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How to Approach Finnish Retail Market when Launching a New Skin Care Line: a Case Study of Créations Couleurs

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2012 Espoo

Laurea University of Applied Sciences
Leppävaara

How to Approach Finnish Retail Market when Launching a New Skin Care Line: a Case Study of Créations Couleurs

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Business Economics
Bachelor's Thesis
November, 2012

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Year	2012	Pages	43
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The cosmetics industry is one of the biggest lines of businesses in the world. In Finland people spend thousands of Euros per year on cosmetic and hygiene products. Everything changes constantly and this has reflected to the cosmetics industry as well as consumers. People increasingly desire several options to choose from and want quick results.

The topic for this thesis came from a French cosmetic company Créations Couleurs which develops and manufactures raw materials for different cosmetic companies worldwide. Currently, the company is designing its own first skin care line for sale, and is in need of information about Finnish cosmetic markets.

The purpose of the thesis is to collect and study information about how Créations Couleurs could market their skin care line to retailers and how they could create good and functioning co-operation with them. The thesis also discusses the question of whether it is actually possible to bring out a new skin care line to Finnish retail markets at the moment.

The theoretical background discusses the 4Ps of the marketing mix with a special focus on promotion, also known as the marketing communication mix. The theory of business-to-business marketing is also included in this section since Créations Couleurs has to concentrate on this area when doing business with the retailers.

It was decided to implement the empirical study using qualitative research methods by personally interviewing 3 to 5 different people working in the cosmetics industry using an open questionnaire. Unfortunately, it was only possible to conduct two interviews. In this regard the results of the thesis will not provide a comprehensive analysis for the case company regarding the opportunities for doing business in the Finnish markets. Nevertheless, it will provide them useful information for future activities.

The results of the research show that there is an interest in a new skin care line. However, the companies would need more information about the new products so that they can realistically consider the suitability of adding the product line to their collection. Créations Couleurs should formulate a clear marketing plan in order to approach Finnish cosmetic retailers.

Keywords: cosmetics industry, retailer, marketing mix, qualitative research

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Uuden ihonhoitotuotesarjan lanseeraus ja jälleenmyyntimarkkinat Suomessa; case Créations Couleurs

Vuosi 2012 Sivut 43

Kosmetiikka-ala on yksi maailman suurimmista aloista. Suomessa ihmiset käyttävät vuosittain tuhansia euroja kosmetiikka- ja hygieniatuotteisiin. Maailma elää ja muuttuu jatkuvasti nopealla tahdilla ja tähän kuluttajat ovat tottuneet. Tämä ajatusmalli heijastuu myös kosmetiikkateollisuuteen; ihmiset haluavat useita vaihtoehtoja, joista valita sekä nopeita tuloksia.

Lopputyömme aiheen saimme ranskalaiselta kosmetiikkayritykseltä nimeltään Créations Couleurs. He kehittävät ja tuottavat raaka-aineita eri kosmetiikkayrityksille ympäri maailmaa. Nyt yritys on kehittämässä myyntiin ensimmäistä omaa ihonhoitotuotesarjaansa ja he halusivat saada tietoa siitä, minkälaiset Suomen kosmetiikkamarkkinat ovat.

Opinnäytetyön tarkoituksena on kerätä tietoa ja tutkia, kuinka Créations Couleurs voisi markkinoida tuotesarjaansa jälleenmyyjille ja kuinka luoda jälleenmyyjien kanssa hyvän ja toimivan suhteen. Pohdimme myös, olisiko kyseistä tuotesarjaa tällä hetkellä mahdollista tuoda Suomeen myyntiin kosmetiikka-alan jälleenmyyjille.

Tutkimuksen teoreettiseksi viitekehikseksi on valittu Kotlerin 4P-mallin. Huomiota on kiinnitetty erityisesti markkinointiviestintään, joka tunnetaan myös nimellä integroitu markkinointiviestintä. Teoriaosuuteen on valittu lisäksi B2B- markkinointi, sillä Créations Couleurs tulee tekemään yritysten välistä markkinointia tehdessään yhteistyötä jälleenmyyjien kanssa.

Tutkimus päätettiin toteuttaa kvalitatiivisena tutkimuksena haastatteleamalla henkilökohtaisesti kolmesta viiteen eri kosmetiikka-alan toimijaa avoimella kysymyslomakkeella. Valitettavasti vain kaksi haastattelua oli mahdollista toteuttaa. Tältä osin lopputyön tulos ei anna kattavaa kuvaa case -yritykselle heidän mahdollisuuksistaan toimia Suomessa, mutta se antaa heille kuitenkin arvokasta tietoa tulevaisuutta varten.

Tutkimustulokset osoittavat, että uudelle kosmetiikkatuotesarjalle on kiinnostusta. Kuitenkin tuotesarjasta tarvitaan lisää tietoa, ennen kuin yritykset voivat realistisesti arvioida tuotesarjan toimivuutta heidän liikkeissään. Créations Couleursin kannattaakin laatia selkeä markkinointisuunnitelma, jotta he voivat lähestyä Suomen kosmetiikka-alan jälleenmyyjä.

Avainsanat: kosmetiikka-ala, jälleenmyyjä, Kotlerin 4P-malli, kvalitatiivinen tutkimus

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1 Introduction

We live in a global world. People as well as businesses are able to move around without many boundaries. In business globalization is everyday life, even a necessity in some industries. In our thesis this topic is being examined from a deeper aspect when researching how a French cosmetic company could do business in Finland.

This thesis came as a commission from a French company called Créations Couleurs. They are based in France, but are active in many countries. Créations Couleurs develops and manufactures a comprehensive and dynamic range of cosmetic raw materials and they have built a sales network around the world, operating in every continent, where cosmetics are an industry. The company offers an inclusive product range for skin care, sun care and colour care.

One of the thesis writers accomplished her job placement in the case company where a discussion arose about the possibility of doing the thesis for them. The company is in the process of designing a new skin care line that they are interested in distributing to Finland. After narrowing down the possible research topics, it was decided to research the possibilities of the new skin care line in the Finnish markets. For this thesis the focus will be especially on how the product line could find its place on Finnish department stores and specialized retailers.

Millions of Euros and Dollars are spent on cosmetics and hygiene products per year. The cosmetics industry reaps handsome revenues each year. In Finland cosmetic and hygiene products were sold worth of 416 million Euros last year. Skin care products alone were bought worth of 104.9 million Euros. In year 2008 average Finnish spent 150 Euros to cosmetic and hygiene products per year. From all EU -countries Denmark (187€) and Spain (171€) spent the most money on cosmetics. (Teknokem 2006)

Cosmetics have been used for decades, but still, due to industrialization, rising wealth and changed apprehension towards cosmetics, the industry developed quickly since the late 1800s (Convention on Biological Diversity 2012). In 2012 it is still developing further. "We have entered a new era in terms of skin care science", says Katerina Steventon, cosmetics business consultant. She goes further by stating that "regardless of the advances in science and attractiveness of claims, clear marketing and communication is important for the industry to retain its credibility". (Ereau 2011)

In the thesis we research how Créations Couleurs could market and communicate to the retail buyers in Finland. The cosmetic markets in Finland are relatively limited. Therefore new companies and their collections are welcome to emerge the country. In cosmetics business

people always want something new and quick results, therefore product movement is observed commonly. A new skin care line can enrich the cosmetics business in Finland and raise competition to the leading brands and be an option for end users. Cosmetics business is a business that never stops and is always evolving.

1.1 Purpose of the Thesis

The purpose of the thesis is to study possible target customers for the case company and for their new skin care line. To gain this information we will study how the case company could market and communicate with the retail buyers in Finland. Based on these results recommendations will be given to the case company.

1.2 Research Problem and Question

The intention of the thesis is to answer whether the new exclusive skin care line is suitable for well-known Finnish cosmetic stores. Answering to this question requires considering different factors and questions likewise. The factors to consider are how the case company could attract the purchasing agents in the Finnish retail companies and how to approach them. Also important question is how Créations Couleurs could establish good customer relationship with Finnish high-value retailers.

Through these questions we will find out if it is possible to bring a new French skin care line to Finnish department stores and what would be the first steps building a well-functioning customer relationship with the retailers.

1.3 Research Approach

Qualitative research focuses on finding out the reason 'why' rather than 'how'. It is traditionally been used in social sciences but also in market research and further contexts. There are multiple focal points in qualitative research and the main topics are to get insight of people's attitudes, behaviours, value systems, concerns, motivations, aspirations, culture or lifestyles. Qualitative research can be used to inform business decisions, policy formation, communication and research.

Manual methods are used to analyse qualitative data and can be confusing and time consuming. The information gathered from qualitative research is only valuable for the specific cases studied and other general conclusions are only suggestions. (Ereau 2011)

In this study qualitative research will be conducted by interviewing buyers of different retailers. We will interview purchasing agents working in Finnish cosmetic markets. The interviews will be conveyed through personal meetings and the discussions will be recorded for further references.

1.4 Theoretical Approach

Theoretical background for the thesis is marketing mix 4Ps with a special focus on promotion mix, (also known as marketing communication mix), and business-to-business marketing. Doing business has developed but the basic principles have stayed the same. Therefore marketing mix was chosen to be the foundation of the theoretical part. Due to the fact that Créations Couleurs' skin care line is new and unknown in the markets, it is important for the company to know what communication channels to use and to give tools of how to develop an effective integrated marketing mix plan.

1.5 Structure of the Study

The structure of the study goes as illustrated below. First is the introduction where the topic and purpose of the study is explained to the reader. From this section one receives a more comprehensive picture and understanding of the study being done.

In elaborating the theoretical background there is used academic literature to give foundation to the study. Based on the theoretical background we analyse and compare the results received from the qualitative research.

After theoretical background the case company is introduced in more detail. The reader will get a perspective of Créations Couleurs and its functions and how it has effected to this study.

A qualitative research is being used as the study method. As an empirical study different operators in cosmetics field are interviewed. Combining the theoretical and empirical study we are able to get results for the case company and for their questions.

In conclusions the results are summarised and we give our suggestions for the case company. In this section the questions given for the study will also be answered. In the end we discuss what kind of actions the case company should consider when approaching retailers in Finnish cosmetics business.

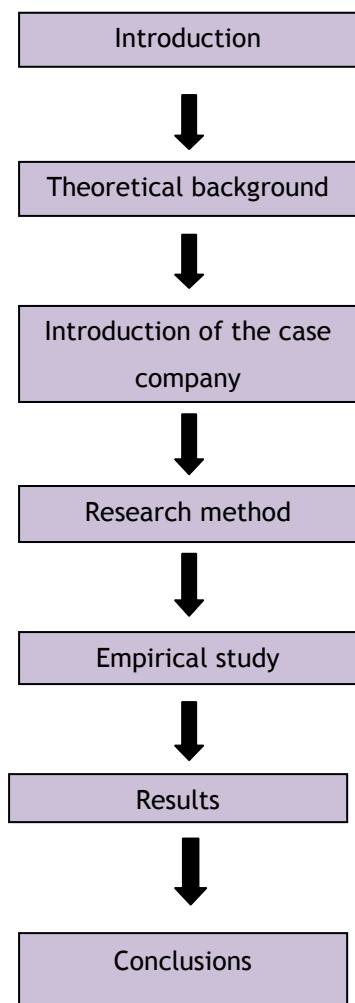


Figure 1: Structure of the Study

2 Theoretical Background

2.1 Business-to-Business Markets

Ellis (2011, 6) described business-to-business markets as “the marketing activities of any kind of organization, which has exchange relationships with other organizations of businesses”.

The trade between two parties, the supplying and buying party, is the framework for most business-to-business marketing activities. This is called the ‘supply chain’ but has come better to be known as ‘demand chain’. This framework connects the marketplace, the distribution network, the manufacturing process and the procurement activity in a way that customers are served at high level but lower cost (Ellis 2011, 6).

2.1.1 Business-to-Business Market Division

Hutt & Speh (2010, 6) divided business market customers into three different categories: commercial enterprises, institutions and government.

Business markets and consumer markets are the same in many ways but there are some differences as well. The biggest differences lie within the market structure and demand, the nature of the buying unit and the types of decisions and the decision process involved.

Market structure and the demand in business markets have several divergences to consumer markets. Business markets include fewer but larger buyers and they are more geographically concentrated. Business markets have derived demand which means that demand in business markets exist merely because of another demand somewhere in the consumer market. Inelastic demand is usually part of many business markets. This means that a total demand for a product is not affected by price changes in the short run. Business markets also have more changing demand as the demand for goods and services in the business markets fluctuates more and more rapidly than the demand for consumer goods.

Kotler stated that the nature of the buying unit in the business market differ from the consumer market since business purchase often comprise more decision participants and a more professional purchasing effort. When the purchase is complex it's likely that there are several people participating in the decision-making process. Usually buyers in business buying are trained purchasing agents and these days companies are raising their purchasing units to supply management or supplier development functions.

Decisions that business buyers usually face are more complex than the ones consumer buyers make. Since the buying decisions are more complicated, the time used for the buying decision is also longer. Usually the business buying process is more formalized than the consumer buying process. Since the customer base is smaller and buyers and sellers work closely together they are more dependent on each other in the business buying process. (Kotler, Armstrong, Wong & Saunders 2008, 292)

2.2 Product

Kotler, Armstrong, Wong & Saunders describe product as anything that can be offered to markets to satisfy a want or a need. A wider definition of a product is that it includes physical objects, places, services, organizations, persons, ideas or mixes of these ensembles. Whereas services are intangible products that contain activities, benefits or pleasures that are offered for sale and do not enquire ownership of anything. (Kotler et al. 2008, 500)

In international marketing it is especially important to understand that products are not just products but they are bundle of satisfactions that offer people experiences rather than just functions. Nearly all products are a combination of product and service components so they are often called offers. (Doole & Lowe 2008, 264)

Product is a key element in the marketing mix since the planning begins with inventing and defining an offering that brings value to target customers. With this offering the business builds profitable relationship with its clients. Often companies offer both tangible goods and services. To differentiate their offerings today, companies are creating and managing customer experiences. They want to create special experiences instead of simply offering their traditional goods and services. “Companies that market experiences realize that customers are really buying much more than just products or services. They are buying what those offers will do for them.” (Kotler et al. 2008, 500)

There are three levels of product that need to be thought through. The basic level is the core product which consists of the problem-solving benefit that customers inquire. At the second level the core benefit must be turned into an actual product which has five characteristics: a quality level, product and service features, brand name, design and packaging. “Finally the product planner must build an augmented product around the core and actual product by offering additional customer services and benefits.” (Kotler et al. 2008, 502)

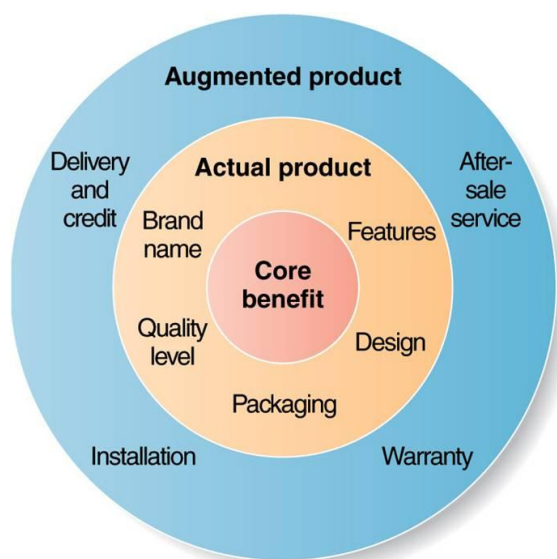


Figure 2: Three Levels of Product

2.2.1 Brand

Consumers' impressions about organisations' distinctive position based on perceived emotional and practical benefits is how we define genuine brand. It is the sum of every person, product, service and experience that an organisation offers. (Knapp, 2000, XV)

"Brands are viewed as the major enduring asset of a company, outlasting the company's specific products and facilities." Brands have a big effect in the company's relationships with consumers since brands represent consumer's opinions and feelings about a product. If a company has a strong brand they have the power to capture consumers' preference and loyalty. Many brands are unknown to most buyers but other brands are highly known and appreciated among customers. (Kotler et al. 2008, 521)

David Aaker, one of the leading authorities on brand equity has defined the term as "a set of brand assets and liabilities linked to the brand, its name and symbol that add to or subtract from the value provided by a product or services to a firm or to the firm's customers." (Aaker 1991, 15)

Aaker has gathered those assets and liabilities into five categories: brand loyalty, brand awareness, perceived quality, brand associations and other proprietary brand assets such as trademarks, patents and channel relationships. (Hollensen 2010, 409)

It is difficult to measure brand equity but one way is to research how much more the customers are willing to pay more for the brand. Companies should list brand equity on their balance sheets because it helps the management to see the link between the money spent on attaining a brand and the value created. (Kotler et al. 2008, 522)

2.3 Price

Simply said, price is the amount of money customers pay for a product or service. In a wider perspective, "price is the sum of all the values that consumers exchange for the benefits of having or using a product or service." (Kotler et al. 2008, 639) Earlier price used to be the most important factor for consumers when making a buying decision. However non-priced factors have become more important in recent decades. Yet price is one of the most important elements defining a market share and profitability of a company.

Price is the only element in the marketing mix which generates a turnover for the company. It is also very flexible and can be changed quickly. However pricing is a big problem for many marketers and several companies do not handle it well. Companies cut prices too quickly try-

ing to gain a sale rather than assuring customers that their product is worth of a higher price. Another problem in pricing is that it can be too cost-oriented rather than customer-value oriented and it might not take the rest of the marketing mix into consideration.

Big considerations need to be done when setting a price to a product. Price ceiling is customer perceptions of the product's value and the floor for the price is set by product costs. Between these two extremes the company needs to deliberate many other internal and external factors. Pricing should take into account: fixed and variable costs, competition, company objectives, proposed positioning strategies, target group and customers' willingness to pay.

Pricing decisions have to start with customer value and in the end it is the customer who decides whether a product's price is right. "Effective, customer-oriented pricing involves understanding how much value consumers place on the benefits they receive from the product and setting a price that captures this value." (Kotler et al. 2008, 639)

2.3.1 Value-based Pricing

Cost-based pricing is product driven and the price is set so that it covers all the production costs plus a target profit. The value of a product or service is estimated from the buyers' perception in value-based pricing, instead of thinking about the seller's costs. In value-based pricing the company first researches what is the perfect price based on customers' perceptions of the product value. After that the product design and costs are decided. As a result, customer needs are analysed and a price is set to match consumers' perceived value before production and deciding the price.

It is not easy to find out how customers value different products or services since there are so many different consumers and different situations. This is why marketers often vary their pricing strategies for particular segments. Different prices are set for different sets of product features.

Good-value pricing has become more popular during the past decade because of the changing economic conditions and consumer price perceptions. Marketers want to offer good quality and service with at a fair price. In many cases, brands introduce less expensive versions of their products or in other cases they design existing brands to offer more quality for a given price or the same quality for less.

At the retail level everyday low pricing (EDLP) is an important type of value pricing. In EDLP the prices are constantly low with few or no temporary discounts. In order for a company to succeed in this, it must have low costs so that it can earn money with lower prices.

Value-added pricing is used particularly in business-to-business marketing situation. Companies want to increase their pricing power and instead of cutting the prices they compound value-added services to differentiate their offers and to sustain higher prices. (Kotler et al. 2008, 641)

2.4 Place

The place has expanded from its original meaning; where the product is sold. Now it is referred more as distribution channel, marketing channel or value delivery network. Value delivery network is described by Kotler (2008, 880) as a network that is made up by company, supplier and distributors, who associate with each other with a focus to improve the whole system. In this text terms used are marketing channel or distribution channel.

Ellis (2011, 95) quoted Coughlin with a classic definition of a channel as “a set of interdependent organizations involved in the process of making a product or service available for use of consumption”. Kotler (2008, 881) expanded this idea by adding the words “by the consumer or business user” to the end. Thus the channel of distribution is all those organizations through which the product must pass between its starting point, production, to its end point, consumption.

Ellis (2011, 95) explained it further on the manufacturer side. For the manufacturer marketing channel (also known as distribution channel) may mean something different than to the intermediaries. For the manufacturer it is the process when a product goes through different intermediaries to reach the end customer. The intermediaries may observe channel functioning as flow of title (or ownership) of goods.

Jobber (2010, 625) said, “Establishing a supply chain that is efficient and meets customers’ needs is vital to marketing success”. Marketing for product or service is not complete without managing the distribution channel. Products or services need to be available in the right amount at the right location and in the right time when customer wants to buy it.

2.4.1 Supply Chain and Distribution Channel Strategy

“A supply chain is the network of businesses involved in distributing goods and services” defined Masterson and Pickton (2010, 319). In many cases these networks will be broad and have multiple businesses participating. A distribution channel (marketing channel) then is the road of a specific product through the supply chain.

The difference between a supply chain and distribution channel is that the supply chain includes all of the channel members but a distribution channel is limited to just one group of channel members that has been chosen to deliver a certain product to a certain market. (Masterson & Pickton 2010, 320)

The use of channel intermediaries is common and usually it is a maximum of one channel intermediary used. The intermediary is an independent channel organization that fulfils number of activities. Their role is “to help the company find customers or to make sales to them, including wholesalers and retailers that buy and resell goods.” (Kotler et al. 2008, 897)

Channel intermediaries have four core functions. First core function is to adapt the needs of customers and producers by adjusting the possible conflict arising from manufacturer producing large amount of limited range of goods and consumer wanting restricted quantity of wide range goods. Second one is to advance efficiency by creating assemblage for transportation or reducing the number of transactions. Third function is improving the accessibility by making strategic decision concerning locations and by arising consumers’ awareness of the distributors’ location. Location gaps arise from geographic separation of producers and customers. The internet is reducing the gap; making is possible for the consumers to buy without the need to visit producer or distributor. Final core function is providing specialist customer services for manufacturers when they feel inadequate to provide it themselves. (Jobber 2010, 625-626)

2.4.2 Channel Selection

Producers need to think the requirements of the channel intermediaries when deciding about their distribution. “Channel strategy decision involves the selection of the most effective distribution channel, the most appropriate level of distribution intensity and the degree of channel integration.” (Jobber 2010, 632, 625)

The factors that influence the channel selection are market, producer, product and competitive factors.

In the market factor buyer behaviour is the key element since their expectations may define how the product is to be sold. The buyer’s needs concerning extra information or assistance needs to be taken into consideration. The producer or channel intermediary should be able to fulfil all the expectations in the terms of expertise, commitment and cost. Also the willingness of channel intermediaries to market a product or service, the location and geographical gathering of customers influences to the decision. The question to be decided in producer factor is whether the producer has necessary resources to perform the functions of the chan-

nel. Consequently in product factor the question is what type of distribution is adequate for the product and its survival. In competitive factor innovative approaches may be required, if the competition dominates the traditional channels. Customers are more computer-aware and experienced resulting that the local source of supply and advice is less important. (Jobber 2010, 632-633)

2.5 Promotion

Well managed communication is important in building and maintaining relationships, but it is also crucial element when wanting to build profitable customer relationship, explained Kotler et al (2008, 691).

Change in the marketing communications has occurred during the last years. First change has happened in mass marketing since the marketers have moved away from it towards more focused marketing programs. Second change has been improvement in information technology which allows the marketers to accumulate detailed customer information and have accurate information of their needs (Kotler et al. 2008, 692). This has led to integrated marketing communication strategy which has helped to gain better communication between buyer and seller and to develop closer relationship. (Ellis 2011, 298)

Kotler & Armstrong (2006, 430) described integrated marketing communications to be “the concept under which a company carefully integrates and coordinates its many communication channels to deliver a clear, consistent, and compelling message about the organization and its product.” They simplified it by saying that “an integrated promotion mix ensures that communications efforts occur when, where, and how customer need them.” (Kotler & Armstrong 2012, 451) Today the communication is viewed also as managing the customer relationship over time.

To achieve integrated promotion mix, Kotler & Armstrong (2012, 451) clarifies that the organization needs to have all their functions working in cooperation to jointly plan communication efforts. By doing this the organization maximizes the amassed effects of their promotional efforts. “Scattered or disjointed promotional activities across the company can result in diluted marketing communications impact and confused positioning.” (Kotler & Armstrong 2012, 451)

There is difference between business-to-customers and business-to-business marketing communication that marketers need to acknowledge. Notable is the use of ‘mass’ media (like TV or press advertising). For business-to-business marketer there are fewer opportunities to use

this for trading businesses. Therefore they need to consider best way to communicate with their audience wanted. (Ellis 2011, 293)

2.5.1 Promotion Tools

“A company’s total promotion mix, also called its marketing communications mix, consists of the specific blend of advertising, public relations, personal selling, sales promotion, and direct-marketing tools that the company uses to persuasively communicate customer value and build customer relationships. Each category involves specific promotional tools used to communicate with customers.” (Kotler & Armstrong 2012, 432)

The five major promotion tools are advertising, sales promotion, personal selling, public relations and direct marketing.

Advertising is “any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor.” Advertising includes broadcast, print, Internet, outdoor and other forms. It can reach with a low cost geographically scattered buyers and it allows the seller to repeat a message multiple times. Big advertising campaign usually says something positive about the seller’s success, popularity and size. Advertising is impersonal and it can be very expensive. (Kotler & Armstrong 2012, 432, 448, 691)

Ellis (2011, 300-301) clarified further advertising to be less effective in business markets. There it is used mainly to remind and inform about supplier’s offerings. “The need of buyers to seek detailed, often technical information tends to mean that the emotional and entertainment potential of advertising messages remains relatively insignificant in organizational marketing.”

Sales promotion is “short-term incentives to encourage the purchase or sale of a product or service.” Sales promotion invites people and rewards the seller from quick reaction. It includes wide combination of different contest, discounts, deals, coupons, premiums, displays, demonstrations and others. The effects of sales promotion are usually temporary. (Kotler & Armstrong 2012, 432, 448, 691)

According to Ellis (2011, 301-302) the main purpose of sales promotion is to invite buyers to make a purchase, either by advancing sales or changing customers attitude by rewarding existing customers or encouraging new possible customers. Sales promotion has less value in markets where goods and service are of high value and where they can be clearly discern from another product through their technical characters.

The use of promotional tools in business-to-business markets can be meaningful; especially if dealing with trade sector and allowing them discount. Manufacturer may offer trade promotions in a purpose to provoke restocking or to encourage new stores to carry the product. 'Buying allowance' is one commonly used trade promotion tools, where a discount is offered for specific order placed in particular point in time. Other common is 'promotional allowance' where after stocking for manufacturer's products, a reward in terms of contribution towards the cost of advertisement is granted. (Ellis 2011, 302)

Personal selling is "personal presentation by the firm's sales force for the purpose of making sales and building customer relationships". Personal selling includes sales presentations, trade shows, incentive programs and others, where interaction between at least two individuals is involved. Usually at a certain stage in the buying process, personal selling is the most effective marketing tool, as well as normally the company's most expensive promotion tool (Kotler & Armstrong 2012, 432, 448, 691). In business-to-business marketing, personal selling is the most important marketing communications. It is the rare occasion when personal interaction between individual representing the selling firm and buying firm meet (Ellis 2011, 304).

Public relations is "building good relations with the company's various publics by obtaining favourable publicity, building up a good corporate image, and handling or heading of unfavourable rumours, stories, and events." "Out of all the promotion tools, public relations can be the most believable. It can dramatize certain product or company and it reaches many possible buyers who avoid salespeople or advertisement." Public relations normally include press releases, sponsorships, special events, and Web pages. Marketers tend to use PR as an afterthought or underuse it (Kotler & Armstrong 2012, 432, 448, 691). In business-to-business marketing it is equally important since public relation can influence image of all the stakeholders connected to the firm. (Ellis 2011, 302)

Direct marketing is "direct connections with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships" (Kotler & Armstrong 2012, 691). It is highly planned marketing tool for closely targeted marketing efforts and for building one-to-one customer relationships. It is interactive, immediate, and less public and it is carefully customized. Direct marketing usually includes catalogues, telephone marketing, kiosks, the internet, mobile marketing, and much more." (Kotler & Armstrong 2012, 432, 448). Again, in business-to-business markets communications direct mail is used to complement on personal selling actions and thus diminish costs and improve complete performance (Ellis 2011, 303).

Ellis (2011, 304) also included trade shows due to their importance to business-to-business promotional activities. The important element is personal interaction that involves in trade shows, which may be rare in business-to-business world. Other targeted markets that include personal interaction are seminars and technical or professional conferences, where specialists and experts of an industry or field are invited. There is specific goal when attending trade shows. Usually that is to meet possible channel members, develop partnership with customers, build corporate identity and gather market intelligence. "The exhibition environment allows products to be launched and demonstrated, and prices negotiated and technical problems to be discussed." (Ellis 2011, 304)

Along with the major promotion tools there are few other growing promotion tools. They are sponsorship, product placement and internet marketing. Inside internet marketing there are also many possibilities, to give one example, blog advertising. (Ellis 2011, 304)

Sponsorship is defined as "a business relationship between provider of funds, resources or services and an individual, event or organization which offers in return some rights and association that may be used for commercial advantage". Sponsors have wide range of possibilities such as arts, events, individual personalities, tournaments and sports, which is the most popular sponsorship target. (Jobber & Fahy 2009, 234)

Product placement is another growing promotion tool in Europe, since restrictions have been reduced. Product placement is defined as "deliberate placing of products and/or their logos in movies and television programmes, usually in return for money." Product placement has grown significantly since placing product on movies or TV shows the viewers see them without always realizing and it creates wanted brand image to the viewer. (Jobber & Fahy 2009, 239)

Internet marketing has grown alongside with the use of internet. Internet marketing has been defined as "the achievement of marketing objectives through the utilization of the internet and web-based technologies." (Jobber & Fahy 2009, 265)

One example of using internet as a different kind of marketing tool is blog marketing. In the beginning of the 21st century 'blogging' expanded rapidly and is now a work tool for some and leisure time activity for others. Web site Marketing Terms described blog as "a frequent, chronological publication of personal thoughts and Web links." (Marketingterms 2012) Heli Penttinen in her Bachelor's thesis 2010 studied blog marketing through case company Maybelline. "The co-operation trial achieved a lot of coverage among blogs. Although it was almost impossible to assess what kind of affect the test had on Maybelline's product sales, one could notice rising interest toward Maybelline products on the grounds of the comments on blogs. There were several factors that could be detected from the co-operation trial to affect

blog marketing's success and thus give development propositions for future blog marketing". (Penttinen 2010)

2.5.2 Developing Effective Marketing Communication

For developing effective integrated marketing communication and promotion program, there are steps to take. The marketing communicator needs to identify the target audience, determine the communication objectives, design the message and choose the media and collect feedback.

First step is identifying the target audience. A marketing communicator needs to have clear target audience in mind when he/she starts. The audience may be anyone in the buying process and it may be individuals, groups or general public. "The target audience will heavily affect the communicator's decision on what will be said, who it will be said, when it will be said, where it will be said and who will say it." (Kotler et al. 2008, 701)

Second step is determining the communication objectives. After defining the target audience, the wanted outcome needs to be decided. Usually the response wanted is purchase. To achieve this, the marketing communicator needs to know where the customer stands now and to what stage it needs to move. "The target audience may be in any of the six buyer-readiness stages - the stages that customer normally pass through on their way to making a purchase. These stages are awareness, knowledge, liking, preference, conviction and purchase. The purpose of marketing communication is to move the customer among these stages and ultimately to achieve final purchase." (Kotler et al. 2008, 701)

Designing a message by using AIDA-model (attention, interest, desire, and action) is the third step. After the marketing communicator has defined the desired audience response, the communicator starts to develop effective message. The message should be in a model that it gets attention, holds interest, awakens desire and obtains action. Forming the message the communicator needs to decide what to say and how to say it. (Kotler et al. 2008, 702)

The content of the message should be something that will produce the response wanted. "There are three types of appeal. Rational appeal that relate to the audience's self-interest and show that the product will produce the claimed benefits; examples are appeals of product quality, economy, value or performance. Emotional appeal that attempts to stir up negative or positive emotions that will motivate purchase; examples are fear, guilt, shame, love, humour, pride and joy appeals. Moral appeals are directed to the audience's sense of what is 'right' and 'proper'. They are often used to urge people to support social causes such as a

cleaner environment, helping the disadvantaged, better community relations or human rights.” (Kotler et al. 2008, 702-703)

When deciding how to say the content, there are three message-structure issues. First is whether to make a determination or to leave it on the audience. The second is whether to state the strongest argument last or first. Third is whether to present two-sided argument or one-sided argument. (Kotler et al. 2008, 704)

The marketing communicator also needs to decide the format of the message. To attract the audience and make an impact, all elements needs to be considered; colours used, font, pictures, headline, illustration, shape, words, sound, voices and even body language and gestures if the message should be transmitted via television. (Kotler et al. 2008, 705)

Fourth step is choosing media. Together in forming the message, the media chosen needs to be known. There are two types of communication channels. One is personal communication channel, where “two or more people communicate directly with each other, including face to face, person to audience, on the phone, through mail or e-mail or through an internet ‘chat’” (Kotler et. al 2008,706) The other one is non-personal communication channel, where the message carried out goes without personal contact or feedback. (Kotler et al. 2008, 706-707)

Fifth step is selecting the message source and it is decided simultaneously with the fourth step choosing media. The impact of the message depends also how the audience views the communicator. The sources of the message are the company, brand name, spokesperson for the brand or the actor in the ad who advocate the product or service. The attractiveness and credibility of these sources must be considered. (Kotler et al. 2008, 708)

Sixth and final step is collecting feedback. After sending the message, the communicator must research to know how the message was received by the target audience. “This involves asking the target audience members whether they remember the message, how many times they saw it, what points they recall, how they felt about the message, and their past and present attitudes towards the product and company.” (Kotler et. al 2008, 709) The communicator will also research the behaviour resulting in the message. (Kotler et al. 2008, 709-710)

2.5.3 Promotion Mix Strategies

Ellis (2011, 294) described two basic promotion mix strategies that marketers can choose from: Push promotion and pull promotion. Also third- reputation strategy- is used in business markets.

Push strategy is “a promotion strategy that calls for using sales force and trade promotion to push the product through channels. The producer promotes the product to channel members who in turn promote it to final consumers.” In push strategy the product will be ‘pushed’ through the channel to the end users. The producer uses its marketing activities, usually trade shows and personal selling, toward their channel member persuading them to carry the product and to promote it to the end users. (Kotler & Armstrong 2012, 449)

Push strategies have service/product focus aiming towards organizational intermediaries in the marketing channel. “The push strategy involves suppliers encouraging intermediaries to stock their goods for resale, thereby ‘pushing’ products down the supply chain by persuading distributors of the mutual benefit to be gained by taking on the manufacturer’s output.” (Ellis 2011, 294) In push strategy significant parts of the promotion mix are personal selling and sales promotions. Trade advertising and other elements of the communications mix play more secondary role. (Ellis 2011, 294)

Pull strategy on the other hand, is “a promotion strategy that calls for spending a lot on consumer advertising and promotion to induce final consumers to buy the product, creating a demand vacuum that ‘pulls’ the product through the channel”. (Kotler & Armstrong 2012, 449)

In pull strategy, the producer guides its marketing activities (mainly advertising and consumer promotion) persuading the end users to buy the product or service. When the strategy is effective, consumers will demand the product or service or brand from the retailers. Thus, consumer demand ‘pulls’ the product or service through the channels. (Kotler & Armstrong 2012, 449)

“Pull strategies have a product or service focus and are designed to influence end users lying downstream in the supply/demand chain.” Purpose is to attract the target audience with the result them enquiring the product. (Ellis 2011, 294)

Ellis added to another promotion mix strategy, called reputation strategy. “Reputation strategy normally has a company focus, and it is designed to influence a broad range of stakeholders in the company’s network. The idea is to build the reputation of the supplying organization amongst audiences who do not necessarily purchase its goods or services.” (Ellis 2011, 294)

When designing promotion mix strategies, companies must consider many elements, such as products/markets type and stage in the products life-cycle. Depending on the stage of the products life-cycle, the promotion tools used vary. For example, different promotion tools are

important to different customers and markets. Business-to-business companies tend to pull more, investing more of their funds into advertising, followed by sales promotion, personal selling and public relation. On the contrary, business-to-business marketers use push strategy more, using their funds into selling, followed by sales promotion, advertising and public relations. Generally advertising and public relations are good for producing high awareness in the introduction stage. Then again, sales promotion is good for promoting early trial. (Kotler & Armstrong 2012, 449)

Ellis (2011, 294) explained the strategy further. Due to the importance of distribution channels and networks in business-to-business markets, push and reputation approaches seem to be engaging the daily activities of business-to-business marketers. Then again, pull strategy is important when communicating with the end users in organizational level. In business-to-business markets when communicating with distribution channels and networks, different forms of direct marketing, as well as personal selling, are more productive than advertising.

In many cases the combination of all the three strategies may be necessary. “For instance, a new product launch may entail using pull strategies to attract end-user interest, push strategies to ensure availability of the new product in the marketing channel, and reputation strategies to ensure that press coverage is positive and the financial impact of the successful product launch is recognized by shareholders and investment institutions.” (Ellis 2011, 296)

2.6 Summary of Theoretical Background

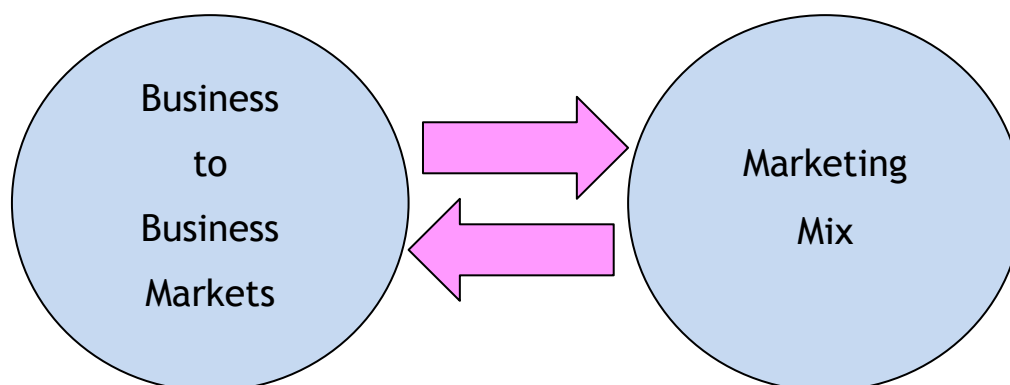


Figure 3: Relationship between Business- to- Business Markets and Marketing Mix

The theoretical background provides readers understanding of the many factors influencing business- to- business markets. Marketing mix is the foundation of doing business and therefore requires careful planning.

In the theory section the first discussion was about business-to-business markets and factors to take into consideration when operating in business markets compared to consumer markets. In business markets the buying decisions are more complicated and usually take more time. Marketing mix affects how the business is being performed and it consists of product, price, place and promotion.

In the discussion about the 4Ps, product is the key element since the planning begins with inventing and characterizing the product and its three levels: core product, actual product and augmented product.

After the product has been invented price gives the product value wanted. It is the only component that generates a turnover for the company. Companies will choose whether to use cost-based pricing where the price is set to cover all the production costs or value-based pricing where first is researched what is the perfect price based on customers' perceptions. Value based pricing is particularly used in business-to-business marketing.

Originally the meaning for place was where the product would be sold. This meaning has expanded and now it is referred as distribution channel, marketing channel or supply channel. In the text we discussed about the the supply chain and distribution channel strategy and what factors influence to the channel selection to be used.

Promotion is the last of 4Ps. Promotion of the product requires constant observation and altering. The topic of promotion mix tools was approached to understand the wide possibilities there are in promoting and how those differ between business markets and consumer markets. Further, how to develop effective marketing communication and the steps considering were discussed. Push and pull are two promotion mix strategies that are used especially in business markets. These give significant insight to the theoretical side of how the case company could get their new skin care line to the Finnish cosmetic retailers.



Figure 4: Marketing Mix

3 Research Approach

Marketing research is important for getting information about matters that are essential for decision making in marketing - the goal is to minimize the risks in decision making process. The objects for research are external environment of marketing, target group, competitive tools and marketing results. When designing a new product, customer needs and competition must be examined first.

The parties involving marketing research are the client (a person, group or a company that hires or authorises someone to make the research), researcher (a person, group or a company that directly or indirectly conducts the research) and information giver (a person, group or a company that gives the information for the research). (Lahtinen & Isoviita 1998, 20-21)

Malhotra (2004, 7) states that there are two reasons why organisations contribute in marketing research: to identify and to solve marketing problems. This is the basis for marketing research as shown in Figure 5.

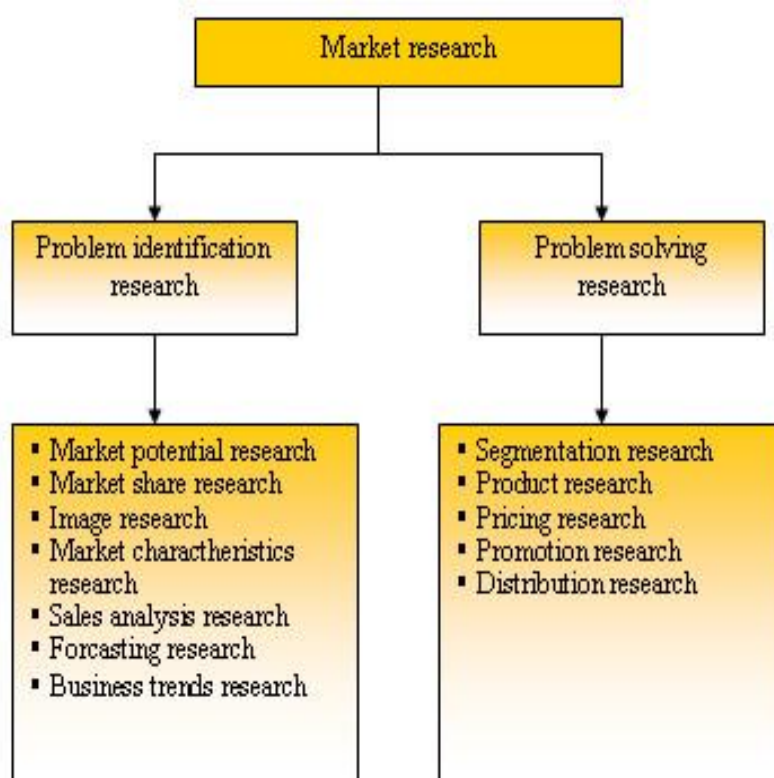


Figure 5: A Classification of Marketing Research

Problem identification research helps to identify problems that do not necessarily exist yet but are likely to arise in the future. Examples of problem identification research contain market potential, market share, company image, sales analysis and market characteristics research. These research types offer information about the marketing environment and helps diagnose a problem. When a problem or opportunity has been recognised, problem solving research is conducted. Specific marketing problems will be solved by using the findings from problem solving research which are for example segmentation, product, pricing, promotion and distribution research. (Malhotra 2004, 8)

3.1 Chosen Method

There are two main types of research methods: qualitative and quantitative research. Qualitative research method was chosen since it fitted the study and the purpose of it better. There are not many cosmetic retailers in Finland and therefore it would have been impossible to make qualitative research about the subject.

Qualitative research can be divided into two procedures: direct or indirect. A direct approach is not disguised and the purpose of the project is clear to everyone when questions are asked. An indirect approach disguises the real purpose of the study.

Direct approach is split into two interview types: focus groups and depth interviews. In a focus group there is a trained moderator who leads the discussion in a non-structured and natural manner with a small group of respondents. Focus groups are used to get insights about the issues that interest the researcher by listening to a group of people from the appropriate target market. The most popular qualitative research procedure is focus groups.

Depth interviews are similar to focus groups but the difference is that they are conducted one-on-one basis. In a depth interview there is a skilled interviewer to discover single respondent's motivations, beliefs, attitudes and feelings on a topic. These interviews can reveal deeper insights than focus groups and particular responses are easier to determine. However there are some disadvantages of depth interviews such as: difficulty of finding skilled interviewers and their expensiveness, the lack of structure making the results vulnerable to the interviewer's influence and the difficulty of analysing and interpreting the gained data.

A projective technique is informal, indirect form of interviewing that encourages respondents to show their underlying motivations, attitudes, beliefs or feelings regarding the topic. Respondents are asked to interpret the behaviour of others in projective technique rather than explaining their own behaviour. These way respondents indirectly reflect their own motivations by interpreting the behaviour of others. (Malhotra 2004, 136-150)

3.2 Methodology and Data Collection

After deciding the topic for the study, the right theoretical framework was selected to match with the research question given. Based on the theory right questions were formed for the respondents in order to receive validate information for the study. Suitable cosmetic companies in Finland were contacted in order to interview them. The estimated number of interviews was 3-5; however we were able to interview only 2 companies. The questions were sent beforehand to the interviewees for them to get acquainted with them. The interviews were executed personally at the companies' premises and they were recorded for later observation and usage.

The questionnaire was built around two main topics that are the buying process and marketing. The aim was to find out how the liaison is managed between the companies interviewed and the producers, who participate in the buying process and who makes the final decision, what kind of price range should the product have, are there any criteria for distributors, who

is responsible for the marketing of the new skin care line and what marketing channels are used and what are the respondents' thoughts about the product line.

In the questionnaire, open questions were used in order help to analyse the study. Open questions give an advantage to understand the respondents' opinion, emotions and points of view. However, open questions are more challenging to analyse and many times the respondent might understand the question differently and answer next to the topic. In this study the interviews were executed as discussions to give space for uprising questions and to have relaxed atmosphere. (Aaltola & Vallin 2010,103-104, 126.)

3.3 Validity and Reliability

In research, validity and reliability are often related to quantitative research. Yet it is possible for qualitative research to be validate and reliable too. Validity means the right correlation between data and conclusion. There are different kinds of forms of validity that are in relation to qualitative study, for example: internal validity and external validity, credibility and transferability. All of these concepts have two features in common; to do research in professional and accurate way and to state how to do research transparently. For qualitative researchers it is not so important to gain validity through manipulation of variables but rather gain it through the empirical world.

To make a valid qualitative research first step is analytic induction, which means identifying some phenomenon, generating a hypothesis and taking data to examine it. Second, the constant comparative method means that the researcher should always try to compare and test their hypothesis to another case. Third, deviant-case analysis is to mix different parts of the data and to find correlations between them. Comprehensive data treatment is the fourth step and means that all parts of the data have to be examined and analysed at some point. Finally, using appropriate tabulation gives the reader a possibility to understand the data as whole. (Bapir 2012)

“The definitions of reliability and the types of measurement of the degree of reliability must be considered when the quality of reliability in the two research contexts [i.e. quantitative and qualitative] is evaluated”. (Sarantakos 1994, 80) Reliability concept is often used associated to the question of whether the measures that are created for concepts in the social sciences are consistent. The most important thing in research reliability is dependability of consistency. A qualitative study can be assessed or regarded reliable by checking how and to what extent consistent methods and procedures are used. Also for reliability to be calculated, it is mandatory to the qualitative researchers to document their procedure and to reveal that categories have been used consistently.

Attempt of the study was to interview 3 to 5 different companies functioning in cosmetics field. Ultimately 2 of those were interviewed. Therefore when considering validity and reliability the research might not fulfil all the criteria entirely. Nevertheless, information gathered in this research is still usable and interesting for the case company in their future.

4 Empirical Study

The empirical study starts by introducing the case company and the skin care line the company is developing. After that the results received from the interviews are analyzed and reflected towards the theoretical background. Finally conclusions are made concerning the study and at the end suggestions are given to the case company.

4.1 The Case Company

The case company Créations Couleurs was founded in 1987 in Grasse, on the Côte d'Azur. The company form is SARL which means a private limited liability corporate entity. SARL is a shortening from Société à responsabilité limitée and this form exists in France, Switzerland, Luxembourg, Macau, Algeria, Morocco, Tunisia, and Lebanon. The SARL is particularly suited for small and medium sized enterprises.

Créations Couleurs is a well-known cosmetics company and their office, laboratory and production factory are situated in Dreux, France. The company develops and manufactures a comprehensive and dynamic range of cosmetic raw materials. They have built a sales network around the world, operating in every continent, where cosmetics are an industry. Créations Couleurs has customers like L'Oreal, Chanel and Dior and they have distributors in ten different European countries, one distributor in South Africa, six distributors in Asia, one in United States & Canada and one in Australia & New Zealand.

Créations Couleurs offer an inclusive product range for skin care, sun care and colour care. It consists of various actives, colours, emollients, emulsifiers, rheological aids, texturizing agents, thickeners and UV-filters among other specialties. In addition to their standard range, the company creates custom-tailored products to fit customer's specific needs. (Créations Couleurs 2012)

4.1.1 New Product Line and Product Definitions

At the moment the Créations Couleurs is expanding their operation area and have developed a new skin care line which they would like to enter the markets. This time they are not selling cosmetic raw materials but complete products they have created and produced.

Création Couleurs have expanded their operating area by developing a new skin care line. These are their first own products that they have fully produced, instead of selling only raw materials. The formulation of the products is ready, but the name of the product line and packaging has not been decided yet.

The skin care industry is heading towards quick results with their products. People are tired of waiting for the results of skin care products. They want the results to be seen immediately and that is what the new product line of Créations Couleurs does. Obviously the longer you use the products the better the final result is, but even after one time of using the product you can see the difference. The new skin care product line is exclusive and fairly expensive. It is targeted for working women over 30 and women over 50 with good income and high living standards and who wish take care of themselves and want to look youthful.

The skin care line has four different products for different purposes. Tonic Lotion is nourishing toner which finishes cleansing and balances pH of the skin. It moisturizes skin and prevents it to dry. The toner is suitable for all skin types. As active ingredients allantoin and aloe vera extract soothe and maintain the skin's natural defences. Natto regulates the skin's moisture balance and panthenol stabilizes the skin activity.

Peeling Lotion 15% is a chemically peeling toner which brightens the skin surface and prevents emergence of impurities. Peeling lotion deep cleans the pore, removes dead skin cells and at the same time helps to active the skin to regenerate. The active substance is glycolic acid which deep cleanses and revitalizes the skin renewal. Together allantoin and panthenol balance and calm the skin surface during exfoliation. Menthol extract cools and refreshes the skin surface during debarking.

Lip Volumizer is translucent lip gloss that visibly enlarges lips. Lip Volumizer soothes fine lines around the lips and brings out the natural shape of the lips. A natural or pearly-based lip gloss reflects light and emphasizes the lips rich features. Active ingredients are perfuro compounds that fill the fine lines of lips and swell the lip area. At the same time hypoallergenic emollient soften and condition lips thin skin.

Age Repair cream returns skins vitality and works as a treatment for ageing and tired skin. Regularly used Age Repair cream activates skin regeneration and prevents generating wrinkles. The firming effectiveness of Age Repair cream is based on perfluorooctane compounds which smoothens the skin surface.

4.2 Results and Analysis

In this part results gained from interviews will be reported and compared to one another. The results are divided under two headings: results concerning the buying process and results concerning marketing. First the respondents will be presented briefly.

4.2.1 Presentation of the Respondents

The first respondent of the study was the group manager of consumption goods in S-Group. SOK develops and steers the strategies of S Group. SOK Corporation consists of SOK (Suomen Osuuskauppojen Keskuskunta) and its subsidiaries. The business operations of the regional cooperatives and SOK Corporation are mainly chain activities where joint support and development services are produced in a centralised manner. The S Group's own chains are Sokos and Emotion. (www.s-kanava.fi)

As a group manager, cosmetics and hygiene is one of his responsibility areas. He is the supervisor of purchase managers and their assistants in the cosmetics and hygiene. Purchase managers are the ones who actually make the purchasing decision, get acquainted with the products, form the assortment and fix the price.

Another respondent was the manager of Eve. She is responsible for the companies' actions to the management and she also owns 10% of the company. Eve's largest owner is a Finnish woman and her investment company that invests on well-being in Finland and around the world. The respondent has long experience in the cosmetics business.

Eve is located in Sello shopping centre. In their premises they sell different product lines, have a day spa with 7 rooms and a hair salon as subtenant. Earlier Eve was founded in Vantaa, but after a short period it went into bankruptcy. The current owners bought the logo and brand from the previous owners and founded Eve in Espoo.

4.2.2 Results Concerning the Buying Process

The first question asked was about the arrival of new products; do the producers/importers contact the company or does the company contact producers/importers. Both respondents had similar experiences that more commonly it is the producers/importers who contact the company to make an appointment when they are launching new products to the market.

The respondent of Sokos and Emotion said that fairs and exhibitions are visited regularly and through them the companies know of the new releases. Occasionally purchasing agents contact the importer or representative if they want a certain product in their selection.

In Eve contact happens in both ways; importers contact them and they contact importers. If new product comes to the importer with whom they already have collaboration, importers try to make an appointment to represent the product. Sometimes new people call them directly to make an appointment. Eve also occasionally receives contacts through embassies, especially from United States, asking about importing, but as for now they have not gone into importing.

The second question concerned the buying process asking who participates in the buying process of a new skin care line and who makes the final buying decision. In both companies they familiarize themselves with the product first before making decision.

In Sokos and Emotion the purchasing agents get acquainted with the products and supplier first. After that the assortment manager decides if the products are suited to the chain's concept and if they are how and where the products should be displayed in the stores.

In Eve the process is different than in Sokos and Emotion. In Eve the manager together with the visual manager, spa-superior, store manager and make-up artist test all the products for a certain period. The last buying decision will be made by the manager but everyone's opinion will be heard and taken into consideration during the tests period. When "brain storming" about the product they look at the package and price and ponder if it has prerequisite in their store.

The following question inquired the criteria on what base the company chooses the skincare products/skincare line to be sold. The respondents gave different answers to the question which reflects the companies.

"The most important thing when choosing a new product is that it has a demand," answered the respondent of Sokos and Emotion. They investigate whether the product has commercial potential and if it has been manufactured with quality and ethics in mind and if the availability of the product is sufficient. The product manufacturer's history is also important to them in order to estimate how the product would sell in Sokos or Emotion based on the selling history in other places. Added to this it is useful to know how long the manufacturer has been at the business and how successful their earlier products have been.

Eve's respondent told that their tendency is towards natural/nature cosmetics, but not to be a "green" store. Everything does not have to be certified. The thought behind the product is important and that it has an idea and that they feel good about it. Further, packaging is essential and it needs to be appealing. The price is required to be middle-priced.

Then we asked about the brand and should the product line have a certain brand to be suitable for their company. Once again, the respondents answered differently.

Sokos and Emotion strive to offer products to several customer groups' with various needs. In stores the products vary from daily consumer cosmetics to more exclusive products. Brands are chosen mainly based on demand and consumer surveys. In Emotion stores the product range is partially different from Sokos, since they are smaller in their store size, they are in different location and their customer base is distinct.

Eve wants to give new brands position and place; therefore brand does not really matter to them. They get several experimenters around the world and they take also other than familiar brands to their collection, as long as they are attractive. Eve examines various products from different countries that other businesses or stores do not necessarily have.

The fifth question concerned the price range and what kind should it be. Both respondents mentioned that they have middle-priced and more exclusive products available at their stores.

Sokos and Emotion have skin care products in every price range for different types of customers. They set the price for the products themselves and they take products from different price ranges if they have commercial potential and are suitable for their customer needs.

Eve's products are mainly middle-priced, but at the spa there are also more expensive and selective products. Outside the spa the products are priced at fewer than 100 Euros. They prefer to have some more expensive products, but mainly they sell more inexpensive products.

The next question was how often the companies take a new cosmetic product line into their selection and how many product lines. Neither of the respondents had a specific amount of how many new cosmetic product ranges they take within a year. Assortment is renewed when new interesting products arrive on the market.

Sokos and Emotion take a couple of new cosmetic product lines to their assortment per year, roughly estimated. They also renew their product range when they find competitive products that they know to have a demand.

Eve estimated to take new cosmetic product lines four times in a year according to the seasonal changes. They observe the new products/product lines approximately for a year to see how the products sell and after that make the decision whether to keep it or not. The product lines are under constant formation.

Following was the question about suppliers; what criteria should they fulfil to be able to obtain place for the product line in the respondents company's product range. The respondents answered differently to the question, but both of them have a clear image of what they expect from the supplier.

The respondent of Sokos and Emotion explained that the suppliers of skin care products are under the same obligations as any other SOK supplier. The foundation in everything is the responsibility that has been taken into consideration in every purchase. The products need to be safe and fulfil standards that have been set to them, such as environmental criteria. Furthermore social responsibility plays a big role. Before becoming a supplier to SOK, they require observing the employee's circumstances, such as a safe working environment, no child labour performed and that a sufficient salary has been taken into consideration.

Eve's respondent told that collaboration with the suppliers is important for them and also the possibility to determine the sizes of the shipment themselves is essential. They would also want to get some commercial material from suppliers and hope for support from supplier when calling. Furthermore in Eve they wish for some sales help with events especially in the beginning and the feeling that this is done together is of high value.

Further we asked how the representatives of the companies would like the products to be advertised to them and to their colleagues. Both respondents reflected to the early stages of the process when getting a new product, although the process is somewhat different.

Sokos and Emotion have to consider several factors before taking a new product into their selection; they need to receive accurate information from the product concerned. The company wants to know facts such as the products manufacturing process, price, manufacturing habits and quantities, transportation, where else the product has been sold and all the necessary information of the manufacturing company. They also want samples of the new product and those are to be delivered to them either by post or personally. Before the new product is selected, they try to meet personally the manufacturers of the product.

Eve's respondent said that they prefer direct contacts and also contacts via e-mail or mail. Some representatives approach them by sending examples and brochures through post. Based on those examples and brochures the company contacts the representatives.

4.2.3 Results Concerning Marketing

The marketing section was started by asking who would be responsible for the marketing of the new product line. Respondents answered somewhat differently to this question, however both of them require the help of the products' manufacturer in marketing.

The respondent of Sokos and Emotion had a clear answer to this question. The response was that the products manufacturer is responsible for the marketing; it is on their responsibility to get people's awareness and interest in the product. Commonly the company will examine how the product has been marketed and how marketing has worked in other countries.

In Eve it goes differently. Financially they are responsible for most of the marketing (as in Internet and Facebook). However the largest newspaper campaigns are divided between suppliers and Eve. Eve's marketing is executed together with the assistant, who is responsible for the store itself, and with a visualist, who executes it. The manager is eventually responsible for the marketing as of making decision. Often new products are introduced in regular customer evenings where the customers can try out and get familiar with the products.

The question followed was about the marketing channels and what channels do the respondent companies use. Both respondents expressed that they use print marketing to inform their customers about upcoming campaigns. Many marketing channels are used by both respondents in similar and different ways from each other.

Sokos has their catalogue appearing once a month in a print version and in newspapers there are Sokos' advertisements. Occasionally direct marketing is also been performed. Sokos and Emotion have on-line advertisement in internet. Sokos broadcasts TV-commercials when they have different campaigns, such as 3+1 days. They do not advertise any products separately in those. A big part of the marketing happens inside the stores, where they have advertisement and campaigns of different products.

Eve has some newspaper advertising that is executed together with importers. Since Eve is located in a shopping center, they use occasionally internal sound advertising. The manager of Eve is also a member in entrepreneur union and through the collaboration with other entrepreneurs they perform group deals. Eve has marketing permit for 6000 regular customers who receive newsletter once a month with different offers. Eve holds regular customer eve-

nings every second month, where all regular customers are invited and approximately 200 arrives. Event lasts 3 hours and it is held as a private occasion. Representatives are present to give mini sample treatments while cocktail snacks and sparkling wine are served.

Next question was how different brand representatives/importers maintain customer relationship with the respondents. Respondents unanimously said that they meet regularly with suppliers/representatives.

In Sokos and Emotion they meet suppliers/representatives regularly on specific time of the year. In the beginning of the correspondence Sokos and Emotion gives timetable that states how often they want to update the labels' product selection. Other times contact is held irregularly via e-mail. They also meet each other in different events and fairs.

Representatives/importers and Eve's personnel keep constant liaison. Eve's manager meets the representatives during seasonal times to consider how the brands could be involved in advertising such as Christmas catalogue. They go through the campaigns together and whenever something new is released, they together try to invent a campaign around it. They also discuss about the refund in purchases and usually representatives are favorable towards small businesses like Eve.

Final question was about the Créations Couleurs' products that were presented to the interviewees earlier. We asked if they could consider taking the skin care product line into the company's selection. Respondents were interested about the products but were not able to answer this kind of question based on the information they had received.

The respondent of Sokos and Emotion said that they would need more information for example about the products' manufacturing and pricing before they could consider taking it into their selection. He would be also interested to know how the product series would be sold; by the manufacturers name or if there would be possibility to sell it as part of Sokos and emotion's own product label.

Eve's respondent was interested in the products and the people who produce the products as well. She found it fascinating that in France they have the factory nearby the office and that Créations Couleurs is altogether involved in the whole manufacturing process without additional intermediary.

5 Conclusions and Suggestions

The aim of the thesis was to study how the case company could market and communicate with the retail buyers in Finland. For this purpose the aim was to interview 3 to 5 different actors in the cosmetics business in Finland, but only 2 were able to be interviewed. Therefore the thesis did not fully meet the company's expectations. However, information was gathered that will be useful for them in their future efforts.

The respondents work in companies that are very different actors in the cosmetics business. One is a company that is part of the biggest chains in Finland and therefore has several different product lines and brands in their stores. Other company is smaller actor gaining its place in the market before chaining. Respondents' answers to the questions reflect a different kind of thinking when they consider a new product line in their stores. Other one is open to explore new products and the other is more cautious and requires that the product has sufficient demand. However, both of them are open for new arrivals when the details have been discussed.

In order to start doing business with Finnish retailers Créations Couleurs should contact the companies beforehand via e-mail and send samples of their products. If the retailers are interested they will arrange an appointment where they can meet and discuss further. Créations Couleurs should remember that the decision making requires throughout examination of the product and the company behind it and therefore the process may take time. Many people in the organisation affect to the decision to take a new skin care product line and no one is alone making the decision. New skin care lines are taken irregularly to the companies' collections, usually approximately few times in a year.

Sokos and Emotion expect that all the products they sell have a real demand and they have strict obligations for suppliers. Eve on the other hand is more willing to explore with more unfamiliar new products but they expect reliable co-operation with the supplier. Naturally, both companies require that the skin care line is ready to be sold and factors such as packaging, price, target groups and marketing have been decided. At the moment Créations Couleurs would probably be more suited for Eve or the same type of retailer since their new product line is still unknown and Eve is known to give opportunity for new product lines.

Créations Couleurs defined their new product line as exclusive based on the target group and price. This product line would be suitable for the companies interviewed. Sokos and Emotion both have varieties of products for all kinds of people from daily consumer cosmetics to exclusive products. Eve has mostly middle priced cosmetics, but also has few exclusive products in their store at the spa section.

Créations Couleurs needs to have a vision of the marketing and marketing plan for the new product line before going to the retailers since the company itself would be mainly responsible for the marketing. The retailers would advertise the products as part of campaigns, but not individually their products. Both companies use several marketing channels and through them the new product line would gain more coverage. In Eve they hold regular customer evenings where they also launch new products. They have discovered this to be successful. For Créations Couleurs this would be an opportunity to present their new skin care line to the end users.

As a conclusion, entering to the Finnish cosmetic market could be difficult for Créations Couleurs since the company is unknown in Finland. First Créations Couleurs should gain recognisability among the retailers and end users to obtain their place in the Finnish retail market. The company should have active distributor in Finland who would advertise, sell and maintain a good relationship with retailers. Setting up an online store first could be a good idea to attract the end consumers and to obtain their interest.

Unexpected opportunity to come to Finnish cosmetics markets came from the respondent of Sokos and Emotion. He raised a question if the product line could be sold under their brand. For this Créations Couleurs would need to discuss with Sokos and Emotion in more detailed how it would be performed and do they have an existing brand for exclusive cosmetic products. This would be a different kind of opportunity for Créations Couleurs to sell their cosmetic products in Finland.

6 Theoretical Linkage

The theoretical background for the thesis was chosen based on the need of the case company, Créations Couleurs, to know how to approach and market their new skin care line to the retailers in Finland. To answer these questions marketing mix 4Ps were studied with a special focus on promotion mix. Since Créations Couleurs will be selling their products to businesses, business-to-business marketing was also studied. Based on the theory part the questions were created for the respondents to answer. The questions were formatted to be clear and consistent and that they do not limit the answers excessively. These answers will help the case company to plan their integrated marketing mix especially for Finnish cosmetics markets. Thus, when considering the theoretical part and the purpose of the research, there is a correlation in the theoretical part and the study performed. Theory section reinforces the results of the qualitative study.

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Attachment

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Attachment 1 Questionnaire

1. When new product arrives to the markets, do the producers/importers contact you or you contact producers/importers?
2. Who participates in the buying process of a new skin care line? Who makes the final buying decision?
3. On what criteria does your company choose the skincare products/skincare line to be sold?
4. What kind of brand should the product line have to be suitable for your company?
5. On what kind of price range should the product line be placed?
6. How often do you take new cosmetic product line to your selection?
7. What criteria should the supplier fulfil to be able to obtain place for the product line in your product range?
8. How would you like new products to be advertised to your company representative?
9. Who would be responsible for the marketing of the new product line?
10. What marketing channels do you use?
11. How do different brand representatives/importers maintain customer relationship with you?
12. Could you consider taking the skin care product line concerned into your selection?