desirable dreams, as luxury. Once the brand is built and known as luxe, customers would swarm to it, for, as mentioned before, the higher the price, the better the sales.

- **Easy Weight Gain and High Price Are the Key Misgivings on Chocolate Consumption**

Chart 4: The misgivings on chocolate consumption



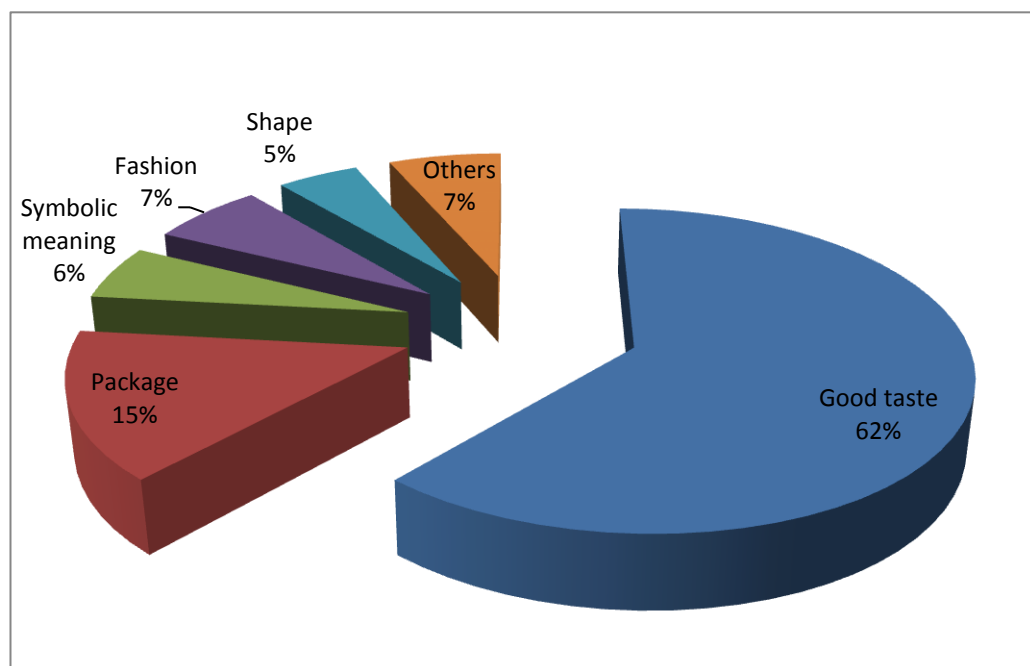
Source: Beijing Jing Zhun Company

The factors that concern Chinese customers are mostly associated with the ‘bad effects’ to health when eating chocolate. However, that is a misunderstanding of chocolate for most Chinese: the majority of chocolates made by domestic producers are of low quality; they use large amounts of sugar, nondairy creamer and additives. Moreover, cocoa butter substitutes are used in production rather than real cocoa. The use of these materials renders the domestic ‘chocolate’ as mere candy with high sugar and additives. These so-called chocolates lead to the idea that chocolates are unhealthy snacks that cause bad teeth and easy weight gain. Some real chocolates, indeed, contain much sugar, but it is not enough to cause obesity or disease in view of the very low consumption of chocolates in China.

This can be one important reason why foreign chocolate brands are much more popular in China than domestic ones, since Chinese trust more the quality of European and American food. The western origins seem to be a guarantee, proving their products are exactly what is bought and not fake ones or those that have been made in an unqualified production environment. Therefore, though the foreign products' price is high, it is understandable that Chinese people accept them readily.

- **The Factor Attracts Consumers Most is The Taste of Chocolate**

Chart 5: The most attractive factor of chocolate



Source: Beijing Jing Zhun Company

This research indicates that consumers consider the taste as the decisive factor when buying chocolate, and the rest, for instance packaging, symbolic meaning, fashion, shape and so on, cannot rival it. However, as mentioned earlier, this survey was carried out for domestic chocolate producers in China and targeted the masses; hence the aim of the domestic chocolate manufacturers is to meet the

majority's needs. But as for Fazer, the company is not targeting low- and medium-grade markets or affordable prices. Launching as luxury confections, Fazer ought to reverse the significance of these factors and focus more on the symbolic meaning and fashion as well as other spiritual aspects. It is a feeling and dream rather than an entity to be sold. Of course quality and taste is fundamental facet, but symbolic aspects such as the dreamy feeling of wealth, are the outstanding points that attract its fans stay loyal and standing to it.

- **The Most Acceptable Price for Every 100g Chocolate Is between ¥4-10 (\$US 0.63-1.5)**

According to the research, more than 70% of the respondents hold the view that it is ideal to spend ¥4-10 (\$US 0.63-1.5) on every 100g chocolate, 12.4% of them said it is acceptable to be ¥10.1-14 (\$US 1.5-2.2), and 7% of the respondents showed willingness to buy 100g chocolate with more than ¥14 (\$US2.2). Once again, the price acceptance is for the average consumers; the target group that will actually buy Fazer should be the 7%, while striving to appeal to the 93% and winning them over as potential customers.

3.4 SWOT Analysis of Fazer

In order to provide a better understanding of the current situation and potential development strategies of Fazer, a SWOT analysis is undertaken in this study.

A SWOT analysis is a strategic planning method to evaluate the Strengths, Weaknesses, Opportunities and Threats involved in a business venture. It involves specifying the objective of the business venture as well as identifying the internal and external factors that are favorable and unfavorable in achieving the objective. (Wikipedia)

Internal and External Factors

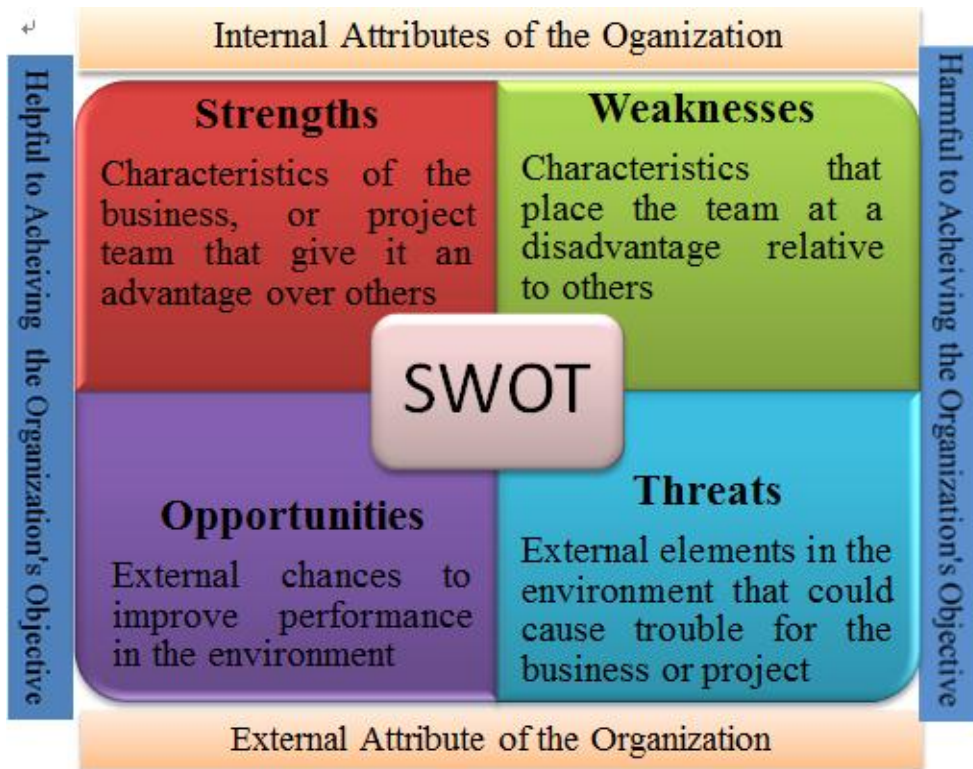
The aim of a SWOT analysis is to identify the key internal and external factors that are essential to achieve the objective. The factors are based primarily on a company's unique value chain. Key pieces of information are classified into two main categories in a SWOT analysis: (Wikipedia)

- Internal factors: The strengths and weaknesses internal to the organization;
- External factors: The opportunities and threats presented by the external environment to the organization. (Wikipedia)

Matching and Converting

One way to utilize SWOT is matching and converting. Matching is used to find competitive advantages by coupling the strengths with opportunities, while converting is to apply conversion strategies to convert weaknesses or threats into strengths or opportunities. If the threats or weaknesses cannot be converted, a company should try to minimize or avoid them. (Wikipedia)

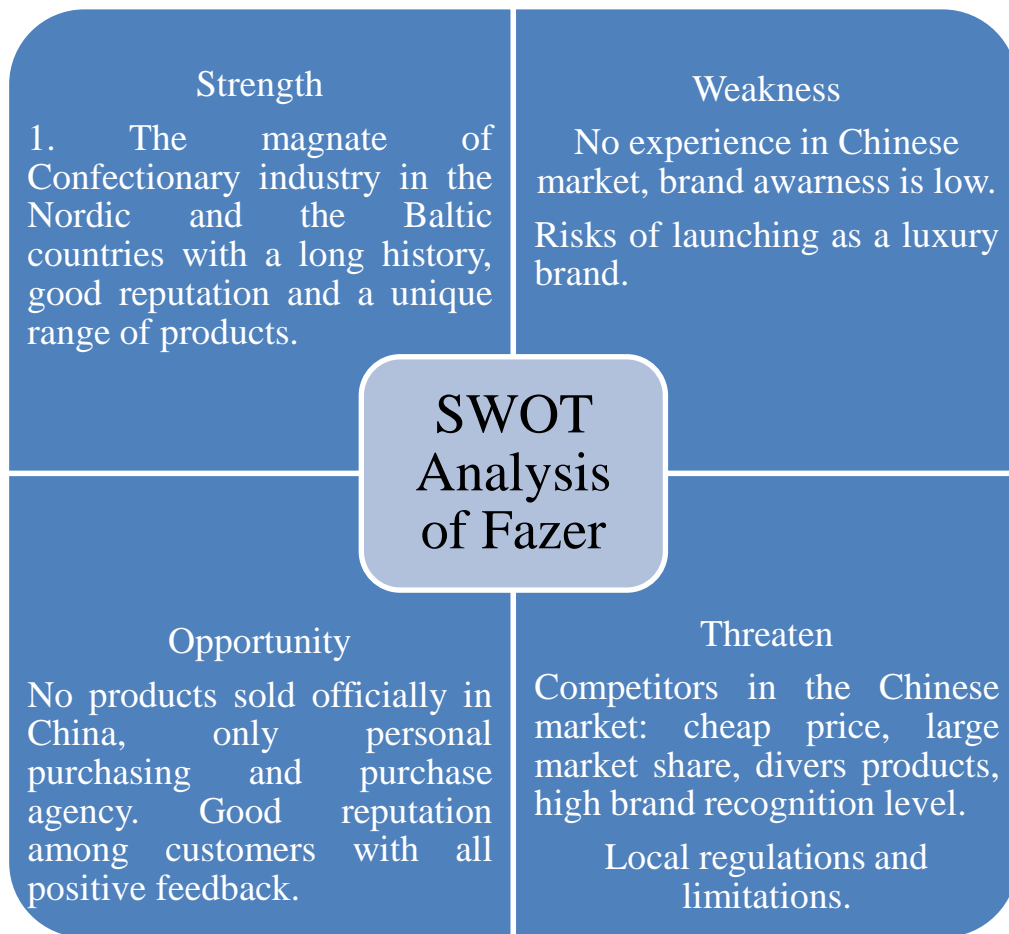
Figure 10: SWOT analysis



Source: Andy Eklund, 2009

The SWOT Analysis of Fazer is concluded as follows:

Figure 11: SWOT analysis of Fazer



4 RESEARCH METHODOLOGY

“Marketing research is a process that identifies and defines marketing opportunities and problems, monitors and evaluates marketing actions and performance, and communicates the findings and implications to managements.”

-----Philip Kotler

In this chapter, the research methods as well as the data used will be discussed. Together with the introduction of both qualitative and quantitative research methods, a comparison between them will be conducted; in addition, validity and reliability of a research will be discussed.

4.1 Research Methods: Qualitative & Quantitative

4.1.1 Qualitative Research Method

Qualitative research generates non-numerical data. It focuses on gathering mainly verbal data rather than measurements. The information gathered is analyzed in an interpretative manner, subjective, impressionistic or diagnostic. Generally, qualitative research is used to explore and understand people's beliefs, experiences, attitudes, behavior and interactions. (Experiment-Resources.com, 2009)

The primary aim of a Qualitative Research is to provide a complete, detailed description of the research topic. It is best conducted in such researches that explain further why a particular event happened, or why a particular phenomenon is the case. (Experiment-Resources.com, 2009)

In qualitative research, the researcher serves as the primary data gathering instrument. There, the researcher employs various data-gathering strategies, depending upon the thrust or approach of the research. The most common data-gathering strategies used in Qualitative Research are:

- Individual in-depth interviews
- Structured and non-structured interviews
- Focus groups
- Narratives, content or documentary analysis
- Participant observation
- Archival research. (Experiment-Resources.com, 2009)

In addition, the research data in qualitative research can also be secondary data, i.e., official documents, articles, pictures etc. (Vehkaperä 2003). While compared with quantitative research, there may be fewer observations for data analyzing in qualitative research. On the other hand, the information of the case then can be too in-depth to some people to filter the irrelevant data before analysis. Besides, the collection and analysis of the data in qualitative research are always concluded at the same time. This may lead to an increase of new questions and make the data contain much more information than planned primarily. (Ghauri, Grønhaug and Kristianslund, 1995)

4.1.2 Quantitative Research Method

Quantitative research generates numerical data or information that can be converted into numbers. Only measurable data are being gathered and analyzed in

this type of research. This method focuses more on counting and classifying features and constructing statistical models and figures to explain what is observed. If a study aims to find out the answer to an inquiry through numerical evidence, then quantitative method would be the right method for it. (Experiment-Resources.com, 2009)

To gather material for the quantitative research, the most widely utilized methods are:

- Surveys
- Interviews
- Observations
- Experimental case studies. (White 2003: 49-50)

Among these, the most common used method would be structured questionnaires, since they easy to manage and the result is reliable. Moreover, it is fairly easy for respondents as well as the researcher analyze the data, since electronic tools nowadays provide marked convenience to both drawing up the questionnaire and interpreting the collected data. Meanwhile, there are also disadvantages with utilizing a questionnaire. The questions require a deeper understanding of the subject which may not be received through structured questionnaires. What is more, respondents may be unwilling to answer or avoid answering the questions which they may feel personal and sensitive; and in some cases, they may not able to find a suitable answer among the choices given. These problems can somehow decrease the reliability of the research result, and they should be avoided when conducting a structured questionnaire. (Sabel, 2009)

As for the different kinds of survey methods such as personal interviews, telephone and mail interviews, the researcher has to select the most proper one

depending on the subject. Besides, budget, timetables, respondent characteristics are also the factors that can affect the choice of the research method, so the researcher should choose the best alternative. (Sabel, 2009)

4.1.3 Qualitative VS Quantitative

Table 8: Qualitative research in comparison to quantitative research

	Qualitative Research	Quantitative Research
Types of questions	Probing	Limited probing
Sample size	Small	Large
Amount of information from each respondent	Substantial	Varies
Requirements for the research	Interviewer with special skills	Interviewer with fewer special skills
Types of analysis	Subjective, interpretive	Statistical, summation
Hardware	Tape records, projection devices, video recorders, pictures, discussion guides	Questionnaires, printouts, computers
Degree of replicability	Low	High
Researcher training	Psychology, sociology, social psychology, consumer behavior, marketing, marketing research	Statistics, decision models, decision support systems, computer programming, marketing, marketing

		research
Type of research	Exploratory	Descriptive or causal

Source: Carl McDaniel, Jr., Roger Gates, 2005

Compared to quantitative research, qualitative research is more flexible. For instance, in quantitative research, changes to a survey will be complex for the successive information collection, and the changes in middle of a research would distort the results and decrease the reliability. However, it is also said that qualitative research would generally be more expensive than quantitative research. (Sanna Uusiniitty, 2009)

Qualitative and quantitative research methods differ a lot in the way research is conducted, and each method has its own strengths and weaknesses which actually vary depending on the topic the researcher wants to discuss. (Experiment-Resources.com, 2009) Hence, no method should exclusive another. The most efficient way to do research is to use different kinds of research methods so that they could supply each other. (Sabel Thomas, 2007)

4.2 Reliability and Validity

Reliability describes to which extent the research result is reliable. Normally qualitative research concentrates only one case whereas quantitative research utilizes many samples. However, to both of them, fewer samples can be negative to the research since generalization becomes more difficult. As for qualitative research, a hidden peril that always should be taken into account is that the result may not be objective due to the personal influence of researchers on the study, for instance prejudice and outlook of political or religion etc. Compared to qualitative research, the answers of quantitative research can be easily analyzed and

interpreted. But to get an ideal response can sometimes prove difficult, particularly within a limited time. (Vehkaper ä 2003)

The mistakes in survey is one of the tricky problems for quantitative research. The mistakes can either come from the respondents or the researchers. For instance, the respondent understands the question in a different way from the researcher or the respondent remembers incorrectly. Also, problems may arise when a researcher transfers the collected data, especially when the amount of data is large.

The result should not be random, which means that the same result should be received if the same research was repeated in the same manner. Thus, questions should be unambiguous and logical to ensure that the respondents understand the question the same way as the researcher, and proper instructions should be provided to avoid misunderstanding. Besides, it is beneficial to keep the survey short, otherwise respondents may lose patience and give unconsidered answers. (Sanna, 2009) To sum up, the researcher is required to be very carefully at every point of the survey: planning, preparing, conducting as well as disposing, so as to reduce the mistakes and make the result reliable.

Validity describes whether the research measures its aim or not. Validity is reached if the target group and the questions are the right ones. The target group should be considered carefully and it should be assured that it represents a population thus to increase the validity of the research. During the research, measurement instruments should remain consistent when analyzing the results of qualitative research credibility, transferability and dependability. Credibility stands for the extent of versatile and whether the research gives an exact picture of the phenomena. The result should represent the research itself but not the

preconception of the researcher. Dependability means that the result can be compared to the former results of researches. Transferability describes whether the result can be transferred to other researches. And as for qualitative research, it is more valuable to get a deep understanding than a large size of the research material. (Zikmund 2002: 129-132)

4.3 Conclusion

The aim of this thesis is to work out a marketing strategy for Fazer (chocolate) when launching in China, and the suppositional method is to introduce it there as luxury confectionery. Since the products of Fazer have never been sold officially in China before, knowing the attitudes of Chinese people who have eaten Fazer before and their willingness of introducing Fazer to China is the core issue to be managed.

Considering the nature of the thesis, a structured questionnaire would be the most convenient way to collect information from qualified respondents since the respondents are located in different cities and different countries (the Chinese who is in China but ever tasted Fazer before and the Chinese who still in the countries where Fazer is sold), and a questionnaire could provide most efficient responses in a broad range while maintaining a lowest cost.

5 EMPIRICAL STUDY

Stream of dark creamy or yet crunch or foamy, together, making a paradise within your mouth, a paradise, where you have to close your eyes and take your tongue to every corner, chocolate will always sooth you, your happiness can be chocolate. (Eskorbutin, 2008)

5.1 Data Collection and Analysis

The quantitative research method is utilized in empirical research for this study, with an aim to gather the willingness and attitudes from customers' point of view on the idea of introducing Fazer chocolate to China.

A structured questionnaire with 12 questions was drawn up and sent to 150 Chinese people in Finland via a special chatting tool among the Chinese during April 2012. These questionnaires were sent to the Chinese who are now or used to be studying and working in Finland temporarily and have access to Fazer products. The respondents are from a broad range of cities in China, covering big, medium and small cities with different levels of income and cost of living, for instance Wuhan, Fuzhou, Guangzhou, Beijing, Dalian, Yantai, Chongqing, Huaian etc. To date, 95 answers have been received, among which 87 are valid (from 52 females and 35 males) and would be used as resources for analysis in this study. In the end, the response rate is 63.33%.

Valid data was gathered with the matching of target group: the Chinese with an age range of 20-30 years old who have previous experience in consuming chocolates of Fazer and will go back to China within a few years. This is

important since they would be the best medium to carry out 'word of mouth' and have huge potential to be developed as the main customers when Fazer enters the Chinese market.

The idea of introducing Fazer to China is aiming to make Fazer a luxury brand, i.e., the price of Fazer would not be as cheap as the students or everyday people could afford. The reason of choosing the Chinese students and workers as respondents is to collect attitudes toward chocolate products of Fazer as Chinese, rather than expecting them to be the primary customers when Fazer is launched in China. Knowing their willingness to have Fazer sold in China, once that starts, they could be the most vivid medium to advertise Fazer among relatives and in social networks, their words would be a trusted and an efficient method compared to official advertisements. Though they may not be able to afford Fazer frequently at first, they could encourage and suggest their friends who can afford it to buy; or at least, the respondents can buy it as gifts occasionally, since people are willing to spend large amounts of money on presents whereas they hesitate spending on themselves. A fancy present is prestigious to both sender and receiver in Chinese culture.

5.2 Research Findings

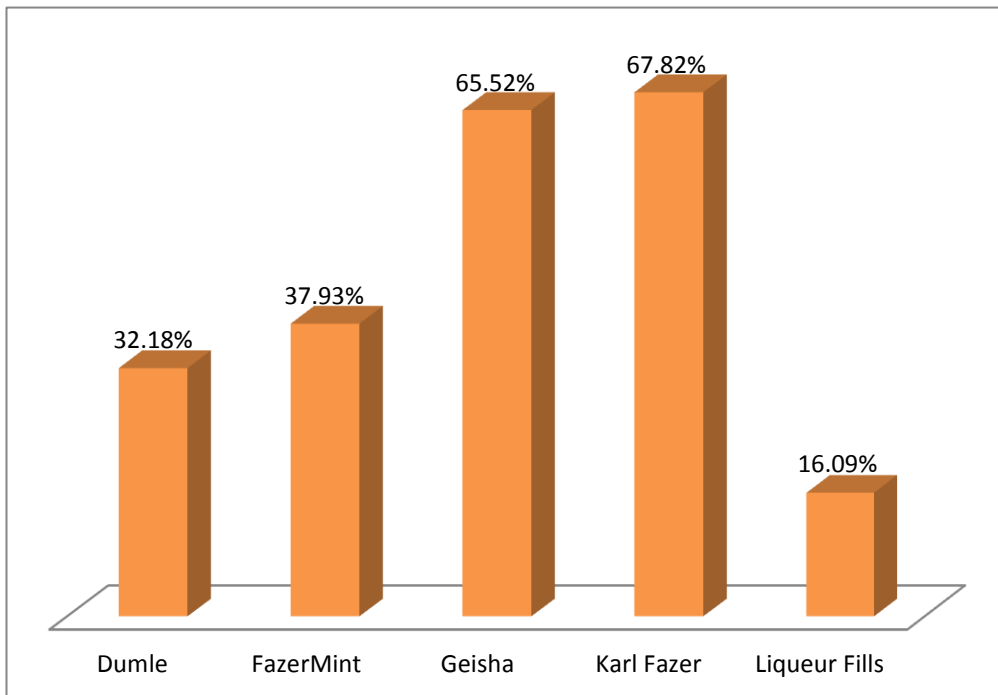
The questionnaire was structured in three parts: the attitude towards Fazer, the chocolate consumption in China and the attitude towards introducing Fazer to China. Questions were set as tick-in questions with simple selection and multiple choices as well as open questions, where respondents could write the reason why or why not they think Fazer is better than the chocolate brands in Chinese market. They were also asked to express their own opinions and suggestions as well as any other things they would like to say to Fazer. All questions were written as

objectively as possible.

According to the responses collected, the questions were well understood by the respondents; all obligatory questions were answered and only a few open questions were left unanswered. In order to make a structured questionnaire and achieve good statistics analysis, the questionnaire was made by e-lomake and the data received was imported into SPSS-program. These tools made it very convenient for time-to-time supervising and subsequent chart modifying.

Therefore, the research findings are presented as follows:

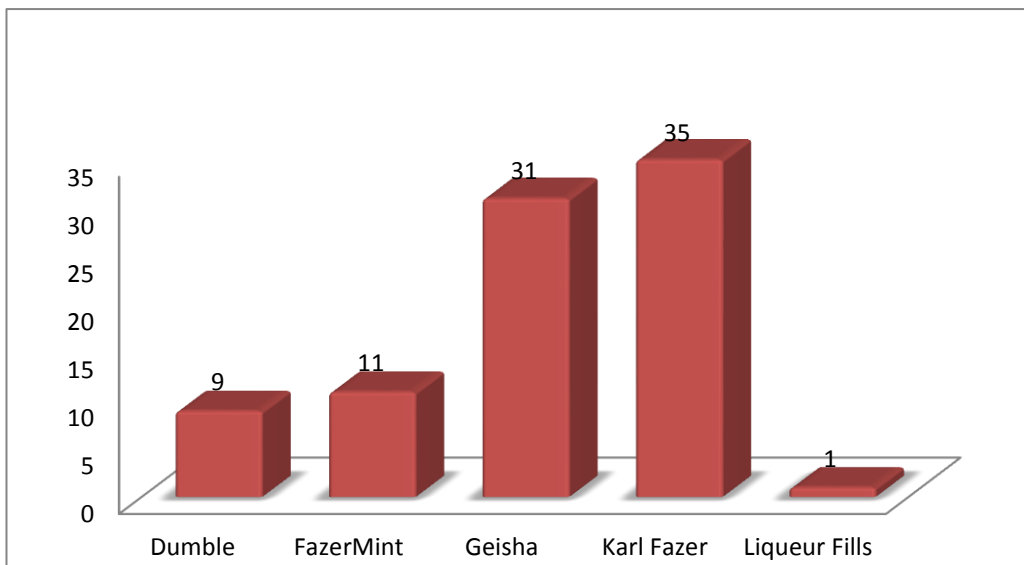
- **Chart 6: The brands of chocolate of Fazer ever bought**



There are five brands of chocolate products of Fazer: Dumle, Fazermint, Geisha, Karl Fazer and Liqueur Fills. Each brand has several types of products. (See Figure 6, 7, 8, 9, 10)

According to the data gathered, the respondents' purchasing experience had covered the entire branches of Fazer's chocolate brands. Among these, Karl Fazer and Geisha were bought mostly because of their diverse product types and taste. Less than 1/4 respondents had bought Liqueur Fills due to their alcohol ingredient and comparatively less accessibility.

- **Chart 7: The most favorable brand of chocolate products of Fazer**

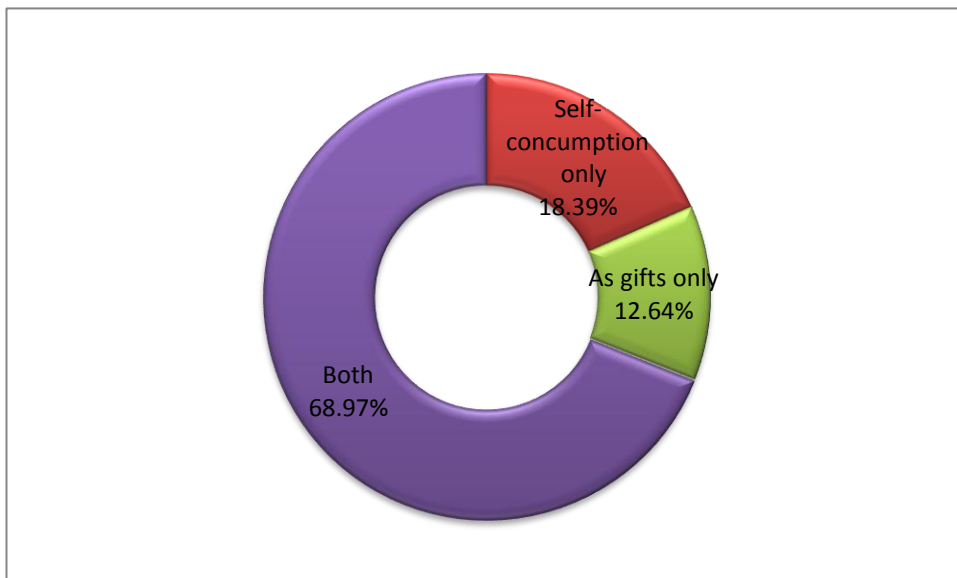


It is obvious that not all brands of Fazer can be introduced in China at the same time; these figures provide a clue to what brands of Fazer are more preferred by Chinese. The first introduction is the key step of bringing a product to a new market, so choosing the right product that meets the largest range of clients is of great significance; since it can bring either very good impression or disappointment to customers, and it will certainly have great influence on the subsequent sales.

According to the chart, Karl Fazer and Geisha are the most popular brands among the respondents, followed by Fazermint and Dumle. Only 1 of the 87 respondents chose Liqueur Fills as his favorite brand. Therefore, when making the first sell, it

would be wise to introduce the products from Karl Fazer and Geisha. Additionally, products in different sizes of these two brands are suggested to be introduced at the same time, and with larger sized priority. This is because Fazer is estimated to be bought as gifts when launching in China, and large sized packages will be more proper to be bought as gifts, besides, large packages demand of higher prices (compared with smaller ones). In this way, it is easier to define the status of ‘luxury’— more obvious to show the disparity in price when compared with other chocolate brands in China (for instance, compared with ¥8 to ¥2, ¥280 to ¥70 can give a greater feeling of disparity on products levels when the ratio of price remains the same). As for the advantages of small sized ones, on one hand, the price is lower and it makes for affordable, more frequent purchasing, on the other hand when there are more types to choose, people will try to buy different tastes in order to find favorite ones, so it somehow encouraged the purchasing decision.

- **Chart 8: The purpose of purchasing Fazer**



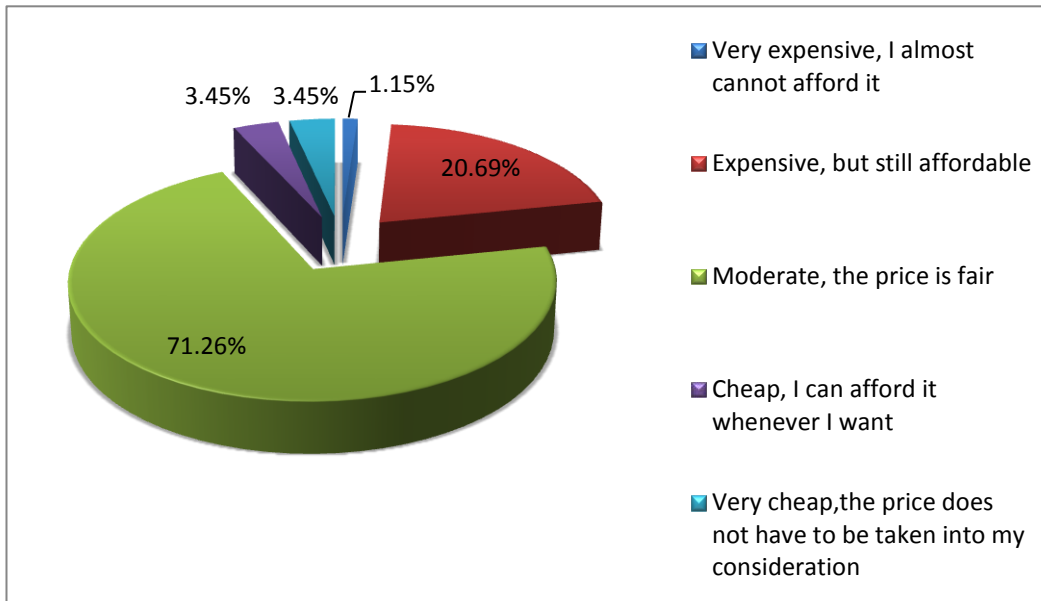
A conclusion can be drawn that around 87% of the buyers in this research have consumed chocolate products of Fazer, and 13% of them buy Fazer as presents only. The majority of the respondents buy Fazer both for self-consumption and as

gifts.

‘Giving presents’ has been an important part of the Chinese culture. They send gifts in appreciation for those who have helped them, who is helping them and even for those who may be helpful for them in the future; they send gifts to each other for celebrating, for instance promotion, birthdays, wedding, or holidays and special days; they send gifts for building social networks, to leaders, to colleagues, or to whoever in his/her life... it is hard to imagine a situation that gives no excuse for Chinese to send gifts. Therefore, as to chocolate, its good meaning, taste and shape make it a perfect gift in most situations.

In deeper discussion with the respondents, it became evident that some of them buying Fazer as gifts were asked by their friends and relatives. Those people who taste the chocolates have to ask people overseas to buy a lot and send to them, on account of no official sales in the mainland of China. Thus there is a demand, together with its fame in Europe and guarantee of quality and taste, once introduced to a larger range of clients, it is hard to imagine a failure for Fazer in Asia.

- **Chart 9: Attitudes on price of chocolate products of Fazer**

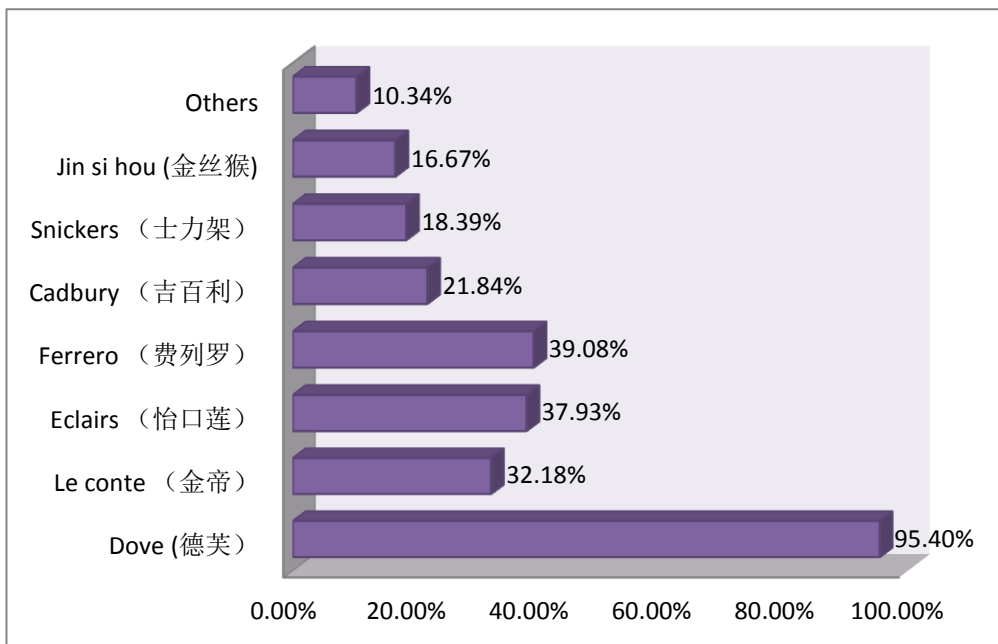


The figures in this chart tell that nearly 4/5 of respondents think the price of Fazer (in Finland) is reasonable, among which 71% of them disclose the price is moderate and fair, 3.45% of them think it is cheap and do not have to worry about the price, and the same percentage of respondents announce that Fazer is very cheap. Around 1/5 respondents hold the view that the price of Fazer is high, but still affordable and only one respondent thinks it is very expensive and hard to afford.

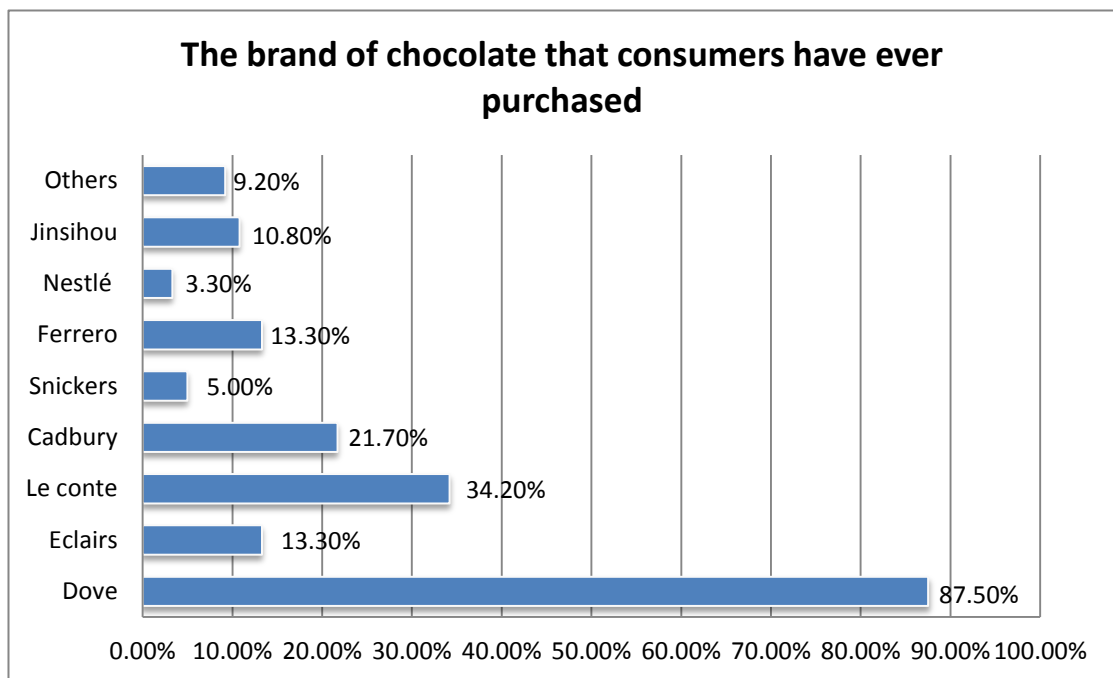
The answer to this question is the same as estimated—to the majority of people surveyed in this research, Fazer is a popular brand of chocolate products, fairly and reasonably priced. This is an ideal result: if the majority treat Fazer as an inexpensive brand, it would be very hard to set higher prices in China, since people will be reluctant to spend such a high expense on a ‘sixpenny’ product even if it is from Europe. On the contrary, if the price in Finland is already very high to most of the Chinese, it would be hard to make it popular if the price is doubled several times over in China. Therefore, an impression of moderate can

give good reasons for Fazer to set an exorbitant price in China after a series of ‘repacking’ with tales, dreams created for Chinese and high-quality advertising. A medium price level in home country will not make new customers feel they are taken advantage of the company.

- **Chart 10: The top 3 chocolate brands bought in China**



This question is structured to gather the general idea of which chocolate brands are consumed in Chinese market by the younger generation nowadays. Compared with the study done by Beijing Jingzhunqihua in Beijing in 2009, the research conducted in this thesis has respondents update and cover a broader range of areas, and the result has changed a little.



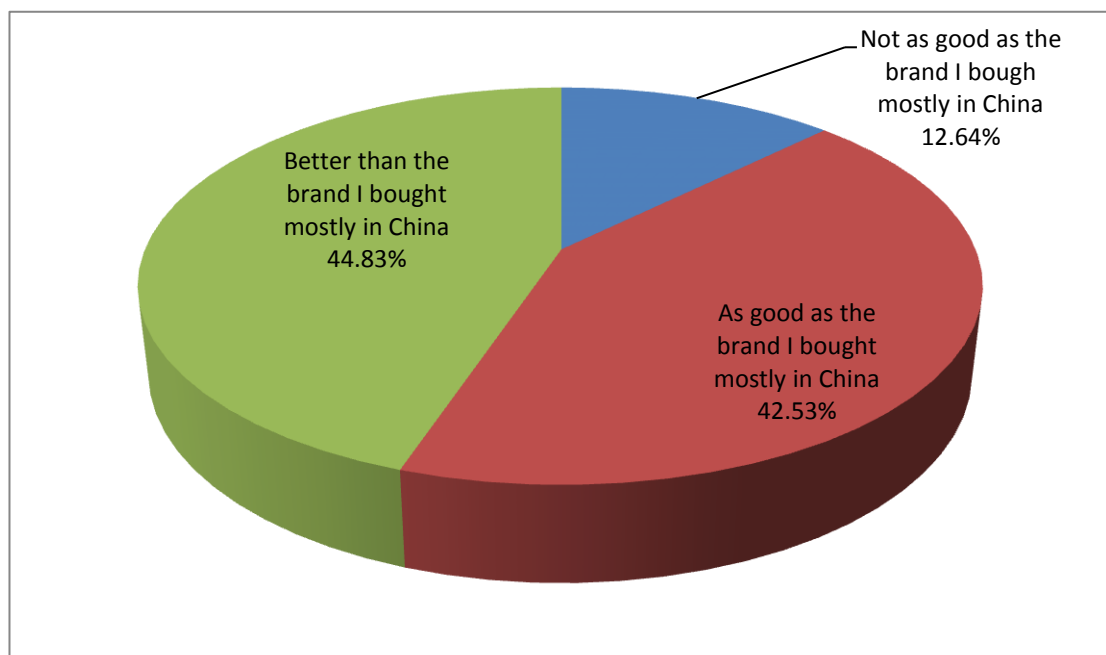
Source: Beijing Jing Zhun Company 2009

Due to diverse categories of products and elegant packaging that meet the Chinese aesthetic, Dove still owns the biggest market share after years and its advantage in chocolate market is undeniable. Eclairs and Ferrero are more preferred by the respondents in research of this thesis than by those investigated by Jinzhun Company. Le conte, as the domestic chocolate brand of China, owns a notably large market share when compared with other domestic brands, such as Jinsihou and so on. According to the results in this research, the top three chocolate brands most bought by the respondents are all foreign brands. When extending to a broader range throughout China, it can be estimated that the trend that foreign brands dominate Chinese market has become increasingly obvious.

But not long ago, it was exposed that there is a quality problem with Ferrero, since plenty of maggots were found in its products which were still in the guarantee period. The brand's image has been ruined and customers abandoned Ferrero one by one. Actually, however, this is not the only brand that has been

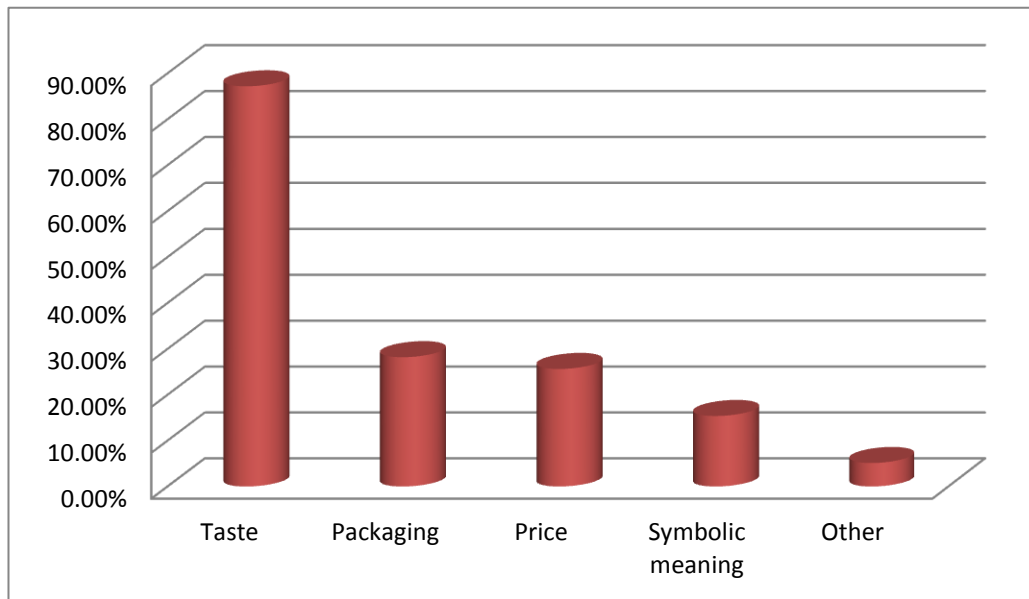
exposed having quality problem within past few years. Food safety has become a topic that is in the teeth of storm nowadays in China. While this is a tough time for most brands in Chinese market, it is the golden time for Fazer to be sent to China. This is because when most of the brands are questioned and Chinese customs have stricter limits on food imports, launching a new brand launching successfully will cheer up people who are wait-and-see and believe that only qualified and trusted products are able to get clearance at this serious time. So, it is a good time for Fazer to announce aloud to the Chinese that IT DESERVES LUXURY.

• **Chart 11: Compared with the MOST purchased chocolate brand in China, the attitude toward Fazer**



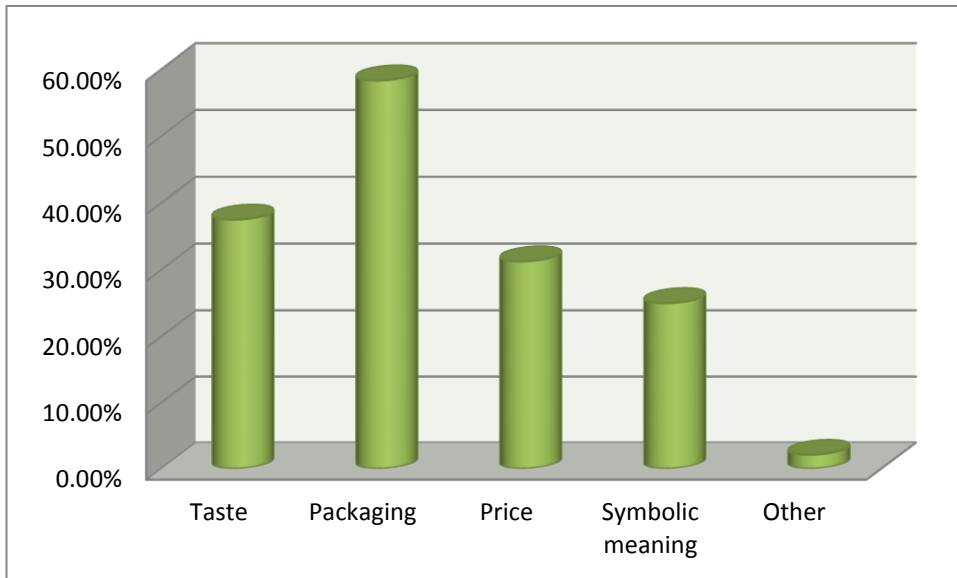
More than 87% of the respondents hold an optimistic view of chocolate products of Fazer when comparing them to their favorite brands in China.

Chart 12: The facet(s) that Fazer superior to the brand which bought mostly in China



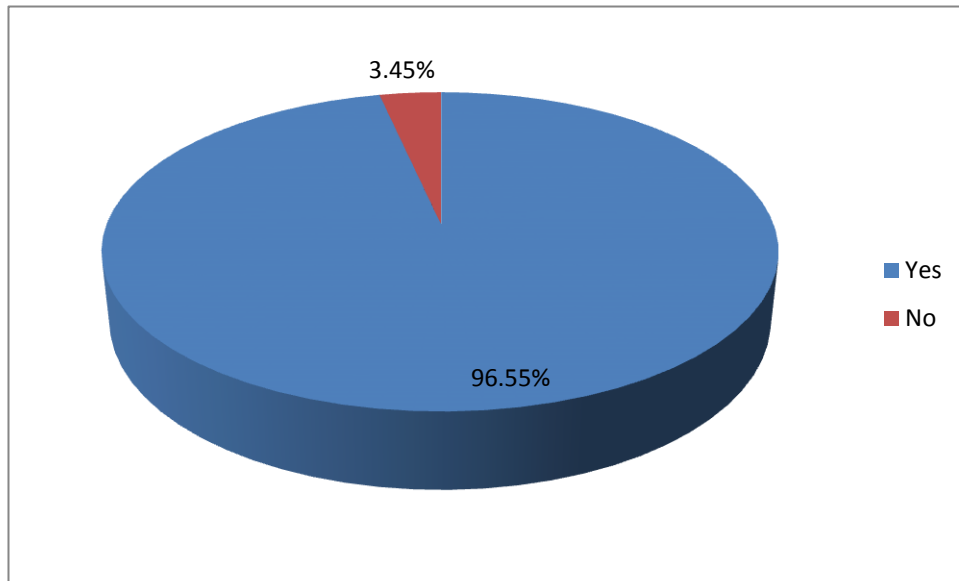
According to the respondents who think Fazer is better than their favorite brand at home, the majority attributes the success to its taste, or in another words quality—pure and high grade raw materials are appreciated, as the respondents explained. Packaging and price are also considered to be the advantages of Fazer which superior to the ones in domestic market.

- **Chart 13: The facet(s) that Fazer need to improve.**



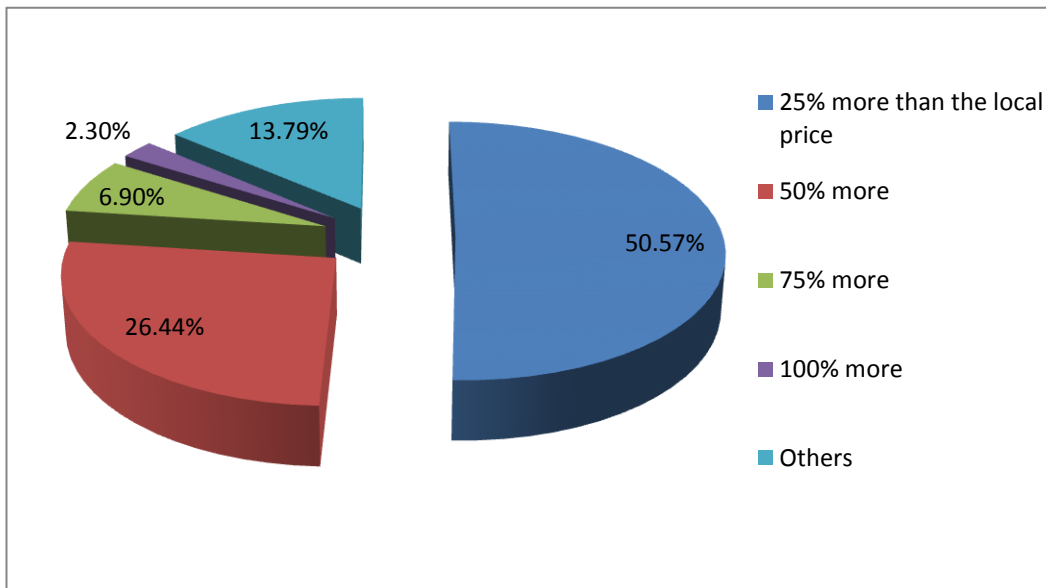
When turning to the rest respondents who think Fazer is equivalent or not as good as their favorite brand in China, packaging is the key facet that proved to be in dire need of improvement. Interestingly, around 1/3 of them reflect that the taste of Fazer should be improved, the reasons given by them are that the products are too sweet and more flavors are needed to choose from. Besides, price of domestic chocolates is said to be lower than that of Fazer. For most of respondents, they were also aware of the low brand recognition in China; therefore, they strongly suggest that Fazer create distinguishable and impressive symbolic meaning for its products to build its brand image in the new market.

- **Chart 14: Wish to have chocolate products of Fazer sold in China**



84 out of the 87 respondents showed their interest and desire to introduce Fazer to China, while the rest are reluctant to have it sold at home. The reasons provided by those not agreeing are interesting: one was worrying about getting fat quickly by eating Fazer too much, while another was concerned that he would have to spend too much money on Fazer to send it to his girlfriend, and the last person did not give a reason.

- **Chart 15: The upper limit of price level that can be accepted when Fazer sold in China**



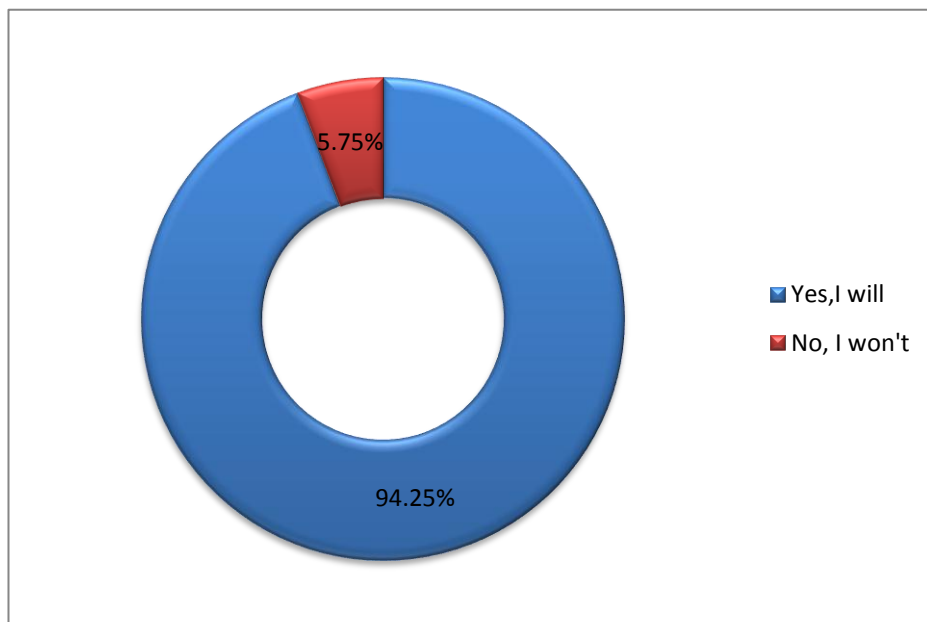
Though Fazer is aiming to show up as a luxury brand to China, its pricing should use price level in Finland as reference as well.

As was mentioned in the beginning of this chapter, the respondents in this research are not the main target customers at the start of Fazer's business in China. This is due to two main reasons: firstly, the degree students and contract workers still stay in Finland for another couple of years, definitely they will not spend multiple times more price to buy Fazer in China if they can buy it cheaper in Finland; secondly, like most exchange students, they are still college students in China, and in their present financial status, they are unable to afford luxury chocolates. Thus, the aim of this question is to find the acceptable price limit for them, and then doubled or trebled the upper limit when carrying out the actual pricing process. After all, 'luxury' does not exist for the majority, but for the elite. The 'invisible' principle for the high income groups, it is always, the higher the price, the better the sales.

After a few years when Fazer has a matured business in China with more categories available in the market, and when the students and workers now have gone back and stayed in China and become richer, it is the time that to make them to be the important class of buyers then. At that time, buying cheap chocolates from Finland will have become inconvenient, so when they need Fazer to recreate distance for both themselves and for others as presents, a better income will allow them to spend higher expense for Fazer in China. Though costly, they will surly reject inferior chocolate brands since it will be known that buying Fazer represents glory, fantasy, exclusivity, and high class.

Therefore, according to the data collected, the majority think it is acceptable to sell the product 25% more than the local price (exchange rate considered). This is not at all surprising since as customers they expect the price as low as possible. A quarter of the respondents feel that 50% more is acceptable, and only 2% can accept a doubled price. As a result, it is suggested that Fazer sell in China at price level of 300%-400% more than the marked price in Finland.

- **Chart 16: The willingness to recommend Fazer to friends and relatives if it is sold in China**



The majority of respondents are willing to recommend Fazer to relatives and friends. Five respondents showed unwillingness to help Fazer market in China, one of them gave the reason that he/she will support domestic brands, while the other four did not provide any reason.

The last item in the questionnaire is an open one, where respondents were free to provide any suggestions or comments on the idea of introducing Fazer to China. Many of the respondents showed their warm welcome to Fazer on entering China and expressed their best wishes; some left expectations and the others provided personal suggestions and advices for strategies for Fazer, hoping it can achieve huge success. Their ideas were in accordance with of the purpose of this thesis and others were not. The original texts from the respondents are listed as follows (due to the limitations of the thesis, not all are listed):

- 'Fazer is more than 100 years old, and it is better to share their great products

to all over the world.’

- ‘If it really wants to launch in China, it should be cheaper and have new fantastic and creative packaging, taste doesn't count so much.’
- ‘It is better to have a specialty shop of Fazer, and invite famous stars to be the spokesmen.’
- ‘Be yourself.’
- ‘1. need heavy investing on commercials and promotions. 2. try to get exclusive rights with secondary market units, but it's not easy in China. 3. expand product ranges with more Chinese elements.’
- ‘Surprise us!’
- “Focus on upper market will be better choice, focus on the branding.”
- “I think if Fazer enters the market in China, it will have a good market and get a good result.”
- “Fazer is more affordable in Finland than it is in China which comes with more competitors and an unregulated market. For me it seems that Fazer is not going to survive in this most populated country if they don't make any compromise on price which usually means a loss on quality. So I would like Fazer to be somehow original and not touch the Asian market.”
- “I think the package of the Fazer product should be improved into more luxurious and shining. You can use some legendary story to introduce Fazer to Chinese market which can strengthen the impression of it.”
- “I think Fazer can emphasize the specialty and high quality of its products because in China there are many normal chocolates brands already. If Fazer wants to gain more market share, it can let customers think they make special choice when they choose Fazer.”
- “I think the taste and type of Fazer is enough for Chinese consumers. Maybe they can pay attention to the package, especially the package for gift because I think it's one of the most key factors for Chinese when choosing a gift.”

- “Enhancing brand awareness and creating brand image in China is necessary.”

5.3 Reliability and Validity of the Study

The reliability and validity of this study are met since the resources used are reliable and relevant. The information collected as the theoretical study adheres tightly to this topic, and the resources from books and Internet publications are classic and up-to-date. As for the empirical research, target groups of respondents have been reached, and the questions set are also concerning the topic correctly. Each process in the research has been conducted carefully, and rechecks have been made in order to avoid mistakes. Therefore, the conclusions and data collected in this research are reliable and valid, which can be compared to the early studies and are also able to be transferred to the future studies.

5.4 Success and Limitation of the Study

All in all, the research has been successful for this study. Firstly, respondents are from a broad range of the target market—China, which made the results more random, then, a response rate of 63.3% is satisfactory and represents a population, especially when the entire population which qualified for this research is very limited—the Chinese, who had purchasing experience of chocolate products of Fazer. Additionally, purpose of the research has been reached, with respondents answering questions seriously and patiently on each question from the three significant fields: the attitude towards chocolate products of Fazer, the chocolate consumption in China and the attitude towards introducing Fazer to China. Valuable data have been gathered, clear and updated information have been achieved as well. The findings of this research are practical evidence, and supports not only for theoretical part but also the entire study.

In this research, questionnaires were considered valid only with people that had purchasing experience of chocolate products of Fazer, those who had never bought Fazer previously were excluded due to the design of questionnaire. It would be good to have ideas and attitudes of people who have never bought Fazer on the topic of introducing Fazer to China; and it would be ideal to have Chinese respondents in other countries where Fazer's chocolates are sold. Thereby, the reliability of this research would be enhanced.

6 HOW TO PROCEED

“A dream will remains a dream if you don't dare to have a try.”

-----*Ashin*

Previous researches have been done on introducing Fazer's products to a new market, but the idea of introducing chocolates of Fazer to China via a luxury strategy is brand new and original. Speaking of daily snacks as chocolates, most of former researches were focusing on capturing the low- and medium-market in a new environment and trying to win through lower the price, however, this research reversed the traditional thoughts, creatively adopting luxury strategy as market entry approach for an ordinary consumption good. However, on account of its characters, chocolate is a magical consumer good that is possible to be made into a treasure or to remain a cheap snack. The purpose of this study is to make an ordinary product out of the ordinary.

All the ideas provided in the study are principally the writer's original ideas, and all suggestions made based on long-term observing the facts and situations in both countries, and timely discussions with people from different backgrounds. Actually, the more information mastered of the target market, the better choice can be made when conducting a marketing decision. The reality cannot be anticipated or analyzed precisely by business models alone, however, they can be successful when dealing with China, since China is indeed an interesting country and its people are always a wild card. People's thoughts and values are not easy to understand unless they are one's own. Views in this study are provided from a different angle—from a viewpoint of a Chinese as opposed to marketing

professors from a foreign country.

6.1 Opportunity

Nowadays distance is no longer an obstacle for people doing shopping, wherever they are, they are always able to get what they want either through online shopping or turn to purchasing agencies for foreign products. In addition, there is no need to spend large amount of money and time to travel to another side of the world.

It is the same situation with Fazer. There are chocolate products sold online and even in shops of some cities in China, but basically they are products bought personally or by professional purchasing agencies. The types of products of Fazer are also very limited, i.e., big size Geisha Original and Karl Fazer Milk chocolate. The prices announced are diverse, for instance Geisha Original 350g, the price per box is announced differently from ¥80 - ¥120 (¥230 - ¥350 /kg, equals to €29 - €43 /kg) online. The shipping cost, being extra that will add ¥15 - ¥30 per box. Besides, for the majority of the online sellers, they do not have spot goods at hand, so when there is an order, they will need to buy the products. Therefore, adding details to the lowest price, it will cost at least ¥95 (about €12, while the price in Finland is €4.99) and it will take 15-20 days for customers to receive their chocolates when bought online. Buying spot products in individual shops can save a long waiting period; however, the prices are 25%-50% higher than those sold online, and the shops are only available in two or three cities. Traveling expenses are high in China, so only few people will spend time and money travel only to buy chocolates.

To sum up, generally, in China, the lowest price for Fazer is already 140% more

than that in Finland, with only an occasional purchasing opportunity or a buying process that is time consuming. Therefore, when Fazer launches in China officially with regular products, double the Finnish price is reasonable and fair, since it expands availability and provides more choices. But only doubled price is not enough to reach the purpose of this study—a ¥500/kg (about €62/kg) chocolate is far from costly enough to be luxury. Thus, some methods are needed to make Fazer deserve a name of luxe.

6.2 Suggestions for Fazer when Marketing in China

6.2.1 Repackaging

This idea includes two aspects: conceptual packaging and actual packaging. The conceptual packaging can be defined as a cultural packaging, which will focus on the creating of tales and stories, and strengthens the values and beliefs of Fazer. Consummating its culture with proper adornments to provide customers with a more systematic and vivid image of the brand is another aspect of conceptual packaging; and the actual packaging is the physical cover and packaging of the chocolate products of Fazer.

Conceptual packaging

Tales & stories

Chocolate represents an emotion of love—a love of family, friends and sweethearts. Generally, the main customers of chocolate in China are the young generations who are mostly between the ages of 20-35. Thus, when creating stories, a love between lovers would always be the best theme, just like the most popular chocolate brand in China, Dove, has an effective story of unreachable love, with its meaning in the name of ‘Do you love me’—shortened to ‘DOVE’. Similarly, the domestic brand Le conte with its well-known concept of ‘for the

only one I love', has also touched thousands of hearts. Therefore, a significant step for Fazer entering China is to create a unique and impressive tale, since the spiritual value is exactly what will distinguish Fazer from other brands and will make it a luxury, rather than the actual products. Huge efforts have to be made on this in order to work out an ideal image that can resonate in the hearts. All in all, the key elements to be expressed in its brand's spirit should be exclusive, timeless and dreamy, since they are the key issues to increase the value of Fazer.

Value and belief

Similar to tales and stories, the values and beliefs are other two important conceptual facets to be shown to the public. While stories are visional and unreal, they are basically promotion methods that pandering to customers; the values and beliefs are more likely internal issues of a company, they are the verity and aims that a company is pursuing. They should be known to the public, especially the customers, but in a different way as to the advertisements, for instance, that are shown frequently in the media. Values and beliefs should be stressed in a low-key but explicit way throughout the company's culture. Simply as Fazer, it cultivates the quality and taste of its products as the central value in the company; and as for Fazer people, the motto of them all along is, as Karl Fazer said: 'We must strive to exceed our customers' expectations.'

Catching people's eyes, making people eager to learn more about Fazer, letting them know the value and belief of Fazer, convincing people by facts, and making the customers go around spreading it among their social networks should be a proper order for Fazer to attempt. Remarkably, word of mouth is the best promotion for a competitive company.

Histories

History cannot be falsified, but proper enrichment can make a company's image more legendary and vivid to the public. A rough road of development is easier to achieve approval by the public and it can enhance the acceptance as well as loyalty of customers to some extent.

Actual packaging

When entering China, it is suggested that Fazer makes small changes in its packaging. The design can remain the same as the original ones at the very beginning, thus to keep its symbolic label and to decrease the cost—designing new packaging would be a high investment. But after a period of sales, it is necessary to redesign the packages, for instance, more alluring, or akin to Chinese elements. Again, luxury is not the quality or functions that to be sold, but a feeling and emotion. That's why it is of great significance to have an impressive and distinguished appearance.

6.2.2 Advertising

Television advertising is suggested as the primary channel for Fazer when entering the Chinese market, since television reaches the broadest audience there. In addition, a visible and vivid short film would be the best way to interpret the idea and spirit of Fazer. Though cost of advertisement on Internet is lower than that on TV and it can also reach large audience, it is not the best way for a brand that is just landing in a new market, especially the brand is target as a luxury item, since products sold online are tend to impress customers as cheap and ordinary. Therefore, it would be better for Fazer to focus on TV advertising at the beginning, and after a period of sales when Fazer has built solid brand awareness and is known as luxury. Advertising on magazines, public boards, LED screens and Internet etc. will be followed naturally.

As mentioned before, it is not suggested to have famous people appear in advertisements of a luxury brand. However, celebrity effect would be a great advantage for promotion in China, since people admire super stars, especially international ones. Products tend to be trusted and exclusive when a celebrity is associated with the brand and people will then go and buy in succession. A personal suggestion for Fazer is to invite the protagonists of the popular American TV play ‘Gossip Girl’— Chuck and Blair—to endorse its chocolate products, since these two people are well known as the top celebrities in the upper east side of New York; both their social status and their love story in the play will best match the spirit and image of Fazer. This TV play is very popular in China among young people who are at the target customers, so there is opportunity to create a huge cult with them as followers.

Generally, the principle of Fazer’s advertising is to use celebrity effect first and then go back to less-known people. Once high recognition is achieved in China through celebrities, it can then follow the rules of luxury brands’ advertising that use regular people to give customers of Fazer more private space and provide them exclusive and no-follow feelings.

6.2.3 Promotion

The mode of promotion

Advance promotion is strongly suggested for Fazer when entering China. Such promotion is ought to commence in advance of a product start selling in market. 3-6 months in advance is estimated to be the proper time for Fazer to start spreading the news of its arrival to the public, so that people can have long enough time to be informed of the brand and to expect the real products. The longer the customers are waiting, the more eagerly they want to have the products,

and the happier they will be when they get them. The top nine chocolate brands have all landed in China; however, the sales are not good. An important reason of this is the brands' recognition by the public. Though they are all top brands in the world, less people will spend time getting a deep understanding of the brands on their own initiative; contrarily, most people are waiting for a passive receipt of information. In another words, Chinese people prefer an 'advertised' brand rather than a real luxury brand but without advertising. This is partly because a luxury is used to show off rather than for real appreciation; as to an authentic but low-key luxury brand which not known to all, however precious, if fewer people recognize it, then it is nothing. The same situation goes to the chocolate market of China nowadays—owning to a wide recognition by Chinese through diverse advertising and catering to people's pleasures, Dove owns the largest market share in Chinese chocolate market, and leaves the more famous brands behind, such as Ferrero and Éclairs. In order to avoid the same result, Fazer must focus seriously on raising its recognition in China.

Sponsorship & Preferential treatment

In order to obtain positive impression and wider recognition, special promotional activities can be organized by Fazer during its landing period; for instance, hold a contest for a 'romantic chocolate journey to North Europe' among clients, either VIPs or specific members, which can be won by the 100th, 10,000th and the 1,000,000th people who become their members. It could be a trip to Finland, visiting the chocolate factories to see the production line (which is not done in most of Chinese food companies); going to Lapland to visit the unique Santa Clause Village, and experiencing the typical Finnish sauna as well as other traditional aspects of the home country of Fazer. This is a good way to bridge communication and relationship between the company and its customers, and it is also an opportunity to enhance the loyalty of clients, in addition, it can bring

positive impressions among clients, both existed and potential in every respect.

In addition, co-operation with high-class wedding agencies is another strategy of Fazer. In China, people will hire a wedding agency to help them arrange the entire event, including choosing the restaurant for the wedding feast. The wedding feast is a significant part of wedding; it is another way of parading the new couple's wealth. The two families of new couple will choose as extravagant a feast as possible in order to not 'lose face'. Besides the main dishes, candies and snacks to the guests are another important part. Nowadays, a high-grade candy in a feast is typically Dove chocolate, therefore, when Fazer enters China, co-operating with the wedding agencies and making them use Fazer's chocolate as the wedding candy for a noble wedding would be good to both side—Fazer and the couple. For Fazer, it can have a chance to have more people taste it so that expanding recognition and acceptance; for the couple, offering candy from a luxury brand will meet their requirement on 'high-grade'.

Highlight the characters of products

As is widely known, Fazer is the leading confectionery brand in North Europe and the Baltic region. This great fame can be attributed to its commitment to exclusive techniques and formula: the leading technique of using fresh milk in chocolate, the utilizing of special barriers, and the high-quality raw material—cocoa from Ecuadorian Arriba. These are all specialties of Fazer that can be a bonus point to Fazer, when combined with the Finnish elements such as Santa Claus, polar lights, Angry Bird, etc., Fazer will surely be a powerful player in the Far east.

6.2.4 Development

The purpose of this study is to introduce Fazer into Chinese market as a luxury

brand; however, strategies for further development should be modified as situation demands. It is suggested that Fazer enter China as a luxury item, but after it maintains good and steady business, it is time to bring in more products and leave luxury, and remain itself in the upper market. Competition is extremely high in Chinese market, and most of the companies still focusing on price wars. Passion of buyers passes quickly, and a product cannot remain as luxury for a long time, especially in food industry, particularly if it is a brand that is not considered luxury in other countries. Therefore, once the business grows up quickly, shift away from luxury.

7 Conclusion

The primary reason for this study is my personal love of Fazer. I buy chocolate products of Fazer frequently and strive to taste all the flavors of its products. Aside from my personal preference, when I went to China, I bought a lot as gifts to my friends and relatives. All people who tasted the chocolate praised it and asked me to buy more and mail it to them when I came back to Finland. Then I realized, why not introduce this treasure to China since it is loved by everyone? I searched the Internet and found that there indeed are no official sales of Fazer in mainland of China. After I collected information about other chocolate brands in the Chinese market, I decided to work on a topic of introducing Fazer to China, via luxury strategy, expecting that one day people can have Fazer available when they miss the taste of Finland.

Due to time and resource limitations, this study cannot be an all-round business plan; hence the risks and financial considerations are discussed only slightly in this thesis. But full efforts have been made to provide an explanation, as detailed and appropriate as possible, of the marketing strategies. As for the other aspects of the business plan, I sincerely hope there will be a chance to get connected with the Fazer Group and work together on this topic, and make it a real program to be carried out. Finally, I wish all the best to Fazer Group.

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APPENDIX

Attitude about Introducing Fazer Chocolate into China

Personal information

Your gender

--Select-- ▼

Attitudes toward Fazer

1. Have you ever bought chocolate products of Fazer?

- Yes
- No

2. Which brands of Fazer have you ever bought? (Multiple Choice) ?

- Dumle (<http://www.fazermakeiset.fi/en/Dumle/Product-selection.aspx>)
- Fazermint (<http://www.fazermakeiset.fi/en/FazerMint/Product-selection.aspx>)
- Geisha (<http://www.fazer.com/Brands/Geisha/>)
- Karl Fazer (<http://www.fazermakeiset.fi/en/KarlFazer/Product-selection.aspx>)
- Liqueur Fills (<http://www.fazermakeiset.fi/en/LiqueurFillscom/Products.aspx>)

3. Among those categories you have bought before, which one do you like most?

- Dumle
- Fazermint
- Geisha
- Karl Fazer
- Liqueur Fulls

4. Do you buy Fazer for self-consuming or as gifts?

- Self-consuming
- As gifts
- Both

5. What do you think the price of Fazer?

- Very expensive, I almost cannot afford it
- Expensive, but still affordable
- Moderate, the price is fair
- Cheap, I can afford it whenever I want
- Very cheap, the price is not taken into my consideration

Chocolate consumption in China

6. What are the TOP 3 chocolate brands you buy mostly in China?

- Dove (德芙)
- Le conte (金帝)
- Eclairs (怡口莲)
- Ferrero (费列罗)
- Cadbury (吉百利)
- Snickers (士力架)
- Jin si hou (金丝猴)
- Others

7. Compared with the MOSTLY bought chocolate brand in China, what do you think of Fazer?

- Not so good as the brand I bought mostly in China (Please answer question ①)
- As good as the brand I bought mostly in China (Please answer question ①)
- Better than the brand I bought mostly in China (Please answer question ②)

① Which facet(s) do you think Fazer need to be improved? (Multiple Choice)

- Taste
- Package
- Price
- Symbolic meaning
- Other

* And why?

② Which facet(s) do you think Fazer dose better than the brand you buy mostly in China? (Multiple Choice)

- Taste
- Package
- Price
- Symbolic meaning
- Other

* Can you explain briefly?

Attitude about Fazer launching China

8. Do you hope to have Fazer sold in China?

- Yes
- No

9. Compared with the local price, what's the UPPER LIMIT of price level you can accept if chocolate products of Fazer sold in China? (Exchange rate counted)

- 25% more
- 50% more
- 75% more
- 100% more
- Other

10. Will you recommend the friends and relatives to buy chocolates of Fazer if they sold in China?

- Yes, I will
- No, I won't

11. Do you have any suggestions or expectations about Fazer launching China? Or anything else you want to say?

Proceed

The questionnaire of this study can also be found in this address:

<https://e-lomake.puv.fi/elomake/lomakkeet/2461/lomake.html>