

Saimaa University of Applied Sciences
Faculty of Business Administration, Lappeenranta
Degree Programme in International Business

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Saint Petersburg Furniture Market Analysis and Its Opportunities. Case: Company X.

Bachelor's Thesis 2013

Abstract

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The purpose of this thesis was to discover whether the Saint Petersburg furniture market has opportunities for Company X. Company X is a successful furniture seller in Finland and the company is eager to enter the Saint Petersburg market. The aim of the research was to give recommendations on which Company X should focus on.

For the theoretical part of the study, the gathered information was from literature, articles and Internet sources. The author chose several dimensions for the market analysis, such as company analysis, customer analysis, competitor analysis, market potential, product demand, distribution channels and key success factors. The data for analyzing the empirical research was collected by semi-structured interviews and an online survey.

The final results of the thesis were that there is an opportunity for Company X in the Saint Petersburg furniture market. The way that Company X approaches the opportunities will define the company's success.

Keywords: market analysis, furniture, Saint Petersburg

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1 Introduction

During the past decades business and its opportunities have been rapidly growing. Trade between countries has been developing and improving from year to year. Globalization became a big part of the business world. The borders between countries do not interfere as much as they used to. Many world trade organizations have been implemented to solve the conflicts of free trade between countries. The rules and restrictions have been invented to make an easier access for trade. Every day companies enter foreign market to eventually grow into an international level company.

The company needs to go through many steps to enter the foreign market. The first one, which forecasts the future and opportunities for the company is the market analysis. The market analysis illustrates the whole picture about the market and discovers if there is an opportunity for the company to enter the target market.

In this thesis the author combines both theoretical knowledge of market analysis with practical knowledge of the Saint Petersburg market. For the empirical part of the thesis the author uses the case of Company X, which is a successful furniture seller and has been operating in the Finnish market for over 70 years. Company X is eager to enter the Russian and Saint Petersburg market. For this reason, the author of the thesis analyzes whether there are opportunities for Company X to do business in Saint Petersburg.

1.1 Historical background

For analyzing the Saint Petersburg market, the author reminisces the historic Russian background and the development of the Russian market. To begin with, the Soviet Union time, which was between 1922 and 1991, has still a small influence on trade between Russia and other countries. During that time, foreign trade accounted for 4% of the Soviet gross national product. The Soviet Union had trade with socialist countries, with Western industrialized countries and Third World countries. Among this list, Finland has had a special agreement with the Soviet Union. Finland and the Soviet Union had a stable trade relationship with five-year agreements of accounting procedures and

payment methods; in other words it was called bilateral clearing agreements. This agreement provided the trade balance between the countries. In the list of most important trading partners, Finland took the second place after West Germany. Due to the increase of import from Finland, the Soviet Union in correspondence increased exports, which became the base of trade growth between Finland and the Soviet Union in the 1980s. Later, in 1988, Finland could not consume about 90 per cent of the Soviet oil export domestically. Due to this, Finland decided to export it to other countries. The bilateral clearing agreement forced Soviet Union to reduce the amount of exports. This led to a decrease of trade between the Soviet Union and Finland. (Zickel 1991, pp. 611–612.)

Mikhail Gorbachev, the Russian leader, was inventing the new political and economic system which is known as perestroika (Russian) and economic restructuring (English). That reform has changed the life of the Russian people drastically. In consequence, the Russian economy was in crisis, budget deficit and large debt led to inflation. To decrease the effect of the crisis, Yeltsin started to stabilize the macroeconomic situation and restructure the Russian economy. During 1995 and 1998, Russia was trying to sustain the economic situation in the country. As a result, the inflation rate decreased. The next important incident that influenced the Russian trade was the financial crisis in 1998. The rouble was devalued and domestic debt was defaulted. The prices on food increased by almost 100%, the shelves in the shops were empty. For many Russian people this was a very difficult time in their life. The financial crisis reduced due to the growth of oil prices. The situation with the crisis became better in 1999–2000. In 2000 Vladimir Putin became the president of Russia and invented many economic reforms and restrictions for economic growth and sustainable situation in Russia. Another important event which happened five years ago was the financial crisis. This crisis was a part of the world economic crisis. One of the main reasons of the crisis was the heavy reduce in oil value, the debt to investors and hostilities toward the Georgia. In the middle of April 2010 the crisis reduced, but the country is still recovering from it. (Curtis 1996.)

The Saint Petersburg and Russian market have been changed and improved during the last years. First of all, the Customs Code changed between Russia, Kazakhstan, Belarus, and Kyrgystan. The new restriction was about cancelling the declaration of goods between the named countries. Another important event which will have a great impact on trade in the future is that Russia became a member of World Trade Organization (WTO) on the 22 of August in 2012. The forecast for the future of the furniture market in Russia does not look very good for local companies. The Saint Petersburg market will most likely be overcrowded with cheaper imported furniture. This will lead to the increase of competition between companies, and some of them will not survive and some of them will rise in market position. (European Commission: Customs Union between Russia, Kazakhstan and Belarus 2010; World Trade Organization: Members and Observers 2013.)

1.2 Introduction of the company

This thesis is called "Saint Petersburg furniture market analysis and its opportunities. Case: Company X". A long time ago Company X became a franchisee of Company A. The first furniture shop of Company X was established over 70 years ago. After that, Company X established three more shops in other cities in Finland. Company A, which is the franchisor, has over 40 shops with the turnover of 50 million euro per year (2011). Company X is one of the leading furniture sellers in South Karelia of Finland at the moment. The head office of Company A provides marketing, promotion and logistics through Finland for franchisees.

Company X has been operating successfully in the Finnish market during many years. As a result, Company X had made the decision to enter the foreign market. Finland is bordered by Sweden to the west, Norway to the north and Russia to the east. All four shops which are owned by Company X are located to the east of Finland and that was the reason why Company X decided to enter the Russian market. The largest concentration of Russian customers is located in Imatra and Lappeenranta. Saint Petersburg, Svetogorsk and Vyborg are the closest cities to the Finnish border. Saint Petersburg is the biggest city and offers more opportunities for Company X.

Company X already has many Russian customers who are interested in their products. The amount of Russian customers will be increasing due to the location of the furniture store in Saint Petersburg. Company X offers a wide range of furniture products such as sofas and armchairs, levels and shelving, dining tables and chairs, beds and mattresses, office furniture, closets, and many more accessories for interior design. Furthermore, Company X provides care product for the furniture which is made for keeping the furniture in a better condition for longer time. The main competitive advantage of Company X is Finnish quality and fashionable design.

1.3 Idea of the thesis

It is worth researching the Russian market for opportunities for Company X. Other companies who are willing to enter it might also benefit from this research. For the research the author needs to make a Saint Petersburg market analysis. The market analysis consists of many different aspects. The main aspect which needs to be researched is customer potential and Company X's opportunities on the Saint Petersburg market.

1.4 Purpose of the thesis

The main purpose of this research is to measure Company X's demand for furniture and opportunities in the Saint Petersburg market. For better understanding the potential of Company X in the Saint Petersburg market, the author needs to concentrate specifically on the furniture market area in Saint Petersburg.

Market analysis consists of several aspects such as customer analysis, market potential, distribution channels, product demand, key success factors, market size, market growth rate, market profitability, industry cost structure and market trends, and a few more aspects. The author delimitates the market analysis dimensions to the main aspects which are the base for the research. Analyzing Company X, the customers, the competitors, market potential, distribution channels, product demand and key success factors helps to observe the furniture market in general and in Saint Petersburg.

The analysis of each dimension of the market analysis is the first step for planning to enter the Russian market. The analysis of Company X is made by using SWOT and PESTEL analysis. It describes the weak and strong points of the company. By means of this analysis, Company X can improve and develop itself for getting more opportunities, and as a result successfully enter the Saint Petersburg market. The customer analysis determines the target customers, the behavior and motivation of purchasing furniture products. It forecasts the future demand for the products of Company X. The competitor analysis investigates all of the threats and weaknesses of its competitors and how Company X can benefit from it. The market potential calculation determines the potential of Company X in the Saint Petersburg market, number of potential customers and the opportunities for the market positions. Product demand analysis forecasts the demand of the furniture products in the Saint Petersburg area. The analysis of distribution channels as a part of the market analysis is used to discover more opportunities for Company X in the Saint Petersburg market. Key success factors define whether Company X has a base for successful competition in the Saint Petersburg market.

1.5 Research question

The main question of this thesis is: “Does the Saint Petersburg market have opportunities and demand for Company X’s products?”

To answer the main question of the thesis, the author divides the work into two parts. The first theoretical part builds a base for the empirical data analysis of the market. Each dimension of the market analysis discovers, and as a result, the author realizes availability of the opportunities for Company X.

The answer of the main question of the thesis guides the decision of whether Company X should enter the Saint Petersburg market or not. If the results are positive, the market analysis demonstrates the opportunities for Company X in the future. If the results are negative, the company should reanalyze whether it should enter the Russian market. The analysis indicates the competitive advantage of Company X if there is any. Moreover, the market analysis forecasts the demand of furniture products, which helps to calculate the market potential and average annual consumption.

1.6 Research method

The author uses both primary and secondary data for the market analysis. To analyze the empirical data the quantitative method is used throughout this thesis. The data is acquired by questionnaires and an online survey. The questionnaire and online survey consist of multiple choice questions and few open questions. All of the surveys are done anonymously, so the respondents can answer the questions openly.

The focus group for the research is people who live in Saint Petersburg and who are interested in purchasing furniture products. The focus group is found in and around furniture shops. This focus group is quite complicated to reach, so the author decides to use convenience sampling. The people are interviewed while resting on the benches inside the furniture mall.

Another type of sampling which is used for the online survey is the snowball sampling. The author creates an online survey, and then sends the link to friends, relatives and previous colleagues who are kindly asked to fill it in and forward it to their friends and colleagues.

The empirical data is analyzed by using the statistics program called SPSS Statistics. To analyze the correlation between variables the author is using Crosstabs and Chi-Square tests. To get more precise and reliable data, the author is also using Spearman's rank order correlation test. Chapter 3 presents more detailed information about the chosen methodology.

1.7 Structure of the study

In the beginning of the first chapter, the author introduces the history of Russian trade with other countries and the actions which influenced on the Russian people, trade and the future of the country. After that, the author describes the background of the thesis and the company which is used for the empirical data analysis. The thesis purpose, research question and research method guides the structure of the thesis. Chapter 2 is the theoretical framework of the study. Company analysis, customer analysis, competitor analysis, market potential, distribution channels and key success factors are explained. The author chooses the model of analyzing each dimension of the market which is used in

the empirical data analysis. The research method chosen by the author is discussed in Chapter 3. Chapter 4 presents an actual analysis and results of the Saint Petersburg furniture market. The final chapter includes the conclusion about the potential opportunities in the Saint Petersburg market. The author gives recommendations for Company X whether they should or should not enter the Saint Petersburg market and how the company can benefit from it.

2 Theoretical framework on market analysis

The second chapter of the thesis is literature review of the market analysis. The theoretical knowledge will be built by definitions and explanations of the market analysis. The chapter will include the theory of company analysis, customer analysis, competitor analysis, market potential, distribution channels and key success factors. The author of the thesis will describe the methods of analyzing each dimension of the market analysis. The theoretical framework will be the basis for analyzing the empirical data.

2.1 Company analysis

Analysis of the company is an important part of the market analysis, mainly because Company X is willing to enter the foreign market. In order to do so, the company needs to have more knowledge about current and future issues which can appear. The company should analyze three key environments which surround it. The internal environment involves what is happening inside the company. To analyze the internal environment, the author will use SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis. The PESTEL (Political, Economic, Social, Technological, Environmental and Legal) analysis will analyze external factors that affect the company. These factors are what influence a company from the outside. The customer environment will provide the picture of the customer, his or her behavior, motivation and choices in products. To analyze the customer environment the author will use the 5W model which entails five main questions: Who, What, When, Where and Why. The competitor analysis is another aspect of analyzing the external environment. Four main types of competitors need to be analyzed to have an idea of what competition is like in the Saint Petersburg market. (Ferrell & Hartline 2011, pp. 87–92.)

According to Ferrell and Hartline (2011, p. 87) for stakeholders, the company analysis can either increase or decrease the value of a company depending on key issues and major trends. Due to the result of the analyses, Company X should be able to build a better strategy and promotion plan to attract the target markets. The analysis will demonstrate all of the opportunities for Company X to enter the Saint Petersburg market with a great benefit and a strong competitive advantage. (Ferrell & Hartline 2011, p. 87.)

Figure 1 represents the correlation between internal, customer and external environment. The picture shows that all of the environments are not independent from each other. All three environments are related very closely to each other and have a direct correlation. For instance, the change in the external environment will cause for an immediate reaction and change in the internal and customer environment. (Ferrell & Hartline 2011, p. 91.)

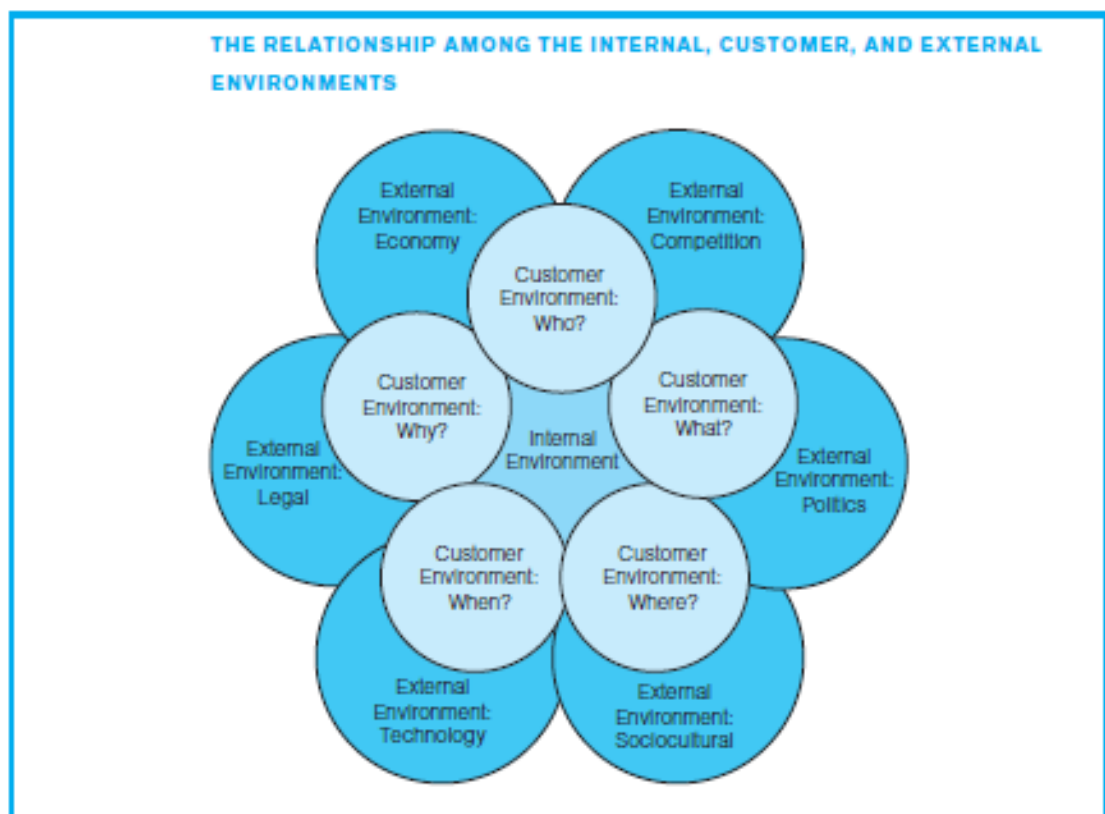


Figure 1. The relationship among the internal, customer and external environment. (Ferrell & Hartline 2011, p. 91.)

2.1.1 SWOT analysis

SWOT analysis is a widely used tool for analyzing the internal and external environment of a company. This analysis consists of the strengths,

weaknesses, opportunities and threats. The first part of the analysis illustrates the internal factors of the company, namely strengths and weaknesses. The second part demonstrates the external factors which involve opportunities and threats affecting a company. The SWOT analysis is typically used for formulating the strategy for a company. (Ferrell & Hartline 2011, pp. 120–122.)

Strengths of the company are the factors which increase the competitive advantage of the business. Strengths are used for winning the competition between its competitors. Strengths of a company can be used to satisfy the customer needs. Overall, the company could use its strengths as a base to achieve the goal. For reaching it, the company uses its capabilities and different resources. So as a result, the capabilities and resources are the strengths of the company. The strengths can be answered using the following questions (Murch 2001, pp. 191–192.):

- What advantages (skills, education or connections) does the company have compared to the competitors?
- What does the company do better than the competitors?

Weaknesses of a company are the factors that prevent the company from achieving the goals. Due to the weaknesses, the company performance can include a collection of mistakes and limitations. A weakness could be the lack of capabilities and resources. The possible result of the weakness is the decrease in competitive advantage, weak company performance and loss in budget of the company. The weaknesses should to be prevented and minimized as soon as possible. To discover and analyze the weaknesses, the listed questions need to be answered (Murch 2001, pp. 191–192.):

- What needs to be improved and developed within the company?
- In which areas do the competitors have a better position in the market?

Opportunities are external factors which provide favorable circumstances to the business in reaching their target. It is important for the company to make an opportunity analysis because it increases the competitive advantage. This

analysis also demonstrates the possible capabilities. The following questions will help to form the company's opportunities (Murch 2001, pp. 191–192.):

- What are the trends the company could use?
- How the company can take advantage of the situations?

Threats are the factors which potentially affect on the business. Threats make it difficult for achieving the goal of the company. Threats cannot be prevented, because the business cannot control them. Threats are dangerous for the company's business. Threats can cause damages and threaten the company. The company needs to anticipate unexpected threats and react immediately. These questions generally identify the threats (Murch 2001, pp. 191–192.):

- Which obstacles does the company face?
- What needs to be avoided?

The questions related to each dimension of the SWOT analysis need to be answered and analyzed. The answers will provide the data for the analysis. The questions listed throughout the chapter illustrate the overall picture.

Table 1 shows many common examples of each dimension of the SWOT analysis. These examples should be strongly considered when making the SWOT analysis of Company X. (Ferrell & Hartline 2011, p. 129.)

POTENTIAL ISSUES TO CONSIDER IN A SWOT ANALYSIS	
<p><i>Potential Internal Strengths</i></p> <ul style="list-style-type: none"> Abundant financial resources Well-known brand name Number 1 ranking in the industry Economies of scale Proprietary technology Patented processes Lower costs (raw materials or processes) Respected company/product/brand image Superior management talent Better marketing skills Superior product quality Alliances with other firms Good distribution skills Committed employees 	<p><i>Potential External Opportunities</i></p> <ul style="list-style-type: none"> Rapid market growth Complacent rival firms Changing customer needs/tastes Opening of foreign markets Mishap of a rival firm New product discoveries Economic boom Government deregulation New technology Demographic shifts Other firms seeking alliances High brand switching Sales decline for a substitute product Changing distribution methods
<p><i>Potential Internal Weaknesses</i></p> <ul style="list-style-type: none"> Lack of strategic direction Limited financial resources Weak spending on research and development Very narrow product line Limited distribution Higher costs (raw materials or processes) Out-of-date products or technology Internal operating problems Internal political problems Weak market image Poor marketing skills Alliances with weak firms Limited management skills Undertrained employees 	<p><i>Potential External Threats</i></p> <ul style="list-style-type: none"> Entry of foreign competitors Introduction of new substitute products Product life cycle in decline Changing customer needs/tastes Declining consumer confidence Rival firms adopting new strategies Increased government regulation Economic downturn Change in Federal Reserve policy New technology Demographic shifts Foreign trade barriers Poor performance of ally firm International political turmoil Weakening currency exchange rates

Table 1. Potential issues to consider in a SWOT analysis. (Ferrell & Hartline 2011, p. 129.)

On the one hand, the advantage of using the SWOT analysis is that the company can realize positive and negative factors in the same framework. Usually, the SWOT analysis is used as a basis for building a marketing strategy and tactics. The SWOT analysis is simple, very logical and a useful tool for companies. Simplifying plays a big role in the analysis of a company. Simplifying can be seen not only as an advantage, but also as a disadvantage. One more advantage of using this model for analyzing is the cost of the procedure. The cost of making the SWOT analysis is relatively low compared to other methods because it does not require exceptionally skilled people. Due to this, the overall cost of the whole strategic planning can be reduced. Another benefit of using the SWOT analysis technique is flexibility. It is not necessary to have comprehensive marketing information systems for the analysis. The data will be more exact and analysis will be more effective if the company has all information. If the company does not have all of available information the

analysis will not miss the quality. To have a more accurate analysis, the company should analyze each division separately, not the whole organization in one analysis. In addition to this, the company can take advantage of using the SWOT analysis because the gathered information has qualitative and quantitative nature. The advantage of using SWOT is integration and synthesizing the information. A wide diversity of information sources can be used for gathering data for the analysis. The company can convert the weakness in to strengths. Another advantage of using SWOT is collaboration. The gathered information can be used in many areas of the organization. (Ferrell & Hartline 2011, p. 122.)

On the other hand, using SWOT analysis has some disadvantages. As it was mentioned before, the simplifying can be both advantages and disadvantages. The disadvantage of SWOT is oversimplifying. It can cause a poor and unfocused analysis. Another disadvantage is the lack of serious consideration of the issues. Sometimes SWOT analysis can be analyzed wrongly, because of misunderstanding and confusion between external and internal factors. Another disadvantage of using SWOT analysis is the dependence of the executor. (Ferrell & Hartline 2011, p. 122.)

Whether SWOT analysis is beneficial for the company or not, depends on how it will be analyzed and used. If the SWOT is done accurately and correctly, it can be useful and can become the base for strategic planning of a company. If the analysis will be done wrong, then it is useless and waste of time.

The results of the SWOT can be illustrated by using the SWOT matrix. The SWOT matrix helps to evaluate the impacts of the issues and each dimension. The next step of analyzing is implementing the new or corrected marketing plan. The aim of new marketing plan is to convert the weaknesses to the strengths and the threats to opportunities. Another way of using SWOT is the usage of strengths to avoid the threats and use opportunities for overcoming weaknesses. If the SWOT analysis is made and used correctly, the performance of the company will be improved and the position in the market should be increased. (Ferrell & Hartline 2011, pp. 131–132.)

For the case of Company X, the SWOT analysis can be used to develop and use the strengths of the company to enter the new market. Furthermore, the weaknesses can be prevented or improved. The SWOT analysis defines the short-term and long-term objectives. Company X can benefit from using this model of analysis.

2.1.2 PESTEL analysis

The PEST analysis is original analysis of the factors which have an indirect impact on the company's performance and its competitiveness. The factors are the following: political, economic, social and technological. (Bensoussan & Fleisher 2009, p. 149.)

PEST analysis has many variations such as PESTEL or PESTLE, where EL is additional factors as Environmental and Legal. Another variation is STEEPLED, where Ethics and Demographic factors are included. The newest and most updated version of PEST, which is mainly used in green businesses, is called STEER. STEER consists of Socio-Cultural, Technological, Economic, Ecological and Regulatory factors. (Bensoussan & Fleisher 2009, p. 150.)

Political factors are defined as political issues which can occur in the company, in the areas where the company is operating, both nationwide and worldwide. The effect on business and legislation can be done by political changes and globalization. For instance, political factor on the national and world level can be the government reorganization and the change in the government policy. The reorganization of local governments can also have an effect on businesses. Military operations and disturbances can influence a change of customer's needs. A change of ownership can be seen as internal political factors. Moreover, if the company modifies the mission, the vision, targets and beliefs it will have an influence on the entire policy of the company. (Bensoussan & Fleisher 2009, p. 151.)

Economic factors have the direct impact on changes in the financial situation of the company. Economic factors related to financial fluctuation both the world and in the country where the company operates, also affect the company. The company will either benefit and have a higher income, or it will make a loss depending on the economic situation and the behavior. Tax fluctuations and

currency values are examples of economic factors. Inflation usually has a negative influence on the company. A change in trade agreement such as GATT (General Agreement on Tariffs and Trade) can lead to easier access to foreign countries. (Bensoussan & Fleisher 2009, p. 151.)

Social factors are factors which have a direct correlation with people behavior. Social factors include lifestyle of a person, habits, the fashion, beliefs, education and culture. Usually, social factors do not have a fast impact on the business, it is far-reaching factor. Social factors are changing trends, demographic situation, fashion, culture behavior and religion. (Bensoussan & Fleisher 2009, p. 151.)

Technology is growing very fast, for some companies' technological factors have the positive influence, especially innovative companies. For instance, technological factors are computer system development, innovation in distribution process and development in manufacturing processes. (Williams & Green 1997, pp. 161–164.)

Environmental factors are related to change of climate and amount of pollution. Also the use of energy and water during the producing the furniture includes in environmental factors. Raw material used and recycling has an impact on the furniture industry. Environmental factors measure whether the company has “green business” or not. (Yeates & Wakefield 2004, p. 266.)

Legal factors are close related to political, social and environmental factors. Legal factors controls enforce the law. Some of the factors such as monopoly and anti-trust can be seen as both political and legal factors. Legal factors involve the restrictions about taxation legislation, import, locations and restrictions. (Yeates & Wakefield 2004, p. 266.)

According to Ferrell and Hartline (2011, p. 102) the analysis of the PEST can be done by answering the easy questions about every environment. For instance, questions related to discover economic factors are the following:

- What is the economic situation in the target area of the company?
- Is the industry still developing?

The answers of economic factors will show whether the target area has potential and stable economic situation. The next question can be used to analyze the political factors:

- How did the last elections impact on the situation of the market?

The analysis of legal factors can be done by answering questions such as:

- What were the last changes in laws and regulations? And which influence do they have on business and how?
- What were the last changes in trade agreements? How does it influence the market?

The most common questions for the technological factors are:

- Does the change of technology influence the target customers?
- Are there any new potential technologies that the company could use?

Analyzing the social factors will be defined using the following questions:

- How the change of demographics and values effect the customer's behavior?
- How the customer's attitude towards the industry, company and products can be improved?

The answers to the questions will help to make the framework of external factors which influences the company. The issues which occur after the results will show what the company needs to be solved or improved. The positive results and impact of the factors should to be used as a competitive advantage for the company.

The usage of the PEST analysis has some advantages and disadvantages. To begin with the advantages, the PEST is a very easily understandable analysis which explains better the business environment and which impact it has on the business. After the analysis is made, it shows the business's threats which can occur in the future. That is how a company can be prepared and try to reduce

or prevent them. For effective results, it is better to make a PEST analysis regularly from different perspectives and departments. Due to the simplicity of the gathered data, the important issue can be overseen, which is one of the main disadvantages of the PEST analysis. The PEST analysis can be time consuming and have high costs. Another disadvantage of using the PEST is the possible change of the business environment. This can occur very fast and as a result it will be difficult for the companies to foresee all of the events. (Dcosta 2011.)

The author of the thesis made a decision to delimitate the analysis by using the PESTEL for the case of Company X. It will show the main purpose of analyzing so the company can concentrate on the most important factors influencing the business.

2.2 Customer analysis

The customer analysis is another important part of the market analysis. It determines the target customers, their needs and preferences of the products. To satisfy the customer, the company should analyze the consumer behavior and motivation.

According to Ferrell and Hartline (2011, pp. 95–100) the 5W model of the customer analysis provides an overall picture of the current and potential customers. The model consists of five main questions including Who, What, Where, When and Why. Each main question will have sub questions which help to delimitate the target groups. Analyzing all of the answers for each question will help build the base strategy of reaching and satisfying the customers.

The first question is who: “Who are our current and potential customers?” This question will determine the characteristics of the potential customers. The sub questions are about demographic, geographic, and psychographic characteristic of the customers. The gender, age and income are typical characteristics for the demographics. The question where our potential customer lives will be answered under the geographical characteristics. The psychographic questions will explain the customer attitude, interest and customer opinion. If the company has been operating in the target market, they should have knowledge of who their actual customers are. This will analyze the

difference between potential and actual customers of the company. Moreover, the company should analyze who has influence on buyers and who is financially responsible for the purchase. The decision to purchase is made by individuals or by group which is also important for the analysis. The analysis of this question will forecast the future situation for the company.

The next main question is: “What do customers do with our products?” Does the customer recycle the products after consumption? This question analyzes the frequency of purchases, the amount of purchases by the customer and the way of consuming the products.

The third main question is related to distribution of the products. The question is: “Where do our customers purchase our products?” The answer to the question will clarify who is more successful in the distribution channels. Is it brokers, wholesalers or retailers? Maybe the customers are using e-commerce, online purchasing, home sales or order products through catalogs. It will define another competitive advantage compared to other companies.

Another important question is: “When do customers purchase our products?” The analysis of this question will explain the time period, frequency and seasonality of the products. The purchase of the products depends on the some events happened in the life cycle of the customers. Do the customers buy our products because they received their salary or because of renovation of the apartment? Or is it something else? Answering this question analyzes the actions, consumer behavior, time and other factors which influence the purchase.

“Why and how do our customers select our products?” The question analyzes the competitive advantage compared with other companies. Why the customer does choose our products? As usual, the customer purchases the product to satisfy his needs. That means the company is reliable to fulfill it. Moreover, it will show the stability or change of the customer’s choice in the future. The variety of payment for the products can be also analyzed. The analysis of the question will explain the ways how the company can improve itself and the ways of satisfying the customer even more.

An additional question for wider and deeper analysis is: “Why do potential customers not purchase our products?” The company can analyze the weaknesses and the requirements of the customers. They can also analyze why the competitors have better business. The company should analyze and develop the weak spots to be more successful. (Ferrell & Hartline 2011, pp. 95–100.)

Company X can identify the target customers in the Saint Petersburg market through the 5W model. Company X will have knowledge of who the customer is, what product the customer needs, when the customer needs the product, where the customer wants to make the purchase and why the customer chose Company X. The author will base the customer analysis on the questionnaire results and online surveys.

2.3 Competitor analysis

Due to globalization and business development, there are a lot of choices for the products and services. Almost every field of industry consists of number of organizations competing with each other. The competitors are the firms who operate on the same market as your company. To be ahead of the competition, the company needs to monitor the actions of the competitors, make the right decisions and form and maintain a good strategy.

To analyze the competitors, the company needs to define who their competitors are. Generally, there are four types of main competitors which a company rivals with. They are the following: brand competitor, product competitor, generic competitor and total budget competitor. (Ferrell & Hartline 2011, p. 103; Pride & Ferrell 2012, p. 66.)

Brand competitor is the direct competitor with the same target market, same target customers and analogous prices. The company can use the same benefits and technological features. The main competitive advantage of brand competitor is the label or brand. Usually the brand competitors are well-known and famous. Brand competitors pay special attention to the analysis, because a customer can purchase a product just looking at the brand name, without measuring the features of different competitors. Moreover, the main problem with competing with brand competitors is that customers are willing to pay a

higher price to have brand name products. Usually customers trust strong brand companies rather than unknown companies with similar products. The examples of brand competitors in different industries are Apple for Smartphones, Coca-Cola for drinks and Mercedes Benz for car industry and Louis Vuitton for fashion market. (Ferrell & Hartline 2011, p. 103; Pride & Ferrell 2012, p. 66.)

Product competitor has identical products. The difference between brand competitor and product competitor is the different usage of features, benefits and prices. For instance, the product competitor to Coca-Cola can be companies producing tea, juice, bottled water or energy drinks. (Ferrell & Hartline 2011, p. 103; Pride & Ferrell 2012, p. 66.)

Generic competitors satisfy the needs of the customers by offering totally different products. The generic competitor and the company have the same purpose to satisfy the same the customer need but they use different products for it. The example of Coca-Cola Company, the generic competitor is the tapped water. Both Coca-Cola and tapped water have the same purpose of quenching the customer's thirst. (Ferrell & Hartline 2011, p. 103; Pride & Ferrell 2012, p. 66.)

Total budget competitors merchandize different ranges of product but with the same limited financial resource. For instance, the total budget competitor for Coca-Cola is potato chips or newspaper. The price of one bottle of Coca-Cola is almost the same price as a pack of potato chips or one newspaper. (Ferrell & Hartline 2011, p. 103; Pride & Ferrell 2012, p. 66.)

During the past decade, the use of the competitor analysis has increased a lot. The reason for that is the globalization of foreign companies. Another reason is the reduction of product life cycle. Other reasons are changes in the environment and innovations in technology. The companies invented the competitive intelligence as a means of the analyzing the main competitors, monitoring their actions, analyzing the weak and strong points. Competitive intelligence can be used for reanalyzing the competitive advantage and improving the business. Moreover, competitor intelligence helps to forecast the

actions of the competitor and react on it as soon as possible. (Ferrell & Hartline 2011, p. 104.)

The first step of analyzing the competitor is defining all four main types of competitors. The next step is analyzing the size, company's growth rate and profitability. Strategy analyzing and competitor's target market analyzing will be an additional benefit. The company should realize the strengths and weaknesses and determine the key capabilities and vulnerabilities of the competitor. This will allow using the knowledge as a competitive advantage. In some cases, the weaknesses of competitor can be used as strength for another company and increase the competitive advantage. Also the company can better analyze the marketing capabilities such as products, distribution, promotion and pricing. Another important aspect is the reaction of the competitor on the current products. How will behave the competitor as a result of some changes? That will analyze and predict actions of the competitor in future situations. Of course, the company should realize that the business world is developing rapidly and the probable change of competitor's behavior. (Ferrell & Hartline 2011, p. 104.)

Despite the four types of competitors, the company should analyze in which competitive structure it will operate. Table 2 presents the general picture of four main types of competitive structures and its characteristics. They are the following: monopoly, oligopoly, monopolistic competition and pure competition. Monopoly is a competitive structure when the company implements an innovation which has never been used before. It can be a new product or new technique. In that structure there is no competitors for the company because the company is the opener of the new market area. The company has a benefit of controlling the supply and build barriers to enter the new market for the potential competitors. Most monopolies which still survive are local utilities with regulations of local and federal agencies. An oligopoly is when a few sellers which control the large product supply. Usually, homogeneous or differentiated products are used in oligopolistic competition. Examples of homogeneous products are aluminum and automobile products which are differentiated products. It is quite difficult for companies to enter an oligopolistic structure due to the requirements of financial outlay. Another barrier to entry is the usage of

special technique and necessary qualification. Another competitive structure is monopolistic competition. This competition occurs when there are many potential competitors, but the goal is to differentiate the products. For achieving this target, the companies used different marketing strategies. In order to win the monopolistic competition, the company can use famous brand and interesting promotion. Pure competition is the last competitive structure. Pure competition presents an enormous number of sellers, who do not have an impact on price and supply. (Pride & Ferrell 2012, p. 67.)

Type of structure	Number of competitors	Ease to Entry into market	Product	Example
Monopoly	One	Many barriers	Almost no substitutes	Fort Collins (Colorado) Water Utilities
Oligopoly	Few	Some barriers	Homogeneous or differentiated	General Motors (autos)
Monopolistic competition	Many	Few barriers	Product differentiation, with many substitutes	Levi Strauss (jeans)
Pure competition	Unlimited	No barriers	Homogeneous products	Vegetable farm (sweet corn)

Table 2. Selected characteristics of Competitive structure. (Pride & Ferrell 2012, p. 67.)

Competitor analysis illustrates the present performance and predicts future actions. The company who has a lot of knowledge about the competitors has power in the market. When applying the competitor analysis to Company X will show how the business can benefit from entering the Saint Petersburg market. To delimitate the competitor analysis of Company X, the author will analyze only brand competitors. Moreover, strategic planning can be more precise and implementing the right strategy will be less complicated.

2.4 Market potential

The definition of market potential is the calculation for the amount of potential sales. In other words, referring to the amount of potential customers, how much sales and income the company will have. According to Stevens, Sherwood, Dunn and Loudon (2012, p. 41) the market potential is a quantitative measure of a market's capacity to consume a product in a given time period, which is a prerequisite to assessing profitability. To calculate market potential, the different customer segments should be taken into account. These include tastes, demographical situation, and competition in the target area. The measurement also depends on the company and which products the company is manufacturing. (Stevens & Sherwood & Dunn & Loudon 2012, p. 41.)

The results of market potential analysis should provide the answer of whether there is an opportunity for the company to enter the target market. The market potential calculation can be expressed either in sales or units. Before analyzing the measurement of market potential some data needs to be gathered and calculated. For estimating market potential the company needs to determine the following steps prior to achieving results. Green & Williams (1996, pp. 69–71) and Wolfe (2006, p. 1) discussed the possible order of steps:

Step 1. Target market and market segments. To better understand the target market, the company needs to go deep into details. The detailed picture will provide more knowledge about potential customers and potential benefits for the company. As a result of the research the methods for satisfying their needs will be more easily reached. The target market is usually estimated by the geographical area the company wants to operate in. Due to this, the size of the company also has an influence on the results. For instance, the large amount of customers can be satisfied by one manufacturer, while one small company in the city will provide services only for the neighborhood of the sales office.

The detailed information about the target customers can include age, gender, annual income and other information. As soon as this information is gathered, the number of potential customers can be established.

Step 2. Estimation of the average selling price. The average selling price depends on the company's normal prices and the time of the product life cycle.

To calculate the average selling price, the group of main products needs to be established. Then the sum of the main products needs to be divided by the amount of products used in a group.

Step 3. Establishment of the average annual consumption. The average annual consumption is calculated with the number of products sold during the period of one year by the loyal customer. This calculation will provide information of how often a consumer needs the product.

Step 4. To calculate the market potential, the following formula is used:

MP = N x P x Q, where

MP = Market Potential

N = Number of Possible Buyers

P = Average Selling Price

Q = Average Annual Consumption

Standard of living relates to the quality of life and the amounts of products people consume. Standard of living can be used for comparing the geographic areas and the economic situation in those areas. Most people think that standard living is the possibility to satisfy the needs with a monthly income. Other aspects of standard of living include the availability of education, work, healthcare, safety, poverty rate and cost of goods and services. The measurement of all listed aspects will provide a clearer picture of general performance of the target group. The income level is commonly used as a base of the living standard. (Fontinelle 2011.)

To calculate market potential the author will analyze living standards in the area of Saint Petersburg. It will be used for achieving more precise data about target customers and restrict the calculation for the market potential.

2.5 Product demand

Before making a decision to enter Saint Petersburg, Company X should forecast the amount of demand for the furniture product in the market. The past and present demand for furniture products need be analyzed. Using the gathered data, the author will be able to forecast future demand.

According to Lamb, Hair and McDaniel (2012, p. 470) the amount of products which will be merchandized in the market for various prices in a specific time period is defined as the demand. Kotler and Keller defined the product demand as the total amount of current products, which would be purchased by a target customer during a fixed period of time. Kotler and Keller (2006, p. 127) added the market environment and marketing program which can also have an effect on the product demand to this definition. (Lamb & Hair & McDaniel 2012, p. 470; Kotler & Keller 2006, p. 127.)

Overall, the demand can increase and decrease due to certain factors. The fluctuation of demand can be observed and analyzed. According to Mankiw (1998, pp. 63–64) the factors which have an influence on customer's decision to purchase are following:

- Price of a product increase because of a decrease in the demand. On the other hand, when the demand of the good raises, the prices for the current good falls. Demand and prices are related negatively. However, the law of demand also exists. The law of demand defined the situation where things are equal, the prices are increased and the demand falls.
- Income is another core aspect which affects on the decision of a purchase. The direct correlation between income and demand means the more income the person has, the more products he can purchase. When a person has a low income, he will not spend so much money on goods. The phenomenon which describes the circumstance when both demand and income decrease is called a normal good. Whether the phenomenon of interior good happens due to the rise of demand and decrease in income.

- Prices of related goods have also an impact on the demand of current products. On the one side, product A and product B are taken from the same range of products. If the price of product A falls, the customer would prefer to purchase a larger amount of product A instead of product B. In the case where the decline in price of one product, decreases the demand of a related product, is called substitutes. On the other side, product A and product C can be combined and mixed together. So when the price of product C decreases, purchases of product C will increase. Two products are called complements, when the decrease in price of one product increases the demand for the other product.
- Determining the customer's taste affects the demand of the product. It is quite complicated to measure taste of consumer. Generally, the historic and psychological factors are the base for establishing a person's taste. However, it is possible to measure change in demand due a change in tastes.
- Expectation is another factor influencing demand. If a customer is expecting to receive an additional sum of money, he will be eager to purchase more products and spend more money on them. For instance, if the customer is expecting to get a discount of 30% on product D he will wait until the following month to purchase product D.

2.6 Distribution channels

The distribution channel is the process of a product moving from the manufacturer to the final customer. The distribution channels can vary due to the size of a company. The company can choose different types of distribution. The parties which are used as distributors are called middlemen. The middlemen can include manufacturers, retailers, wholesalers and agents or brokers. The amount of middlemen used is the company's decision. Some companies need to use distribution channels to reach all of the target customers. In other words, the main purpose of distribution channels is to satisfy the consumer with the product through other parties. (Kapoor & Kansal 2003, p. 28.)

Table 3 provides the structures of the different distribution channels. It clarifies the amount of middlemen used for every channel. The distribution of goods without including any parties is called direct distribution. It is the shortest chain in the distribution process and it consists of only manufacturer and a customer. Examples of companies who use direct distribution are Amazon.com, Avon and Amway. (Lamb & Hair & McDaniel 2012, p. 395; Kapoor & Kansal 2003, pp. 32–33.)

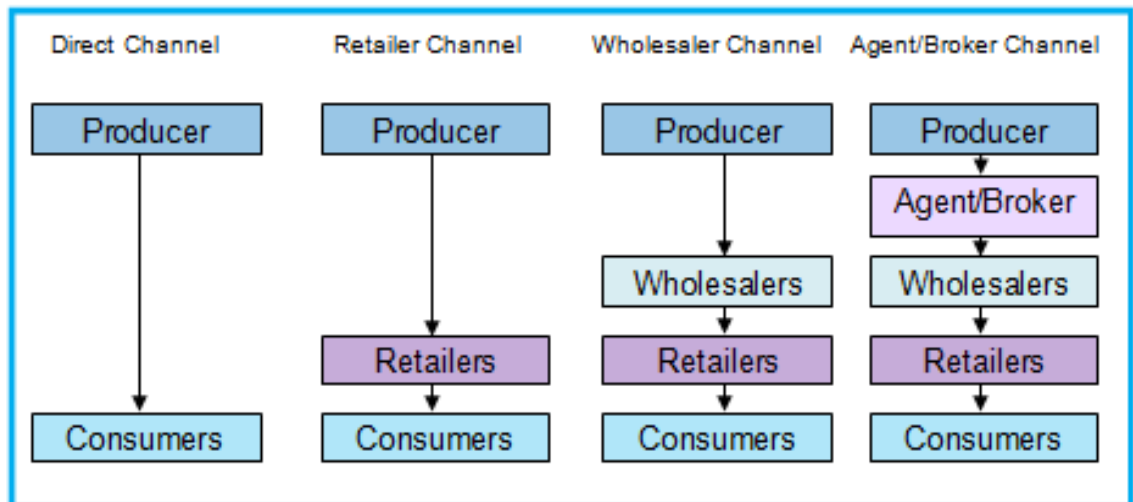


Table 3. Marketing channels for Consumer Products. (Lamb et al. 2012, p. 395.)

The retailer channel involves the connection between the retailer, consumer and producer. This type of distribution is necessary when a company has a lot of customers within a huge geographic area. For example, General Motors, which is operating in the automobile industry, have an enormous target market. As a result, the company uses many retailers to distribute the cars. The distribution includes one or more middlemen called indirect distribution. (Lamb & Hair & McDaniel & Fabia & Wellington 2012, pp. 330–331.)

The wholesaler channel is the distribution from producer to the wholesaler, retailers and eventually to the final customer. Usually, the wholesaler channel is used for the products with low costs which are frequently purchased. An example in this chain is chocolates and cigarettes. The big amounts of products are delivered to the wholesaler, who then divide it into several small parts and provide it to the retailers. (Lamb et al. 2012, pp. 330–331.)

The last type of channel is the agent channel. It is also known as a broker channel. The agent channel is a complicated process of the distribution of goods. The process involves the products going from agent to wholesaler, wholesaler to retailer, and from retailer to the final customer. (Kapoor & Kansal 2003, pp. 32–33; Lamb et al. 2012, pp. 330–331.)

The distribution of the product involves three different types of flows. The first flow is the flow of information. Information flow is a two way flow of gathered data. The information can consist of the different types of products including the amount of products, delivery terms, and timetable when it should be delivered. Another type of flow is called financial flow. This flow exists in every part of business. For instance, a store receives money for keeping a product, and suppliers receive money when the products are delivered in good conditions, at the right time and place. A very important type of flow is the product flow. Product flow includes the movement of materials and products in and out of an organization. (Coyle & Langley & Gibson & Novak & Bardi 2009, pp. 20–21.)

The distribution channel can be used as a foreign entry mode for entering the Saint Petersburg market. Due to this, the company can use either direct or indirect exporting. The direct exporting method suggests that the producer arranges the distribution to the foreign intermediates. This method involves the acquaintance of different cultures and provides detailed market information with more control. The indirect exporting method provides sales to foreign countries by using domestic intermediates. The main benefit of using this method is the ease of use for management. An inexperienced company can trust the partners of distribution to organize the process. (Gorchels & Marien & West 2004, p. 108.)

To enter the foreign market the company can use indirect exporting agents such as brokers and export agents of manufacturers. Export management companies provide the same service for entering a new market. The different types of indirect distributors also offer to export. It can be domestic wholesalers, export merchants, complementary marketers and export jobbers. (Gorchels et al. 2004, pp. 108–109.)

If the company chooses to import the goods and services by using foreign direct distribution channels, the company can use brokers, import jobbers, dealers and wholesalers. The company can work with contractual distributors. Contractual distributors are direct intermediaries with an agreement between two parties to supply with special operations. Contractual distributors are licensees, franchisees and contact manufacturers. (Gorchels et al. 2004, pp. 108–109.)

Licensees sign a contract which transmits the allowance to use his property. The licensor provides the property such as trademarks, patents and production techniques to the licensee. In exchange for using the licensor property the licensee pays a fee. Under the named trademark, the licensee can produce or merchandise the product or service. The company can benefit from using the licensing agreement because of the ease and government approval. The main advantage of using the licensing systems is the possibility of increasing ROI (Return on Investment) as a result of investing money to the licensor. The main problem which can occur is the dependence of the manufacturer on the licensee. (Gorchels et al. 2004, pp. 108–109; Hinkelman 2002, p. 125.)

Franchising is a contractual method of entering the foreign market. The franchisor gives permission to the franchisee to use trademarks, patents, brand name and more. For using this service, the franchisee needs to pay an annual fee. A franchising agreement is more comprehensive because the manufacturer can control the processes more. (Gorchels et al. 2004, pp. 108–109.)

The observation of all types of direct and indirect distribution can lead to the decision of how company X should enter the Saint Petersburg market. The decision of choosing the right distribution channel can also effect whether the company succeeds or not.

2.7 Key success factors

Company X is planning to enter the foreign market in the Saint Petersburg area. Due to this, the company needs to analyze the possible key success factors. Key factors are also known as critical success factors. According to

MacLennan (2004, p. 79), the elements which determine the intensities for success in the future market are the success factors. It is important for the company to observe the critical success factors, because the company can then concentrate on the current position and the ways of comprehending the business strategy.

Morden (2007, p. 68) defined critical success factors as key determinants of a corporative success. Critical success factors are the impacts on business targets which need to be achieved.

The companies, who are eager to enter the Saint Petersburg market, need to have knowledge about critical success factors. The first important critical factor is to find the right local business partner. The partner should also have similar goal and similar values. In other case, it will be quite difficult to build a strong relationship. The partner should have sustainable financial situation and be experienced in the operating market. The partner will also help to understand how to satisfy the customer's needs and which product features customers prefer. This will lead to a successful start in the new business area. The choice of personnel recruitment is another success factor. Only the best and most motivated candidates will be considered for hiring. Organizing the logistics between Russian market and Finnish market can be challenging. One of the main reasons is the customs restrictions and tariffs. Due to Russia's recent membership of World Trade Organization, the trade and logistics has improved substantially. If the company will organize the logistics well, it will be one step forward to success. The sales process need to be discussed between business partners. Organizing sales will be critical success factor for the company who just entered the new market area. Moreover, the company always needs to measure the risks. The more knowledge the company has about the market and its competitors, the less risk is involved in business. The decision of choosing the location for establishing the shop is also quite important. The location area should have potential for opening a new store. The important critical success factor is the company's strategy. Without good strategy the companies will not succeed. The company should not forget that Russia is a foreign country with totally different culture. Russians have another consumer's

need and behavior due to the historical background of the country. (Savo 2009; Makovich 2011, p. 8.)

Analyzing critical success factors will provide the general picture of how to be successful in Russian or Saint Petersburg market. If Company X follows the previously mentioned theory and guidelines, the chance of success will be higher.

3 Research methodology

Research involves a few different types of methodologies. The main two methodologies are quantitative research and qualitative research. Quantitative research was defined by Nykiel (2007, pp. 55–56) as quantifying the relationship between variables. When the gathered information needs to be measured, quantitative research will be the most useful. According to Saunders, Lewis and Thornhill (2009, p. 598) quantitative research is the collection of numerical data which requires analysis. The author finds the discussion of quantitative research by Gravetter and Forzano (2009, p. 147) best and easiest method for understanding. Gravetter and Forzano (2009) suggest that quantitative research is settled from measuring quantity variables for individuals to acquire scores, numerical data, which are then used for summarizing and interpretation of statistical analysis.

Qualitative research is another way of measuring and analyzing the gathered data. The main difference between quantitative and qualitative research is the type of gathered data which should be interpreted. Qualitative methods are used for interpreting observations and notes which are shown in narrative report. Qualitative research is a useful tool if the behavior of people, views and motivation needs to be measured. (Gravetter & Forzano 2009, p. 147; Clark-Carter 1997, p. 9.)

There are several advantages and disadvantages in using both methods. The main advantage of quantitative methods is the large number of respondents which can participate in the research. Usually, quantitative research is used for gathering statistical and marketing data. One advantage is statistical reliability and validity of the results. The result can be applied to the population, idea, and products. The one major disadvantage of using quantitative research that there

is no flexibility when using it. The questionnaire should be structured with the same questions to all respondents. (Shukla 2010, p. 29; Nykiel 2007, pp. 55–56.)

The main advantage of using qualitative research methods is the understanding of attitudes, behavior and motivations. It is quite difficult to measure and interpret the previously mentioned aspects because it is not concrete data. Another main advantage is measuring highly sensitive issues. Moreover, the evaluation is comprehensively subjective and interpersonal which helps to achieve more precise data. The lack of reliability and validity means that the research is time consuming which is another disadvantage of the qualitative method. (Boxill & Chambers & Wint 1997, p. 46; Shukla 2010, p. 29.)

Table 4 provides the comparison between qualitative and quantitative research methods on different levels. The researcher can choose which research method will be better for him/her to use according to this table. (McDaniel & Gates 1998, p. 99.)

Comparison Dimension	Qualitative Research	Quantitative Research
Types of questions	Probing	Limited probing
Sample size	Small	Large
Information per respondent	Much	Varies
Administration	Requires interviewer with special skills	Fewer special skills required
Type of analysis	Subjective, interpretive	Statistical, summarization
Hardware	Tape recorders, projection devices, video, discussion guides	Questionnaires, computers, printouts
Ability to replicate	Low	High
Training of the researcher	Psychology, sociology, social psychology, consumer behavior, marketing research	Statistics, decision models, decision support systems, computer programming, marketing, marketing research
Type of research	Exploratory	Descriptive of causal

Table 4. Qualitative versus Quantitative Research. (McDaniel & Gates 1998, p. 99.)

For the research the author decided to use quantitative methods. The results related to market analysis will have more benefits from quantitative research method. A few answers derived from the research and can be analyzed using qualitative methods. The results should be analyzed by using mathematical and statistical analysis tools.

3.1 Methods of data collection

To collect data the author used both primary and secondary data. Primary data suggests that the data is original because it was gathered for the first time. There are a number of ways to gather primary data including surveys, personal interviews, telephone interviews and mail surveys. To make company and customer analysis the author chose to use interviews and online surveys. Brown (2001) defines that “questionnaires are any written instruments that

present respondents with a series of questions or statement to which they are to react either by writing out their answer or selecting from among existing answers". (Dörnyei & Taguchi 2010, pp. 3–4.) Secondary data is data that has previously been researched and analyzed by statistical processes. Secondary data can be taken from different sources such as Internet, publications and articles, journals, books, newspapers, reports and statistical records. (Kothari 2004, p. 95; Dörnyei & Taguchi 2010, pp. 3–4.) The author used secondary data to analyze the competitors, market potential, distribution channels and key success factors.

To gather data for the customer analysis, the type of questionnaire needs to be chosen. There are three main types of questionnaires: structured, semi-structured and unstructured. Structured questionnaires are often used for a large amount of respondents and quantitative studies. This type of questionnaire includes closed questions and can be gathered by telephone, face-to-face or self-completion. The second type of questionnaire is called semi-structured. It combines both open and closed questions which are useful for business-to-business market research. Semi-structured questionnaires allow the user to combine both qualitative and quantitative gathered data. Unstructured questionnaires consist of free-ranging questions. This provides a freedom for the respondent while answering the question. Unstructured questionnaires are very flexible compared to the previously mentioned types. These are mostly used to analyze qualitative data. To collect the answers of unstructured questionnaires, usually face-to-face and telephone interviews are used. (Hague & Hague & Morgan 2004, pp. 99–100.)

The author of the thesis chose to make a semi-structured interview questionnaire for the empirical part of the research. As soon as the structure of the questionnaire was selected, the author made research on how to design the questionnaire.

The types of questions used for the questionnaire also depend on whether the research is qualitative or quantitative. Open-ended questions are used for analyzing opinions, motivation, attitudes and recommendations. Closed questions usually restrict the answers. This type of question is used for more specific information or the verification of facts. Closed questions are easier to

analyze even if there is a large sample. Multiple choice questions offer the respondent a few different possible answers to choose from. Another type of questions is rating, where the respondent needs to underline a score or value for example rate from 1 to 5. Quantity questions are open questions where the respondent answers with a number. (Greener 2008, p. 67; Shelly & Rosenblatt 2010, p. 156.)

There are more types of questions that the author delimited for the research. A mixture of closed, multiple-choice and a few open-ended questions provided better results for the market analysis and were used in the questionnaire.

3.2 Sampling

For the research and the results of the research, it is very important to get good samples. It can be done in two ways. One way is to ensure sample accuracy. Sample accuracy means that every person from the population has an equal chance to participate in the survey. It is also known as unbiased sampling. Another way to ensure sample precision is by increasing the size of unbiased samples. (Bernard 2006, p. 166.)

The focus group for the research was people, who live in Saint Petersburg and who are planning to purchase new furniture equipment. This type of focus group was quite complicated to reach, so the author made a decision to use convenience sampling. Convenience sampling includes individuals who are easy to reach. The select group of the people is chosen by their availability and willingness to participate in the research. On the one hand, the main advantage of using convenience sampling is that the desirable group can be easily reached. Furthermore, convenience sampling is used more often than other types of sampling because of simplicity, cost efficiency and time factor. Even though convenience sampling does not give any guarantee of a representative or unbiased sample, the researcher can use different strategies to get more precise results. The major disadvantage is generalization of the results to the whole population. (Gravetter & Forzano 2012, pp. 151–152; McBurney & White 2010, p. 257.)

To reach the focus group, the author chose one of the biggest furniture shopping malls in Saint Petersburg. The mall is called Мебельный Континент

(Russian) or Furniture Continent (English) and located on Varshavskaja Street, Moscow district. The author also decided to do research in another shopping mall but unfortunately the respondents were not very cooperative. This mall did not have as many resting spots as the previously mentioned mall, meant that people were constantly on the move making them more difficult to approach. The author interviewed people who were sitting on the benches inside the mall and having a rest during the purchase of furniture. Most of the respondents gladly agreed to participate in research. It took four days to collect enough data for the analysis. After the questionnaires were conducted there were 92 completed responds.

Moreover, to increase the reliability of the research, the author created an online survey. In order to create and collect the responses, the author used the Webropol system of online surveys. Both the online survey and the questionnaire consisted of the same questions. The author used snowball sampling for the online survey. Snowball sampling is a non-probability sampling technique, which is considered to be accidental sampling. Snowball sampling is used when a specific population is desired and is complicated to reach. In this case, the researchers gather the data from a few people of the focus group and ask them to provide contact information of other members from the same population. (Babbie 2011, p. 208.) The author sent the website links with the questionnaire to relatives and friends, and also to colleagues from previous jobs who live in Saint Petersburg. In addition to this, all respondents were kindly asked to send the link to other people. As a result, 61 responses were collected through the online survey which provided a general picture of the population.

The author created a database of 153 responses by using the statistical program called SPSS Statistics. This program provides the opportunity to analyze and interpret the gathered results. To analyze the correlation between variables, the author used Crosstabs and the Chi-Square test. The results of the Chi-Square test were analyzed according to the significance. If Pearson Chi-Square significance was lower than 0.05, the variables were dependent on each other. The Chi-Square tests showed that there are not enough observations within categories to provide reliable results. So in order to get more precise and reliable results, the author used Spearman's rank order

correlation test. If Spearman's significance was lower than 0.05 that means that the variables have correlation. The interpretation of the results can be found in the empirical part of the thesis.

4 Empirical part – Case: Company X

The fourth chapter of the thesis consists of the empirical part. The actual analysis and the results will be expressed in tables, figures and interpretations. Each dimension of the market analysis already contains a theoretical framework, which will help to analyze the results. For the empirical research the author used questionnaire and an online survey.

4.1 Company Analysis

The analysis of Company X was made by using a SWOT and a PESTEL. The SWOT analysis of Company X defined which strengths, weaknesses, opportunities and threats the company has. The strengths and weaknesses defined the internal factors of the company. The opportunities and threats defined the external factors influencing Company X's business. The PESTEL analysis defined which factors potentially have an influence on the company in the Saint Petersburg market.

4.1.1 SWOT analysis

To make the SWOT analysis, the author interviewed one of the employers from Company X (Appendix 1). The position of the interviewee is director of Company X. After the discussion with the employer the author discovered and interprets what the strengths, weaknesses, opportunities and threats were for Company X. Table 5 presents the SWOT analysis of Company X.

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Famous brand in Finland ▪ Wide range of products ▪ Customer service ▪ Experienced personnel ▪ Distribution Channels ▪ Competitive pricing 	<ul style="list-style-type: none"> ▪ Language skills ▪ Unknown brand in Russia ▪ Lack of distributors ▪ Lack of experience in importing ▪ Lack of business partners in Russia
Opportunities	Threats
<ul style="list-style-type: none"> ▪ Saint-Petersburg market potential ▪ Trust to Finnish quality standard ▪ Rapid growth in the Saint-Petersburg market 	<ul style="list-style-type: none"> ▪ Change in Customs Code and regulations ▪ Change in Customs duty ▪ Recruitment of new personnel ▪ Culture differences ▪ Competitors from other countries

Table 5. SWOT analysis of Company X

The main strength of Company X is the brand name. The brand name is famous and well-known all over Finland. Company X provides a wide range of furniture products and provides a good customer service. Company X offers their customers different furniture products such as sofas and armchairs, levels and shelving, dining tables and chairs, beds and mattresses, office furniture, closets, and many more accessories for interior design, and care products. The personnel of Company X are experienced and always willing and ready to help the customer. Company X has a competitive pricing strategy and a stable position in the Finnish market. Company X has a sustainable position in the Finnish market due to the price and quality relationship of their products. Company X has a trustful and good relationship with distributors. Logistics is partly provided by the franchisor, Company A.

There are a few weaknesses that Company X needs to improve before entering the Saint Petersburg market. First of all, a major issue is the lack of language skills. Even nowadays, in the shops of Company X, only a few shop assistants can speak both English and Finnish. When the company will plan the strategy for entering the new market, the weakness of language skills needs to be improved. This can be done by hiring personnel with knowledge of two or more

languages. Another way to prevent this weakness is to organize trainings and language courses for the personnel.

The fact that Company X's brand name is unknown in Saint Petersburg and Russia is another major weakness. To convert this weakness into a strength, Company X needs to build a good marketing strategy with wide promotion. Another important issue is finding local business partners and distributors before entering the Saint Petersburg market. The company should research potential business partners, companies and third party logistics. Unfortunately, Company X has never been faced with the problem of delivering goods to Russia. Company X is an inexperienced company when it comes to customs regulations and restrictions, so the company needs to research this subject thoroughly.

The major opportunity for Company X is the possibility of rapid growth on the Russian market. Saint Petersburg is a large city with developing market. The Finnish products are known for their superior quality. The trust that people have in Finnish quality will provide more benefits. Company X can use quality, fashionable design and tailor made products as one of their main competitive advantages.

A threat for Company X is possible changes in the Custom Code and regulations. According to Swiss Business Hub Russia: Legal Provisions (2012) the following documents are needed for importing goods:

- Documents on the importer
- Customs Declaration
- Declaration of Customs Value
- Transport Documents
- Commercial Documents
- Certificate of Origin
- Certificate/Declaration of Conformity, Import License

- Deal (Transaction) Passport
- Sales Contract

One more threat for Company X is the growth of customs duty of importing products to Russia. This can affect the delivery of goods. To import the furniture products from Finland to Russia, the customs duty varies from either 15% or 20%. Another threat for Company X will be to find and hire experienced personnel with language skills. The knowledge of English and Finnish language is needed due to communicate with employers from Finland and for administrative part of the business. Language courses provided by English First (EF) did research in 44 countries to discover the percentage of population who speaks English basically and fluently. Russia was ranked 32nd. The result of another research was that only 15%-17% of the entire Russian population has some knowledge of English. Due to this percentage, it is obvious that recruiting personnel will be quite difficult. Unfortunately, there was not any research done about the knowledge of Finnish language. The author suggests that the percentage is even smaller compared to the English language. It is important for Company X to understand the cultural differences between Russian and Finnish people. This should be taken into account when implementing the marketing strategy, hiring personnel and satisfying customers. For instance, Finnish people are known by their punctuality, while for Russian people it is normal to be late 10 or 15 minutes. Another example of culture difference in business between Russian and Finnish is risk. Finnish people approach risk more carefully. Russian people let emotions guide to risky decisions. The Saint Petersburg market is a very competitive market. There are many potential competitors from all over the world. Company X needs to be prepared for the competition and have a strong competitive advantage to succeed. On the furniture market, the main import competitors are Italy, Germany, France, China, United States of America, Belarus and others. (Rambler 2011; Новый Калининград 2011; Swiss Business Hub Russia 2012.)

4.1.2 PESTEL analysis

In Chapter 2 it was mentioned that the PESTEL analysis is used for analyzing the external factors which have an influence on business. Company X would

like to enter the Saint Petersburg market, so the author analyzed political, economic, social, technological, environmental and legal factors which have an impact on the Saint Petersburg market. First of all, Saint Petersburg is the second largest city in Russia with a population of more than five million people. Saint Petersburg has borders to European countries and maritime shipping. Due to these facts, Saint Petersburg has a good potential for doing a business. However, there are many different external factors influencing success.

Political factors which have an influence on business in Russia and Saint Petersburg should be quite sustainable within the next four or five years. Due to the presidential elections and government authorities, different industries in Saint Petersburg were further developed. For instance, Valentina Matvienko was the governor of Saint Petersburg from 2003 till 2011. During this period of time, Matvienko increased the budget of the city tenfold. Matvienko supported the development of small businesses and constructions of new business offices. Since 2011, Georgy Poltavchenko became the governor of Saint Petersburg. To analyze the repercussions of Poltavchenko's actions would be quite complicated. The impact of his actions on the city and businesses will be seen only within few years. In 2012, Vladimir Putin became President of the Russian Federation. Dmitry Medvedev became vice president in that same year. Due to the change in the government, the impact on business and people's life will be seen quite soon. (Academic.ru; Indexmundi.com.)

One economical factor which has influenced the Saint Petersburg furniture market is economic crisis in 2008. Due to the crisis, the demand for furniture products has decreased. Nowadays, most industries are recovering from crisis, which means that the demand will start growing again. Another important economical factor for Company X is the tax for importing goods. This payment is also known as the customs duty. The tax varies from 15% and 20% depending on the type of furniture. Russia became a member of World Trade Organization in 2012 and the tax will be decreased by approximately 10% and 8-5% during the next four or six years. Customs clearance procedure will be significantly optimized. Moreover, the imported goods should include Value Added Tax. VAT varies from 0%, 10% and 18% depending on the goods and

restrictions. Usually for furniture products VAT is 18%. (Swiss Business Hub Russia 2012.)

A social factor which has a major influence on the furniture market is population growth. There are five million people living in Saint Petersburg. This number increases from year to year. The amount of young families is increasing, so the demand for furniture products will also grow. Other social factors include customer behavior and attitude towards the furniture products. Company X has a great benefit due to the trust from Russians to products with Finnish quality.

Technological factors have a direct impact on quality of the products and as a result indirectly impact on the demand on the certain furniture products. The technologies which have been used for producing furniture affect comfort, aesthetics, stability of quality and warranty. Aesthetics measures how the colors, the size, texture are harmonized in a product. Stability of quality and warranty assures that the furniture product can be used during a specific period of time without repair and exchange. (Technologywood.ru.) Even though Company X is not the producer of the furniture, the company assures the customers with Finnish quality standards and guarantee of 10 years of good furniture condition.

Historically, Saint Petersburg was built on swampland by Peter the Great. Due to the location, weather conditions were not the best for building the city. The rate of humidity in Saint Petersburg is quite high, so some people need time to adapt to it. Also, Saint Petersburg is located on the Neva River with system of canals and at the Gulf of Finland on the Baltic Sea. Floods during the spring time are an occasional occurrence. Another important environmental factor in Saint Petersburg is pollution. Pollution is another environmental factor which influences life and business in Saint Petersburg. (Lonely planet.ru: St. Petersburg: History.)

There are two very important legal factors in Saint Petersburg and Russia. One of them is corruption. According to the Corruption Perceptions Index (2012) Russia is ranked 133rd, with a score of 28. It means that Russia is one of the countries with high level of corruption. Another legal factor influencing business is bureaucracy. (Transparency International: Corruption Perception Index

2012.) If Company X decides to enter the Saint Petersburg market, it will probably face bureaucracy during registration of the company and registration in Federal Tax Service.

During the external factors research the author discovered the Global Competitiveness Report. This report includes the table of the most problematic factors for doing business in Russia is 2012-2013. The factors which were mentioned in the table are not categorized as in the PESTEL analysis. The table is ranked by respondent's answers to select five of most problematic factors for doing business in Russia. Table 6 should be very useful for Company X, because it shows which problems a company can face when doing business in the Saint Petersburg market.

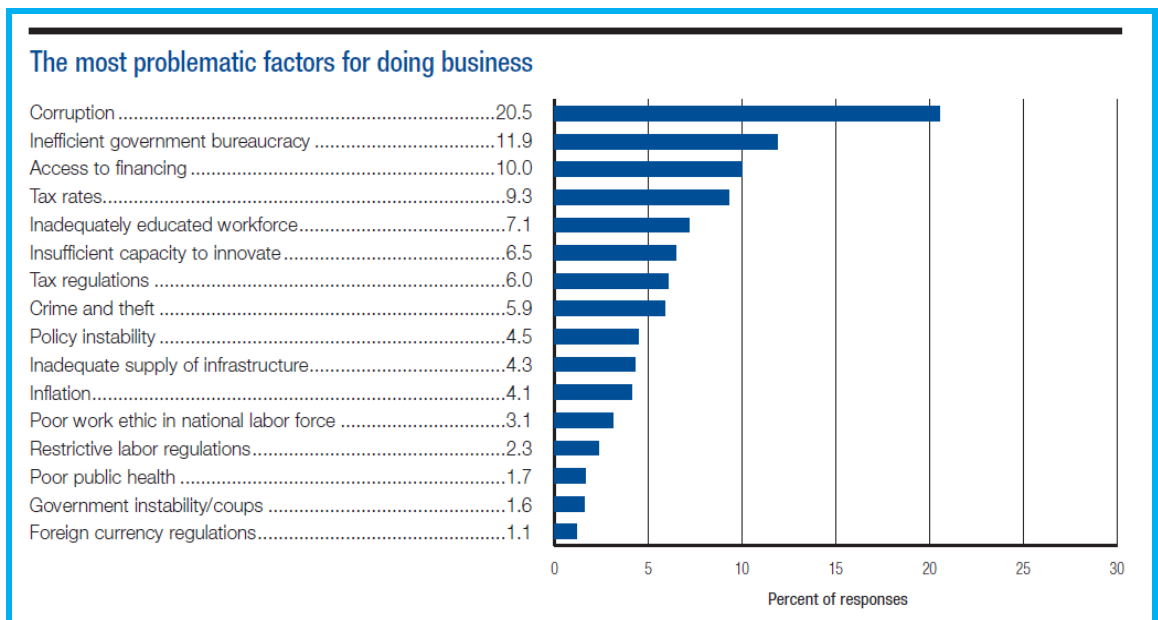


Table 6. The most problematic factors for doing business in Russia. (The Global Competitiveness Report 2012-2013.)

Company X needs to be prepared for each of these factors. This will help the company to acclimatize to Russian business culture and the Saint Petersburg market. Depending on how Company X adapts to these factors will help forecast the success or failure.

4.2 Customer analysis

Determining the target customers is one of the main aspects of market analysis. The author used the 5W model for analyzing the potential customers.

This model consists of 5 main questions and the answers provide an overall picture of target consumers.

Who are our customers? This question covered the general information about the respondent: age, gender, family size, social status and monthly average income per family.

The age of respondents varies from 15 to 75 years old. According to the results from the database, the arithmetical mean is 36.88 which show that the 36 years is the average age of the respondents. The mode of the results is 22 years of age. It means that the most frequently asked respondent was 22 years old.

Of the 153 respondents, 58 respondents were male and 95 were female. Figure 2 presents, in percentage the results of respondents gender. The highest percentage is 62% were female and almost 38% were male.

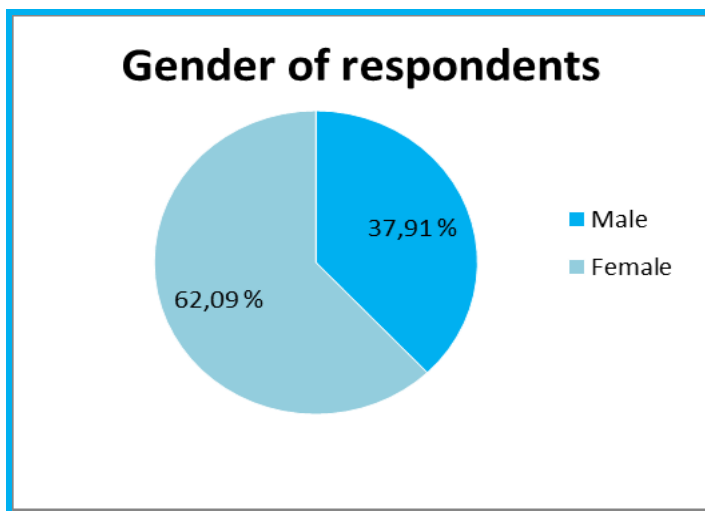


Figure 2. Gender of respondents

The questionnaire also included a question about the family size including children. Figure 3 demonstrates the results about the amount of family members. Most of the respondents answered that they have three family members. The percentage of respondents who live alone is 9.8%. 27% and 21% of respondents have with two or four family members. A small percentage has five or more family members.

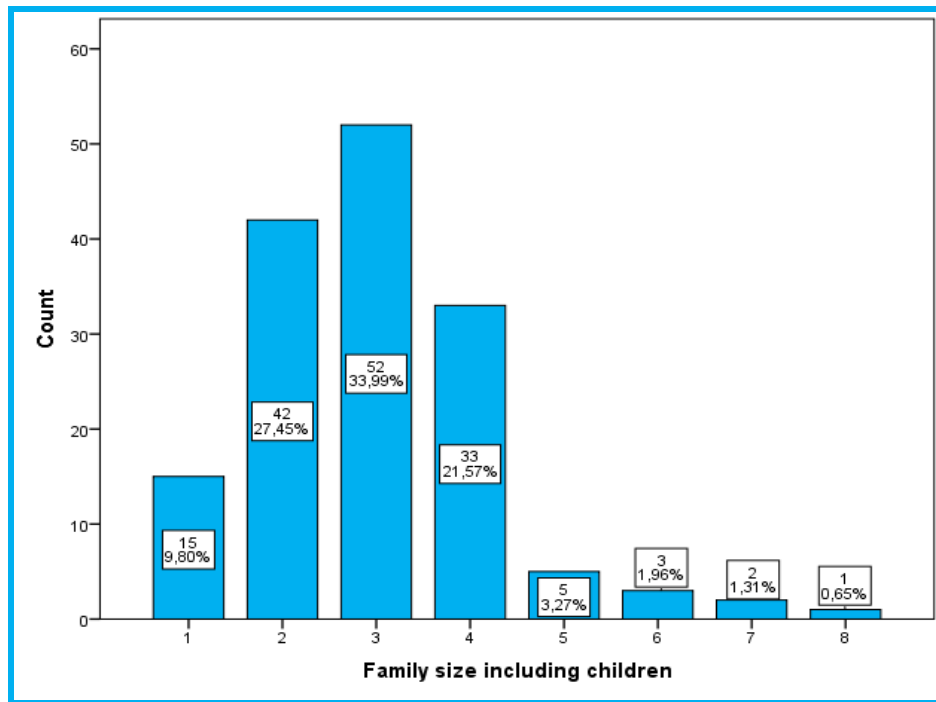


Figure 3. Family size including children

Social status is another aspect which was researched to discover who the potential customers of Company X could be. The following choices were given to answer this question:

- Student
- Employed
- Unemployed
- Retired
- Housewife

Figure 4 illustrates the results for social status. It shows that 74% of respondents are employed. The people with this social status are the most likely to be potential customers for Company X.

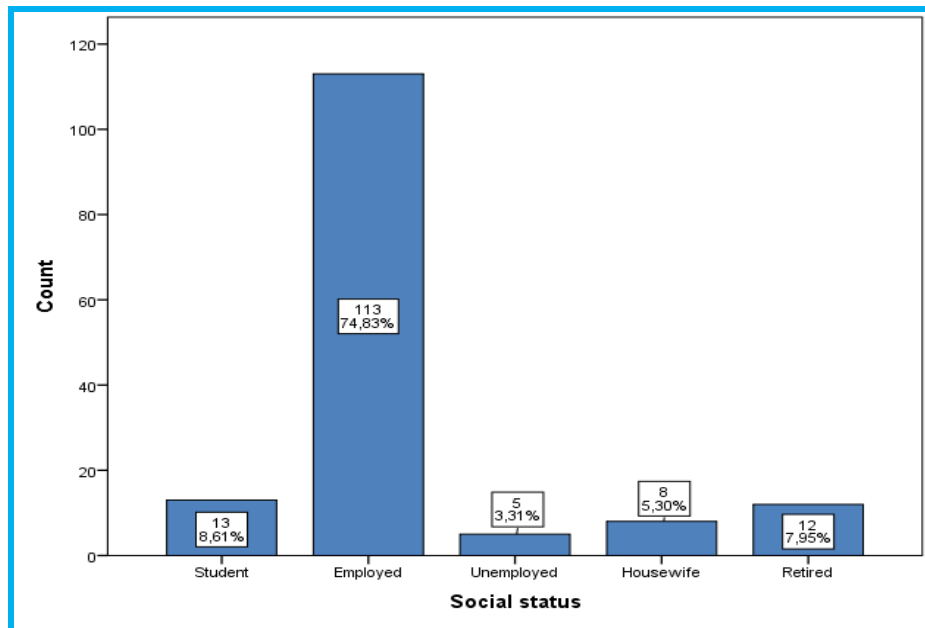


Figure 4. Social status

To further clarify who the potential customers for Company X are, the author researched the monthly average income per family. For Russian people this question is highly sensitive, so the author decided to categorize the income. Due to the fact that Russia and Finland have different currency, the author used currencies converter from Yahoo! Finance. The exchange rate is 40.45 roubles per 1 euro. The categories for the answers are listed below:

- Less than 40 000 roubles (Less than 989 euros)
- 40 000–60 000 roubles (989–1483 euros)
- 60 000–80 000 roubles (1483–1978 euros)
- 80 000–100 000 roubles (19778–2472 euros)
- 100 000–200 000 roubles (2472–4944 euros)
- 200 000 roubles and above (4944 euros and above)

Figure 5 presents the amount of average monthly income per family. Most respondents have an income between 40 000–60 000 roubles (989–1483 euros). The amount of respondents with an average monthly income of 60 000–80 000 roubles (1483–1978 euros) and 80 000–100 000 roubles (1978–2472 euros) is equal.

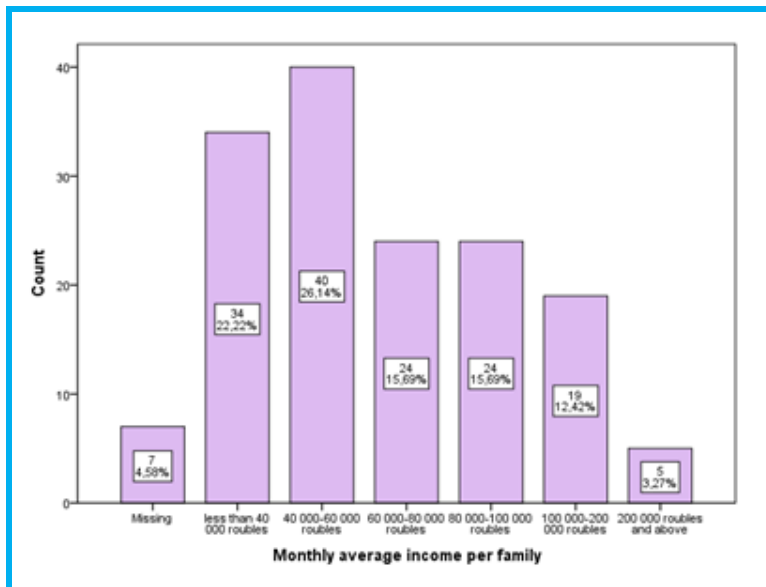


Figure 5. Monthly average income per family

What do customers do with our products? Does the customer recycle the products after consumption? Furniture is a specifically designed piece of equipment used in a living, working, and social environments and they operate as sitting, lying and separating devices. Customers of Company X can use the products to design the apartment or working place. Moreover, Company X offers customers the care products for furniture, which helps to keep the products in good condition. Furniture products are not usually purchase on a daily basis. Normally, the time period of consuming one piece of furniture can vary from 1 to 10 years, sometimes even longer. To produce furniture products different type of raw materials are used. The consumer can decide whether to recycle the product after consumption or not.

Where do our customers purchase our products? This question can only be analyzed in South Karelia of Finland, because Company X has four shops there and not in Saint Petersburg. Due to the fact that a lot of Russian people go to Finland for shopping, Company X already has some Russian customers. If the result of furniture market analysis in Saint Petersburg will be positive, Company X can start thinking about locations for shops. If the results will be negative, Company X will continue to operate only on the Finnish market.

When do customers purchase our product? To determine the frequency of purchase was quite complicated, because the time of consumption can vary due to the customer. Another fact which has an influence on the purchase

frequency of furniture is reason. The most usual reasons are time of consumption, renovation of the apartment, moving and children in family. To research the frequency of purchase the author used a question in the survey. The author categorized the time period for purchasing furniture by years. The results of purchase frequency are expressed in Chapter 4.5 (Product demand) in figure 7.

Why do our customers select our products? The main reason for Russian people to purchase furniture products from Company X is quality standard. Furthermore, Company X provides tailor made products with fashionable design. Company X can use it as a competitive advantage in the Saint Petersburg market. How do our customers select our products? Usually, the purchase stages are started from the decision to buy a new piece of furniture, and then people observe the market, compare the prices and choose what they prefer. Then the customer goes to the shop, views and samples the furniture and finally completes the order. Payment and delivery are the last stages of purchase.

Why do potential customers not purchase our products? The reason why potential customers do not purchase the products from Company X is that there products are not being sold in Saint Petersburg yet. Another reason for not purchasing the products from Company X is relatively high price.

The customer analysis helps Company X to understand which customers they should focus on. Age and gender do not play a big role in the purchase of furniture while monthly income does. Company X offers high quality products with fashionable design for a relatively competitive price.

4.3 Competitor analysis

To delimitate the competitor analysis, the author made the decision to compare Company X with potential direct competitors in the Saint Petersburg market. According to the theory part of competitor analysis, in Chapter 2.3, the direct competitors are brand competitors. The competitive structure of the Saint Petersburg furniture market is considered to be monopolistic competition. This means that many companies are operating on the same market with

differentiated products. The author decided to analyze one Finnish, one international and one domestic company.

The first direct competitor is Isku Interior. Isku Interior is a Finnish company which has been operating in the Finnish market since 1928. Isku Interior is part of the Isku Group Company. The company was established in a city called Lahti. Isku Interior designs and produces furniture products and provides service for interior design solutions. Isku is one of the leaders of designing and decorating Finnish homes, kitchens, learning environments and working places. Isku Interior has a net of shops and sales offices. The company operates in Sweden, Norway, Latvia, Lithuania, Estonia and Russia. The company has been operating in the Russian market for over 50 years. According to the official website (Iskuinterior.com), the mission of Isku Interior is to create feelings of success in homes, kitchens, schools, workplaces and public places. Attractive design, Finnish quality and service are made for people who take into account the smallest elements. The main strategy of Isku Interior is to provide the best service for the customer. Moreover, Isku is the first furniture company from the Nordic countries which has a certificate called the ISO 14001 standard. This standard is proof of Environmental management systems. The quality assurance of Isku Interior complies with the ISO 9001 standard. Isku Interior is an eco-friendly company that considers the environment during the whole process of the product's life cycle.

Another direct competitor is Natuzzi Group. The company was established in 1959 by Pasquale Natuzzi. The Natuzzi Group is an Italian furniture designer and producer. The company is the largest Italian furniture company which operates in USA, China, Belgium, Spain, United Kingdom, Japan, Brazil, India, Russia, Germany and Switzerland. The Natuzzi Group has 11 factories, 7 of which factories are located in Italy. The Natuzzi Group has three brand names including Natuzzi Italy, Italsofa and Natuzzi editions. The mission of Natuzzi Group is to create with integrity. According to the article, "Natuzzi Group: Imagine the unlimited possibilities" (Natuzzi.diabehbehani.com), the mission is "for clients, employees and shareholders, creating value with integrity means acting with trust and transparency, focusing on teaming, having accountability and working with passion". The values of the Natuzzi Group are history, birth in

Italy, style center, certified quality, leadership and stock market. The Natuzzi Group is an eco-friendly company with both certificates of ISO 9001 and ISO 14001 standards. In addition to this, the company has an E-1 certificate. This certificate assures environmentally sensitive manufacturing within global production.

The third potential competitor is called Фабрика мебели 8 Марта (Russian) or Furniture factory 8th of March (English). This company is holding for smaller furniture manufacturers, located in the Moscow region. The company is focused on different market segments and consists of a few brands. The company was established in 1912. The “new life” of the company started in 1996. The company has the Certificate of Quality and Certificate of Excellence. The company is operating in Saint Petersburg and other cities in Russia. (8marta.ru.)

Many small and large businesses operate on the Russian market making it one of the most competitive markets in the furniture industry. The Russian and Saint Petersburg furniture market has potential for international companies. However, Company X needs to be prepared for high level of competitiveness especially since Russia became a member of the World Trade Organization. The WTO membership can reduce the barriers for entry mode and at the same time increase the amount of foreign companies and exports to Russia. Company X should implement a good marketing strategy before entering the Saint Petersburg market. The author suggests that Company X has strong competitive advantage compared to most Russian furniture companies. In the case of competition between Isku Interior, Natuzzi and Company X, all of the companies provide quality, fashionable design and competitive prices. To achieve a competitive edge, Company X should analyze thoroughly their major competitive advantage and how to apply it in the Saint Petersburg market.

4.4 Market potential

First of all, to calculate market potential, the author needs to follow the steps that were mentioned in the theory part of market potential.

The formula for calculating market potential is:

MP = N x P x Q, where

MP = Market Potential

N = Number of Possible Buyers

P = Average Selling Price

Q = Average Annual Consumption

The first step is to determine the target market and target customers. Usually, to define target customers the categories such as age, gender, and monthly income are used. Due to the fact that Company X offers fashionable design furniture products, the price of the furniture products are quite competitive. One of the main factors influencing the purchase is price and monthly income. The furniture products of Company X have a relatively high price. So, to delimitate the research the author focused on income levels. Due to the fact that Russia and Finland have different currency, the author used currencies converter from Yahoo! Finance. The exchange rate is 40.45 roubles per 1 euro.

The following categories were chosen to discover monthly income per family in the questionnaire:

- Less than 40 000 roubles (Less than 989 euros)
- 40 000–60 000 roubles (989–1483 euros)
- 60 000–80 000 roubles (1483–1978 euros)
- 80 000–100 000 roubles (1978–2472 euros)
- 100 000–200 000 roubles (2472–4944 euros)
- 200 000 roubles and above (4944 euros and above)

The author chose to combine the percentage of people who earn more than 80 000 roubles (1978 euros) and above for the calculation of market potential. However, to make the results more precise, the author decided to make an additional calculation of market potential, where the monthly income of target customers was 100 000 roubles (2472 euros) and above. Both of the calculations provided different views on market potential.

Table 7 shows the results in percentage of monthly average income per family.

Monthly average income per family

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 40 000 rubles	34	22,2	23,3	23,3
	40 000-60 000 rubles	40	26,1	27,4	50,7
	60 000-80 000 rubles	24	15,7	16,4	67,1
	80 000-100 000 rubles	24	15,7	16,4	83,6
	100 000-200 000 rubles	19	12,4	13,0	96,6
	200 000 rubles and above	5	3,3	3,4	100,0
Total		146	95,4	100,0	
Missing	System	7	4,6		
Total		153	100,0		

Table 7. Monthly average income per family

According to this table, the percentage of people who have an income higher than 80 000 roubles (1978 euros) are:

$15,7\%+12,4\%+3,3\%=31,4\%$ of all respondents have an income higher than 80 000 roubles (1978 euros).

The percentage of people with an income above 100 000 roubles (2472 euros) and higher is:

$12,4\%+3,3\%=15,7\%$

The author considered that these results were reliable to make generalization of the population. However, Saint Petersburg is a large city with a population of five million people. In this case, the author considered different districts in Saint Petersburg. The author chose Moskovsky District located in the south, Tsentralny District located in the city center and Vyborgsky District in north of the city. The reason why the author chose the Moskovsky District is because there is a huge furniture mall. Vyborgsky District was chosen because there are a lot of huge shopping areas and Tsentralny District is located in the city center and has small exclusive shops. To calculate the amount of potential customers from each district, the author did research about the number of people living in these districts. The amount of the people living in districts in Saint Petersburg was according to source "Russia: Saint Petersburg Administrative districts". (Citypopulation.de.)

To measure which amount of people are potential customers of Company X, the author generalized the results from the questionnaire. To calculate potential customers, the author used a formula:

Population x Percentage = Potential Customers

The first part of the table 8 presents the amount of potential customers living in different districts of Saint Petersburg with an income of 80 000 roubles (1978 euros) and above. The second part represents the number of potential customers with income higher than 100 000 roubles (2472 euros) per month and per family.

District	Population	Percentage	Potential Customers
Moskovsky	288 744	31,4%	90 666
Tsentralny	214 625	31,4%	67 392
Vyborgsky	447 562	31,4%	140 534
District	Population	Percentage	Potential Customers
Moskovsky	288 744	15,7%	45 333
Tsentralny	214 625	15,7%	33 696
Vyborgsky	447 562	15,7%	70 267

Table 8. Amount of Potential Customers for Company X

When the amount of potential customers is determined, the second step for calculating market potential is to estimate the average price. The author chose products which Company X offers on their official website which also lists the prices.

Sum of the products / Amount of products = Average Selling Price

To calculate average selling price, the author summarized the price of chosen products with an average price and then divided the sum by the amount of the products. The average selling price of furniture product from Company X is 863 euros and 34896 roubles which are shown in table 9.

Product	Price in Euros	Price in Roubles
Sofa	1493	60405
Armchair	595	24073
Dining table	859	34754
Bed	897	36292
Cupboard	632	25570
Shelve	699	28281
Sum	5175	209374
Number of products	6	6
Average selling price	863	34896

Table 9. Average selling price of furniture product

The third step of calculating the market potential is to estimate the average annual consumption. Figure 7 in Chapter 4.5 presents the result of the research and shows that 22% of all of the respondents are purchasing new furniture product once a year. The reason why the author chose this number for calculation is the condition of the formula which means that annual consumption relates to the period of one year. Due to this, the annual average consumption is 1.

The last step is to apply values to the main formula for calculating market potential:

Potential Customers x Average Selling Price x Average Annual Consumption

Table 10 provides the results of calculating the market potential in the Saint Petersburg market for Company X. Three different districts were chosen to overview the whole picture of furniture market in Saint Petersburg. The table includes the potential customers who have more than 80 000 roubles (1978 euros) in a month per family.

District	Potential Customers	Av Selling Price	Av Annual Consumption	Market Potential
Moskovsky	90 666	863	1	78 244 427
Tsentralny	67 392	863	1	58 159 512
Vyborgsky	140 534	863	1	121 281 246

Table 10. Market potential for Company X

Table 11 presents the market potential with the consideration of income level higher than 100 000 Rubles (2472 Euros) of potential customers. The market

potential shows that if Company X will enter the Saint Petersburg market it can be quite profitable.

District	Potential Customers	Av Selling Price	Av Annual Consumption	Market Potential
Moskovsky	45 333	863	1	39 122 213
Tsentralny	33 696	863	1	29 079 756
Vyborgsky	70 267	863	1	60 640 623

Table 11. Market potential for Company X

The calculation of market potential presented above suggests that the market share of Company X is 100%. Due to the fact that Company X is only planning to enter the Saint Petersburg market, it is quite complicated to forecast the amount of market shares. However, the author decided to present more realistic results of market potential and proposed a market share of 15% and 5%.

Market potential (MS100%) x Market Share=Market Potential by Market Share

Table 12 demonstrates the results of market potential by districts and customer income. The table shows a more precise calculation if the market share of Company X would be 15%, with the condition of income above 80 000 roubles (1978 euros) of potential customers.

District	Market Potential	Market Share	Market potential (MS-15%)
Moskovsky	78 244 427	15 %	11 736 664
Tsentralny	58 159 512	15 %	8 723 927
Vyborgsky	121 281 246	15 %	18 192 187

Table 12. Market potential for Company X with market share of 15% (1)

Table 13 presents the results of market potential with an amount of 15% of market share and a monthly income of higher than 100 000 roubles (2472 euros) by potential customers.

District	Market Potential	Market Share	Market potential (MS-15%)
Moskovsky	39 122 213	15 %	5 868 332
Tsentralny	29 079 756	15 %	4 361 963
Vyborgsky	60 640 623	15 %	9 096 093

Table 13. Market potential for Company X with market share of 15% (2)

Table 14 illustrates the market potential for Company X considering the market share of 5% and income level higher than 80 000 roubles (1978 euros) per month.

District	Market Potential	Market Share	Market potential (MS-5%)
Moskovsky	78 244 427	5%	3 912 221
Tsentralny	58 159 512	5%	2 907 976
Vyborgsky	121 281 246	5%	6 064 062

Table 14. Market potential for Company X with market share of 5% (1)

Table 15 shows the results of market potential, if Company X would have 5% of total market share and potential customer will earn more than 100 000 roubles (2472 euros) per family.

District	Market Potential	Market Share	Market potential (MS-5%)
Moskovsky	39 122 213	5%	1 956 111
Tsentralny	29 079 756	5%	1 453 988
Vyborgsky	60 640 623	5%	3 032 031

Table 15. Market potential for Company X with market share of 5% (2)

Overall, the results of all of the tables show that Company X has an opportunity in the Saint Petersburg market. It shows how sensitive and dependable the profit could be. The market shares, prices of the products, amount of customers in every district in Saint Petersburg and the income level have a direct influence on market potential. If Company X will decide to open a shop in Saint Petersburg, the decision of chosen district could have an impact on business success.

4.5 Product demand

During the past decade, the Russian furniture industry has been rapidly growing. The main reason is the sustainability and improvement of Russian economy. Both furniture production and export has increased a lot. Moreover,

change in the furniture industry has influenced demand quite a bit. The quality of furniture production has improved. Furniture product selection has increased. It affects the customer behavior, motivation and decisions to make a purchase. Moreover, legal factors such as change of customer restrictions and tariffs had a positive influence on trade between Russia and other countries. (Makeev 2009)

Table 16 and table 17 present the production and sales growth in Russia between 1999 and 2008. The growth rate of production in table 4 is quite slow between 2000 and 2005, but increases more steadily the following years. This represents a rise in demand for furniture in Russia. Table 5 illustrates the sales of both imported and manufactured furniture product in Russia. Due to the gathered information from the table, the author can make a forecast of furniture product demand.

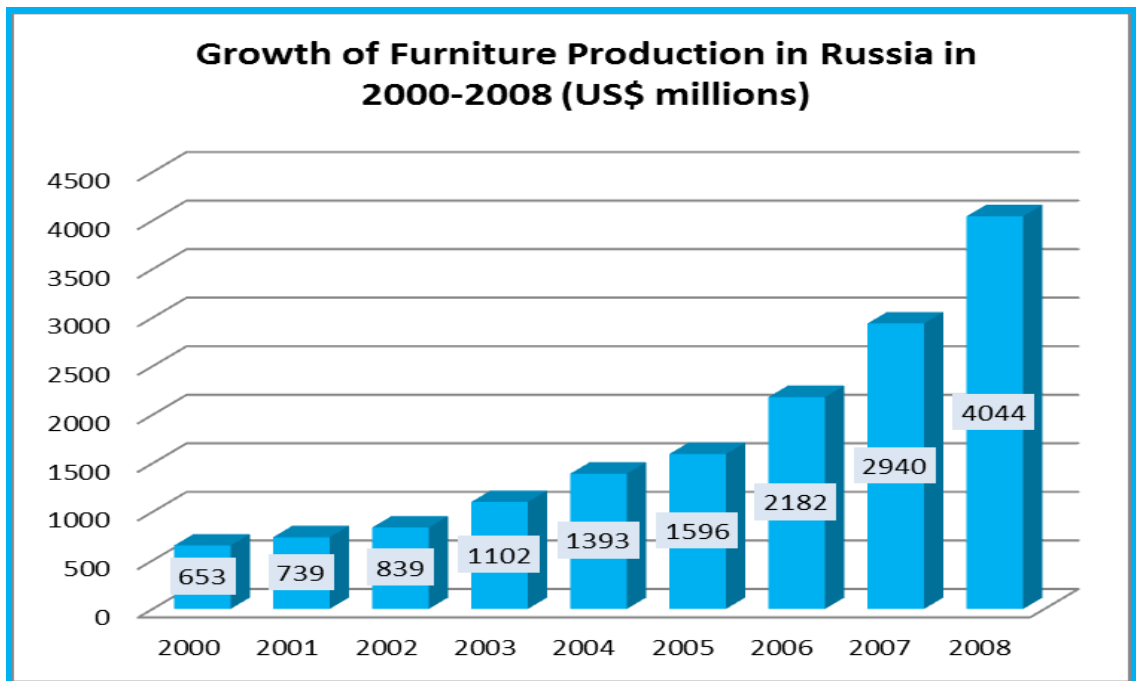


Table 16. Growth of Furniture Production in Russia in 2000-2008 (US\$ millions) (Makeev 2009).



Table 17. Volume of Furniture Sales in Russian Market (US\$ millions) (Makeev 2009).

Another source which will be used to forecast demand is a customer survey. The result will show whether there is a demand for the furniture products of Company X in the Saint Petersburg market or not.

Product demand was also analyzed through responds of the questionnaire. The first question was related to the products which respondents would like to purchase within the next 6 months. The results provided a general picture of whether there is a demand for furniture products and which products are most preferred in the Saint Petersburg market. The respondents were able to choose “Interested” and “Not interested” in a different range of products which Company X sells.

Figure 6 presents the demand of furniture products in percentages. Figure 6 shows that one of the most demanded furniture products are sofa and armchairs, cupboards and accessories for interior design. The least demanded are office furniture and furniture for children and care products. Spearman’s correlation test demonstrates the following results: sofa, armchairs, dining tables with chairs, accessories for interior design and care products have higher demand from females. Younger people showed more demand for levels and shelves. Another correlation was between size of the family and demand for dining tables. The bigger the family is, the higher the demand for dining

tables and chairs is. Also, the more children in a family, the higher the demand for children’s furniture is. Spearman’s test shows the correlation between monthly average income and demand for different range of products. The higher the income level, the more the demand is for furniture for children, accessories for interior design and care products.

Due to these results, Company X can realize what kinds of products are demanded. In the beginning of entering the new market Company X should focus on importing the most demanded products in order not to make a loss.

Also, product demand depends on the size of the population. The market potential calculations include the population number. Saint Petersburg is city with a population of five million people and growing, so the demand for furniture products is increasing.

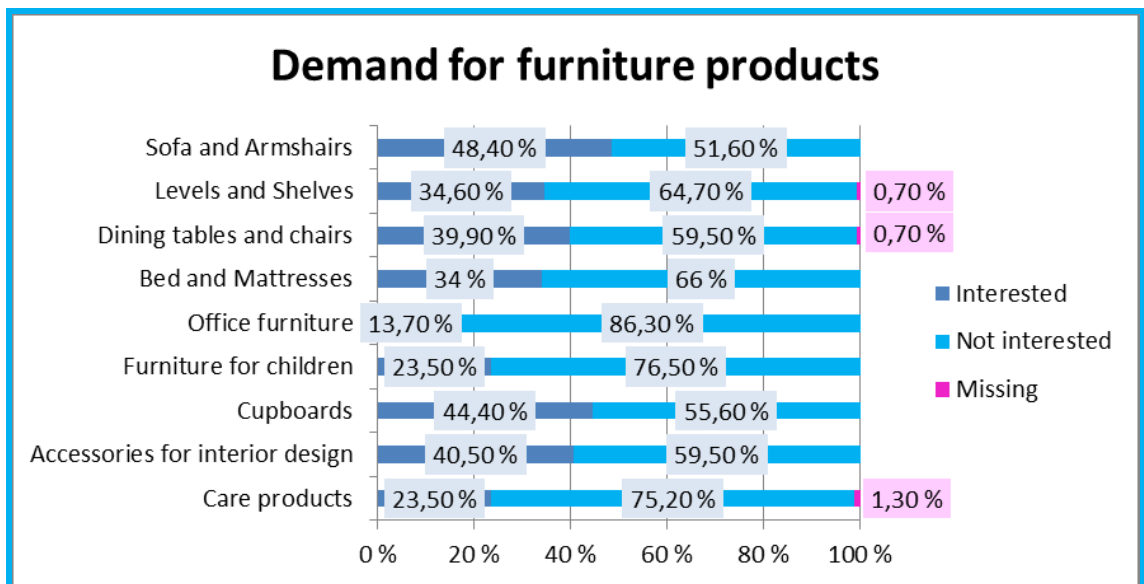


Figure 6. Demand for furniture products

To analyze the frequency of demand for furniture products the author used the following question in the survey: How often do you purchase new furniture products? The respondents were offered to answer this question by using multiple-choice. The given answers to the question were the following:

- More often than once a year
- Once a year

- Once every 1–2 years
- Once every 3–5 years
- Once every 6–10 years
- Once every 11 years and above

Figure 7 presents the results of how often people purchase new furniture products. The figure shows that 25% of respondents buy new furniture once every three to four years. Over 30% of respondents answered that they purchase new furniture more often than once a year or once a year. This shows that the demand for furniture products is quite stable. The amount of respondents was 9% and 15% who are purchasing furniture after 6 years or more. The author assumes that the reasons why people purchase furniture can be moving to another apartment or a different city, purchase of a new flat, renovation of the apartment and having children in the family. All of the mentioned reasons and results are forecasting the demand for furniture in Saint Petersburg.

The author analyzed if there is a correlation between monthly average income per family and frequency for purchase. The result of Pearson Chi-Square significance is 0.01 which means that the variables are dependent on each other. The results of Spearman's correlation test show that there is a correlation between monthly average income and frequency of purchase. The more the potential customer earns, the more frequent he/she purchases furniture products. The author suggests that the reason is that a customer with high income can afford to purchase product more often than people with low income. Also Spearman's tests demonstrate the correlation between age and frequency of purchase. The older the potential customer is, the less frequent he/she purchases furniture products. For instance, elderly people cannot afford to purchase furniture products more often due to pension funds. In other words, the younger the potential customer is, the more frequent he/she purchases furniture products. For instance, young people buy furniture when they start living independently. Another correlation was found between gender and

frequency of purchase. The test indicates that females purchases furniture products more frequently than males.

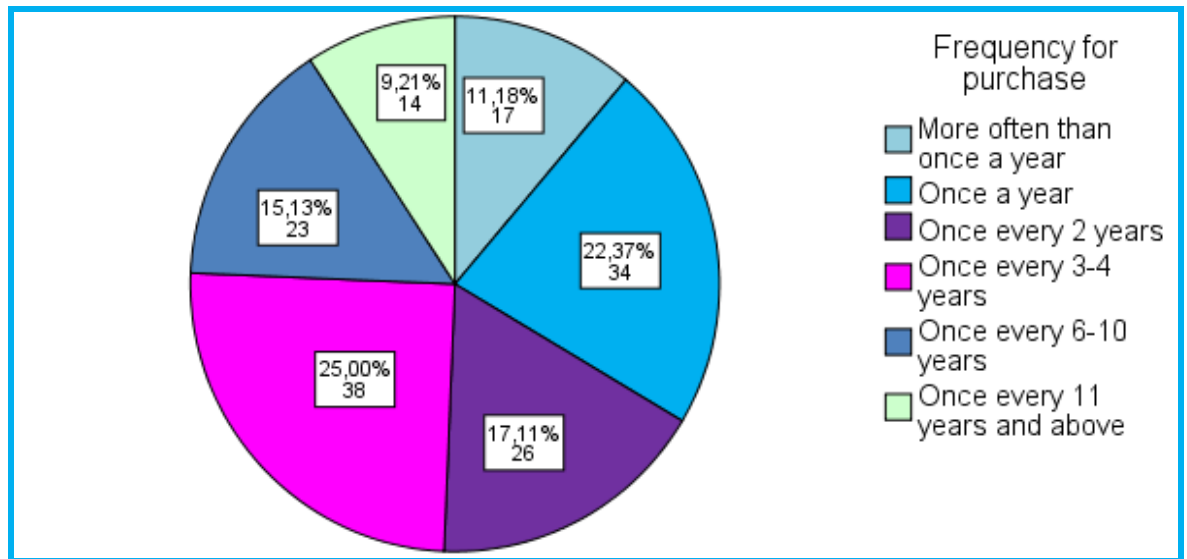


Figure 7. Frequency for purchase

Other questions which the author used to analyze product demand are related to the products with Finnish quality standards, European quality standards and availability of guarantee for the product. The first question was related to which kind of quality standard is more preferable for the potential customers. The answer consisted of two choices, Finnish quality standard and European quality standard. The author decided to separate the Finnish quality from European quality due to the fact that European quality can consist of Italian, German, Polish, Romanian and others. The author was interested in what amount of people would prefer to purchase furniture products with Finnish quality and/or European quality.

Figure 8 shows the results of which kind of quality standard the potential customer prefers and would like to purchase. The author compared the results about Finnish and European quality standard and 60% of potential customers of Company X prefer to purchase the products with European quality standard. According to Figure 7, almost 43% of respondents also prefer to purchase Finnish quality products, so the author suggests that products with both Finnish and European quality standards can be purchased by potential customers. The Spearman's correlation test demonstrates that potential customers with higher income prefer to purchase products more with Finnish and European quality

standard. The author suggests that people with high income prefer to purchase products with quality standards because they can afford it.

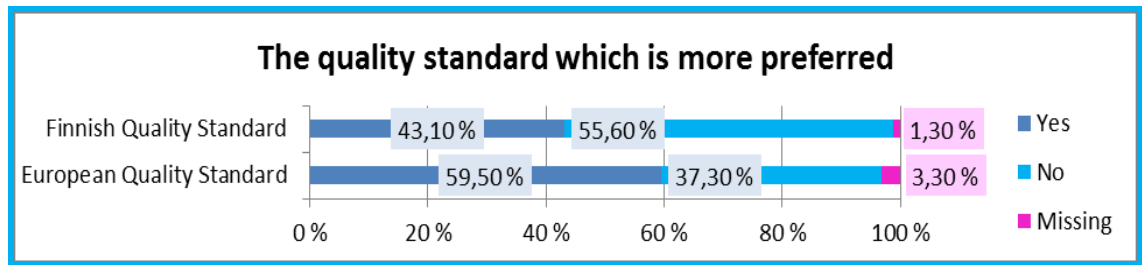


Figure 8. The quality standard which is more preferred by potential customers

Figure 9 illustrates the percentage of respondents who are willing or not willing to spend more money on products depending on the type of quality standard and availability of 10 year guarantee. According to the figure, around 60% of respondents would spend more money on the product with Finnish quality standard. A larger percentage of 67% of respondents answered that they would spend more money for the product with European quality standard. The percentage of respondents which are willing to spend more money for the product with guarantee is 43% and 26%. The Spearman's correlation test demonstrates that potential customers with higher income are more willing to purchase furniture products with Finnish, European quality standards and guarantee. The results from figure 9 show that Company X can easily reach the potential customers with competitive prices. Company X can benefit due to the service of providing the guarantee and assuring the customers about the quality standards.

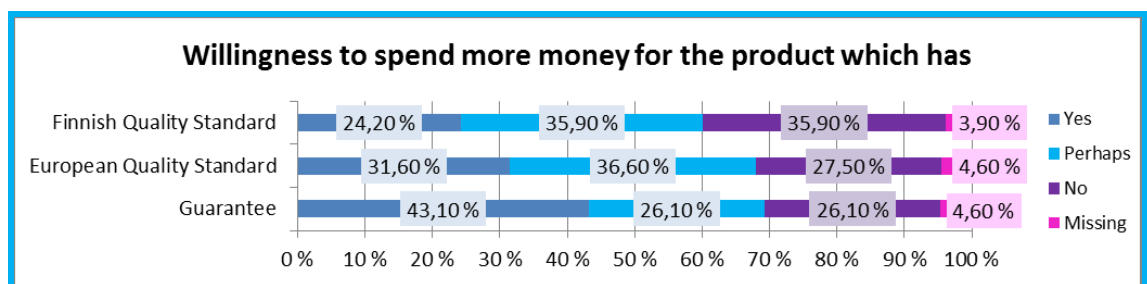


Figure 9. Willingness to spend more money for the product which has

Figure 10 presents the results of whether it is important to potential customers to purchase a product on credit or not. In this case, credit means hire purchase or installment, which is a loan arrangement when the borrower is allowed to make payments at specified times in the future. 46% of respondents do not

want to purchase furniture products on credit. Due to the unstable economic situation in the country and a typical Russian mentality people do not like to purchase on credit. Moreover, Russian people do not like to have credits because of feeling of being in a debt. The other part of the respondents would like to have an opportunity to buy furniture products on credit. The Spearman's correlation test shows that the younger the potential customer is, the more he/she wants to purchase furniture products on credit. The author suggests that young people could not afford to buy a furniture product and pay the whole price due to their financial situation. If Company X is planning to offer this kind of service for Russian people, Company X needs to find a trustworthy bank in Saint Petersburg.

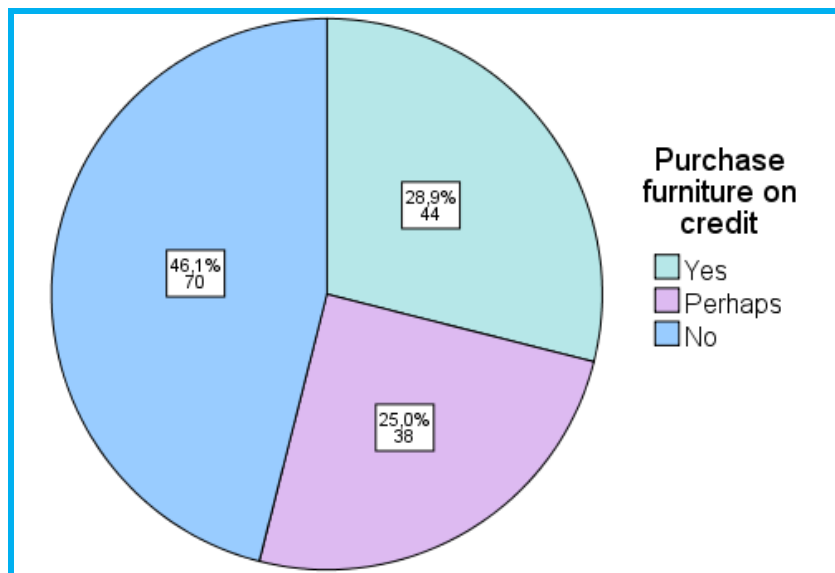


Figure 10. Purchase furniture product on credit

The author analyzed the results of product demand and willingness to purchase products with European and Finnish quality, and assumed that the possibility of the demand for furniture products from Company X could exist. Based on demand, Company X has an opportunity to enter the Saint Petersburg market and become successful.

4.6 Distribution channels

Distribution channels can also play a big role in the furniture business of Company X. The methods which will be used for distribution, place of distribution, time delivery and cost are one of the most important factors. Whether distribution will be well-organized will influence the company's

success. First of all, the main important thing is to find trustworthy business partners, and decide who is going to provide the logistics services. Company X can use 3PL (Third party logistics) or organize the logistics themselves. Usually, everything depends on the size of the company and places of distributions, and cost of logistics. In case of Company X, who is operating on the Finnish market with the possibility of operating in the Saint Petersburg market, the methods of distribution needs to be decided. The main problem for Company X will be importing the goods through Russian customs. For customers of Company X a major problem will be to wait for the delivery. Actually, there is no fixed time for the delivery or any guarantee that some issues will not occur during the custom clearance procedure. Due to this, the delivery time can vary and be very dependable on the customs and distribution channels.

The author researched acceptable time delivery for potential customers through a question in the survey. Respondents needed to answer which amount of time would be acceptable for them to wait for the tailor made furniture products. The respondents were offered to choose their acceptable delivery time in the following categories:

- 1–2 weeks
- 3–4 weeks
- 5–6 weeks
- 7 weeks and more

The analysis of the answers for this question helped to understand the amount of time respondents would accept to wait. Company X needs to take into account the results of the most recent acceptable delivery time while organizing the logistics.

Figure 11 presents the results of acceptable delivery time. Most respondents accept to get the products within 3 or 4 weeks. Almost 30% of respondents want to get the product as soon as possible and the acceptable time to wait in this case is 1 or 2 weeks. Only 5% of respondents would wait as long as the

company needs to prepare and deliver the furniture, especially if the product is made exclusively. During the research, some respondents commented the question of acceptable delivery time. Some of the respondents are ready to wait the necessary time and maximum time, with the condition of signed agreements and without any further delay. The author suggests that the character of a person and his/her patience has an impact on waiting for the delivery. There is correlation between acceptable delivery time and monthly average income. Pearson Chi-Square significance is 0.04 which means that these two variables are depend of each other. The Spearman's correlation test also shows the correlation between these two variables. The more the potential customer earns, the more he/she can wait for the delivery of the product. The author suggests that people with a high income purchase tailor-made products. They understand that it takes more time to produce and deliver exclusive furniture products.

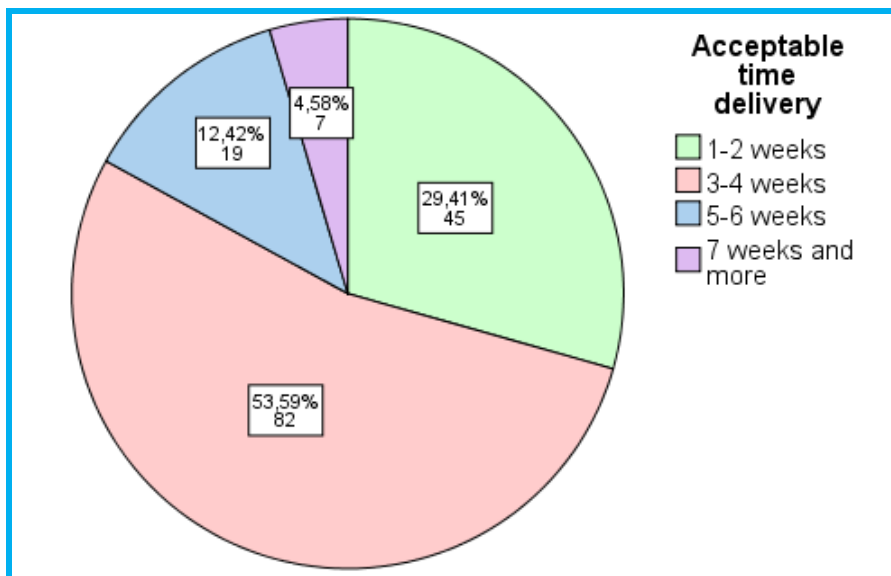


Figure 11. Acceptable delivery time

First of all, the author advises Company X to find a reliable business partner or trustworthy retailer. Company X has different options for entering the Saint Petersburg market. The first option is to start importing furniture products in small amounts so the retailer or business partner can distribute them. If the demand for products of Company X will rapidly increase, then the company can consider opening a shop. The second option is to establish a shop in a furniture

mall from the very beginning under a franchising agreement with Company A. Company A needs to confirm entering the Saint Petersburg market first.

4.7 Key success factors

There are many different success factors which have an influence on a business. The author considers customer satisfaction to be one of the most important key success factors. If most of customer needs are satisfied, then the company is doing well.

Figure 12 provides an overall picture about which factors are the most and least important for the potential customers. Most of the respondents consider quality to be the most important factor when purchasing furniture products. Another important factor is price. Design, materials and guarantee are also quite important. When furniture products are relatively expensive it usually means that the quality, design, guarantee and materials should be included. The brand name and the country in which the product is produced are factors that are least important to many respondents.

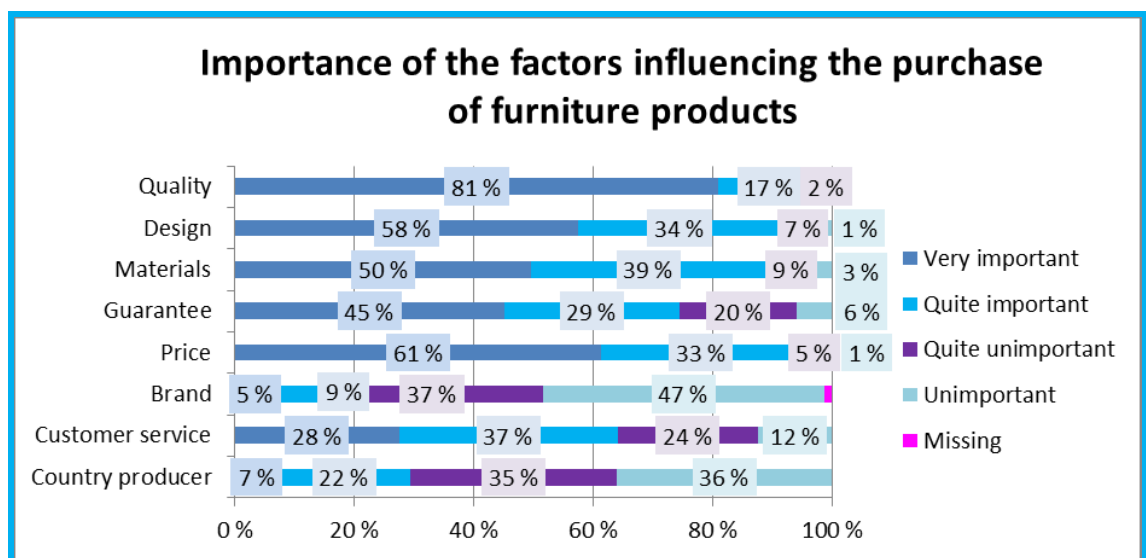


Figure 12. Importance of the factors influencing the purchase of furniture products.

Figure 13 presents the rank of factors by importance. It demonstrates a clearer picture of what the most and least important factors are according to the respondents. The most important factor for many respondents is quality, followed by price, design, material and guarantee which are quite important. The brand and country producer are the least important factors influencing the

decision of a purchase. The Spearman's correlation test shows that for females design is more important than for males. The author suggests that the reason for this correlation is that woman like beauty in every small element. Correlation shows that materials, guarantee and customer service are more important for younger people than for older people. The materials used are more important, while price is less important for potential customers with higher income than for customers with lower income. The author suggests that people with higher income prefer to purchase products which are made from natural raw materials.

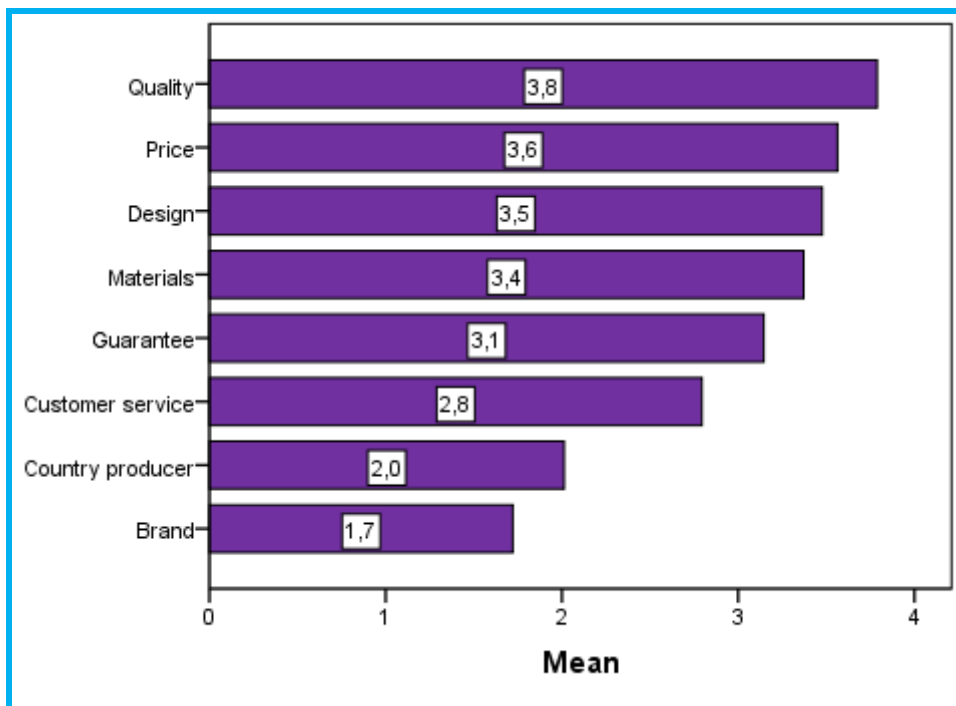


Figure 13. Average importance of the factors

The question about factor importance also includes the factor called “Other”. Respondents were asked to add which other factors they consider to be important ones. The additional factors that respondents mentioned were usage of natural resources, delivery time, furniture assembly services and availability of payment after delivery.

Due to the results of figure 12 and 13, the author suggests that there is a potential for success in the Saint Petersburg market. The main reason is that the company can satisfy the customer's needs for furniture products. The products of Company X consist of all of the most important factors which were mentioned before. According to the research, the brand is not so important, so the amount of money on promotion can be reduced. Also, people in Saint

Petersburg do not care about the country of origin of the products, so Company X should not worry about the place of manufacturing. Company X can focus on the marketing strategy and the choice of foreign entry mode.

5 Conclusion

The purpose of this thesis was to discover whether the Saint Petersburg furniture market has opportunities for Company X. In order to analyze the market, the author researched the historical events which influenced the development of Russia and the trade.

The theoretical part was based on literature and articles. The theory consists of explanations with examples of each market analysis dimension. The author did research and chose the preferred model for analyzing every part of the market analysis. The theory part helped to build the framework for the empirical part of the thesis. The SWOT and PESTEL analysis were chosen to analyze the company and factors influencing the business in Saint Petersburg. For the customer analysis the author decided to use the 5W Model and questionnaires. The model for the competitor analysis involved comparing the three different furniture companies operating in the Saint Petersburg market. It would help to discover which competitive advantages the competitors have. To calculate market potential calculation, the author chose to use the market potential formula. The author decided to use a questionnaire to analyze product demand. The theory part of distribution channels involved different foreign entry modes. Key success factors analyzed what factors could be important in the Saint Petersburg market.

The results of the company analysis showed that Company X can use quality and fashionable design as a competitive advantage in the Saint Petersburg market. Issues could arise due to differences in customs and culture. Company X is quite competitive in Finland and since the furniture market in Russia is similar the author suggests that Company X can succeed.

The PESTEL analysis presents external factors that have an influence on business. Most businesses do not benefit from the economic crisis in Russia. Technologically Company X has a stable position because it provides good quality in production. Company X should also be prepared for legal aspects

such as corruption and bureaucracy. All mentioned factors could indirectly have an influence on Company X in the Saint Petersburg market.

The customer analysis was done using the 5W model and questionnaires. The results of the customer analysis demonstrate that the most important factor which influences on the amount of potential customers and purchases is income level. Age and gender does not have a major impact on the purchase of the furniture. Due to the competitive prices for furniture products, Company X should target potential customers with a high income level.

Another dimension of the market analysis was the competitor analysis. The author chose three potential competitors. The first competitor was Isku Interior. Isku Interior has the same target group and offers the same range of the products for similar prices. The main advantage of this company is experience in operating in the Saint Petersburg market and eco-friendliness. Another competitor which was chosen is Natuzzi Group. The Italian company provides design and quality in furniture products. Natuzzi also has a standard of environmental management system. The third competitor is a company called the Furniture factory 8th of March, which is a Russian furniture producer. Company X will face strong competition in the Saint Petersburg market. Company X should build a good competitive strategy and focus specifically on major competitive advantage.

Market potential was an important part of the market analysis. The results would forecast whether Company X will have potential in the Saint Petersburg market. The calculation showed that the potential depends mainly on the location of the shop and market share. To calculate the market potential more precisely, the author suggests that Company X has 15% and 5% of the market share. The results illustrate that Company X will have a potential in the Saint Petersburg market, but Company X should realize that market potential varies and is dependent on income level, location and market shares.

The results of product demands demonstrate which products are most demanded and the frequency of purchase. Moreover, the author researched that people prefer to purchase furniture products according to both Finnish and

European quality standards. Due to this, the author suggests that Company X will have a demand for their products.

Distribution channel analysis consists of suggestions to Company X on how to enter the Saint Petersburg market. Company X has two possibilities. The first one is to find a local business partner or retailer. The second possibility is to open a shop from the very beginning. The author suggests that the first option is cheaper. The second option would be more expensive especially in case of failure. One more aspect which Company X needs to focus on is logistics. Company X is located in Finland and all of the products need to be transferred to Russia through customs. The time of delivery also has an influence on the purchase. Most respondents answered that they are ready to wait for three or four weeks. Due to this amount of delivery time, Company X needs to organize the logistics to meet the demands.

Key success factors showed that the most important factors for the purchase are quality and price. Design and material are also important. Due to this, Company X will probably be successful, because Company X includes all important factors in their products based on the empirical research.

To combine all the results of each market dimension, the author suggests that there is a potential for Company X in the Saint Petersburg furniture market. If all of the results of the market analysis will be thoroughly understood and used correctly Company X has the potential to succeed in Saint Petersburg.

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Appendices

Appendix 1. Interview questions for SWOT analysis of representative from Company X. 1 (1)

1. What are the strengths of Company X in your opinion? What advantages (skills, education or connections) does Company X have compared to the competitors? What does the company do better than the competitors?
2. What are the weaknesses of Company X? What needs to be improved and developed within the company? In which areas do the competitors have a better position in the market?
3. What kind of opportunities Company X has? What are the trends the company could use? How the company can take advantage of the situations?
4. What kind of threats Company X may have in relation of entering the Saint Petersburg market? Which obstacles does the company face? What needs to be avoided?

Dear Respondent,

My name is Daria Kalinina and I am a student from the International Business faculty at Saimaa University of Applied Sciences. I am writing my Bachelor's thesis and I am doing market analysis about the opportunities of the Saint Petersburg furniture market.

This survey aims to measure the Saint Petersburg furniture market and customer potential. I would very appreciate your agreement to participate in the survey. This questionnaire will take about 5 minutes of your time. Your responds are completely anonymous and confidential. The results of the research will be published in my final thesis.

Thank you very much in advance.

Best regards,

Daria Kalinina.

Questionnaire:

1. Age : _____ years

2. Gender: Male Female

3. Family size including children: _____ persons

4. Professional status: Student Employed Unemployed

Housewife Retired

5. What is your monthly average income per family?

- Less than 40 000 rubles
 40 000-60 000 rubles
 60 000-80 000 rubles
 80 000-100 000 rubles
 100 000-200 000 rubles
 200 000 rubles and above

6. What range of products would you like to purchase within the next 6 months?

	1 Very likely	2 Very unlikely
Sofa and armchair	<input type="checkbox"/>	<input type="checkbox"/>
Levels and shelves	<input type="checkbox"/>	<input type="checkbox"/>
Dining tables and chairs	<input type="checkbox"/>	<input type="checkbox"/>
Beds and mattresses	<input type="checkbox"/>	<input type="checkbox"/>
Office furniture	<input type="checkbox"/>	<input type="checkbox"/>
Furniture for children	<input type="checkbox"/>	<input type="checkbox"/>
Cupboards	<input type="checkbox"/>	<input type="checkbox"/>
Accessories for interior design	<input type="checkbox"/>	<input type="checkbox"/>
Care products	<input type="checkbox"/>	<input type="checkbox"/>

7. How important are the following factors when you consider purchasing furniture products?

	Very important	Quite important	Quite unimportant	Unimportant
Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Design	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Materials used	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guarantee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customer service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Country where it was produced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. How often do you buy a furniture product(s)?

- More often than once a year
- Once a year
- Once every 1-2 years
- Once every 3-5 years
- Once every 6-10 years
- Once every 11 years and above

9. Would do you prefer to purchase furniture products with

Finnish quality standards? Yes No

European quality standards? Yes No

10. Would you spend more money for the product which

has Finnish quality? Yes Perhaps No

has European quality standards? Yes Perhaps No

has a guarantee? Yes Perhaps No

11. Is it important for you to be able to buy furniture product on credit?

Yes Perhaps No

12. How long would it be acceptable for you to wait for the delivery? If the product will be tailor made?

- 1-2 weeks
- 3-4 weeks
- 5-6 weeks
- 7 weeks and more

Уважаемый участник опроса,

Меня зовут Дарья Калинина и я студентка Факультета Международного Бизнеса в Сайменском Университете Прикладных наук. Я занимаюсь дипломной работой и провожу исследование возможностей мебельного рынка в Санкт-Петербурге.

Цель исследования измерить потенциал мебельного рынка и его покупателей. Я буду очень благодарна, если Вы согласитесь принять участие в исследовании. Опрос займет у Вас примерно 5 минут. Ваши ответы будут полностью конфиденциальны и анонимны. Результаты исследования будут опубликованы в моей дипломной работе.

Спасибо Вам большое!

С уважением,

Дарья Калинина.

Вопросы:

1. Возраст: _____ лет
2. Пол: Мужской Женский
3. Количество человек в семье, включая детей: _____ человек
4. Социальный статус: Студент Служащий Безработный

Домохозяйка Пенсионер

5. Месячный семейный доход

- ниже 40 000 рублей
 40 000-60 000 рублей
 60 000-80 000 рублей
 80 000-100 000 рублей
 100 000-200 000 рублей
 200 000 рублей и выше

6. Каким из перечисленных товаров Вы заинтересованы в приобретении в течение следующих 6 месяцев?

	Заинтересован	Не Заинтересован
Диван и кресла	<input type="checkbox"/>	<input type="checkbox"/>
Стенды и стеллажи	<input type="checkbox"/>	<input type="checkbox"/>
Обеденный стол и стулья	<input type="checkbox"/>	<input type="checkbox"/>
Кровать и матрасы	<input type="checkbox"/>	<input type="checkbox"/>
Офисная мебель	<input type="checkbox"/>	<input type="checkbox"/>
Детская мебель	<input type="checkbox"/>	<input type="checkbox"/>
Шкафы	<input type="checkbox"/>	<input type="checkbox"/>
Аксессуары для оформления интерьера	<input type="checkbox"/>	<input type="checkbox"/>
Средства для ухода за мебелью	<input type="checkbox"/>	<input type="checkbox"/>

7. Насколько для Вас важны следующие перечисленные факторы при покупке мебели?

	Очень важно	Довольно важно	Почти не важно	Не важно
Качество	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Дизайн	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Материал	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Гарантия	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Цена	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Бренд	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Обслуживание клиента	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Страна производитель	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Другое	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. Как часто Вы покупаете мебельную продукцию?

- Чаще чем раз в год
- Раз в год
- Раз в 2 года
- Раз в 3-4 года
- Раз в 6-10 лет
- Раз в 11 лет и больше

9. Предпочитаете ли Вы покупать мебельную продукцию отвечающую :

Стандартам Финского качества? Да Нет

Стандартам Европейского качества? Да Нет

10. Готовы ли вы потратить большую сумму денег на мебельную продукцию если она

отвечает Финскому стандарту качества? Да Возможно Нет

отвечает Европейскому стандарту качества? Да Возможно Нет

имеет гарантию? Да Возможно Нет

11. Важно ли для Вас иметь возможность покупки мебельной продукции в кредит? Да Возможно Нет

12. Какое количество времени для доставки мебельной продукции было бы приемлемым для Вас, если продукт сделан по эксклюзивному заказу?

1-2 недели

3-4 недели

5-6 недели

7 недели и больше