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Creating customer value through differentiation of the features of
the 4P

Markkinointi

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<p>Tiivistelmä/Referat – Abstract</p> <p>This study aims to find out if differentiation of the features of the 4P of the product milk can create value to customers in a particular customer segment. Creating value is in the core in every company's actions. Customers buy products and services that create value to them and are willing to pay from the value they get. The more the product creates value, the more the customers are willing to pay. This study focused on the customer segment of young women with academic background who live in the capital region.</p> <p>Milk is a bulk product consumed widely in Finland. The product also has significant role in the nutritional history of the country and has a big role in Finnish nutritional recommendations. However the consumption of milk has decreased over the years.</p> <p>The theoretical background of this study is based on the following theories: marketing strategy and the 4P, customer value and differentiation. These theories formed the theoretical framework which gave the focus to the empirical experiment.</p> <p>The approach of the study was qualitative because qualitative research aims to understand the phenomenon it studies and the approach is more suitable for analysing verbal data. Qualitative research wants to get a deeper understanding and it gives room for individual's thoughts and experience. The study was executed and a group interview using theme interview methods.</p> <p>For the study chosen features of the 4P of the product milk were differentiated and group interview focused on them. The differentiated features were the following. For product organic milk and milk with added protein, for price milk with a lower price, for place online shopping and for promotion advertising milk on social media.</p> <p>The findings of this study were that in some cases differentiation of the features if the 4P of the product milk can create value for customers but in most cases it does not. The focus group felt that the most valuable differentiated feature of the 4P was organically produced milk and other factors that supported the well-being of the production animals and the environment. If a company selling or producing milk tries to create value to its customers through differentiation of the features of the 4P, it needs to consider carefully which features to focus on.</p>			
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<p>Tämä tutkimus pyrkii selvittämään voiko tuotteen maito 4P:n ominaisuuksia differoimalla luoda lisäarvoa tietyille asiakassegmentille. Arvon luominen asiakkaalle on jokaisen yrityksen toiminnan ydin. Asiakkaat ostavat tuotteita ja palveluita, jotka tuottavat heille arvoa ja ovat valmiita maksamaan saamastaan arvosta. Mitä enemmän arvoa tuote tai palvelu heille tuottaa, sitä enemmän he ovat siitä valmiita maksamaan. Tämä tutkimus keskittyy asiakassegmenttiin, johon kuuluu nuoria naisia, joilla on akateeminen koulutus ja jotka asuvat pääkaupunkiseudulla.</p> <p>Maito on bulkkituote, jota kulutetaan laajasti koko Suomessa. Tuotteella on historiallinen rooli maan ravitsemuksessa ja sillä on tänä päivänä merkittävä asema Suomen virallisissa ravitsemussuosituksissa. Näistä seikoista huolimatta maidon kulutus on laskenut viime vuosina.</p> <p>Tutkimuksen teoreettinen tausta pohjautuu seuraaviin teorioihin: markkinointistrategia, 4P, asiakasarvo ja differointi. Nämä teoriat muodostavat tutkimuksen teoreettisen viitekehyksen, joka antaa fokuksen empiiriseen osaan.</p> <p>Tutkimusotteeksi valittiin laadullinen tutkimusmenetelmä, sillä se pyrkii ymmärtämään tutkittavaa ilmiötä ja menetelmä sopii sanallisen aineiston analysointiin. Laadullisella tutkimuksella halutaan saavuttaa syvempi ymmärrys tutkittavasta ilmiöstä ja menetelmä antaa tilaa myös yksilön ajatuksille ja kokemuksille. Tämä tutkimus toteutettiin ryhmähaastatteluna käyttäen teemahaastattelua.</p> <p>Tätä tutkimusta varten tuotteen maito 4P:lle valittiin ominaisuuksia, jotka differointiin ja ryhmähaastattelu keskittyi niihin. Differoidut 4P:n ominaisuudet olivat seuraavat, product: luomumaito ja maito, johon on lisätty proteiinia, price: maito, jolla on matala hinta, place: verkkokauppa ja promotion: maidon mainostaminen sosiaalisessa mediassa.</p> <p>Tutkimuksen tuloksena voidaan todeta, että joissain tapauksissa maidon 4P:n ominaisuuksien differoiminen tuotti arvoa tutkitulle asiakassegmentille ja joissain tapauksissa ei. Fokuserhmä koki, että eniten arvoa tuottava differoitu 4P:n ominaisuus oli luomumaito ja muut ominaisuudet, jotka tukivat tuotantoeläinten ja ympäristön hyvinvointia. Jos maitoa myyvä tai tuottava yritys haluaa tuottaa arvoa asiakkailleen differoimalla tuotteen 4P:n ominaisuuksia, sen pitää arvioida tarkkaan mihin ominaisuuksiin keskittyä.</p>			
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1. Introduction

1.1 Background of the study

VRN (Valtion ravitsemusneuvottelukunta) is a Finnish authority that is in charge with publishing Finnish nutritional recommendations. The last recommendations were published in 2014. In the last publication it was recommended that an adult would consume 5-6 dl of liquid milk products and 2-3 slices of cheese daily to cover the need of calcium (VRN 2014, 22). 2/3 of the fat of dairy products is saturated fat, which is the bad kind of fat. Consuming saturated fats raise the level of cholesterol in the blood which can increase the risk of stroke or other heart disease (American heart Association). Because of this VRN recommends to consume non-fat dairy products. It recommends that milk and buttermilk should contain maximum of 1% of fat and cheeses should be low in salt and maximum of 17% fat. The liquid milk products can also be replaced with plant based milks such as soy or oat milk if they have added vitamin D and calcium.

In 2014 The University of Uppsala published a follow-up study "Milk intake and risk of mortality and fractures in women and men: cohort studies" that examined whether high milk consumption is associated with mortality and fractures in women and men. Conclusion of this study was following:

"High milk intake was associated with higher mortality in one cohort of women and in another cohort of men, and with higher fracture incidence in women. Given the observational study designs with the inherent possibility of residual confounding and reverse causation phenomena, a cautious interpretation of the results is recommended. The study was ground breaking and raised a lot of conversation about whether milk needed to be a part of a healthy diet and what other health problems milk could cause.

A non-dairy diet was a rising trend in 2015 and is still going strong (HS, Hyvinvointi 23.4.2015). According to LUKE's (Luonnonvarakeskus) Ravintotase 2014 Finnish people consumed 123 litres of milk in 2014 which is 3% lower than the previous year. Also Maito ja terveysterveys ry follows closely the consumption of milk in Finland and they have made similar discoveries. Another trend in diets is a vegan diet. Vegan diet doesn't contain any products with animal origin, like eggs, dairy, meat or fish. Vegaaniliitto tells (Länsi-Savo, 23.08.2016, 12:00) that demand of vegan dishes and products is rising and

that it shows especially in the assortment of grocery stores. For example the sale of plant based milk drinks rose 5% in S-groups stores in the year 2013 (HS, 27.2.2014) and in Ruokakesko it rose for 4%.

Milk has always been a big part of the Finnish nutrition and the consumption of cow's milk as a drink is very high in Finland compared to the rest of Europe or world. Milk production is supported by the government and the nutrition recommendations are also made by government's authority. It seems that milk is losing its place in the nutrition of Finnish people. The risen consumption of vegetarian plant based milks and diminishing consumption of cow's milk show a change in what customers want and what they value.

1.2 Aim of the study

This study aims to clarify through literature how an effective marketing strategy is planned and executed in general. Then it takes a closer look to details of a marketing strategy which are in this case marketing mix and more closely differentiation. All this is viewed from the point of view of value creation for customers which is also explained through literature.

This study focuses on the differentiation of the features of the 4Ps of the product milk and in the research part it aims to find out if this differentiation can create value to the focus group. The process of value creation is very important when any company wants to serve its customers. One of the biggest reason to make any purchases is that the good creates value to its buyer. Other reasons to buy can be for example needs of the customer, good price and interesting product, but at the end it come down to creating value. If customers are not getting value from the product anymore, could it be added by the means of differentiation? The research problem of the study is: Can differentiation of the features of the 4P in the product milk add value?

1.3 Structure of the study

The study is built around the research problem and other issues relevant for the aims of the research. The structure aspires to be consistent and logical in order to represent the different parts of the theoretical framework and the study in the most relevant way for the reader.

In the first chapter the product milk is represented. The reader gets an understanding of the role of the product in the Finnish food culture and how it is a part of the Finnish nutritional recommendations made by food authorities. The nutritional values of milk are also represented. At the end of the introduction of the product some light is shed to how the consumption of milks has changed over the years.

The theoretical background of this study is based on three theories: strategy, customer value, differentiation and marketing mix with the emphasis on differentiation. These theories are explained in chapters 3-6. The theoretical background of the study begins with explaining how a marketing strategy is formed. After that the reader will be told more about one of the key points of the research problem: customer value, differentiation and the 4P.

After all the elements of the theory have been introduced, they will be brought together with the product milk and its features. In the research part of the study the aim is to investigate if differentiation of the 4Ps of the product milk can create customer value to the focus group.

In the chapter 8 the research method is explained and the study is represented. The results of the study are represented and summarized. In the final part the conclusions of the whole study are made and viewed from the point of view of the theory as well.

2. Introduction to the product

As said on the background of the study a non-dairy diet has been a rising nutritional trend since 2015 and the trend seems to be getting bigger with time (HS, Hyvinvointi 23.4.2015). Yet the Finnish nutritional authority VRN (Valtion ravitsemusneuvottelukunta) sees milk and milk product as an important and significant part of the nutrition of grownups in Finland (Ravintotase 2014). According to VRN a grown up should consume 5-6 decilitres of liquid milk products and 2-3 slices of cheese a day to get the daily need of calcium. VRN recommends to choose skimmed milk and other products as a low fat version because milk products contain a lot of saturated fat. Saturated fat is linked to cholesterol which can lead to cardiovascular deceases. VRN recommends to choose milk, buttermilk and yoghurt that has maximum of 1 % of fat. Cheeses should have maximum of 17 % of fat according to VRN recommendations. Because calcium is one of the main benefits of milk and milk products, VRN mentions that liquid milk products can be replaced with plant based “milks” that have added calcium and vitamin D in them. These plant based “milks” are made of soy or oat.

2.1 The role of milk in the Finnish food culture

Milk has long traditions on the Finnish food culture. Milk has always had a big role in the food culture of Finns and also the people living in the Nordics. People learned to use milk as a source of nutrition already thousands of years ago (Suomalaisen ruokakulttuurin ulottuvuuksia 2009, 24). The milk that has been used in Finland comes most often from cows. A big part of Finns use milk daily or almost daily which is rare in a global nutritional perspective.

2.2 Nutritional values of milk

2.2.1 Calcium

VRN has stated that milk is a valuable source of calcium and based on that the role of milk has been significant in the Finnish national nutritional recommendations. Calcium is needed in the human body as a building material for bones and to maintain a good dental health (Evira). Consuming milk and milk products according to the national nutrition recommendations is an easy and effective way to make sure that the needed daily amount of it is gotten. 100g portion of milk contains approximately 180mg of calcium (Fineli). The daily need of calcium for grownups is 800mg/day, 600-700mg/day for children aged 1-9 and 900mg/day for children aged 10-20 (Maito ja terveys).

Calcium absorbs only with vitamin D. The best source of vitamin D is sunlight but in the autumn and winter months it is almost impossible to get the needed amount from natural sunlight in the North. This is why vitamin D has been added to milk. Another way to get enough of vitamin D is to use supplements.

Calcium is a very important building material for bones. Bones are developing and building mass until the age of 20 and after that the structure of the bone starts to weaken (Luustoliitto). Osteoporosis is a condition where the bones lose their mass and get weaker. This condition makes breaking the bones easier and is more common with older people who are losing the bone mass also naturally with aging.

Building strong bones in a young age is very important because the loss of bone mass and the weakening of the bones is inevitable. Nutrition, and getting enough calcium and vitamin D, is a big factor in building healthy and strong bones. Another building blocks are protein and exercising (Luustoliitto).

2.2.2 Protein

Human body needs protein as a building material for tissues and also for renewing the tissues. The human body needs one gram of protein for each weight kilo per day. It is recommended that 10 -20 % of the daily energy need is gotten from proteins

(Ruokatieto). Many good sources of protein are from animal origin. For example meat, fish, milk and eggs. Other sources are nuts, pods and grains.

There are 3,5g of protein in 100g of milk. The proteins of milk are mainly casein, 80 % and whey, 20 % (Maito ja terveys).

2.2.3 Carbohydrates

Lactose is the main carbohydrate of milk which is the sugar of milk. Milk is the only product that contains lactose. 1 decilitre of milk contains 4,80 grams of lactose or carbohydrates (Maito ja terveys).

Carbohydrates are a source of fast energy and it is recommended that 45 – 60 % of the daily energy comes from carbohydrates. Carbohydrates are divided into three classes: fibre, sugar and starch.

2.2.4 Vitamins

Vitamins are organic compounds that are needed to maintain vital functions in the human body. The human body cannot make most of the vitamins by itself. That is why humans need to get the important vitamins through nutrition. There are 13 known vitamins and they are divided to fat-soluble and water-soluble vitamins. Milk contains three kinds of vitamin B, vitamin C, vitamin A and most milks have added vitamin D in them (Maito ja Terveys).

2.3 Consumption of milk

Milk has always been a part of the nutrition of the Finnish people. In the charts below are the figures of consumption of 1,5 % fat milk, skimmed milk and other milks in the years 2015 and 1998. The numbers are from studies of Finnish organization Maito ja terveys. Maito ja terveys is a professional organization specialized in milk and milk products. They collect nutritional and economical information about milk and communicate it forward. The organization bases their recommendations to national

nutrition recommendations made by VRN. Maito ja terveys is an impartial agent and doesn't support any particular brands. Skimmed milk is a milk that has its fat taken off. Other milks in the chart represent very fatty milks, like whole milk.

Table 1. Milk consumption in Finland in the years 2015 and 1998.

2015

Consumption	Year	Day
Milk Product	Litre	Decilitre
Milk 1-1,5 % fat	64	1,75
Skimmed milk	46,6	1,28
Other milks	12,6	0,35
Total	123,3	3,38

1998

Consumption	Year	Day
Milk Product	Litre	Decilitre
Milk 1-1,5 % fat	88,3	2,1
Skimmed milk	33,8	0,93
Other milks	24,3	0,66
Total	146,4	3,69

In the charts of milk consumption of the years 1998 and 2015 it can be seen that the milk consumption habits of the Finnish people have changed over the years. The consumption of milks with a higher fat percentage has decreased and at the same time the consumption of skimmed milk has grown. Especially the consumption of very fatty milks (in the chart "other milks") has decreased. Also the overall consumption of milk has decreased from 146,4 litre per year to 123,3 litres per year.

3. Marketing strategy

Planning a marketing strategy is where the company needs to start when it wants to start implementing marketing actions. With a solid plan the company makes sure that its actions are relevant for potential customers and by that that their marketing actions get the attention that they need in order to succeed. Marketing strategy is the marketing logic, actions and messages by which the company hope to create customer value and in the long run achieve profitable customer relationships (Armstrong & Kotler 2009, 79).

Marketing strategy can be seen as a thoughtful plan by a company through which it produces desired outcomes in its marketplace vis-a-vis customers, channel members and competitors, says Philip Kotler (Carpenter & Shankar 2012, 19). Marketing strategy is a larger and more coherent entity, not just a pile of marketing actions. Marketing strategy aims make a meaning behind the smaller actions, tactics, and bind them together to serve a bigger purpose.

Kotler says that for a strategy to be successful it needs to be unique and current (Carpenter & Shankar 2012, 19). If all the companies have a similar strategy, then it is no strategy at all. It is possible that some companies will be able to execute the similar strategy better than other and benefit from that some amount. But overall it would be better to have a unique strategy because it will be more sustainable and profitable. Markets are changing fast and there is a risk that a company's strategy won't keep up with the changes. Keeping up with the new trends take a lot of effort from all the functions of the company but it will be profitable.



Figure 2. Managing a marketing strategy. Armstrong & Kotler (2009, 80) Managing Marketing Strategy and the Marketing Mix

Figure 1. Managing a marketing strategy, summarize the major activities involved in managing a customer-driven marketing strategy and marketing mix. In this model the customer is in the center of everything and this is something that the company should always keep in mind – everything should be done for the customer. Armstrong and Kotler (2009, 79) say that the ultimate goal in marketing and in business is to create value for customers and build profitable and long term customer relationships. This is why the focus on the customer cannot be emphasized too much. Every marketing action the company does should be done the customer and their needs in mind.

Next in the activities comes marketing strategy, the logic by which the company aims to establish profitable relationships with its customers and create value to them (Armstrong & Kotler 2009, 79). According to Armstrong & Kotler (2009, 79) the key points of marketing strategy are deciding who are the customers the company wants to serve, this is found out through segmentation and targeting, and how the company will try to serve

these chosen customers. The how part is decided by differentiation and positioning. Segmentation and targeting processes start by identifying the total market for the company's offering. This market is then divided into smaller segments and from these segments the company chooses the most potential segment who fits into their criteria, and focuses on serving them the best way possible.

After finishing the marketing strategy level the company has to come up with a marketing mix plan which consist of the factors: product, price, place and promotion. We will look this subject more closely in the chapter 4. To find out what kind of marketing mix is best for the company the company needs to put effort into marketing analysis and planning. Through these results the company knows better what is the best marketing strategy and marketing mix for them.

In the corners of the figure are the actors and forces of the marketing environment in which the company operates and does business. The forces are marketing intermediaries, competitors, publics and suppliers. The company has to take all these factor into consideration when it plans its marketing actions and strategy in general. All these factor can effect on the business which is why they need to be watched closely. For example a sudden change in the publics like the government can have a major effect on how the company can operate. Armstrong and Kotler (2009, 97-98) describe the actors of the marketing environment and their roles in the marketing environment as following:

- Marketing Intermediaries: Other companies and actors that help the company to sell, promote and distribute their products, for example resellers and distributors.
- Competitors: The company has to ensure that its offering creates more value that competitor's.
- Publics: Publics are all the groups that can effect on the company with its actions, for example media, government and citizens are public groups.
- Suppliers: The role of the suppliers are a very important one because they are the ones who provide the resources for the company.

4. Customer value

The simple basis of value creation is that a company creates value to its customer through products or services, and this created value justifies the cost that the company charges from the customer (Porter 1988, 164). The more the company creates value to the customer the more the customer is willing to pay. Also the customer is more likely to purchase services or products from the value creating company than from other companies that can't provide the same value. The value factor is especially relevant when two companies sell competing products with a same price. In other words value is the difference between what a customer pays from a good or service and what they get from the purchase.

According to Ulaga and Chacour (2001, 527-528) knowing what creates value to customers is critical for businesses. They say that greater levels of customer value can create more customer loyalty. When a customer knows that a company A's products create value for them, they are more likely to buy from them again because they know that the company can provide them value. It would be more risky and time consuming to try to find the same value from somewhere else. This way increased levels of customer loyalty can lead to long term customer relationships which are more profitable to the company and also beneficial for the customer. This situation where the customer is satisfied and happy with the company can also lead to a positive word-of-mouth which can bring more customers to the company and eventually lead into more profits and long term customers, stronger competitive position and ultimately even a higher market share.

According to Ulaga and Chacour (2001, 526) in recent years the concept of value has become the key defining factor when considering the buyer-seller relationship. Previously the scope was on the actual transaction process but now the relationship between the customer and the seller has become more important. In this context value is seen as the constituent of a relationship marketing. Delivering superior value to customer is considered to be the key to building and sustaining profitable long term relationships with customers.

4.1 Customer satisfaction

Customer satisfaction depends on the performance of the product and the expectations that the customer has for the product and how these two things correlate. The perceived level of satisfaction is low if the product performs worse than the customer expected. If the expectations are met, a customer can be satisfied. But if the performance exceeds the expectations the customer can be highly satisfied or even delighted (Armstrong & Kotler 2006, 14). It is more likely that a completely satisfied customer returns and in the best case scenario becomes a loyal customer to the company.

It is always important to satisfy customer's needs but it is also important not to try to maximize the customer satisfaction. Armstrong and Kotler (2008, 15) explain this situation as following. When a company wants to maximize its customer's satisfaction level it can always make its services and products better and lower prices. If these means are used too far the risk is that the company gives away too much without getting anything back. The situation is not profitable for the company and it might cause serious losses. This requires a delicate balance to create more satisfying solutions to customers and create more customer value without giving away too much.

4.2 Customer perceived value

Attracting customers in highly competed markets can be really difficult for companies and retaining those customers is usually even more difficult. When customers face a wide array of services and products that can all satisfy their needs, it can be a tough choice for them also to find the company that satisfies their needs in the best possible way and with suitable price.

As Mazumdar (1993) states: "Today's value-conscious customers are neither impressed by the best product nor persuaded by the lowest price alone. Instead, customer purchase decisions are often guided by a careful assessment of what benefits they obtain in exchange for the costs they incur to acquire and consume the product."

Customer perceived value is one the most important factor when a customer compares the companies that provide the service or a product that the customer needs (Armstrong & Kotler 2006, 14). Customer perceived value means the customers' evaluation of the difference between all the benefits and all the costs of the product that the company offers. This outcome is also compared to all the other offers in the market made by competing companies. It certainly is not an easy process for the customer to decide what offer from all the offers is the one that has the highest customer perceived value.

In other words the customer perceived value is the perceived difference between the sacrifices that the customer has to make and benefits the customer gains from the transaction. The sacrifices that the customer has to make to obtain the good or service are all the monetary and non-monetary losses that the customer experiences (Lapierre 2002). According to Lapierre the non-monetary costs can quite often be the more important factor to the customer than the monetary costs. Non-monetary costs are for example the time, effort and energy that the customer has to use in order to find and finally purchase the good. The process of comparing competing offers in the market can take a lot of time especially if a market is a new to the customer or if there are exceptionally many companies in the market and they all offer a product that has quite the same features with a quite the same price.

Many customers are more concerned about spending a lot of time in finding the right product or service for themselves than spending money. According to Carothers and Adams (1991) many customers count more carefully the time spent on an investment rather than the money they have to spend. This might be a consequence of the hectic lifestyle modern people are leading.

Usually the customer perceived value is not calculated accurately or objectively. As the name says it is the *perceived* value that motivates customers (Armstrong & Kotler 2006, 14).

4.2.1 Formation of customer perceived value

Customer perceived value is created in a single consumption situation, whereas a consumers' perceived value is a more complex entity that is in line with the persons' values in general and is more constant. Perceived value always depends on the situation, subjective and personal experience regardless whether of it is customer or consumer perceived value (Anderson & Narus 1998, 54).

The perceived value is different than the price that a customer pays for the product. Dodds & co. (1991, 38) defines the perceived value as the difference between perceived value and the perceived losses. The perceived value is the combination of the positive features relating to the products, the service, the experience or the venue. The perceived losses are the negative features of the product, the service, the experience or the venue.

Customer perceived value is the relation of the price of the product and the quality of the product (Dodds & co. 1991, 38). When the price and quality correlate it creates more value to the customer and it's seen as a positive thing. When the quality is lower than expected with the paid price, it doesn't create value to the customer. The perceived price is also related to the prices of other companies that provide same kind of products or services. When a customer perceives value through company's product or service it creates an emotional bond between the customer and the company.

4.2.2 The elements of customer perceived value

Holbrook (1994; 1996; 1999) finds four different elements in the customer perceived value which are presented below. These elements are interactivity, experimentality, relativity and preference. Kuusela & Rintamäki (2002, 21-22) have studied these elements further.

According to Kuusela & Rintamäki (2002, 22) the first element, interactivity, of the value is seen in the fact that a value is not purely subjective or purely objective. The value contains both a subject and object and the interaction between these two. The

customer perceived value depends on the physical or abstract features or the object but it always requires the customer too who performs the actual evaluation.

Experientiality is a big part of perceived value (Kuusela & Rintamäki 2002, 22). The actual transaction process is important for this element as well as the whole consumption experience. The transaction is not a goal for the consumer, only a means to achieve certain experiences through the product or service.

Relativity is also one of the elements of customer perceived value. Customer perceived value can be seen as relative, comparative and situational phenomenon (Kuusela & Rintamäki 2002, 22). Even if a product doesn't have a competing product in which it could be compared to it always has competing alternative.

Relativity is one feature of customer perceived value from another perspective. Because people are individuals their assessments lead to different outcomes which mean that a value can never be absolute. Quantifying a value requires comparison between different objectives of the value. Hence it is possible to say that a certain product has more perceived customer value than another but it is not possible to say that a person prefers a product more than another person does (Kuusela & Rintamäki 2002, 22).

4.2.3 Utilitarian and hedonic dimensions of value

According to Kuusela & Rintamäki (2002, 30) utilitarian benefits are functional and cognitive and are usually linked to the measurable qualities of a product or service. These benefits can be valued objectively. They don't create value by themselves but are a means to accomplish something else. Utilitarian benefits are sometimes called practical benefits.

Hedonistic benefits are affective, they raise feelings and sensations which are subjectively experienced (Kuusela & Rintamäki 2002, 30). People value hedonistic values as they are. Hedonistic benefits are so called terminal values because of this.

Both of these dimensions hedonic and utilitarian, contribute to the consumption experience the customer has when they buy a product or consume a service. So both of

these experiences are usually present when a customer buys a good or experiences a service, they don't rule the other one out from the entity (Batra, Ahtola 1991, Engel etc. 190, 254)

Typically consumption and the benefits and value that customers get from consumption have been measured on a single evaluative dimension. However recently in the literature of consumption research it has been stated that the scale should be bidimension instead (Batra & Ahtola, 1990, 159). The reason behind this new discovery is the fact that people consume on two basic reasons. These two reasons are hedonic and utilitarian.

According to Battra & Ahtola (1990) hedonic and utilitarian benefits don't have to exclude one other. They can be found in one product or consumption experience. For example a functional food product can both better the eaters' health and also be enjoyable with a good taste. Also these two dimensions don't have to be evaluatively consistent. A consumption activity that gives pleasure on the moment of the consumption may in fact be bad in an instrumental sense, for example smoking fits in this category. And other way round, a consumption activity that gives absolutely no pleasure can in fact be instrumentally good, like for example going to the dentist.

5. Differentiation

Differentiation or product differentiation exists when a product or service offers something unique for the customer that is also considered valuable by the customer. A differentiation is never just a low price that is valuable to the customer but rather a feature that provides something extra, something that competitor's products can't offer and something that creates value to the customer (Lamb, Hair and McDaniel, 2008, 40). Sometimes quality and differentiation get mixed. Some think that differentiation means quality but in reality it is much wider phenomenon (Porter 1988, 156). The purpose of differentiation is to create value for the customer throughout the whole value chain. Examples of differentiation are strong brands, unique services, strong dealer network or just a new and fresh idea.

A great example of a company that has created an outstanding competitive advantage through differentiation is Nike. Nike's success is built on a simple idea – product innovation. Throughout its history Nike has always been seen as a trendsetter and innovation. For example Air Jordans with their innovative air cushioning under the heel, are a true Nike icon. The leading idea of differentiation is to create something that has never been done before or improve an existing product to a new level (Lamb & co, 2008, 40).

Porter has listed different ways for the company to differentiate in other ways than only by focusing on product differentiation (1988, 152-156). Unfortunately most companies have usually very narrow idea of differentiation and don't always see its full potential. It is usually only seen as a way to make products stand out but there is differentiation potential in all parts of the value chain (Porter 1988, 151). This means that practically any function that the company does is a potential source of differentiation.

Differentiation can also be based on magnitude or width (Porter 1988, 151). Porter gives an excellent example of this. Crown Cork and Seal is a company that makes bottle corks, bottling machines and cans. With its range of products the company offers a full range of packaging services and products for its customers. With this magnitude of services and products customers can have everything they need from one company. This can also make the buying company's processes more efficient and faster which can increase its customer loyalty and profits. In the end everyone can profit.

5.1 Risks of differentiation

The most probable risk in differentiation is imitation by competitors (Miller 1997, 25). It is very important that the company chooses its strategy according to its strengths, says Miller (1997, 25). By doing so it will be easier to carry out the strategy because the company doesn't necessarily have to learn a lot of new skills or do major investments. Getting a patent for a new technology or material and trademark and copyright registration will protect new innovations.

Differentiation creates value for company only when the uniqueness is also valued by the customers (Miller 1997, 26). If the customers do not value the differentiation the whole differentiation process is just money and time wasted from the company's perspective. According to Miller (1997, 26) the worst scenario is when the customers don't value the differentiation and the company has over priced the products. Miller states that this scenario can be relatively easily avoided if the company pays attentions to market research and listens to its customers and reacts to their wants and needs.

5.2 Costs of differentiation

Differentiation costs companies valuable resource, such as time and money. Planning and executing processes better than the competitors or creating new outstanding features to a product is not free. Some forms of differentiation are more expensive than others. The more expensive forms are the ones that base their uniqueness in the most expensive cost factors such as production lines or expensive raw materials (Porter 1988, 161).

It is also possible that differentiation lowers costs. For example if a new more efficient production method is discovered or less expensive materials are discovered in the differentiation process.

When a company is considering differentiation strategy it has to keep in mind that uniqueness doesn't automatically lead to differentiation. It becomes differentiations only when it creates added value to the customers (Porter 1988, 163).

6. 4P and marketing mix

In the 1960s Neil Borden conceptualized the marketing mix principles. He represented 12 key elements that a company would need to have in order to establish a successful marketing plan. The marketing mix was meant as a concept that had all the tools for marketers to develop efficient marketing actions and to help companies to achieve their goals and to penetrate deeper into the target markets (Kubicki 2015, 1). The elements were product, planning, pricing, branding, distribution, place, personal selling, advertising, promotion, packaging, display physical handling, fact finding and analysis (Borden, 1964, 2-7). Later E. Jerome McCarthy summarized these 12 elements into 4 and the marketing mix model of 4Ps' was born. The 4Ps are product, place, price and promotion. The 4P model has been used widely ever since. In services marketing the 4P theory has been broadened to 7Ps' and this model includes also Process, People and Physical environment.

Marketing mix is the set of marketing tools that the company has decided to use in order to achieve its marketing goals (Kotler 1994, 98). A model of marketing which incorporates the product itself, the price of the product, the place where the product is sold and the possible promotions of the product.

To make the most out of the 4P's the first step for the company is to do market research or a market analysis. This is important because the company has to understand what drives the customers, what they want and how their wants are satisfied the best. The company has to know where the customers want to buy products or services from, do they want them delivered home or do they want to visit a store. One of the most important things for the company to find out is how price sensitive the customers are. Are they willing to pay for an innovation or are they more comfortable with average products with an average price. One more thing for the company to find out is how they can reach the customers. Are they reading newspapers or finding information online? With this knowledge the company can reach their target customers in the media they are really using. There is no point in doing television commercials if your customers are only listening to podcasts. Knowing the customers and their needs and wants is the starting point for the company when they want to truly serve their customers and use the 4P's effectively.

6.1 Marketing strategy

With a well thought strategy the company can make its marketing processes and actions much more effective and ensure that the marketing serves the strategy of the whole company. Without a clear plan the marketing action are likely to be only a waste of time and money and serving no purpose.

Marketing mix is a combination of actions that a company uses to get the results from their target markets that they want (Armstrong & Kotler 2009, 83). Usually these results are increased customer loyalty, getting bigger media space and of course increasing their revenue. The actions that a company uses can be divide into four groups of variables. These variables are also known as the “four 4Ps”. The 4Ps are product, price, place and promotion.

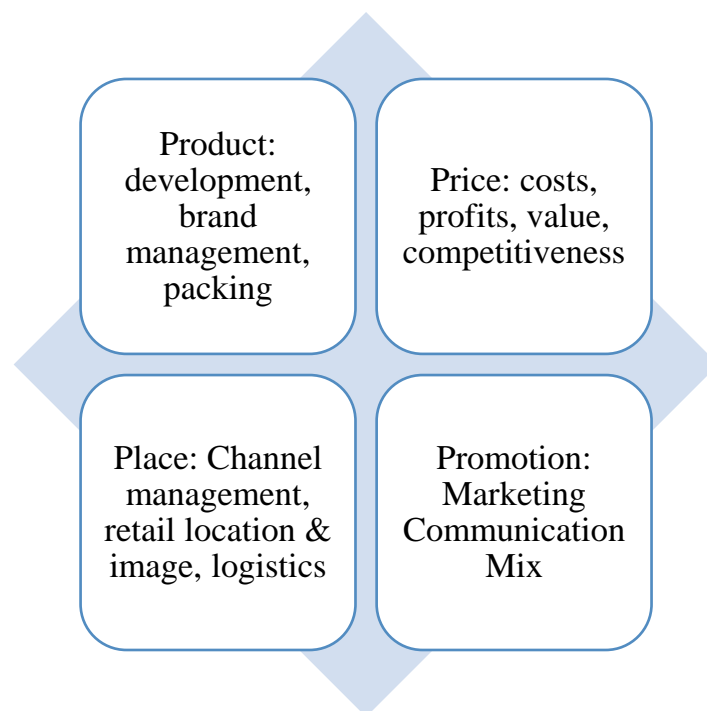


Figure 3. The 4P. After Eagan 2015, 12

6.2 Product

Product means the company's offering, products or services that are sold to the target customers. When a company decides to offer a product it has to have a clear vision what needs the product serves and what does the product offer to the customer. These two things has to be also compare to the similar competing products that are in the market competing. The range of products that the company decides to offer is called the product mix (Strydom 2004, 192).

According to Strydom (2004, 193) the company has to establish a solid product strategy before going into business. In this strategy the company for example defines the product portfolio; how many products are needed in the portfolio, how are they differentiated from the competitors' products and how obsolescence of the product or malfunctions handled. Regarding the obsolescence a plan for product development is also needed. In a very central role is also the design of the product. A unique design can be a way to get noticed and be different form the competing products. Also brand is a very important factor in the product. The brand will lead the way in many parts of the process: for example packaging and how the company will eventually take the product into the markets. Warranty and after-sales services are also part of the products elements (Walters & Toyne, 1989).

Although planning the details of the product is very important the whole product process starts from the analysis of the market environment and of the customer (Strydom 2004, 193). Without this information from the market it is nearly impossible for the company to design a product that meets the customers' needs. For example if the customers are very price conscious and want cheaper option, the company must take this into consideration. They cannot bring a very expensive product into the market and need to consider for example the prices of their subcontractors and the process of the part planned to use in the product.

6.3 Price

Price is the sum of money that the customer needs to pay to the company to get the product or service. The role of the price is very essential because it is the only factor in the product that generates revenue to the company (Strydom, 2004, 193). Of course the other features of the product define how high or low the price can be. According to Strydom (2004, 193) there are three factors that the company needs to take into consideration when it is thinking about pricing. The factors are costs of the product, demand of the product and the pricing of the competing products. The costs of the product depend highly of the manufacturing costs. This is why the company must be very aware of the developments in the markets. Some particles might be prized differently depending on for example environmental factors that can change quickly. Also developments in the materials can affect the final price of the ready product.

6.4 Place

Place is all the actions that the company does to make the product available to their target customer. The company has to carefully plan how to establish a distribution plan that can cover the needs of the market. A situation where the distribution cannot delivered the goods to the market in a pace that the customers demand would be disastrous. According to Strydom (2004, 194) there is also the decision what distribution channels to use. What is the most effective and suitable channel or channels for the particular company? Through which channels the company can have the best results? There are many details that need to be taken into consideration. There are many possible channels from which the company has to choose from. Direct channels, using intermediaries like retailers or wholesalers or direct sales through internet.

The most critical point in distribution is the physical location of the company (Strydom, 2004, 194). If the company has their own store for example, it needs to be located somewhere where it is easy for the customer to come. If a store or a retailer is located far from the customers they might not feel like seeing all the trouble to getting to the sales venue. It is vital that the products are easily available and the key to this is the distribution plan.

6.5 Promotion

Promotions are the actions that communicate the benefits of the product to the target customers. To be noticed a company needs to let their current and potential customers know about their actions and developments. If a company brings a new innovation to the markets it needs to be told to the customers in a way that the message really gets through. The concept of marketing mix means all the possible marketing tools that a company can use to promote its products or services (Armstrong & Kotler 2009, 84). Advertising, public relations, sales promotions and personal sale are examples of the tools of marketing mix.

The company has to decide the message they want to send to their audience and what media is the best to reach the target customers through. Today there are so many different media channels that the company has to be really careful when choosing the channels they want to use. Through research they can get valid information about their target customers and what channels are the best to reach them. What websites are they using, what tv-channels are they watching, what magazines they read and so on. Usually this information is gained through marketing research.

Strydom (2004, 194) says that it is also very important for the company to ensure that the marketing messages are understood and internalized by the staff. They need to know what is expected from the company and from its products in the markets. This understanding helps them to also perform in line with the promises the company has made to its customers. Cohesion throughout the line helps the company to deliver its promises.

7. Theoretical framework

The purpose of the theoretical framework is to help to see all the relevant factors of the theoretical background that relate to the research problem. Theoretical framework gives an angle where the researcher starts to look the findings and material from. It also aims to bind the central and relevant information of the theory as a coherent and understandable entity that guides the researcher.

Through marketing strategy a company defines the 4P's which are the marketing tools or the marketing mix the company uses to pursue its marketing objectives. The 4P's are defined based on what the company has: the resources, knowledge and processes of the company. The marketing objectives and goals the company has defined when planning the marketing strategy. The marketing tools or the 4P's are product, price, place and promotion. By altering the factors and features of the 4P, company can create its own and unique way to do marketing.

Differentiation in marketing theory means creating value by differing for example a product, procedure or advertising. The point of differentiation is not just doing something different than before but to make changes in a way it creates value to customer and end users. By differentiating the features of the 4P the company can try to create value to its customers in a totally new way.

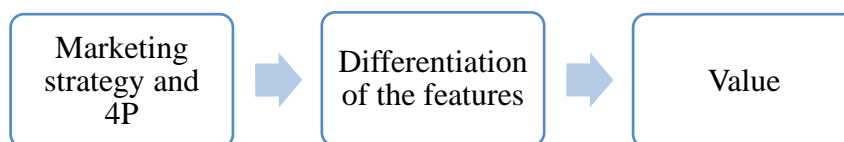


Figure 4. Theoretical framework

Creating value is the core of why different companies exist. Customers buy products and services that create them value. Value is something the customers are willing to pay for and the more the product or service creates them value the more they are willing to pay. Value can be for example that a product that complements the customer's values, saves them time in their everyday life or is easily available for the customer.

The empirical experiment of this study aims to find out is it possible to create value to a certain group of customers by differentiating the features of the 4P. In the study the example product which features of the 4P are differentiated is milk.

8. Empirical experiment

The preface introduced the role of the product milk and its role in the Finnish food culture. Over time the idea that milk is a vital part of a balanced and healthy diet has changed and the consumption of the product has dropped significantly (Ravintotase 2014).

8.1 The approach of the study

The approach of this study is qualitative. Qualitative research aims to understand the phenomenon at the focus of the study. It is also more suitable for analysing verbal material than quantitative research method. Qualitative research method wants to map out the overall meaning or purpose of the phenomenon and to get a deeper understanding of it. In practice this often means that room is given to individual's point of views and experiences (Hirsjärvi & Huttunen 1995, 174). In this study the experience thoughts and ideas of the subject are the main source of information.

Quantitative research method is not the suitable research method for this study because the goal is not to create statistic generalization. Also the research problem and the questions around it are not measurable statistic methods and they cannot be represented in numerical forms. The aim of the study is understand the phenomenon and the thoughts and values of the members of the focus group.

8.2 Research methods

This study was executed as a group interview. Interview is a common way to collect data in qualitative research and the purpose of it is to find out what someone has on their mind or what they think about a subject. This was the purpose of this study: to find out if differentiation of the features of the 4P in product milk creates value to the focus group.

In a group interview the selected group discusses the subject together with the researcher. The interviewer or researcher speaks to many interviewees at the same time

but also asks questions individually from the group members (Hirsjärvi & Hurme 2001, 61). The benefits of a group interview is that through it it's possible to get information from many interviewees simultaneously. I can also be easier and more relaxed to talk in a group that alone with the interviewer.

This group interview was executed as a theme interview. A theme interview is not as formal as a structured interview. In structured interviews the interviewees are given a form to fill in with questions that have specified answer options to choose from. Structured interviews are more suitable in quantitative research because the point of the answering forms is that the data can be analysed with statistical methods. A theme interview is also not as unformal as an open interview is. An open interview is more conversation like. A theme interview goes forward through themes. It aims to consider interviewees' interpretations and how they see things. Theme interviews benefit mostly from interviewees who are not randomly picked but who can be seen as someone that can give information about the subject of the study. This is why a theme interview was chosen as the research method.

In this group interview the members of the group were selected to represent a particular customer segment. They all had the same socio-economic background, status and were approximately the same age. In the focus group there were four interviewees who all fitted the description of the representatives the study wanted to examine. The profile of the interviewees was a woman with an academic background and who is approximately 30 years old (+/- two years) and lives in the capital region.

When decoding and analysing the data from an interview it is important to keep in mind that the situation where the interview takes place is happening in the everyday life and is always influenced by physical, social and communicational actors (Alasuutari 1999, 154).

The interviewees in the group interview were all young women, all aged 28-31 with academic background and all living in the capital area. There were four interviewees in the group and the interview lasted 1 hour and 13min. The interview was executed on the 17th of November 2017.

The interview started with the interviewer explaining the theoretical background needed for the interviewees to understand the purpose of the interview. The concepts of 4P, customer value and differentiation were explained and also the concept of creating value

through differentiation was clarified. The interviewees were given the opportunity to ask defining questions before starting the actual interview. With making sure that everyone understood the purpose of the study and the role and meaning of the theories the reliability of the study was also ensured.

After the concepts and theories were clear to everyone the interview started. The structure of the interview was the same as the P's of 4P: product, price, place and promotion. All of these were discussed from the point of view of differentiation and value creation. The interviewees were given examples of the product milk's differentiated features of its 4P and then the group discussed if these examples would create value for them.

8.3 Analysing the data

In qualitative research the analysis consists of two phases: simplifying the observations and after that solving the mystery. First the data from the research needs to be modified. The purpose of the modification is to simplify the data into a more analysable form by using the theoretical framework. By doing this it is easier to find the relevant information from the point of view of the theoretical framework from the data (Alasuutari 1999, 41-43). According to Alasuutari (1999, 41-43) the next step in the analysing process is to combine all the observations into one or multiple bigger groups of observations. The purpose of this procedure is to make it easier for the researcher to understand the findings.

The interview was recorded and the analysed by using the methods described above. The material was analysed as an entity and different findings were combined into groups. The point of the analysis was to understand the content and take only the essential information from the point or view of the aims of the study into consideration and rule out everything else out form the conclusion.

8.4 Reliability and validity

In qualitative research the reliability is based on the study itself and its reliability. The reliability culminates to the researcher in qualitative research because they are the executor of the whole study. The evaluation of the reliability of a qualitative study concerns all the stages of the study process (Eskola & Suoranta 1998, 211).

Reliability of the study mean that there are no conflict in the data. In practice it means how reliable and repeatable the research method is in the particular study. Are the same results possible to achieve when researching the same subject (Hiltunen 2009).

Validity indicates how well the chosen method measures the phenomenon the researcher wants to study and measure (Hiltunen 2009). In other words has the study measured the thing what it was supposed to measure.

The validity of this study can be justified by the following factors. The theoretical framework of the study guided the formation of the group interview: the discussed themes and more precise questions. With a clear and clarified point of view to the empirical experiment it was possible to rule out all the factor not relevant to the study. The reliability of this study can be justified by the fact that all the stages of the study were executed with precision and thought. The group interview was recorded and transcribed.

8.5 Differentiation of the features of the 4P of the product milk

The purpose of this study is to study if differentiation of the features of the product milk would add value to the focus group. The focus group of this study are young academic women who live in the capital region. The following chapters represent the differentiated features of the 4P of the product milk that are chosen for this study.

8.5.1 Organically produced milk

The goal of organic production is to use production methods that do not harm the environment or the wellbeing of humans, animals or plants (Evira). Organic production

works towards preserving natural resources and maintaining biodiversity. In organic animal production the animals are fed organically produced feed, their wellbeing is important and each species natural behavior is taken into consideration. Organic milk has been produced taking the regulations of organic production into consideration.

Organic milk has no additives in it. For example other milks in Finland have added vitamin D, but the EU regulations forbid this additive in organic milk. Another exception in organic milk is that it has not been homogenized and other milks are (Valio). In practice this means that the fat of the milk rises to the surface of the product but it doesn't affect the product in any way. It is recommended to shake the package before using the product to blend the fat into the product more evenly.

8.5.2 Milk with added protein

Protein has been one of the biggest food trends in the 2010's. People consume more quark, protein bars, protein drinks and products that have been added protein to (HS, 7.11.2014). Protein is used as the building material for the tissues of the human body, for example the muscles and joints. A relatively new innovation in this protein trend in milk with added protein.

The Finnish food product of the year in 2011 was Valio's Maito Plus (etl.fi). A milk that has 50% more protein than regular milk, says the slogan of the product. The product also contains extra calcium and vitamin D. A 100 grams of normal skimmed milk contains approximately 3,3 grams of protein and this example product Valio's Maito Plus has 5,5 grams of protein in 100 grams. The product is advertised for example for people who exercise a lot.

8.5.3 Differentiation of the features of the price

A consumer can expect to pay approximately between 0,90 € to 1,20 € from one liter of skimmed milk in a grocery store in Helsinki. Recently there has been also cheaper options available. These cheaper milks cost approximately 0,69 € - 0,80 € per liter. These cheaper milks are usually private label products.

8.5.4 Differentiation of the features of the place

Retail has faced a lot of changes in the recent years. The biggest change has been the rise of shopping online. Web stores are easy for the customers because customers can see the assortment and do the shopping for example from home or on the road. There is no more need to go to the store when the product can be ordered from home and the delivery can be straight at the customers' front door.

In the past a physical grocery store has been the only place for consumers to get their groceries from. This innovation in the logistic chain gives customers choice whether they want to shop in a store or get their groceries delivered. This service can be really helpful for example for busy people who simply don't have time to do their groceries in a traditional way or to elderly people who don't have the strength to carry heavy bags.

In Finland the online grocery store business was worth 26 million euros in 2015 (Talouselämä 29.8.2016). S-group has 15,5% of this market and they doubled their sales from the previous year (Talouselämä 29.8.2016). Buying groceries online is a growing trend.

8.5.5 Differentiation of the features of the promotion

The most common and traditional advertising channels for many companies have been print advertisements in magazines and advertisements in television and radio. Also billboard advertisements are really commonly used. The role of social media in marketing has risen dramatically in the 2010's. Facebook has 1,71 billion active users per month, Instagram has 500 million and Twitter 313 million in the year 2016 (Statista). Such a wide audience offers unique opportunities for marketers and the fact that new social media platforms are launched regularly with new kind of features makes these new marketing channels very tempting.

9. Results of the study

9.1 The focus group

The focus group consisted of women with academic background aged between 28- 31. All women live in Helsinki region with a partner and work in specialist positions. Mostly the group uses milk with coffee and the daily consumption is between 2dl to half a litre. Some use milk with oatmeal and all of them use milk when baking. Only one person from the group drinks milk with meals and would like to see more restaurants in Helsinki to serve milk with lunch buffets for example.

The whole group prefers organically produced milk and overall organically produced produce. They feel that organic food suits their values and they want to eat their food as clean as possible. Also the price of organic milk has gone down in recent years which encourages them to buy it instead of non-organic milk. Some also said that the price of organic products overall has decreased and that has encouraged them to buy more organic products in general. Mostly the group prefers Finnish milk and say that they always try to pick the Finnish product and try to avoid milk that has been produced elsewhere. A domestic product is important for them for the reason that when buying domestically produced product the profits will go to domestic producers.

The childhood home has been a major influence for the whole group when it comes to their relationship with milk. Most members of the group have drunk milk with meals as a child and still when they visit their childhood homes there is always milk at the dinner table. Also the group agreed that if they had children they would most probably serve them milk to drink with meals. It seems that milk has a strong connection with childhood with the focus group and with Finnish food culture. Some group members associate milk strongly with countryside, family life and nature. Some said that they still remember some popular milk advertisement from when they were little. For example they remembered Valios milk advertisements with the famous ice hockey player Teemu Selänne very clearly.

Nowadays the group doesn't consume milk that much. In fact most said that they have started to question whether they should consume it at all. The wellbeing of animals and environment were the most common reasons for these thoughts. About half of the group

had already changed to plant based milks such as oat milk and soy milk. They felt that especially oat milk was more eco-friendly choice and some said that it also tasted better.

Also the partners of the group members have a major influence on their consumption and buying behaviour when it comes to milk. With this particular focus group it was clear that their male partners consume milk remarkably more than the members of the group. Also the partners have a strong influence on what type of milk is bought to the household.

9.2 Product

The two examples of differentiation of the product were milk with added protein and organic milk. These are options that are actually both available in grocery stores at the moment and all the members of the focus groups did know the products.

The group was unanimous about the customer value of organic milk. Already in the introduction part most of the members said that they prefer to buy organically produced milk. The most important factor in organic milk was that the group thought it was a better choice for the animals and the environment. Also the group felt that it tastes better than regular milk and is somewhat a “cleaner” choice because they felt that the end product is more natural than other milks. One member said that normally milk tastes almost bad and very metallic to her but the bad taste isn't as strong in organic milk. Overall organic milk was seen as a clean and eco-friendly product that has better influence on production animals and the environment.

Overall the groups' thoughts were that they would be willing to pay more for organically produced milk. They felt that if the product would affect positively to the wellbeing of the animals and environment it would be worth some extra costs. The group was fairly unanimous that they would pay approximately some dozen of percent more than of organic milk than from non-organic milk but 50 % would be too much. It was said that at the moment with relatively good income it doesn't affect their food budget, but if there would be many children in the family the situation could be different.

The group thought that they get enough protein from their diet already and that the amount of milk that they consume daily is so small that it doesn't make any difference

in their overall nutrition if the milk they consume daily has extra protein or not. The group thought that the protein boom that has been going on for the past about five years is mainly annoying. Some said that they want to keep their diet as pure and additive free as possible so protein milk didn't suit their food philosophy. Also some said that they don't consider milk as a product that they consume for its health benefits, so adding that kind of features to milk doesn't interest them at all. But they saw some benefit in added protein in milk. For example they thought that the elderly people could benefit from it and actually some of them had already recommended it for their old parents.

Although the group didn't appreciate added protein in milk they all thought that added vitamin D was a really good thing to be added in milk. At the moment it is not allowed to add vitamin D in organically produced milk which the group thought was the only downside of organically produced milk. Some members wanted to see more natural preservatives in milk because they felt like the opened product goes bad too soon after it is purchased.

9.3 Price

When asking what would be a good price for one litre of milk (non-organic) the group agreed that 1 € would be the highest possible price that they would pay and anything over that would be unacceptable. But if they would know for a fact that the producer would get a bigger compensation they all would accept a higher price per litre. If they would have two products to choose from they all would pick the one that gives bigger part to the producer if it was clearly declared how the money from the product is divided between the distributor and the producer.

Even though the role of the big distributing companies was criticized some said that they wouldn't buy milk directly from the producer because of all the contamination risks and food safety issues. But the group would like to see the role of the producer to be more emphasized and brought closer to for example consumers in big cities who often don't have any touch base with countryside and food production.

The cheaper milks were not appealing to the focus group. And they also felt that a luxury milk with a higher price and maybe a fancier packaging would not be something they wanted either. Milk is an everyday product to the group so they do not expect anything

fancy from it. And on the other hand they don't want it to be anything less than what can be expected from the product either.

The group said though that they feel that it is a good thing that there are variations in the prices. The variation in the price is usually 0,85 € to 1,09 €. It is not that big of a difference but the group felt that it is always nice if the consumer has more options to choose from. For example these milks that can cost between 0,69 €- 0,85 € were seen as a good addition for those who have to watch more closely their food budgets. The group said that generally they look at prices and pay attention to them.

9.4 Place

When discussed about where the group buys their milk from the main criteria is location. Milk is something that they want to buy from not too far because the product is rather heavy. But also the group said that milk is not a deciding factor when they choose where to shop for groceries. It's everything else and especially more special products that dictate where the group buys their milk from. On the other hand milk is such an important product that the most of the group members tell that if they have run out of milk they will go get it pretty soon because it's needed almost daily, for morning coffee for example.

Only one person from the group said that they have already tested ordering groceries online but the rest of the group was really interested in trying it. They thought that if they would have to get a lot of stuff and maybe some really heavy stuff, they could order it online. They mentioned that if they would have children or if they were about to throw a party or they would be busy in other ways, it would be really tempting to save time and effort by ordering everything online and get the groceries delivered to their doors. The group thought that they would be willing to pay maximum of 10 € for this service. But in their current situation they didn't see any point in spending extra money regularly in a task they can perfectly do themselves.

One thing that has slowed down the majority of the group from trying this service is that they are a little suspicious about the quality of the products. For example with produce they wanted to choose their fruit and vegetables themselves and with milk they want to be sure to get the product with an expiring date that is not too soon. When someone else

is choosing for you, you cannot influence on these factors. One member mentioned that they have heard this happening with delivered produce recently with their friends. Also they had heard about difficulties with the delivery times and products being replaced with wrong alternatives.

9.5 Promotion

The group has seen milk advertisement in magazines, television, social media and at bus stops. They feel that milk is a product that doesn't need to be advertised because it is a bulk product and people will consume it whether or not it is advertised. Milk advertisements do not effect on the group's buying behaviour. They choose familiar products, favour organically produced products and pay attention to the price. They won't travel to other stores for discounts because the price per litre is always relatively cheap so they don't get extra value on price reductions.

The only case in which they see a point in advertising milk is when there is a new innovation or new information. For example if a new type of milk would be launched the group felt that it would be worth advertising or if the marketing would bring up new information about milk. One person mentioned a case in which a smaller Finnish dairy company had a campaign about the conditions of the cows. Usually in milk advertising the cows are shown eating grass freely in the fields but in reality the cows are kept inside and chained from their heads. The mentioned campaign shed light to these hidden facts and advertised that their producers are committed in making the living conditions of their cows more suitable to the natural behaviour of the animals. The group agreed that this kind of advertisement is good and adds value.

Another thing regarding advertisement is credibility. The group felt that they cannot really trust companies and their marketing arguments. They also feel that real experts are not that reliable either because they might been payed to tell what companies want to. When asked who would they trust in advertisements the group agreed that almost anyone can be payed to say what the company wants, so they didn't feel that really anyone's word could be trusted in marketing if they didn't personally knew this person. One scenario where advertisements could be trusted for group was if they really

personally knew a nutritional expert and that person would be the spokesperson for the company.

One advertisement trick that had gotten some member's attention was when they were given free samples of products. Usually these samples are new and recently launched products. Some felt that it is relatively good way to get attention to new products. Especially when group members do not really pay much attention to commercials it might be the only way to grab attention and let people know about novelty products. If they wouldn't receive these samples the group members wouldn't most likely ever try these new products.

Regardless of the marketing channel or message the group felt that overall advertising and advertisements are annoying and cannot be trusted. The same goes with advertising and advertisements of milk. With advertisements of milk it was mentioned that all the advertisements are so similar that none of them stands out or is memorable than others.

9.6 Other notions

The group members have all been concerned about the impact their consumer behaviour has on the planet. They have thought about their own carbon dioxide footprints and especially the part of the footprint that comes from the food they eat, mainly meat and dairy products. They are questioning their right to consume these products because of all the bad influences the production is causing to the environment, animals and climate. Most of them feel though that the alternative products available at the moment (oat milk, soy milk) are not as good in taste or texture. This is the main reason they are consuming milk instead of plant based products which they find more ecological and guilty-free. If there would be a plant based alternative that would taste as good as milk and behave the same way in cooking or with coffee, they would all change to that product.

The group had an idea of a "climate milk" or "animal wellbeing milk". A milk that would truly have positive impact on the environment. The animal wellbeing milk could be something similar to free range eggs. The products wouldn't have to fulfil all the criteria that for example organic products have to but the conditions of the productions animal would be significantly better. The cows would be able to go outside and be with their calves more than just a day. The climate milk would work so that the dairy company

would donate a certain percentage of the price to work against climate change. Or the dairy company could prove that they have considered climate issues in their production and tell about the changes. Some proves about the changes in animal conditions and positive climate actions would be needed to prove that the company actually does something to make things better and that everything is not just another cheap marketing trick which the focus group say to despise.

The group thought that it would give them more value if they knew that the milk they buy is produced near where they buy it from. Because Finland is a long county and the distances are long they feel that it is very stupid that milk that is produces in North of the country is transported to stores in the South of Finland.

The group was willing to pay about 1,50 € form one litre of “climate milk” or “animal wellbeing milk” which is about 50 cents more than what a litre of regular milk costs. Even is the product would be significantly better for the environment or animal, the group still considered milk to be a bulk product.

10. Summary and Conclusion

In this chapter the study is summarised and conclusions about the findings are made. At the end of the chapter the findings of the study are compared to the theoretical framework and the used theories.

10.1 Summary

The aim of this study was to find out if the differentiation of different features of the 4P's creates value to the focus group in the product milk. The study was executed as a group interview which was guided by the theoretical framework of the study composed earlier. Questions for the empirical part were conducted from the theoretical framework also.

In the P of Product the differentiated features were milk that has protein added to it and organic milk. The focus group did not find the added protein as a feature that would add value to them and would not pay more for this product. Overall this feature was found to be unnecessary. Though it was mentioned that this kind of milk might be a good choice for elderly people who the group felt do not necessarily get that much protein from their diet and could potentially benefit from the added protein.

Organic milk was perceived as a product that adds value to the focus group. They felt that by consuming organic milk they make a better choice for the environment, the production animals and for themselves. The value of organic milk was the fact that the production takes the environment and animals into consideration. The group was willing to pay more from organically produced milk, approximately 20-30% more than from normal milk. This makes the acceptable price approximately 1,20 € - 1,30 € per litre.

Although the organically produced milk was seen as a value adding product the organic label wasn't seen as a necessity. At the moment it is really difficult to get the certificate for organically produced product. The group thought that they didn't necessarily need this particular certificate if the product is otherwise produced responsibly and taking environment and animal wellbeing into consideration. At the moment the organic product certificate forbids all additive form for example milk, but the group would like to see added vitamin D in a more naturally produced milk. With these thoughts the group

came up with the “climate milk” and “animal wellbeing milk”. An alternative that secures wellbeing of the animals and environment but can have for example added vitamin D in it.

In the P Price the differentiated feature was lowered price for example with private label brands. The group felt that it adds value to them in a sense that it brings more options to choose from. The group was very aware of prices of milk but the price was not the most important factor when choosing the product. Other features, like organic production was seen more important even though it usually increases the price.

In the P Place the differentiated feature was doing groceries online and having them delivered to your door. The group felt that this feature would add value in some situations. The group said that they would not use it regularly in everyday life but would definitely use it to save time if they would have bigger families because then they might need to buy a lot more groceries and heavy stuff like milk more often. Another situation when doing groceries online would be beneficial to the group was if they would throw a party. Then this system would be really handy and save time. They said that they would not use this kind of service to buy only milk. They would use it only when buying a lot at once. The group estimated that 10 € would be the maximum price for this kind of service.

10.2 Results of the study and conclusion

In most of the 4P's the differentiation didn't create customer value to the focus group. The group thought that the most valuable differentiated P would be the organically produced milk. The group valued highly that organically produced milk takes the animal wellbeing and the environment more closely into consideration than traditionally produced milk. Also other environmental issues were discussed in other parts of the interview. The group cared deeply about the impact their consumption habits have on the environment, animals and the planet. Some felt guilty that they harm the environment with their choices and are thinking about the matter a lot. Milk as a product doesn't necessarily bring any solutions to their concerns about the well-being of the animals and the planet.

The least valuable P for the focus group was promotion and possible new channels for advertising milk. They felt that advertising is mainly misleading and based on false assumptions of cows ranging freely in meadows, when they are actually kept in bad conditions on their opinion. Advertising raised many opinions and concern that maybe even scientist and other professionals could be payed to say what big companies want to the customers to believe. Advertising was seen more as an annoying thing overall as a phenomenon and with the product milk.

All the other differentiated features of the 4P's didn't raise that much oppositions or support. Many of them were seen relatively good or bad depending of the situation. For example differentiation of the price wasn't a big factor when deciding what product to buy and the focus group saw good and bad points in differentiation of the place which was doing groceries online and getting them delivered.

To create value through differentiation of the features of the 4P in the product milk for this particular customer segment a milk company would have to try other features of the 4P's. More ecological and environmental friendly point of view should be tried and the differentiation could take more eco-friendly approach since this was the only feature that the group truly felt that could create more value for them.

The environment could be easily taken into consideration in the P of place. Place means the selling points of the product and also the delivery chain. Finland is a long country and delivery routes can sometimes in some product be really long. This could be altered in moving the production places closer to the customers so the delivering would be faster and the carbon monoxide footprint smaller. Local production would be the key.

Price means the sum of money the customer has to pay in order to get the product. The group already innovated a climate milk that would be a bit more expensive but the extra money would go to support a climate or other programs and in that way do good for the environment. This idea could be used wider and with different fundraising targets.

Even though the other differentiation in the P of the product was successful in the eyes of the focus group, other ecological differentiations are possible too. Like for example creating the "climate milk" or "animal well-being" milk that the group innovated. This product would take the environmental aspects into consideration even more widely than organic production.

Promotion and its features being differentiated was the least liked option overall with the focus group. Taking an ecological point of view in its differentiation and make it appealing to the focus group could be a challenge. The trend of marketing and advertising are more digital in these days. But the focus group did not feel like they got any value from advertisements in social media even though that is a very popular place to reach customers nowadays. When taking a more ecological and environmental friendly approach to the differentiation of the features, advertisement could be used as a channel to communicate the other differentiated features that support the environment. The concept of advertising would not change radically but its focus would be on communication the other environmentally friendly differentiations.

10.3 The results compared to the literature

As the literature of creating marketing strategy stated: it is very important to do marketing research and analyse the target customers and the market before making any big decisions about the marketing strategy and how marketing will be done in the company. Analysing the customers and the market gives a lot of valuable information to the company and can prevent them from making decisions that only cost them a lot but bring nothing back to the register. Research is can be very helpful also even before launching new product to make sure that there is a demand for the planned new product.

The 4P's of the product are the means through which the company competes in the market. The differentiation of the features of the 4P's of the product milk was a means to create value for customers in this study.

If milk producers and companies would like to target the people fitting into the criteria of the focus group (academic women in their thirties living in the capital region) they would have to go far away from how they have planned selling and marketing of the product at the moment because these customer do not value what they offer and cannot be reach through the differentiation of the features of the 4P. Buying is based on having value created through the purchase and no one will buy if the purchase causes more concern than value. The differentiation examples in this study did not create value for the focus group.

If milk producers and companies would like to sell to this particular group of customers they would face a lot of problems. First of all these customers are not that interested in the products it self. In the interview it came up that many of the group members would like to have a plant based alternative for the product milk that would function and taste like milk. It could be assumed that no matter how much the seller would differentiate the products 4P's features, it would not be appealing to this particular group. Especially if a plant based would be available.

Differentiation of the features of the 4P's might be a good option when a company wants to serve a very particular group of customers and create value for them. Or another scenario would be when it wants to get new customers and differentiation of the features of the already existing 4P is possible for them. Differentiation of the features of the 4P's can create multiple options for the company to create value to its customers. But only through research they can really know which features are the most possible ones to create value to the target customers. Differentiation can cost a lot of money if for example big changes are needed in the production line or if a new raw material is very expensive. It is not a good idea to start big differentiation projects without some certainty of how the customers will react to these changes.

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