



B2C Digital Marketing in Retail in Japan and Finland: Impact of Customer Engagement

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Abstract

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<p>This study aims to analyze how differences in customer engagement impact B2C digital marketing implementation in the retail industry in Japan and Finland.</p> <p>By benchmarking cultural elements in consumer behavior, engagement and customer loyalty, it discusses types of digital marketing activities that enhance digital marketing outcomes in terms of increased customer engagement in these diverse cultures.</p> <p>With the emergence of digital marketing, which is a combination of digital media, data and technology, various online platforms contribute to consumers' purchase behavior and customer engagement. The importance of word-of-mouth in digital environment has been highlighted, which enhances customer engagement and establish customer loyalty. Audiences have become co-creators of brands, establishing the sense of community with the help of user-generated content.</p> <p>By conducting literature review and a quantitative survey, Japanese and Finnish consumer behavior and the impact of cultural factors on customer engagement were analyzed. The literature review discovered that cultural values impact customer engagement in digital environment, indicating that different cultural dimensions are connected to various consumer behavior. In addition, both different and similar digital marketing approaches were found in Japanese and Finnish markets, showing similar attitudes toward communication style and aesthetics.</p> <p>An online questionnaire survey has been conducted, where 114 respondents in Japan and Finland answered questions related to consumer behavior, customer engagement, customer loyalty and digital marketing activities in retail environment.</p> <p>The study concluded that Japanese retailers should utilize interactions and community-driven content, and Finnish retailers should utilize reward-based offers to enhance customer engagement. It also provided indicative patters of how consumers engage with brands in the digital environment, emphasizing relations between the level of individualism and consumer behavior.</p> <p>This study is valuable for digital marketing professionals seeking to enhance customer engagement and target new audiences in Japanese and Finnish markets by utilizing digital marketing activities. It also benefits organizations facing challenges in understanding consumer behavior in these two countries and generating sales growth as well as those looking to expand their operations into Japan and Finland. Additionally, marketing students and trainees who are interested in pursuing careers in marketing or international business will gain valuable insights from this study.</p>
Key words Digital marketing, Customer engagement, Consumer behavior, Cultural dimensions

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1 Introduction

This thesis analyzes how retailers can enhance digital marketing activities in Japanese and Finnish markets. It focuses on consumer behavior, customer engagement, how customer loyalty is established and which types of digital marketing activities resonate most with consumers in each country. It also provides insights into how a cultural dimension impacts consumer behavior in choosing a retailer.

In the current era of digital advancements, digital marketing, including content marketing and social media marketing plays a significant role in establishing brand loyalty and long-lasting effect on consumers' purchase decisions. However, consumers do not make their final decision, that is decision to purchase a product, immediately after learning about a brand. They evaluate each company's products and consider the best solution for them. In this process, a company's digital marketing activities are one of the important factors that let them know that it may provide a solution to their problem.

Having observed the importance of effective digital marketing while working at Finnish children's clothing company, Reima Europe Oy as an e-commerce trainee whose responsibilities were the implementation of social media marketing, e-mail marketing and product control for e-commerce in Japan, I became inspired to analyze what kind of digital marketing activities generates better outcomes in Finland and Japan, and how differences in consumer behavior affect customer engagement and the effectiveness of digital marketing.

1.1 Objective

This thesis aims to identify what retail companies in Japan and Finland should consider in each country, focusing on differences in consumer behavior, enhanced customer engagement, customer loyalty and types of effective digital content. By benchmarking cultural factors, trends and digital marketing environments among Japanese and Finnish consumers, the study reveals the impact of consumer behavior on Japanese and Finnish B2C digital marketing in the retail industry.

Differences in consumer behavior are used to analyze how customer engagement contributes to customer loyalty. Finally, the results of the literature review and quantitative research identify which types of digital marketing activities and online content are most likely to generate better customer engagement.

Thus, the main research question of this thesis is "How can retailers enhance digital marketing and customer engagement in Japanese and Finnish markets?". To answer the main question, four investigative questions were developed as sub-questions. The answers to the sub-questions are

recommended actions from a digital marketing perspective for retail companies in Japanese and Finnish markets. The investigative questions are:

1. What are the differences in consumer behavior across cultures?
2. How do Japanese and Finnish consumers engage with retailers online?
3. How can retailers establish customer loyalty with Japanese and Finnish people?
4. Which types of digital marketing activities resonate most with consumers in Japan and Finland?

In this study, the effectiveness of digital marketing activities is defined as the potential for companies to have customers engaged in the online activities of the brands, enhancing the likelihood of purchase behavior. By identifying the cultural impact on consumer behavior and customer engagement in the Japanese and Finnish retail industries, it discusses the types of effective digital marketing activities in Japan and Finland.

The study contributes to retail companies aiming to enter Japanese and Finnish markets and increase customer engagement, marketing professionals striving to expand their knowledge of consumer behavior and customer engagement in different cultural settings, organizations that are struggling with sales and profitability in their retail business, organizations that are eager to expand their business to Finnish or Japanese market, and marketing students aiming to obtain real-world recommendations in digital marketing or international business. Overall, this thesis aims to provide important insights into the practical implementation of digital marketing activities in the Japanese and Finnish retail environments.

1.2 Research method

In this thesis, a quantitative method was used to identify how Japanese and Finnish consumers engage with retail brands and digital content by conducting an online questionnaire survey. The questionnaire research was conducted to collect data regarding Japanese and Finnish consumers and find answers to various questions related to consumer behavior, customer engagement, customer loyalty and digital marketing activities. Its purpose is to benchmark Japanese and Finnish consumer behavior which influences the implementation of digital marketing. The survey is designed to answer the four investigative questions. At last, the insights suggest effective digital marketing activities that are suitable in Japan and Finland.

The target population for this survey is limited to consumers whose nationality is either Japanese or Finnish. The questionnaire is developed based on the research questions and literature review.

It consists of single-choice and multiple-choice questions to gather comprehensive insights from respondents. The results support the research questions, leading to conclusions about factors retail companies in Japan and Finland should consider when developing digital marketing activities.

The table below shows the overlay matrix, summarizing the investigative questions, theoretical framework, questionnaire questions and results. It helps readers understand the complexity of this thesis by visually depicting how the various factors interact.

Table 1. Overlay matrix of this thesis

Investigative questions	Theoretical framework (chapter)	Questionnaire questions	Results (chapter)
1. What are the differences in consumer behavior across cultures?	3.1, 3.2 & 3.3	7, 8, 9	7.2 & 7.3
2. How do Japanese and Finnish consumers engage with retailers online?	3.3, 4.1, 4.2, 5.1 & 5.2	5, 6, 7, 8, 9	7.2 & 7.3
3. How can retailers establish customer loyalty with Japanese and Finnish people?	2.2 & 4.3	4, 5, 9	7.2, 7.3 & 7.4
4. Which types of digital marketing activities resonate most with consumers in Japan and Finland?	2.1, 2.2, 2.4, 5.1 & 5.2	9, 10, 11	7.2 & 7.5

2 Digital marketing and strategy

This chapter discusses how digital marketing strategies contribute to enhanced online customer engagement in a digitalized world. It explains how customer engagement and loyalty are established by utilizing social media marketing and content marketing, emphasizing the importance of choosing suitable digital channels and interactions.

Suresh Babu (2017, 508) defined digital marketing as “a solution to promote or create awareness of a product or service to customers via digital methods of data communications”. It is a combination of digital media, data and technology, which are integrated with traditional marketing communications to achieve marketing objectives, such as acquiring new customers and developing the customer relationship. Since the computer was utilized to collect digital data on customer transactions and good flows in the 1970s and the web browser was established in the late 1980s, marketing methods have advanced with the emergence of technological development. (Lahtinen, Pulkka, Karjaluoto & Mero 2023, 3). At the same time, it is also important to remember that a combination of digital and traditional channels plays an important role in successful digital marketing as multichannel (omnichannel) marketing even though today’s digital transformation ensures innovative business and operational model. (Chaffey & Ellis-Chadwick 2022, 5-6).

Online Value Proposition (OVP) refers to the unique value a company offers online customers to differentiate themselves from competitors. It is a core element of a successful e-commerce business as it helps to attract and retain customers. OVP communicates what is special about a company’s online service and how it differentiates from competitors by providing online customers with uniqueness. One of the effective ways to differentiate from competitors’ online services is that companies align with design, consistent tone of voice and using languages that align with brand values. (ThoughtMetric). In today’s competitive online environment, effective OVP is essential to capture more attention from visitors in a digital environment.

2.1 Social media marketing

Social media marketing is the use of social networks to gain awareness and response from target audiences through organic sharing and paid advertising (Chaffey & Ellis-Chadwick 2022, 517). 62.3 % of people in the world’s population use social media, and the world’s most popular social networks are Facebook, YouTube, WhatsApp, Instagram and TikTok as of January 2024. (Smart Insights 2024).

In the early times of the internet, internet communication was limited to passive viewing of content companies created such as company websites, and interactivity was limited to email on a contact

page. However, with the emergence of software application which enables people to build communities and networks, social interactions can now occur virtually and in real time. Social media changed the way individuals interact and organizations communicate with consumers, that is individuals can create, share, discuss and modify UGC (user-generated content). Since consumers create communities where they form an opinion and share UGC through social media after using the product or service, consumers play an important role in providing potential customers with opportunities to discover the brand, which can lead to generating brand awareness and acquiring new customers. (Quesenberry 2020, 11, 114).

Successful and effective social media marketing activity requires conducting research and planning strategies that suit the business objective. Methods include:

- Evaluate business and social media goals
- Research audience
- Determine social media platforms that best suit business
- Create engaging content
- Include audiences and build engagement (Kuligowski May 2023)

First and foremost, it is inevitable for companies to identify what is their goal after implementing a social media marketing campaign. Goals can be daily, quarterly or yearly objectives (Johnson November 2023). For researching audience, clarifying customer segmentation, targeting and positioning are essential elements to create engaging content. To meet business goals, it is important to understand online audience characteristics, behaviors and preferences. (Chaffey & Ellis-Chadwick 2022, 8, 15). Building customer engagement online is a key element in reaching a wider audience, which indicates the importance of a multi-platform perspective as today's brands utilize a multi-platform social media strategy to share the same content across platforms (Shahbaznezhad, Dolan & Rashidirad 2020, 47, 52). Therefore, when choosing suitable social media platforms, it is important to follow strategies, such as discovering social media platforms where audiences spend time online and which they like, and considering how many platforms the business can commit to (Kuligowski May 2023). As the importance of opinions shared through UGC was mentioned earlier, engaging content that involves consumers also increases the possibility of building a strong brand. Engaging and visually stunning content not only captures the attention of audiences but also creates a lasting impression (AIContentfy team November 2023).

2.2 Content marketing

Content marketing is a strategic marketing approach that creates and distributes valuable, relevant and consistent content to attract and retain an audience, which eventually leads to facilitating

profitable customer action (Content Marketing Institute). While social media marketing is executed by utilizing social networks, content marketing includes all types of content, such as blogs, printed articles and website articles. As today's world consumes more content online, digital content marketing that includes digital content, such as blog posts, white papers, e-books, infographics, podcasts, videos, and how-to guides is essential for brand growth. (Nytlicensing).

Regarding attracting potential customers while they are proactively looking for information on products or services, the concept of inbound marketing is also commonly known. It is a low-cost organic marketing method to drive customers to an organization's website through its appealing digital content, which leads to generating brand awareness. The mechanism is that digital content created by an organization is discovered in search engines when customers enter words that are relevant to an organization's products. As a result, they find value in the brand and may become valuable customers. However, organizations must understand that content produced as inbound marketing is unlikely to be seen by non-target audiences because the message is pushed primarily to the target audience only. (Chaffey, Hemphill & Edmundson-Bird 2019, 29).

Rose (2023) emphasized the importance of content marketing, highlighting that currently, more B2C marketers consider it as an important tool to deliver content-driven experiences to meet the needs of different audiences. Thus, it is evident that there are more discussions regarding how marketers execute effective content marketing.

One of the important values content marketing provides is storytelling. Sharing stories that are emotionally connected to consumers allows them to have a deeper understanding and create customer loyalty to the brand. Relatable stories mean that a company understands consumers' needs and challenges, which has a huge impact on building long-term customer relationships and loyalty. (Arora 2024). As a result, by reaching consumers who become brand ambassadors, companies can improve their profitability and revenue streams (Lopes & Casais 2022, 3). Customer loyalty established by the emotional bond between the brand and customers is also mentioned in chapter 4.3.

2.3 RACE framework and digital channels

A study conducted by Mero & Taiminen (2016, 1, 22-25), revealed that the use of marketing automation software helps companies generate high-quality sales leads through targeting and content personalization and is a crucial prerequisite when solving problems target customers have. It is essential for businesses to create value in such a way that target customers understand that a business has specific values that other competitors cannot offer. In other words, a company must communicate its competitive advantage that makes them think that a company has a value

proposition for their needs. If messages of targeted and personalized recommendations were relevant and delivered directly to target customers, marketing is likely to be more successful with less wasted budget. (Lahtinen et al. 2023, 50, 52-57).

RACE digital marketing framework is a practical process that guides businesses from setting marketing goals to fostering customer retention. It consists of 4 steps, Reach, Act, Convert and Engage, which suggests that it is important to use traditional media to raise awareness of the value of the online presence at the Reach and Act stages, and at the Convert and Engage steps, customers may prefer to interact with customer representatives. RACE framework helps organizations set and achieve goals across the customer life cycle from acquisition and customer development to customer retention. (Chaffey & Ellis-Chadwick 2022, 9). The process shows the importance of a structured approach, which effectively manages customer interactions.

In today's digital era of the world, it is important to understand channel marketing strategy, whose purpose is to define how a company sets up objectives in each channel and develops advantages (Chaffey & Ellis-Chadwick 2022, 138). In addition to choosing suitable channels and setting up objectives, the concept of multichannel marketing needs to be included as part of the operational model. Modern technological advancements enable businesses to reach target customers and interact with them, which will finally lead to brand loyalty. Therefore, companies need to understand how they manage interactions with digital audiences. 7Ds of managing digital marketing interactions is a tool to evaluate opportunities and challenges of integrating digital media and technology into marketing activities. It consists of 7 elements that should be considered as a strategic approach for evaluating the best opportunities to integrate digital media and technology into marketing activities. (Chaffey & Ellis-Chadwick 2022, 8, 45).

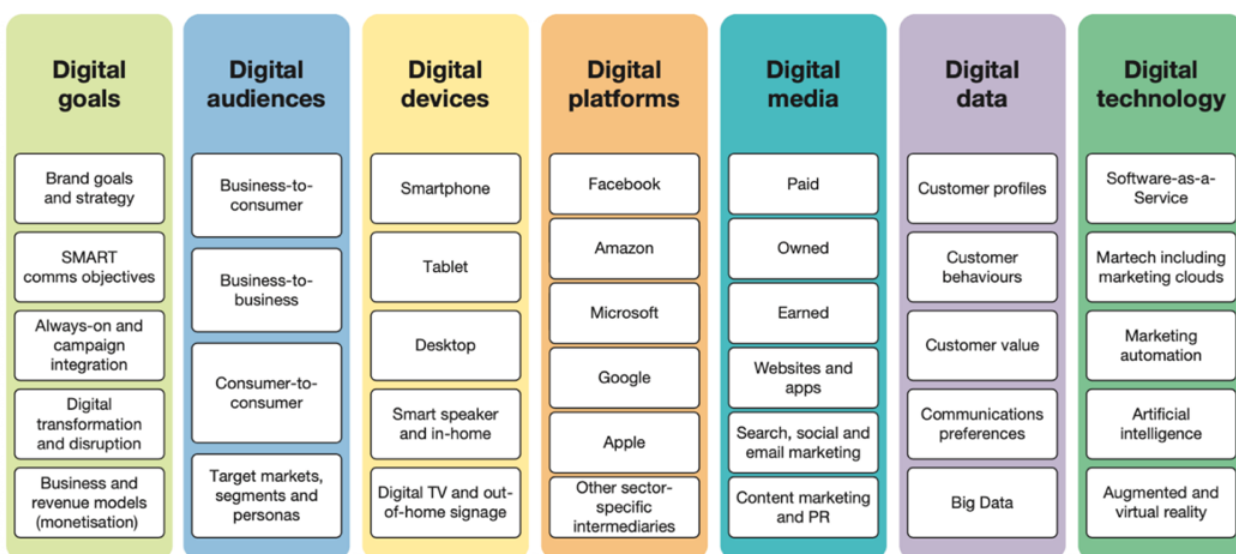


Figure 1. The 7Ds or pillars supporting effective digital marketing (Dave Chaffey 2023)

2.4 Measuring B2C digital marketing effectiveness

Information gathered to measure the effectiveness of digital marketing not only helps companies maximize their revenue but also develops business at large. It also allows them to direct resources to the digital marketing activities that produce the best outcome.

Setting key performance indicators (KPIs) for each digital channel helps the company indicate whether the performance of campaigns meets defined goals or not. When it comes to measuring online metrics of retail companies selling products or services in both online and physical stores, it is essential to understand which sources drive visitors to their website because it enables the company to assess the best-performing channels and discard the rest. (Trax Retail August 2023).

Regarding B2C companies promoting products directly to customers through digital marketing, it is vital to measure marketing metrics, such as social engagement, website traffic, conversion rate, lead quality, customer retention and loyalty, revenue and sales, and return on investment (ROI). While the success of a business doesn't rely solely on social engagement indicators, such as followers, likes, comments and shares, they play a significant role in letting potential customers know about the company and its products. Conversion rate not only includes sales but also other values, such as subscription to newsletter and the number of mobile app downloads depending on the business. Lead quality can make the right offer to the right people at the right time so that they become the company's customers. By running an A/B test, the impact of campaigns can be also measured. (GROW).

Return on investment (ROI) is an evaluation of an investment's profitability that can be measured in both financial and non-financial ways. However, benefits gained from social media marketing cannot be measured solely in a financial way. The reason is that benefits can be also measured by non-financial factors, such as interactions and word-of-mouth that will result in generating sales and repeating purchasing behavior. (Silva, Duarte & Almeida 2020, 2100). Thus, for retail companies, understanding the best way to interact with customers by utilizing suitable channels can increase the likelihood of establishing customer loyalty.

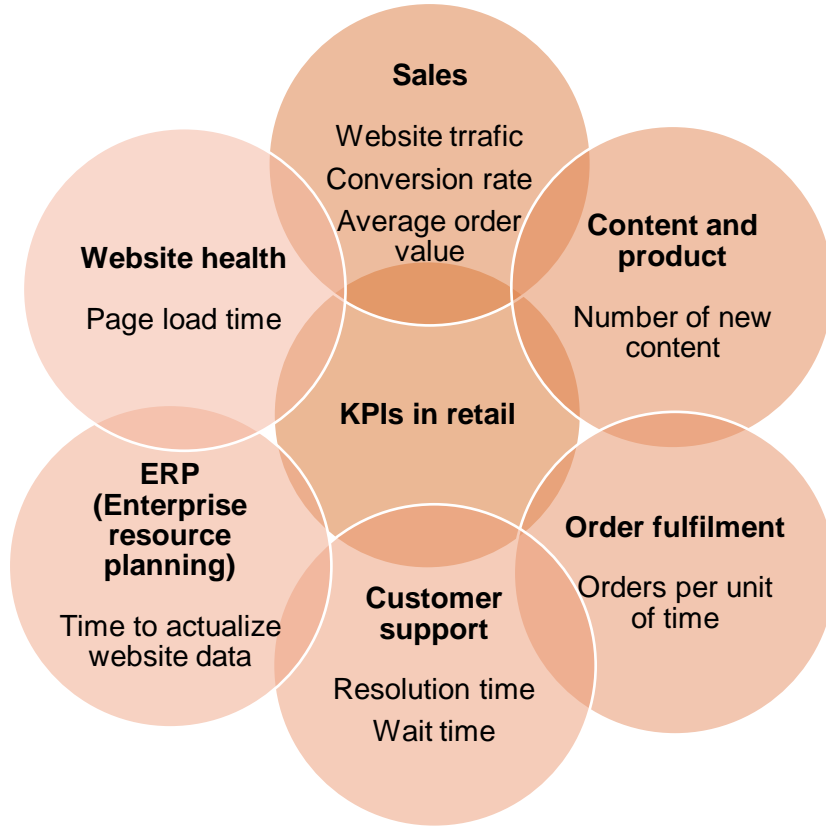


Figure 2. Six categories of KPIs for online retail businesses (adapted from Maven Team)

3 Consumer behavior

This chapter provides a comprehensive understanding of how consumer behavior is shaped by cultural and psychological factors. It provides insight into the relations between culture and consumer behavior, referring to a study about consumers' online clicking and sharing behavior conducted by Thompson & Brouthers (2021, 22-44).

Ganesh (2019, 661) defined consumer behavior as “a specific code of conduct in which, the consumers are displayed in searching for, purchasing, using, evaluating and disposing of the products and the services which they expect will satisfy their needs”. Decision-making process is influenced by the social environment which consists of the family, reference groups, culture, social class and so on. Digital marketing has changed and influenced consumer behavior, which means that today's consumers have a greater range of online platforms to make a purchase decision that matches their needs and preferences from all elements. (Ganesh 2019, 661-662).

3.1 Psychological basis

Understanding psychological techniques that affect consumer behavior is essential to create an engaging experience. Consumers' decision making is often influenced by psychological and social factors. Quesenberry (2020, 23, 198) defined social capital theory as “a broad concept recognizing the power of an individual to exert influence on a group or individual to mobilize resources”. In other words, individuals and a group build social capital in online social networks, where they share knowledge and exert influence. The behavior is based on the psychological fact that sharing information benefits people because it increases their self-esteem. Additionally, the theory of social capital is closely connected to social proof, which means if larger numbers of people express support for something, other people are more likely to believe that it is correct, influencing actions or purchase decisions. One of the most effective techniques of social proof is customer reviews and testimonials because positive online reviews encourage potential buyers to make purchase, increasing the likelihood of purchase and reducing the return rate of products (Makrydakis 2024, 8). For that reason, encouraging audiences to create a sense of community through the concept of social capital theory is considered one of the digital marketing strategies aiming to achieve objectives, such as increasing brand awareness and generating sales.

3.2 Cultural values and consumer behavior

Thompson & Brouthers (2021, 22-44) explained that within-country cultural differences cause variations in consumer behavior, which emphasizes a significant impact of cultural values on consumer behavior in the domestic setting. A survey was conducted to find how much consumers

from eight countries click and share the video advertisements appearing on different websites, including retailer websites. The eight countries were Singapore, the United States, the United Kingdom, Sweden, Germany, France, Norway and Hong Kong (Thompson & Brouthers 2021, 29). The survey defined clicking behavior as clicking on videos to get more information about the brand shown in the video advertisement, rather than clicking to start the video. Sharing behavior was defined as sharing videos in countries with other online users. The study used five cultural value dimensions, which are also included in Hofstede's "The 6-D Model of National Culture" (Hofstede) and explained that each dimension is closely related to consumer clicking and sharing behavior in the digital environment. The five dimensions are individualism, power distance, uncertainty avoidance, masculinity and long-term orientation. The study discussed that the degree of tightness/looseness in cultures means the degree to which each culture can tolerate the deviation from norms and values, theorizing an impact on the relation between national cultural values and digital consumer behavior. (Thompson & Brouthers 2021, 22-23).

Individualism in a cultural context is described as a culture where people are expected to take care of only themselves and their families or relatives. (The Culture Factor GROUP s.a. a.). They discovered that the level of individualism is significantly and positively connected to sharing behavior. In other words, consumers in high individualism cultures engage more with the brand by sharing video advertisements. On the contrary, a very low click rate was observed in high individualism cultures compared to lower individualism cultures. (Thompson & Brouthers 2021, 29, 33). It appears that lower individualism countries tend to have higher click rates as individualism was found to be negatively related to click rate.

"Power distance is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally" (Hofstede). It was found that consumers in countries with power distance clicked more but shared less. In other words, as the level of power distance increases, sharing behavior tends to decrease. On the other hand, clicking behavior tends to increase as power distance increases. (Thompson & Brouthers 2021, 33). Power distance was significantly and positively related to clicking behavior, but significantly and negatively related to sharing behavior.

"Uncertainty avoidance deals with a society's tolerance for uncertainty and ambiguity" (Hofstede). Besides, the dimension refers to how uncomfortable someone is when they feel uncertainty and ambiguity (The Culture Factor GROUP s.a. a.). They found that consumers in countries with higher uncertainty avoidance share more but click less. Country-level uncertainty avoidance is significantly and negatively related to consumer clicking but significantly and positively related to consumer sharing. (Thompson & Brouthers 2021, 27, 33).

Masculinity in a society refers to the idea that men should be tough and people in general should win under any circumstances (Hofstede). As expected, it was discovered that masculinity was significantly and positively related to share rate but negatively to click rate. In other words, consumers in countries with high masculinity share more but click less. (Thompson & Brouthers 2021, 33-34).

“Long-term orientation deals with change” (Hofstede). In general, countries that score low on this dimension prefer to maintain traditions, seeing societal change with suspicion (The Culture Factor GROUP s.a. a.). The result showed that long-term orientation was significantly and negatively related to share rate but consumers in countries with long-term orientation clicked more, meaning that in cultures where there is a higher emphasis on long-term orientation, the tendency for individuals to engage in sharing behavior is lower. On the contrary, it suggests that in cultures with a stronger emphasis on long-term orientation, there may be a tendency for individuals to engage more in clicking behavior. However, there was not a significant increase in click rate. (Thompson & Brouthers 2021, 34).

Levels of individualism of the eight countries are Singapore (43), United States (60), United Kingdom (76), Sweden (87), Germany (79), France (74), Norway (81) and Hong Kong (50). (The Culture Factor GROUP s.a. b.). Table 2 below shows the relations between cultural dimensions and clicking and sharing behavior.

Table 2. Relations between cultural dimensions and clicking and sharing behavior (Thompson & Brouthers 2021, 33-36)

Dimensions	Lower level	Higher level
Individualism	Higher click rate, Lower share rate	Lower click rate, Higher share rate
Power distance	Lower click rate, Higher share rate	Higher click rate, Lower share rate
Uncertainty avoidance	Higher click rate, Lower share rate	Lower click rate, Higher share rate
Masculinity	Higher click rate, Lower share rate	Lower click rate, Higher share rate
Long-term orientation	Lower click rate, Higher share rate	Higher click rate, Lower share rate

3.3 Impact of cultural dimensions on Japanese and Finnish consumer behavior

Though the study conducted by Thompson & Brouthers (2021, 22-44) and the cultural dimensions originally imply different cultures based on cultural values, which do not necessarily apply to individuals, it is conceivable that different cultural dimensions lead to different sharing and clicking behaviors as shown in table 2.

Thus, there is a strong possibility that consumers' clicking and sharing behavior in Japanese and Finnish digital environment can be expected based on cultural dimensions. Figure 3 below shows predicted relations between consumer clicking and sharing behavior and scores of five cultural dimensions, showing that consumers' clicking and sharing behavior change depending on the level of each dimension. The five cultural values in both countries are as follows. 1) Japan is a less individualistic culture than Finland. (Japan=62, Finland=75). 2) Japan has a higher level of power distance than Finland (Japan=54, Finland=33). 3) Japan has higher uncertainty avoidance than Finland (Japan=92, Finland=59). 4) Japan has higher masculinity than Finland (Japan=95, Finland=26). 5) Japan has higher long-term orientation than Finland (Japan=100, Finland=63). (The Culture Factor GROUP s.a. b.). Thus, the graph shows that Japan and Finland differ significantly in several cultural aspects. Japanese cultural dimensions other than individualism are higher than in Finland. In particular, uncertainty avoidance, masculinity, and long-term orientation are much higher than in Finland. It shows that Japanese culture has higher levels of power distance, uncertainty avoidance, masculinity, and long-term orientation compared to Finnish culture.

As larger differences in cultural tendencies between two groups can provide stronger indicators of potential differences in consumer behavior and customer engagement, it should provide a strong expectation for Japanese and Finnish consumers' clicking and sharing behavior.

Consequently, cultural factors within a country have an impact on customer engagement, and tendencies in customer engagement can be discussed based on the dimension. For example, in a country with lower individualism like Japanese consumers are more likely to click online advertisements and less likely to share them. On the other hand, people in a country with higher individualism like Finnish consumers are more likely to share them and less likely to click them. Thus, this thesis discusses whether the level of individualism impacts Japanese and Finnish consumers' sharing and clicking behavior. Figure 3 below shows expected behaviors in Japan and Finland.

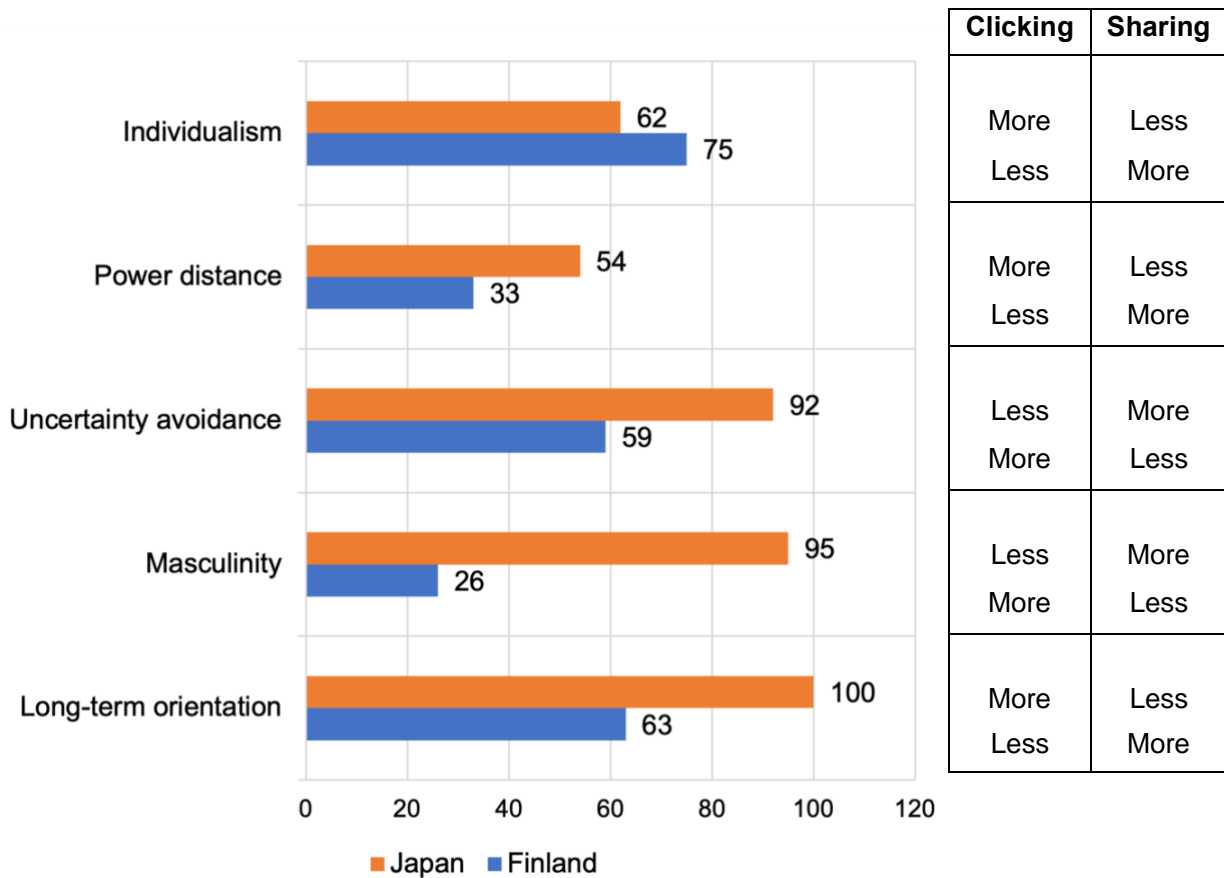


Figure 3. Five cultural dimensions and scores in Japan and Finland applied to expected sharing and clicking behavior (adapted from The Culture Factor GROUP s.a. b & Thompson & Brouters 2021, 33-36)

4 Customer engagement and loyalty

This chapter provides insight into customer engagement within the digital marketing landscape, explaining how customer engagement can be enhanced and build customer loyalty in B2C retail environment. It also discusses aspects of and the significance of marketing communication as a tool to establish brand loyalty.

4.1 Customer engagement

Customer engagement is “repeated interactions through the customer lifecycle prompted by online and offline communications aimed at strengthening the long-term emotional, psychological and physical investment a customer has with a brand” (Chaffey & Ellis-Chadwick 2022, 33). Brands engage potential customers online in the whole customer journey stages, which consists of awareness, consideration, conversion (purchase), retention and advocacy (Peterson). In the retail context, personal interaction and customer service develop relationships with customers, which also means that customer engagement increases through customer interactions. (Ganesh 2019, 662-663). Treating audiences as value creators or co-creators is a beneficial way to enhance customer engagement. For example, engagement and interaction that were produced through user-generated content (UGC) in the online community will become a value creation process (Rosário & Dias 2023, 13-14).

There is a difference between consumer behavior and customer engagement. Makrydakis (2024, 7-8) explained that the focus of consumer behavior is understanding individuals’ processes when selecting and purchasing products or services. Marketers need to understand consumer behavior as it helps them develop effective marketing strategies. On the other hand, the focus of customer engagement is individuals’ active interaction and participation in online activities as mentioned above. In short, consumer behavior refers to how individuals make purchasing decisions shaped by culture and digital marketing content and occurs at various stages, including data collection, decision-making and evaluation stages. Customer engagement involves the ongoing interaction between a consumer and a brand from awareness to advocacy stages.

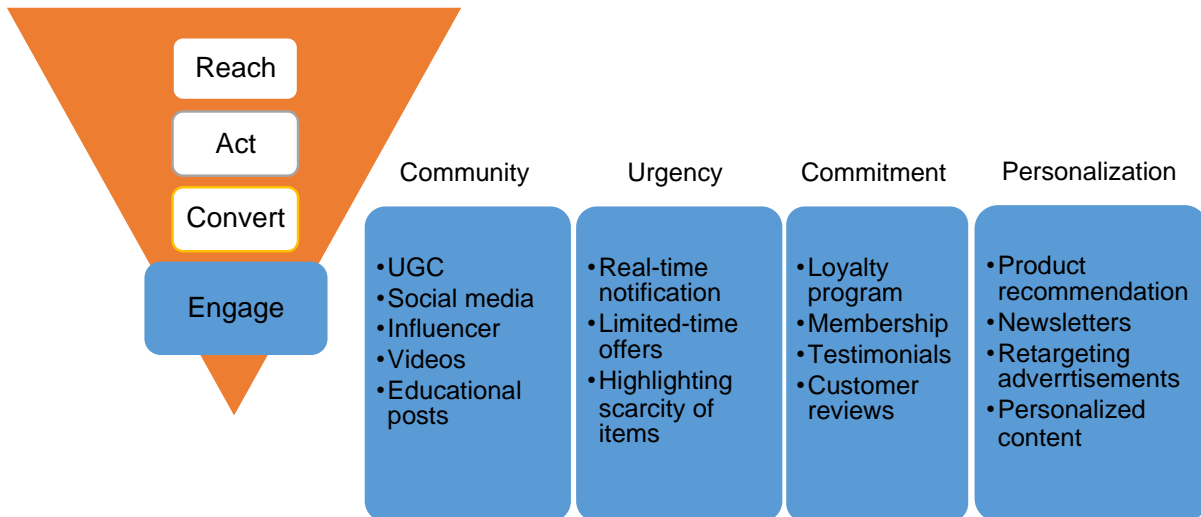


Figure 4. Effective engagement in the engage phase of RACE framework (adapted from Makrydakakis 2024, 6-9)

4.2 Impact of enhancing customer engagement

Figure 4 shows, the Engage stage in RACE framework is often considered to occur only after a consumer becomes a paying customer. However, Lahtinen et al. (2023, 73-75) insisted that engagement can be already developed before the purchase phase by providing consumers with the brand image. To build and retain relationships with customers, brand building and engaging customers must be considered in the same marketing activity. Building a fascinating brand image turns potential customers into real customers or fans, which will increase the likelihood of recommending the brand to others. Therefore, effective customer engagement is closely connected to interactions between consumers and the company that provides a fascinating brand image.

The impact of customer engagement can be measured by using indicators, such as repurchases, product recommendations, product reviews, email open rate, the number of visitors returning to the website and the number of active customers (Lahtinen et al. 2023, 78). The engage-phase metrics can be combined with a company's KPIs when assessing whether the outcome is successful or not. Peters & Bodkin (2022, 9-10) highlighted the influence of consumers' perceptions of source credibility and the usefulness of online reviews in online retail industry. They found that the consumers' credibility and usefulness of online reviews impacted the attitudes toward the store and purchase intentions. In the digital environment, customers see online reviews provided by

employees as more credible. On the contrary, reviews provided by customers are seen as more useful. It is partially because of the idea that customers are not paid to write a positive review and therefore, they write more objective reviews than employees. In this way, the perceived usefulness of reviews helps retailers establish online community with customers. Positive reviews serving as social proof result in increasing communal engagement and ultimately, retail sales.

4.3 Customer loyalty

According to Ganesh (2019, 663), customer loyalty is established by an untouchable emotional bond created through online activities, including real-time interactions and active presence on social media. It is directly linked to financial outcomes that are critical for an organization's success. It emphasizes the importance of creating emotional attachment and empathy with customers through online interactions and channels. Loyal customers not only repeat purchases but also recommend information about the retail brand. As a result, they are less likely to switch to competitors that offer similar products. To enhance customer loyalty, retailers must segment customers based on their preferences, which also includes personalizing offers through websites or emails at every customer journey stage. Rewarding customers with a loyalty program can also enhance loyalty and it has to be something customers find meaningful by providing them with personalized offers and discounts. Personalization based on customers' preferences and characteristics can be said to play an important role in establishing customer loyalty between retailers and customers. (Khandelwal 1 August 2023).

Rėklaitis, K & Pilelienė (2019, 75, 82) emphasized that marketing communication strategy also generates consumers' purchase behavior. Marketing communication is a way to provide customers with information about the company and offers, establishing relationships with customers. Companies and customers who have established relationships can create trust and credibility, which eventually enhance customer loyalty. In addition, by providing customers with opportunities to send feedback, companies can show their commitment to customer satisfaction and loyalty.

Milichovský (2013, 35-36) also discussed marketing communication as a beneficial tool to inform, convince and remind of brands, companies and products. Marketing communication is effectively implemented if customers experience 5 stages, that is contact, awareness, attitude, intention, and purchase. Thus, customer engagement and marketing communication in the whole customer journey stages, increase the likelihood of establishing customer loyalty and generating better financial outcomes.

5 Digital marketing in Japan and Finland

This chapter discusses digital marketing cultures, explaining the impact of cultural differences on digital marketing effectiveness with a focus on Japanese and Finnish cultural frameworks. Additionally, examples of retail companies operating in the two countries are presented to provide practical insights into how cultural factors shape effective digital marketing approaches and outcomes in the retail environment.

5.1 Cultural aesthetics and effective digital marketing

Not only cultural dimensions between different countries but also the perception of design let people find how appealing a digital marketing activity is. Design variation is critical because culturally rooted design preferences can often determine the success of digital marketing. Cultural aesthetics in digital marketing are defined as visual elements that create a visually appealing style and resonate with specific cultures. Symbolism, including colors, shapes, and patterns influence how the design is perceived and received by consumers. By understanding and applying these aesthetical differences between cultures to digital marketing, companies can create deeper connections with consumers and increase the likelihood of capturing the consumers' attention.

According to Barankay (2022), despite the geographical distance, there are similarities between Japanese and Finnish design philosophies, which were influenced by similar factors, such as closeness to nature, spirituality and tranquility and cultural values. Simplicity which is a common design element in both countries can be found in Finnish architecture. For example, Japanese culture has an aesthetic called "wabi-sabi", which is the Japanese concept of simplicity and it finds beauty within imperfection and impermanence (27 September 2023).

5.1.1 Marketing approach and consumer behavior in Japan

As of the 3rd quarter of 2023, the five most used social media platforms in Japan are LINE (83.4 %), X (55.2 %), Instagram (52.6 %), Facebook (24.4%), TikTok (22.9 %) (DataReportal, We Are Social, Meltwater 2024). A mobile messenger app, LINE is the most used social media platform in Japan, while WhatsApp is more widely used in Western countries.

According to a survey conducted by Letro (2022), consumers in Japan found that word-of-mouth sources found in social media channels and the Internet were the most important in all phases, from first learning about a product to making a purchase. In Japan, 15.8 % answered that they see information in search engine results as the most important. 10.2 % answered that reviews posted by other consumers are the most important and 7.1 % answered that they found information on the brand's website the most important. The result also mentioned that 70 % said that when

considering purchasing products at retail stores, such as department stores or supermarkets, they read online reviews.

In Japan, digital marketing materials tend to incorporate details and elements more than in Western cultures. Visually appealing designs that resonate with Japanese consumers are more prioritized. (Move to Japan). Mahujchariyawong, V. & Nuangjamnong (2021, 18-20) mentioned several characteristics regarding popular Japanese-style advertising, influencing purchase decisions through advertising attitudes and consumer perceptions. For example, "Kawaii", which means cute integrates into Japan's national identity and has been observed in many marketing campaigns. Many Japanese companies use the tactic to attract attention from audiences and create an impact of advertising. Soft-selling approach, which is characteristic of marketing campaigns that communicate indirect and image-based messages is used more often in Japanese market to build positive relationships between companies and customers. In contrast, hard-selling approach described as a more direct and information-based campaign strategy tends to be more effective in holistic countries such as, Italy and France compared to countries with analytical thinking style, such as Germany and the United States. If a company's marketing goal is to build a brand image, the use of sales-oriented advertising with hard-selling approach could generate fewer positive attitudes for audiences. In general, soft-selling approach is more effective as it can establish a uniform brand image and positive attitudes. (Okazaki, Mueller & Diehl 2014, 258-272). Overreliance on the use of celebrities is another characteristic in Japan. Praet (2001, 5-9) discovered that Japanese TV advertising tends to feature celebrities much more than in the United States, France, Germany, Spain and Netherlands. Consumers not only accept the celebrity-featured campaigns but also enjoy them. In addition to such a Japanese traditional marketing method, positive endorsements from celebrities in the digital environment also help retailers provide target customers with a uniform brand image and messages.

Japanese society embraces collectivism. Collectivistic cultures like Japan recognize the importance of group dynamics, which also impact consumer behavior and decision-making process. For example, consulting with families or friends before making a purchase is a common behavior among Japanese consumers. Social validation builds trust among Japanese consumers. Recommendations from friends or influencers play a significant role in product selection. It is also discussed that Japanese consumers often emphasize quality over price. It is partially because craftsmanship and perfectionism are valued and rooted in Japan. (Driven Global Consulting).

Also, a survey conducted by Twilio (2024) found that there is a gap between consumers in Japan and other countries regarding how brands build trust. Japanese consumers think "protection of customer information," "attentive customer service," and "highly transparent communication," are

the most important actions. On the other hand, the top three actions at the global level are "protection of customer information," "easy returns and refunds," and "attentive customer service". It indicates that Japanese consumers value clear communication and transparent processes from brands in addition to information protection. Because Japan is a high-context culture, meaning that communication relies on nonverbal cues, shared cultural understanding and indirectness, communication from brands may lack clarity. Thus, consumers may feel the need for more clear communication from brands.

5.1.2 Marketing approach and consumer behavior in Finland

As of December 2023, five most used social media platforms in Finland are Facebook (78 %), Instagram (69 %), YouTube (68 %), TikTok (33 %) and Snapchat (29 %) (Statista 2024). This statistic only includes social media platforms whose purpose is sharing content and connecting with other users. Thus, WhatsApp is excluded from the list as the feature mainly focuses on messaging and communication between individuals and groups. However, according to DNA (2022), WhatsApp was the most used social media platform in Finland as of 2022 (62 %). If WhatsApp is included in this list, it is reasonable to say that the platform is also one of the most used social media platforms in Finland. Unlike Japan, X (Twitter) was not ranked in Finland with only 20% usage. Conversely, the usage of Facebook and Instagram is much higher than in Japan. Overall, in both countries, mobile message apps could be utilized as a tool to engage customers about products or services, providing them with customer support.

Finnish consumers tend to prioritize quality, the origin of the product, brand image and security when making purchases. Consumers' positive attitude toward quality implies that craftsmanship is also highly valued in Finland. Like designs of Finnish brands, such as Marimekko, Artek and Iittala characterized by simplicity, minimalism and quality, Finnish consumers respond positively to aesthetically pleasing designs and high quality (Lohikoski). Emerging consumer trends include environmental protection, progressive values and quality and ecological foods, moving towards non-gender fashion. Simple and practical packaging of products with respect for the environment is another trend among Finnish consumers. As stated in 5.1, designs with an emphasis on simplicity are appreciated by people in both countries. These trends allow consumers to shift towards more sustainable consumption behaviors. (Lloyds Bank March 2024). An effective campaign in Finland is based on a unique product or service, which offers some extra value to customers (Laiho s.a.).

Finland is an individualistic country compared to Japan. Thus, it can be assumed that Finnish consumers are less likely to ask for others' opinions before making a purchase than Japanese. However, according to a survey conducted by Dagmar Oy (2023), they value online reviews and others' opinions before making purchase decisions, and in the digital environment, online reviews

influence purchase decisions. 1.5 million (36 %) Finnish consumers answered that they have a habit of writing public reviews about products and services. Additionally, more than half (55 %) of those who read the reviews emphasized the impact of reviews. Lewis (2004, 77) explains that Finnish and Japanese behave in a similar manner. An example of similar manners is the use of nonverbal messages, and that body language is not a major part of the communication element.

5.2 Japanese and Finnish company cases

This chapter discusses successful digital marketing implemented by Japanese and Finnish B2C retail companies, highlighting how customer engagement affects the outcomes and providing general insight into successful digital marketing in each country.

Analyzing what kind of digital marketing activities or campaigns generated successful outcomes, it provides insights into the types of effective digital marketing activities in each country.

5.2.1 Hokuoh Kurashi no Douguten (Kurashicom Inc.)

Hokuoh Kurashi no Douguten is a Japanese e-commerce site operated by Kurashicom Inc. The website sells household goods, such as tableware and interior goods. They started the business by selling vintage Nordic dishware with a rising interest in Nordic culture in Japan. Currently, they are selling both Nordic and Japanese goods. (Okuyama March 2024). Their business is known for attracting customers without advertisements with the help of story-telling content, showing how the actual products are used in daily life. Thus, their strengths are not only selling specific products but also providing various story-telling content that generates sympathy among people who check the content. By expressing that they understand customers' needs and distributing content, such as web articles, audio media and videos through their website, app, social media and YouTube channel, they have established customer relationships and maximized LTV (lifetime value) that lasts even after purchases. (Ota October 2022).

In general, retailers focus on the number of visitors or purchase amounts as KPIs. However, the company puts more emphasis on the number of engagement, which differentiates them from other retailers. Engagement here includes the number of followers on Instagram, subscribers to YouTube channel and app downloads. With an increase in engagement and online content based on customers' needs, as of July 2022, the total number of accounts that engaged with the brand in different channels has increased by 29.15 % and achieved the highest sales with a 13.92 % increase compared to the previous year. (Kurashicom Inc. 2022, 8, 22).

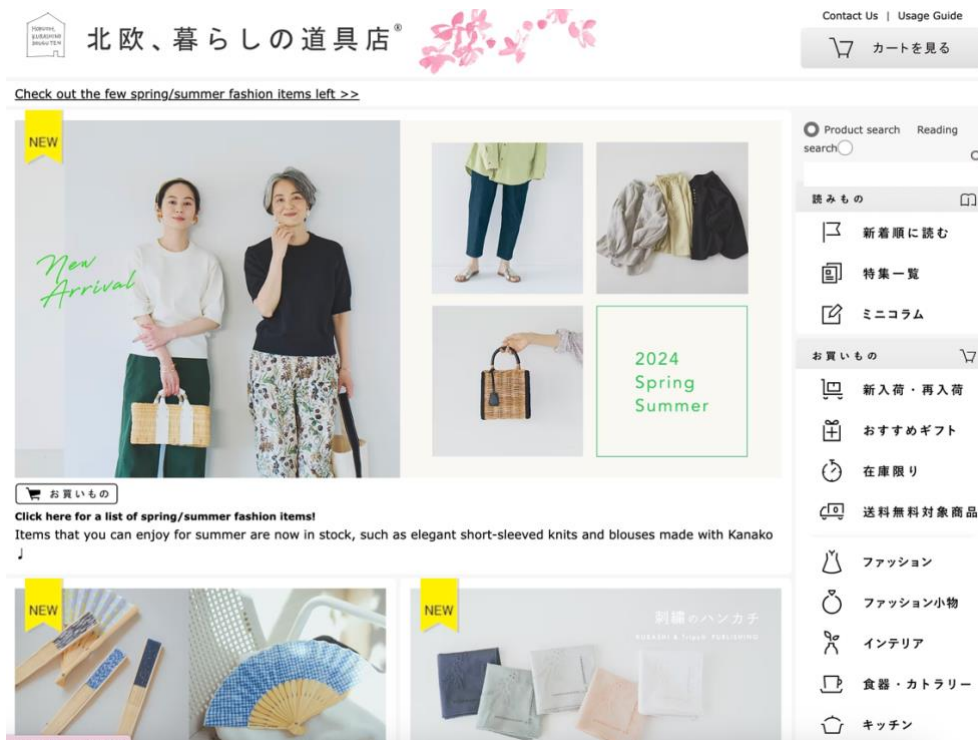


Figure 5. Hokuoh Kurashi no Douguten e-commerce site and column category page (Hokuoh Kurashi no Douguten)

In the e-commerce site shown in figure 5, two main categories, “shopping” and “mini column” can be found. In the mini column category page, there are articles posted by buyers or a store manager, telling readers about new products, behind-the-scenes stories or company diaries. It is proof that the site is not just a retailer or e-commerce site, but a website that has been converted to owned media. The “user-first approach” that understands customers’ needs increased customer engagement and loyalty, connecting with them to an emotional level.

5.2.2 Fiksuruoka.fi

Fiksuruoka.fi is a Finnish startup that sells dry-food groceries and non-food products at discount prices online before they are discarded. It was founded in 2016 with a mission to save food from waste and currently, delivers orders all over Finland. They purchase foods from different Finnish manufacturers, thus operate as a food retailer. (Fiksuruoka.fi). They have achieved a significant increase in brand recognition and sales growth over the past two years, with nearly two-thirds of Finnish people familiar with the brand. Sales increased in turnover from approximately, 2 million euros in 2019, and 9 million euros in 2020.

They emphasize the success in sales growth is mainly due to publishing compelling content that highlights food waste and environmental sustainability. The company's Instagram account has over thirty thousand followers as of 2 May 2024, which uploads content regarding how to save money on foods as well as important environmental issues. The content has a positive impact on the brand image and brand recognition. (Poutanen).

In addition, their digital marketing strategy focuses on personalization, automation, optimizing the customer journey, achieve impressive outcomes. For example, to target individuals who are likely to make a purchase, push notifications are implemented to encourage site users to take action to purchase items that have been added to their shopping carts or items that are about to be sold out. Notifications are sent at different customer journey stages, which allows the company to engage with customers in a more targeted and timely manner.

As a result, the company achieved KPIs including a 23 % increase in LTV and a 4 % decrease in cart abandonment. These successful outcomes explain that an integration of content marketing, personalization and automation in online platforms has an effective impact on customer engagement and sales growth. (Algoedt 29 June 2021). It also describes a successful example of how informing customers about a product gave them a sense of urgency about shopping.

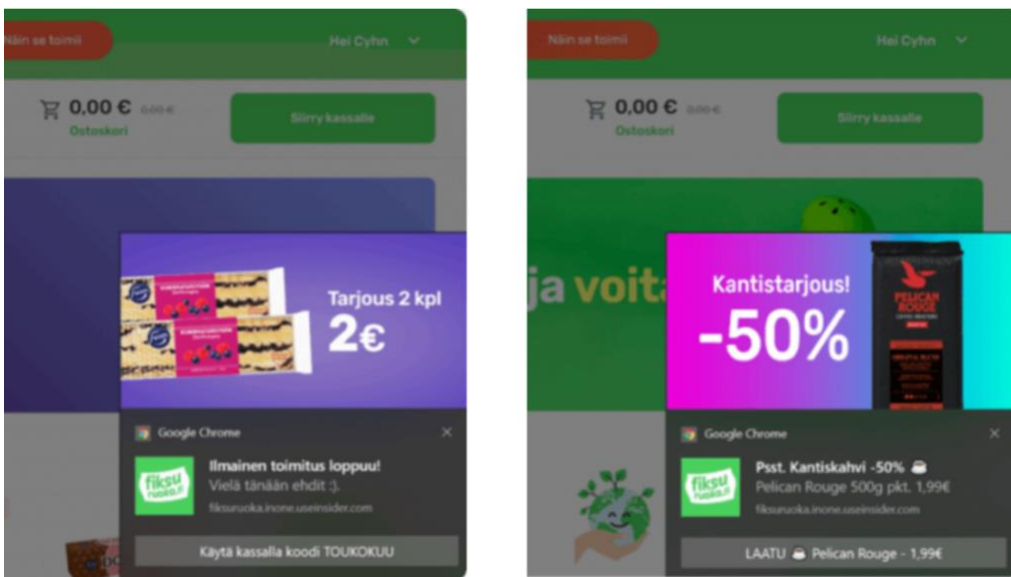


Figure 6. Automated push notifications on Fiksuruoka.fi (Algoedt)

6 Research methodology

This chapter aims to provide a comprehensive analysis of the target population regarding consumer behavior, customer engagement, customer loyalty and effective digital marketing activities in the Japanese and Finnish retail industries through a quantitative approach. In the quantitative approach, the study was conducted to answer the investigative questions that support the main question of this thesis.

6.1 Research method

The quantitative approach using an online questionnaire survey investigated relations between cultural characteristics and consumer behavior, which can be applied to the indicative consumer behavior in each country. "Quantitative research is the process of collecting and analyzing numerical data". The benefit of using this method is the possibility to make predictions and find patterns about some phenomenon. (Scribbr 2023). Thus, even with the small number of respondents, it enabled the study to predict Japanese and Finnish consumer behavior on online environment.

Differences in characteristics in consumer behavior and customer engagement in the research were discovered by understanding how consumers in each country engage with retail brands. Consumer behavior and customer engagement were benchmarked by the questions regarding the potential to write online reviews, pre- and post-purchase engagement and online sharing behavior and interactions and revisit possibility.

Another aim was to find how consumers in each country display customer loyalty when they are engaged in a digital activity of retail. As noted earlier, as customer loyalty is established through active customer interactions and an emotional connection between the brand customers, this survey considered interactions, such as "writing online reviews" and "shopping at the same retail store again" as behaviors showing customer loyalty. Thus, customer loyalty was benchmarked by the questions regarding recommendation behavior, the potential to write online reviews, revisit possibilities.

At last, types of effective digital marketing activities that resonate with Japanese and Finnish consumers were found. The effective digital marketing activities that resonate in each country were benchmarked based on preferred aesthetic styles of digital marketing and digital marketing methods.

6.2 Target population

As the study focuses on the factors Japanese and Finnish retail companies should consider from perspectives of consumer behavior, customer engagement, customer loyalty and effective digital content, the target population is Japanese and Finnish nationals. However, the individual's place of residence, gender and age are not taken into account.

A problem that arose during population selection was the need to collect answers from only Japanese and Finnish consumers as this thesis strives to clarify factors Japanese and Finnish retail businesses should consider. To avoid including respondents who were not of either of these two nationalities, the first question was asked to ensure that respondents were either Japanese or Finnish. If respondents were not one of these two nationalities, they were asked to submit the survey form before proceeding to the next section which includes the actual questions.

Makwana, Engineer, Dahi & Chudasama (2023, 763-767) defined sampling as “a process of choosing a sample of a population from an individual or a large group for a certain type of research objective”. The use of sampling method is important in quantitative surveys especially when there is a huge population. It allows researchers to obtain important information by categorizing vast populations into smaller subgroups or strata. However, in this survey, 2 separate online questionnaire forms were already sent separately to Finnish and Japanese respondents, allowing the author to visualize the data without having to divide the population into two subgroups, Finnish and Japanese.

6.3 Data collection

A survey administration software, Google Forms was used to create an online questionnaire form. The link to the online survey was sent to recipients from 15 to 18 May 2024 and open for responses between 15 and 19 May 2024. It was distributed through the author's network and social media platforms, Instagram, WhatsApp and LINE. The total number of respondents to the questionnaire was 114, 63 Finnish and 51 Japanese. Recipients were both Finnish and Japanese consumers. To accommodate potential language barriers, the survey was provided in two separate forms, one in Japanese and one in English. Due to the possibility that Japanese nationals may find it challenging to understand English, the survey was translated into Japanese. Recipients were the author's acquaintances and people with whom the author is completely unacquainted. The age groups of respondents are shown in chapter 7.1. The survey was anonymous and all responses were kept confidential. Ethical principles, such as confidentiality and voluntary participation were supported throughout the survey process. All participants were informed of the main purpose of the survey and anonymity was protected.

The online questionnaire consists of 11 multiple choice questions related to Japanese and Finnish consumers' background information, consumer behavior, customer engagement, customer loyalty and preferences for digital marketing content. It includes both single select multiple choice questions which require respondents to pick only one option, and multi select multiple choice questions which allow them to pick more than one option. One of the questions is a matrix table multiple choice question with check boxes which enabled respondents to select one or more options within the same row using a common set of column answer choices. (QuestionPro). All questions were marked as mandatory. In this way, reliability of the collected data was ensured and it reduced the likelihood of missing data.

The survey consists of two types of questions. The first part of the questionnaire from question 1 to 3 asked respondents about their background such as ages and usage of social media platforms. The second part from question 4 to 11 was designed to provide answers to the four investigative questions mentioned at the beginning of the thesis.

Considering that most Japanese and Finnish consumers use smartphones and digital tools, each survey question was designed to ask about digital engagement behavior, assuming that they are familiar with the use of various social media and other online platforms. Therefore, the survey does not consist of basic questions such as "Do you use social media platforms?" and "Have you ever visited a retailer's website?" Instead, questions focused on identifying detailed consumer engagement behavior and how they contribute to customer loyalty at different customer journey stages.

Some respondents who were asked to submit a form may have left the survey page without submitting the form if they did not see an option that suited them. This action was predictable because all the questions are mandatory and some questions don't have a "Don't know/No opinion" (DK/NO) option. However, this survey was designed for those who are accustomed to using online activities, such as liking online content on social media or looking for information on search engines. Thus, DK/NO were excluded from the options on purpose.

According to Krosnick et al. (2002, 396-398), inclusion of "DK/NO" option doesn't necessarily enhance data quality, but there's a possibility to hinder the measurement of meaningful opinions. It was found that those putting little effort into answering a survey were more attracted to no-opinion options and might select the option because of satisficing. Moreover, including no-opinion option may lead to collecting less valid data than omitting it. By omitting DK/NO options from the survey, the respondents were able to select at least an option that best describes them even if it was not an exact match. In other words, omitting a DK/NO option allowed respondents to select an option while making a decision based on a hypothetical situation rather than on experience.

6.4 Analysis method

Since investigative questions are related to differences in how consumer behavior, customer engagement, customer loyalty and types of digital marketing activities, the result was analyzed, assuming that one of the cultural dimensions shown in chapter 3.2, "Individualism" was fixed with the respondents' characteristics in each country. In this way, the results could provide indicative tendencies based on the level of individualism.

Analysis consists of three elements, data preparation, descriptive statistics and inferential statistics. Firstly, the author checked and cleaned the collected data, ensuring that it could provide valid answers. At the same time, the data was entered into this thesis document and the results were summarized by transforming it into a graph. Finally, each statistic described what the results explained about respondents and made indicative predictions from the data. (Trochim).

7 Results

This chapter presents an overview and findings obtained from the questionnaire survey. As noted in 6.2, the target population was limited to only Japanese and Finnish consumers, the results provide answers for these two different nationals by using graphs. Questions and results are categorized into four themes, consumer behavior in 7.2, customer engagement in 7.3, customer loyalty in 7.4 and effective digital marketing activities in 7.5. Some questions were grouped into multiple themes and each chapter explains its categorization.

7.1 Background information

The online survey collected a total of 114 responses. 51 responses from Japanese consumers and 63 responses from Finnish consumers were collected. Question 1 to 3 were background information. Question 1 “Are you a Japanese (Finnish) citizen?” was asked to ensure that all participants are either Japanese or Finnish to ensure survey accuracy. 7 Finnish participants selected “No” and were therefore not entitled to answer the remaining questions.

Figure 7 and 8 below show the results of question 2, “What is your age?” for Japanese and Finnish respondents. For Japanese respondents, the largest age group was 55 and over. 21 Japanese respondents (41.2 %) were over 55 years old. 15 respondents (29.4 %) were 25-34 years old, which was the second biggest group. 14 respondents (13.7 %) answered they are 35-44 or 45-54 years old. 1 respondent (2 %) was 18-24 years old, and no respondent was “less than 18”.

For Finnish respondents, 28 respondents (44.4 %) were 25-34 years old, which was the largest age group. The second largest age group was 18-24 with 16 respondents (25,4 %). 12 respondents (19 %) were 35-44 years old. 4 people (6.3 %) were 45-54 years old. 2 respondents (3.2 %) were 55 and over, and 1 respondent (1.6 %) was less than 18 years old.

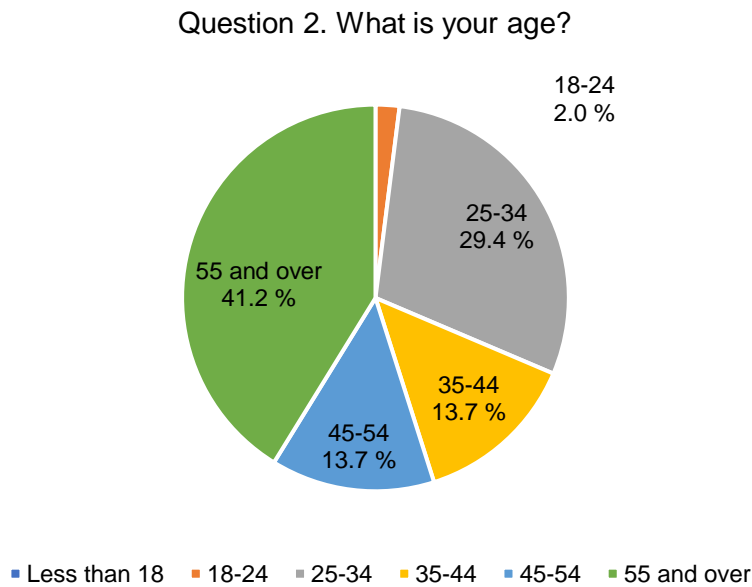


Figure 7. Age groups of Japanese (n=51) respondents

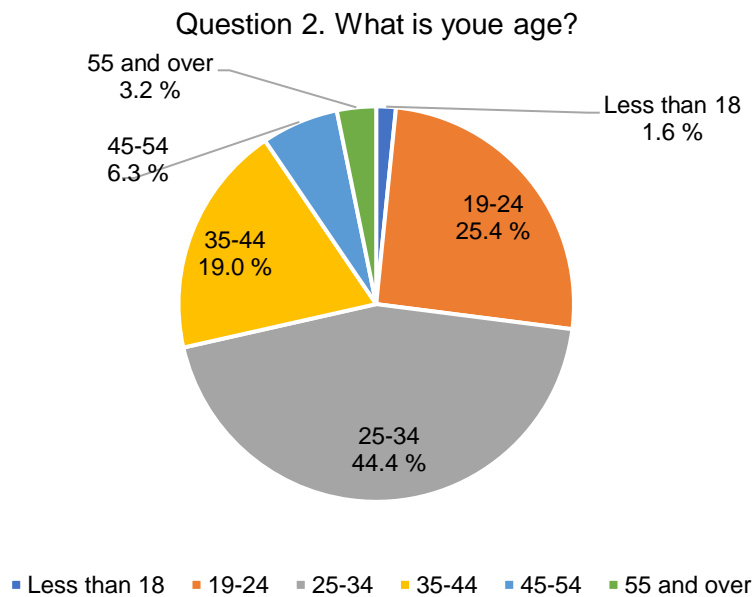


Figure 8. Age groups of Finnish respondents (n=63)

Figure 9 below shows the result of question 3, “Which social media platforms do you use every day?”. While most Japanese and Finnish answered they use YouTube, Instagram every day, there were significant gaps between some of usages. In addition to different usages of LINE and WhatsApp among these two nationals, it was found that Japanese don’t use Facebook, TikTok and Snapchat as much as Finnish. Among Japanese consumers, 12 respondents (23.5 %) chose Facebook, 5 (9.8 %) chose TikTok and no one (0 %) chose Snapchat. Among Finnish consumers,

23 respondents (36.5 %) chose Facebook, 14 (22.2 %) chose TikTok and 17 (27 %) chose Snapchat.

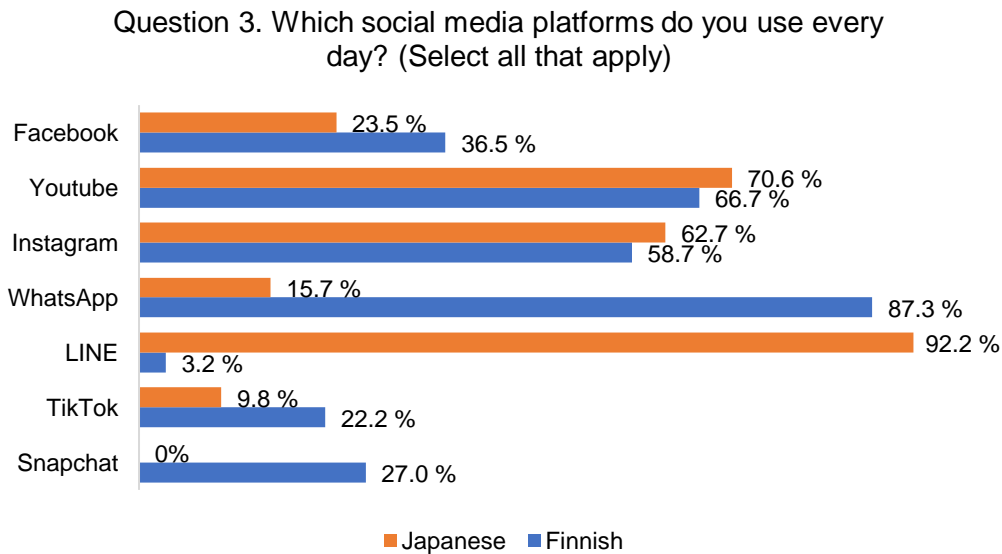


Figure 9. Usages of social media platforms among Japanese (n=51) and Finnish (n=63)

7.2 Differences in consumer behavior

As explained in chapter 4.1, the focus of consumer behavior is understanding individuals' selection processes of products, services or stores. Based on the definition, questions 7, 8 and 9 were assigned to this theme. The result of question 7 is shown in chapter 7.3 as the theme also explains differences in customer engagement.

The result of question 8 "How likely are you to visit the retail store if the store likes your social media post?" is shown in figure 10 and 11. The result also represents how customers in each country engage with retailers.

As figure 10 shows, out of 51 Japanese respondents, 19 respondents (37.3 %) selected "Likely" and 14 respondents (27.5 %) selected "Neutral". 9 respondents (17.6 %) selected "Unlikely", 7 respondents (13.7 %) selected "Very unlikely" and 2 respondents (3.9 %) selected "Very likely".

As figure 11 shows, out of 63 Finnish respondents, 29 respondents (46.8 %) selected "Neutral" and both "Likely" and "Very unlikely" were selected by 12 respondents (19.4 %). 7 respondents (11.3 %) selected "Unlikely" and 2 respondents (3.2 %) selected "Very likely".

It showed that Japanese respondents are more likely to visit a retail store if the company likes their social media posts and tries to interact with them, while liking behavior from the company didn't influence Finnish respondents' decision to visit the store.

Question 8. How likely are you to visit the retail store if the store likes your social media post? (Select one)

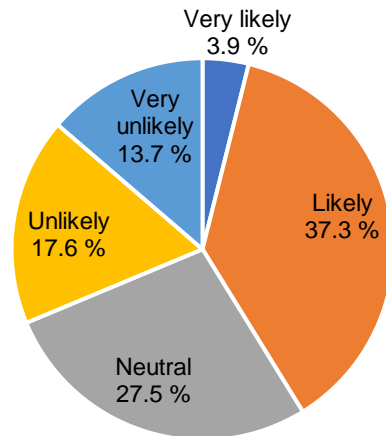


Figure 10. Likelihood of Japanese to visit physical stores (n=51)

Question 8. How likely are you to visit the retail store if the store likes your social media post? (Select one)

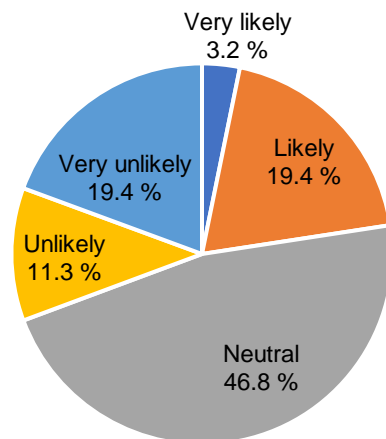


Figure 11. Likelihood of Finnish to visit physical stores (n=63)

Question 9 " Why do you shop at the same retail store again?" was asked to identify what drives Japanese and Finnish consumers to revisit the same retailer to shop at. The result shown in figure 12 below not only represents how they build customer loyalty with retailers but also which digital marketing activities they find appealing.

19 Japanese respondents (37.3 %) selected “Because you saw informative content that others posted”, 17 Japanese respondents (33.3 %) selected “Because you received personalized product recommendations”, 13 Japanese respondents (25.5 %) selected “ Because you received Limited-time offers” and 2 Japanese respondents (3.9 %) selected “ Because you joined loyalty program”.

21 Finnish respondents (33.3 %) selected “Because you received Limited-time offers”, 20 Finnish respondents (31.7 %) selected “ Because you joined loyalty program”, 13 Finnish respondents (20.6 %) selected “ Because you received personalized product recommendations” and 9 Finnish respondents (14.3 %) selected “ Because you saw informative content that others posted”.

Japanese respondents’ decision to shop at the same store tends to be more affected by others’ online content and personalized product recommendations. On the other hand, limited-time offers and loyalty program were more important factors for Finnish respondents to shop at the same store.

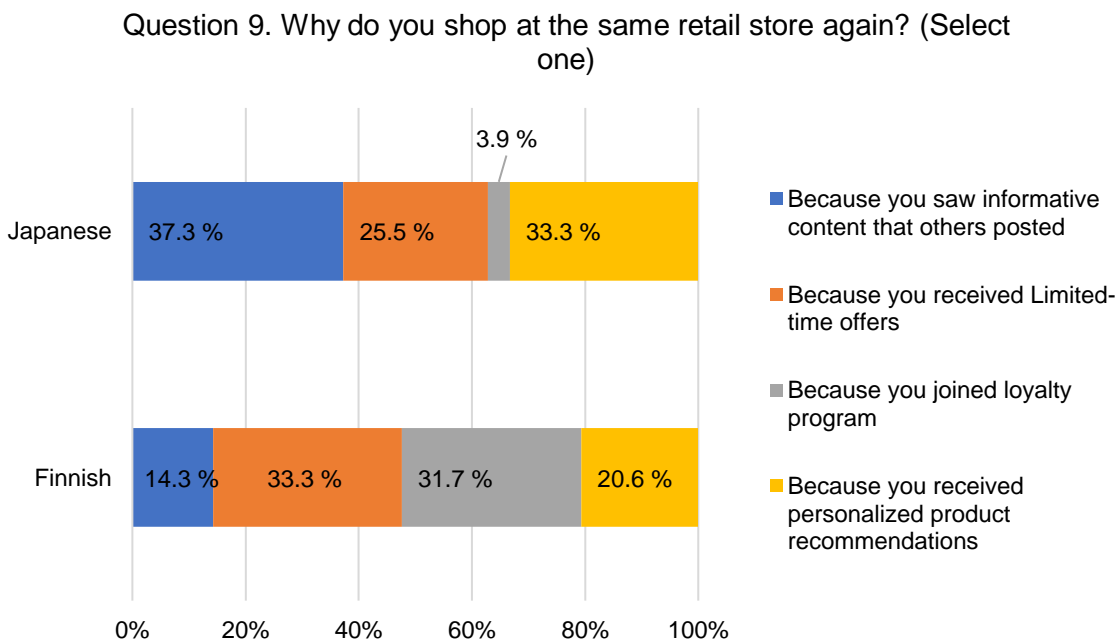


Figure 12. Motivation to re-visit to retailers among Japanese (n=51) and Finnish (n=63)

7.3 How Japanese and Finnish engage with retailers

As explained in chapter 4.1, the focus of customer engagement is individuals’ active interaction and participation in online activities of brands. Based on the definition, question 5 to 9 were assigned to this theme. and this chapter shows the results of question 5, 6, and 7 which asked how Japanese and Finnish consumers engage retailers in digital environment. The results of question 8 and 9 are shown in chapter 7.2.

The result of question 5 “How often do you post online reviews of retail stores (e.g. supermarkets, department stores, specialty stores)?” is shown in figure 13 below. 35 Japanese respondents (68.6 %) and 34 Finnish respondents (54 %) selected “Never”. 4 Japanese respondents (7.8 %) and 15 Finnish respondents (23.8 %) selected “Once a year.” 8 Japanese respondents (15.7 %) and 9 Finnish respondents (14.3 %) selected “A few times a year”. 0 Japanese respondents (0 %) and 3 Finnish respondents (4.8 %) selected “Once a month”. 1 respondent (2 %) and 2 Finnish respondents (3.2 %) selected “A few times a month”. 3 Japanese respondents (5.9 %) and 0 Finnish respondents (0 %) selected “Once a week”.

The result indicated that the majority of Japanese and Finnish respondents never post online reviews of retail stores. However, Finnish respondents were more likely to post reviews occasionally compared to Japanese.

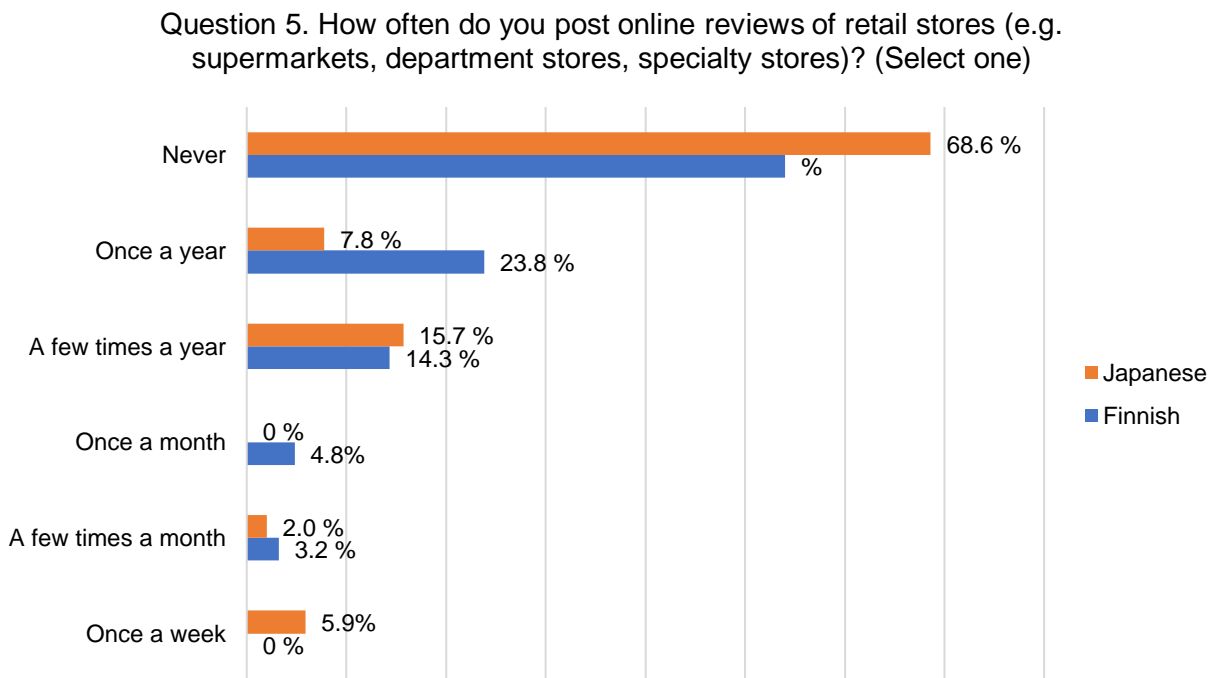


Figure 13. Frequency of writing reviews among Japanese (n=51) and Finnish (n=63)

The data from question 6 “How do you engage with retail stores (e.g. supermarkets, department stores, specialty stores) before and after purchase?” is shown in figure 14 below. The respondents were allowed to select more than one option. Thus, the author normalized the data by converting the absolute numbers (total number of times each option was selected) into percentages. It allowed for a fair comparison between the two groups.

For Japanese respondents, before purchase, 94.1 % of Japanese respondents selected “Visiting websites”, 45.1 % selected “Visiting social media channels”, 7.8 % selected “Signing up for

newsletters” and 2 % selected “Join loyalty program”. There were no Japanese respondents who selected “Contacting customer service”. After purchase, 58.8 % of Japanese respondents selected “Visiting websites”, 47.1 % selected “Visiting social media channels”, 17.6 % selected “Signing up for newsletters”, 13.7 % selected “Joining loyalty program” and 5.9 % selected “Contacting customer service”.

For Finnish respondents, before purchase, 93.7 % of Finnish respondents selected “Visiting websites”, 28.6 % selected “Joining loyalty program”, 27 % selected “Visiting social media channels”, 11.1 % selected “Signing up for newsletters” and 6.3 % selected “Contacting customer service”. After purchase, 69.8 % of Finnish respondents selected “ Visiting websites”, 30.2 % selected “Visiting social media channels”, 22.2 % selected “Joining loyalty program”, 19 % selected “Signing up for newsletters” and “Contacting customer service”.

The majority of Japanese and Finnish respondents answered they engage with retail stores by visiting retailers’ websites before and after purchase. More Japanese join loyalty program after purchase, however, Finnish tend to join loyalty programs already before purchase. Additionally, more Finnish respondents contact customer service.

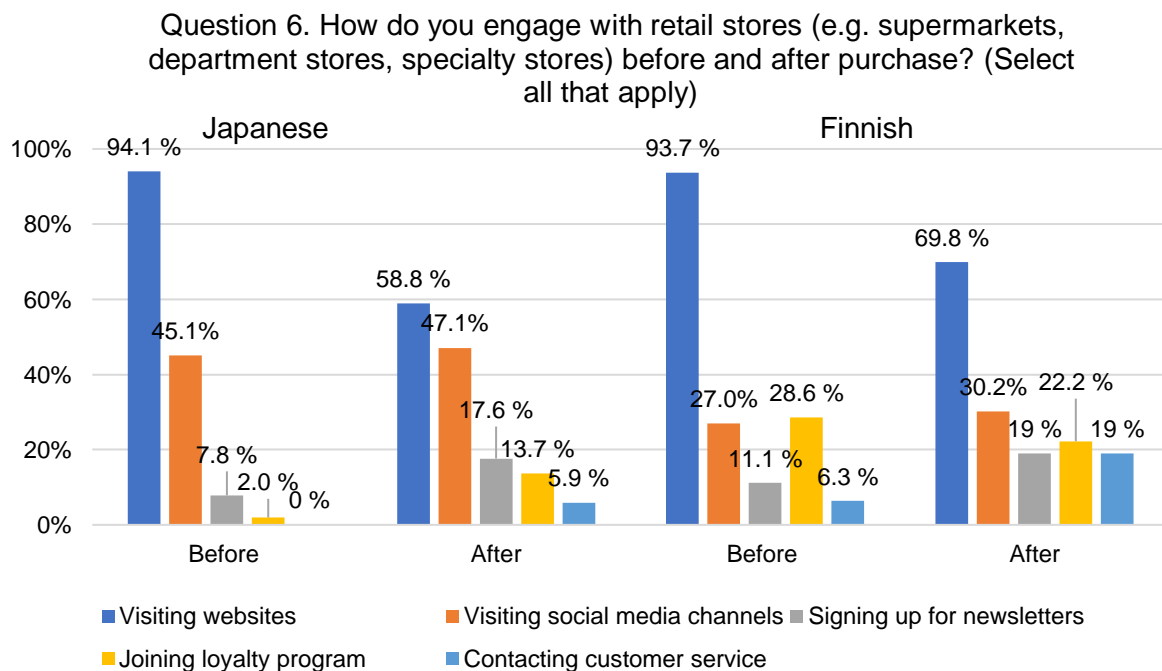


Figure 14. Pre and post engagement of Japanese (n=51) and Finnish (n=63)

Question 7 “Which action are you more likely to make when your favorite retail store asks you to share an advertisement on social media platforms?” was designed to find which engagement

action Japanese and Finnish consumers tend to make, share or click when they see an online advertisement.

The result of question 7 is shown in figure 15. 44 Japanese respondents (86.3 %) answered they are more likely to “Click the advertisement and visit the site (not share)” and 7 Japanese respondents (13.7 %) answered they are more likely to “Share the advertisement”. 60 Finnish respondents (95.2 %) answered they are more likely to “Click the advertisement and visit the site (not share)” and 3 Finnish respondents (4.8 %) answered they are more likely to “Share the advertisement”.

Japanese respondents were more likely to share online advertisements compared to Finnish respondents. However, there was not a significant difference in sharing and clicking behavior between the two groups.

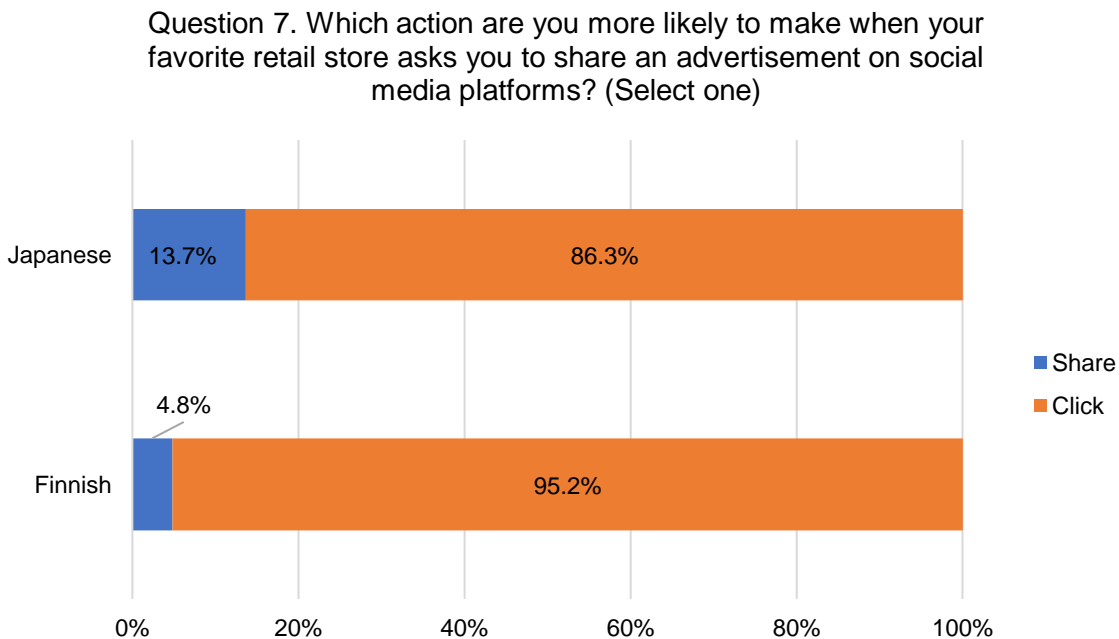


Figure 15. Share and click behavior among Japanese (n=51) and Finnish (n=63)

7.4 How customer loyalty is established

Question 4, 5 and 9 were asked to understand Japanese and Finnish consumers' willingness to build customer loyalty with retailers. The result of question 5 is shown in chapter 7.3 and question 9 is shown in chapter 7.2 The result of question 5 explained customer engagement and question 9

explained consumer behavior. However, both results also explain how Japanese and Finnish consumers build customer loyalty with retail stores.

The result of question 4 “How likely are you to recommend a product you liked to others?” is shown in figure 16 below. 23 Japanese respondents (45.1 %) selected “Likely”, 11 respondents (21.6 %) selected “Unlikely” and 8 respondents (15.7 %) selected “Very likely”. 7 respondents (13.7 %) selected “Neutral” and 2 respondents (3.9 %) selected “Very unlikely”.

32 Finnish respondents (50.8 %) selected “Likely”, 16 respondents (25.4 %) selected “Neutral” and 8 respondents (12.7 %) selected “Very likely”. 6 respondents (9.5 %) selected “Unlikely” and 1 (1.6 %) respondent selected “Very unlikely”.

Both groups displayed a positive attitude in recommending products they like. There was not a huge difference in recommendation behavior between Japanese and Finnish respondents. However, the data showed that Finnish respondents are more likely to recommend products they like compared to Japanese respondents.

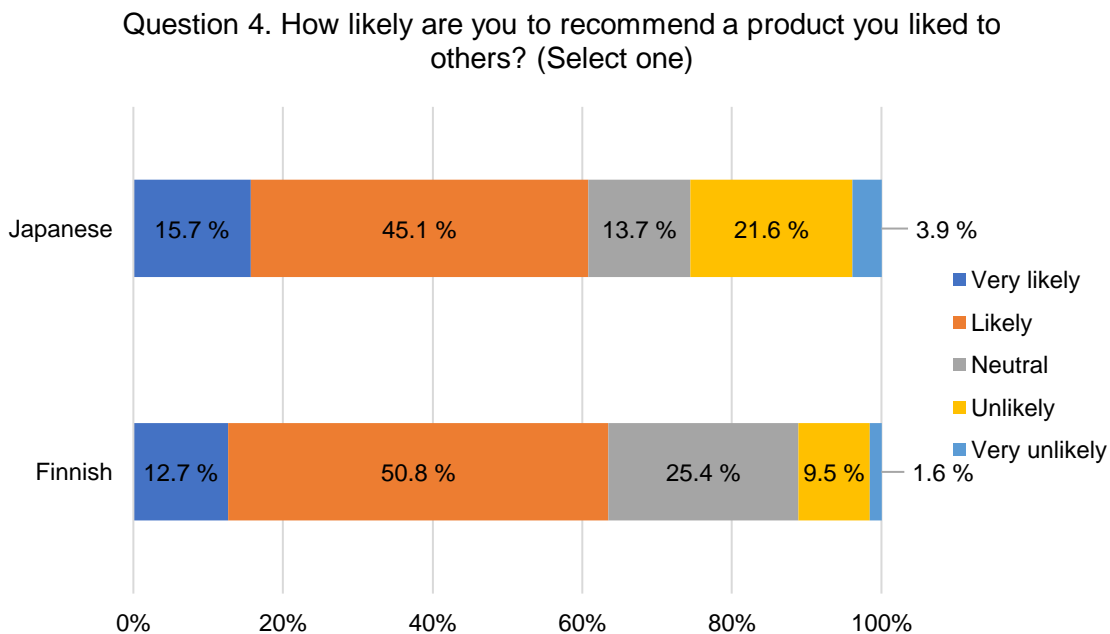


Figure 16. Recommendation behavior of Japanese (n=51) and Finnish (n=63)

7.5 Effective digital marketing activities

The results of question 9, 10 and 11 show types of effective digital marketing activities and content that Japanese and Finnish consumers find appealing. The result of question 9 is shown in chapter 7.2.

The result of question 10 “Which aesthetic style in digital marketing content do you prefer?” is shown in figure 17 below. 22 Japanese respondents (43.1 %) answered they prefer “Simple and minimalist”, 21 respondents (41.2 %) “Professional and polished”, 6 respondents (11.8 %) “Playful and quirky” and 2 respondents (3.9 %) answered they prefer “Colorful and vibrant” style.

26 Finnish respondents (41.3 %) answered they prefer “Simple and minimalist”, 13 respondents (20.6 %) “Colorful and vibrant” and “Professional and polished” and 11 respondents (17.5 %) answered they prefer “Playful and quirky” style.

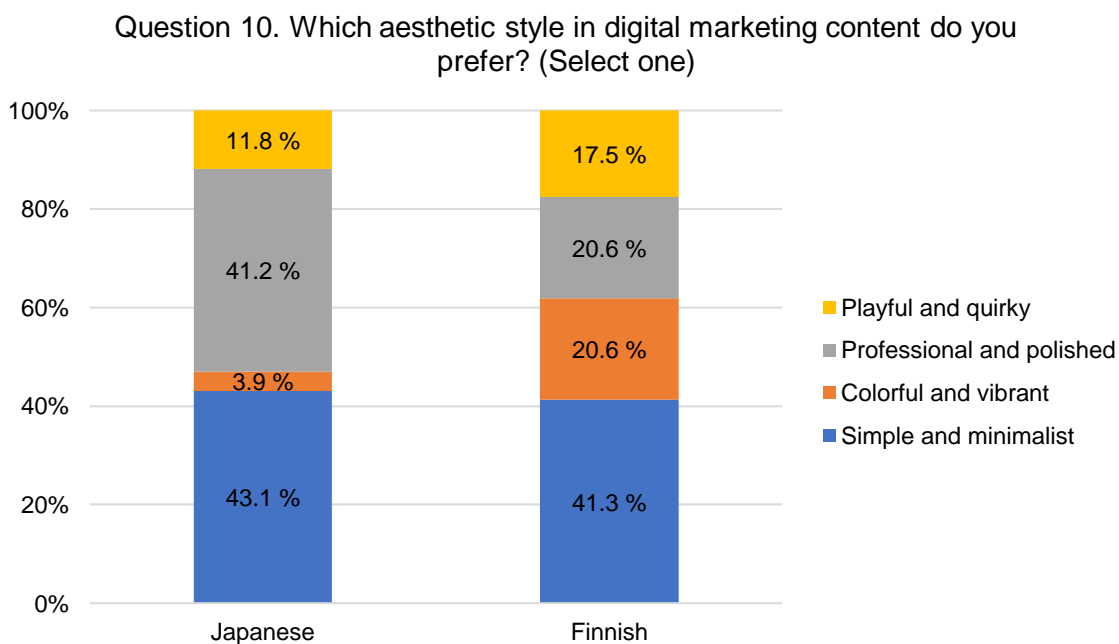


Figure 17. Aesthetic preferences of Japanese (n=51) and Finnish (n=63)

The result of question 11 “Which marketing methods encourage you to shop at a retail store?” is shown in figure 18 below. Respondents were asked to select at most three options. Multiple options allowed respondents to express their opinions in a more comprehensive manner because limiting them to one option might force them to choose that method over others that are equally influential.

72.5 % of Japanese respondents selected “Social media posts”, 39.2 % selected “Email advertising (e.g. newsletters)”, 29.4 % selected “Video advertising (e.g. YouTube)”, 25.5 % selected “Influencers' endorsement”, 13.7 % selected “Blog articles”, 5.9 % selected “Audio advertising (e.g. radio and podcasts)” and 3.9 % selected “SMS advertising (Promotions sent via text messages)”.

65.1 % of Finnish respondents selected “Social media posts, 38.1 % selected “Email advertising (e.g. newsletters)”, 28.6 % selected “Video advertising (e.g. YouTube)”, 17.5 % selected “Blog articles”, 15.9 % selected “Audio advertising (e.g. radio and podcasts)” and “Influencers' endorsement”, 4.8 % selected “SMS advertising (promotions sent via text messages)”.

“Social media posts” was the most popular option among both Japanese and Finnish respondents. “Email advertising” and “video advertising” were also selected frequently by both groups. Finnish respondents were slightly more inclined to “Audio advertising” and “Blog posts” than Japanese. “Influencers' endorsement” was more popular among Japanese.

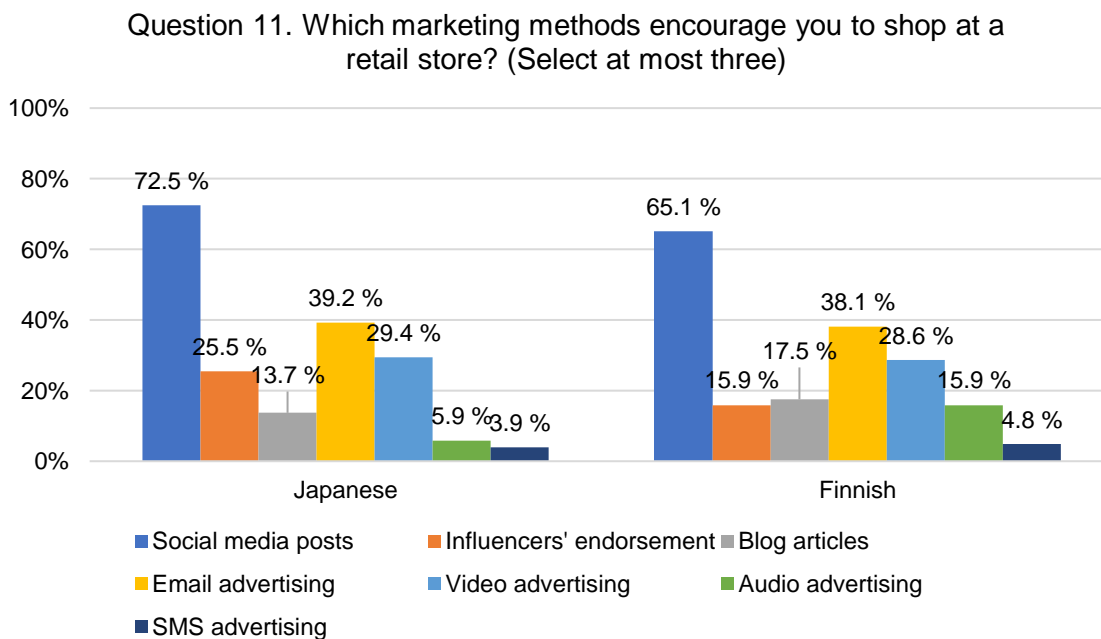


Figure 18. Preferred digital marketing methods of Japanese (n=51) and Finnish (n=63)

8 Discussion

In this chapter, the author presents conclusions to the main and investigative questions by analyzing the data obtained from the results. By comparing different elements between Japanese and Finnish consumers, the author suggests practical implementation regarding types of digital marketing activities that are important for organizational growth in Japanese and Finnish companies. At last, reliability and validity of the thesis and thesis process are assessed.

8.1 Conclusions

The thesis consists of a main question “How can retailers enhance digital marketing and customer engagement in Japanese and Finnish markets?” and four sub-questions regarding differences between Japanese and Finnish consumers and types of effective digital marketing activities. The results of the quantitative survey can conclude that retailers in Japanese market should utilize social media marketing and endorsements with community-driven content, while retailers in Finnish market should focus on content marketing with reward-based programs, and retailers in each market should apply cultural values and aesthetics. The conclusions of the four sub-questions are as follows.

Consumer behavior varies according to cultural values, impacting decisions to visit and shop at retail stores. As chapter 7.2 and 7.3 show, Japanese consumers value online personalized interactions from retailers and positive opinions from others. On the other hand, Finnish consumers value incentives and rewards they can get when determining where to make purchases. The Values displayed by Japanese consumers can explain that a lower level of individualism impacts their preference for hearing others’ opinions when making purchase decisions. Thus, it can be considered that the level of individualism has an impact on consumer behavior, especially store choice behavior. In Addition, Finnish consumers’ attitude of valuing incentives and rewards over the opinions of others can be explained by the higher level of individualism. Thus, it is concluded that consumer behavior across cultures varies due to differences in cultural values (see chapter 3.2).

In terms of customer engagement, Japanese consumers engage more in online community-based online activities, such as social media posts and Finnish consumers engage more in marketing communication activities focusing on reward-based programs. Visiting retailers’ websites was found to be the most common engagement behavior among both groups during the whole engagement stage. Additionally, though both consumers tend to refrain from posting online reviews and sharing online advertisements, the survey found that sharing is a more common engagement behavior for Japanese consumers. The author expected that Japanese consumers click online

advertisements more often and share them less often than Finnish consumers, but the survey result doesn't support this expectation. Instead, Japanese consumers are more likely to share online advertisements than Finnish consumers (cf. chapter 3.3), which can be explained by the emphasis the Japanese place on contributing to the community and providing information to others. As a result, Japanese collectivistic consumers exhibit more sharing engagement behavior, prioritizing group harmony. It can be supported by the result that visiting social media channels is a more popular engagement for Japanese. Regarding significant differences, Japanese consumers engage with retailers in a more responsive manner, for example by joining loyalty programs after purchase and visiting a retail store if the company interacts with their social media posts. On the other hand, Finnish consumers are less influenced by interactions from retailers on social media platforms. Instead, benefits offered by loyalty programs encourage engagement. Moreover, marketing communication through newsletters and customer service increases Finnish consumers' online engagement. Thus, Japanese engagement is significantly influenced by community and personalization, while Finnish engagement is influenced by urgency and commitment as RACE framework shows (see chapter 4.1).

In terms of customer loyalty, retailers in Japan and Finland can establish customer loyalty by adopting cultural values and preferences of consumers. Recommendation behavior is one of the methods to enhance customer loyalty. Finnish consumers are more likely to recommend products and post online reviews about retailers, which explains that Finnish consumers are generally, loyal to the store they like. While Japanese consumers in a collectivist culture are more likely to share opinions to contribute to the community, individualistic people like Finnish consumers recommend products and post reviews to exhibit personal opinions publicly. In terms of repurchase behavior, Japanese customer loyalty is established through word-of-mouth and Finnish consumers establish customer loyalty through public self-expression. (see chapter 4.3).

The results regarding effective digital marketing activities can conclude that the combination of social media marketing and endorsements most resonates with Japanese consumers. A combination of social media marketing and content marketing, such as blog articles and audio advertising resonates most with Finnish consumers. Japanese design preferences in digital marketing are polarized between simplicity and professionalism. However, the most attractive styles among Finnish consumers are divided into simple, professional and colorful. The difference can be supported by the fact that uniqueness which gives extra value is preferred in Finland. (see chapter 5.1.2) Thus, diverse aesthetics in Finnish culture embrace creativity and vibrancy.

8.2 Proposal for practical implementation

The author recommends that Japanese and Finnish retailers should understand what encourages consumers to actively engage with brands in the digital environment, such as visiting digital channels, visiting and shopping at the store. Because company websites and social media were found to play a key role in engaging customers online in both countries, they must optimize those two digital platforms by ensuring that the page has appropriate page load time or they properly follow the brand' image. As mentioned in chapter 2, choosing suitable digital channels increases the likelihood of reaching target customers. Additionally, KPIs, such as the number of followers and visitors to digital channels must be tracked, when the company measures the effectiveness of digital channels.

Based on the differences in the national character of the two countries, two practical recommendations can be suggested. In Japan, companies can enhance customer engagement by encouraging them to post UGC (user-generated content) and actively interact with them through posted content as word-of-mouth and personalized responses can impact engagement, which will eventually increase brand awareness and likelihood of shopping at the store. In a culture where the opinions of others are more valued, positive endorsements from influencers can deliver the brand image to target customers.

In Finland, retailers can enhance customer engagement and purchase decisions by offering limited-time offers of items that can be obtained for specific time periods, such as discounts or exclusive access to new items, which will create a sense of urgency as shown in figure 4. At the same time, digital content, such as blogs, newsletters, audio advertising and website articles are found via search engines by target audience. Thus, it is also beneficial to optimize owned media platforms.

8.3 Reliability and validity of results

Research which has a reliability can produce the same or similar results at different times under the same circumstances. When there is a strong correlation between the results, the research can be considered to have reliability. (SürücüLütfi & Maslakci 2020, 2707). Regarding the results of the questionnaire, it can be argued that a similar result can be reproduced if the same questionnaire research is conducted. By ensuring that the target population consists of solely Japanese and Finnish consumers without age limitations, marking all questions as mandatory, including multiple choice questions, using two languages to eliminate communication barriers with the same online survey administration software, the consistency should reproduce similar results.

According to Quené and Van den Bergh (2021, chapter 12.2), a problem that might occur is that measurement might show variability due to the respondents' mental or physical state. It shows inconsistency in results even if the survey was implemented under the same circumstances. Thus, to increase reliability of the results, it is desirable to research replicability. It can be done by conducting the same online questionnaire survey with a new sample of Japanese and Finnish consumers. When the research produces the same or similar results, it can strengthen reliability. (Moradeke 12 December 2023).

Carmines and Zeller (1979, chapter 2) defined validity as "the extent to which any measuring instrument measures what it is intended to measure". The finding that Japanese consumers are more influenced by community compared to Finnish consumers aligns with the established theory that cultural values have an impact on consumer behavior (see chapter 3.2). Thus, the correlation between the discovered consumer behavior and the existing theory is considered valid.

On the other hand, the tendency of online sharing behavior is not supported by the finding discussed in chapter 3.2 because the questionnaire provided the opposite result. It indicates that there can be a contradiction between an anticipated result and an established theory. Thus, to enhance validity of relations between online sharing behavior and cultural values, conducting another questionnaire survey that solely focuses on these two topics, sharing and clocking behavior is important. In addition, even though questionnaire research aims to generalize patterns, the result is considered indicative because the survey gathered a small number of responses and there were age gaps among respondents.

8.4 Self-assessment

The theoretical framework and research could provide beneficial insights on how digital marketing is enhanced, and Japanese and Finnish retailers should engage customers in the digital environment, highlighting differences in cultural values and consumer behavior in each country. And at last, practical implementation recommendations were made.

As a Japanese student majoring in marketing with a focus on digital marketing, it was easy for me to decide the thesis topic based on Japanese and Finnish digital marketing. Though at first, it took some time to identify research questions, it was beneficial to include a main and four sub-questions, which helped me create a well-structured study. Therefore, each sub-question was discussed in theory chapters and could serve to support the research results.

When it comes to data collection, it was challenging to find reliable academic sources on digital marketing for Finnish retailers because the market size in Finland is smaller than in Japan. On the

other hand, there were many sources regarding the effectiveness of customer engagement and relations between culture and marketing, which ensure the importance of the study.

I collected 114 responses, 51 from Japanese and 63 from Finnish respondents during the data collection phase, which could provide meaningful indicative patterns. However, collecting more responses would have increased the reliability of the results.

Meaningful skills and knowledge were gained throughout the entire dissertation process, especially, during analyzing the research results. Combining theoretical frameworks and results allowed me to discover relations between them and produce my conclusion.

Finally, I would like to express my gratitude to my thesis adviser for supporting my thesis with practical advice from a professional perspective. Furthermore, I would like to thank the Japanese and Finnish participants in the survey who made the research meaningful.

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Appendices

Appendix 1. Questionnaire requests

Hei. Kirjoitan opinnäytettä digitaalisesta markkinoinnista ja kerään vastauksia kyselyyni. Jos sinulla on hetki aikaa, voisitko vastata kyselyyn?

Hi.

I am a student at Business Service Solutions and Languages in Haaga-Helia University of Applied Sciences, currently working on my bachelor's thesis about digital marketing, consumer behavior and engagement in Finland and Japan.

I would greatly appreciate your participation in a questionnaire survey about consumer behavior. All responses will be kept strictly confidential. The survey is anonymous and will only take a few minutes of your time.

Survey Link:

https://docs.google.com/forms/d/e/1FAIpQLScovnmQ_bkFQgSvtPJxRksGgupL63HWNNWaWx7V1LhXDtALgw/viewform?usp=sf_link

Thank you very much for your time and contribution.

Best regards,

Seina

こんにちは。

私はフィンランドのハーガヘルシア応用科学大学、Business Service Solutions and Languages学部の学生です。現在、学士論文内の調査として日本とフィンランドにおけるデジタルプラットフォームを利用する消費者についてのアンケートを取らせて頂いております。

つきましては大変お手数ですがリンク先のアンケートにお答え頂ければ幸いです。

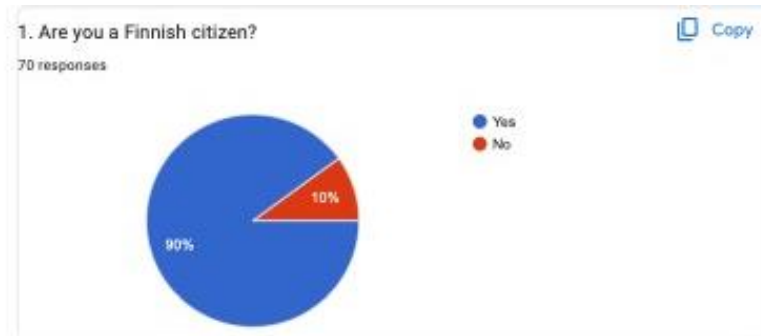
リンク：https://docs.google.com/forms/d/e/1FAIpQLSeqje2f2oSUVlZZCIWRxYhSuJgzPUGhv0sOFZFAmwsPuPDRiA/viewform?usp=sf_link

なお、アンケートは匿名方式であり、ご回答頂きましたデータは今回の論文のみで利用することとし、それ以外に活用することはありませんのでご安心下さい。所要時間は3分程度です。

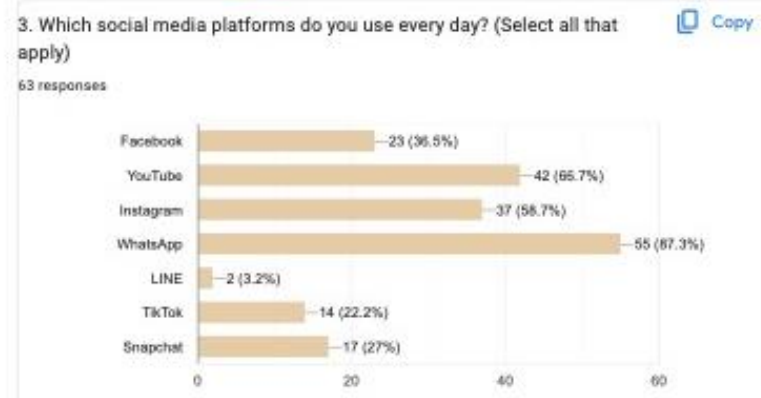
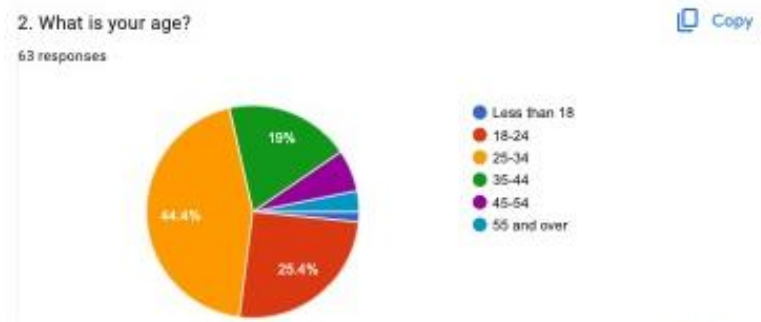
よろしくお願いたします。

アルヴァヤルヴィ 聖葉

Appendix 2. Survey questions and responses

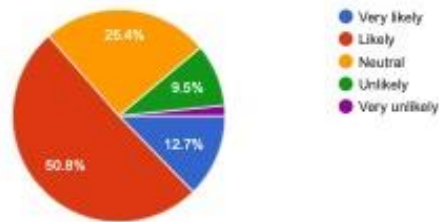


Digital Consumer Behavior Survey



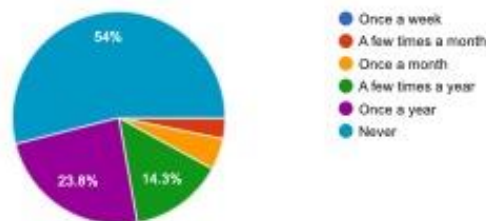
4. How likely are you to recommend a product you liked to others? (Select one) [Copy](#)

63 responses



5. How often do you post online reviews of retail stores (e.g. supermarkets, department stores, specialty stores)? (Select one) [Copy](#)

63 responses

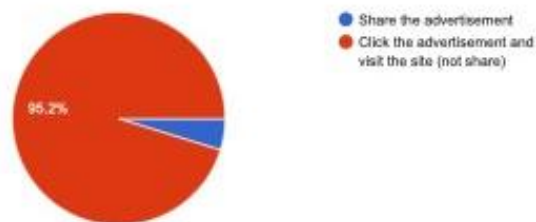


6. How do you engage with retail stores (e.g. supermarkets, department stores, specialty stores) before and after purchase? (Select all that apply) [Copy](#)



7. Which action are you more likely to make when your favorite retail store asks you to share an advertisement on social media platforms? (Select one) [Copy](#)

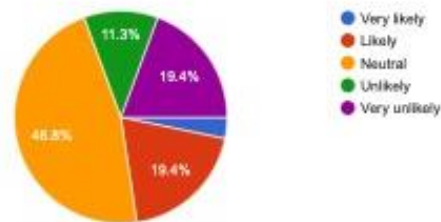
63 responses



8. How likely are you to visit the retail store if the store likes your social media post? (Select one)

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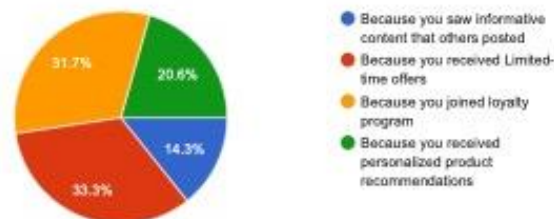
62 responses



9. Why do you shop at the same retail store **again**? (Select one)

[Copy](#)

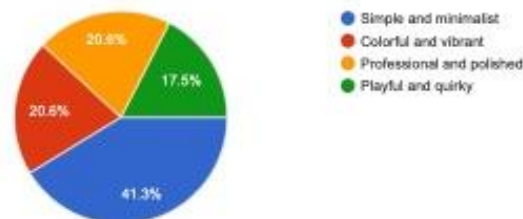
63 responses



10. Which aesthetic style in digital marketing content do you prefer? (Select one)

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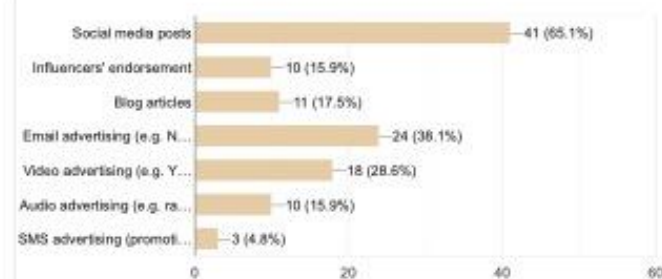
63 responses



11. Which marketing methods encourage you to shop at a retail store? (Select at most three)

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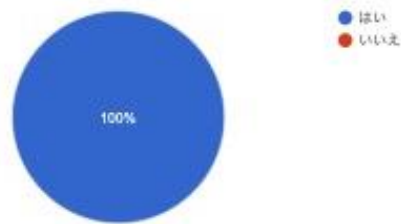
63 responses



1. あなたは日本国籍をお持ちですか？

Copy

51 responses

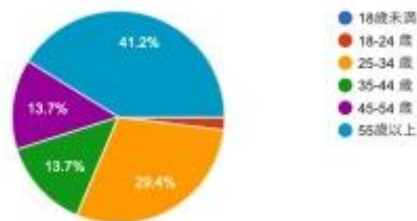


デジタル・プラットフォームにおける消費者行動調査

2. あなたの年齢を教えてください

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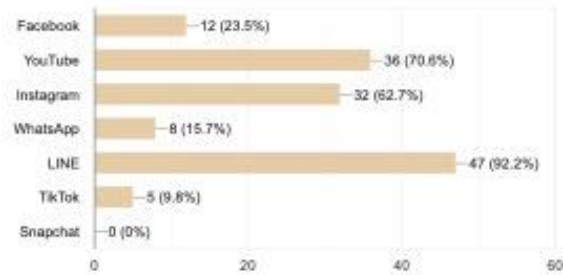
51 responses



3. 毎日利用するソーシャルメディアを教えてください。(当てはまるものを全て選択)

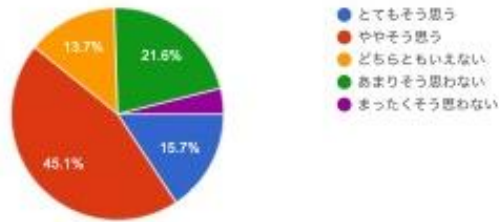
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51 responses



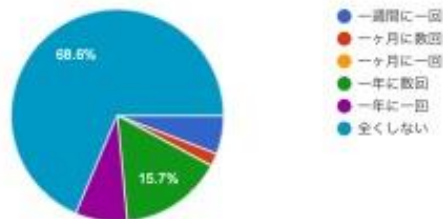
4. あなたは気に入った商品を他人に勧めたいと思いますか？（1つ選択） [Copy](#)

51 responses

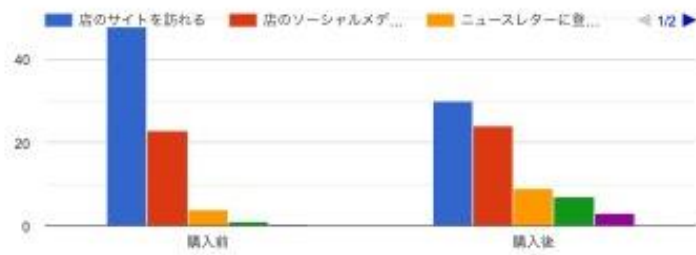


5. 小売店（スーパーマーケット、デパート、専門店など）の口コミを投稿する頻度はどのくらいですか？（1つ選択） [Copy](#)

51 responses

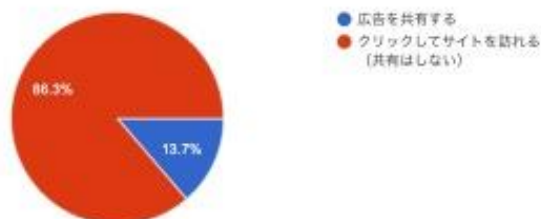


6. あなたは小売店（スーパーマーケット、デパート、専門店など）と、購入前と購入後にどのように関わりますか？(あてはまるものをすべて選んでください) [Copy](#)



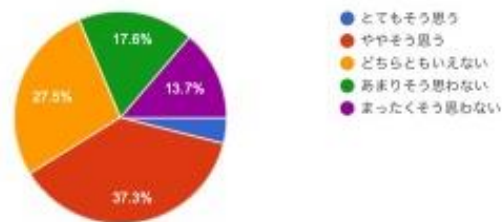
7. あなたのお気に入りの小売店からソーシャルメディアで広告をシェアするよう求められた場合、どちらの行動をとる可能性が高いですか？（1つ選択） [Copy](#)

51 responses



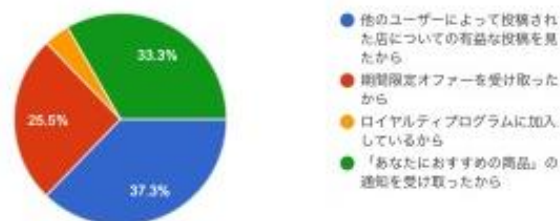
8. あなたのソーシャルメディアへの投稿に小売店が「いいね！」をした場合、その店に来店したいと思いますか？（1つ選択） [Copy](#)

51 responses



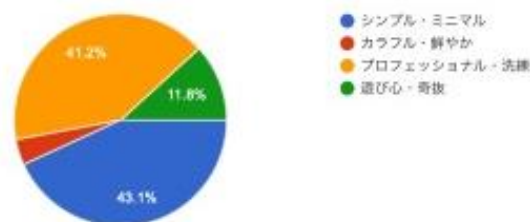
9. あなたが再度同じ小売店で買い物をする理由として最も当てはまるものは次のうちどれですか？（1つ選択） [Copy](#)

51 responses



10. あなたはデジタルマーケティングにおいて、どのようなスタイルを好みますか？（1つ選択） [Copy](#)

51 responses



11. あなたの小売店での買い物を促すマーケティング手法はどれですか？（最大3つまで選択） [Copy](#)

51 responses

