Consumer Research to Revitalize a Russian Brand

Worcester Polytechnic Institute • Major Qualifying Project

Submitted to:
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In Collaboration With
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CONSUMER RESEARCH TO REVITALIZE A RUSSIAN BRAND

Major Qualifying Project Report completed in partial fulfillment of the Bachelor of Science degree at
Worcester Polytechnic Institute, Worcester, MA

Submitted To

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In Cooperation With
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Abstract

Mikromashina is a small appliance manufacturing company located in Moscow, Russia, that experienced stagnant growth in the past years. To build its business, Mikromashina needs to increase its brand awareness and develop brand equity. In order to do this, Mikromashina needs to implement short-term and long-term strategies that involve push and pull marketing strategies. Having conducted consumer research via surveys, focus groups and interviews, our team made recommendations for Mikromashina to expand its channels of distribution, customer network and engage in brand building in order to become a more successful company in the face of fierce competition.

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Executive Summary

Mikromashina, located in Moscow, Russia, is a small appliance manufacturing company that has been in operation for over 90 years. The company produces a range of products including coffee grinders, electric razors, electric tea kettles and blow dryers. Consumers of Mikromashina products often describe these products as very durable, reliable, and price efficient. Although Mikromashina products are often praised by consumers, the company struggles with the visibility of their brand.

Mikromashina relies on their loyal consumers of their products but with an aging consumer base, it is difficult for them to keep the company running smoothly. While Mikromashina has a consumer base of older Russians in rural areas outside of major cities, this consumer base is gradually dwindling. In fact, it is safe to say that roughly 70% of Russians under the age of 40 years old have never heard of the Mikma brand. In order for the Mikromashina brand to survive, it is imperative that they gain more visibility for the younger demographic, particularly younger Russians who live in major cities such as Moscow.

The goal of this project was to make recommendations for Mikromashina in order to help them increase their brand awareness, particularly among young Russian consumers. However, we found that Mikromashina's finances were a major limitation that we faced when developing these recommendations. As Mikromashina would not share information regarding their finances and profits with our group, we had to keep a minimalistic budget in mind when constructing these recommendations. In order to develop financially realistic recommendations, we decided to recommend both short-term and long-term goals. Our short-term recommendations for the company are more financially realistic whereas our long-term recommendations are meant to be implemented when Mikromashina is more financially able to spend more money promoting their brand and improving their products.

In order to develop optimal recommendations for Mikromashina, we collected multiple forms of data. Our data collection involved internal interviews within Mikromashina. Prior to arriving at Mikromashina, we admittedly did not have much information about the company. We were unable to find much information about Mikromashina on the internet so we primarily relied on a couple of preliminary Skype calls to the company in order to learn about the company, but this was still not enough information for our group to begin our research and data collection. When we arrived at the company, we made it our first priority to interview various staff members of the company. This allowed us to gain a better insight of the company's background as well as internal perceptions of Mikromashina. Although we collected invaluable opinions and perceptions about the company from several different Mikromashina staff members, they all reiterated the same idea: brand awareness needed to be improved among young Russian consumers.

While it was evident that Mikromashina needed to expand their consumer base to the younger demographic, it was impossible for our group to make accurate recommendations to Mikromashina without first understanding the young Russian consumer. More specifically, we needed to learn how young Russians made their small appliance purchases. We distributed a comprehensive survey to over 200 college students between the ages of 18 and 40 years old. This survey included questions about how the respondents obtain information about small appliances, and also which small appliances they own or plan on purchasing within the next few years. Also, since Mikromashina's most emphasized products tend to be their coffee grinder and their electric razor, we asked the participants of this survey specific questions that involved these two products. The results of this survey had a major influence on our final recommendations to Mikromashina.

Our last form of data collection involved focus group interviews. Focus groups were essential to our project because it allowed us to sit down with real Russian consumers and discuss their purchasing habits. Moreover, this also gave us the opportunity to hand out Mikromashina products to the consumers and obtain their feedback on the various products. One of these groups was an expert group of marketing professionals while the other group was a group of young consumers. Both groups provided us invaluable feedback on the Mikromashina products. They told us whether or not they would buy these products and why, and they also compared these products to the small appliances that they already own. The results of these focus groups were also a key factor in determining our final recommendations to the company.

After collecting and analyzing all the data given to us by young Russian consumers, we were able to develop recommendations and conclusions. First, we formed our short-term recommendations that we believed would be most beneficial for Mikromashina given their financial status and consumer preferences. These recommendations were based on push and pull marketing strategies. Push strategies involve providing incentives to channel members to bring the brand to the customer and pull strategies involve motivating the customer to seek out the brand. By implementing a good balance of both push and pull strategies, our group was able to recommend a series of short-term strategies for Mikromashina. After developing our series of short-term recommendations, we developed two long-term recommendations. These long-term recommendations are more costly and risky for Mikromashina to implement, but throughout this project, we believe that Mikromashina needs to take risks in order to achieve long-term success as a company and as a brand.

Ultimately, all of our recommendations were based on the same basic principle: Mikromashina needs to stop defining themselves by their products and instead they need to start focusing on their brand. Too much emphasis is placed on their product line that they fail to look at what, exactly, young Russian consumers are looking for in the products they purchase. While we believe that Mikromashina has the potential to succeed, we feel as though the company will not succeed if they do not consider serious rebranding. If they continue down the path that they are going, we have little confidence in the future of this company and this brand. However, if Mikromashina takes our recommendations into serious consideration, we believe that they have the potential to succeed.

Chapter One – Introduction

Large household appliances, such as ovens and washing machines, are among the most significant items that people consider when buying products for their homes. However, people often forget about the significance of the small appliance industry. While people easily discuss their favorite brand of dryers, they tend to overlook the fact that most consumers spend a great deal of time comparing and contrasting different brands of small appliances, including electric razors and coffee grinders.

In both the American and Russian market, consumers value small appliances that are new and innovative. The average consumer values appliances that are relatively inexpensive but of high quality. Moreover, the average European or American person typically values any small appliance that will reduce the amount of time that they spend on their domestic daily activities; therefore products that are more efficient are typically preferred over products that are perceived as more time consuming.

As discussed in the next chapter, the cultures across countries are different and this fact must be taken into consideration. The daily lifestyles, for instance, are very different when comparing Russian consumers with those of American consumers. It is also important to analyze how much time people can devote to in regards to their small appliances. Are they home most of the day to work in the kitchen? Do they mind devoting a lot of time to their appliances? These are all questions that must be answered and analyzed when researching consumer trends and what buyers value most in their products, specifically the small appliances industry.

Mikromashina, a plastics molding company located in Moscow, Russia, specializes in small kitchen and personal care appliances. While this company has been operating for approximately one hundred years, they are currently under capacity, and have low brand awareness among young consumers. Moreover, the opening of Russian markets has resulted in the emergence of new competitors who have taken some of their market share, while the company has product lines with few new introductions. While many older Russians still grind their own coffee beans, many younger consumers find a quick, efficient, coffee maker to be preferable since they do not have a lot of time to devote to their appliances.

Although Mikromashina is primarily a small appliance manufacturer, they pride themselves on their plastics molding abilities, and actually manufacture products for their competitors under contracts. Mikromashina is a Soviet-era company that did not have to aggressively market to consumers under a state-run economy. Since the collapse of the USSR in 1991, this is no longer the case and Russian consumers (particularly young consumers) are buying small appliances manufactured by Mikromashina's competitors (e.g., Bosch, Phillips, etc.). Although Mikma has a long and proud history of being a small appliances manufacturer, this does not particularly matter to the young Russian consumer. More and more consumers are becoming interested in multifunctional, top of the line products with innovative designs and brand recognition.

Our group combated the issue of visibility and worked to improve the brand awareness of Mikromashina while we were in Russia. By analyzing the small appliance markets of the United States and of Russia, we have been able to determine the differences and similarities of the two markets. In order to help Mikromashina achieve their goals of increasing their visibility and marketability, we used focus groups, surveys, and expert interviews. These methods enabled us to we gain better insight of consumer opinions and attitudes towards Mikma and their products. For instance, we were able to determine their feelings towards Mikma products and their level of brand awareness. Moreover, we have been able to determine what consumers look for in their small appliances and more specifically, what they look for in their coffee makers since Mikma specializes in coffee grinders. The expert interviews were also very useful as we were able to interview buyers of major companies within the Moscow area and ask them how they make their purchasing decisions and find out what it took for Mikma to be able to sell their products within these major companies. By implementing these methods, we were successfully able to make recommendations to Mikma to help them achieve their ultimate goals of improving their visibility and marketability.

Chapter Two – Background

2.1 Introduction

Coffee and coffee-related beverages are amongst the most consumed beverages on earth, although consumption is particularly high in Europe and North America. The American coffee market is so large that it is currently an approximately $32 billion industry ("Specialty Coffee Facts and Figures," 2012). There are many differences in consumption trends and market behavior between the American coffee market and those of other countries. An example of such a country with a significantly different coffee market than the United States is Russia. Compared to the American coffee market, the Russian coffee market is relatively small, considering most Russians are avid tea-drinkers. Despite Russia's relatively small coffee market, there are other Russian companies who specialize in the manufacturing of coffee-related products. One such company is Mikromashina, located in Moscow, Russia. Mikromashina is a company that manufactures small appliances, and is was known during the Soviet-era for their production of small appliances, primarily coffee grinders and electric shavers. This chapter will analyze the differences between the two small appliances markets and discuss the company in more depth. In order to help Mikma achieve their ultimate goals of visibility and marketability, our group determined that it was important to analyze the small appliance industry with special emphasis on the coffee industry.

2.2 American Small Appliances Market

2.2.1 Sales

The industry for small household appliances within the United States as well as globally typically includes coffee makers, blenders, microwaves, and other various small appliances. Even when the economy is not strong, many small appliances manufacturers find that most Americans are still willing to pay large amounts of money for decent small appliances; For example, some people will still pay more than $1,000 for an espresso machine despite a weak economy (Hagerty, 2012). However, during a weakening economy, most customers of household appliances will delay buying bigger, more expensive appliances such as refrigerators and washing machines. The CEO of Whirlpool, Jeff Fettig, has even quoted that "[Whirlpool] has been able to grow the small appliances [sales] right through the recession," (Hagerty, 2012). Moreover, a financial-services expert from New York, Gil Elliot, admitted to buying a $1,750 espresso maker because, as he quoted, "[The espresso machine] will make any espresso-based drink you want without manual intervention," (Hagerty, 2012). Despite the economy, many companies have found that people are willing to spend a large amount of money for small appliances that can guarantee quality and efficiency to consumers.

Prior to the 2008 recession within the United States, the total U.S. retail sales of large home appliances, including refrigerators and ovens, dropped 5.1% in one year (Hagerty, 2012). This can be explained since the sales of homes themselves also dropped as the economy became weaker, which in turn affected the need for washing machines and fridges. However, the total sale of small appliances within the United States increased by 2.1% to $5.2 billion (Hagerty, 2012). Among this percentage of small appliances, coffee and espresso makers were the fastest growing industry (Hagerty, 2012). It is evident that coffee makers within the United States are dominating the market for small appliances, as most Americans are consistently seeking convenient coffee maker for their homes. Figure 2.1 below shows the industry statistics of the coffee maker manufacturing industry in the United States.

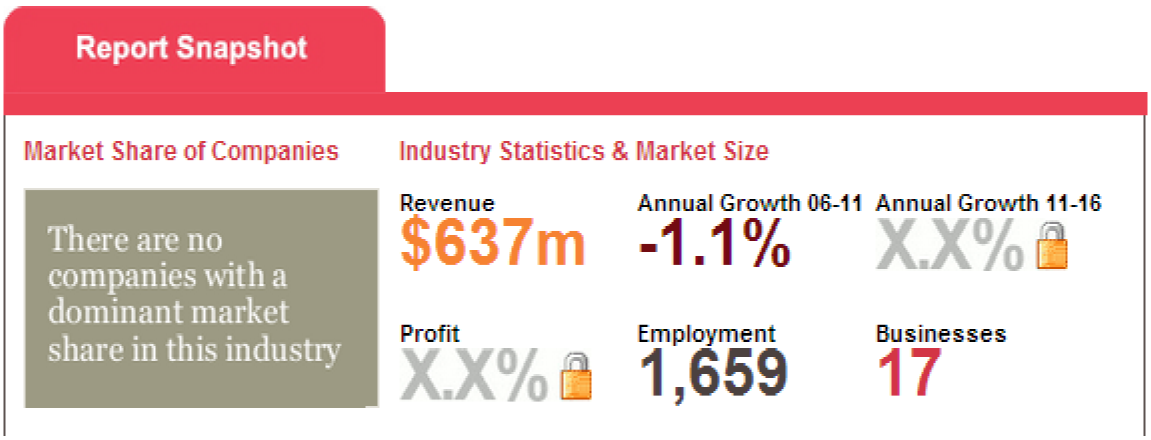

Figure 2.1: Industry Statistics and Market Size of the Coffee Maker Manufacturing in the US

Source: "Coffee Maker Manufacturing in the US: Market Research Report." (September 2011). Retrieved from http://www.ibisworld.com/industry/coffee-maker-manufacturing.html

2.2.2 Trends

Companies within the coffee maker industry typically focus on manufacturing small coffee appliances that are capable of brewing coffee or making espresso beverages. While many other appliance industries, particularly the large appliance industries, experience slow growth and sales during a weak economy, coffee appliances typically do not experience this effect. Recent scientific research that was conducted indicating the health benefits that people will receive if they increase their regular coffee intake ("Coffee Production in the US," 2012) could potentially be responsible for the stable/increasing coffee appliances market. Moreover, the coffee industry has predicted that the price of raw coffee beans is expected to decrease within the next five years; therefore coffee consumption levels are expected to remain high.

From the years 2007 to 2012, the coffee production industry has reported steady American coffee consumption, despite a consistent growth in the price of coffee ("Coffee Production in the US," 2012). The industry generally produces coffee this by repurchasing coffee beans and then proceeding to process the beans into roasted or ground coffee products for consumers to buy ("Coffee Production in the US," 2012). The products that this industry produces are ground roasted coffee and whole bean coffee, and the industry primarily focuses on manufacturing coffee, coffee extracts, and coffee concentrates ("Coffee Production in the US," 2012). The companies that produce coffee for consumption have predicted their revenue to experience an average annual increase of 5.2% within the five years after the year 2012 ("Coffee Production in the US," 2012). While the coffee industry already experiences consistent growth, the coffee production industry expects that the trends for coffee consumption will continue to grow during the years immediately following the year 2012. Figure 2.2 below shows the industry statistics determined by the coffee production industry.

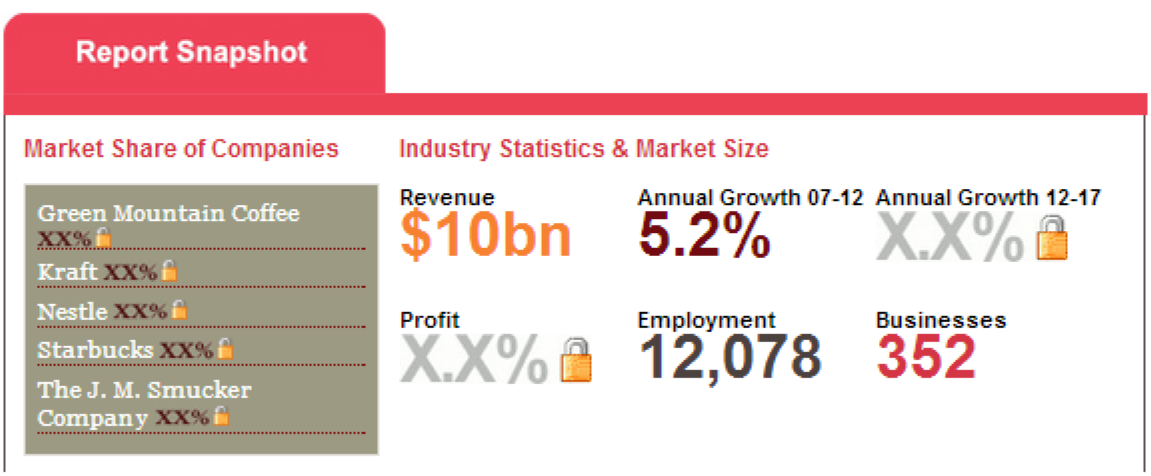

Figure 2.2: Industry Statistics and Market Size Determined by the Coffee Production Industry

Source: "Coffee Production in the US: Market Research Report." (December 2012). Retrieved from http://www.ibisworld.com/industry/default.aspx?indid=272

2.2.3 Channels

The American coffee market is said to be very fragmented despite its tremendous growth and popularity among consumers. The coffee distribution channel is oftentimes considered to be complex, as coffee beans are generally distributed from farmers to collectors, collectors to miller, miller to exporter, and exporter to the importer who finally sells the coffee to producers and roasters (Keskiviikko, 2012). Many coffee companies feel as though this large distribution method of coffee beans has the tendency to negatively affect the quality of the coffee itself. One such coffee company that aims to "work up the supply chain" and lessen the distribution method is Starbucks (Keskiviikko, 2012). Starbucks maintains good relations with the actual farmers who grow the coffee beans. By doing so, the company bypasses all of the middle men, such as the collectors and millers, and collects the coffee beans directly from the people who grow them (Keskiviikko, 2012). This is a valuable marketing channel to follow, as it saves the company money as well as preserves the freshness of the coffee products.

Starbucks is an example of a coffee company that uses multiple channels of distribution. One market channel utilized by Starbucks is that the company sells its coffee products through a direct retail system in other stores that the company owns (Keskiviikko, 2012). This means that Starbucks imports coffee and then proceeds to sell the products under their own brand names in various stores (Keskiviikko, 2012). Another market channel that the company uses is selling its coffee in supermarkets and malls (Keskiviikko, 2012). This allows the consumers to have the option of buying the Starbucks brand coffee in other destinations other than the Starbucks store itself. This has been described as an effective marketing strategy considering consumers will buy the coffee because it happens to be sold in a convenient location even though they may not be paying attention to the specific brand of coffee itself. Lastly, Starbucks sells their coffee in hotels and on airlines, therefore making their coffee readily available to traveling consumers (Keskiviikko, 2012). By taking advantage of the multiple marketing channels that are available to them, Starbucks reaches a wider market of consumers and therefore generates more profit (Keskiviikko, 2012).

Starbucks is not the only major retailer of coffee products that takes advantage of the multi-channel distribution network. The Green Mountain Coffee Roasters, the company that acquired and operates single-serve Keurig machines, have also a coordinated multi-channel distribution method ("Company description," 2011). The Green Mountain Coffee Roasters company sells their products through a variety of different channels, including supermarkets, convenience stores, hotels, restaurants, and universities, very similar to Starbucks' marketing methods ("Company description," 2011). By utilizing this multi-channel method, Green Mountain Coffee Roasters have discovered that they have been able to maximize brand recognition and product availability by serving a variety of different people at convenient locations ("Company description," 2011).

Many large corporations, particularly major coffee companies, take advantage of this multi-channel marketing method in order to reach a larger audience and generate more profit. Even though following a multi-channel distribution method is a logical step for a business to take, it is important that the disadvantages of such a market are taken into consideration. One example of such a disadvantage among this marketing method is a loss of focus. Many companies find that they unintentionally become less and less focused on each individual unit as they develop more types of various marketing channels (Morello, n.d.). Moreover, as companies branch out into multi-markets, they typically find that they have to develop different advertisements for each market due to the differences in demographics (Morello, n.d.). This can often lead to an inconsistency among messages that the company is trying to portray and therefore may confuse the market base and lose consumer loyalty (Morello, n.d.).

Next, even though appealing to a wider market may attract a wider base of consumers, it is important that companies are aware that this creates an increased expense for the company. Multi-markets require extra staff members as well as an increased cost to develop and effectively run the business at a different location (Morello, n.d.). Since multi-marketing channels generate more sales, many business owners tend to overlook the added costs of running the business through a multi-channel market, which is a major disadvantage for many companies (Morello, n.d.). Lastly, multi-marketing distribution channels oftentimes face a series of challenges when it comes to scheduling. This can become confusing to many companies since some forms of marketing and advertising are paid immediately while others are paid after the advertisements have been aired (Morello, n.d.). This often creates confusion regarding payments and results in debt for many companies (Morello, n.d.). Therefore, while a multi-market company initially looks promising and appealing to many companies; it is important for businesses to keep these multi-market channels in mind while making their decisions.

2.3 European Small Appliance Market

2.3.1 Sales

As of the year 2010, the European market for small household appliances has overall been very positive. In Western Europe, sales for small appliances increased by 6% from 2009 to 2010; Eastern Europe experienced a similar increase of 7% within the same two years (Consumer Lifestyle News, 2010). Western European countries, particularly Germany, Spain, France, Italy, the Netherlands, and the United Kingdom, attribute their growing small appliance market to new, innovative products that match consumer demands as well as an altered retail landscape. The top selling small domestic appliance within the European market is vacuum cleaners, which accounts for nearly half of the total sales growth within the small appliance market. However, food preparation appliances, coffee and espresso machines, and men's shavers also contribute a large amount of sales to the small appliance market in Europe (Consumer Lifestyle News, 2010).

Much like the United States market for small appliances, the economy in Europe does not typically affect the sales of small appliances within the nation. In fact, the market for small domestic appliances within Europe has been described as being "virtually resistant" to economic and financial crises (Consumer Lifestyle News, 2010). Consumer reports in Europe have indicated that one of the reasons for this is that European consumers typically do not make many frequent purchases, but, rather, they typically spend more money on new, updated small appliance products. The small appliance market in Europe finds that consumers are more attracted to products that are of high quality and innovative features (Consumer Lifestyle News, 2010).

Coffee and espresso machines, which significantly contribute to the European market, have been steadily growing within this market. In the first half of 2010, total sales in Western Europe increased by 4% due to the large amount of consumers expressing interest in espresso machines. The highest level of growth reported was from espresso capsule machines, which experienced an 18% increase in the volume of sales. Consumers within the European market generally prefer “single serve solutions” with regards to coffee making. Single serve coffee makers have increased by 5% in 2010 compared to fully automatic coffee machines which experienced a 6% decrease (Consumer Lifestyle News, 2010).

Altogether, the sales revenue of household small appliances has increased by about 7% in the major European countries. Similarly to the United States market for small appliances, the European market reports that the financial position of the country does not typically affect this particular market. In particular, vacuums, food processors, and coffee makers are among the products that are the most popular with consumers of European countries. In regards to the coffee maker in particular, however, Europeans typically prefer the benefits of a single-serve, efficient, coffee maker over more traditional coffee makers (Consumer Lifestyle News, 2010).

2.3.2 Trends

The European trends for small appliances tend to differ greatly from the United States trends. The United States appliances tend to be more of a conservative fashion in regards to the aesthetics. However, the small kitchen appliance designs in Europe tend to follow more of the current fashionable and innovative trends (Turpault, Mathieu, 2010). Many Europeans often trade their products and appliances for new, upgraded products as new featured products enter the market. While American industries tend to lay most of their focus on features and functionality of products, Europeans tend to focus more on the design and aesthetic features of products (Turpault, Mathieu, 2010).

2.3.3 Channels

The distribution channels for appliances in Europe are similar to the channels in Russian and American markets. Many European markets sell their appliances through multiple distribution channels. Most companies seek out retailers that are small, local, and independent as well as larger retailers to sell their products (Electrolux Annual Report, n.d.). With a growing coffee market, Europe tends to sell their coffee through similar distribution channels as their small appliances.

United Coffee, one of Europe's largest coffee roasters, produces and distributes a large range of coffee, coffee machines, and various other products that are related to coffee. This company is considered a leader within the market and roasts over 60,000 tons of coffee per year, supplying many of Europe's top food service companies (Welcome to United Coffee, 2010). One of the reasons why this company is so successful is because of its system of multiple distribution channels. Aside from selling their products within their companies, United Coffee also sells their beverages within hotels, restaurants, and cafes. By doing so, consumers are able to buy products from this company at various sources and are able to easily access these products despite the location of the consumers. Due to the growing marketability of this company, United Coffee has become a leader across major countries such as France, Germany, the Netherlands, Spain, Switzerland, and the United Kingdom (Welcome to United Coffee, 2010).

Overall, it can be concluded that companies benefit from selling their products through multiple distribution channels. By selling products in convenient locations such as hotels, convenient stores, restaurants, and other popular destinations, customers have easier access to products and therefore are more inclined to buy the products. Oftentimes, the companies that make these products will become more popular when selling through various distribution channels. By doing so, consumers may perceive these companies as tailoring more to their needs by paying attention to likely locations of their consumers. Therefore, companies that sell through multiple distribution channels tend to be more popular with their consumers than companies that do not sell their products through many channels.

2.4 Russian Small Appliance Market

2.4.1 Sales

The demand for consumer small appliances in Russia has been consistently rising ever since the fall of the Soviet Union (Appliance Magazine, 2007). Considering Russians now have much more disposable income than they have had in the past (primarily in the major cities), the intricacy, functionality, and efficiency of small appliances has increased with the demand. Although Moscow and St. Petersburg both have the largest concentrations of wealth in the country, the two areas only account for approximately 15% of the countries consummation of small appliances (Intesco, 2012). The regional distribution of small household appliances by region is shown below in figure 2.3:

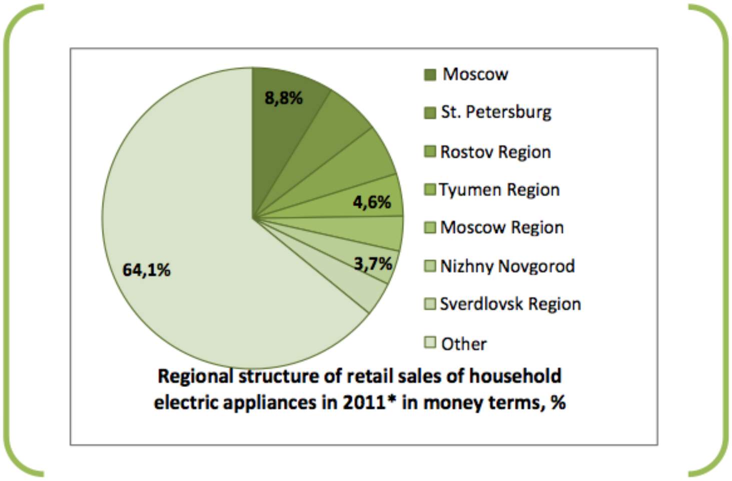

Figure 2.3: Regional Structure of Retail Sales of Household Electric Appliances

Source: (Intesco, 2012)

After the economic crisis of 2008 however, as was the case with most industries and markets, the Russian small appliances market suffered greatly. The market began to see recovery in 2010, which boosted sales and returned purchasing power to Russian consumers who were more financially stable (Euromonitor, 2013).

The lifestyles of Russian consumers must be taken into consideration when analyzing the sales of Russian small appliances. As the economy of Russia develops rapidly, the lifestyles of Russian consumers change considerably. More Russians find themselves spending more time at work and therefore demand products that will bring efficiency to their lifestyles. To put it simply, many Russian consumers find that they do not have much time anymore to devote to standard household chores on a daily basis. Taking this into consideration, the people of Russia are more attracted to products that will ease the amount of time that they spend on engaging in these household chores so that they can devote more time to their work schedules (Euromonitor, 2012).

One of the major difficulties that Russians face while trying to find more convenient products for their homes is the issue of space (Euromonitor, 2012). Compared to American households and American kitchens, most Russian households are smaller and contain smaller kitchens relative to American kitchens. Therefore, when developing domestic products for Russian households, it is important that producers consider the issue of space. In order to maximize efficiency within these households, every small appliance solution must be aware of the small amount of space within Russian homes in order to produce successful solutions within the small appliance industry (Euromonitor, 2012).

Much like American consumers, Russian consumers look for services and a wide array of products which are offered by chains (Euromonitor, 2012). The Internet has become increasingly popular within the Russian small appliance market. Many Russian consumers would rather purchase their small appliance products via the Internet as opposed to going to a department store. In 2011, more and more Internet stores became available and retailing grew and developed significantly within this year. Due to the enormous popularly of the Internet stores, store-based retailers have been increasing their Internet visibility by selling much of their products online (Euromonitor, 2012). The flexibility of allowing consumers to purchase their goods online have brought much efficiency within the lives of Russian consumers, as this allows them to easily compare and contract prices of various small appliances.

The 1991 transition from a Soviet planned economy to a market economy revolutionized virtually all markets within Russia. This transition has created both opportunities and multiple challenges within Russia, for Russian companies to enter the global market, and even to compete in their own. In this section, we analyze both the current trends, and historical significance these factors have had on the Russian small appliance market. After the economic turmoil of 2011, Russian consumers increased their spending on kitchen gadgets (Euromonitor, 2013). Russians traditionally cook at home, and small appliance companies advertised to appeal to these consumers by “promot(ing) novelties such as halogen ovens, electric steamers and fully automatic coffee machines.” (Euromonitor, 2013). In 2011, small kitchen appliances registered a volume growth of 5%, and a current value growth of 15%. These numbers are expected to increase between 2013 and 2016. Having disposable income is a relatively new concept to many Russians, and both the government and corporations see opportunities for growth due to this fact.

According to a report from Euromonitor International, “The economy of the country is well-placed for further development. The government is aiming to increase the disposable incomes not only of urban consumers, but also rural residents. Therefore, due to rising disposable incomes and the growing demand for products designed to make the cooking process easier, small cooking appliances in Russia has prospects for further healthy growth.”(Euromonitor, 2013). These figures suggest that at least within Russia, Mikromashina has a place in the market, and if they can deliver the increased ease of use and features that consumers who now have disposable income want, they will be able to compete and grow within the Russian economy.

As noted above, Russians for the first time have a lot of expendable income. In fact, as of 2013, Russians spend approximately 60% of their pre-tax income shopping. This is the highest percentage in all of Europe. This ability to spend so much more money on luxuries is that under the government of the Soviet Union, the entire housing industry was public, and housing was provided to all Russian citizens. Hence, after the collapse of the Soviet Union in December of 1991, many Russians already owned their houses, and continue to live in them.

Russia has one of the world’s largest economies and is an emerging economic power on the world stage. Although most of Russia’s exports are natural resources (particularly crude oil) they are slowly but surely entering the global consumer goods market. However, the majority of Russia’s exports are within Europe, or with China. As Mikma has expressed interest in expanding into markets outside of Russia, where and what Russia currently export is pertinent information. Figure 2.4 below displays Russia’s export locations circa 2006:

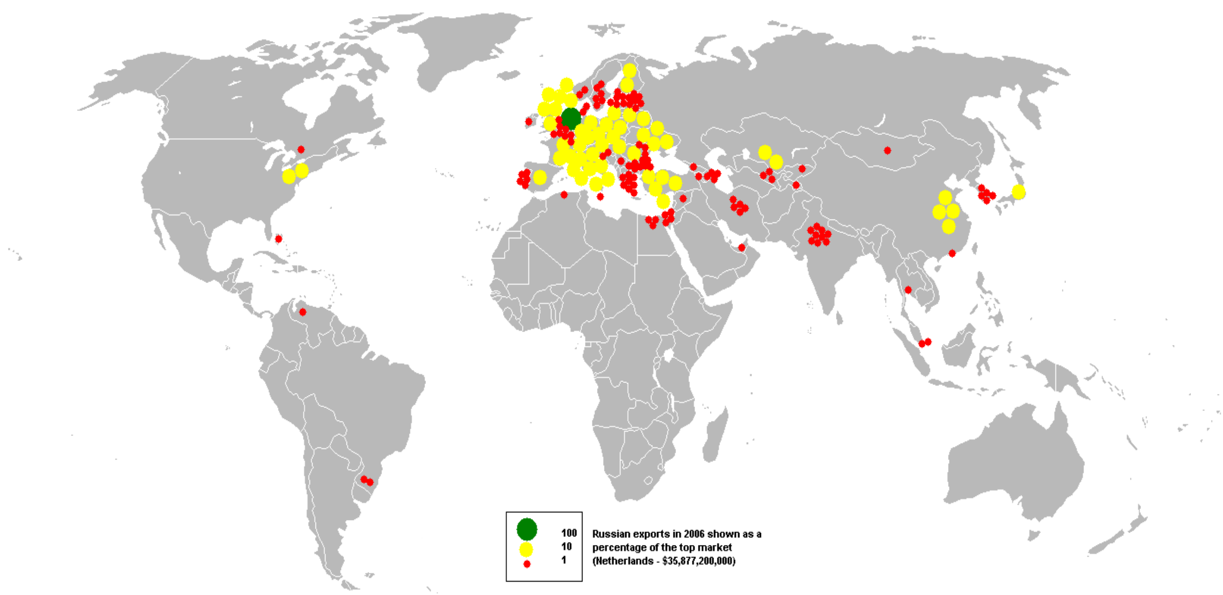

Figure 2.4: Russia’s Export Locations Circa 2006

Source: Wikimedia, Russian Exports. http://commons.wikimedia.org/wiki/File:2006Russian_exports.PNG

As can be seen on the map above, Russia has very few exports to non-European countries. Expansion into the U.S. market is a feat for Russian companies that are not currently facing the brand equity and awareness problems within Russia, which raises doubt as to Mikma’s ability to expand anywhere out of the Russian/post-Soviet countries market.

After Russia’s economic downturn of 2011, the market for small cooking appliances began to grow substantially (“Small Cooking,” 2012). Russian consumers began purchasing new cooking appliances, many of which included coffee machines that were completely automatic. While the amount of coffee machines that Russian homeowners have in their households are small compared to the United States, the Russian coffee market is discovering that espresso makers and pods are gaining popularity and a growing demand. In 2011, coffee machines in Russia saw a growth of 2% in terms of volume and an 11% growth in current value. Many people within the coffee industries are attributing this to media positively portraying coffee in Russia (“Small Cooking,” 2012).

The overall outlook for the future of small appliances in Russia appears to be very optimistic. Euromonitor (2012) predicts that the Russian appliance market will see a considerable amount of growth and development. Forecasts suggest that within the Russian market, the small appliances that save Russian consumers a great deal of time and space will be successful. Moreover, the growth rates for small appliance products that positively affect the health and wellness of consumers is also projected to be high over the forecasting period (Euromonitor, 2012). The Russian small appliance market will be successful over the coming years provided that the industry pays attention to the desires and necessities of their Russian consumers.

2.4.2 Trends

Along with the increased quality and sales of goods since the economic downturn, Russian consumers also have been responding to the increased customer service and diversity of goods, as stated by a Euromonitor consumer report: “Although electrical goods retailers multiples historically accounted for the biggest share of volume sales, it still saw further development in 2011. Consumers appreciate good service, expert advice, after-sales care and a wide choice of products, which are offered by chains". A large increase in sales in small appliances can also be attributed to the newly available diversity of goods. As is the case with American consumers, Russian consumers appreciate the process of making "objective comparisons of different models, prices and brands." (Euromonitor, 2013).

With the rapidly developing economy, Russian consumers are spending more money and giving more attention to small household appliances, which save them time and effort in their daily routine. Russian houses tend be smaller than American houses (russianreport, n.d), so smaller appliances (as opposed to larger ones) that help Russians save time in cooking, cleaning, ironing, etc. have become particularly popular in the past 3 years (Euromonitor, 2013).

A study from a Russian advertising agency called Region-Media conducted a large study of the market trends and purchasing power of certain demographics within the market. Russian consumer goods manufacturers and advertising agencies have been segmenting the Russian consumer market into seven different "categories" of consumer as opposed to more traditional age/gender/location market segmentation. These categories investigate more of the style and habits of the demographics, and are thus more useful to companies seeking out trends and wanting to enter the Russian Market. These categories are as follow (with their approximate percentages as of 2001, second percentage indicates percentage within Moscow): Innovators (8%, 18%), Spontaneous (19%, 23%), Ambitious (11%, 9%), Self-realized (12%, 8%), Settled (25%, 21%), Traditionalists (16%, 20%), and Thrifty (8%, 1%).

These categories of consumer are placed, in order, of the consumers' likely consumer potential. The first three categories (Innovators, Spontaneous, and Ambitious) are predominantly younger, college educated, white collar, working professionals. They all have high consumer potential and rely heavily on the innovative nature of products in making their purchasing decisions (with Ambitious consumers relying more heavily on advertisement than the previous two. Self-realized and Traditionalist consumers are the groups that would be most likely annoyed by advertising attempts since they are quite brand loyal. This demographic tends to be older (with more than half of traditionalists being retired) and tend to shop at retail stores and from brands that have existed since Soviet times.

Observing the characteristics of your potential consumers is key in any industry, although the small appliance market in Russia seems to be developing with the increasing value and efficiency of the economy. As stated by Euromonitor, "Within small consumer appliances, the highest growth rates are expected in categories which meet the latest health and wellness trend, and respond to consumers' demands for appliances which help them to save time and space." Russian small appliances manufacturers must capitalize upon these trends, and concentrating on the correct "type" of consumer will also be crucial.

2.4.3 Channels

Due to the fact that Russia has yet to enter the World Trade Organization, its locations for imports and exports are more restricted than WTO member countries. Russia's economy and further economic development rely heavily on their abundant natural resources. Although Russia is not a global leader in small appliance manufacturing, a lot of their domestically used small appliances as well as exported small appliances (mainly to the European Union) are produced in Russia.

A look at the Russian small appliances market leader, an American company named Indesit has been located in Russia since 1974, and is a large and small appliances manufacturer, who has acquired a number of Russian owned and Soviet-era small appliances manufacturers particularly over the past decade. As of 2007, Indeist controlled over 25% of the market (which at the time was growing at 6% per year) (Rogemma, 2007). As the region director responsible for Russia, Neil Tunstall, stated concerning Indeist and their Russian subsidiary companies “we are confident that the consumer can recognize our commitment to the country because of our local production. Our strategy is to move up the value chain” (Rogemma, 2007). In this sense, solely looking at the market leader, the channels of distribution for small appliances in Russia are quite localized at all steps. However, Russia also imports small and large appliances from China, who is Russia’s second largest trade partner in both exports and imports, behind the European Union.

Although Russia’s main trade partner is the European Union, Russia ranks 28th on the EU’s rank of imports for “personal and household items”(DG Trade Statistics, 2012). This rank is quite low, but it is still a trade channel worth 80.4 million Euros. Below is a chart released from the European Union concerning their trade channels with Russia in the most significant categories of goods:

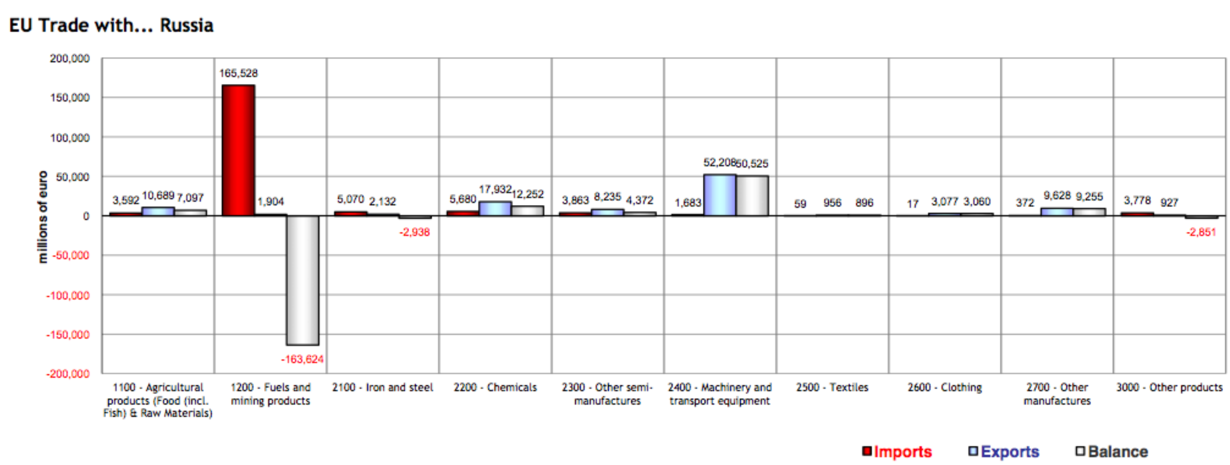

Figure 2.5: EU’s Trade Channels with Russia

Source: (DG Trade Statistics, 2012)

As indicated above, the only goods that the EU depends heavily on Russia for are “Fuels and Mining Products” and slightly depend on them for “Iron and Steel” and “Other Goods”. This lack of need from Russia’s primary trade partner for Russian small appliances is indicative of the fact that they are being domestically produced, and generally domestically used, from raw materials produced within the country.

After small appliances are produced in Russia, they are typically sold in a Russian retail outlet. Since the economic improvements of the past half-decade, “Multinational retailers are showing great interest in the expanding market for consumer products in Russia.” (Rogemma, 2007). The traditional retail landscape of Russia is changing drastically due to both internal and external acquisitions of retail stores within Russia. Retail companies want to expand to previously unchartered zones, which will cause an increased delivery and consumption of small appliances to the farther reaches of Russia. As analyst Magdalena Kondej of Euromonitor states concerning retail mergers and acquisitions in Russia, “This model brings together local ownership and international marketing expertise in order to cater for specific local needs. It is particularly useful for retailers looking to expand beyond Russia’s major cities, where modern retail formats and distribution networks will be considerably less developed.” The virtually universal Russian desire for saved time and increased efficiency in their small appliance industry, coupled with the predicted increased availability of appliances in smaller, less developed areas will alter but improve the channels of distribution for the Russian small appliances market.

2.5 Mikma

Mikma, which is short for Mikromashina, is a small appliance manufacturing and plastics molding company. Mikma prides itself on being a team of experienced managers who have worked with the Eastern European markets for numerous years. Located in Moscow, Russia, about thirty minutes from the Red Square, Mikromashina is a joint stock company that manufactures the plastic components of a wide spectrum of small appliances and molds plastics. These small appliance categories include domestic electrical appliances, household electric appliances, repair/maintenance services to deliver the products, and sport and health products and services. Mikromashina has been active for over 90 years and manufactures appliances for Russia, the countries of the former Soviet Union, and China. During an interview with the marketing director of Mikromashina, Alina Valieva, we were able to find out a great deal about the company's operations.

Even though Mikromashina has been successfully providing small appliances for approximately 90 years, the company faces many difficulties. While talking with Alina, she mentioned to us that the company would like to increase their market share of small appliances. The most important way to go about increasing the market is to focus on Mikma's brand image. Many younger consumers, roughly 70% of people under the age of 40, have never heard of the company. This leads Mikma to often be perceived as a brand used strictly by older people, which hurts their sales among younger people.

Alina expressed that many of the wide assortment of products that were once sold was "cut-short," meaning that due to financial restraints, the company was forced to cut back on some of its products. One of the limitations of increasing the product variety in the company is the equipment that the company uses. Alina mentioned that Mikromashina's equipment has not been updated for a long time, and as a result, the company considers many of their products to be outdated. For instance, one of their specialty products, coffee grinders, while popular among older Russian consumers, are not attracting the attention of many younger consumers who are focusing on efficiency and multi-functionality when purchasing their products. Mr. Jack McCabe, Vice President of Mergers and Acquisitions of Nypro inc. expressed concerns about motors, blades, and other components that were manufactured in China and used in Mikma products. These have a high rejection rate and low quality. It was brought to our attention within a week of being at Mikma that a large portion of their products are actually 100% designed, manufactured, and packaged in China, bought in bulk, and simply had the Mikma logo painted on. This background information changed our perspective of the project. Initially, we thought it would be a good marketing technique to market Mikma as a purely Russian company in order to attract consumers, but upon learning this information, we do not think that this would be good practice.

During our interview with Alina before arriving, we inquired about what retail channels the company goes through within the small appliance market. Alina said that Mikromashina does not have their own distribution channels for their products. The Russian stores in which Mikromashina’s products are sold specialize in small and large appliances for domestic use. While less popular, Mikromashina also sells their products through private retailers and smaller stores. Upon arriving in Moscow however, we requested any and all information relative to Mikma’s channels of distribution. We were later informed that this information was quite impossible to obtain considering the majority of Mikma’s sales are from independent vendors who buy Mikma products in bulk, bring them to “flea markets”, sell them in bulk to people from villages, who later bring the products to their villages and sell them as independent retailers. We believe that Mikma can benefit substantially from expanding their distribution channels.

2.6 Conclusion

The Russian small appliance market is both different and similar to the American market on many different levels. Like Americans, Russian consumers value efficiency and products that are multi-functional. These consumers typically compare and contrast the prices of many appliances in order to obtain the best product for the best price. However, the coffee industry differs substantially between countries. Compared to the United States' $32 billion coffee industry, the coffee industry of Russia generates substantially less revenue. While more Russian consumers prefer tea and other hot beverages, coffee has yet to become as popular within the Russian market as it is within the American market.

Conversely, the small appliance market is consistently growing and developing in Russia. Even throughout the economic turmoil of the past decade, appliance companies have generally reported that their sales of small appliances only decreased slightly. Compared to major household appliances such as washing machines and refrigerators, the Russian small appliance market is generally not affected much by the economy.

Mikromashina, a Russian plastics molding company, has been a large producer of small appliances for approximately 90 years. However, as time progresses, the company has been finding that many of their products have gradually become more and more outdated as the demands of Russian consumers change, and that they have little to no brand awareness or brand equity. Similar to American consumers, Russian consumers strive for fast and efficient appliances that will cut back on the amount of time that they devote to domestic chores. The Russian demand for multi-functional products that can serve many of their different needs is also increasing. In the American market, small appliance companies were able to meet the needs of their consumers very quickly. However in Russia, there are many constraints such as space and money that slow down the process of developing new and innovative small appliances for Russian households. In this project, we identified the needs and desires of Russian consumers and ultimately advised Mikromashina on which markets to enter, maintain, or abandon, how and when to diversify and update their product mix. And, ultimately, we made short and long term recommendations to assist Mikromashina in becoming a known and easily identifiable small appliances manufacturer.

In the next chapter, we are going to go into more depth about the issues that Mikma currently faces. Moreover, we are going to describe our ideas to help the company combat these issues to hopefully achieve their ultimate goals of gaining brand equity and visibility. Our ideas that we will be describing in the next chapter include our implementation of surveys, focus groups, and interviews.

Chapter Three - Methodology

3.1 Problem Identification

Mikma, a Russian small appliance company that specializes in coffee grinders and electric razors, is experiencing the effects of the changing Russian small appliance market. Mikma is concerned that most of their products are considered outdated and losing market share. In the Soviet era, Mikma's products were very popular. As the years progressed, the small appliance market changed in Russia but Mikma's products and marketing strategies did not change with the market.

The company is also facing a lack of distribution channels for their products. Mikma, in contrast, has very limited channels of distribution. Currently, they rely on a small Mikma store located directly outside of their manufacturing facility to sell many of their products. Apart from being small, this store is relatively unknown. In addition to this Mikma store, the company sells their products in various small retail stores located outside of Moscow. Mikma has yet to be able to enter large, popular appliances stores where consumers of all ages typically shop, such as Media Markt and M. Video, which are two of the most popular appliance stores in Moscow.

3.2 Forming the Ideas for Solutions

We collected data using focus groups, surveys, and interviews. Upon our arrival at Mikma, our first step of data collection was interviews with the company executives. We spent the first few days at the company interviewing several different Mikma employees, including the head of marketing, the general director, the distribution director, and the advertising director. These interviews were essential to our data collection as we were able to collect more background information about the company as well as how each of these employees perceives the company's strategy. By interviewing these people, we were able to determine the scope of Mikma's operational, marketing, and financial capabilities. We continued our interviews with five Mikma wholesalers to determine how they make their purchasing decisions, and their perceptions of Mikma's brand and Mikma's product line.

Prior to our arrival in Russia, we conducted an online survey for American consumers about purchasing small appliances through Amazon Mechanical Turk created by using a survey-making website called Qualtrics. The survey that we distributed to these random American consumers is shown in Appendix A. The purpose of this survey was to find out how American consumers buy their small appliances and then compare these results to the results that we obtained from Russian consumers. We requested 200 participants and received 88 respondents in four days. The purpose of this survey was to gather American perceptions and opinions on various small appliances, in particular, the major small appliances that Mikma sells. Although we did not use this data to make final recommendations for Mikma, we still believed that it was valuable to be able to compare and contrast this data.

Initially upon our arrival in Moscow, our group believed that we would have to ask random people in small appliance stores and other public locations to stop and complete our surveys. This was not practical as it is likely result in low response rates. Therefore, Marina Kalinina, a professor at Financial University in Moscow, graciously offered to distribute our surveys among her classes. Our group found that this idea was optimal as consumers aged 20-40 was our target group for these surveys and by distributing these surveys to undergraduate, graduate, and Ph.D students, we were able to easily collect data from our desired age group. We collected these surveys from two universities in Moscow with different profiles of students. We wanted to ensure that we were getting a more diverse data pool, to eliminate any false trends or errors that could have arrived from surveying students from only one University.

Our survey questions were developed with the intent of finding out the purchasing habits of young Russian consumers. In order to help form our final recommendations, we asked these consumers questions relating to which qualities they value most in their small appliances as well as what means of advertising and promotion by which they are most influenced. The responses to these questions helped us make the best recommendations to Mikma in terms of which channels of distribution they should consider as well as which promotional strategies they should consider. More specifically, we wanted to find out their opinion and usage of the electric razor and the coffee grinder, which are two of Mikma's most emphasized products. The results of these questions helped us develop our long-term recommendations to the company.

These surveys proved to be a major success as we were able to distribute, collect, and analyze 250 surveys in a relatively short period of time. Moreover, the information that we collected from these surveys were valuable to us as it allowed us to form thoughtful recommendations to Mikma based on the wants and needs of young Russian consumers. It is important to note that participation in these surveys was completely voluntary and the content of these surveys were approved by the Institutional Review Board through Worcester Polytechnic Institute.

While conducting interviews and collecting surveys were essential for our project, our group found that it was just as important to find out firsthand what consumers are buying when they shop for their small appliances. With the help of our Russian project partners, we determined the most popular locations where consumers typically buy their appliances. We visited two major small appliance chain stores that do not currently sell Mikma products. These stores, M. Video and Media Markt, are two large chain stores that sell various types of appliances. Mikma ultimately hopes to be able to sell their products within these stores as these stores are very popular among young consumers. We took advantage of our time at these stores by asking sales people of these stores which products they would recommend we buy and which brands are most popular among consumers. We asked about various products within the store that Mikma sells, including coffee grinders and electric razors. The information that we found out during these impromptu interviews gave our group a better insight as to the brands and products that are becoming more and more popular with consumers.

Focus groups are a demographically diverse group of people who are asked to participate in a discussion regarding their opinions towards a particular product or service (Oxford University Press 2013). We assembled two focus groups. One group was composed of several middle-aged men who were marketing professionals. The second group consisted of almost all women, with the exception of one man, who were younger, unbiased consumers as they were not marketing professionals.

These focus groups were organized by Alina, Mikma's Head of Marketing, and Marina Kalinina, a marketing professor at the Financial University. While these groups were conducted in Russian, they were translated in English to our group by our translator. One group was an expert group than a focus group as it consisted of marketing professionals who gave valuable advice to Mikma regarding the products and brand of Mikma. The other group was a group of random consumers giving their unbiased opinion of small appliances, the products of Mikma, and their purchasing habits.

Chapter Four – Results

4.1 Introduction

This chapter describes the results of our data collection, including interviews, focus groups, and site visits.

4.2 Interview Results of Mikma Employees

4.2.1 Introduction

Prior to arriving at Mikma, the only information that our group had about the company was information that we were able to gather via phone meetings with Alina, opinions of people at Nypro, and the Internet. In order to develop our consumer surveys and our methods of improving Mikma's marketability, our group interviewed several Mikma managers and executives. This was very beneficial to our group as we began to prepare consumer surveys and evaluate Mikma's marketability.

4.2.1 Interview with the Distribution Director

We began our series of our Mikma interviews with Oleg, the company's Distribution Director. Oleg, who joined the company in 2004 as a Sales Manager, currently has a wide array of responsibilities as a distribution director. According to Oleg, these responsibilities include training the staff, conducting sales training, setting goals, setting manufacturing plans, setting up sales targets, attending international exhibitions, responsibility for the assortment of products, choosing the colors of the products, helping to decide/update the logo and company's brand image, and heavy involvement with promotion activities and organizing exhibitions.

Prior to this interview, our group was under the misconception that Mikma exclusively works with wholesalers and does not have much contact with retail chains. However, Oleg assured us that Mikma does in fact have direct communications with some retail chains. When asked about the company's distribution channels, he emphasized the importance of Mikma's own on-site store. He stressed that the prices of Mikma's own on-site store differed from the prices of Mikma products sold elsewhere because there is no extra cost of transportation that is required to haul the products to an off-site location. Because of this, prices of the products on-site are cheaper than prices off-site. Oleg also mentioned that there are a few retail outlets that sell Mikma's products.

As analyzed in our preliminary research, our group deduced that the popularity of the Internet and buying goods online is dramatically increasing. Because of this, we believe that Mikma would benefit by offering an online store where customers are able to directly buy the products on the Internet as opposed to traveling to a specific location to buy the products. When we expressed this to Oleg during the interview, he confirmed our suspicion that Mikma does not currently have an online store but the company would consider opening one for customer convenience. However, Oleg mentioned that it is indeed possible to buy Mikma products online as some of the retail stores/wholesale distributors that sell Mikma's products offer online stores where customers can buy the products of that retail store on the Internet, which includes Mikma's products. Oleg said that Mikma often engages in telemarketing in order to promote their products, but our group believes that Mikma would benefit the most from having their own, separate online store available to consumers.

Our group wanted to assess the sales of Mikma products in different geographic regions. As the distribution director, we were certain that Oleg would provide us with this information.

However, Oleg said that all the products are registered in Moscow and then distributed to wholesalers. Mikma does not know where the products are sold after they leave the Moscow wholesalers. He mentioned that we would have difficulties retrieving this information due to commercial confidentiality, and the fact that the products are bought in bulk by independent vendors, brought back to their villages, and sold there.

As a group, we discussed how Mikma could benefit from distributing large, cardboard displays as well as other in store advertisements to wholesalers to be put inside stores. Doing this would display the Mikma brand in stores where consumers shop and potentially attract shoppers to the Mikma display and thus the Mikma products as well. When we presented this idea to Oleg, he mentioned that Mikma already had a display board finished and ready to provide to retail stores. The display board is a large cardboard display that represents the Mikma brand.

4.2.2 Interview with the Advertising Director

After our interview with the Distribution Director concluded, we interviewed Igor, Mikma's Advertising Director. He has been working for the company for over five years and is primarily in charge of marketing and advertising for the company. Although he admits that the Russian market is changing, he expressed his belief that the company still has the potential to be successful. However, he was unable to answer our questions regarding what the company currently spends on the promotional budget because he said that this question was a question that would be best answered by the company's Chief Operating Officer. As Igor continued to discuss Mikma's advertising capabilities, he indicated advertising strategies Mikma would like to implement in the future. Igor mentioned to us that Mikma would be interested in promoting their brand via the Internet and television commercials. Moreover, Igor expressed his desire to advertise Mikma outdoors via billboards on major roads and highways within Moscow and other parts of Russia. While our group certainly believes that Mikma should be promoting their products on the Internet, we hesitate to state whether television advertisements and billboards would be an optimal solution given the company's limited and unknown promotional budget. However, Igor said that it is important to also aim Mikma's advertising at wholesalers, as wholesalers are Mikma's main source of income. We believe this to be true, but also caution that advertising and appeasing solely to wholesalers and distributors can be dangerous, and continue to make Mikma's products unknown to the majority of Russian consumers.

Our group was pleased to discover that Igor agreed with us when we expressed how important it was for Mikma to focus on increasing their brand awareness as opposed to focusing on the products. The main issue that Mikma has is that many people are not aware of Mikma's brand name, which is an issue that Igor would like to be solved. As a result, Mikma is not primarily focusing on selling their products; their focus is on raising the awareness of the Mikma brand, which should in turn lead to increased sales. Mikma has been concentrating on their coffee grinders for several decades, and Igor said that Mikma's main question is whether or not coffee grinders are even on the rise in popularity anymore. When our group mentioned that our research has proved that Keurigs and single serve coffee makers are on the rise in the United States, Igor also expressed his interest in finding out if Keurigs and single serve coffee makers are rising in popularity among young Russian coffee consumers in as they are in young American coffee consumers..

Lastly, we discussed with Igor whether or not Mikma participates in any international marketing or advertising conferences, as well as trade shows/exhibitions. He explained that Mikma actually does participate in both, and they have an upcoming exhibition on September 17th. He explained to our group that Mikma typically only displays their products twice a year which is usually only in the fall and winter. Igor doesn't believe that it is efficient for Mikma to display their products and hold these exhibitions in the spring and summer due to the fact that people take vacations and are therefore less concerned with buying small appliances.

4.2.3 Interview with the Head of Marketing

Understanding the marketing department of Mikma and how they arrive at their ideas and decisions is crucial for our team. In order to grasp a better understanding of how the company's marketing team operates, our group interviewed Alina Valiev, the Head of Marketing at Mikma. Alina told us that she has been working at the company for less than one year and prior to her arrival, the company did not have any sort of marketing department. Even more surprisingly, Alina does not work with a marketing team; she works alone. Her responsibilities include analyzing the market, understanding what is happening within the market, and making recommendations to the company based on the current market situation. Alina typically gathers information regarding population and demographics of people who live both in cities and in suburbs. This information is usually available to Alina via open sources such as the Internet.

We were not previously aware, but Alina informed us that almost all of Mikma's products are completely designed, molded, and manufactured in China. Mikma does not have its own factory in China; their products are completely designed and produced in a Chinese factory, making them completely Chinese products. The only products that are exceptions to this are coffee grinders, a few of the shavers, and only one trimmer that are molded at Mikma in Russia (although the internal components are also purchased from China). According to Alina, the reason why Mikma no longer produces their products at their facility in Russia is because production in China is much cheaper and more affordable than production at Mikma in Russia.

This information drastically changes a potential idea that our group had for Mikma. Since we were initially under the incorrect assumption that nearly all of Mikma's products are designed and molded at the Russian facility, with only motorized and metal components being purchased from China, our group wanted to heavily advertise Mikma products as being made in Russia. We believed that doing this would attract many Russian consumers who would prefer to buy products made in their own country as opposed to China. However, since Mikma is not able to legally advertise their products as "made in Russia" unless at least 51% of the product was made in Russia, our group will not be able to advertise Mikma's products as being made in Russia within the scope of this project.

4.2.4 Interview with the General Director

Another key interview that our group conducted was with Dmitriy Sidorov, Mikma's General Director. During this interview, Dmitriy told our group that he joined Mikma in 1981 after completing his University studies in electrical engineering. He initially joined the company as a technologist but soon became promoted to head of the production team. His last position was as deputy manager for Mikma's manufacturing process before leaving the company in 1991 to start his own business. He was invited back to Mikma in 2003 and was offered the position of general director of the company, which he accepted.

Our group was interested to find out from Dmitriy's perspective what changes in the company he has noticed since Soviet times. He told our group that he has observed dramatic changes. During the Soviet era, Mikma was the only manufacturing plant that specialized in electronics and before 1991, around 1000 people were employed by the company. Furthermore, he said that Mikma goods were so popular that nearly every family owned products made by Mikma. However, as times began to change, people could no longer afford basic necessities such as food and therefore the demand for small household appliances decreased and many manufacturing plants closed down. Dmitriy informed us that Mikma no longer makes many of their product components but, rather, they buy them. He explained how the Mikma brand is valuable to the company and they want to focus on their brand as opposed to specific products. Our group agrees with this idea.

When asked about the strengths of the company, Dmitriy responded that sales are growing. They are planning to launch new coffee grinders in August with sophisticated and attractive features. The plan for this new model is to replace the old model of coffee grinders. When asked about the weaknesses of the company, Dmitriy initially said that Mikma faces no weaknesses. However, he did say that Mikma currently has a difficult time competing with Philips and Braun.

4.3 Interview Results of Mikma Wholesalers

4.3.1 Introduction

After collecting all of our interviews with the Mikma staff, we conducted a phone interview with several different wholesalers. This information was valuable to our group as we needed to find out how these wholesalers make their buying decisions. By gathering this information, our group was able to conclude how the wholesalers decide what to purchase and how they perceive the Mikma brand as well as Mikma's products. It is worth noting that all wholesalers we interviewed do currently purchase Mikma products. It is also important to note that these phone interviews were conducted in Russian by Alina and were then translated to English by our translator, Alevtina.

4.3.2 Interview with Electronic Court

As a chain of retail stores within the Moscow region, our group thought that it would be beneficial to interview a buyer from Electronic Court first. We began the interview by asking them how they decide which brands to purchase. They answered by explaining that companies call them and offer their brands to them and then they make a decision amongst themselves as to which brands they will purchase. They largely base their decision on customer preferences and customer needs. When asked specifically about their perception of the Mikma brand in comparison to Mikma's large competitors, the buyer of Electronic Court explained that they believe most of consumer interest in Mikma lies with elderly people. "Elderly people are the ones who know this brand and they are the ones who frequently question is Mikma has any new products."

Our group asked the wholesaler specifically what Mikma can do to become more attractive to wholesalers. They responded by saying that Mikma would benefit from extending their product range and further promoting their brand. The buyer from Electronic Court mentioned that typically, electric razors are in a great demand among consumers. More specifically, the old model of Mikma's razor, called Mikma 100, is in great demand so they suggested that Mikma focus on restarting production of this razor. If there is interest in extending to completely new products, the buyer from this wholesaler recommended that Mikma consider producing blenders, mixers, and multi cookers as these are all examples of small appliances that are currently popular in the Russian market. The top five most popular small appliance products that they sell are multi cookers, blenders, irons, sewing machines, and electric shavers.

In order to increase their brand awareness, the buyer suggested that Mikma should motivate sales staff of retail stores to further promote Mikma's products to consumers. Moreover, the wholesale representative said that if there is enough space, they would be happy to receive to Mikma displays, coupons, and flyers to distribute to stores with Mikma products for advertising purposes.

One particular data question important to our group was finding out whether or not people found it important in which countries their small appliances are manufactured. When we presented this question to the buyer from Electronic Court, they said that consumers generally ask if something is made in Russia as they prefer Russian goods. Since Mikma produces most of their products in China, we asked what people typically thought of Chinese products. Without hesitation, Electronic Court said that some people dislike Chinese products.

4.3.3 Interview with Avitron

After our interview with the buyer from Electronic Court ended, we interviewed a buyer from Avitron, a trading house located in the regional center of the city of Ufa. Our group asked this buyer the same questions that we asked the previous wholesaler, beginning with how they decide which brands to purchase. They began by explaining that they have been operating in the market for twenty years and made it quickly known that most of the goods they buy are Russian goods. They are very particular with the products they buy as they know exactly what they want to buy based on what is in great demand. Moreover, this wholesaler produces their own electric shavers under their own brand name, Agidel.

Since this wholesaler strictly buys Russian goods, we asked them to explain their perception of the Mikma brand compared to Mikma's competitors. The buyer from Avitron explained how they perceive Mikma's products as valuable because they are produced in Moscow. In fact, since they are not interested in companies that are not Russian, the buyer from Avitron does not have much interest in Mikma's main large competitors, Bosch, Braun and Philips. Even though most of Mikma's products are produced in China, this buyer said that customers generally do not know this about Mikma, which is positive for Mikma. However, they said that it would be optimal for Mikma to avoid the "made in China" label on their products. Even though Chinese products can be of high quality in some instances, consumer perception of Chinese products is generally of lower quality than Russian products. In fact, Agidel shavers are made with some Chinese components but due to the public's general negative attitude to Chinese goods, Avitron tries to hide this fact about their shavers from consumers.

When we asked the Avitron buyer about the steps that Mikma can take to become more attractive to wholesalers, they said that companies that have been in operation for 90 years like Mikma has, should have no need to heavily promote their products since the public should already be very familiar with the company's brand. This surprised our group, since, for instance, Coca-Cola has been in operation for a longer period of time than Mikma has, is the most valuable and recognizable brand in the world, and yet Coca-Cola still heavily promotes their products using many channels of distribution and advertises them heavily. However, this buyer said that if Mikma were to try promotion strategies, then their best strategy would be promoting to the public that they are a company that has been in operation since the Soviet era. In order to help Mikma promote their products, this buyer said that they would consider receiving Mikma display boards, coupons, etc. to distribute to stores with Mikma products for advertising purposes.

The buyer from Avitron definitely believes that it would be in Mikma's best interest to expand their product line. They also mentioned how most consumers know Mikma as an electric razor manufacturer so therefore, they believe that Mikma should consider expanding their razor line. In particular, the buyer from Avitron said that they like the design of the old fashioned-style Mikma 100 razor, a razor that is no longer in production. They believe that consumers would gravitate to the old fashioned design of the razor. The buyer informed our group that their top five most popular small appliance products typically depend on the season. Currently, in September, their most popular small appliance products are small washing machines, electric cooker, kettles, water boilers, and juice makers.

4.3.4 Interview with Impulse

The third wholesaler interview that our group conducted was with a buyer from Impulse, a retail chain located in the city of Nizhniy Novgorod. When asked about how they decide which brands to purchase, they explained that major factors that determine which products they purchase includes price of the products as well as how much advertising and marketing support the brand has. Immediately after this question, we asked the buyer from Impulse how they perceive Mikma and Mikma's products. They said that they are very happy with Mikma as the company has never sold them faulty goods, and that the quality of Mikma's products is high.

However, even though Mikma is a worthy manufacturer, they have a very limited range of products, which Impulse considers to be negative aspect of Mikma.

Compared to Mikma's large competitors such as Bosch, the buyer from Impulse said that Mikma's products are easier to use. Moreover, Bosch's products are typically expensive, whereas Mikma offers reasonable prices for their products. In order to increase their brand awareness, the buyer from Impulse suggested that Mikma use more marketing strategies and activities in order to be more competitive. They also further insisted that Mikma consider introducing new products into their product line. In particular, they suggested that seasonal products such as juice makers and mincers are generally very popular among consumers. They said that the top five most popular small appliance products are kitchen units all-in-one (a combination of a mincer, blender, juicer, and chopper), blenders, mincers, irons, and electric kettles.

We asked the buyer from Impulse if they would consider receiving Mikma displays, coupons, etc. to distribute to stores in order to help Mikma increase their brand awareness among consumers. Although they would like to receive these items, unfortunately they do not believe that they have enough space in their store as there are many brands and sales assistants who want to promote their own products. In terms of advertising their products by handing out leaflets and sending out direct mail to consumers, the buyer from Impulse said that this is not always an effective strategy. But they mentioned that consumers are typically always happy to receive free gifts from companies. Lastly, the buyer expressed their belief that products' country of origin is not nearly as important as the quality of the products.

4.3.5 Interview with an Independent Sole Trader

Our fourth interview was with an independent Sole Trader. This trader is an individual person who buys Mikma products and then sells the products to retailers. He does not sell many Mikma products but would perhaps like to sell their electric shavers. He decides which brands to purchase by customer demand. If customers are interested in a particular brand, then he will consider selling this brand. Moreover, the product's quality as well as brand recognition is also determining factors for this Sole Trader.

When asked about his perception of Mikma, he said that the fact that Mikma is a Russian manufacturer is a great advantage to how they are perceived. Mikma customers remember that Mikma is a Soviet brand and this helps Mikma considerably. However, Mikma is known for producing electric shavers. This sole trader said that it is unlikely that many young people will gravitate to this brand because most young people use wet razors. However, he suggested that if Mikma continues to sell their electric shavers, then they should consider changing their packaging of the shavers. Instead of selling their shavers in a regular box, they should consider selling their shavers in more of a special case in order to attract consumers since special cases generally depict higher quality of the product.

Even though this trader does not receive any complaints about Mikma products, he believes that they would benefit from using more marketing activities. This trader said that he would support Mikma more if the company starting utilizing more marketing strategies in order to become more attractive to wholesalers. He said that often, stores are interested in receiving display boards to promote the brand, but as a wholesaler, he is personally not interested in receiving any sort of Mikma display. He also believes that handing out Mikma leaflets to consumers is not the best strategy, as people tend to throw away leaf lets. However, he suggested that perhaps Mikma would benefit from advertising their brand in magazines in order to increase brand recognition.

Much like the previous wholesaler, the Sole Trader does not believe that it is of extreme importance where products are manufactured. However, he admitted that brands that sound Russian tend to be more popular than brands that do not sound Russian. For instance, often Chinese manufacturers will use Russian names for their brands in order to increase their popularity and this tends to work. At this point in the interview, Alina said that she believes that Mikma needs to focus on their position as a Russian brand. As with the previous wholesaler, the Sole Trader suggested that Mikma expand their product line. Although he admitted that it is difficult to predict which appliances will be popular in the future, he said that currently, the most popular small appliance products include electric shishkabob cookers, electric pumpers, electric grills, electric cookers, fruit dryers, and water filters.

4.3.6 Interview with Vneshtorg

Vneshtorg, an external trade company located in the regional center of the city Voronezh, was our group's final wholesaler interview. They began by telling us that they decide which brands to purchase based on customer demand. Customer service is also very vital to Vneshtorg. They value companies that have a good customer service policy that will replace faulty products if customers complain. They have noticed that with Mikma particularly, they very rarely receive complaints from customers as they very seldom produce faulty goods. According to the buyer from Vneshtorg, when the consumers of Philip's and Bosch's products complain about a faulty product, the companies try to fix the product, which often results in customer dissatisfaction. In contrast, when a Mikma customer files a complaint about a product, Mikma replaces the product, which is what customers generally prefer.

Although our group specified Phillips, Bosch, and Braun as Mikma's competitors throughout the interview, the buyer from Vneshtorg informed us that they do not perceive these companies to be Mikma's main competitors as these companies are significantly larger than Mikma at the moment. They believe that Mikma should focus on competing with less known small appliance companies such as Agidel. If Mikma wants to be more competitive with these companies, the buyer advised that Mikma expand their product range. They mentioned that is Mikma had a range of kettles, mixers, and blenders, it would not be too expensive for Mikma and customers would be interested in these products. Moreover, they should produce more unique goods such as their lint remover – a product that not many brands offer. Currently, they said that the top five most popular small appliance products that they sell are: kettles, irons, hair dryers/curlers, mixers, and blenders.

The buyer from Vneshtorg suggested that Mikma improve their advertising. As opposed to the more popular small appliance companies that are constantly advertising their brands, the buyer has not seen any sort of Mikma advertising, including television advertising. When we asked what Mikma should do to become more attractive to wholesalers, they explained that they personally will be able to purchase more Mikma products once their business develops since currently, they only buy enough Mikma products to sell to their customers. The buyer from Vneshtorg admitted that they do not perceive Mikma as a leading brand. They said that they do not have a problem with displaying Mikma's cardboard displays in their stores if Mikma provides them with these displays for free.

As with the previous interviews, we asked this wholesaler whether or not they thought it was important which countries small appliances are manufactured. They insisted that it is very important for their customers to have products made in Russia.

4.3.7 Conclusion of Wholesaler Interviews

Once the interviews with the wholesalers concluded, Alina shared her thoughts on what was discussed. Since the majority of the wholesalers said that they primarily look for Russian brands and place more value on Russian products, Alina suggested a marketing strategy for some of Mikma's products. Many of Mikma's products are given the name "Mikma" with some sort of number after, e.g., Mikma 100. Alina thinks that these names are impersonal and she believes that customers may also feel this way about the products. Therefore, Alina proposed that if people prefer to have Russian products over foreign products, then perhaps Mikma would benefit from renaming some of their more impersonal product names to Russian titles. As an example, she used a Toyota analogy. For instance, Toyota is a car company that sells many types of cars and gives a personal name for each car such as the Toyota Camry and the Toyota Corolla. Even though there are some Toyotas that use numbers in their titles, it is apparent that names are used prevalently. Much like Toyota, Mikma would like to do something similar with their product names. It is because of this proposal and assumption made my Alina that we included a question concerning title perception (Russian vs. foreign) in our survey. If consumers prefer Russian brand names/titles, then that will reflected in our recommendations.

4.4 Survey Results

4.4.1 Introduction

It has been established that most of Mikma's customers are older and the overwhelming majority of the Russian population under the age of 40 years old has not even heard of Mikma. The goal of these surveys is to learn the behavior of younger consumers and to use this knowledge to help us make our final recommendations for Mikma.

4.4.2 American Consumer Survey Results

The results of this survey were not too surprising to our group. Price and durability were overwhelmingly the two most important factors that people said that they look for when considering the purchase of a small appliance. More specifically, when we asked the respondents to specify and explain which factor was the most important to them when making a purchase, price was cited most frequently. Additionally, we found from this survey that people heavily rely on product reviews, Internet websites, and recommendations from their friends in order to obtain information regarding small appliances. We found that many people preferred to buy their small appliances from an online store or from a chain or discount store. Only a small number of people said that they buy their small appliances at a local independence store.

Most respondents reported that their main reason for buying a small appliance was because their previous device broke. This could be a main factor as to why many people value durability in their products. After we asked the American consumers general questions relating to small appliances, we decided to ask them specific questions relating to three specific Mikma products: coffee grinders, electric shavers, and hair dryers. Our group thought this information would be valuable to present to Mikma during our first week at the company so that they could get a better understanding of the American market trends of these specific appliances.

64 of our respondents said that they owned a coffee grinder compared to 24 people who said that they do not own a coffee grinder. We found that most of the people who own a coffee grinder said that they consider price and durability to be the two leading factors in their purchase decision. Next, we found that 57 people said that they do not use an electric shaver while 30 people said that they do use an electric shaver. When asked about the main reason why they choose to use an electric shaver over wet shave razors, price and durability were not the main

factors as they were in the previous questions. Instead, we found that customers prefer their electric shaver because of how easy it is to use, which is a quality that they look for when purchasing an electric shaver. Lastly, when we asked if our respondents use a hair dryer, a little over half of the respondents said that they do use a hair dryer while the other half said that they do not. Our group deduced that this was because of gender; women typically use hair dryers while men often do not. Price and durability were the two qualities that people place the most value in when buying a hair dryer.

We found that in every age bracket, more people do not own a coffee grinder compared to the people who do own a coffee grinder, with the exception of our over 60 year old respondents. We found similar results when we analyzed which age groups tend to use electric shavers. We found that in every age group, there were more people who reported that they do not use an electric shaver compared to those who said they do.

4.4.3 Russian Consumer Survey Results

In order to understand the purchasing habits of Russian consumers of the younger demographic, we surveyed approximately 250 Russian college students mainly in the 17-30 year old demographic. This survey gave us a better understanding of the current trends of the buying decisions of younger Russian consumers. These surveys were distributed to Russian students of two different universities in paper form. Upon receiving these completed surveys, our group organized the data by manually tallying the number of responses to each question and then manually imputing this data into Excel. The final results of these surveys can be seen in Appendix E.

First, it was essential to know what products, exactly, these consumers already own. In this survey, we asked the respondents if they owned several different products, including

Mikma's range of products. In addition to inquiring about whether or not consumers own similar products to which Mikma produces, we also asked them if they own single serve coffee makers as well as standard drip coffee machines, which are two products that Mikma does not produce. Our group felt that it would be beneficial to be able to compare and contrast the end results of the different methods that people use to make their coffee and see which method of making coffee is most popular among younger consumers.

Not surprisingly due to the popularity of tea consumption in Russia, our group found that electric tea kettles and hair dryers were by far the most popular small appliances owned by young Russian consumers. Out of all the products that were included on our survey, the electric kettle consumed 24% of the goods in ownership whereas the hair dryer consumed 21%.Table 4.1 below displays the percentages of ownership of the products that we asked about in our survey.

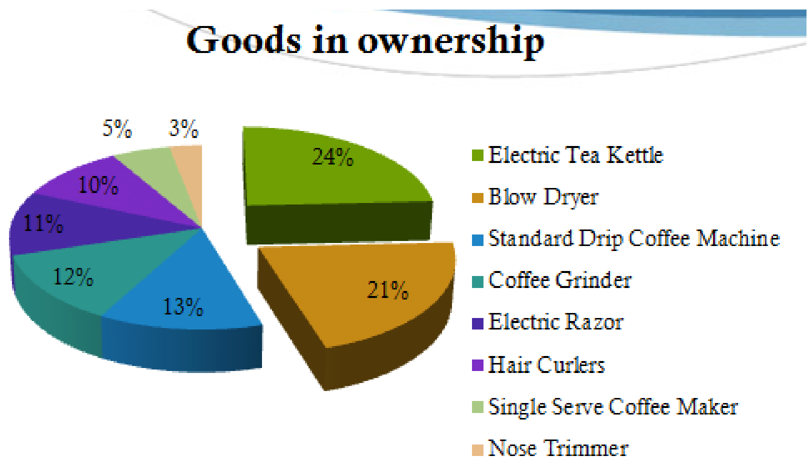

Table 4.1: The percentage of goods in ownership among our respondents

We also found in our survey, that when young Russian consumers shop for small appliances, price and durability tend to be more important factors to our respondents as opposed to qualities such as environmental impact. Below is a spider chart indicating which factors tend to influence our respondents the most when making purchasing decisions. We asked our respondents to rank the following factors for importance from 1-10 when making their purchase; 1 being unimportant, 10 being very important. From table 4.2 below, it is evident that durability is the most important factor to our respondents, with the average ranking of this being 8.2. Price, ease of use, and brand also follows in close second.

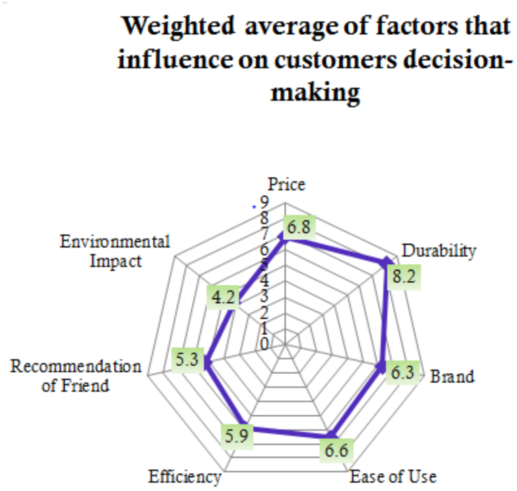

Table 4.2: Weighted Average of Factors that Influence Decision Making

This did not surprise our group, as 55% of our respondents said that their main reason for purchasing their last small appliance was because their previous appliance broke.

In order to further understand which advertising channels appeal most to young consumers, we asked them where they are most likely to gather information about small appliances. We asked our respondents to rank the following means of promotion for influence from 1-10; 1 being not very influential, 10 being very influential. From table 4.3, it is evident that internet reviews is the most important factor to our respondents, with the average ranking of this being 6.5 with word of mouth following in close second with an average ranking of 6.2 According to our results, our respondents do not appear to be very affected by television, radio, newspaper, or magazine advertisements.

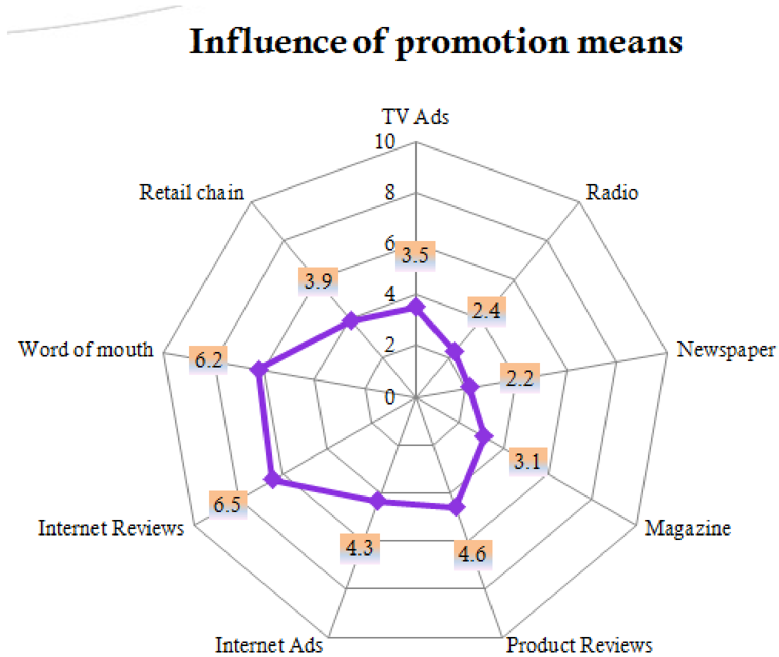

Table 4.3: Weighted Average of Promotional Factors that Influence Decision Making

We also asked our respondents where they typically purchase their small appliances. Table 4.4 indicates that 35% of our respondents prefer to buy their small appliances in a specialty retail chain. Also, 27% of our respondents prefer to buy their products in an online store.

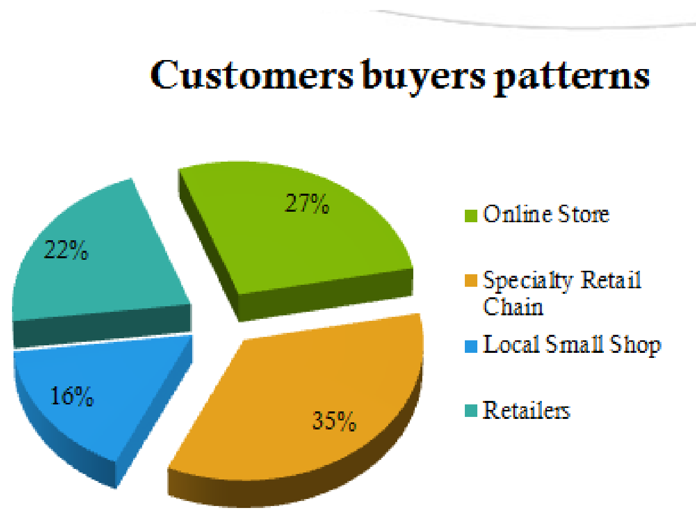

Table 4.4: Buying Patterns of our Respondents

Since one of Mikma's main products in the coffee grinder, we asked our respondents specific questions about their coffee consumption as well as their opinion on coffee grinders. We began by asking whether or not they drink coffee. From table 4.5, 73% of our respondents said that they drink coffee compared to 27% who said they do not.

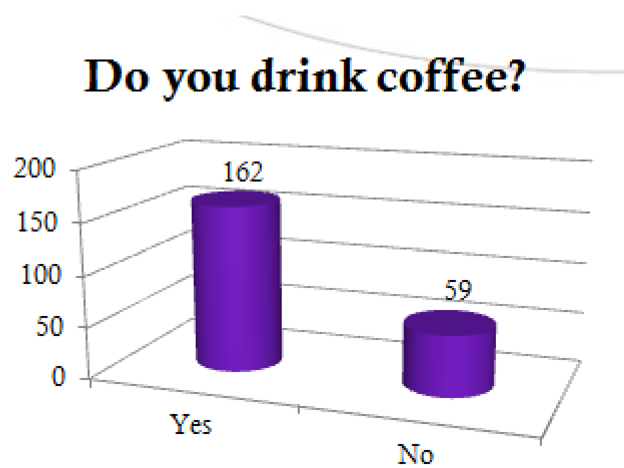

Table 4.5: Coffee Consumption of our Respondents

The majority of these coffee consumers said that they most likely drink their coffee in a coffee shop or by drinking homemade coffee using either pre-ground beans or grinding their own beans. Instant coffee was also popular among these consumers. Much like with a couple of the previous questions, we listed methods of coffee consumption and asked our respondents to rank how frequently they consume their coffee using the following methods, 1 being not frequently and 10 being very frequently. The highest average of coffee consumption that our respondents reported was 5.7, which was coffee consumption at a coffee shop.

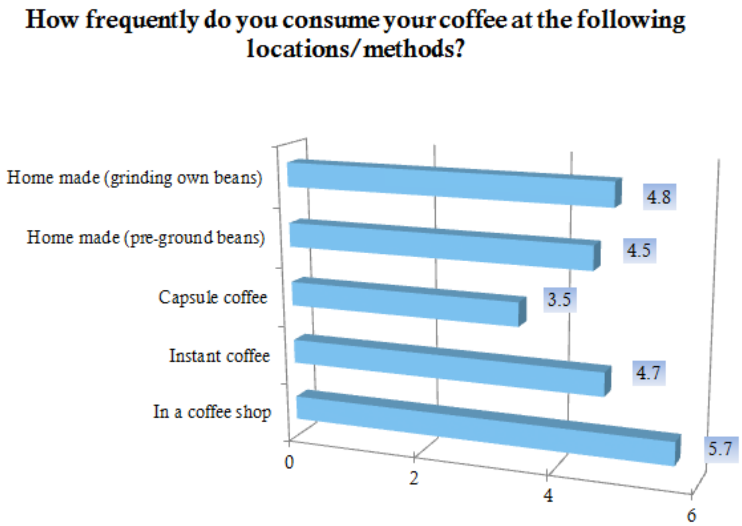

Figure 4.6: Coffee Consumption Methods of our Respondents

Next, we specifically asked these consumers whether or not they use a coffee grinder. Although many people reported owning a coffee grinder in their home, 68% of respondents admitted that they do not use a coffee grinder compared to 32% of respondents who said that they do, shown below in table 4.7.

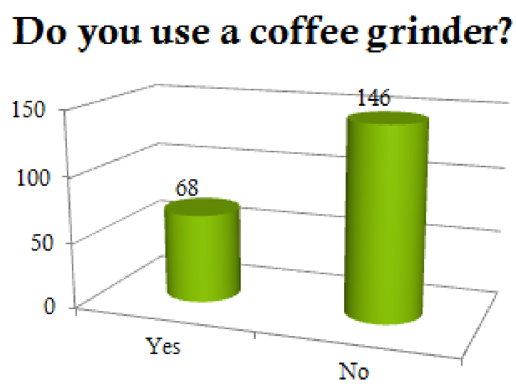

Table 4.7: Respondents' Coffee Grinder Usage

Of the respondents who said that they use a coffee grinder, durability and ease of use were the two factors most important to the consumers. Price and brand did not appear to be vital to these consumers regarding the coffee grinder. When we asked the consumers if they use an electric razor, we received similar results. Almost the same exact amount of people reported using an electric razor as the people who said that they use a coffee grinder. 69% of our respondents said that they do not use an electric shaver whereas 31% reported using an electric shaver. Also similarly, durability and ease of use were the qualities that consumers found to be most important when considering the purchase of an electric razor.

Since Mikma prides themselves on being a Soviet era company and believes that they should advertise this fact in order to help their brand, our group thought that it would be beneficial to find out consumer opinions on Russian brands. We found from this survey that most people do not think it is important to buy products made in Russia. From table 4.8, it can be seen that Russia earned an average ranking of 3.72 when we asked our respondents to rank from 1 to 10 (1 being strongly disagree) how much they agree or disagree with the statement, "I think it's important to buy products made in Russia."

Instead, most respondents said that they find products made in Western Europe to be of higher quality and more appealing than products made in Russia. When we asked our respondents how much they agree with the following statement, "Western products appeal to me more than products made in Russia," and asked how much, on a scale from 1-10, they agree with the statement, the statement earned a rating of 7.39. Moreover, 79% of our respondents preferred foreign-sounding titles to Russian titles and brands.

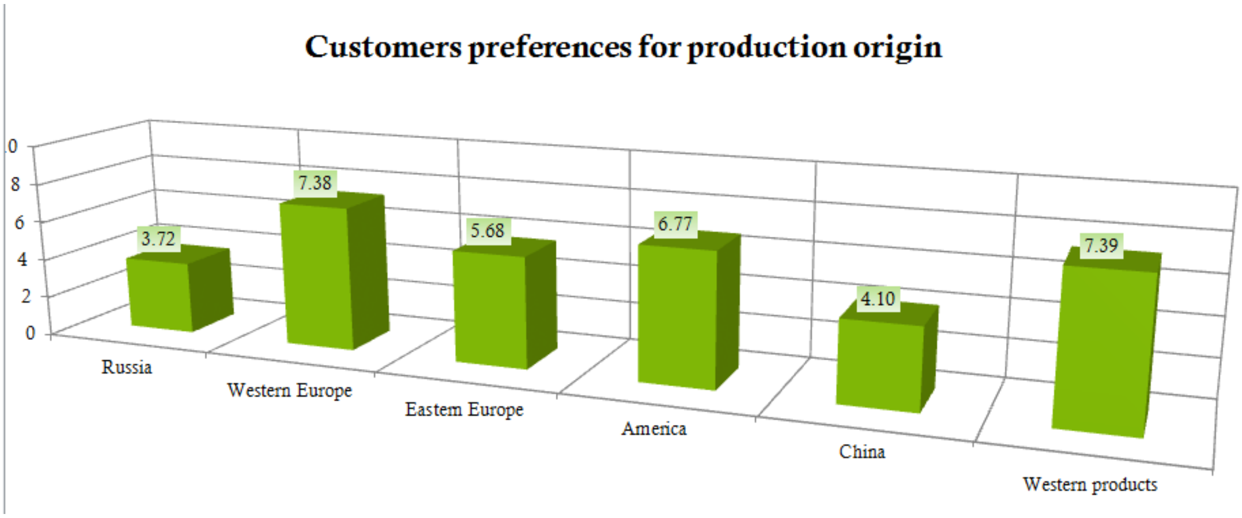

Table 4.8: Consumer Preferences for Production Origin

In order to prove to Mikma that many younger consumers have not heard of their company, we listed a series of popular small appliance companies, Mikma's less popular competitors, and Mikma itself, and asked our respondents to indicate whether or not they heard of each company. We found that our respondents rarely indicated that they have not heard of Mikma's more popular competitors such as Philips, Bosch, and Braun. From table 4.9 below, it can be seen that Philips and Bosch dominate the band awareness in the Russian small appliance market for young consumers as over 40% of respondents were aware of this brand and ranked them as being of high quality. In contrast, Mikma, Berdsk, and Agidel collectively make up 1.5% of brand awareness of our young Russian respondents.

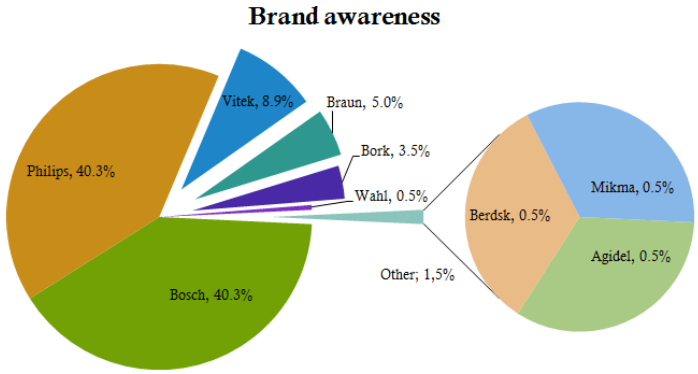

Table 4.9: Awareness of Various Brands

4.5 Focus Group Results

In order to gather more qualitative data about Mikma products and the behavior of the Russian consumer, we organized two types of focus groups: an expert group and a consumer group. The expert group consisted of several men who were marketing professionals. The other focus group consisted of mostly women and one man who were young, unbiased consumers of small appliances. The focus groups were conducted in Russian from Mikma marketing director Alina Valieva and were then translated into English.

The first group that was conducted was a group of seven marketing experts. They were asked a series of questions concerning the marketing of products within Russia and, more specifically, what they thought about Mikma products. They were given the opportunity to hold Mikma products and express their thoughts on the products. The marketing experts expressed concern over the large amount of plastic in the Mikma products. They believe that the almost exclusive use of plastics shows that the products are cheap and unreliable. Overwhelmingly, they recommended the incorporation of small amounts of materials that are perceived to be stronger and of higher quality such as metal or glass. The experts also did not think that the Mikma logo, and overall design were not eye-catching, and that they would not be particularly picked out for any reason. Therefore, they recommended the possibility of designing a new logo for both the packaging and the product itself.

After the expert group, we conducted one focus group which consisted of mostly women and one man all under the age of 40 years old. We felt as though this group was more beneficial to our purposes as this group consisted of unbiased consumers within our demographic of interest. Much like with the previous group, this group of consumers was given various Mikromashina products and was asked to provide their opinions concerning the products. As with the expert group, the people of this focus group overwhelmingly agreed that it is unlikely that they would purchase Mikromashina's products. They gave the same reason as the expert groups: they overwhelmingly did not like the plastic products. Since the products were plastics, they automatically assumed that they would not be durable. Moreover, since this was a group of women, they specifically talked about the hair dryers. They thought that the hair dryers were too small and therefore they did not perceive the dryers as being powerful enough. Overall, these focus groups provided our group with valuable insight into the opinions and perceptions of consumers.

Chapter Five – Recommendations

5.1 Introduction

After data analysis, our group developed a series of recommendations to increase Mikma's brand equity and brand awareness among Russian consumers. Most of our recommendations require Mikma to drastically increasing its promotional budget. Mikma's advertising director, Igor, indicated that the company would like to spend five million rubles, or 150,265 U.S. dollars, per year on advertising, which is a relatively small amount of money to spend for a promotional budget. Although this is their ideal, we believe that in order to increase brand equity and brand awareness to a sustainable level, more than five million rubles would need to be spent on advertising and promotion. We believe that this small amount would simply be "throwing money at a problem" without spending enough to make any significant impact.

We also recommend implementing various "push" and "pull" promotional techniques. Push and pull strategies are marketing strategies that increase brand and product awareness. Push strategies are best described as "taking the product to the customer" ("Push and Pull Marketing Strategies," n.d.). Examples of push strategies include trade show promotions, negotiating with retailers and wholesalers, changing designs of packaging, and directly selling to customers. In contrast, pull strategies are implemented when trying to "get the customer to come to the brand" ("Push and Pull Marketing Strategies," n.d.). When brands implement these strategies, customers will be motivated to actively seek out the brand. Examples of pull strategies include advertising and promotion, word of mouth, and sales promotions and discounts (Magloff, n.d.). Until Mikma's promotional budget is increased, we believe that Mikma would benefit the most from implementing push and pull promotional strategies in order to increase awareness of the company. However, many of the suggested push and pull promotional strategies require some form of a promotional budget, so we suggest that Mikma implements some of these strategies in the short term with what it can currently afford, and budget for more strategies in the future.

Although our group has concerns regarding Mikma's distribution channels, advertising, and rebranding, the overall sentiment remains the same: everyone wants Mikma to ultimately succeed. However, with little to no brand awareness, equity, or loyalty to anyone under 40, Mikma will no longer be able to compete unless they begin appealing to younger consumers. We believe that if Mikma seriously considers the recommendations we will discuss in this chapter, Mikma has the potential to succeed as a company and as a brand.

5.2 Promotions and Displays

5.2.1 Displays

It is essential for Mikma to put an equal amount of their focus on utilizing push strategies as well as pull strategies. First, we will discuss the push strategies that we recommend that Mikma implement. The first push strategy that we believe would be beneficial for Mikma to implement is by promotions and displays. During our first week at Mikma, we mentioned how it would be beneficial for the company to advertise their products through retailers with a large display board promoting Mikma's products. They told us that while such boards exist, they do not currently have much channel use.

When we conducted phone interviews with Mikma wholesalers, most of them mentioned to us that they would be happy to retrieve these Mikma display boards and use them in their stores. Display boards are very eye-catching for retail stores as they capture the attention of consumers and will increase the likelihood of these consumers stopping to look at the Mikma products on display. Coupons, fliers, or catalogs could also be attached to the display, giving the consumer more motivation to purchase the Mikma product once they are at the display. Since there are wholesalers who already buy from Mikma who express interest in using their displays, we believe that Mikma should take advantage of this opportunity to increase the awareness of their company.

5.2.2 Trade Show Promotions

When we interviewed Alina, Mikma's Head of Marketing, we asked her whether or not the company participates in more trade shows than the trade show we attended in September. She told us that Mikma typically only participates in these trade shows twice a year: once in the fall season and once in the winter season. Alina told us that Mikma does not typically advertise and attend trade shows much in the spring and summer seasons because they are convinced that many people do not typically shop for small appliances during the warmer seasons. However, our group believes that a company should not seasonally promote their brand, especially when the company in question has a brand that has low public recognition. Mikma should instead consider attending these shows year round in an effort to constantly promote their brand. By making full use of their cardboard displays and trade show opportunities, Mikma will begin to slowly revitalize their brand by implementing these examples of push marketing strategies.

5.3 Negotiations with Retailers

As was previously mentioned, Mikma's channels of distribution are very limited. In order for Mikma to survive as a brand, it is imperative that they gain more channels of distribution. Mikma relies on a few small local stores, their own small Mikma store, and independent retailers who bring Mikma products back to their villages from flea markets. In order to expand their channels of distribution, we recommend that Mikma should begin by researching which retailers would be most likely to stock their products. All of Mikma's products, especially their tea kettles and hair dryers, have some market value within Moscow and the company has the potential to enter some retail chains. We recommend that Mikma begin this process by appealing to smaller retail chains and stores within Moscow initially and then gradually moving up to bigger retail chains.

Offering discounts to retailers is a popular method that companies often use when negotiating with retailers to stock their products. For instance, often companies will offer retailers discounts if they purchase the products via credit card. After meeting with these retailers, it is absolutely essential that Mikma relentlessly and continuously stays in contact with these potential retailers in order to increase their chances of entering these retailers.

Alina informed us that the reason why Mikma fails to actively seek out many retailers is because there is a fee associated with retailers stocking products. Since Mikma declined to give our group much information concerning their finances and profits, we were unable to research wholesalers within their specific financial bracket. However, even though shelf space of retailers may be costly, we firmly believe that Mikma needs to enter new retailers in order to survive as a company. However, we understand that entering new channels of distribution is difficult if the products of the brand are not in high demand, which is why Mikma needs to implement a good balance of pull strategies while also focusing on these push strategies. The pull strategies that we recommend for Mikma are discussed in the next sections.

5.4 Internet Visibility

5.4.1 Social Media

Although push strategies are essential for Mikma in order to increase brand awareness, implementing pull strategies is equally important. The first pull strategy that we recommend for Mikma is to improve their Internet visibility. The data we collected indicated that the two most popular places for consumers to gather information about small appliances are Internet reviews and recommendations from friends. Even with Mikma's small promotional budget, we believe that Mikma can realistically and cost-effectively improve their Internet visibility. For instance, Mikma can benefit from purchasing advertisements through social media websites such as Facebook, Twitter, and Vkontakte (VK), the Russian social media equivalent of Facebook. If Mikma created a page for their company on these pages and posted frequent statuses regarding updates on their products, Mikma's visibility would more than likely increase among younger consumers. Other than simply making a page and hoping that people go to it, Mikma can purchase targeted advertisements through these social media outlets. Online advertising can be relatively inexpensive, and quite effective amongst consumers in the 17-30 year old demographic.

5.4.2 Website

Due to the growing popularity of the Internet, our group examined Mikma's website design and compared it with the website design of one of Mikma's main competitors, Bork. Upon doing this, we concluded that Bork's website design was more attractive and they made their products look more appealing when compared to the bland design of Mikma's website, it was also very highly functional while Mikma's was not. When we interviewed Igor, Mikma's Advertising Director, he said that they are open to any suggestions that our team may have in regards to the website. He also mentioned that even though Mikma provides commentary and ideas as to the website design, they outsource someone to put that design into practice.

5.4.3 Online Store

Since many respondents of our survey said that they typically purchase small appliances from the Internet, Mikma should start an online store on their website in addition to making the previously discussed website improvements. Mikma's products are not currently sold in major appliances and electronics stores where young consumers typically shop. Our group knows that Mikma needs to increase their distribution channels in order to gain more visibility, but they do not have the current demand on their products to sell in these popular chain retail stores. The first step to gain more visibility, particularly among younger consumers, is for Mikma to set up a store online and on their website advertising and selling their products to consumers.

Also, Mikma would benefit greatly from selling their products on the Russian equivalent of Amazon.com, which is Ozon.ru. From the data we collected from Russian consumers, we found that many younger Russian consumers prefer to buy their small appliances online. By creating an online Mikma store as well as giving consumers the option to purchase their products through the Russian equivalent of Amazon.com, consumers will less limited as to where they are able to buy Mikma products and Mikma will begin to gain visibility among young consumers who typically shop online. Moreover, Mikma will be able to easily compare their products to other similar products from different brands on these websites and they will be able to benefit from reading reviews from their brand as well as other brands.

5.5 Product Promotion

During our first week at Mikma, we discussed potential advertising strategies with Alina that Mikma should consider. During this initial meeting, we talked about how Mikma is a Soviet-era company that is over 90 years old. She discussed with us that it would be a good idea to promote Mikma as a Russian company that has been in business for almost a century. Initially, we thought this was a great promotional strategy as it would surely appeal to the nationalistic pride of Russians as we had stereotyped Russian's as being very nationalistic people. As the weeks progressed, Alina discussed an idea that she had to further promote the Russian brand. She expressed her concern that the names of the products were too impersonal. For instance, the various Mikma shavers are simply labeled "Mikma" with a number after it indicating the specific product. As opposed to using numeric to indicate the different types of shavers, Alina suggested that we give the products different Russian names in order to make the products more personal as well as emphasizing that the products are Russian.

While older Russian consumers may demonstrate patriotic pride, it is clear from our surveys that younger demographics are not nearly as nationalistic. Since one of Mikma's main goals is to appeal more to young Russian people, we recommend that Mikma does not heavily advertise themselves as a Russian company. However, we also do not recommend that the company attempts to mask their origins by using European titles instead of Russian titles. Instead, we feel as though Mikma should concentrate on the positive aspects of their products when advertising. For instance, Mikma is constantly praised for having durable, reliable products. Therefore, we believe that Mikma would benefit from consistently promoting their products as durable and reliable when advertising as opposed to focusing on their Russian background.

At first, we thought that these were excellent marketing strategies. While we do not believe that either of these strategies are necessarily bad ideas, we do not believe that this is the direction in which Mikma should go as our consumer data disagreed with these strategies. Most respondents did not think that it was important to buy products that are made in Russia. In fact, a large majority of people thought that products made in Western Europe and even products made in America are of higher quality than products made in Russia. Western products in general appeal to consumers much more than Russian products. Almost unanimously, the respondents of this survey preferred foreign titles over Russian titles. This means that foreign product names typically appeal to young consumers much more than Russian product names.

5.5 Consumer Discounts

Another popular pull strategy that would be beneficial for Mikma to implement is promoting their products by offering consumer discounts. When we attended the small appliances trade show, we noticed that the Mikma booth was hardly interacting with people who passed by or momentarily stopped at the booth to look at the products. Along with being more assertive with potential customers, Mikma should offer promotional items of the brand to these people, such as a Mikma pen or magnet. It may even be beneficial to provide these potential consumers with Mikma coupons that can be used at the Mikma store.

People in general typically respond well to coupons and free small promotional items so we believe that this would create a positive consumer outlook on the Mikma brand. Moreover, if Mikma advertises their products as being very durable and reliable, offering coupons would give consumers the opportunity to see firsthand that their products are indeed durable. Considering that many young Russians gather information about products from "recommendations from friends," we believe that coupons and promotional items would get people to start talking to others about the Mikma brand.

5.6 Future Recommendations

Push and pull marketing strategies are important for Mikma to implement immediately in order to ensure the short term survival of their brand. However, if Mikma wants to completely revitalize their brand, it is important for them to make drastic changes for the long term. Currently, Mikma does not have the funds to implement these strategies. However, we strongly believe that if Mikma successfully completes the push and pull short-term marketing strategies that we have recommended, their finances will gradually improve enough to allow them to utilize some of the more complex and costly techniques that we will discuss in this section.

5.6.1 Expanding Product Line

A major mistake that Mikma makes is concentrating on their products as opposed to concentrating on their brand. A prime example demonstrating how Mikma focuses too much on their products and not enough on their brand can be seen with their coffee grinders. Many people across cultures view this product as old-fashioned compared to the innovative single-serve coffee makers that is capable of making a wide assortment of beverages. Instead of defining themselves as a small appliance company, they focused on trying to continue to update their current products as opposed to analyzing which newer small appliances were entering the market and becoming popular among consumers. In these market shifts, Mikma's sales decreased drastically since the Soviet era when their products were at the peak of their popularity.

The data that we collected indicates that not many young consumers use an electric razor or a coffee grinder. Although these products may be popular among older consumers, Mikma must move their focus to the needs of younger consumers if they want to meet their goal of appealing to a younger demographic of consumers. We do not believe that Mikma should completely discontinue these products; we believe that Mikma should expand on their product line in order to gain more visibility and interest among consumers.

When we spoke with wholesalers about the top five small appliance products that they sell, only one wholesaler mentioned electric razors and no one mentioned the coffee grinder. Instead, these wholesalers mostly reported multi-cookers, juice makers, and blenders as being the more popular products among consumers. We were able to confirm this as well when we visited appliance stores and retail chains. While these stores only had small sections devoted to coffee grinders and electric razors, they had very large sections devoted to electric tea kettles, juice makers, and blenders. Moreover, the sales assistants at these stores mentioned to us that hardly anyone bought coffee grinders and they tried to steer our attention away from the coffee grinders and to the more popular coffee machines. As opposed to focusing on their specific products, Mikma needs to view themselves as a small appliance company instead of a coffee grinder and electric razor company. If Mikma expanded their product line, they would appeal to both wholesalers as well as consumers.

5.6.2 Improving Product Aesthetics

When we found that products from brands such as Phillips, Bosch, and Bork were overwhelmingly more popular than Mikma products, we visited the websites of these three brands in order to investigate their products to see what made them so appealing to consumers. We noticed that the products produced by the much more popular companies were metal as opposed to plastic. These metal products have a new and innovative aesthetic appeal while the plastic products did not look like higher quality products. Of course, we were unable to say this since we did not have consumer data at the time to defend our points.

When the focus groups were assembled, Alina distributed Mikma products to everyone present at the focus group in order to collect their opinions of the products. While a couple of people in the focus groups admitted that they would buy Mikma's electric razor, most people in the groups said that they would not buy any of Mikma's products that were presented, which included coffee grinders, razors, tea kettles, and hair dryers. The main reason why these people said they would not consider purchasing these products was because of the plastic material. They did not consider these plastic products to be aesthetically pleasing and they felt as though the products would be unreliable and very breakable. Moreover, the women in the groups said that they would not consider buying a Mikma hair dryer because of the size. Since Mikma's hair dryers are smaller than the average hair dryer, the women said that they did not feel as though these hair dryers would be powerful enough or last for a long time.

5.7 Conclusion

While there were some limitations and challenges that we faced while arriving at these recommendations, we believe that our conclusions can improve Mikma's brand position. One of these major limitations included talking with wholesalers. While feedback from wholesalers who already buy Mikma products was valuable, we would have liked to talk with wholesalers who do not buy Mikma products. If we had done this, then we would have been able to find out why they do not buy Mikma products. However, this was not possible due to time constraints.

Another major challenge that our group faced was the organization of focus groups. Initially, we wanted to conduct a few different focus groups shortly after arriving to Mikma in order to collect data from consumers. However, these focus groups did not occur until very late into the project. By the time the focus groups were conducted, we had begun preparations for our final presentation and we were far past our data collection stage. While we were very pressed for time, we did end up conducting two focus groups. However, one of these groups was more of an expert group than a focus group since the group consisted of marketing professionals. Also, we saw limits with our questionnaire sample as well. Prior to the arrangement of the focus groups, we created a list of questions to ask the people in these focus groups. However, when the focus group interviews were translated into English for us, we found that the interviewers did not adhere to our questionnaire. However, even though the interviewers strayed from the questionnaire and left out specific questions that we felt was necessary to ask, we were still able to retrieve useful information from the focus groups.

Much like most project groups, we were certainly faced with some challenges and limitations since we began this project. However, we felt as though our limitations were relatively minor and did not disrupt our ability to collect and analyze useful data from consumers. Often, we found ourselves faced with communication issues, time constraints, and the inability to talk with key people, such as wholesalers who do not currently purchase Mikma products. However, even though we were faced with some inevitable limitations, in the end we felt as though we were still able to make successful recommendations to Mikma.

Chapter Six – Conclusion

In conclusion, Mikma has many strengths, partnerships, and resources that it can capitalize on to achieve future success. However, with an aging consumer base, no visibility among younger consumers, and limited advertising and promotion, there are drastic changes that need to be made in order for Mikma to continue functioning and to become a more successful company. Our group believes that if these recommendations are implemented, Mikma will ultimately succeed, but this report should also serve as a warning that changes need to be made.

There is still a lot of work to be done to increase Mikma's brand equity and brand awareness amongst younger consumers. Our group believes that these practices should be further investigated in regards to cost estimates, timetables, and expansion/compression of the Mikma product line. These tasks could either be performed by another project team, a consulting firm, or within Mikma internally.

Mikma's analysis of data regarding the contemporary Russian consumer should continue long after our project is completed. Since the end of the Soviet Union, Russia and Russian companies have been playing catch-up to enter a competitive, global economy. While Russia as a country has developed substantially throughout these last two decades, the continued development in business practices for Russian companies that previously existed under a planned economy is crucial. Our group believes that the consumer research, interviews, data, and analysis collected throughout this project have given us a fair understanding of how the young Russian consumer purchases, and what is important to them. It is essential for companies to know their consumer, and it is our hope that Mikma can utilize this information and become a bigger player in the Russian small appliances market.

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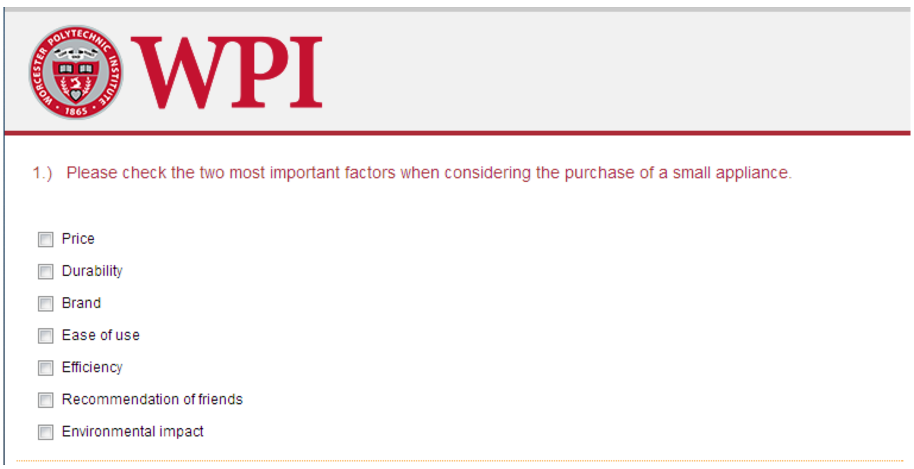
Appendix A – Screenshot of the Qualtrics Survey



WPI

1.) Please check the two most important factors when considering the purchase of a small appliance.

- Price
- Durability
- Brand
- Ease of use
- Efficiency
- Recommendation of friends
- Environmental impact

Of the criteria above, which is the most important to you when you make a purchase? Please explain.

Where do you get information about small appliances? (Check all that apply)

- Television commercials
- Radio commercials
- Newspaper Ads
- Magazine Ads
- Product Reviews (e.g., consumer reports)
- Online Ads
- Internet Websites
- Recommendations from Friends
- Retail Stores
- Other

Please check the two most likely places where you would purchase a small kitchen appliance (e.g., microwave, coffee maker)

- Online store
- "Big Box" store (e.g.,. Best Buy
- Local independent store
- Chain store (e.g., Macy's, JC Penney)
- Discount center (e.g., Wal-Mart)

When you bought your last small kitchen appliance, what was the main reason for your purchase?

- Previous one broke
- New style
- New functionality
- Updated features
- Advertisement

Do you own a coffee grinder?

- Yes
- No

If yes, what were the two most important factors in your purchase decision?

- Price
- Durability
- Brand
- Ease of use
- Efficiency
- Recommendation of friends
- Environmental impact
- I don't own a coffee grinder

Do you use an electric shaver?

- Yes
- No

If yes, what is the main reason why you choose to use an electric shaver over wet shave razors?

- Price
- Durability
- Brand
- Ease of use
- Efficiency
- Recommendation of friends
- Environmental impact
- I don't use an electric shaver

Do you use a hair dryer?

- ( ) Yes
- ( ) No

If yes, what two qualities do you value most when buying a new hair dryer?

- [ ] Price
- [ ] Durability
- [ ] Brand
- [ ] Ease of use
- [ ] Efficiency
- [ ] Recommendation of friends
- [ ] Environmental impact
- [ ] I don't use a hair dryer

Please indicate your age.

- ( ) Under 20
- ( ) 20-29
- ( ) 30-39
- ( ) 40-49
- ( ) 50-60
- ( ) Over 60

Please indicate your annual income.

- ( ) Less than $25,000
- ( ) $25,001-$49,999
- ( ) $50,000-$74,999
- ( ) $75,000-$99,999
- ( ) $100,000-$125,000
- ( ) Greater than $125,000
- ( ) I'd rather not say

>>

Appendix B – Screenshot of the American Qualtrics Survey Results

	A	B	C	D	E	F	G	H
1								
2	Q1) Please check the two most important factors when considering the purchase of a small appliance.							
3	Price		76					
4	Durability		55					
5	Brand		7					
6	Ease of use		16					
7	Efficiency		18					
8	Recommendation of friends		4					
9	Environmental impact		2					
10								
11								
12								
13	Q2) Of the criteria above, which is most important to you when you make a purchase? Please explain.							
14	Price: 51	Durability: 25	Brand: 5	Ease of use:	5	Env'l Impact: 1		Eff'cy: 6
15	Q3) Where do you get information about small appliances? (check all that apply)							
16								
17	Television commercials				29			
18	Radio commercials				2			
19	Newspaper ads				13			
20	Magazine ads				12			
21	Product reviews				61			
22	Online ads				14			
23	Internet websites				65			
24	Recommendations from friends				46			
25	Retail stores				26			
26	Other				0			
27								
28	Q4) Please check the two most likely places where you would purchase a small kitchen appliance (e.g., microwave, coffee maker)							
29								
30	Online store				50			
31	"Big box" store (e.g., Best Buy)				39			
32	Local independence store				7			
33	Chain store (e.g., Macy's, JC Penney)				25			
34	Discount center (e.g., Walmart)				53			
35								

	A	B	C	D	E	F
35						
36	Q5) When you bought your last small kitchen appliance, what was the main reason for your purchase?					
37						
38	Previous one broke			69		
39	New style			3		
40	New functionality			16		
41	Updated features			0		
42	Advertisement			2		
43						
44	Q6) Do you own a coffee grinder?					
45						
46	Yes	24				
47	No	64				
48						
49	Q7) If yes, what were the two most important factors in your purchase decision?					
50						
51	Price				19	
52	Durability				14	
53	Brand				3	
54	Ease of use				11	
55	Efficiency				5	
56	Recommendation of friends				0	
57	Environmental impact				1	
58	I don't own a coffee grinder				64	
59						
60	Q8) Do you use an electric shaver?					
61						
62	Yes	30				
63	No	57				

Q9) If yes, what is the main reason why you choose to use an electric shaver over wet shave razors?

Price	8
Durability	7
Brand	1
Ease of use	17
Efficiency	7
Recommendation of friends	1
Environmental impact	0
I don't use an electric shaver	57

Q10) Do you use a hair dryer?

Yes	48
No	40

Q11) If yes, what two qualities do you value most when buying a new hair dryer?

Price	27
Durability	26
Brand	4
Ease of use	15
Efficiency	16
Recommendation of friends	3
Environmental impact	2
I don't use a hair dryer	40

12) Please indicate your age

Column1	Owns a coffee grinder	Does NOT own coffee grinder	Uses electric shavor	Does NOT use electric shaver
Under 20	NA	NA	NA	1
20-29	8	27	12	23
30-39	6	17	8	15
40-49	3	9	4	8
50-60	2	7	4	5
Over 60	3	2	2	3

Appendix C – Russian Consumer Survey (In Russian)

Цель данного опроса узнать о том, как и почему российские потребители покупают мелкую бытовую технику. Участие в опросе носит добровольный характер и является анонимным.

1) Какие из перечисленных ниже товаров у Вас есть?

Товар	**Есть ли он у Вас?**
Кофемолка	
Электробритва	
Щипцы для завивки волос	
Фен для сушки и укладки волос	
Электрочайник	
Капсульная кофемашина	
Кофеварка	
Триммер для носа	

2.) Какова вероятность того, что Вы приобретёте указанные ниже товары в ближайшие 2 года?

-Кофемолка

Крайне мала=1 Очень велика=10

1—2—3—4—5—6—7—8—9—10

-Электробритва

Крайне мала=1 Очень велика=10

1—2—3—4—5—6—7—8—9—10

-Очиститель воды

Крайне мала=1 Очень велика=10

1—2—3—4—5—6—7—8—9—10

-Фен для сушки волос

Крайне мала=1 Очень велика=10

1—2—3—4—5—6—7—8—9—10

-Электрочайник

Крайне мала=1 Очень велика=10

1—2—3—4—5—6—7—8—9—10

3.) Пожалуйста, укажите, насколько важны следующие факторы при принятии решения о покупке предмета мелкой бытовой техники.

Цена

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Долгосрочность использования

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Брэнд

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Простота в использовании

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Экономичность в использовании

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Рекомендация друга

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Воздействие на окружающую среду

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

4.) Какие из упомянутых выше критериев наиболее важны для Вас при покупке? Пожалуйста, поясните.

5.) Насколько важны для Вас следующие источники информации при сборе информации о товарах мелкой бытовой техники?

-ТВ реклама

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Реклама на радио

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Рекламные объявления в газетах

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Реклама в журналах

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

- Рецензии на товары (например, в специализированных журналах о бытовой технике- «Эксперт» и.т.д.)

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Реклама в интернете

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Отзывы в интернете

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Рекомендации друзей

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Магазины розничной торговли

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Другие источники

6.) Укажите, пожалуйста, какова вероятность того, что Вы приобретёте товары мелкой бытовой техники (например, микроволновая печь, кофеварка) в следующих местах:

-Интернет-магазин

Крайне мала=1 Очень велика=10

1—2—3—4—5—6—7—8—9—10

-Специализированные сети магазинов бытовой техники (например, М.Видео, Медиа-Маркт, Эльдорадо, Техносила, Эксперт и.т.д)

Крайне мала=1 Очень велика=10

1—2—3—4—5—6—7—8—9—10

-Местный небольшой магазин

Крайне мала=1 Очень велика=10

1—2—3—4—5—6—7—8—9—10

-Розничные сети (например, Реал, АШАН, МЕТРО, Карусель и.т.д)

Крайне мала=1 Очень велика=10

1—2—3—4—5—6—7—8—9—10

7.) По какой причине Вы в последний раз приобретали товар мелкой бытовой техники?

-Поломка товара, который использовался ранее

-Новый дизайн

-Новые функциональные характеристики

- Обновлённая модель

-Реклама

-Стиль

8.) Вы пьёте кофе?

-Да

-Нет

9.) Если да, как и где Вы его употребляете? Пожалуйста ниже укажите частоту потребления.

-В кофейнях (например, Кофе Хаус, Шоколадница и.т.д)

Никогда=1 Очень часто=10

1—2—3—4—5—6—7—8—9—10

Растворимый кофе

Никогда=1 Очень часто=10

1—2—3—4—5—6—7—8—9—10

-Капсульные кофемашины

Никогда=1 Очень часто=10

1—2—3—4—5—6—7—8—9—10

-Домашняя кофеварка (молотый кофе)

Никогда=1 Очень часто=10

1—2—3—4—5—6—7—8—9

-Домашняя кофеварка (помол кофе в зёрнах)
Никогда=1 Очень часто=10
1—2—3—4—5—6—7—8—9—10

10.) Пользуетесь ли Вы кофемолкой?

-Да
-Нет

11.) Если да, то укажите критерии, которыми Вы руководствуетесь при принятии решения о её покупке.

- Цена
Не важно=1 Очень важно=10
1—2—3—4—5—6—7—8—9—10

-Долгосрочность использования
Не важно=1 Очень важно=10
1—2—3—4—5—6—7—8—9—10

-Брэнд
Не важно=1 Очень важно=10
1—2—3—4—5—6—7—8—9—10

-Простота в использовании
Не важно=1 Очень важно=10
1—2—3—4—5—6—7—8—9—10

-Экономичность в использовании
Не важно=1 Очень важно=10
1—2—3—4—5—6—7—8—9—10

-Воздействие на окружающую среду
Не важно=1 Очень важно=10
1—2—3—4—5—6—7—8—9—10

-Я не пользуюсь кофемолкой

12.) Пользуетесь ли Вы электробритвой?

а. Да
б. Нет

13.) Насколько важны следующие критерии, которыми Вы руководствуетесь при принятии решения о покупке электробритвы?

Цена

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Долгосрочность использования

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Брэнд

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Простота в использовании

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Экономичность в использовании

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Воздействие на окружающую среду

Не важно=1 Очень важно=10

1—2—3—4—5—6—7—8—9—10

-Я не пользуюсь электробритвой

14.) Пожалуйста, укажите свой возраст

-до 20
-20-29
-30-39
-40-49
-50-60
- 60+

15.) Пожалуйста, укажите уровень своего ежемесячного дохода.

Менее 20,000р
20,001р – 40,000р
40,001р – 60,000р
60,001р- 100,000р
Свыше 100,000р
Предпочитаю не указывать

Насколько Вы согласны со следующими утверждениями?

16.) Я считаю, что важно покупать товары, произведённые в России.

Категорически не согласен =1 Полностью поддерживаю =10

1—2—3—4—5—6—7—8—9—10

17.) Я считаю, что товары, произведённые в Западной Европе, лучшего качества, чем товары российского производства.

Категорически не согласен =1 Полностью поддерживаю =10

1—2—3—4—5—6—7—8—9—10

18) Я считаю, что товары, произведённые в Восточной Европе, лучшего качества, чем товары российского производства.

Категорически не согласен =1 Полностью поддерживаю =10

1—2—3—4—5—6—7—8—9—10

19.) Я считаю, что товары американского производства лучше, чем товары, произведённые в России.

Категорически не согласен=1 Полностью поддерживаю=10

1—2—3—4—5—6—7—8—9—10

20.) Я считаю, что товары китайского производства лучше, чем товары, произведённые в России.

Категорически не согласен =1 Полностью поддерживаю =10

1—2—3—4—5—6—7—8—9—10

21) Товары, произведённые на Западе мне нравятся больше, чем товары, произведённые в России.

Категорически не согласен =1 Полностью поддерживаю =10

1—2—3—4—5—6—7—8—9—10

22) Пожалуйста, оцените качество упомянутых ниже брэндов и укажите, слышали ли Вы о них,

Брэнд	**Никогда не слышал о нём**	Очень низкое качество =1 Очень высокое качество=10 1—2—3—4—5—6—7—8—9—10
Bosch		
Braun		
Bork		
Mikma		
Phillips		
Wahl		
Vitek		

23) какие названия вам больше нравятся?

a) Русские

b) Иностранные

Appendix D– Russian Consumer Survey (In English)

The purpose of this survey is to gather information about how and why Russians purchase small appliances. This survey is voluntary and anonymous.

1.) Which of the following products do you own?

Product	Do you own it?
Coffee Grinder	
Electric Razor	
Hair curlers	
Blow Dryer	
Electric Tea Kettle	
Single serve coffee maker	
Standard drip coffee machine	
Nose trimmer	

2.) How likely are you to buy these products in the next 2 years?

-Coffee Grinder

Definitely not=1 Extremely likely=10
1—2—3—4—5—6—7—8—9—10

-Electric Razor
Definitely not=1 Extremely likely=10
1—2—3—4—5—6—7—8—9—10

-Water Purifier
Definitely not=1 Extremely likely=10
1—2—3—4—5—6—7—8—9—10

-Blow Dryer
Definitely not=1 Extremely likely=10
1—2—3—4—5—6—7—8—9—10

-Electric Tea Kettle
Definitely not=1 Extremely likely=10
1—2—3—4—5—6—7—8—9—10

3.) Please rate the importance of the following factors when considering the purchase of a small appliance.

-Price
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Durability
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Brand
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Ease of use
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Efficiency
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Recommendation of friend
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Environmental impact
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

4.) Of the criteria above, which is the most important to you when you make a purchase? Please explain.

5.) When you get information about small appliances, how important are the following types of media in your gathering of information?

-Television commercials
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Radio commercials
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Newspaper ads
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Magazine ads
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Product reviews (e.g., Consumer)
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Online ads
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Online reviews
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Recommendations from friends
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Retail stores
Unimportant=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Other

6.) Please indicate how likely you would be to purchase a small kitchen appliance (e.g., microwave, coffee maker) at the following

-Online store
Unlikely=1 Extremely likely=10
1—2—3—4—5—6—7—8—9—10

-“Big box” store (e.g., Best Buy)
Unlikely=1 Extremely likely=10
1—2—3—4—5—6—7—8—9—10

-Local independent store
Unlikely=1 Extremely likely=10
1—2—3—4—5—6—7—8—9—10

-Chain store (e.g., Macy's JC Penney)
Unlikely=1 Extremely likely=10
1—2—3—4—5—6—7—8—9—10

-Discount center (e.g., Wal-Mart)
Unlikely=1 Extremely likely=10
1—2—3—4—5—6—7—8—9—10

7.) When you bought your last small kitchen appliance, what was the main reason for your purchase?

-Previous one broke
-New style
-New functionality
-Updated features
-Advertisement
-Style

8.) Do you consume coffee?

-Yes
-No

9.) If yes, how do you typically consume your coffee? Please indicate the frequency below.

-In a coffee shop (e.g., Starbucks)
Not at all=1 Very frequently=10
1—2—3—4—5—6—7—8—9—10

-Instant coffee
Not at all=1 Very frequently=10
1—2—3—4—5—6—7—8—9—10

-Single serve machine
Not at all=1 Very frequently=10
1—2—3—4—5—6—7—8—9—10

-Machine at home (pre-ground coffee)
Not at all=1 Very frequently=10
1—2—3—4—5—6—7—8—9—10

-Machine at home (grinding your own beans)
Not at all=1 Very frequently=10
1—2—3—4—5—6—7—8—9—10

10.) Do you use a coffee grinder?

-Yes
-No

11.) If yes, please rate the factors in your purchase decision.

-Price
Not important=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Durability
Not important=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Brand
Not important=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Ease of use
Not important=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Efficiency
Not important=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Environmental impact
Not important=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-I don’t use a coffee grinder

12.) Do you use an electric shaver?

a. Yes
b. No

13.) How important was each of these factors in your decision to buy an electric razor?

-Price
Not important=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Durability
Not important=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Brand
Not important=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Ease of use
Not important=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Efficiency
Not important=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-Environmental impact
Not important=1 Extremely important=10
1—2—3—4—5—6—7—8—9—10

-I don’t use an electric shaver

14.) Please indicate your age

-Under 20
-20-29
-30-39
-40-49
-50-60
-Over 60

15.) Please indicate your monthly income.

Less than 20,000p
20,001p – 40,000p
40,001p – 60,000p
60,001p- 100,000p
Greater than 100,000p
I’d rather not say

Indicate your level of agreement with the following sentences

16.) I think that it is important to buy products made in Russia

Strongly Disagree =1 Strongly Agree=10
1—2—3—4—5—6—7—8—9—10

17.) I believe that products made in Western Europe are of higher quality than products made in Russia

Strongly Disagree=1 Strongly Agree=10
1—2—3—4—5—6—7—8—9—10

18.) I believe that products made in Eastern Europe are of higher quality than products made in Russia

Strongly Disagree=1 Strongly Agree=10
1—2—3—4—5—6—7—8—9—10

19.) I believe that products made in USA are of higher quality than products made in Russia

Strongly Disagree=1 Strongly Agree=10
1—2—3—4—5—6—7—8—9—10

20.) I believe that products made in China are of higher quality than products made in Russia

Strongly Disagree=1 Strongly Agree=10
1—2—3—4—5—6—7—8—9—10

21) Western products appeal to me more than products produced in Russia

Strongly Disagree =1 Strongly Agree=10
1—2—3—4—5—6—7—8—9—10

22) Please assess the quality of the following brands and indicate if you have heard of them

Brand	**Have not heard of them**	Very low quality =1, Very high quality=10 1—2—3—4—5—6—7—8—9—10
Bosch		
Braun		
Bork		
Mikma		
Phillips		
Wahl		
Vitek		

23) Do you prefer the sound of Russian brands or foreign brands?

a) Russian
b) Foreign

Appendix E – Screenshot of the Russian Consumer Survey Results

1) Which of the following do you own?

Product	Do you own it?	Tallying "yes" responses
Coffee Grinder	107	
Electric Razor	98	
Hair Curlers	87	
Blow Dryer	184	
Electric Tea Kettle	210	
Single Serve Coffee Maker	47	
Standard Drip Coffee Machine	109	
Nose Trimmer	26	

2) How likely are you to buy the following products in the next two years?

(Definitely not = 1 ..... Extremely likely = 10)

Product	1 2	3	4	5	6	7	8	9	10	
Coffee Grinder	136	14	15	10	13	4	3	8	1	7
Electric Razor	113	11	14	11	12	13	12	7	4	16
Blow Dryer	93	11	14	10	20	10	13	9	2	18
Electric Tea Kettle	97	10	12	14	18	11	13	10	7	20

3) Please rate the importance of the following factors when considering the purchase of a small appliance

(Not important = 1 .... Very importance = 10)

Factors	1 2	3	4	5	6	7	8	9	10	
Price	9	7	11	13	28	20	28	44	17	43
Durability	1	3	3	1	21	12	26	37	28	89
Brand	14	4	8	21	40	24	37	25	22	25
Ease of Use	9	5	14	15	37	27	23	41	16	37
Efficiency	23	12	16	15	39	16	18	28	22	31
Recommendation of Friend	28	11	15	18	45	27	31	23	8	12
Environmental Impact	70	20	21	16	26	11	12	16	9	21

5) How important for you are the following types of ways to gather information about small appliances? (Not important = 1 .... Very important = 10)

Factors	1	2	3	4	5	6	7	8	9	10
TV Advertisements	71	19	24	21	33	8	14	9	2	6
Radio Advertisements	104	29	26	14	18	6	2	3		2
Newspaper Advertisements	117	30	19	17	15	2		2		4
Magazine Advertisements	83	29	20	15	27	12	11	4	2	5
Product Reviews	50	13	19	15	21	16	23	19	5	15
Internet Advertisements	49	11	24	23	35	15	19	10	4	13
Internet Reviews	21	3	10	6	30	20	29	30	27	29
Recommendation of Friends	19	5	6	14	30	28	30	32	22	19
Retail Shops	52	16	28	22	32	15	15	11	3	5

6) Indicate how likely you are to purchase small appliances in the following locations.

(Very low = 1 .... Very high = 10)

Factors	1	2	3	4	5	6	7	8	9	10
Online Store	35	8	16	12	30	15	19	22	25	29
Specialty Retail Chain	11	4	5	12	18	21	23	28	30	60
Local Small Shop	72	12	26	32	29	8	7	13	1	3
Retailers	48	16	17	22	23	9	27	13	12	9

7) For what reason did you last purchase a small appliance?

Previous appliance broke	New design	New functional characteristics	Updated model	Advertisement	Style	
158	12	73	30	6	9	<- Tally

8) Do you drink coffee?

Yes	162
No	59

9) If yes, how frequently do you consume your coffee at the following locations/methods?

(Never = 1 .... Very often = 10)

Factors	1	2	3	4	5	6	7	8	9	10
In a coffee shop	26	7	20	12	14	10	16	10	14	32
Instant coffee	53	13	10	7	16	7	15	11	8	25
Capsule coffee	72	12	12	7	11	6	9	6	6	11
Home made (pre-ground beans)	54	7	6	13	17	13	11	11	14	12
Home made (grinding own beans)	55	10	12	6	15	8	12	14	6	29

10) Do you use a coffee grinder?

Yes	68
No	146

11) Rank the importance of the criteria that guided your decision to purchase the coffee grinder.

(Not important = 1 .... Very important = 10)

Factors	1	2	3	4	5	6	7	8	9	10
Price	13	5	4	5	14	8	13	14	4	11
Durability	6	3	2	7	10	9	7	9	6	32
Brand	13	2	5	8	8	14	15	10	2	11
Ease of Use	10		7	3	13	11	12	8	5	21
Efficiency	23	5	8	9	11	8	11	7	1	8
Environmental Impact	39	9	4	9	7	10	3	2		5
I don't use a coffee grinder	146									

12) Do you use an electric razor?

Yes	66
No	145

13) Rank the importance of the criteria that guided your decision to purchase the electric razor.

Factors	1	2	3	4	5	6	7	8	9	10
Price	9	3	7	7	10	6	11	8	5	10
Durability	2		2	4	7	6	6	12	9	28
Brand	7	3	4	2	11	7	10	10	11	8
Ease of Use	6	3	4	5	6	11	6	10	8	19
Efficiency	17	4	6	8	14	5	7	6	1	8
Environmental Impact	29	10	6	8	4	6	4	2	1	6
I don't use an electric razor	145									

14) Please indicate your age.

Less than 20	136
20-29	49
30-39	8
40-49	5
50-60	6
60+	9

15) Please indicate your monthly income (in Rubles).

Less than 20,000p	104
20,001p - 40,000p	38
40,001p - 60,000p	10
60,000p - 100,000p	6
Over 100,000p	27

How much do you agree or disagree with the following statements?
(1 = Strongly disagree .... 10 = Strongly agree)

I think it's important to buy products made in Russia.	1	2	3	4	5	6	7	8	9	10
Tally	60	17	30	25	46	7	7	6	5	9

I think that products made in Western Europe are of higher quality than products made in Russia.	1	2	3	4	5	6	7	8	9	10
Tally	7	4	6	13	22	14	23	43	23	58

I think that products made in Eastern Europe are of higher quality than products made in Russia.	1	2	3	4	5	6	7	8	9	10
Tally	16	10	23	23	38	17	22	25	14	23

I think that products made in America are of higher quality than products made in Russia.	1	2	3	4	5	6	7	8	9	10
Tally	6	6	7	14	36	19	26	34	18	37

I think that products made in China are of higher quality than products made in Russia.	1	2	3	4	5	6	7	8	9	10
Tally	52	19	32	21	31	19	14	14	3	11

Western products appeal to me more than products made in Russia.	1	2	3	4	5	6	7	8	9	10
Tally	6	3	7	10	26	15	30	35	24	59

Please rate the quality of the following brands and indicate if you have not heard of them. (Very poor quality = 1 .... Very high quality = 10)

Brand	Never heard of them	1	2	3	4	5	6	7	8	9	10	
Bosch	2	1	2	2	2	15	9	25	35	44	59	Tally
Braun	16	5	1	1	9	20	15	36	34	28	25	Tally
Bork	23	2	2	5	4	18	14	21	29	21	55	Tally
Mikma	163	6	2	4	3	7	3	4	1	2	3	Tally
Philips	2	2	1	4	1	16	23	27	45	24	47	Tally
Wahl	161	4	3	5	4	4	4	3	1	1	2	Tally
Vitek	9	6	7	17	12	34	24	31	17	13	21	Tally
Agidel	161	6	7	4	3	5			2	2	3	Tally
Berdsk	163	4	5	3	4	2	2	2	1	2	6	Tally

Do you prefer Russian titles or foreign titles?

Russian	39
Foreign	150