

INNOVA PROJECT

Interior design studio



The Nordic-Russian Co-operation Programme in Education and Research

Autumn 2016 – autumn 2017

Anastasiia Slavnikova

The Nordic-Russian Co-operation Programme in Education and Research

Author	Anastasiia Slavnikova	Year 2016-2017
Subject	Interior design studio	
Supervisor	Marina Weck	

ABSTRACT

The subjects of the project are to investigate one of the offered innovative spheres and to promote services of a company provided them to a new market. I chose the sphere of new technologies for interior design or rather innovative paints for interior design of different premises such as residential and public ones. This kind of services is submitted by the Russian company Nitrostalin and the agreement was to provide their services to the Finnish market. I defined the objectives for my project as follows:

- 1) To study Finnish interior design market and market opportunities for innovative art technology
- 2) To advertise innovative art technology to the Finnish interior design companies
- 3) To collect necessary data on laws and regulations regarding setting up new business or legal entity for foreign residents and establishing of the Russian company branch office in Finland
- 4) To find Finnish potential partners for the new company or branch

For my research I used methods of qualitative and quantitative analysis. I conducted a market research among Finnish interior design studios, analyzed their answers and combined them. During my research I ran into a problem of the difference between cultures of Finland and Russia. This problem cannot be resolved, therefore, following possible ways were identified for the Russian company: to change a design of their paintings according to the general view of Finnish people and to adjust to the Finnish way of doing business.

Keywords Innovative paints, marketing research, Finland, Russia

Pages 18 pages including appendices 3 pages

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2 INTRODUCTION

In rapidly developing world, innovative technologies make huge steps forward affecting different spheres of our life. Evidently, design is not an exception. Nowadays, 3D pictures become more and more popular among the private customers and companies who draw up public premises for exhibitions and other public events. But this service requires plenty of researches and sources for the work. It is a cause why generally companies do not involve in this sphere but if a company can create something special unusual and innovative it will give the huge opportunities for further activities of the company. It might be an innovative technology of paints, design assistance for other design companies, full 3D image of the future work, everything what other companies and potential customers have never heard about before.

2.1 Background information and introduction of the subject of the report

My project is about interior design studio and promotion of Russian design company to the Finnish market. I chose this project, because I am interested in new innovative technologies in design including interior design of different kinds of premises, it is a good opportunity to learn more about the Finnish market, how to open own business in European countries such as Finland and a possibility to meet new interesting persons. I am sure that using my research skills from previous economic education is my main strength in doing of the project. But it is rather new sphere for me because of another language and a difference between Finnish and Russian markets. I feel that this project has helped me to

develop my communicative skills, especially language skills, to get an ability to know something new about country I live in and to get an ability to work in a real project with deadlines and a team.

Goals of the project are:

- 1) Bringing knowledge of innovative art technology to the Finnish market of interior design
- 2) Promotion of the Russian company to the Finnish market

The company, I am going to provide into Finnish market, is called Nitrostalin. Nitrostalin is a Russian company, which offers innovative art technology solutions for interior design of residential and public premises such as museums, schools, theatres, cinemas, cafes etc. The company introduced different solutions combining technologies from classical art to the latest achievements in the digital art. For instance, the design solutions for walls and floors may apply techniques of adding invisible fluorescent components into paints that glow when exposed to UV light or 3D paints. It is located in the middle part of Russia and has only one office. But they think about additional branches in Russia and in Europe as well. The main feature of their work is an unusual technology, which few people have heard of this until now.



Fig. 1 Work example of the company

2.2 Problem statement / project objectives

As I pointed out before, the project specific objectives are as follows:

- 1) To study Finnish interior design market and market opportunities for innovative art technology
- 2) To advertise innovative art technology to the Finnish interior design companies
- 3) To collect necessary data on laws and regulations regarding setting up new business or legal entity for foreign residents and establishing of the Russian company branch office in Finland
- 4) To find Finnish potential partners for the new company or branch

These tasks helped me to find out the level of interest to the innovative services in interior design sphere among Finnish companies according to the opinion of their customers and next steps for the Nitrostalin company. In my survey participated 21 companies and 19 of them answered that their activities do not correspond to the services offered by the Nitrostalin company (the list of the companies is presented in the Appendix 2). The full list of answers and their analyse is presented in the chapter 3.1.

Some of them are interested in it but the cooperation will depend on the future orders from their customers, so they are ready to keep on mind the proposal. The main reason for this irresolution to cooperate is the difference between Finnish and Russian cultures which means the big gap between interests of Finnish customers and the offered services. The Finnish design is minimalistic and not so colorful comparing with Russian one. As a way to get around the problem I visited the Habitare exhibition in Helsinki (13.-17.09.2017) and asked companies participated in that exhibition their opinion what exactly they expect from the company provided these services, in what they are interested in case of possible cooperation. They answered following:

- 1) To change a design of their paintings (first of all, colors and atmosphere) according to the general view of Finnish people: pictures of nature in black and white colors
- 2) To promote their services by themselves due to the huge amount of questions related to this new technology
- 3) To offer these services to the design companies specialized in bright and unusual design for public premises

These answers reflect the opinion of Finnish customers on the future activities of the company.

Also it is important to consider the issue about establishment of a branch or an own company in Finland. There are lots of features for that comparing with Russia. The company needs to go through the following steps:

- 1) Creation of business plan (location, required equipment, marketing plan, customer groups, all investments, capital, initial financing, staff, their wage)
- 2) Limited liability company (“Oy”) or a Finnish branch office
- 3) Start-up notification (business type – Y1 for “Oy”) in Finnish Trade Register and Finnish Tax Registration (VAT Register, Prepayment Register and Employer Register)
- 4) Registration of the name of the company in the Finnish Patent and Registration Office (PRH) (they compare this name with others if there are similar names already registered)
- 5) Trade specific permits are not required.
- 6) Permits for foreign entrepreneurs: residence permit and employee’s residence permits
- 7) No professional qualifications for this sphere
- 8) No required license for this sphere
- 9) Insurance: self-employed person’s pension insurance (YEL)
- 10) Selection of accounting outsourcing company/accounting by ourselves and audit company
- 11) Opening a bank account: providing the following documents - trade register extract, the minutes of the decision-making body of the company, rules of the company, an explanation of the payment transfers, an explanation of company’s business activity, information about co-founders of the company, other possible explanations such as information about permits and etc, for foreign entrepreneurs : letter of reference from own bank and detailed contact information from entrepreneur)
- 12) Initial costs - 330 (online)/380 (paper notification) € – registration fee
- 13) Taxes:
 - Value added tax (VAT) must be paid
 - Taxes withheld at source and health insurance payments (former social security contributions) must be paid from

wages paid by companies (from employees)

- A company's income tax is determined as based on profit. (20% for "Oy")
- A company must disclose VAT and income taxation information to the Tax Administration

As can be noted, establishment of the new company is not difficult process but it might be a visa problem for Russian representatives as non-EU citizens.

2.3 Limitations

There is a list of additional problems which were not covered in my research:

1) Certificate of quality

The company has a certificate of quality received in Russia but according to the European law the company needs to get the certificate of that country where it is going to provide their services. There are two types of certificates the company can get: Finnish and European certificates. European one is more expensive but can be used in the whole territory of the European Union (EU). The company considers expanding business in Finland, so it makes no sense to pay for the European certificate. On the other hand, as the survey results showed, the company unlikely will develop in Finland successfully. Representatives of the company should make a decision by themselves.

2) Visa

Russia is not a participant of the EU and it might be a cause of complication of the promotion process for the company. Opening of a Finnish bank account requires a permanent visa, but for getting a visa an applicant must have enough reason such as an approved business plan and documents for all departments above. It is additional point the representatives should be careful about.

2.4 Choice of theory / models, methods and sources

The basic model I used is a marketing research. For better understanding of the topic I used a book "Marketing-management" by Philip Kotler. There I found a structure how to conduct the research and what kind of information I need. "Marketers collect primary data in five main ways: through

observation, focus groups, surveys, behavioural data, and experiments”¹. I collect primary data because of special purposes of my project and my way is to conduct a survey. It helps to find out all needed information and it does not require lots of money and sources. Also it would be interesting to investigate behavioral data of the customers of the interior design market but there is no possibility to do it now, I trusted the opinion of the Finnish companies about that. For collecting of the primary data I used a questionnaire: “A questionnaire consists of a set of questions presented to respondents. Because of its flexibility, it is by far the most common instrument used to collect primary data.”² In my questionnaire I used 2 open-end and 4 closed-end questions. The first ones clarify the attitude of the Finnish companies towards a topic and the last ones show how they think. In case of low results it may help to create new ways for promotion of the Russian company to the Finnish market. Also I created a brochure with work examples of the company for better understanding of the services offered.

After choosing of the methods how to conduct the research it is necessary to define a sampling plan: how many people should we survey and how should we choose the respondents? In Finland there are not too many companies which provide interior design services including unusual paintings. But it is important to choose the respondents from exactly this sphere. Checking the basic information about a potential survey participant it is necessary to make sure that it is related to the paintings of premises. Otherwise, the possible answer “I do not have experience in using suchlike services” will be wrong for the statistics. I found almost all Finnish interior design studios which may be interested in suchlike services. Generally they are located in the capital area of Finland Helsinki.

Next step is to choose the contact methods: by email, telephone, in person or online. I used contacts by email for sending of the brochure and questionnaire. But, unfortunately, this method is characterized by quite low and slow response rate. I supplemented this method by telephone communication. It gave the companies to think about their answers and consider a proposal for cooperation. Also it helped to clarify some questions from the questionnaire which were not understood correctly by the companies. During visiting the Habitare exhibition I had a chance to talk with a few representatives of interior design studios face to face. In my opinion, this method is the most effective because you can talk with a person not only about the topic but ask him or her some additional questions and record

¹ Kotler P. ‘Marketing-management’, p. 101, 14th edition, 2012

² Kotler P. ‘Marketing-management’, p. 104, 14th edition, 2012

observations about his or her reaction, emotions and body language.

Then it is necessary to do a data processing and analyze the information. Due to low results of the first survey I asked most of the companies again, but the results did not get much better. After that I figured out the reasons of received results. Generally, during my research I resorted to the quantitative and qualitative analysis.

Quantitative research is “explaining phenomena by collecting numerical data that are analysed using mathematically based methods (in particular statistics).”³ It has helped to assess the level of Finnish companies’ interest in proposed services, their opinion if the services have a potential in the Finnish market and opinion about possibility of cooperation as well.

Qualitative research is “examination of non-measurable data such as a firm's reputation, a brand' image, or a customer's feelings about a product”.⁴ The next step of the research was to define reasons for the high or low results (in my case were the low results) and think of ways to improve it.

One of the most difficult steps are presentation the findings and making the decision. In my case the Nitrostatin company is responsible for this step. Representatives of the company should weight of all data received, identify all possible solutions and choose the right one.

To sum up, according to the “Marketing-management” book the success of any marketing research depends on seven following characteristics:

- 1) Scientific method (good formulation of the questions)
- 2) Research creativity
- 3) Multiple methods
- 4) Interdependence of models and data
- 5) Value and cost of information
- 6) Healthy skepticism
- 7) Ethical marketing

Sometimes it is needed to conduct more in-depth researches and I consider my research is not finished and can be carried out more deeply.

³ Aliaga and Gunderson ‘Interactive Statistics’ 3rd Edition (2005)

⁴ <http://www.businessdictionary.com/definition/quantitative-analysis.html>

2.5 Time schedule

Scheduling is very important for long-time projects. Before any actions I made an approximate schedule. It helped to follow my research clearly and add more steps if needed. My final schedule is shown below:

- 1) 13.10.2016 – the first meeting for concerning the project
 - Acquiring of general information about the project and about Russian design company Nitrostalin
 - Establishing of the aim of the project
- 2) 24.10.2016 – meeting with Lauri Tenhunen
 - General information about requirements for establishing of a company in Finland
- 3) 10-11.11.2016 – preparing for the First Seminar in Saint-Petersburg
 - Definition of the aim and tasks of the project
 - Implementation plan for the project
 - Creating of PowerPoint presentation
- 4) 16.11.2016 – meeting with Helena Turunen and other students
 - Discussion about general information of our projects and our presentations of them at the First Seminar in Saint-Petersburg
- 5) 21-24.11.2016 – the First Seminar of INNOVA in Saint-Petersburg
- 6) 05-18.01.2017 – conduction of the Finnish interior design market research
 - Creating of the commercial proposal for Finnish interior design studios and questionnaire for them
 - Searching for and listing of interior design companies in Finland
 - Sending of commercial proposal to design companies
 - Acquiring of feedback by e-mail and voice calls
 - Data processing
- 7) 23.01.2017 – meeting with the supervisor and other students
 - Discussion about placing of information for INNOVA Project web-site (innovaproject.org)

- 8) 27.01 – 2.02.2017 – Preparing for the Second Seminar
 - Search for information about events concerning design in Finland in 2017
 - Creating of PowerPoint presentation about conducted market research and establishing of new company
- 9) 6-9.02.2017 – the Second Seminar of INNOVA in Hämeenlinna
- 10) 15.02 – 23.02.2017 – the second marketing research already interviewed companies and new companies
- 11) 16.03.2017 – Presentation of my project to Finnish students
- 12) 30.03.2017 – Search for data about establishing of new company in Finland (contacts, required documents) or a branch of the Russian company in Finland
- 13) 02.04.2017 – Translation of the commercial proposal and the brochure into Finnish with Finnish student and sending it to Finnish design companies. Start of negotiations with Arcibella Ltd (an interior design studio, located in Helsinki).
- 14) 21.04.2017 – Preparing for the third Seminar in Horsens
 - Creating of PowerPoint presentation about conducted market research and establishing of new company (law aspects)
 - Search for information about establishing of new company as a branch in Finland
- 15) 24. -27.04.2017 – the Third Seminar of INNOVA in Horsens
- 16) 12.04 – 23.05.2017 – discussion with Arcibella studio issues about possible cooperation.
- 17) 08.06.2017 – getting the studio's decision not to start cooperation because of the disinterest of their customers in this kind of services.
- 18) 13.09.2017 – visiting of the Habitare Fair in Helsinki (interior, design and furniture fair)
 - Discussion with a representative of Ennetool project (Finnish individual interior design project) about their interest in offered services
 - Data processing
- 19) 18. - 22.09.2017 – preparing the final report using the template

- Integration of the project subjects, objectives and results
- Summarizing

20) 20.10.2017 – preparing for the Forth Seminar in Moscow

- Creating of PowerPoint presentation about objectives, conducted market research and outcomes of the project
- Reflections on the further steps of the Nitrostalin company

21) 23. - 26.10.2017 – the Forth Seminar of INNOVA in Moscow

3 MAIN SECTION / PROJECT RESULTS

3.1 Results of companies' interview

As I pointed out earlier, the results of the research are quite low for the Russian company. There were researched 21 Finnish interior design companies. Here are results of the survey:

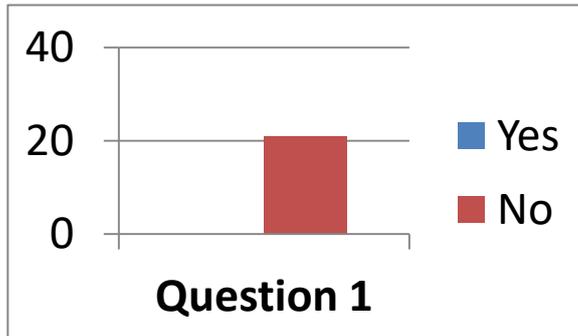


Fig. 2 – question 1

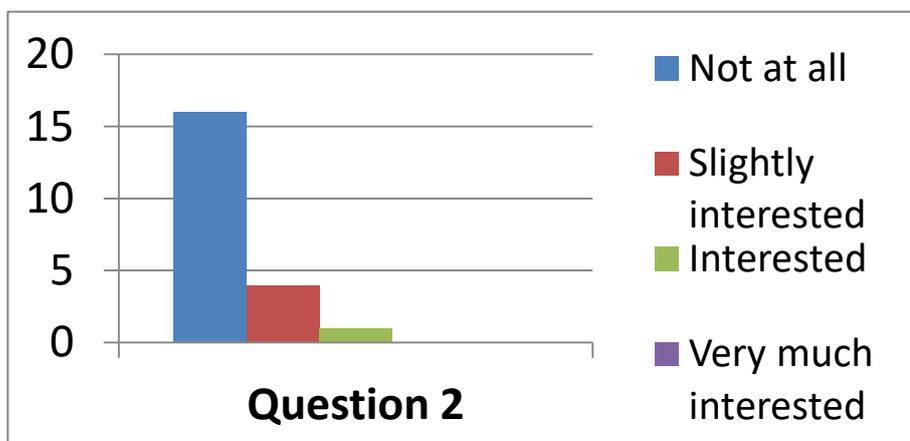


Fig. 3 – question 2

Question 3 :

- 1) Very specific service
- 2) Minimalistic or Scandinavian style
- 3) Might be interesting for private customer

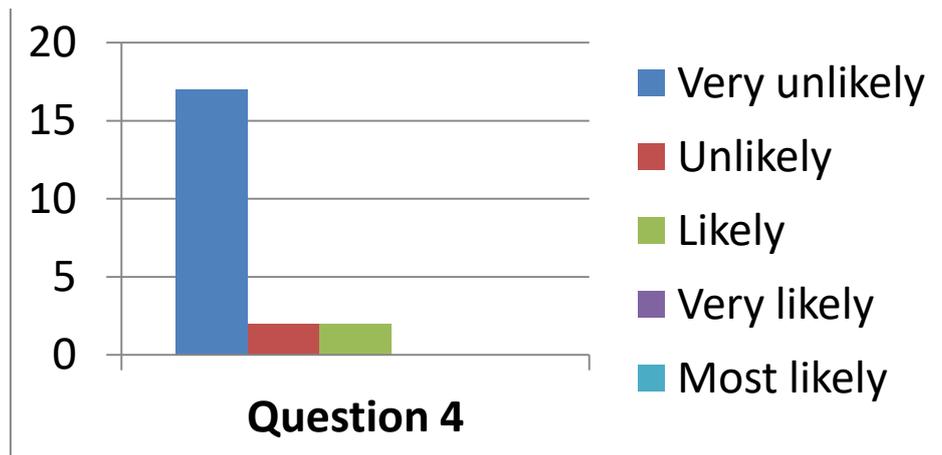


Fig. 4 – question 4

Question 5:
3D examples look the best

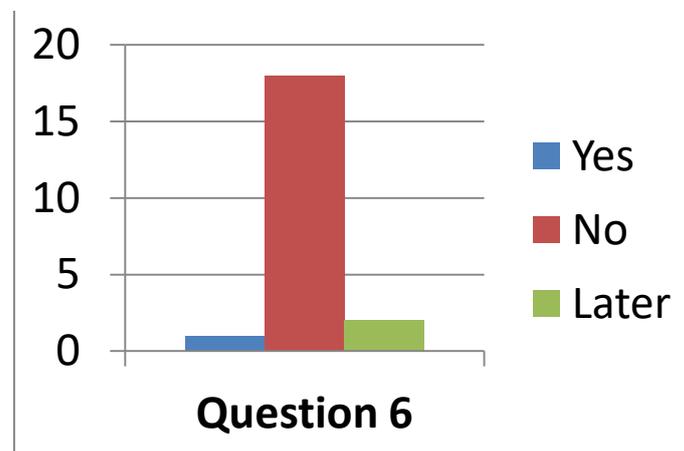


Fig. 5 – question 6

The first question was “Does your company have experience in using/buying suchlike services?” This question helped to figure out the main direction of activities of researched companies. All 21 companies answered that they did not have this experience before; it means offered innovative technology of paints is rather new for them.

The second question was “To what extent do you feel that your company may be interested in using of the proposed services?” This question is one of the most important among others for ascertainment their interest to proposed services and if there might be a possibility for future cooperation. 1 company Arcibella Ltd. pointed out its interest, 4 companies Sisustusvimma, Vallila interior, Harni-Takahashi and Visionary design were slightly interested and rest of the companies were not interested at all.

The third question was “What causes your doubts of using the proposed services?” Here we found out what the Russian company should change in its activities or works for future cooperation. This question is open-end, so all companies could tell something new and unusual for us. The most popular answer was that this kind of services is specific and style of the companies is more minimalistic and Scandinavian which does not correspond to the proposed bright and colourful style.

The fourth question was “To what extent do you feel that the proposed services have a potential in the Finnish interior design market?” This question helped to figure out opinion of the companies about future of the proposed kind of services in Finland according to their knowledge and guessing or their own marketing researches. 2 respondents Arcibella Ltd. and Ennetool project feel that the proposed services have a potential in the Finnish market, 2 companies Harni-Takahashi and Visionary design consider these services do not have a potential in Finland and other 17 companies are sure these services do not have a potential in the Finnish market at all.

The fifth open-end question was “Which types of work examples do you like and/or dislike?” Answers for this question are mostly important for the creative activity of the Nitrostalin company. For me it was very interesting to read the companies’ answers, they specified 3D examples of work, huge pictures wall-sized, but at the same time they stressed that these works are just amazing and it is not suitable for their work style.

The sixth question was “Would you be interested to discuss the possibility of cooperation?” Only 1 company Arcibella Ltd. was ready to discuss the cooperation but after a while they changed their mind because during rather long time they did not receive orders for similar kind of paint works. 2 companies Vallila interior and Mari Isopahkala will be interested in the discussion later if they get a special order for that.

3.2 Opportunities for the Nitrostalin company

According to the results of research for the Finnish interior design companies the Russian company Nitrostalin has to provide changes in its activities. First of all, they should take into account difference between Finnish and Russian cultures.

The main changing may be the addition of some new patterns of pictures such as nature and cozy homes in black and white colors. They can cooperate with Finnish designers to produce something special and unusual to offer to the Finnish design companies.

Combination of the favorite type of design for Finnish people and the Nitrostalin company's ability to create graphics of almost any level of complexity will give incredible results.

Also according to the suggestion of Ennetool representative the Russian company can try to cooperate with public premises directly. Especially this kind of services might be popular among companies who organize different exhibitions including international.

Another way to promote its services is to cooperate with other European countries, whose idea of design is more similar to the Russian view. In those countries there are much more interior design companies which means more companies who may be interested in the cooperation.

4 CONCLUSIONS

Learning the Finnish interior design market I found out that it is quite minimalistic and not much colorful. Finish people are interested in new technologies in this sphere and they admire it but if it does not apply to their homes.

More advertisement will give more attention to this sphere and probably more people will be interested in it but for accuracy it is needed to conduct the research more deeply and among potential future customers. As an option the representative of Ennetool project mentioned the Nitrostalin company may introduce their services in Finland, for instance, at the interior design exhibition by themselves. All interested design companies and customers would get answers to their questions in detail.

As an alternative if the company has the main goal to provide its services abroad it can expand the sphere of activities and come up with some additional innovative trends such as design assistance or 3D interface for full image of the future work.

Anyway, every innovation has an opportunity to be developed further, its creator should just think about the most unusual applications for that and find customers who will be truly interested in it.

5 LIST OF REFERENCES

Kotler P. & Keller K.L. (2012) *Marketing-management*. Pearson 14th edition

Jeffery M. (2013) *Data-diving marketing: the 15 metrics everyone in marketing should know*. M.: MIF

Qualitative and quantitative analysis: <http://psyznaiyka.net/view-metody.html?id=kolichestvennyi-kachestvennyi>

The official link to the Ministry of Economic Affairs and Employment:
<https://www.yrityssuomi.fi/en/>

The official website of the Nitrostalin company:
<http://nitrostalinart.wixsite.com/nitrostalin>

6 APPENDICES

Appendix 1

THE QUESTIONNAIRE

Dear Sir/Madam,

My name is Anastasiia Slavnikova. I am a student from Häme University of Applied Sciences and represent a Russian company, which provides painting services for designing interior of living rooms or other public premises and building facades, among many other services. The company uses several techniques such as adding invisible fluorescent additives into paints that glow when exposed to UV light and paints for 3d effect pictures on the walls and floor. Please find some work examples of the company from the attached file.

I carry out a study regarding the interest and demand for the services mentioned above in the Finnish interior design market.

Could you please answer to a few following questions:

1) Does your company have experience in using/buying suchlike services?

“Yes” ____ or “No” ____

2) To what extent do you feel that your company may be interested in using of the proposed services?

“Not at all” ____, “Slightly interested” ____, “Interested” ____, “Very much interested” ____, “Substantially interested” ____

3) What causes your doubts of using the proposed services?

4) To what extent do you feel that the proposed services have a potential in the Finnish interior design market?

“Very unlikely” ____, “Unlikely” ____, “Likely” ____, “Very likely” ____, “Most likely” __

5) Which type of work examples do you like and/or dislike?
Please see the attached file.

6) Would you be interested to discuss the possibility of cooperation?

“Yes” _____, “No” _____, “Later” _____
(when? _____)

Please feel free to contact me if you need any further information:

Anastasiia Slavnikova

anastasiia.slavnikova@student.hamk.fi

or

Marina Weck

Project Manager

Häme University of Applied Sciences

marina.weck@hamk.fi

THE LIST OF THE COMPANIES

Name of the company (21)	Location
Sisustusvimma	Helsinki
Joanna Laajisto (2)	Helsinki
STUDIO SUPPANEN	Helsinki
Gullstén & Inkinen (2)	Helsinki
Muotohiomo	Helsinki
Pentagon design (2)	Helsinki
Kayiwa	Helsinki
Mari Isopahkala	Helsinki
Futudesign (2)	Helsinki
Studio VOID	Helsinki
Harni-Takahashi	Helsinki
Visionary Design Partners	Helsinki
Vallila Interior	Helsinki
Design Studio 210	Helsinki
Studio Arcibella Ltd.	Helsinki
Suomen Intercolor ICfin ry	Helsinki
Pennanen design Oy	Raasepori
Aveo Oy	Vaasa
Designstudiopiia Oy	Tampere
Dekotel Coating Oy	Lohja
Illumitech Finland Oy	Kotka

Table 1. List of the researched Finnish interior design companies