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ADDITIONAL VALUES OF A DOMESTIC INTERNET SHOP

A comparison of domestic and foreign e-commerce from the customer point of view

Business Economics and Tourism

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ABSTRACT

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E-commerce trend has experienced rapid growth during the past decade. Ordering goods through the internet and receiving them even to your home has never been so easy. Ordering from a domestic internet shop is perceived to be safe and the legislation protects customers, for example, with the right to return the products within 14 days, without any costs. In addition, the possibility to order from abroad also provides many viable options by offering competitive pricing and delivery. What types of drawbacks occur when purchasing goods from abroad, even when getting the product at a cheaper price? How much is the customer willing to sacrifice from customer service, delivery times and return policy in order to get the product at a cheaper price?

This research began with specifications of the differences that customers experience in domestic and foreign e-purchase? What are the practical differences when purchasing from domestic or foreign e-stores? Are there differences between legislation and practises? Is the purchase process as easy in both situations? Theory was studied concerning e-commerce in Finland and in the EU. Previous statistics and researches stated were also discussed. This was followed by the empirical part of the thesis.

The empirical part of the thesis was based on a research done using a qualitative research method as a survey. The survey was executed online and the respondents were given a link that directed them to the questions. The survey got a total of 170 responses. Out of these 170 responses 112 were by people that have experience at both Finnish and EU e-stores. These made my main study group.

As a conclusion of the results, it must be noted that overall the Finnish e-stores performs better than the EU e-stores but the differences were not very radical. The return policy in the EU and the lack of trust with payments were the two most distinguished problems, in which the Finnish e-stores clearly performed better.

Keywords	E-commerce, internet, internet shop, international trade, purchase, electronics
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TIIVISTELMÄ

Tekijä	Jakub Bazia
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Verkkokauppa on viimeisen vuosikymmenen aikana kasvanut selkeästi. Verkkokaupan kautta tilattavien tuotteiden määrä on kasvanut, ja tuotteiden tilaus niin suomalaisesta, kuin myös ulkomailta, on helppoa. Kotimaisesta verkkokaupasta tilaus koetaan turvalliseksi, jonka lisäksi lainsäädäntö suojelee asiakkaita esim. 14 päivän palautusoikeudella, kuluitta. Tämän lisäksi asiakkailta on mahdollisuus tilata kansainvälisistä verkkokaupoista, jotka tarjoavat kilpailukykyisiä hintoja jopa toimituskulujen kera. Tutkimusongelmana on punnita näiden kahden eri tarjoajien välisiä suhteita ja eroja. Tarjoaako kansainvälinen verkkokauppa tuotteita parempaan hintaan, ja edellyttääkö sieltä tilaaminen jotain eroa siihen, kuin että tilaisi suomalaisesta verkkokaupasta? Kuinka paljon on asiakkaan säästettävä jotta kynnys ylittyisi ja ostos tulisikin tehtyä ulkomailta. Tutkimus rajataan EU:n sisällä tapahtuvaan kaupankäyntiin.

Teoria alkaa perehtymällä verkkokauppaan ja selvittämällä mitä keskeisiä tekijöitä aiheeseen kuuluu. Mitä käytännön eroja kotimaisen ja kansainvälisen verkkokaupan välillä on? Miten asiakkaan oikeudet muuttuvat, mikäli hän päättää tilata EU:n sisältä, mutta kuitenkin Suomen ulkopuolelta. Onko palautusoikeuksissa tai muissa käytännön asioissa eroja, vai onko tilaaminen yhtä vaivatonta molemmista lähteistä? Näiden asioiden selvittämisen jälkeen seuraa empiirinen tutkimus, joka on toteutettu kvantitatiivisella tutkimusmenetelmällä, verkkokyselylomakkeella.

Yhteensä vastauksia saatiin 170 kpl, joista 112 vastaajista oli kokemusta sekä kotimaisesta, että kansainvälisestä verkkokaupasta. Nämä 112 vastaajaa ovat tutkimuksen pääsääntöinen kohderyhmä. Tutkimustuloksissa todettiin kotimaisen verkkokaupan suoriutuvan paremmin joka saralla. Useissa tekijöissä kansainvälinen kauppa suoriutui kuitenkin hyvin, lähes kotimaisen verkkokaupan tasoisesti. Suurin ero näkyi maksamisen luotettavuuden, sekä palautusoikeuksien kohdalla, kotimaisen verkkokaupan voitoksi.

Terminology

EU27 27 countries of European Union:

Belgium (BE), France (FR), Austria (AT), Bulgaria (BG), Italy (IT), Poland (PL), Czech Republic (CZ), Cyprus (CY), Portugal (PT), Denmark (DK), Latvia (LV), Romania (RO), Germany (DE), Lithuania (LT), Slovenia (SI), Estonia (EE), Luxembourg (LU), Slovakia (SK), Ireland (IE), Hungary (HU), Finland (FI), Greece (EL), Malta (MT), Sweden (SE), Spain (ES), Netherlands (NL), United Kingdom (UK).

EU European Union

PCW Price comparison websites

ip address Internet protocol address

VAMK Vaasa University of Applied Science

VAT Value added tax

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1 INTRODUCTION

The business in e-commerce has been growing throughout the internet's history and today it is estimated to reach a revenue of 325 billion dollars. In 1995 it was around ten billion dollars, so the growth is obvious. It also plays an important role in the business world, and more and more transactions are being done electronically. E-commerce has flourished from a clumsy playground to a sophisticated worldwide network, where it has become an inevitable part of any company for surviving today's fast-paced business world. (Laudon 2010, 25)

E-commerce brings the best offers from around the world in an instance right at your doorsteps. The comparison of products and services is easy and purchases can be executed in a couple of minutes. Never before has booking a flight, a hotel room or a rental car, been so easy and carefree as it is today with the use of the internet. The internet has revolutionized the standards of trades and transactions.

The topic of the thesis is familiar one to me due to the fact that I personally use the internet as a source of information in almost all purchase situations. I compare prices, read reviews and other users' comments on products, and tend to gather as much information as possible of the product that I am interested in. In many cases, the product is only available on the internet. In addition, I have been working for a Finnish internet store called Superkauppa, which sells various gadgets to customers in Finland. Superkauppa is a part of Origodesign Oy. From these two factors I got the idea of finding out what additional value domestic e-commerce can offer when it comes to internet shopping. By weighting these different values the important actions and services can be understood.

1.1 Research problem and limitations

The aim of the research is to study what the main reasons for choosing between domestic or foreign internet stores are. These questions are: 1) What additional value will the consumer gain by choosing a Finnish e-commerce provider over a foreign provider? 2) In which cases is the foreign e-commerce provider more attractive?

The research will only cover the trade that happen inside the European Union, because when purchasing products from outside the EU, the customer has to pay duty toll and value added tax (VAT). For products with a purchasing price of over 22€ VAT that is usually 24% of the purchase value that has to be paid. VAT for books is 10% and they are duty free. For products of value exceeding 150€, the duty has to be paid. Duty fees vary a lot, from 2,7% on car parts to 17% on textiles. (Finnish Customs, 2013)

To keep this research clear and simple, it will only cover scenarios that have no obligations of paying VAT and toll fees. In this thesis foreign e-commerce refers to e-commerce outside of Finland but inside the EU.

This research will cover business-to-consumer trading and focus on consumers point of view and trends that are noticed and what are the customers' attitudes towards e-commerce.

The official statistics of Finland present charts that separate e-commerce purchases done through the internet into two separate categories: The ones that are delivered physically and the ones that are delivered electronically. Examples of the two types are music that is bought online and delivered home by mail (CD album) as the first type or music that is delivered electronically to the customers' computer, for example, as a MP3-file as the second type. This research will cover situations in which the consumer physically receives his purchased product, because the risks between these two scenarios differ a lot. The research shall not cover intangible products.

The research will also measure customer service even though it is an intangible. This is done because it plays a significant role when comparing a domestic internet shop over a foreign internet shop.

The additional problem occurs when defining a "domestic" or "foreign" internet shops, due to the fact, that many companies are officially registered abroad and have their headquarters abroad. For example, Gigantti is a store that has many stores in Finland with the addition of a web store. Gigantti is part of Norwegian Elkjøp group that is owned by a British company called DSG International. Still, Gigantti

is taken as a domestic vendor in this research, because its stores and warehouses are located in Finland and the web store is available in the native language of the country, Finnish. (Gigantti 2013)

1.2 Structure of the thesis

First, the background will be researched. What is the current situation on e-commerce in Finland and the EU today and how has it changed during the past years? The risks of e-commerce will be covered in Chapter 3 and will state what differences occurring in comparison.

Chapter 4 will cover the difference between domestic and foreign legislation, warranty, shipment and right to return goods. This chapter will state the actual benefits and drawbacks of both e-commercial zones.

After completing the theoretical study, a questionnaire will be formed to benchmark the mind-set of customers towards domestic e-commerce in comparison with foreign e-commerce.

In the last section the results of the study and questionnaire will be discussed as well as the conclusions that can be drawn from the results. The process of the research will be described as well. Lastly suggestions for further research will be discussed.

2 WHAT IS E-COMMERCE

This chapter will cover the terminology and definition of e-commerce in this research. The definition of other similar terms are covered.

The concept of e-commerce was introduced in the first half of the 1990's as developers began to search for new method of doing business. At this time the costs were very high and the internet was available for a few people. When e-commerce began functioning properly it introduced new business opportunities and companies could find it easy to expand their business through e-commerce. E-commerce also enables establishing brand new companies only in order to operate in e-commerce. (Koskinen 2004, 37)

By the use of e-commerce companies are able to lower storage, premises and staff expenses. For the seller the most significant thing is to know what is needed, where and when. Additionally the delivery should be executed at the exact time and way the customer wishes for it to be delivered. All this should be done with a reasonable profit. (Koskinen 2004, 37–38)

E-commerce also known as electronic commerce and described as follows:

When the buying, selling or marketing of a product or service is performed with the help of electronic system and network, it can be described as Electronic Commerce. This is mainly achieved by the use of computers and other devices connected to the internet. (Sharma 2009, 89)

There are also other, rather rarely used terms that try to describe e-commerce more accurately due to its wide range of business activities. *I-commerce* is sometimes used to refer to purchasing items from online stores on the internet. Additionally, *Web-commerce* is a rather rarely used term, which also describe the same event. *Virtual mall* or *cybermall* consists of a collection of on-line retailers *e-tailing*, *virtual-stores* or *cyber stores*. (Tassabehji 2003, 5)

There is a difference between e-commerce and e-business. E-business is not directly related to performing transactions. For example, a shop that uses a computer database to keep track of inventory is involved in e-business. If the shop also sells products online it is involved in e-commerce. (Sharma 2009, 89)

2.1 E-Commerce in Finland

In this chapter the values and changes of the e-commerce in Finland are presented. The chapter will also discuss what the most popular product and services purchased are.

Finnish people are among the most frequent internet users in European countries excluding the other Nordic countries. 90% of the Finnish population have used the internet in the past three months. All of 16-34 years old correspondents have used the internet in the past three months. (Official Statistics of Finland 2012)

According to statistics, the overall consumer e-commerce value has almost doubled during the years 2007 and 2011. The annual change is demonstrated in Chart 1. (Official Statistics of Finland 2012)

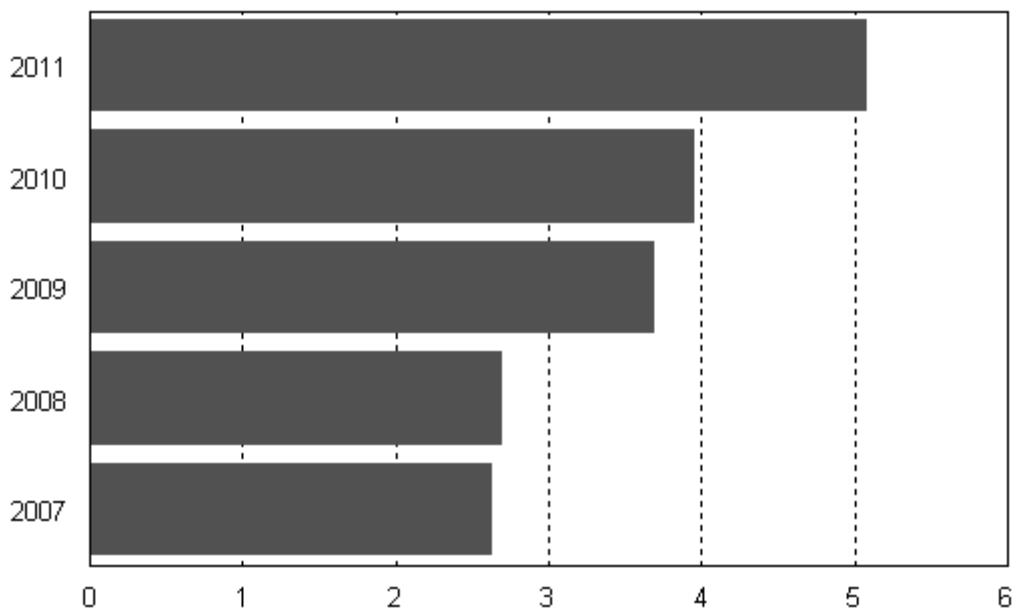


Table 1. Consumer online purchases total value 2007-2011 in billions of euro. (Official Statistics of Finland 2012)

In 2012, two-thirds (65%) of Finnish residents have purchased something on the internet during the past year. People aged 25-34 years are the most common online purchasers. Of all women 53% have purchased something over the internet in the past three months when the same figure for men was 46%. (Official Statistics of Finland 2012)

The most popular product categories have been accommodation services, tickets and other travel-related services. Also theatre, concert and film tickets are among the most popular products or services bought online. For customer an alternative way to purchase these products or services would be a visit to local travel agency or a ticket service, which in most cases provides no additional value and usually results in a higher price or effort. (Official Statistics of Finland 2012)

The share of internet retailing in 2010 was 4% of retailing in Finland. EU average is 3,5% and the highest value is for the United Kingdom with 7,9% of all country retailing. (Civic Consulting 2011)

In 2011 18% of all 16-74-year-old customers have purchased consumer electronics. Next in line were sports equipment with 16%, computers and computer equipment with 15% and computer/console games with 11%. (Official Statistics of Finland 2012)

In 2012 Verkkoshoppailu.com was listed as the most frequently searched online shops, with the use of Google Adwords. From these results are excluded service providers such as Veikkaus, Finnair, Finnkino, Huuto.net and VR. If these service providers were included, Veikkaus would have been the most frequently searched online shop or online service provider with a rate of 1,5 million searches per month. Some of these companies have both an online shop and physical stores. This lowers the relevance of the table, but it gives some vision of the most frequently searched online shops in Finland. Anttila is included, even though it has a separate online shop called NetAnttila, but this in order to demonstrate its popularity. It is also possible that a customer is searching for Anttila online shop. All the rest of the companies have the same company name as the online shop. (Verkkoshoppailu.com)

It is interesting to notice that within these companies four are Finnish and four are Swedish. Swedish online shops are: H&M, Ikea, Ellos and Cdon.com. Finnish companies are: Verkkokauppa.com, Hobby Hall, Stockmann and NetAnttila. Gigantti is owned by British and Norwegian owners. eBay and Amazon are American e-commerce companies. The difference is that the products are located all over the world, and the sellers are small companies or individuals that sell their products on eBay or Amazon. Products are new or used, mainly new. (verkkoshoppailu.com)

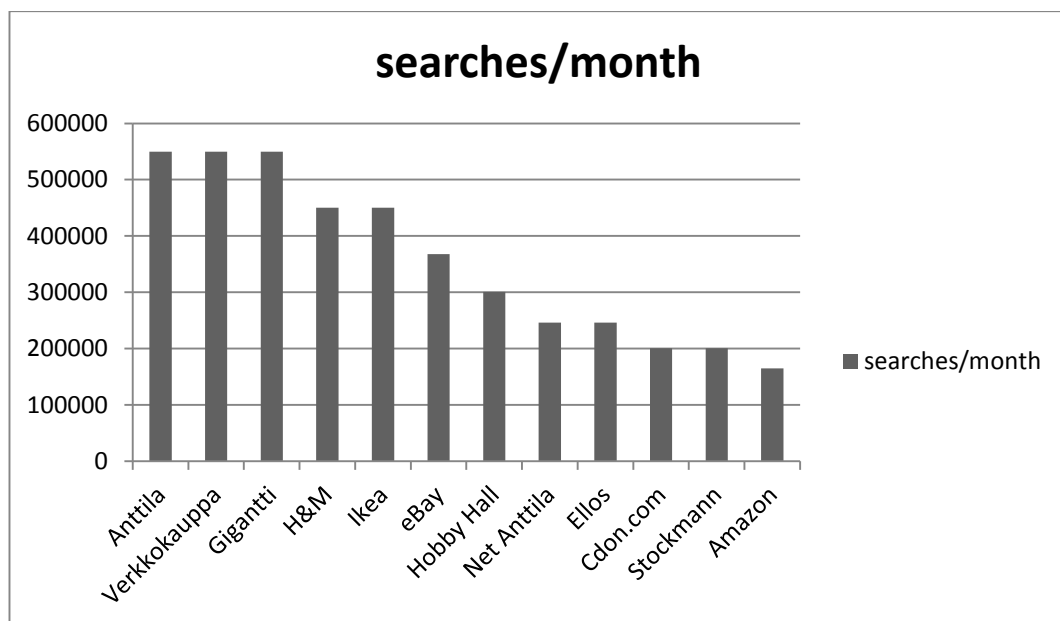


Table 2. Most searched online stores. (Verkkoshoppailu.com)

The most popular online shops sell mainly electronics, cloths, decoration- and entertainment products. Finnish customers buy most of the products online from United Kingdom, Germany, United States, Sweden and China. (Civic Consulting 2011, 35)

2.2 E-commerce in EU

This chapter gives a picture of how e-commerce has developed in the EU during past years, and which of the EU countries have strong e-commerce and which do not.

When comparing the percentage of individuals who ordered goods or services over the internet for private use in the year 2010, top countries would be Denmark, Netherlands, United Kingdom and Sweden. (European Commission 2012, 5)

Table 3 demonstrates how many per cent of the population have purchased something on the internet during the past 12 months. The data of European Commission is extracted from Eurostat, Information society statistics in 2010.

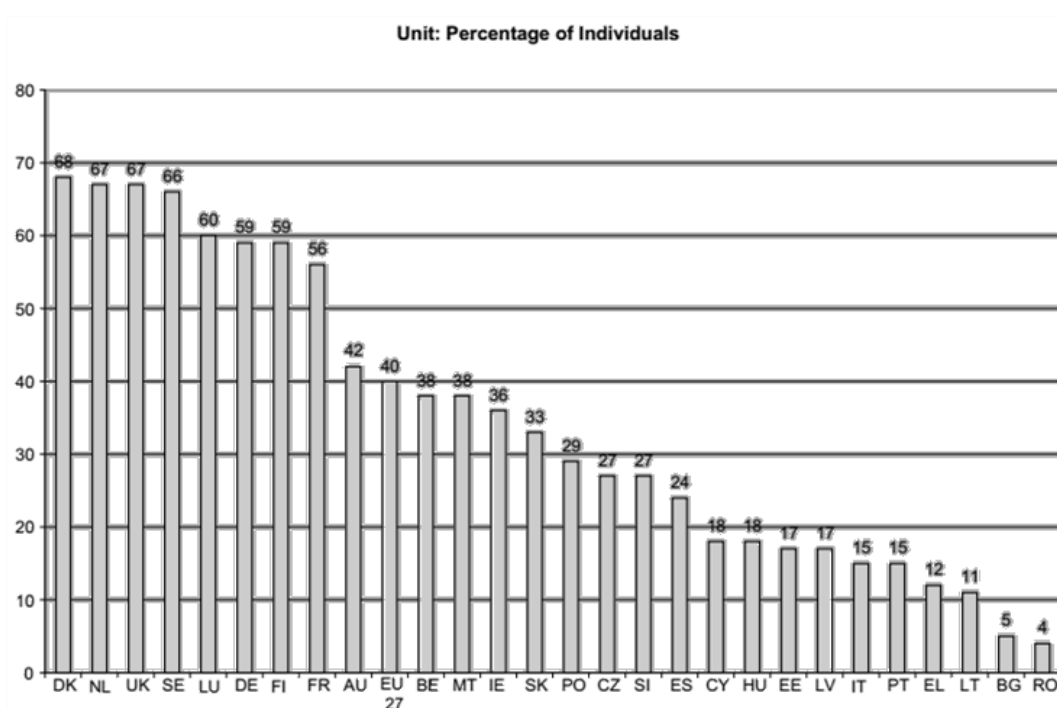


Table 3. Percentage of individuals who ordered goods or services over the Internet for private use in the last year. (European Commission 2012, 5)

Romanian and Bulgarian people buy on the internet, at least when comparing to other EU countries. Finland is ranked seventh, with 56% of population having purchased something online. Luxemburg and Germany are ranked similarly to Finland. (European Commission 2012, 5)

Statistics are different when comparing the transactions that cover buying from other EU countries. 1% of Romanian people have ordered from abroad, which concludes that almost all e-commerce on the customer lever is done domestically. The customers in Luxembourg on the other hand, buy the most from other EU countries with 53% of population buying from other EU countries. Finland ranks 5th with 21% of Finnish population having purchased something from an other EU country as shown in table 4. (European Commission 2012, 5)

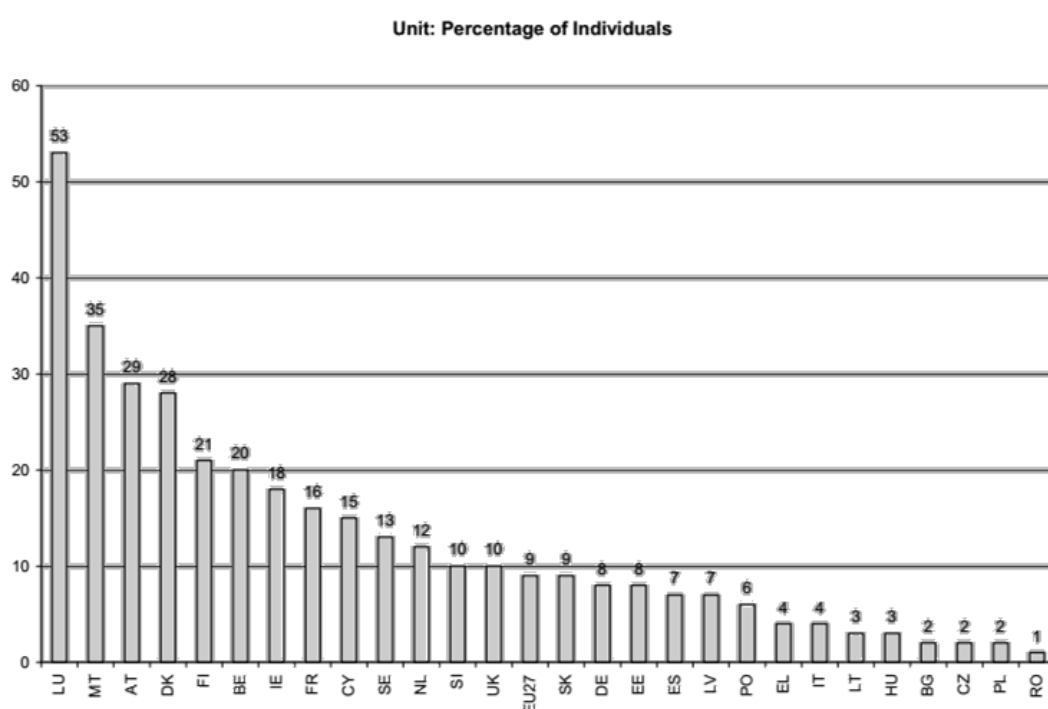


Table 4. Individuals who ordered goods or services over the Internet from sellers from other EU countries in the last 12 months. (European Commission 2012, 7)

Finland ranks 26th when comparing how much a Finnish individual spends on online shopping from other EU countries per year (2010). The following table excludes services such as music and film downloads, travel, entertainment, banking, insurance, and other financial services. Top spender individuals are found in Cyprus, Malta and Austria. While a Finnish individual spends 480€ per year on products from other EU country, a Cyprian spends 1900€, a Lithuanian spends 1200€ and an Italian spends 970€. The average annual purchase value is 650€. Table 5

demonstrates the yearly amount spent on e-commerce purchases per person in different EU countries. (European Commission 2012, 11)

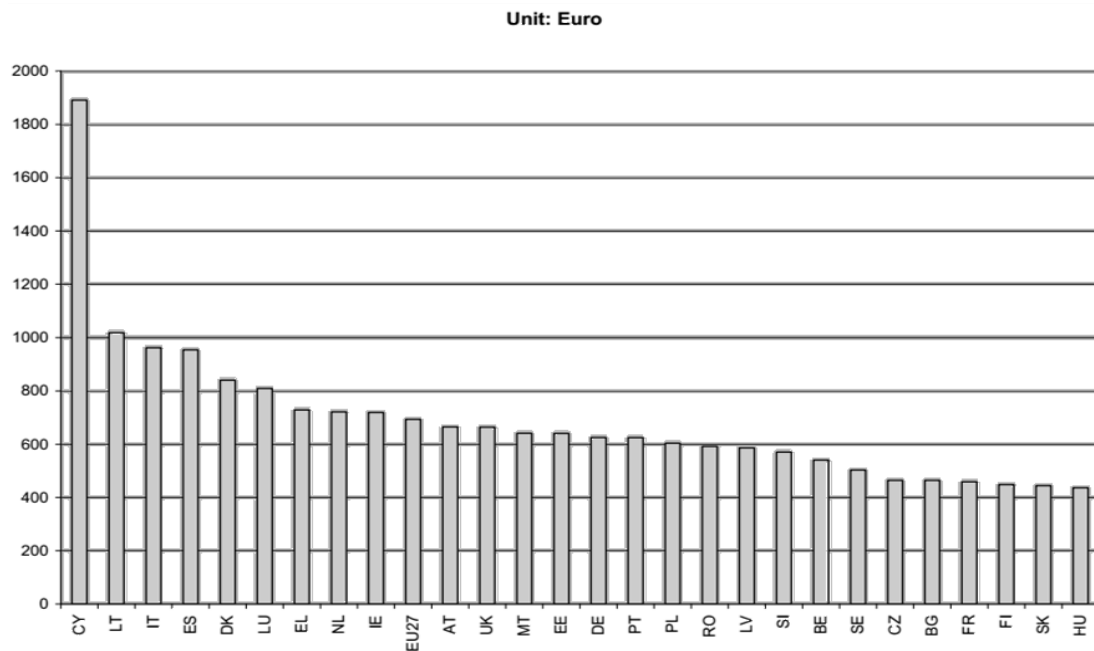


Table 5. Euro spent online purchasing products from websites in another EU27 country in the last 12 months. (European Commission 2012, 10)

3 WHY SHOP ONLINE?

This chapter discusses the differences between online and offline shopping. Offline shopping refers to the situation that the product is physically purchased from a shop. First, the chapter discusses whether there are significant differences between offline and online prices, and where the highest differences are found and in which situations the price does not alter. Second, the chapter covers the product availability and shows which of the two alternatives, offline or online shopping, offers a wider product variety, and how big the difference is.

3.1 Price differences

When comparing prices the retail price has to be taken into account together with delivery expenses. In online shopping this tends to be easier to demonstrate due to concrete delivery expenses. In offline sales situations, these expenses occur and might be higher than in online cases, but measuring their value is more problematic. The customer has to travel to the shop and back, which can absorb more time and effort than in an online shopping situation. Additionally, travel consumes petrol, but on the other hand it might be done among other dealings, such as everyday grocery shopping. There is no way to calculate the exact costs of offline shopping, but they are good to keep in mind while evaluating the differences of offline and online shopping.

According to a report prepared by Civic Consulting, online shopping provides lower price, including delivery costs, than offline in 10 of the 15 sub-categories studied. The report was introduced at the end of 2010, covering 17 EU countries and 15 sub-categories. Each sub-category had two or more products defined at brand and model level. The results are based on a total number of 4559 observations. (Civic Consulting 2011, 85)

The following table 6 demonstrates the average price differences between offline and online shopping in percentages based on offline price by sub-categories. (Civic Consulting 2011, 88)

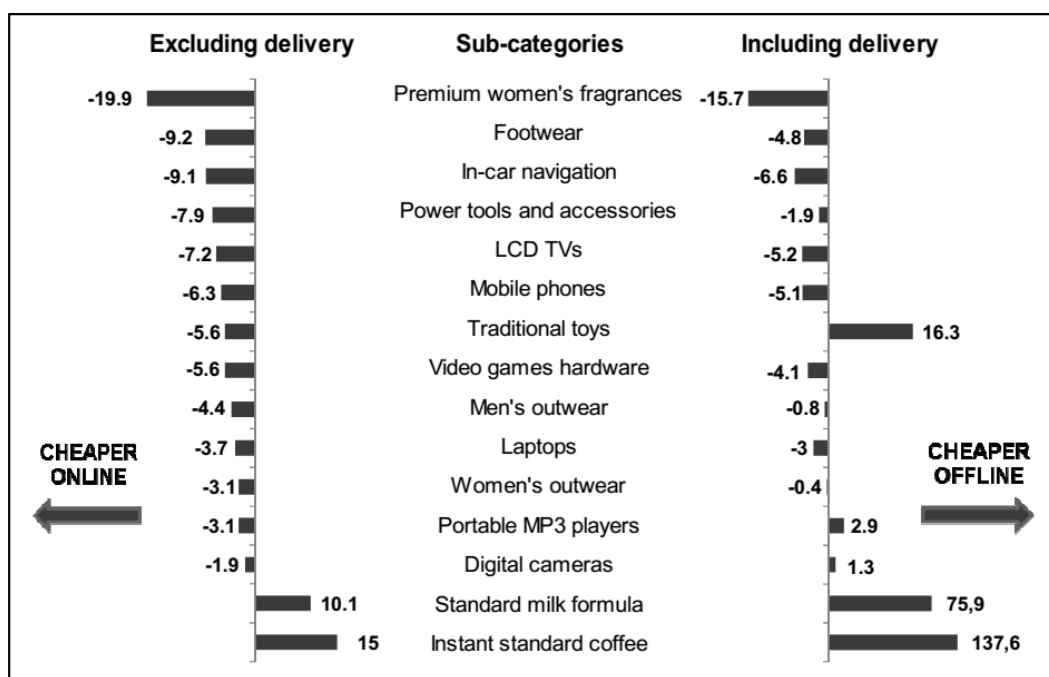


Table 6. Price differences between offline and online purchases. (Civic Consulting 2011, 88)

As a retail price, excluding delivery, online offers up to 19,9% cheaper average price in premium women's fragrances sub-category. Only standard milk and instant standard coffee have a higher retail price offline. (Civic Consulting 2011, 88)

The differences between different EU countries offline and online prices also vary. According to Civic Consulting the biggest price differences are found when premium women's fragrances were bought online in Hungary. The price difference, excluding delivery costs, was that online products were 53,1% cheaper than offline products. This product sub-category represented significant price differences in other countries: 49,9% cheaper online in Czech Republic, 47,4% cheaper online in Poland and 32,8% cheaper and 32,8% cheaper online in Romania.

The product-sub category that was the most expensive online was instant standard coffee. In Austria, it was 86,8% cheaper offline than online, excluding delivery costs. Table 7 demonstrates price differences between offline and online shopping in different product sub-categories and countries. (Civic Consulting 2011, 88)

Member State	Mobile phones	Laptops	Digital cameras	In-car navigation	LCD TVs	Portable MP3 players	Premium women's fragrances	Video games hardware	Traditional toys	Men's outerwear	Women's outerwear	Footwear	Power tools and accessories	Instant standard coffee	Standard milk formula
Austria	-10.0	-4.1	0.6	-15.8	-10.5	-4.6	-4.5	-6.5	-4.5	-0.2	4.9	-2.5	-7.1	86.8	1.1
Belgium	-0.9	-4.5	-1.6	-8.1	-11.1	-4.1	-16.5	-7.6	-13.9	1.5	-1.8	No data	-6.4	4.0	8.7
Czech Republic	-5.0	-2.0	-5.5	-15.5	-13.1	-5.7	-49.9	-2.8	-21.9	-12.7	-22.6	-23.8	-8.8	-0.1	-6.1
Denmark	-9.0	-4.0	0.4	0.2	-4.7	-1.5	-20.7	-9.8	2.8	-11.3	-27.1	-21.1	-16.1	2.9	1.6
France	-2.7	-3.7	-9.4	-12.4	-9.2	-2.7	5.1	-3.9	-10.0	-3.8	8.5	-6.3	-17.7	19.7	-1.2
Germany	-10.3	-6.7	-5.1	-9.3	-7.0	6.6	-7.9	-3.6	-5.9	-5.2	13.9	-11.7	-9.1	14.1	28.6
Greece	-4.8	-0.3	5.1	-3.8	-10.8	-2.8	-2.6	3.0	-4.2	-9.6	3.9	-29.8	-2.6	1.3	8.3
Hungary	-20.1	-24.7	-1.0	-13.7	-9.5	-13.9	-53.1	-19.1	30.3	0.0	0.0	3.7	-15.6	29.4	2.6
Italy	-8.1	-6.9	-2.1	-8.6	-4.7	-2.3	-15.6	-9.7	11.2	-17.6	-12.1	-17.8	3.8	14.7	18.1
Netherlands	-6.2	-1.4	-1.0	-9.7	-6.5	-10.0	-13.8	-5.9	-15.4	-2.1	16.3	-14.6	-4.0	47.5	54.2
Poland	-2.4	-3.2	-8.4	-3.3	-13.4	-8.5	-47.4	-9.5	-23.5	-11.1	-13.5	-13.2	-6.5	5.7	7.2
Portugal	-4.1	0.7	4.2	-4.9	-1.5	0.3	2.6	-2.5	-2.5	-3.7	-16.1	17.8	6.6	-2.4	9.5
Romania	-6.0	-2.0	4.9	-5.8	0.0	2.6	-32.8	-2.6	1.9	19.1	-8.2	5.8	-21.6	29.6	23.7
Slovakia	2.4	-3.3	8.4	-21.6	-7.0	-3.2	-32	0.8	-0.8	-3.7	0.5	-6.8	-10.1	5.2	7.5
Spain	-1.5	1.6	-17.9	-6.3	-10.7	2.0	-7.8	-3.3	0.5	-0.9	0.8	-10.4	-13.5	0.0	-10.3
Sweden	-12.4	-1.5	-3.8	-12.8	-9.7	-3.3	-41.0	-8.3	-21.4	-3.4	4.5	-10.6	-7.9	4.3	21.3
United Kingdom	-6.2	3.4	0.0	-3.0	7.0	-1.8	-0.8	-4.2	-18.9	-9.8	-5.1	0.8	2.6	-6.7	-2.3
Average	-6.3	-3.7	-1.9	-9.1	-7.2	-3.1	-19.9	-5.6	-5.6	-4.4	-3.1	-9.2	-7.9	15.0	10.1

Table 7. Average price difference in online and offline products, excluding delivery costs. (Civic Consulting 2011, 86)

This clearly indicates that in most of the purchases online a significant amount of money can be saved depending on the product sub-category. But when the price included the delivery costs, the situation changed and naturally played as a merit for the offline products. Especially in the case of traditional toys that changed from a cheaper option online to a much cheaper one offline after delivery costs are included. This is due to the big size of toys, and therefore expensive delivery costs. Another thing that is to be noted, that while in offline shopping the product is “delivered” right away, it still consumes time, effort and transportation expenses.

3.2 Price difference from other EU countries

This chapter shortly introduces what significance the price plays in the online shopping and further on discusses how much prices can change when products are bought and delivered from another EU country.

According to Itella, the Finnish post office, the price is the second important criteria in buying products online. The most important criteria of online shopping is the

ease of purchase. The price will be discussed further on in another chapter. (Itella 2008)

On the other hand, a report done by Civic Consulting indicates that as an EU average the most important factor to buy online is that the consumer found a cheaper product online. The EU average was 66%, and 69% of the cross-border online shoppers in the EU said that the price played the most important role. 81% of the Finnish customers found a cheaper price online. (Civic Consulting 2011, 29 & 39)

Upon the search on information concerning the prices, there were difficulties in the interpretation of origin of the web stores. Many companies have fully Finnish websites and customer service, even domestic warehouses. Yet they have international company headquarters abroad making them officially foreign companies. But as in research limitations were defined domestic delivery consists of delivery from Finland, a Finnish website and Finnish customer service.

During this research a peculiar problem occurred. Many web stores seemed like domestic companies. They had websites in the Finnish language, and their delivery time was longer than usual and the usual delivery time would be 2-3 working days, while longer would be 5-10. Finding the real dispatch location was harder than anticipated, in some cases impossible.

3.2.1 Product availability

In the survey conducted by Civic Consulting in 2011, 22% of all correspondents told that they could find the product they were looking for only online. This was EU average at that time. 25% of the respondents that online shopped for products cross-border. (Civic Consulting 2011)

In 2008 Itella, the Finnish Post office, conducted a survey which demonstrated that 6,7% of the Finnish respondents felt that availability would be the reason to go and shop online. (Itella 2008)

These surveys suggest that people are more aware of product availability and internet shopping opens a new possibility to find a product that is rare and hard to find.

After all, the possibility of searching through numerous databases by only a couple of clicks, represents a huge possibility.

Out of 27 EU country retailers, 51% sell their products online, but only 21% of them sell their product cross-border. Payment systems, legislation, complex shipping, taxation, returns, are related to traders' unwillingness to do cross-border transactions. (EU Commission 2009, 3, 55)

Cross-border e-commerce expands the availability of overall number of products, every day. Some products are available only through the internet and in some cases only through cross-border e-commerce. In addition it opens possibilities to acquire products or services cross-border in advance, for example hotel reservations, car rentals, tour reservations etc. (EU Commission 2009, 18)

One of the reasons why some products are not sold abroad are, for example, products such as groceries which have a short shelf life. Other reasons are language barriers, or the product itself is somehow not compatible in some countries. For example, electrical devices that have different type of power connector. (Civic Consulting 2011, 100)

Popular products are as a rule available both online and offline. Less popular products are usually kept available only online because offline products take shelf space in stores. The following table 8 indicates how much more products there are available online in different product sub-categories. (Civic Consulting 2011, 100)

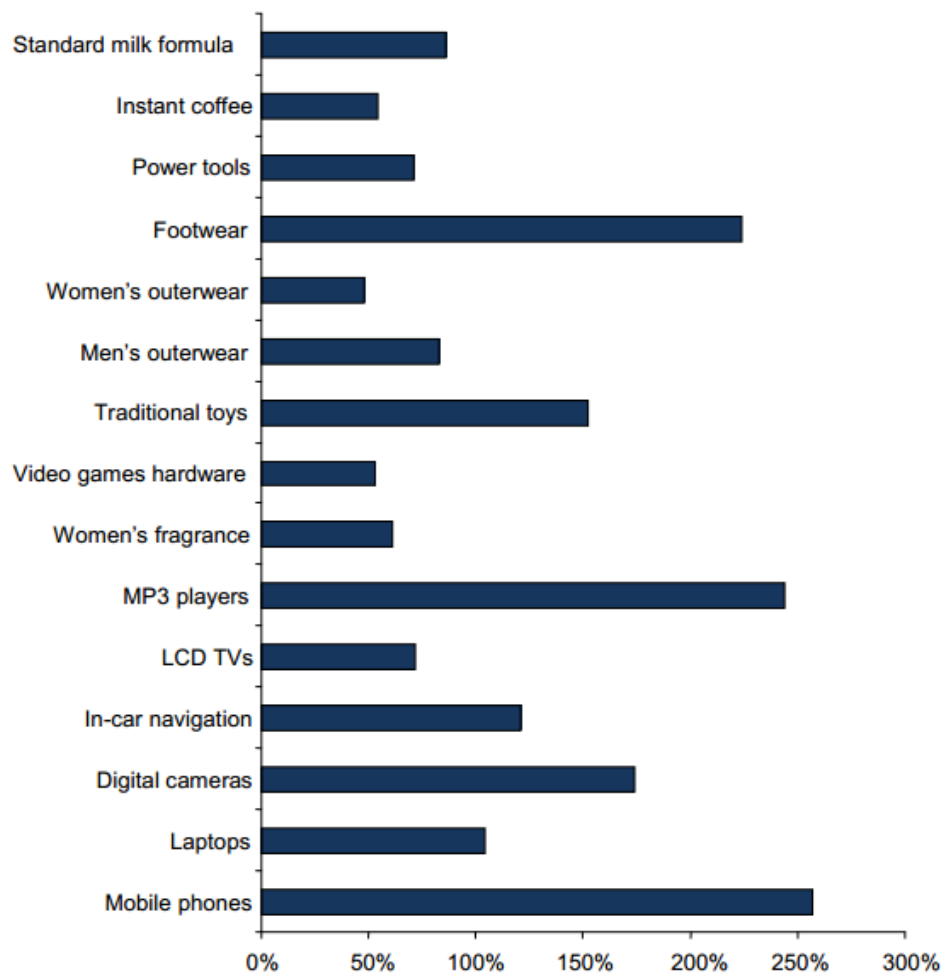


Table 8. Percentage of more online products than offline products in products categories. (Civic Consulting 2011, 98)

In conclusion it can be said that online product availability in comparison with offline product availability is clear. Online stores provide customers with a wider range of products in every product category than the offline stores.

3.3 Payment

Now the payment methods are discussed which are mostly used in e-commerce and their popularity and safety. What are the reasons behind their popularity and why are some payment methods not commonly used or recommended?

According to Smilehouse’s research the most preferred payment method is using an online bank. Next in line in popularity are invoice and credit card. The following table 9 shows the most popular payment methods according to a Finnish company called Smilehouse.

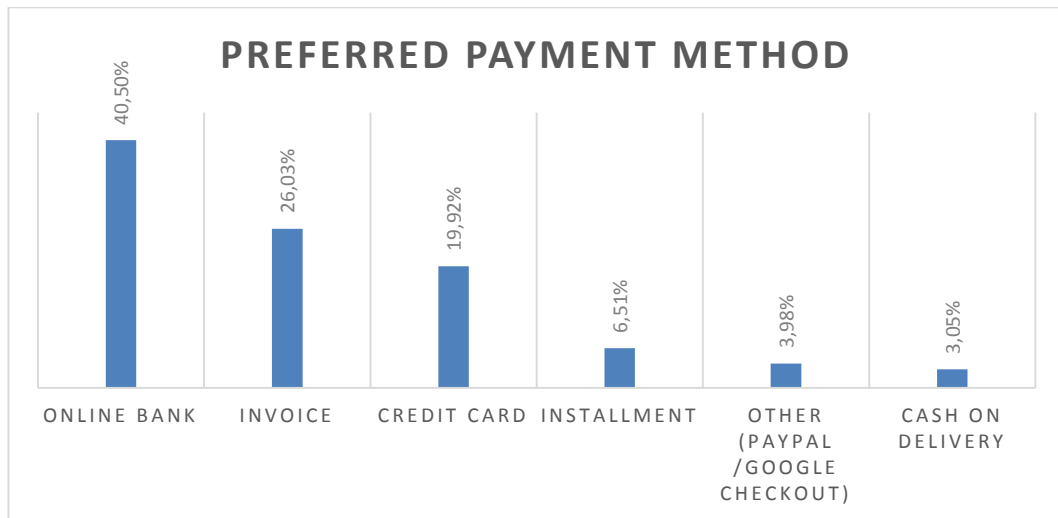


Table 9. Payment methods popularity. (Smilehouse 2011)

On the other hand, as shown in table 10 Civic Consulting has published totally different results, when asked about “which of the following payment methods have you used for online purchases over the last 12 months?”

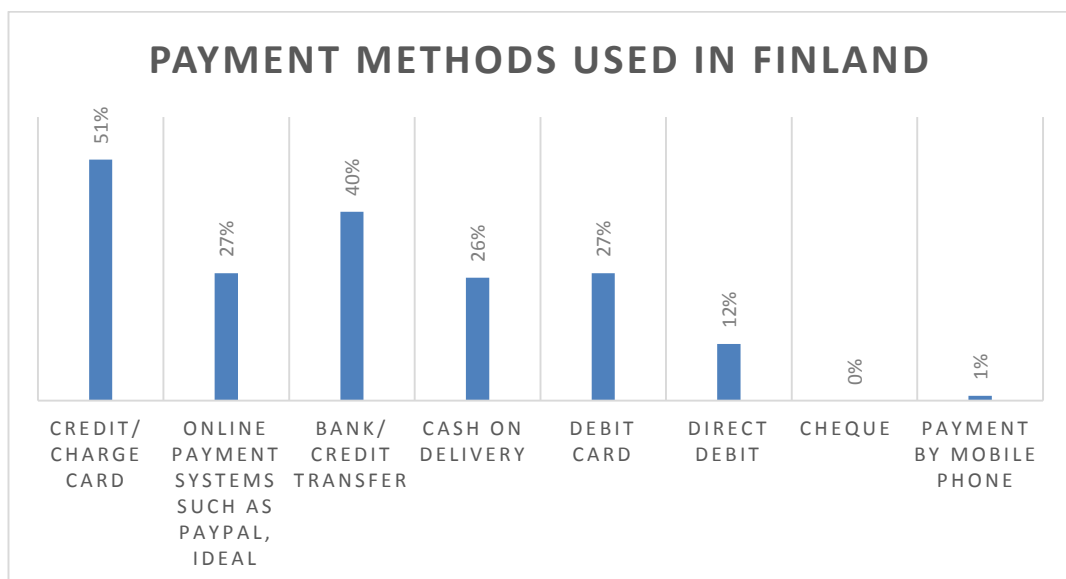


Table 10. Payment methods used in Finland. (Civic Consulting 2011, 26)

Of course, these results differ due to their different aspects. Smilehouse's results are based on which method is preferred and Civic Consulting results demonstrate the ones most commonly used. The results match up in the "Online banking" and "Bank / credit transfer" which in practice are the same, so the statistics are reliable on that one, both getting around 40% of the answers. Additionally, the Civic Consulting study covers EU while Smilehouse's results are based on Finland.

Yet there are two gaps between what people want and what people are actually doing. The first gap is in the question about credit card payment. In Smilehouse's results only 20% of the respondents would like to use a credit card as the payment method, yet according to Civic Consulting 51% of the payments are done by credit card. This might be explained by the fact that customers are not willing to give their credit card information but in many situations it is required. This might also explain why the popularity of the other internet payment methods has risen.

Services as PayPal, Google Checkout, Payson, Smart2pay, Webmoney and iDeal, they all work in similar way: The credit card information of the buyer is delivered to these services and they forward the money to the seller, without giving away buyer's credit card information.

Credit card is the most commonly used payment method in international transactions. Credit card offers a safe way of online payment if the seller and the card issuing bank use the same safety agreements. According to the usual agreements the risk is covered by the issuer of the card, not the seller or the customer. Most common issuers in Finland are Visa, Diners Club and American Express. The costs of the use of the credit card in electrical money transaction is covered by the vendor. The validity of the credit card is protected with the use of encrypting techniques. (www.verkkoshoppailu.com)

3.4 Delivery

In studies made by Civic Consulting, around one fourth (24%) of the respondents stated that "longer delivery times" are the reason why they will not purchase items from abroad. Additionally, the same research noted delivery in the second question,

in which the respondents were asked “Why did you choose the site from which you finally bought this product?”. The respondents gave the following responses in following order and percentage: “The price was lowest” 50%, “I purchased from the site before” 25%, “Product information was clear and complete” 20%, “It was the only site that offered the product I wanted” 19%, “The site was clearly designed and easy to use” 17%, “Fast delivery was offered” 15%. Delivery was ranked as the 5th important aspect in this survey and, therefore, reflects that it plays a mediocre role in the importance of internet store performance.

4 CONSUMER PROTECTION IN E-COMMERCE

This chapter discusses what rights the customer has when purchasing items online, and how the rights differ between Finnish legislation and cross-border legislation. In Finland the Consumer Protection Act covers the topic which regulates distance selling in Finland.

4.1 Right of return in Finland

The right to return goods is regulated in the Finnish law. It is covered in the consumer protection law. Basically it states that in distance selling the customer has the right to return the product during 14 days after receiving the product. The package can be opened, and the product can be tested, but it cannot be used in a manner that the product would be noticeably used. The customer can try on shoes and clothes, but cannot wear them outside, or for a longer period of time. Returned products should be like new in their condition. (Finnish Competition and Customer Authority)

Usually the company that has sent the items is also responsible for covering the shipment back. If the returning of the product is more expensive than a usual post package, the seller can demand the customer to cover some of the return expenses, but this must be stated separately in the contract. (Finnish Competition and Customer Authority)

The following products are not entitled to be returned as stated before: CD's and DVD's with a broken seal, custom made products, products that go bad quickly and individually ordered groceries that have been delivered to your home. (Finnish Competition and Customer Authority)

4.2 Right to return goods in the EU

At this moment customers have at least seven working days to cancel a purchase they have made through the internet. This starts from the day the product was received, and also this rule has exceptions: plane, concert and train tickets and hotel

bookings are not refundable. Also, grocery deliveries that are individually ordered cannot be returned. (Europa.eu)

In addition to this, EU countries have their own legislation that dictates the right of return period. Table 12 demonstrates the different cancellation periods:

Country	Cancellation time	Country	Cancellation time
Austria	7 working days	Cyprus	14 days
France	7 working days	Czech Republic	14 days
Ireland	7 working days	Denmark	14 days
Lithuania	7 working days	Estonia	14 days
Luxembourg	7 working days	Finland	14 days
Slovakia	7 working days	Germany	14 days
Spain	7 working days	Iceland	14 days
United Kingdom	7 working days	Latvia	14 days
The Netherlands	7 working days	Norway	14 days
Bulgaria	7 working days	Portugal	14 days
Hungary	8 working days	Slovenia	14 days
Poland	10 days	Sweden	14 days
Greece	10 working days	Belgium	14 days
Romania	10 working days	Malta	15 working days
Italy	10 working days		

Table 11: Right to return period in different EU countries (Europa)

The new EU Consumer Rights Directive was introduced in October 2011 and will be adopted in the member states of the EU. It is supposed to strengthen the consumer rights in all EU countries. The Governments have a two-year-period to implement the legislation on a national level. The new directive clarifies customer rights and brings more transparency to e-commerce inside the EU. (Europa)

One significant change is that a 14 day cancellation period will become the standard across the whole EU, instead of the current seven days. The seller also has the responsibility to inform the buyer of the total price, so customers will not experience “hidden costs”. The seller has the obligation to refund the product and delivery costs to the customer within 14 days of withdrawal. Responsibility for the goods condition is held by the seller until the customer receives the product. This means that the seller bears all transportation risks. In situations where the customer wants to

return the product within 14 of receiving it, the seller is obligated to cover the return charges unless it has been clearly indicated to the customer that the return expenses will be covered by the customer. (Europa)

In conclusion, it has to be noted that consumers will have better consumer protection after this directive becomes effective in all 27 EU countries. Consumer rights will be clearer and better covered. This will be a disfavour for Finnish internet stores, because almost the same consumer rights will be found in other EU countries as well.

4.3 Warranty in Finland

Law does not force any warranty on the products in Finland. The Consumer Protection Act protects the consumers in the cases that product is faulty. Giving products a warranty is voluntary, and used by companies to promote sales. (Finnish Competition and Customer Authority)

A warranty means that the seller commits to guarantee the proper functionality of the product. If during this warranty period the product fails to operate as it should and it is covered by the warranty, it is the seller responsible to repair or replace the product. Merchants have the right to refuse the repairs, if it can be shown that the product was not operated according to instructions or in a manner the product was supposed to be operated. (Finnish Competition and Customer Authority)

The product should fulfil the safety requirements that the Finnish law legislates in the Product Safety Act. It states that the merchant is responsible if the product has safety defects and might be harmful for the user or the environment. The customer is obligated to inform the defect in the product during two months of noticing the defect. (Consumer protection act, chapter 5, § 12)

Customers have the right to expect a realistic lifecycle for the purchased products. Electronics are usually granted with one or two years of warranty. Yet, if a product is expected to function for a longer period of time, and the customer has not neglected operation instructions, the customer has the right to demand the seller to repair the product. For example, in case of a stove with a two-year warranty, which

breaks three months after the warranty expiration, there is a good chance that the seller is obligated to cover the repair expenses. (Finnish Competition and Customer Authority)

4.4 Warranty in the EU

The European Directive on the Sale of Consumer Goods and Associated guarantees that products sold within EU members states are granted with minimum of two years warrant. There are some product categories that are excluded from this rule: real estate, water, gas and electricity in unpacked form and goods which are sold under execution or otherwise by authority of law. The seller is responsible for a period of two years that the product sold operates in the way it was sold for. During the period of the first six months of use it is the seller responsible to show that the faulty product does not work properly because of the use by the user. During the last period of two years of the warrant, between six and 24 months, the customer is responsible to proof that the product was faulty at the time of purchase. During this period of two years, the customer is entitled to a repair or replacement if the defect is not the customer's fault. (Europees Consumenten Centrum)

5 STUDIES COVERING E-COMMERCE

This chapter demonstrates what previous studies and researches have concluded about consumer behaviour and attitudes towards different internet stores located inside the EU.

5.1 Itella's research

The Finnish post office, Itella, conducts various researches about customer's attitudes towards internet shopping. The studies discussed were made in 2007 and 2008. Itella sent a copy of the results for this study and they can be found as appendix 1.

There were 14215 respondents, and 87% of them were women. The most common respondents were 40 year old women who lived in a city but not in Helsinki. The study sums up the following: men tend to seek for a wide range of products, opportunity to compare and cheaper prices. For women flexible shopping hours are important, and they are looking for special offers in brand products. Safety of the internet shopping is a concern that troubles especially those who have not purchased anything on the internet before.

The research also asked the respondents what they would shop online. This set of questions was conducted twice, in the years 2007 and 2008. Both years had the same winning aspect of the online shopping: "ease of purchase". Better prices were placed seventh in 2007 but in 2008 was the second important thing in online shopping. Delivery was the second most important aspect in 2007 but within one year it dropped and placed eighth in the ranking. The most significant change in one year concerned reliability. It was third in the importance list in 2007 but in 2008 it had dropped and was placed nineteenth in the ranking. (Itella 2008)

This research proves that attitudes can change drastically within one year. These studies were conducted over five years ago, and the attitudes can be expected to have changed a lot.

Itella's research points out other important points. Those who buy goods from abroad, usually cannot get the product from a Finnish internet store, or at least they are hard to find from local store. Men appreciate a good price-quality ratio, for women the ease and swift purchase process is important. Women who live abroad like to order Finnish products from Finnish internet stores. Most common reasons that discourage a customer from shopping abroad is lack of a credit card, language barriers and doubt of the reliability of foreign commerce.

The research study also took into consideration those values that made the customers to make re-purchases from the same vendor. The first impression that the vendor gave was tremendously significant. Websites had to be easy to use, with the ability to compare products. This was especially important for men. Price level had to be low. Customers expect to get good product descriptions and photos of the product.

5.2 Smilehouse's research

Smilehouse is a company that offers solutions for companies which need an overall e-commerce solutions. The company was founded in 1999 and it has executed over 200 e-commerce solutions. (Smilehouse 2011)

In 2011 Smilehouse published a so called "Great E-commerce research" that was quantitative research study about Finnish internet shopping behaviour. This research did not have as many respondents as Itella's research that was discussed before. The research gathered 481 responses from women and 268 responses from men. Again women were represented more than men. (Smilehouse 2011)

The research stated the following observations: Most of the study subjects shopped online either weekly (34%) or monthly (32%). Most common reasons for people to visit an online store were to "scan the supply and maybe buy" with 69% and price comparison was the second reason with 59%. Additionally, researching for more information of the products was important, 43% of the respondents felt this way. 43% of men felt that their internet shopping will increase in the future, while 35% of the women felt the same way. When asked about seeking of information about some product before the actual purchase, 56% answered that they occasionally tend

to do so. 28% do it frequently. 4% of the respondents conducted impulse purchases every time they visit internet shops, while 45% of the people did it sometimes. Women tend to make purchases by impulse more often than men. (Smilehouse, 2011)

The research also covered some questions about the domestic aspects and value of the net stores for the customers. Only 6% felt that it does not matter at all if the seller is domestic or not. 25% felt that it does not make a difference. 45% felt that it is somewhat important that the seller is domestic and for 25% it was important that the seller was domestic. The next question was: From which internet stores you usually purchase, foreign or domestic. 0,66% buy only from foreign, 10% buy mainly from foreign, 23% buy roughly the same from both, 50% buy mainly from Finnish internet stores and 17% buy only from Finnish sellers. (Smilehouse, 2011)

What comes to paying methods, the study group used the following: The most used was internet bank with 40%. This means, that at the end of the purchase the customer pays the bill right away straight from the bank's internet service. Credit card was used by 20% of the respondents and invoice was used in 26% of the cases. Instalment was used by 6% of the respondents, cash on delivery by 3%. 4% of the payments were executed by another method, such as using PayPal or Google Checkout (Smilehouse, 2011)

6 EMPIRICAL RESEARCH

This chapter first covers the basics of empirical research which are then implemented to discover the wanted information about the customer attitudes towards the internet stores. After the main research methods are described, the chosen research method are further explained why the chosen method was used. Later on the planning, execution and the results are presented.

The research studies the customers who have purchased goods from both Finnish and inside EU located internet stores. This is the primary study group. A secondary study groups is formed by those who have only purchased items from Finnish internet stores, those who have purchased only product from internet stores outside Finland but inside EU and those who have not bought anything over the internet.

6.1 Qualitative and quantitative method

Qualitative research involves non-numerical data that can be collected by interviews or through a data analysis procedure. Usually this means that the data is in the form of words, but it can involve other types of data such as pictures and video clips. Quantitative data, on the other hand, refers to those data collection methods that generate or use data in a fully numerical form. (Saunders 2009, 151).

6.2 Data collection method

In this research the primary data will be collected by using quantitative research methods. A questionnaire will be made in the form that it will produce only numerical data. The questionnaire will be distributed to students in Vaasa University of Applied Sciences. Additionally, the questionnaire will be published on the researcher's Facebook wall. Must be noted that the respondents are geographically mainly located in or near Vaasa, Finland and are mostly students. This will be noticeable in the research results. The survey is done by using a program called SurveyGizmo that is operated through an internet browser. SurveyGizmo also collects data of the respondent's IP address, and by this it can pinpoint the respondents' geographical location.

6.3 Reliability and validity

Every research aims to avoid errors and mistakes, still differences between researches reliability and validity occur. Therefore, in every research the validity and reliability is also evaluated with different measuring and evaluating techniques. By reliability is the repeatability of done results meant. If another researcher gets the same results by doing the same study the research is seen as reliable. Or, if the same individual who has been a study subject is studied again and the same results are achieved and the research is seen as reliable. Reliability means that the results of the research are not random. (Hirsjärvi 2008, 231)

For the evaluation of a research study there is also a second indicator, validity. Validity measures if the methods that research uses are the correct and right methods to study the particular problems. For example, if a survey questions are unclear and can be interpreted in many different ways by different respondents the validity of the survey is low. (Hirsjärvi 2008, 231)

During the process of making this thesis and the research study these indicators were kept in mind. In order to preserve the survey's validity, the questions were created with high precision and long planning. The important thing was to define the questions so they would be interpreted in the same way by each respondent. This was achieved by describing the questions well. Additionally the questions that included the comparison between foreign and domestic e-commerce retailers, were all the same for both study subject groups. The terms used in the survey were implemented from researches done before, and this improves the validity when comparing the researches results with other results. This paper also tends to be as informative as possible in describing how the results are obtained, who the respondents are and how the research is conducted.

6.4 Creating and Implementation of the questionnaire

In the first section of the questionnaire the respondent is asked some basic information such as age and occupation. At the end of the first section the respondent is asked if he/she has bought anything through the internet during the last 12 months.

This section also asks for the origin of the purchase. This is a very important part for this study. This research focuses on those who have purchased from both Finnish and EU located internet stores. However it is critical to find out if the customers who have bought only from Finnish internet stores have some strong reasons for avoiding foreign internet stores. It can be that they have not just had the opportunity or need to purchases from other than Finnish internet stores. It was important for the research to categorize the answers into four categories namely those who have bought only from Finland, only from abroad, from both or have not bought anything over the internet. This way it is possible to cross-reference the answers and try to find the differences in attitudes between these categories. Each category had its own small variations in the question set. The questions are almost the same, yet the answer on the first page have to be noted, and when the questionnaire was planned, the aim was not to have an inconvenient part such as: “If you answered question 4: Yes, then skip these questions”. For example, those who have not purchased anything from EU online stores were asked, why they have not done it.

Additionally, the first page of the questionnaire aim to measure important factors of a successful internet store. This does not require the respondent’s actual experience in purchasing products online, only their thoughts count. In the analysis process these answers will be compared to the results of the actual performance of the internet stores. The attitudes towards both, Finnish and foreign internet stores will be asked from those who have purchased something from internet.

The questionnaire mainly asked the respondents to estimate their experiences in the form of scales or rankings. The rankings were conducted in the way that respondent had to rank values from the most valuable to least the valuable. The so called “Drag and drop” –ranking was used in some questions. All the respondents also shared their thoughts about Finnish and EU internet stores by using the Likert scale. There were two Likert scales with the same claims, one for the Finnish internet stores another for the EU based internet stores. Many of the questions were similar or based on the previous researches in order to have the possibility to make comparisons and to evaluate the changes during the time that has passed. Many of the factors in the questionnaire were very similar to previous researches, but in many cases

the factors themselves were obvious and there would be no point or the option to use other alternatives. Terms such as: “Delivery time”, “payment method” etc. are used in this research as well as in previous researches, thus, this is inevitable.

At the end of the questionnaire the respondent was asked to give the ratio between foreign or domestic purchases. Do they buy mostly from foreign, domestic or equally from both e-commerce retailers? Also the respondents were asked how much cheaper the prices should be when purchasing from domestic and foreign internet stores. These questions were executed by a slider tool that the respondent was able to move between the asked options.

At this point of the study process it was time for some beta testing. The survey was sent to eight test subjects who tested and gave notes to the researcher. The feedback mainly concerned spelling problems and some questions that were formed in too complex way. Also, the sliders and questions concerning them were confusing, according to the test subjects. After these changes were made, it was time to send the survey to the supervising teacher. The teacher responded with her notes and gave the survey a permission to be implemented after the changes had been made.

7 ANALYZING THE RESULTS OF THE STUDY

This chapter covers the continuation of the official form of the study. Also, the chapter covers how the survey is formed and follows how it is published, to who, where and how. In the last part of the chapter the responses are analysed and the conclusions are drawn.

7.1 Responses

The survey was published on Jakub Bazia’s Facebook wall on 21st of March, 2013. One day later it was sent as a link to students of VAMK. It was sent to following addresses T-FE-2E@puv.fi, T-FE-3E@puv.fi, T-FE-2M@puv.fi, T-IB-2-

1@puv.fi, T-IB-2-2@puv.fi, T-FE-4E@puv.fi, T-FE-2I@puv.fi, T-FE-3I@puv.fi, T-FE-1-2@puv.fi, T-IB-3-2@puv.fi, T-IB-3-1@puv.fi, T-IB-1-1@puv.fi, T-IB-1-2@puv.fi.

On 24st of March, 2013 the total number of completed surveys was 170 and there were 71 partial completions. Partial completions are those questionnaires that have been begun but have not finished it. These responses will not be taken into account.

SurveyGizmo tracks the respondent's IP address and, therefore, can pinpoint the location where the survey was made geographically. This is not 100% accurate, but gives some idea of the test group. 157 responses were done in Finland, the others were scattered mainly around Europe. This might be explained by the distribution channel of Facebook, as some who answered the study were abroad due to their exchange studies. From these 157 responses 60 were done in Vaasa and 24 Helsinki.

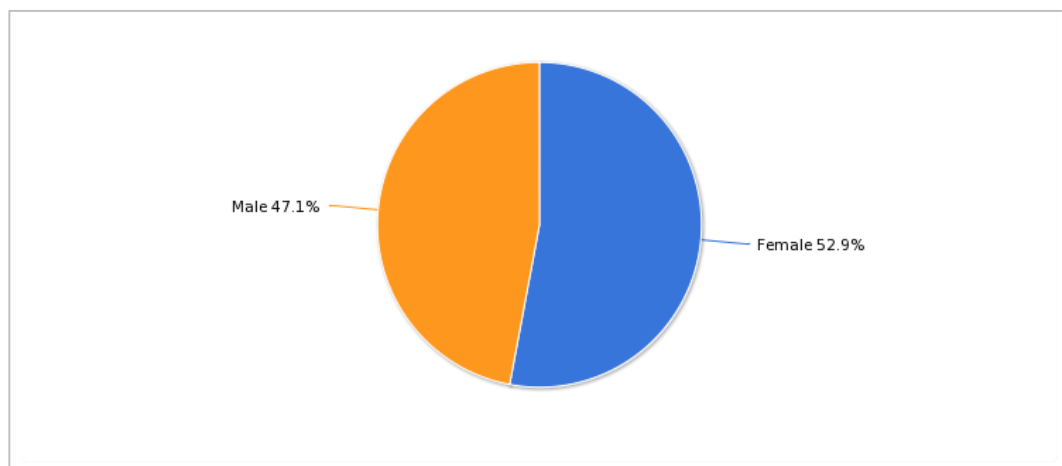


Table 12. Gender distribution in survey results.

As shown in table 13 male and female respondents were represented almost equally, male respondents were only 10 less in number. Most of the respondents were either students (count = 116) or employed (count = 45).

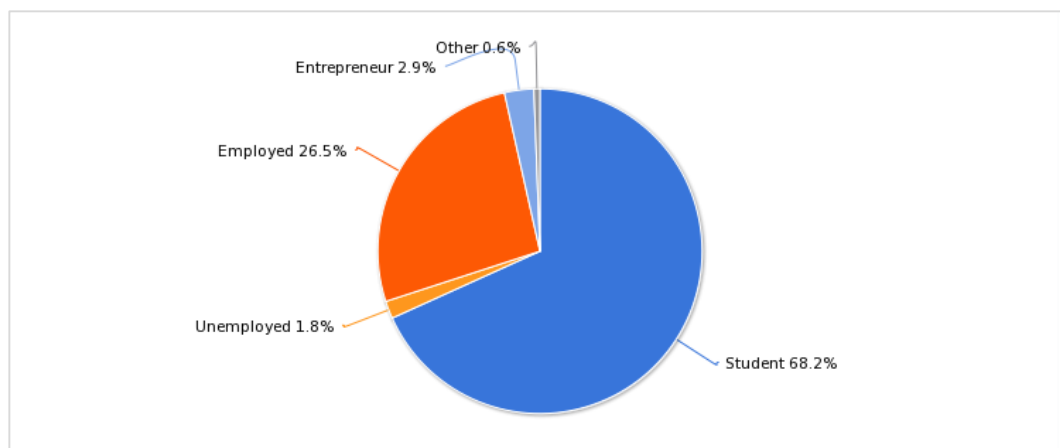


Table 13. Occupation of the survey respondents

Mostly students are represented in this research study as shown in table 14. This is explained by the receiver group of students that got the link to the questionnaire.

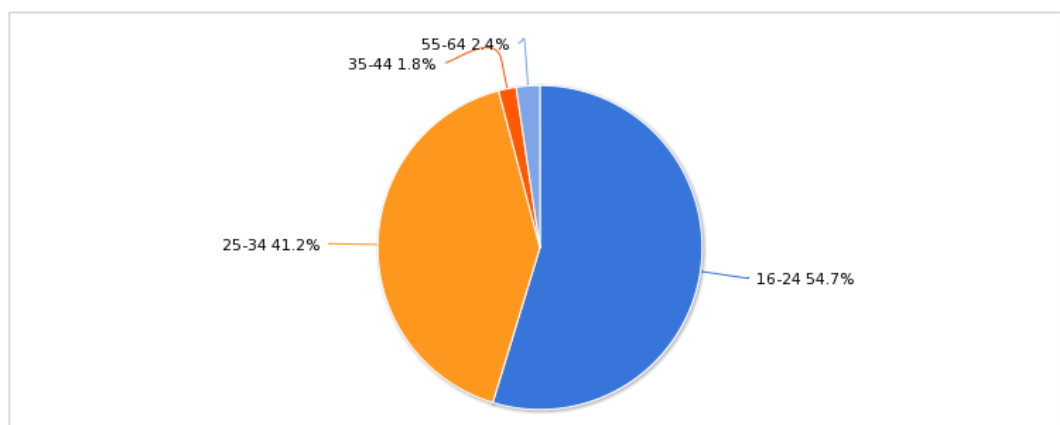


Table 14. Age distribution of the survey respondents

The age from 16-34 covers almost all of the responses. 95,9% of the responses are in this age group. This must be noted as the results are being reviewed.

As a summary about the respondents can be said that the research covers a narrow part of the Finnish population. This research is almost entirely based on students' responses with the small addition of people in working life. The research title could be "Students' attitudes towards internet stores".

On the first page of the questionnaire the responses are grouped according to the following question: “From where have you purchased your product/products during the last 12 months?” This gave the following results:

Value	Count	Percent
Only from Finnish internet shops	28	16.6%
From both, Finland and other EU country	112	66.3%
Only from other EU country	12	7.1%
I haven't purchased anything through internet within EU	17	10.1%

Table 15. Origin of purchases.

The total complete responses was 169 on 24th of March, 2013. This shows that most (66,3%) of the respondents have purchased items from both domestic and foreign internet stores. These responses are the main study subjects because they offer experience on both comparison subjects. In addition, there are the results from those who have only bought from domestic sellers, and therefore we can compare their feelings with those who have used both domestic and foreign sellers. The number responses from those who have experience of both test subjects is quite limited, so the responses represent a low level of reliability.

7.2 Results

All of the respondents were asked to rank different factors of internet stores. This was executed by a drag and drop element on the survey. The respondent then had to organize the qualities from the most important to the least important. At least four had to be chosen. This meant that all of those qualities were selected scored points, and those qualities that were left outside the box got no points. By this question the overall important qualities of internet stores according to this study group are studied. The results were following:

Quality	Total Score ¹	Overall Rank
Payment safety	2096	1
Low price	1461	2
Right of return	1234	3
Delivery time	1140	4
Ease of purchase	813	5
Ease of payment	768	6
Payment method	671	7
Image of the company	656	8
Other peoples comments/reviews	631	9
Product images	615	10
Websites appearance	546	11
Product description	518	12
English customer service	376	13
Delivery tracking	333	14
Finnish customer service	229	15

¹ Score is a weighted calculation. Items ranked first are valued higher than the following ranks, the score is the sum of all weighted rank counts.

Table 16. Most important qualities of internet stores according to the survey.

The most important quality turned out to be payment safety. This was clearly the most important aspect by far. It scored 2096 points when the second important aspect was low price with 1461 points. Four of the most important qualities make logically sense: the most important thing is that money is not totally lost. Then

comes the actual reason to purchase online: saving some money. But when purchasing an item over the internet, the customer has not had the opportunity to examine the product as one would be able to examine an item in actual store. This means that when buying items over the internet it raises uncertainty about the actual products. This makes it logical that the right of return is seen as a very important aspect.

As reviewing the least important qualities, the following can be noted: all the least valued qualities have correlation with the knowledge if the store is domestic or foreign. Customer service in Finnish is the least valued quality. This quality is mainly offered by Finnish internet stores. Delivery tracking is not valued either. English customer service did get some value. These results will be used later in the study in order to compare the experiences and the expectations of the online shoppers

When compared with Civic Consulting survey results (Civic Consulting 2010, 28) the results align in the same direction. The results of Civic Consulting do not include payment safety at all so the most important item is cheaper prices. Also, the least important aspect is the right of return, with the statement “I can return product easily”. This is the same that “right of return” that was placed third in our survey.

People who have bought only from Finnish internet stores state the following reasons not to buy from internet stores located in other EU countries:

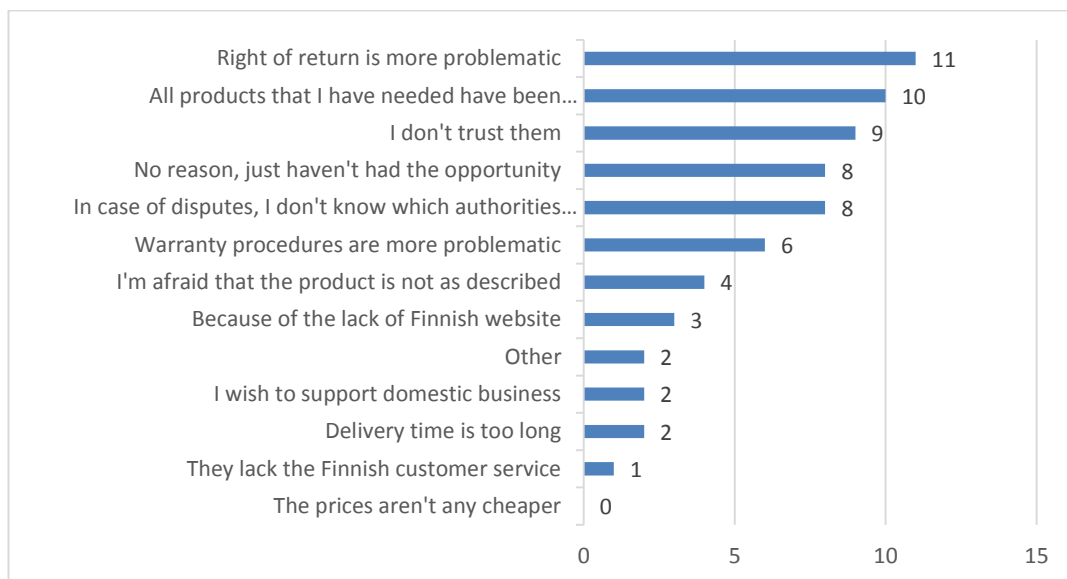


Table 17. Reasons for the respondents not to buy from foreign countries.

Those respondents who chose the option “other” were also able to write text and they wrote: “I have bought, but not during the last year” and “Payment difficulties”. These would have been good aspects that should have been included in the response options.

None of the respondents felt that the prices on the internet are not cheaper than the offline prices. The responses suggested that internet stores in other EU countries represent more problems with the right of return and some trust issues arise. In addition to the previous statements, in most cases the product was found in Finland. In the middle were those who just have not had the opportunity or need to buy items outside of Finland. Some felt more problematic settlement in cases of dispute and warranty problems. Only few felt that the delivery times were a problem or that the lack of Finnish customer service or websites would be a problem.

Next the answers of those who have purchased items from both, domestic and foreign internet stores will be reviewed. These answers represent the research’s primary focus, because they offer experience of both sellers. They mainly purchase something from the internet monthly (40,2%) or once per 3 months (43,8%) and all together there are 112 answers among this study groups who have purchased items from both domestic and foreign e-commerce stores.

The total purchase value is mainly 51€-100€ (48,2%), 0€-50€ (26,8%) and 101€-200€ (17,9%). The average sum of the ratio between the domestic purchases and foreign purchases is 50,4. This means that this study group buys the same equally from the domestic and foreign internet stores.

Table 19 demonstrates how the shoppers feel about payment safety and how they view any risk differences between domestic and foreign retailers.

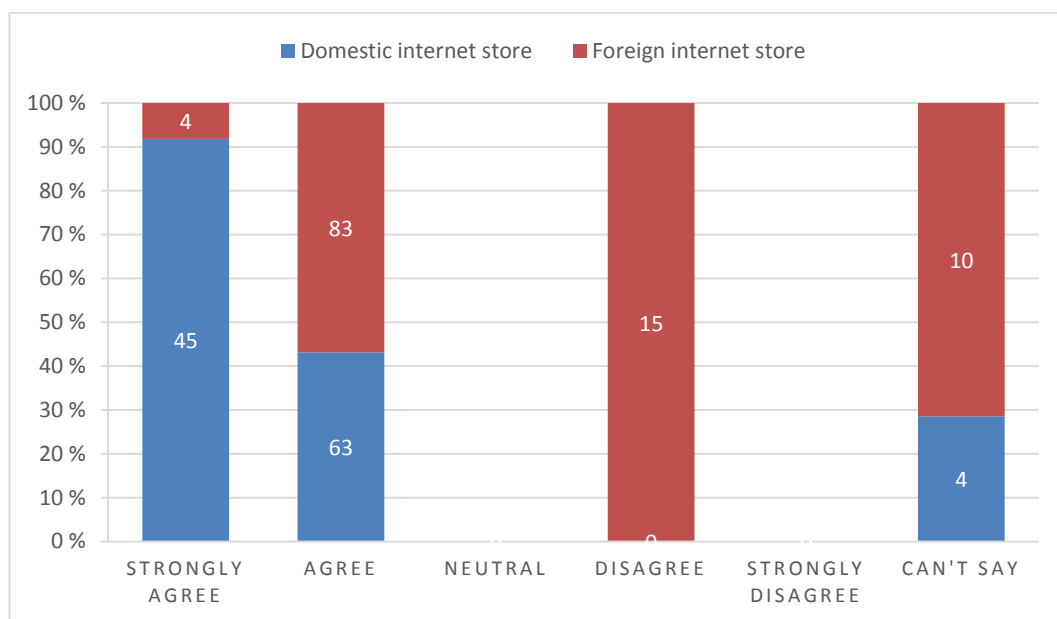


Table 18. They are safe and there is no risk of losing money.

As the results above submit, Finnish internet stores are seen as safer places of purchase than foreign online stores. Finnish internet stores were “rated” with results such as “strongly agree” or “agree” when asked about riskless purchase experiences. There were no negative results towards Finnish internet shops and only four respondents “couldn’t say”. But taking a look at the results generated by internet stores in other EU countries, 15 (13,4%) of the total 112 respondents disagreed with the fact that those internet stores are safe and there is no risk of losing money. None of the respondents felt negative towards Finnish internet stores in this question. These results strongly suggest that the respondents in Finland have more trust in domestic retailers than in foreign ones. This result means that a purchase from abroad is a risky investment, but as demonstrated, people felt that products are cheaper from abroad and, therefore, worth the risk.

Product description plays an important role in e-commerce due to fact that the purchase decisions are based on the data given by the retailer, producer and other people's comments, and there is no interactive real life sales moment between seller and consumer. Table 20 demonstrates the differences felt about product descriptions between Finnish and foreign e-commerce retailers.

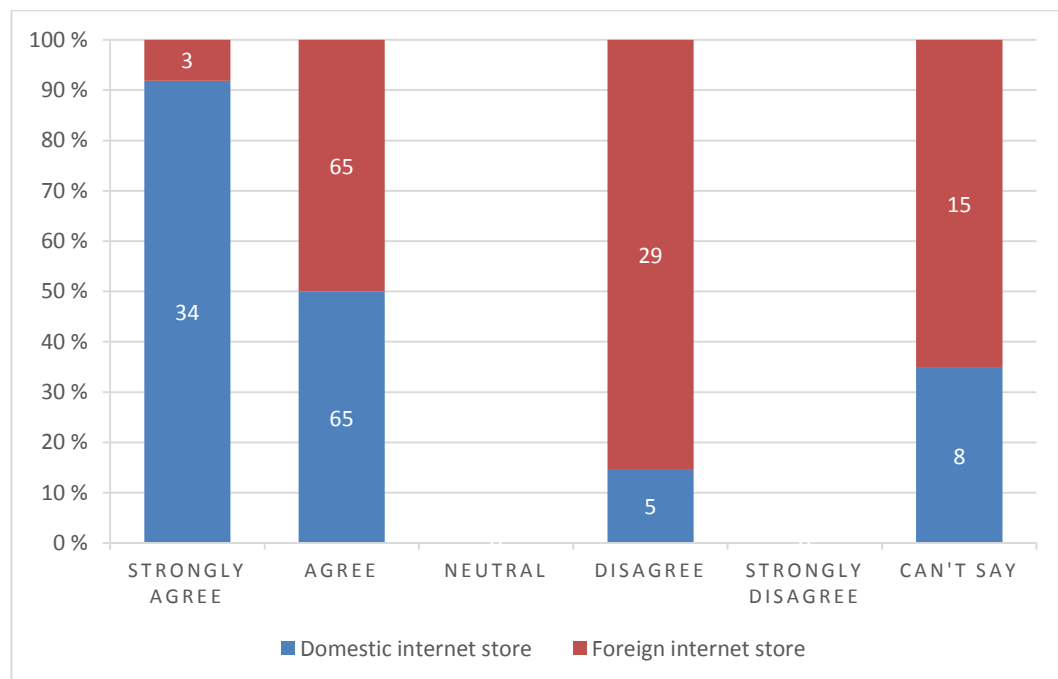


Table 19. Products are as described and there is no risk of getting counterfeit products.

Also in this comparison Finnish internet stores get better ratings. The results indicate that domestic internet stores are seen as far more reliable in product description and that the products are not counterfeit. 29 (25,9%) out of all 112 respondents felt that foreign internet store offers products that are not as well described or that are counterfeit. The same figures for Finnish retailers were 5 (4,5%) out of 112. This table demonstrates that domestic retailers represent more trustworthiness and people are more sceptic when it comes to products that are ordered from foreign retailers.

The purchase decision is made based on the data the customer has obtained from the internet. This includes mostly data such as technical specifications or other people's comments about the product and therefore it is very possible that the product still will not live up to the customer's expectations about the product. As a result in these situations the right to return plays an important role. In addition the right to return is important in situations where product is faulty as it arrives. Table 21 demonstrates how customers feel about the difference between Finnish and foreign e-commerce right to return purchased items:

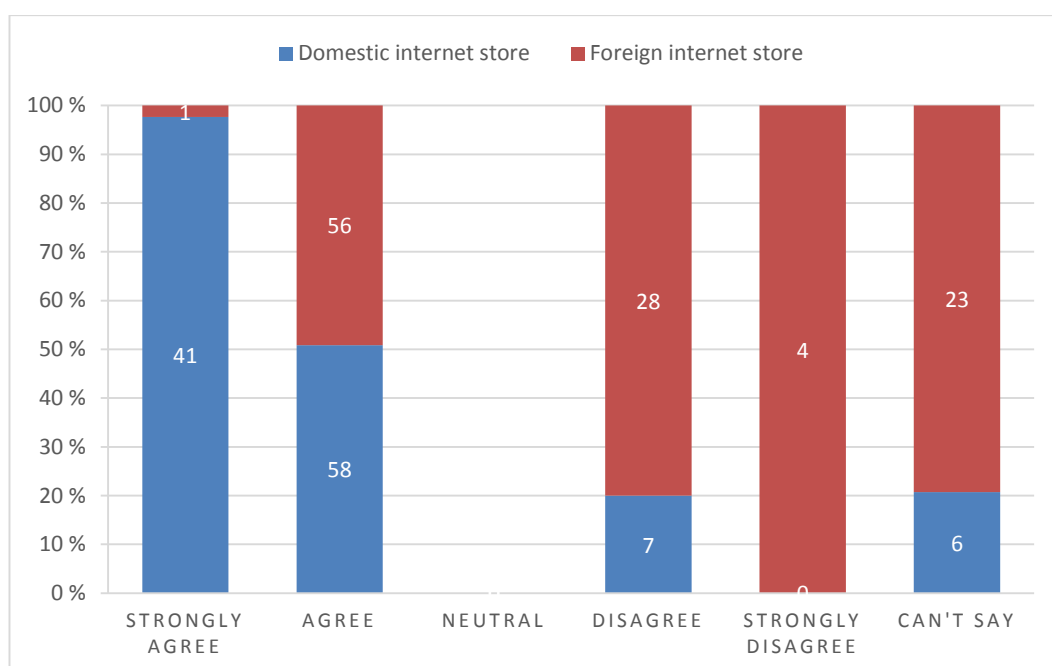


Table 20. Right of return and refund

The comparison between the study subjects in the matter of right to return purchased items and refund of money, were clearer than in the previous results. Here the performance of foreign internet stores was worst. One thing that must be noted is that this question had second most “can’t say” answers, most got the question concerning customer service in foreign internet stores. This can be interpreted as a situation in which customer has not had the need or opportunity to use the right to return or customer service. Still, this table demonstrates that right to return is felt more as a privilege offered by the Finnish internet stores. This table has one of the highest quantities of “strongly disagree” responses, which in this case is interpreted

as very negative. This means that four of the respondents do not feel at all that they have any opportunity to return a purchased product and get a refund.

The next table demonstrates the feelings about the delivery speed difference between Finnish and foreign e-commerce:

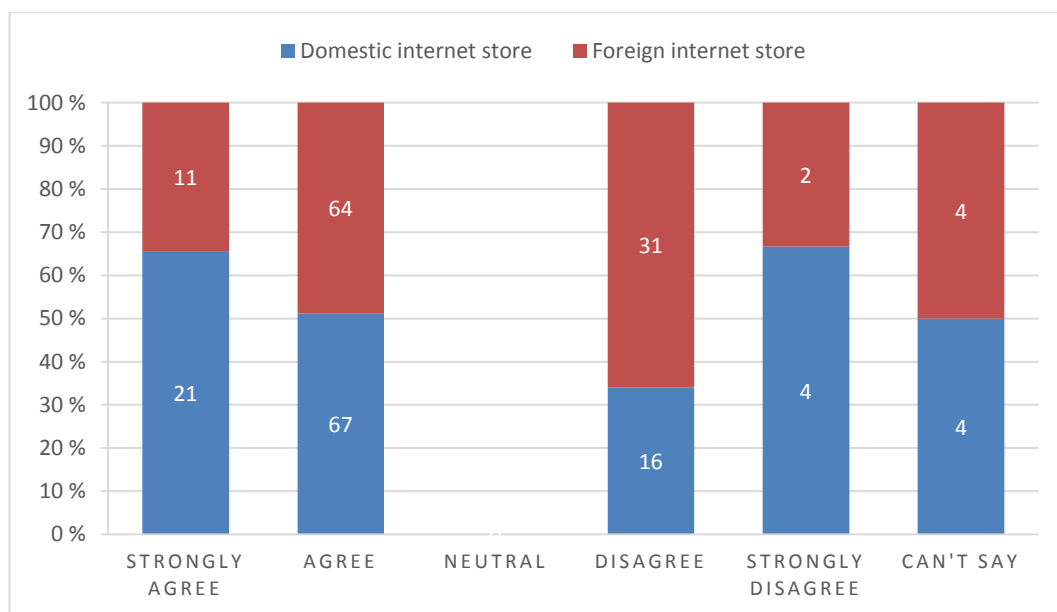


Table 21. Delivery speed comparison.

Table 22 shows that the delivery is experienced to be relatively fast even from other EU countries. This, compared to domestic retailers which have significant geographical advantage, shows that delivery time is on a level where it is competitive. Finnish internet stores got double the amount of “strongly disagree” responses in comparison to foreign internet stores. This is the first time this occurs. Overall the results are quite even. This was surprising, as the assumption was that delivery time would be a factor that would show a significantly better performance in domestic experiences.

By entering the website of an e-commerce retailer, the first step towards the purchase has been made. Yet at this point the website’s layout, design and complexity can lead the customer to back up from the purchase decision or it may lead to changing the website and to a purchase from another retailer. Therefore, the comparison

between websites has to be measured. Table 23 illustrates possible differences between the complexity of Finnish and foreign e-commerce websites.

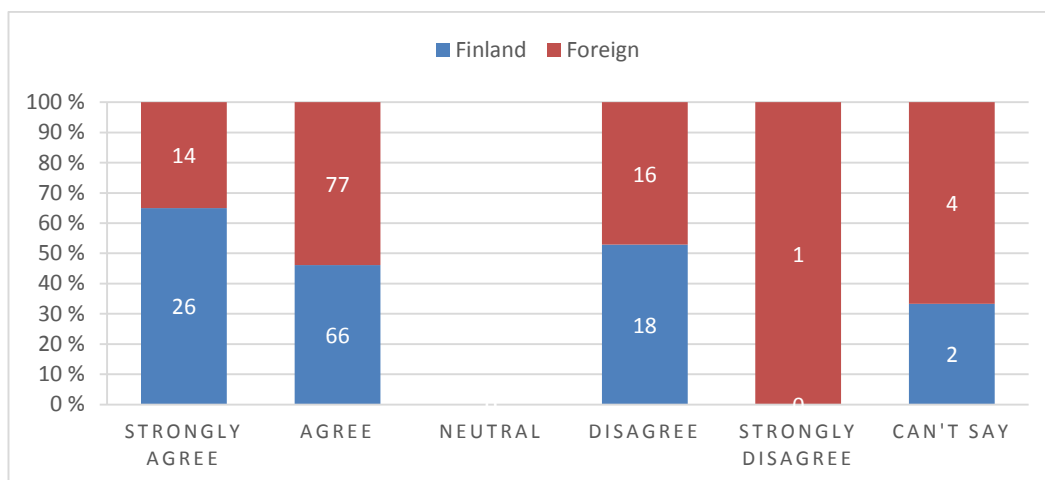


Table 22. Websites are easy to use.

Considering websites, Finnish internet stores perform narrowly better than the foreign ones. Finnish websites got 12 more “strongly agree” than foreign and, sites therefore, performed better. Yet 11 people agreed more on the fact that foreign websites are easy to use. Overall there are little differences, but foreign websites are perceived slightly more complex than Finnish websites.

Customer service takes a totally different form in e-commerce. There is not an actual person who the customer might ask concerning his purchase or product, before or after the purchase in situations where the consumer would like to ask something about the product, or in situations where the consumer would have some problems with the product. On the other hand, e-commerce is able to provide customer service without the need for the customer to actually go to the store. Table 24 weights the difference of getting customer service between Finnish and foreign e-commerce retailers.

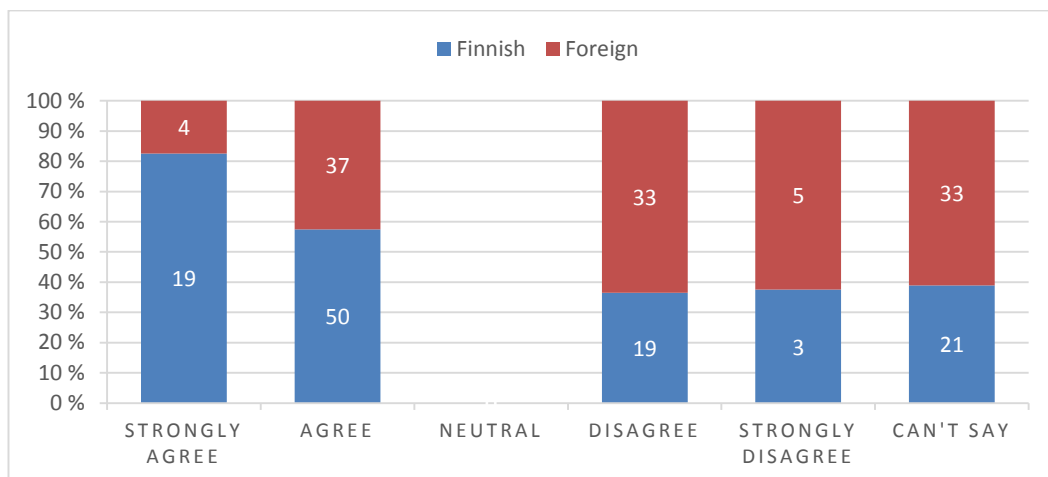


Table 23. I can easily get customer service.

These results show that Finnish customers feel that receiving customer service from the Finnish internet stores is much easier than getting similar service from foreign internet stores. Additionally, this question has the most respondents that “can’t say”. This can be interpreted so that the situations which require customer service are not common and, therefore, the respondents cannot say if the customer service is easily available simply because they have not needed it.

Price plays very important role in the e-commerce. However what shoppers must also remember is that on top of the price usually delivery expenses have to be covered by the customer. This can change the product price that was at first very cheap to a product that actually becomes more expensive than in regular store. Additionally, these extra payments might be informed to the customer at a very late stage of the purchase process and that’s why the given price information might be deceiving. On top of the product price handling fees can be added, VAT and delivery fees. Table 25 demonstrates how different e-commerce retailers perform in price indication from the customer’s viewpoint.

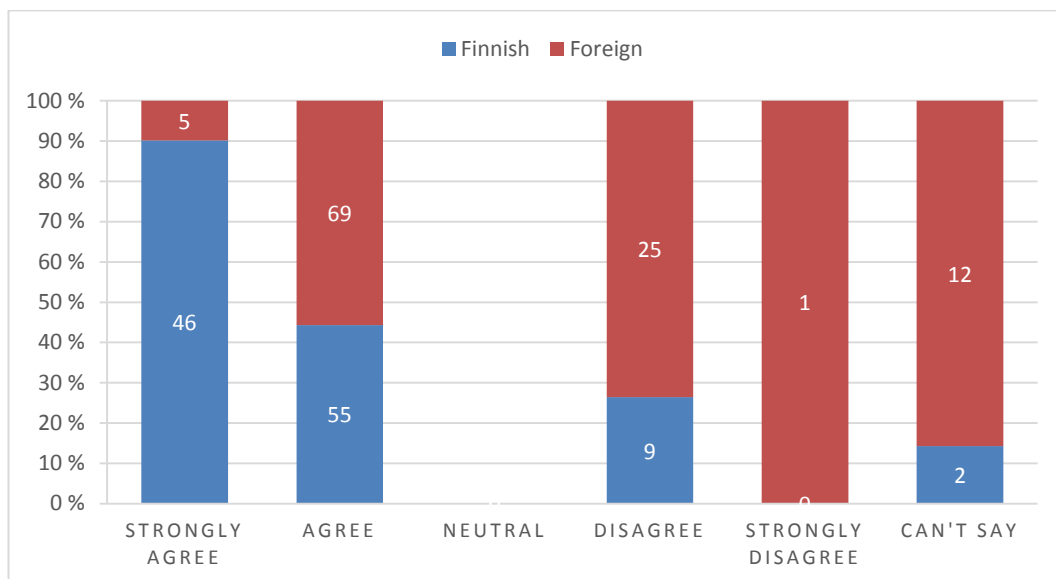


Table 24. Total price is indicated clearly, including delivery, VAT and other expenses.

In the case of price indication Finnish internet stores perform significantly better than foreign ones. Customers feel that prices given by the Finnish retailer are more accurate and the total amount is correct. On the negative side, “disagree” or “strongly disagree” only a total of nine people had negative attitude towards Finnish retailers, when 26 people felt this towards foreign retailers. About 23% of respondents felt negative towards foreign retailers, as the same figure for Finnish retailers was 8%.

In the first section of the survey the respondents were asked if they have purchased items from abroad. There were 29 respondents who have purchased items only from Finnish internet stores. Table 26 illustrates the results of the reasons not to shop from foreign e-commerce retailers.

Quality	Count	Percent
Right of return is more problematic	11	37.9%
All products that I have needed have been available in Finland	10	34.5%
I don't trust them	9	31.0%
In case of disputes, I don't know which authorities can help me	8	27.6%
No reason, just haven't had the opportunity	8	27.6%
Warranty procedures are more problematic	6	20.7%
I'm afraid that the product is not as described	4	13.8%
Because of the lack of Finnish website	3	10.3%
Delivery time is too long	2	6.9%
I wish to support domestic business	2	6.9%
Other	2	6.9%
They lack the Finnish customer service	1	3.5%
The prices are not any cheaper	0	0.0%

Table 25. Reasons not to buy from abroad.

Lack of trust and right of return were the most common reasons among those who have not purchased anything from other than Finnish e-commerce providers.

7.3 Conclusions of the results

Table 26 demonstrates how the comparisons between the foreign and domestic e-commerce retailers sums up. The respondents have experience in both study subjects. The results are created by calculating the values of the survey responses in the questions 20 and 21, which are identical to each other with the difference that question 20 covers domestic e-commerce and 21 covers foreign e-commerce. Table 27 summarises the results. A “strongly agree” answer gave 2 points, “agree” gives 1 point, “neutral” gives 0,5 point, “disagree” gives -1 point and “strongly disagree” gives -2 points. Table also demonstrates the results of the responses when calculating the points together. The “Difference” indicates how many points more the domestic e-commerce got in comparison to foreign e-commerce.

	Domestic	Foreign	Difference
In case of dissatisfaction customer can return the product and get money back	133	22	111
Total price is indicated clearly, including delivery, VAT(value added tax) and other expenses	138	52	86
Products are as described and there is no risk of betting counterfeit products	128	42	86
They are safe and there is no risk of losing money	153	76	77
Delivery is fast	85	18	67
I can easily get customer service	63	2	61
Delivery is easy to track	93	51	42
Websites are easy to use	100	87	13

Table 26. Summary of the questions 20 and 21.

Table 27 shows that Finnish e-commerce vendors perform better in all aspects. The smallest difference is found in websites' easy use and the biggest differences concern refund and price indication on the websites.

The overall performance of Finnish internet stores is better in each aspect in comparison to foreign internet stores. The biggest performance differences were noticed in the right to return goods, product description, and payment safety, 38% out of those respondents that have not purchased from abroad expressed that the reason was the more problematic right to return goods. This was the strongest reason to avoid foreign retailers. Additionally, 34% of these respondents felt that all the products needed could be found in Finnish web stores.

Language played a very small role in the choosing of the retailer, and English language was no obstacle. Customer service in Finnish was the least important aspect of an internet shop. Only one out of 29 respondents who have not shopped from abroad told that the reason was "lack of Finnish customer service". Three (10%) respondents from the same group thought that lack of a website in Finnish language was the reason not to purchase from abroad.

Surprisingly the delivery times were quite competitive even in products purchased from abroad. Additionally, only two (7%) out of 29 respondents who have purchased items only from Finland, felt that slow delivery time is the reason for them not to purchase items from internet stores abroad. This can also be interpreted as a sign that people either are willing to wait for their products or the ordered products are not the type of that should be delivered quickly.

Concerning pricing, average the respondent said that products bought over the internet are on average 16% cheaper than in traditional store. Additionally, products should be 18% cheaper online when purchased from a Finnish internet store and 25% cheaper when purchased from foreign internet store. This means that by average Finnish prices can be 7% more expensive than foreign prices, and still be competitive. This is a very rough estimate, due to the differences in product sub-categories.

8 CONCLUSION

This chapter covers a summary of conclusions made on this thesis. Advice for Finnish internet stores based on this research. Also, some suggestions are made for future research.

8.1 Suggestions for domestic ecommerce

Domestic e-commerce is in good shape and performs better than foreign e-commerce, at least from the Finnish customer point of view. The results clearly indicate that the right to return purchased items plays an important role when it comes to e-commerce. Therefore, it should be as easy as possible for the customer to carry out the return in a case where the product is, for example, not maintaining the product description. This is understandable due to the fact that the customer is not able to see, test or evaluate the product by hand before making the purchase decision. This also leads to the fact that retailers should describe the products as well as possible, and no misleading information should be given to the customers. Product pictures are also part of the good product description. Another good option is to provide the customers the opportunity to leave feedback about the product or the retailer. If the products are as described and additional information is provided by other customer reviews, this can lead to a lower numbers of product returns as the expectations towards the product are more realistic.

Website layout should be clear and the purchase steps should be easy inside the website. Payment should be easy to make and there seems to be little need for payment methods such as cheque or mobile payment. The most important payment method was credit card and the second most important was one bank transfer. This requires bank codes from the customer each time.

8.2 Suggestions for future research

Following researches could extend the borders and take into account the worldwide competition of the e-commerce as customers are able to purchase their products from outside of the EU market such as the Asian and American markets therefore,

later research could cover comparison between the European Union and the Asian or North American markets. Also, a research with a similar research problem that this thesis had could be done, but with the help of qualitative research method. This could give better insights to the problem.

One other future research area could be to investigate the gap between those people who have purchased something over the internet and those who have not purchased anything over the internet. The aim could be to find out that are the reasons what keep people from making their purchases online, if there are some concrete reasons for it.

8.3 Summary of the Thesis

As a summary of this thesis I want to point out that this was the biggest individually produced project done by myself. The biggest problems were faced at the beginning stage of the project, as many structural aspects of the thesis were the problem. Figuring out the right formatting and rules that proper thesis has to fulfil were steps that felt almost impossible to overcome. With the help of supervisor and friends these hitches were overtaken. Also, reading other theses was very helpful, especially when it came to references. Overall the making of the thesis was challenging, and developed its maker a lot as a researcher. It was very time consuming, but there were no situations where no text was written, except in the beginning stage of planning. In conclusion and as an advice for following thesis writers, I want to point out that one must just invest time to the work and start somewhere. Word by word, with time the couple pages turn into a thesis that covers the topic and is a respectable research. Despite the problems and consumption of endless working hours, the researcher is quite happy with the results and with the fact that as big a project as this could be carried out just by one person. After all, I am pleased with the work.

The strongest aspect of foreign retailers seems to be lower, and often the lowest price. Civic Consulting research indicate that the most frequent (66% of respondents) reason to purchase from abroad is the lower prices that e-commerce vendors offer.

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APPENDIX 1



Voiko verkossa shoppailla?

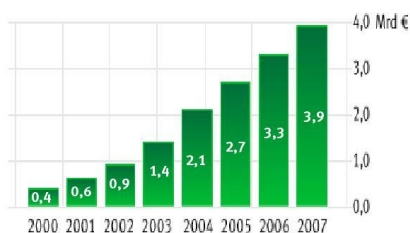
Itellan verkkohaastattelu tammi-helmikuu 2008

23.4.2008

Verkkokaupan palvelut



Verkkokaupan vähittäismyynnin arvioidaan kasvavan 17% vuosivauhtia Suomessa vuosina 2006-2011



- Suomen postimyyntimarkkina on stabiili ja kynnyksen palvelujen sähköistämiseen matala
- Yli puolella kotitalouksista (66%) on jo laajakaistaliittymä
- Yli 2 miljoonaa ihmistä on tehnyt verkko-ostoksia
- Yli 3 miljoonaa ihmistä käyttää nettiä viikottain
- Verkkokaupan arvo vuonna 2007 oli 3,8 Mrd €
- Välilliset vaikutukset (mm. ikkunaostokset, vertailut) nostavat verkkokaupan arvon jopa yli 15 miljardiin euroon!

Lähde:
Suomen Sähköisen Kaupankäynnin yhdistys
Tilastokeskus: Tieto- ja viestintätekniikan käyttö, kevät 2007



Mitä verkosta ostetaan?

Suosituimmat tuoteryhmät keväällä 2007 (kaikista ostajista Suomessa)	%
Matkat ja hotellivaraukset	54
Pääsyliput	41
Kirjat ja lehdet	37
Vaatteet ja kengät	35
Musiikki ja videot	31
Muut harrastustuotteet	25
Valokuvaukseen liittyvät tuotteet	24
Kodin tekstiilit	21
Kulutuselektronikka ja kodinkoneet	21
Tietokoneohjelmat ja pelit	20
Tietokoneet ja oheislaitteet	19
Urheiluharrastuksiin liittyvät tuotteet	18
Terveysten-/kauneudenhoitotuotteet	16
Autoilu	11

- Yhdysvalloissa internetin on todettu lisäävän perinteisen kaupan myyntiä keskimäärin yli 15 %
 - 46 % internet-ostajista ostaa tuotteita myös ko. kaupan myymälästä
 - 17 % myymälästä ostavista ostaa myös ko. kaupan internet-kaupasta
- Ranskassa tuoreen tutkimuksen mukaan
 - 61 % oli käynyt verkkokaupan sivustolla tutustumassa tuotteisiin ennen myymälässä tapahtuvaa ostoa
 - 49 % oli tutustunut katalogissa oleviin tuotteisiin ennen verkkokaupasta ostoa
 - 41 % oli käynyt myymälässä tutustumassa tuotteisiin ennen verkkokaupasta ostoa.
- Menestystekijöitä ovat mm. erinomainen tuoteportfolio, brandi ja joustavat toimitustavat

Lähteet:
Tilastokeskus: Tieto- ja viestintätekniikan käyttö, kevät 2007
U.S. Census Bureau, Retail e-Commerce Sales, 2Q-2005
Ranskan etämyyntijärjestön FEVAD:n tutkimus 3Q-2007

Verkkokaupan palvelut



Mikä ratkaisee ostaako kuluttaja verkosta?

– Itellan verkkohaastattelu keväällä 2007

Suurin osa vastauksista toi esille jo tunnetut ostamisen edellytykset - kuluttajan hiljainen tieto painottuu elämyksellisyyteen

Perustoiminnallisuus

Arjen helpottaminen: ostaminen kotona ja rauhassa, töiden ohessa nopeasti

- ostamisen helppous
- vertailun ja valinnan helppous
- selkeät kokonaishinnat
- toimitusten nopeus / oikea-aikaisuus
- noutamisen vaivattomuus
- palautusten helppous

Tuotevalikoima

- erikoistuotteet joita vaikea löytää
- tuotteet joilla erotutaan
- perustuotteet halvemmallalla
- hinta/laatusuhde

Luotettavuuden takaaminen

- maksamistapojen luotettavuus
- toimitusten luotettavuus

Elämyksellisyys

- Viihtyminen
- Sisältöä elämään
- Yhteisöllisyys
- Impulssiostaminen
- Henkilökohtaisuus
- Yhteydenpito
- Yksilöllisyys
- Extrat ja yllätykset

"netti on taivaallinen ostospaikka"
"verkkokauppa voi olla myös viihdyttävä"
"netistä ostettaessa suhde on henkilökohtaisempi"
"oikeanlainen fillis voi innostaa ostamaan"
"positiivista on ollut myyjän yhteydenotot"
"satsatkaa yhteydenpitoon asiakkaan kanssa"

Verkkokaupan palvelut



Tavoitteet ja vastaajaprofiili

- Tavoitteena oli selvittää
 - mikä edistää verkossa shoppailua
 - mikä saa asiakkaat palaamaan verkkokauppaan
 - miten asenteet verkkokauppaa kohtaan ovat vuodessa muuttuneet
- 14.215 vastaajaa
 - yli 100.000 ajatusta verkko-ostamisesta
- vastaajien yhteenlaskettu työpanos 20 kuukautta
- tyypillinen vastaaja oli noin nelikymppinen nainen, toimihenkilö, joka asuu kaupungissa pääkaupunkiseudun ulkopuolella. Hänellä on kokemusta postimyynistä.
- vastaajista 12.436 naisia (87%), 1815 miestä
- 34 % vastaajista on ostanut verkosta sekä kulutustavaroita että palveluita
- 90% vastaajista on kokeillut postimyyntiä

Verkkokaupan palvelut



Voiko verkossa shoppailla?

Keskeiset tulokset lyhyesti (N= 14.215)

Helppous on selvästi tärkein tekijä verkko-ostamisessa.
Seuraavaksi eniten arvostetaan edullisuutta ja joustavuutta.

Miehet ja naiset ovat erilaisia ostajia

- Miehet hakevat verkkokaupasta valikoimaa, mahdollisuutta vertailla ja edullisuutta.
- Naiset haluavat joustavuutta ajankäyttöön ja lempimerkkien erikoistarjouksia
- Kokemus postimyynistä madaltaa kynnyksiä nettikauppaan

Verkkokaupasta on tullut kauppa muiden rinnalle

- Kuluttajasta on tullut aidosti monikanavainen, entä kauppiaista?
- Turvallisuus ja luotettavuus askarruttaa vain ensimmäisiä ostoksiaan tekeviä

Paras verkkokaupan potentiaali on lahjatavaroissa ja sisustustarvikkeissa

”Pitäisi nähdä repun sisus”

”Verkkokauppaan on helppo ajaa maaltakin”

”Parhaimmat sisustusverkkokaupan sivut näyttävät hyvin vinkkejä eri sisustustyyliihin”

”Merkkihuonekaluja tai -sisustusartikkeleita voisin ostaa netistä ainakin kotimaassa ”

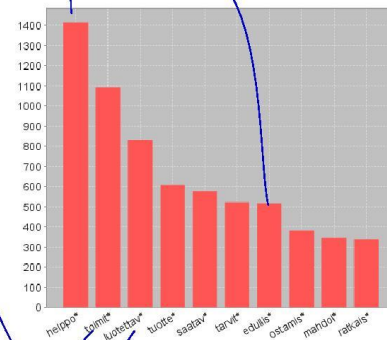
”Aina lahjat ovat ongelma. Netistä voi löytää hyviä ja persoonallisia ideoita, jos vaan muistaa selailla ”

Verkkokaupan palvelut

Mikä saa/saisi kokeilemaan shoppailua verkossa? **itella**

Voiko verkossa shoppailla (2/2008)

1. Helppous	4194	53.2 %
2. Edullisuus	1612	20.4 %
3. Joustava aika	1398	17.7 %
4. Tutustuminen ja Vertailu	1151	14.6 %
5. Ei tarvitse tehdä jotain	768	9.7 %
6. Nopeus	762	9.7 %
7. Tarjoukset	621	7.9 %
8. Toimitus (nopeus,ajat,kulut,paikka)	590	7.4 %
9. Valikoima	552	7 %
10. Rauha	545	6.9 %
11. Saatavuus, löytäminen	529	6.7 %
12. Palauttaminen	323	4.1 %
13. Ruuhkat	297	3.8 %
14. Nettisivujen ominaisuudet	258	3.3 %
15. Turvallisuus	219	2.8 %
16. Tilaaminen	218	2.8 %
17. Pieni paikkakunta	214	2.7 %
18. Ulkomailta/ulkomailta ostaminen	206	2.6 %
19. Luotettavuus	205	2.6 %
20. Mukavuus	112	1.4 %
21. Maksaminen	96	1.2 %
22. Postikulut	70	0.9 %
23. Pienet lapset rajoittaa	68	0.9 %
24. Uteliasuus	53	0.7 %
Unknown	1120	14.2 %



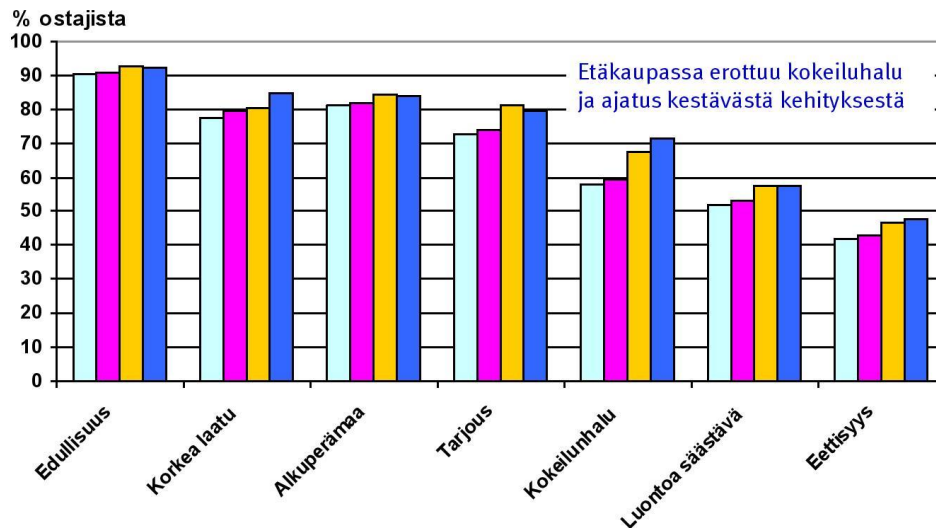
Mikä ratkaisee, ostatko verkkokaupasta (2007)

Helppouden vaatimus vain kasvaa, mutta toimittamiseen ja luotettavuuteen liittyvät kysymykset ovat selvästi pudonneet.

Verkkokaupan palvelut

Ostamisen motiivit

Tuotevalintaan vaikuttavat tekijät eri myymälätyypeissä 2007



Lähde: Taloustutkimus 2008

Marketit ja tavaratalot Erikoisliike Postimyynti Nettikauppa

lut

Mikä sinut on saanut/saisi kokeilemaan shoppailua verkossa? Onko sukupuolella merkitystä?



Miehet erottaa naisista:

- Tutustuminen ja vertailu
- Edullisuus
- Valikoima
- Saatavuus, löytäminen

Naiset erottaa miehistä:

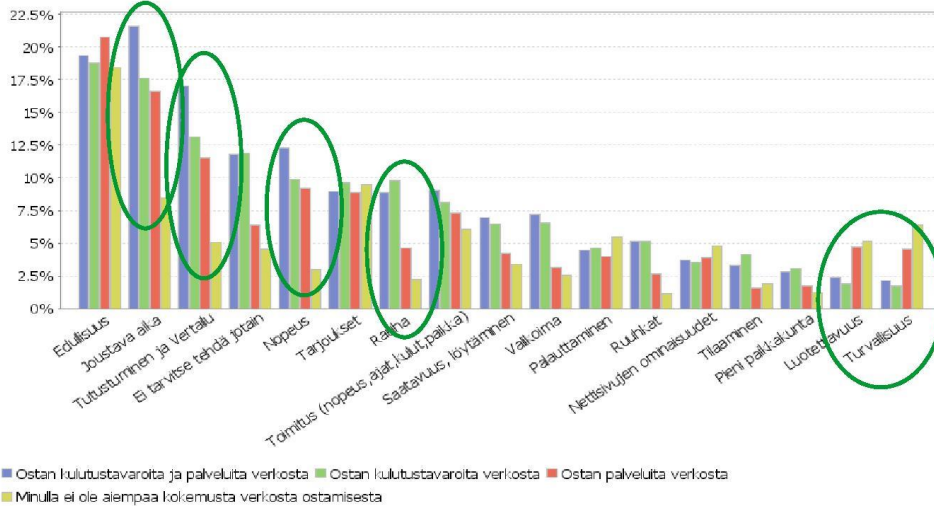
- Ajan joustavuus (kiirettömyys, milloin tahansa)
- Rauha
- Tarjoukset
- Ei tarvitse...(lähteä, jonottaa, kierrellä)



16

verkkokaupan palvelut

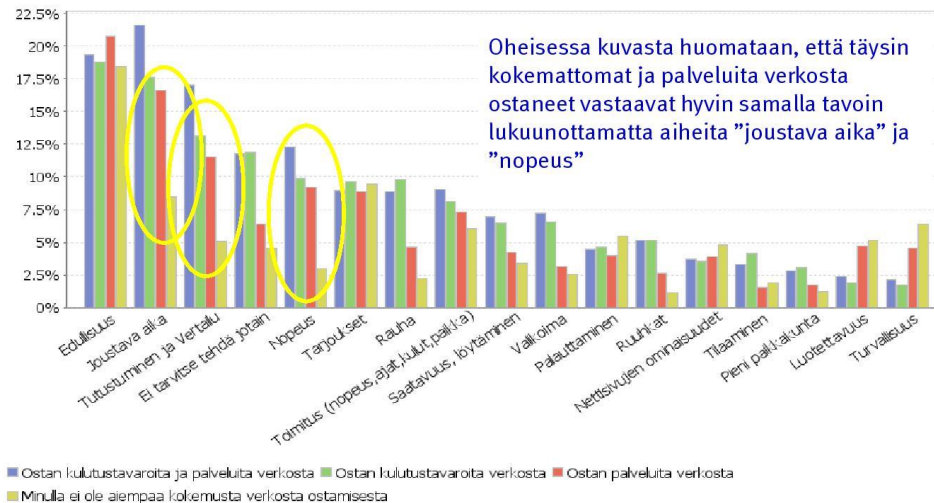
Mikä saisi ostamaan kulutustavaroita verkosta?



17

Verkkokaupan palvelut

Mikä saisi ostamaan kulutustavaroita verkosta?



18

Verkkokaupan palvelut

Rajat ylittävä verkkokauppa

- Verkkokaupassa etäisyys menettää merkityksensä. Näin suomalaiset verkkokaupat joutuvat vertailuun maailman parhaiden nettikauppojen kanssa.
- On jo kuluttajia, jotka ostavat käytännössä kaiken mahdollisen verkosta.
- Suurin osa ostajista ulkomaisista verkkokaupoista tuotteita, joita Suomesta ei saa ollenkaan tai ei saa helposti.
- Valikoiman laajuus on molemmille sukupuolille tärkeä. Myös edullisuus mainitaan usein. Kun mies korostaa hyvää hintalaatu-suhdetta, naiselle tärkeää on vaivattomuus ja nopeus.
- Ulkomailla asuvat naiset haluavat ostaa verkkokaupan avulla itselleen suomalaisia tuotteita. Tämän lisäksi naiset haluavat muistaa ulkomailla asuvia ystäviään verkkokaupasta ostamallaan lahjoilla.
- Esteitä ulkomaisesta verkkokaupasta ostamiseen ovat luottokortin puuttuminen, kieliongelmat ja epäily ulkomaisen verkkokaupan luotettavuudesta.

Verkkokaupan palvelut

APPENDIX 2

Results of the survey

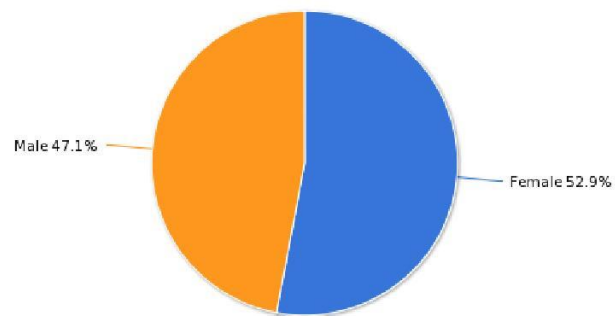


Online Surveys, Data Collection and Integrator
www.SurveyGizmo.com

Summary Report - Mar 24, 2013

Survey: How do customers perceive Finnish internet stores in comparison with the internet stores in other EU countries

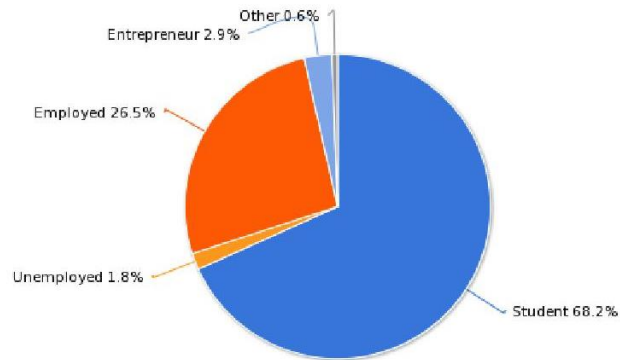
1. Gender



Value	Count	Percent
Female	90	52.9%
Male	80	47.1%

Statistics	
Total Responses	170

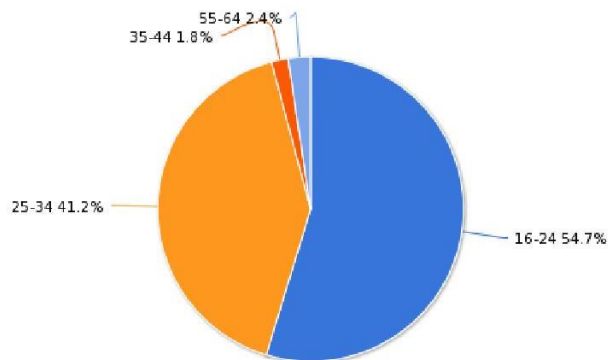
2. Occupation



Value	Count	Percent
Student	116	68.2%
Unemployed	3	1.8%
Employed	45	26.5%
Retired	0	0.0%
Entrepreneur	5	2.9%
Homemaker	0	0.0%
Other	1	0.6%

Statistics	
Total Responses	170

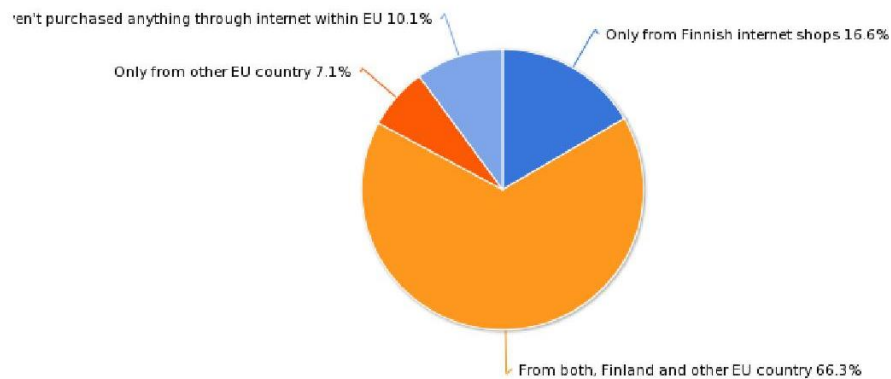
3. Age



Value	Count	Percent
16-24	93	54.7%
25-34	70	41.2%
35-44	3	1.8%
45-54	0	0.0%
55-64	4	2.4%
65-	0	0.0%

Statistics	
Total Responses	170

4. From where have you purchased your product/products during the last 12 months?



Value	Count	Percent
Only from Finnish internet shops	28	16.6%
From both, Finland and other EU country	112	66.3%
Only from other EU country	12	7.1%
I haven't purchased anything through internet within EU	17	10.1%

Statistics	
Total Responses	169

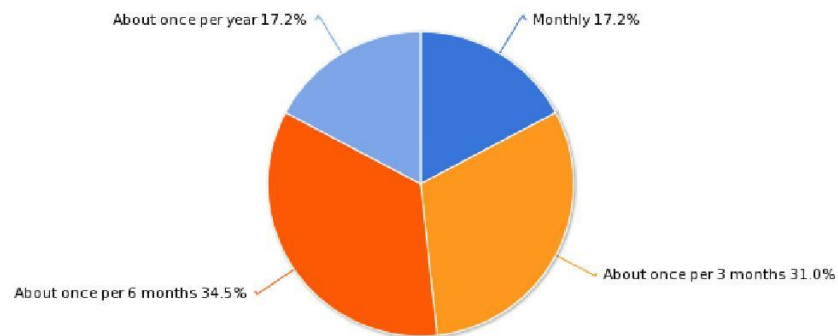
5. What is the most important factors of a successful internet purchase? Rank the aspects from most important, to least important. Select at least 4. Most important on top.

Item	Total Score ¹	Overall Rank
Payment safety	2096	1
Low price	1461	2
Right of return	1234	3
Delivery time	1140	4
Ease of purchase	813	5
Ease of payment	768	6
Payment method	671	7
Image of the company	656	8
Other peoples comments/reviews	631	9
Product images	615	10
Websites appearance	546	11
Product description	518	12
English customer service	376	13
Delivery tracking	333	14
Finnish customer service	229	15

Total Respondents:

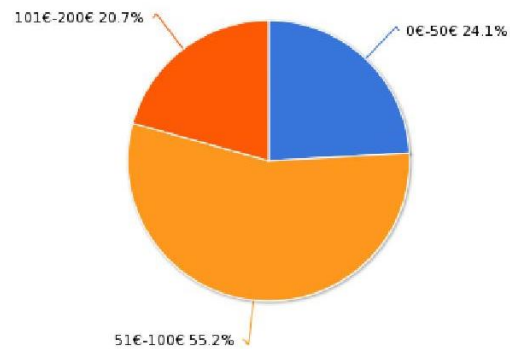
¹ Score is a weighted calculation. Items ranked first are valued higher than the following ranks, the score is the sum of all weighted rank counts.

6. How often do you purchase something from a Finnish internet shop?



Value	Count	Percent
Daily	0	0.0%
Weekly,	0	0.0%
Monthly	5	17.2%
About once per 3 months	9	31.0%
About once per 6 months	10	34.5%
About once per year	5	17.2%

Statistics	
Total Responses	29

7. What is usually the sum of your purchase basket including delivery costs?
The value of all products per single purchase (Products + delivery = ?)

Value	Count	Percent
0€-50€	7	24.1%
51€-100€	16	55.2%
101€-200€	6	20.7%
201€-500€	0	0.0%
501€-1000€	0	0.0%
More than 1001€	0	0.0%

Statistics	
Total Responses	29

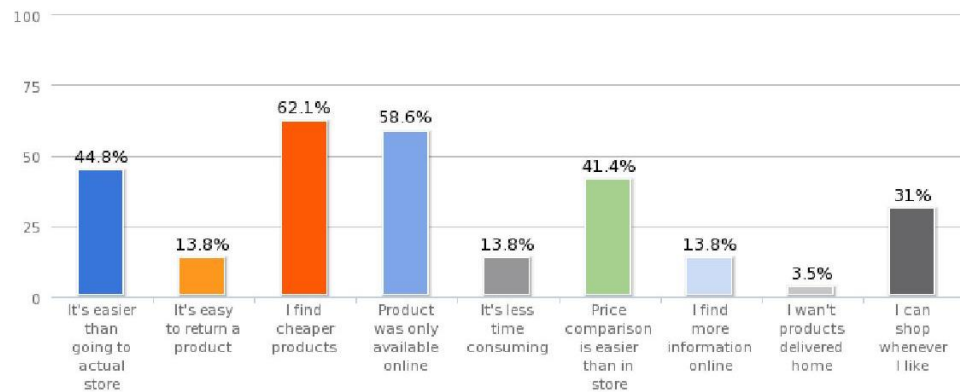
8. How do you feel about Finnish internet shops?

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Can't say	Responses
They are safe and there is no risk of losing money	58.6% 17	37.9% 11	0.0% 0	0.0% 0	0.0% 0	3.4% 1	29
Products are as described and there is no risk of betting counterfeit products	17.2% 5	79.3% 23	0.0% 0	0.0% 0	0.0% 0	3.4% 1	29
In case of dissatisfaction customer can return the product and get money back	41.4% 12	58.6% 17	0.0% 0	0.0% 0	0.0% 0	0.0% 0	29
Delivery is easy to track	10.3% 3	58.6% 17	0.0% 0	24.1% 7	0.0% 0	6.9% 2	29
Delivery is fast	6.9% 2	72.4% 21	0.0% 0	20.7% 6	0.0% 0	0.0% 0	29
Websites are easy to use	10.3% 3	82.8% 24	0.0% 0	3.4% 1	0.0% 0	3.4% 1	29
I can easily get customer service	6.9% 2	48.3% 14	0.0% 0	20.7% 6	3.4% 1	20.7% 6	29
Total price is indicated clearly, including delivery, VAT(value added tax) and other expenses	44.8% 13	51.7% 15	0.0% 0	0.0% 0	0.0% 0	3.4% 1	29

9. How do you feel about internet shops in other EU countries?

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Can't say	Responses
They are safe, and there is no risk of losing money	0.0% 0	48.3% 14	0.0% 0	17.2% 5	0.0% 0	34.5% 10	29
Products are as described and there is no risk of betting counterfeit products	0.0% 0	31.0% 9	0.0% 0	34.5% 10	0.0% 0	34.5% 10	29
In case of dissatisfaction customer can return the product and get money back	3.4% 1	17.2% 5	0.0% 0	37.9% 11	0.0% 0	41.4% 12	29
Delivery is easy to track	0.0% 0	31.0% 9	0.0% 0	24.1% 7	6.9% 2	37.9% 11	29
Delivery is fast	0.0% 0	44.8% 13	0.0% 0	17.2% 5	6.9% 2	31.0% 9	29
Websites are easy to use	6.9% 2	48.3% 14	0.0% 0	10.3% 3	0.0% 0	34.5% 10	29
I can easily get customer service	0.0% 0	13.8% 4	0.0% 0	34.5% 10	10.3% 3	41.4% 12	29
Total price is indicated clearly, including delivery, VAT(value added tax) and other expenses	0.0% 0	27.6% 8	0.0% 0	31.0% 9	3.4% 1	37.9% 11	29

10. Reasons why you purchase from the internet? Choose 3 most important factors. Select at least 1



Value	Count	Percent
It's easier than going to actual store	13	44.8%
It's easy to return a product	4	13.8%
I find cheaper products	18	62.1%
Product was only available online	17	58.6%
It's less time consuming	4	13.8%
Price comparison is easier than in store	12	41.4%
I find more information online	4	13.8%
I want products delivered home	1	3.5%
I can shop whenever I like	9	31.0%

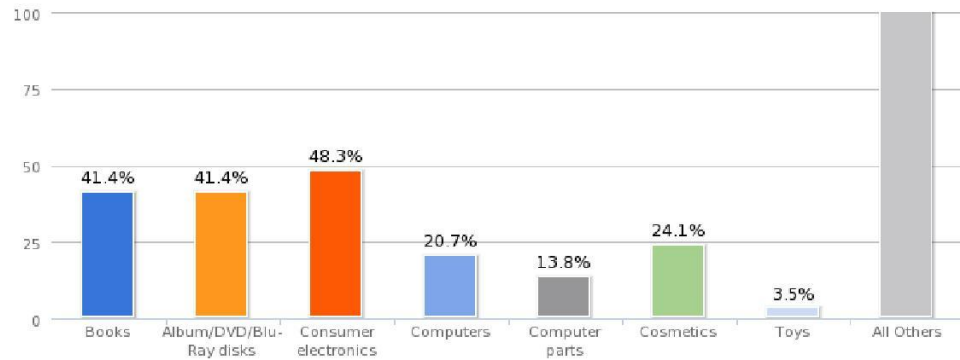
Statistics	
Total Responses	29

11. What payment method do you prefer? From most preferred to least preferred. Select at least 1

Item	Total Score ¹	Overall Rank
Bank transfer	130	1
Credit card	117	2
Debit card	98	3
Online payment method(PayPal, etc)	54	4
Cash on delivery	49	5
Payment by mobile phone	11	6
Cheque	10	7
Total Respondents:		

¹ Score is a weighted calculation. Items ranked first are valued higher than the following ranks, the score is the sum of all weighted rank counts.

12. What products have you bought online? Intangible products such as tickets, hotel reservations and other services are excluded from this research. Select at least 1

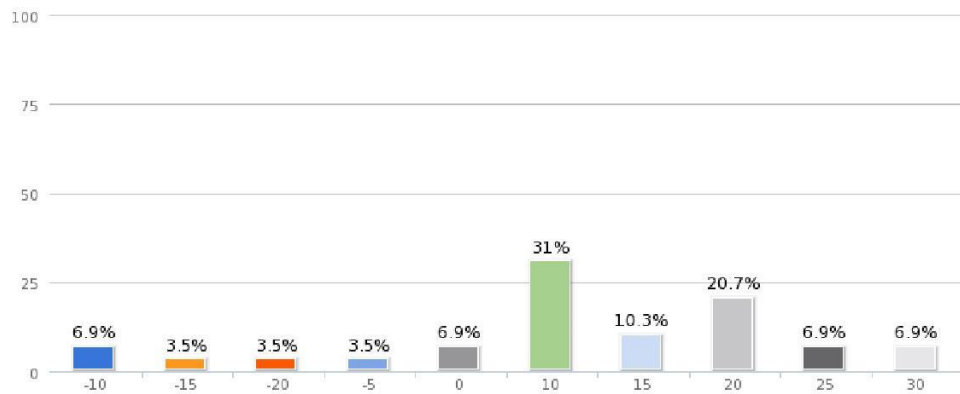


Value	Count	Percent
Books	12	41.4%
Album/DVD/Blu-Ray disks	12	41.4%
Consumer electronics	14	48.3%
Computers	6	20.7%
Computer parts	4	13.8%
Cosmetics	7	24.1%
Toys	1	3.5%
Tools	0	0.0%
Sport equipment	8	27.6%
Shoes	13	44.8%
Clothes	18	62.1%
Other	5	17.2%

Statistics	
Total Responses	29

Open-Text Response Breakdown for "Other"	
Left Blank	165
E-cigarettes, liquids	1
Video games	1
contact lenses	1
household appliances	1
sport nutritions, clothes	1

13. In your opinion, how much cheaper are the products bought from the internet than products bought from local store?



Value	Count	Percent
-10	2	6.9%
-15	1	3.5%
-20	1	3.5%
-5	1	3.5%
0	2	6.9%
10	9	31.0%
15	3	10.3%
20	6	20.7%
25	2	6.9%
30	2	6.9%

Statistics		
Total Responses		29
Sum		305.0
Avg.		10.5
StdDev		12.7
Max		30.0

Roughly, how much cheaper should the online products be for you to purchase them online? (percents of total purchase price, including delivery costs)

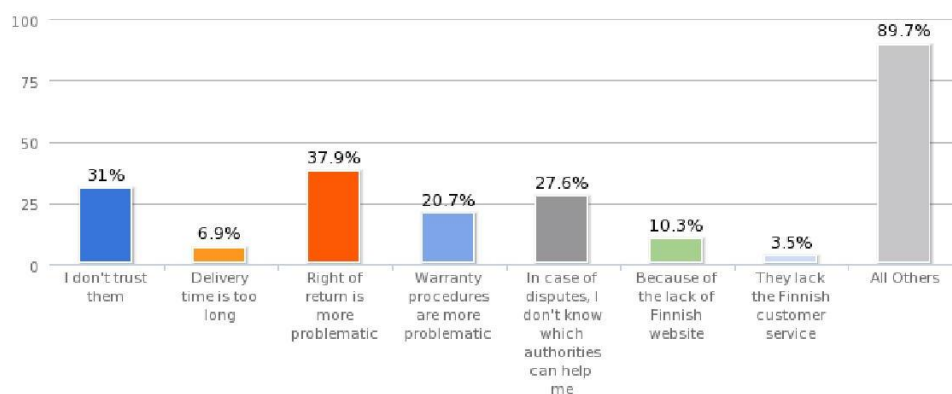
When purchasing from Finnish internet store

- Average Rank: 17.68
- Count: 28
- Min: 0 / Max: 40
- StdDev: 9.21

When purchasing from internet store in other EU country

- Average Rank: 28.21
- Count: 28
- Min: 0 / Max: 50
- StdDev: 12.04

15. Why haven't you purchased from internet store in other EU country? Select at least 1



Value	Count	Percent
I don't trust them	9	31.0%
Delivery time is too long	2	6.9%
Right of return is more problematic	11	37.9%
Warranty procedures are more problematic	6	20.7%
In case of disputes, I don't know which authorities can help me	8	27.6%
Because of the lack of Finnish website	3	10.3%
They lack the Finnish customer service	1	3.5%
I'm afraid that the product is not as described	4	13.8%
I wish to support domestic business	2	6.9%
All products that I have needed have been available in Finland	10	34.5%
The prices aren't any cheaper	0	0.0%
No reason, just haven't had the opportunity	8	27.6%
Other	2	6.9%

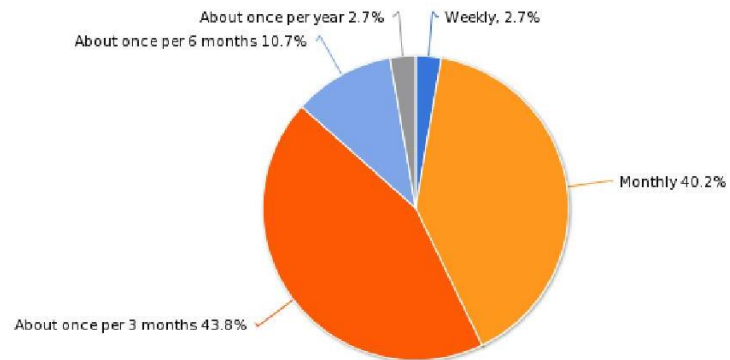
Statistics	
Total Responses	29

Open-Text Response Breakdown for "Other"		Count
<i>Left Blank</i>		168
I have bought, but not during the last year		1
Payment difficulties		1

16. If you have any comments regarding this version of survey, please let me know. You can comment in Finnish or English.

Count	Response
1	Comprehensive.
1	Kysymys 11. Käsitteäkö joku vaihtoehtoista laskulla maksamisen (lasku tulee tuotteen mukana)? En ollut varma, mutta tuota vaihtoehtoa käytän myös usein. Lisäkommenttina myös voin todeta, että en sattumalta ole tilannut kuluneen 12kk aikana muista EU-maista kuin Suomesta, mutta EU:n ulkopuolelta kuitenkin pari kertaa.

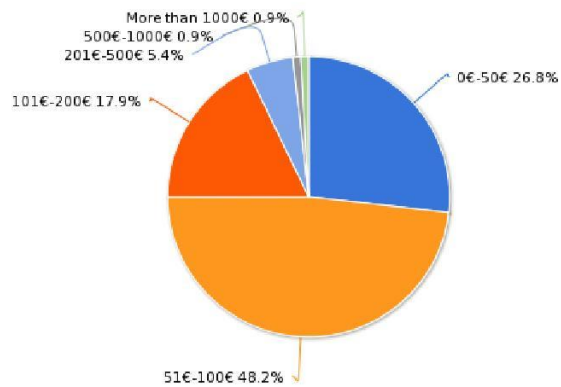
17. How often do you purchase something from internet?



Value	Count	Percent
Daily	0	0.0%
Weekly,	3	2.7%
Monthly	45	40.2%
About once per 3 months	49	43.8%
About once per 6 months	12	10.7%
About once per year	3	2.7%

Statistics	
Total Responses	112

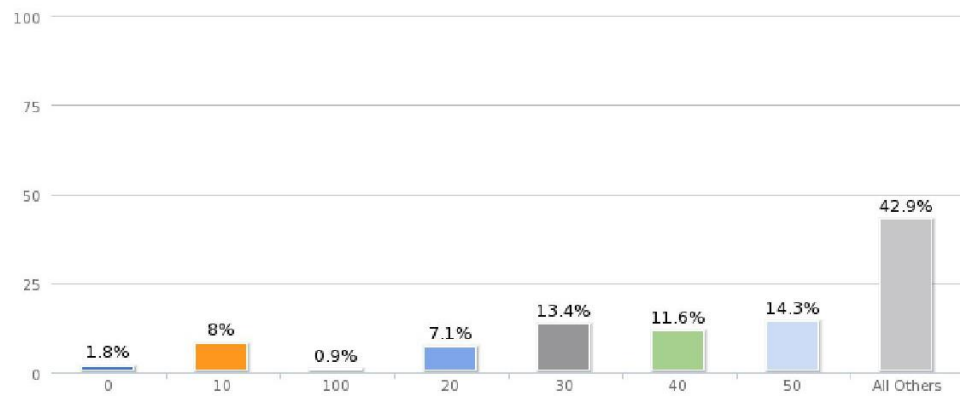
18. Value(€) of a single purchase in usually is about ? (Sum of all products per transaction)



Value	Count	Percent
0€-50€	30	26.8%
51€-100€	54	48.2%
101€-200€	20	17.9%
201€-500€	6	5.4%
500€-1000€	1	0.9%
More than 1000€	1	0.9%

Statistics	
Total Responses	112

19. What is the ratio of the origin of your purchases? Do you buy more from Finnish internet shops or from other EU country



Value	Count	Percent
0	2	1.8%
10	9	8.0%
100	1	0.9%
20	8	7.1%
30	15	13.4%
40	13	11.6%
50	16	14.3%
60	11	9.8%
70	15	13.4%
80	16	14.3%
90	6	5.4%

Statistics	
Total Responses	112
Sum	5,650.0
Avg.	50.4
StdDev	24.5
Max	100.0

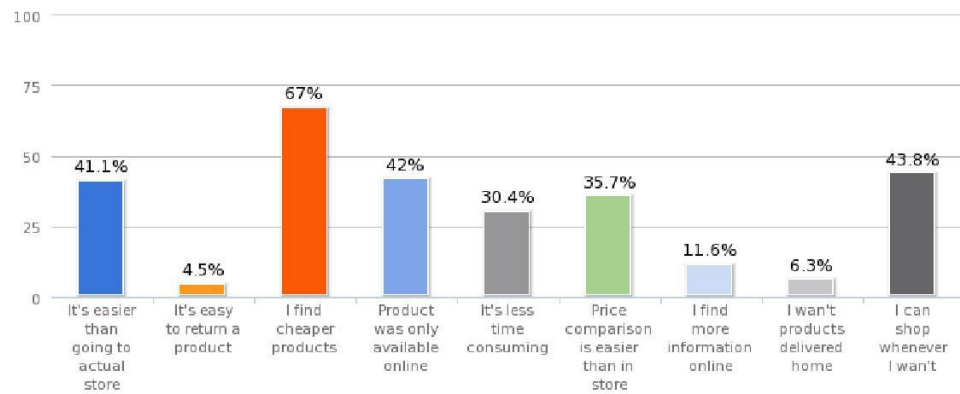
20. How do you feel about Finnish internet shops?

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Can't say	Responses
They are safe and there is no risk of losing money	40.2% 45	56.3% 63	0.0% 0	0.0% 0	0.0% 0	3.6% 4	112
Products are as described and there is no risk of betting counterfeit products	30.4% 34	58.0% 65	0.0% 0	4.5% 5	0.0% 0	7.1% 8	112
In case of dissatisfaction customer can return the product and get money back	36.6% 41	51.8% 58	0.0% 0	6.3% 7	0.0% 0	5.4% 6	112
Delivery is easy to track	25.0% 28	49.1% 55	0.0% 0	14.3% 16	0.9% 1	10.7% 12	112
Delivery is fast	18.8% 21	59.8% 67	0.0% 0	14.3% 16	3.6% 4	3.6% 4	112
Websites are easy to use	23.2% 26	58.9% 66	0.0% 0	16.1% 18	0.0% 0	1.8% 2	112
I can easily get customer service	17.0% 19	44.6% 50	0.0% 0	17.0% 19	2.7% 3	18.8% 21	112
Total price is indicated clearly, including delivery, VAT(value added tax) and other expenses	41.1% 46	49.1% 55	0.0% 0	8.0% 9	0.0% 0	1.8% 2	112

21. How do you feel about internet stores in other EU countries

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Can't say	Responses
They are safe and there is no risk of losing money	3.6% 4	74.1% 83	0.0% 0	13.4% 15	0.0% 0	8.9% 10	112
Products are as described and there is no risk of betting counterfeit products	2.7% 3	58.0% 65	0.0% 0	25.9% 29	0.0% 0	13.4% 15	112
In case of dissatisfaction customer can return the product and get money back	0.9% 1	50.0% 56	0.0% 0	25.0% 28	3.6% 4	20.5% 23	112
Delivery is fast	9.8% 11	57.1% 64	0.0% 0	27.7% 31	1.8% 2	3.6% 4	112
Delivery is easy to track	8.9% 10	42.0% 47	0.0% 0	36.6% 41	3.6% 4	8.9% 10	112
Websites are easy to use	12.5% 14	68.8% 77	0.0% 0	14.3% 16	0.9% 1	3.6% 4	112
I can easily get customer service	3.6% 4	33.0% 37	0.0% 0	29.5% 33	4.5% 5	29.5% 33	112
Total price is indicated clearly, including delivery, VAT(value added tax) and other expenses	4.5% 5	61.6% 69	0.0% 0	22.3% 25	0.9% 1	10.7% 12	112

22. Reasons why you purchase from the internet? Choose 3 most important, at least 1 selection is required



Value	Count	Percent
It's easier than going to actual store	46	41.1%
It's easy to return a product	5	4.5%
I find cheaper products	75	67.0%
Product was only available online	47	42.0%
It's less time consuming	34	30.4%
Price comparison is easier than in store	40	35.7%
I find more information online	13	11.6%
I want products delivered home	7	6.3%
I can shop whenever I want	49	43.8%

Statistics	
Total Responses	112

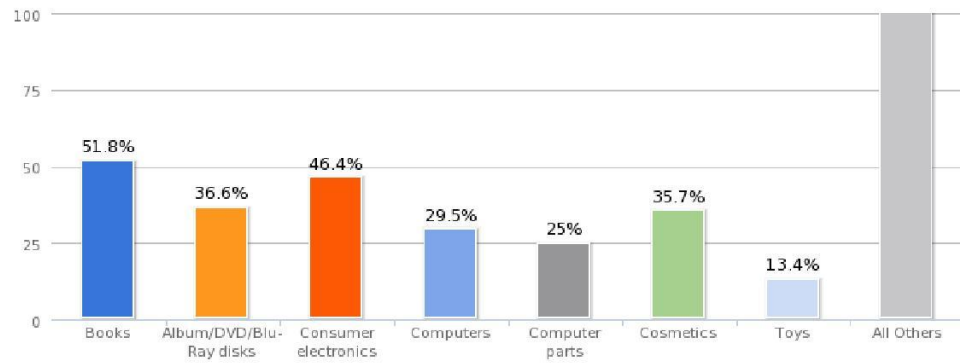
23. Organize following aspects from the most important to least important. Select at least 2 choices

Item	Total Score ¹	Overall Rank
Price	646	1
Safety	599	2
Payment method	379	3
Right of return	326	4
Delivery time	313	5
Customer service	176	6
Language	162	7
Total Respondents:		
¹ Score is a weighted calculation. Items ranked first are valued higher than the following ranks, the score is the sum of all weighted rank counts.		

24. What payment method do you prefer. From most preferred to least preferred. Select at least 1

Item	Total Score ¹	Overall Rank
Credit card	542	1
Bank transfer	414	2
Online payment method(PayPal, etc)	338	3
Debit card	258	4
Cash on delivery	150	5
Cheque	89	6
Payment by mobile phone	61	7
Total Respondents:		
¹ Score is a weighted calculation. Items ranked first are valued higher than the following ranks, the score is the sum of all weighted rank counts.		

25. What products have you bought online? Intangible products such as tickets, hotel reservations and other services are excluded from this research. Select at least 1



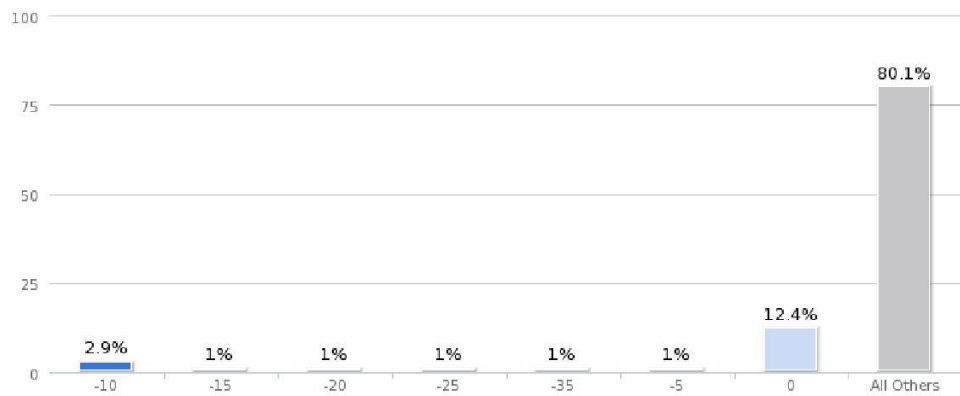
Value	Count	Percent
Books	58	51.8%
Album/DVD/Blu-Ray disks	41	36.6%
Consumer electronics	52	46.4%
Computers	33	29.5%
Computer parts	28	25.0%
Cosmetics	40	35.7%
Toys	15	13.4%
Tools	14	12.5%
Sport equipment	56	50.0%
Shoes	73	65.2%
Clothes	95	84.8%
Other	26	23.2%

Statistics	
Total Responses	112

Open-Text Response Breakdown for "Other"	
Left Blank	144
Car parts	1
Designer bags	1
Jewellery	1
Musical equipment (thomann.de)	1
Phone covers	1
Sex toys, mostly dildos.	1
TEKOPILLUJA	1
Tickets	1

Open-Text Response Breakdown for "Other"		Count
Vinyl Records		1
Whiskey		1
car parts		1
contact lenses		2
desing		1
e-cigarettes & e-liquids		1
instruments/music products		1
jewellery		1
kello		1
motorcycle parts		1
musical instruments		1
snowboards, bindings etc		1
spare parts		1
supplements		1
train tickets		1
video games		1
watch		1

26. In your opinion, how much cheaper are the products bought from internet than products bought from local store?



Statistics	
Total Responses	105
Sum	1,700.0
Avg.	16.2
StdDev	15.0
Max	50.0

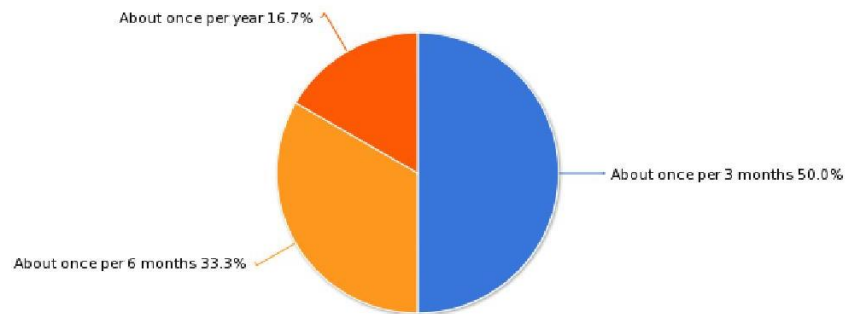
27. Roughly, how much cheaper should the online products be for you to purchase them online? (percents of total purchase price, including delivery costs)

Roughly, how much cheaper should the online products be for you to purchase them online? (percents of total purchase price, including delivery costs)	
When purchasing from Finnish internet store	Average Rank 17.91
	<ul style="list-style-type: none"> • Count: 110 • Min: 0 / Max: 60 • StdDev:11.92
	Average Rank 24.86
When purchasing from internet store in other EU country	<ul style="list-style-type: none"> • Count: 106 • Min: 0 / Max: 70 • StdDev:13.33

28. If you have any comments regarding this version of survey, please let me know. You can comment in Finnish or English.

Count	Response
1	-
1	Finally some nice and working survey. Good job.
1	Onnea valmistumiseen! :)
1	Question 13: i prefer getting an invoice by mail
1	local shops are in my experience almost always more expensive than online stores, IF the finnish salesmen would dare to bargain, things would be better for them

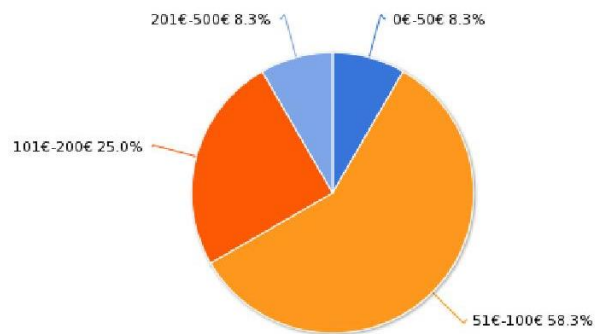
29. How often do you purchase something from internet shops located in other EU country?



Value	Count	Percent
Daily	0	0.0%
Weekly,	0	0.0%
Monthly	0	0.0%
About once per 3 months	6	50.0%
About once per 6 months	4	33.3%
About once per year	2	16.7%

Statistics	
Total Responses	12

30. Value(€) of a single purchase in usually is about ? (Sum of all products per transaction)



Value	Count	Percent
0€-50€	1	8.3%
51€-100€	7	58.3%
101€-200€	3	25.0%
201€-500€	1	8.3%
500€-1000€	0	0.0%
More than 1000€	0	0.0%

Statistics	
Total Responses	12

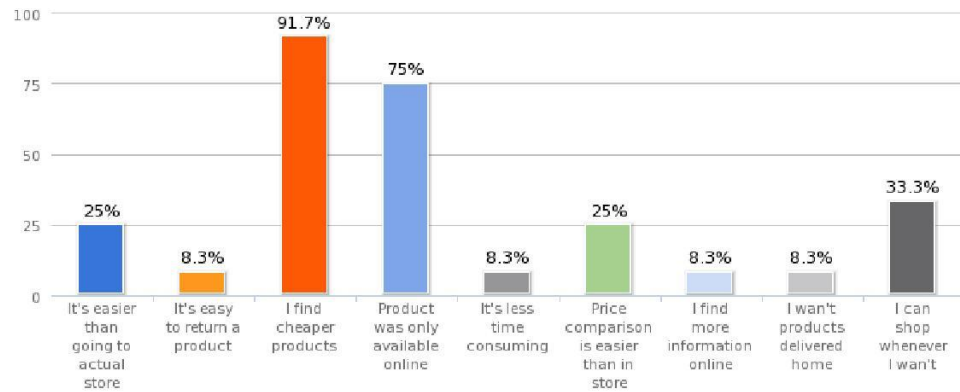
31. How do you feel about internet shops in other Eu countries?

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Can't say	Responses
They are safe and there is no risk of losing money	16.7% 2	75.0% 9	0.0% 0	0.0% 0	0.0% 0	8.3% 1	12
Products are as described and there is no risk of betting counterfeit products	8.3% 1	75.0% 9	0.0% 0	8.3% 1	0.0% 0	8.3% 1	12
In case of dissatisfaction customer can return the product and get money back	16.7% 2	66.7% 8	0.0% 0	8.3% 1	0.0% 0	8.3% 1	12
Delivery is easy to track	0.0% 0	66.7% 8	0.0% 0	25.0% 3	0.0% 0	8.3% 1	12
Delivery is fast	0.0% 0	75.0% 9	0.0% 0	16.7% 2	0.0% 0	8.3% 1	12
Websites are easy to use	16.7% 2	83.3% 10	0.0% 0	0.0% 0	0.0% 0	0.0% 0	12
I can easily get customer service	0.0% 0	41.7% 5	0.0% 0	25.0% 3	0.0% 0	33.3% 4	12
Total price is indicated clearly, including delivery, VAT(value added tax) and other expenses	25.0% 3	75.0% 9	0.0% 0	0.0% 0	0.0% 0	0.0% 0	12

32. How do you feel about Finnish internet shops?

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Can't say	Responses
They are safe, and there is no risk of losing money	66.7% 8	33.3% 4	0.0% 0	0.0% 0	0.0% 0	0.0% 0	12
Products are as described and there is no risk of betting counterfeit products	41.7% 5	50.0% 6	0.0% 0	8.3% 1	0.0% 0	0.0% 0	12
In case of dissatisfaction customer can return the product and get money back	33.3% 4	50.0% 6	0.0% 0	16.7% 2	0.0% 0	0.0% 0	12
Delivery is easy to track	50.0% 6	16.7% 2	0.0% 0	25.0% 3	0.0% 0	8.3% 1	12
Delivery is fast	33.3% 4	66.7% 8	0.0% 0	0.0% 0	0.0% 0	0.0% 0	12
Websites are easy to use	16.7% 2	66.7% 8	0.0% 0	8.3% 1	0.0% 0	8.3% 1	12
I can easily get customer service	8.3% 1	58.3% 7	0.0% 0	8.3% 1	0.0% 0	25.0% 3	12
Total price is indicated clearly, including delivery, VAT(value added tax) and other expenses	33.3% 4	58.3% 7	0.0% 0	0.0% 0	0.0% 0	8.3% 1	12

33. Reasons why you purchase from the internet? Choose 3 most important, at least 1 selection is required



Value	Count	Percent
It's easier than going to actual store	3	25.0%
It's easy to return a product	1	8.3%
I find cheaper products	11	91.7%
Product was only available online	9	75.0%
It's less time consuming	1	8.3%
Price comparison is easier than in store	3	25.0%
I find more information online	1	8.3%
I want products delivered home	1	8.3%
I can shop whenever I want	4	33.3%

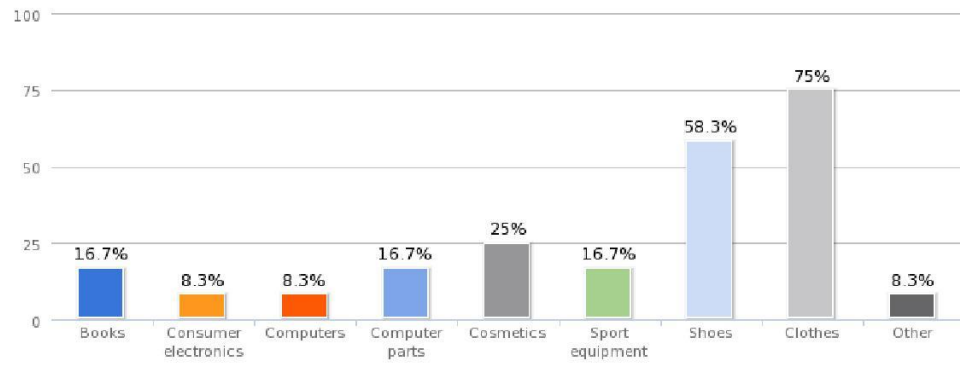
Statistics	
Total Responses	12

34. What payment method do you prefer. From most preferred to least preferred. Select at least 1. Most preferred on top.

Item	Total Score ¹	Overall Rank
Credit card	57	1
Debit card	44	2
Bank transfer	37	3
Online payment method(PayPal, etc)	18	4
Cheque	16	5
Cash on delivery	16	6
Payment by mobile phone	6	7
Total Respondents:		

¹ Score is a weighted calculation. Items ranked first are valued higher than the following ranks, the score is the sum of all weighted rank counts.

35. What products have you bought online? Intangible products such as tickets, hotel reservations and other services are excluded from this research. Select at least 1

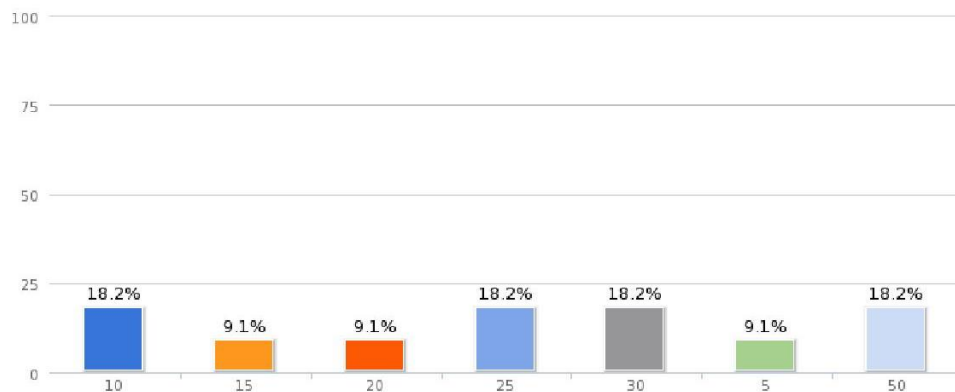


Value	Count	Percent
Books	2	16.7%
Album/DVD/Blu-Ray disks	0	0.0%
Consumer electronics	1	8.3%
Computers	1	8.3%
Computer parts	2	16.7%
Cosmetics	3	25.0%
Toys	0	0.0%
Tools	0	0.0%
Sport equipment	2	16.7%
Shoes	7	58.3%
Clothes	9	75.0%
Other	1	8.3%

Statistics	
Total Responses	12

Open-Text Response Breakdown for "Other"	
<i>Left Blank</i>	169
Food	1

36. In your opinion, how much cheaper are the products bought from internet than products bought from local store?



Value	Count	Percent
10	2	18.2%
15	1	9.1%
20	1	9.1%
25	2	18.2%
30	2	18.2%
5	1	9.1%
50	2	18.2%

Statistics		
Total Responses		11
Sum		270.0
Avg.		24.5
StdDev		14.4
Max		50.0

Roughly, how much cheaper should the online products be for you to purchase them online? (percents of total purchase price, including delivery costs)

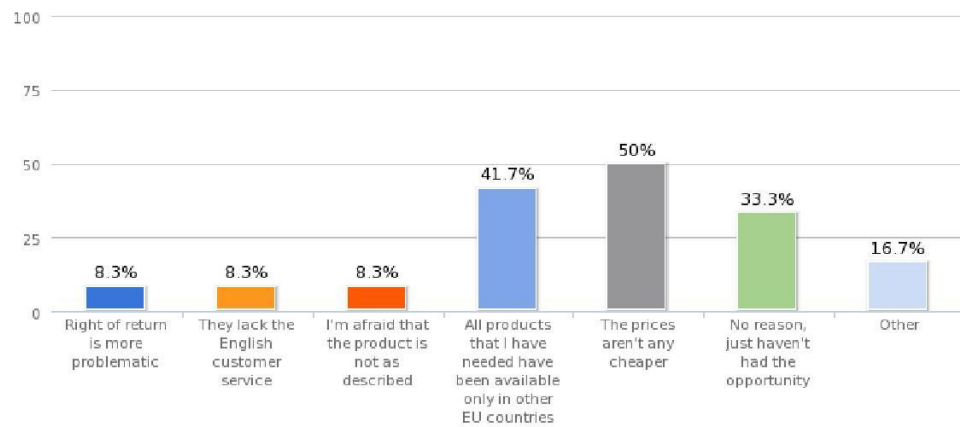
When purchasing from Finnish internet store

- Average Rank: 23.33
- Count: 12
- Min: 5 / Max: 40
- StdDev: 11.96

When purchasing from internet store in other EU country

- Average Rank: 28.33
- Count: 12
- Min: 5 / Max: 50
- StdDev: 15.99

38. Why haven't you purchased from internet store in Finland? Select at least 1

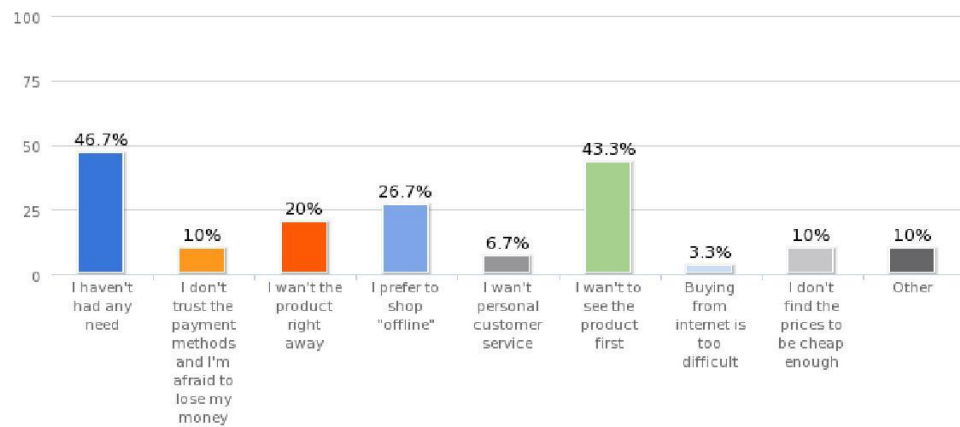


Value	Count	Percent
I don't trust them	0	0.0%
Delivery time is too long	0	0.0%
Right of return is more problematic	1	8.3%
Warranty procedures are more problematic	0	0.0%
In case of disputes, I don't know what authorities can help me	0	0.0%
Because of the lack of English website	0	0.0%
They lack the English customer service	1	8.3%
I'm afraid that the product is not as described	1	8.3%
I wish to support foreign bussiness	0	0.0%
All products that I have needed have been available only in other EU countries	5	41.7%
The prices aren't any cheaper	6	50.0%
No reason, just haven't had the opportunity	4	33.3%
Other	2	16.7%

Statistics	
Total Responses	12

Open-Text Response Breakdown for "Other"	
<i>Left Blank</i>	168
Products are not so good in internet stores in Finland	1
Selection is poor.	1

40. Why haven't you purchased anything from internet? Select at least one option

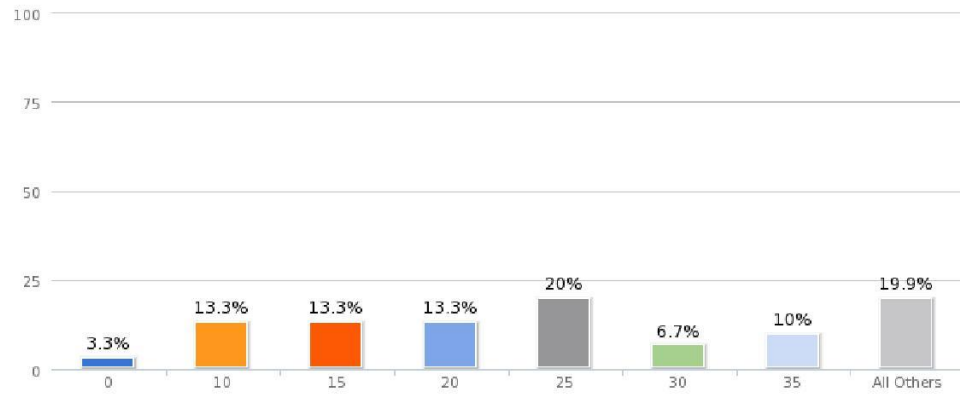


Value	Count	Percent
I haven't had any need	14	46.7%
I don't trust the payment methods and I'm afraid to lose my money	3	10.0%
I want the product right away	6	20.0%
I prefer to shop "offline"	8	26.7%
I want personal customer service	2	6.7%
I want to see the product first	13	43.3%
I don't trust the delivery (goods are damaged when they arrive)	0	0.0%
Buying from internet is too difficult	1	3.3%
I don't find the prices to be cheap enough	3	10.0%
Other	3	10.0%

Statistics	
Total Responses	30

Open-Text Response Breakdown for "Other"	Count
<i>Left Blank</i>	168
I have purchased online	1
Most of the stuff I buy online is transferred digitally (Steam Games, Spotify Music etc.). Material goods I buy from old school shops.	1

41. How much cheaper should the online prices be in order for you to order products online? (%)



Value	Count	Percent
0	1	3.3%
10	4	13.3%
15	4	13.3%
20	4	13.3%
25	6	20.0%
30	2	6.7%
35	3	10.0%
40	2	6.7%
45	1	3.3%
50	1	3.3%
55	1	3.3%
65	1	3.3%

Statistics	
Total Responses	30
Sum	790.0
Avg.	26.3
StdDev	14.5
Max	65.0