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E-RETAILERS AND THEIR MARKETING PRACTISES

– A study of Finnish electronics E-retailers that are
listed on price comparison websites



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E-RETAILERS AND THEIR MARKETING PRACTISES

This thesis concentrates on the marketing and competitive aspects of online retail. The industry has been growing rapidly on a worldwide scale for several years in a row, and the most popular products and services traded online are things that are relatively easy to compare in terms of their characteristics. This development has led to the increasing popularity of price comparison websites, which provide a feasible way for the online consumer to review his or her options. The modern online customer is conscious of the options available and is ready to search for information.

The objective of the research was to find out how much Finnish electronics E-retailers that are listed on price comparison sites focus in their marketing strategies on using price engine services. Electronics E-retailers were chosen as the group for primary focus, since their products are highly homogeneous, and the prices are easy to compare with the aid of third-party services.

The research was based on the marketing mix of 4 Ps, since the online market environment in itself is developing so fast that a classic marketing theory was considered to act as a good anchoring point in the study. Primary data was collected via an online survey, which focused especially on charting the opinions of E-retailers.

The results suggested that price was not considered to be the foremost method of competing with rival companies, although price was thought to be the most important purchase-driving factor among potential and recurring customers. Additionally, price comparison sites were identified to be the leading method of promotion for Finnish electronics E-retailers.

KEYWORDS:

E-commerce, electronics, E-retail, price engine, price competition, marketing strategy, promotion.

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VÄHITTÄISMYYNTIVERKKOKAUPPOJEN MARKKINOINTIKÄYTÄNNÖT

Tämä opinnäytetyö keskittyy selvittämään vähittäismyyntiverkkokauppojen markkinointi- ja kilpailukäytäntöihin liittyviä erityispiirteitä. Kyseinen toimiala on kasvanut maailmanlaajuisesti huomattavalla vauhdilla jo usean vuoden ajan. Suosituimmat verkossa liikkuvat hyödykkeet ovat tuotteita ja palveluja, joiden ominaisuuksia on helppo verrata keskenään. Kehitys on johtanut hintavertailusivustojen räjähdysmäiseen suosioon ja kasvuun, sillä nämä sivustot tarjoavat helpon keinon vaihtoehtojen tarkasteluun. Nykyaikainen verkkokuluttaja on entistä tietoisempi valintamahdollisuuksistaan ja on valmis käyttämään erilaisia keinoja tiedon etsimiseen internetistä.

Tutkimuksen päämääränä oli selvittää, kuinka paljon suomalaiset, pääasiassa elektroniikkaa myyvät vähittäismyyntiverkkokaupat keskittyvät käyttämään hintavertailusivustoja markkinointikeinonaan. Erityiskohderyhmäksi valittiin elektroniikkaverkkokaupat, sillä niiden myymät tuotteet ovat hyvin homogeenisiä ja tuotteiden hintoja on hyvin helppo vertailla esimerkiksi hintavertailusivustojen avulla.

Tutkimus nojautui suureksi osaksi klassisiin markkinointiteorioihin, sillä verkkomarkkinointiin kohdistuu jatkuva muutospainne. Klassinen teoria tasapainottaa hyvin jatkuvan muutoksen alaisena olevaa tutkimuskohdetta. Ensisijainen tutkimusaineisto kerättiin verkkokyselyn avulla, joka lähestyi aihetta nimenomaan kartoittamalla verkkokauppaedustajien mielipiteitä.

Tuloksista käy ilmi, että toistensa kanssa kilpailevat verkkokaupat eivät pidä pääasiallisena kilpailumenetelmänä tuotteiden hintoja, vaikka yritykset luulivat asiakkaiden olevan kiinnostuneita erityisesti tuotteiden hinnoista. Tulosten mukaan hintavertailusivustot ovat lisäksi suomalaisten elektroniikkaverkkokauppojen suosituin myynninedistämiskeino.

ASIASANAT:

Elektroniikka, hintakilpailu, hintavertailusivusto, markkinointistrategia, myynninedistäminen, verkkokauppa, verkkoliiketoiminta, viihde-elektroniikka, vähittäismyynti.

CONTENT

LIST OF ABBREVIATIONS	6
1 INTRODUCTION	6
1.1 Objectives of the study	7
1.2 Research outline	9
2 E-RETAIL	10
2.1 Introduction	10
2.2 B2B and B2C	11
2.3 The evolution of E-retail	13
2.4 Current players on the E-retail field	15
2.4.1 Virtual retailers	16
2.4.2 Clicks-and-bricks	17
2.4.3 Catalog merchant	18
2.4.4 Manufacturer-direct	20
2.4.5 The future of E-retail	21
2.5 The customer and the world of E-retail	22
2.5.1 Two types of customers	23
2.5.2 The review phenomenon	24
2.6 Notions about the Finnish E-retail market	25
3 PRICE COMPARISON WEBSITES	28
4 CLASSIC MARKETING STRATEGY	30
4.1 The marketing mix	31
4.1.1 Product	31
4.1.2 Place	32
4.1.3 Promotion	33
4.1.4 Price	34
5 RESEARCH METHODOLOGY	37
5.1 Qualitative data collection	37
5.1.1 The questionnaire	38
5.1.2 Targeted companies	41
6 ANALYSIS	43
6.1 Results of the questionnaire	43
6.2 Reliability and validity	58
6.3 Implications	59

6.4 Suggestions for further study	61
7 CONCLUSION	62
SOURCE MATERIAL	64

APPENDICES

Appendix 1. Questionnaire about the marketing practises of E-retailers

FIGURES

Figure 1. Difference between physical and E-commerce B2B/B2C business models and supply chains (Kinder 2002, 137).	12
Figure 2. How many years has your company operated as an E-retailer?	43
Figure 3. Does your company have also a physical store which sell the same products as in the E-store?	44
Figure 4. How many people work for your company on average?	45
Figure 5. What is your estimated net revenue per year?	45
Figure 6. How long has your company been listed on price comparison websites?	46
Figure 7. What was the primary reason for joining a price comparison website?	47
Figure 8. Do you agree that your sales noticeably increased after joining a price comparison website?	48
Figure 9. Do you agree that price comparison websites accelerate price competition among similar companies significantly?	49
Figure 10. Would you consider leaving the price comparison websites for good if you had a very large and loyal customer base?	50
Figure 11. Do you review your marketing plan often?	51
Figure 12. Has you company conducted customer research?	51
Figure 13. What are your primary methods of competing with companies that operate in the same field?	52
Figure 14. Please choose three best promotion methods on the basis of your experiences.	53
Figure 15. In your opinion, what drives first-time customers into making a purchase at your store?	55
Figure 16. In your opinion, what drives recurring customers into making a purchase at your store?	55
Figure 17. How much does your company spend on marketing or promotion purposes per year?	56
Figure 18. The best promotion methods of E-retailers that reported an annual marketing budget of over 10 000 euros.	57
Figure 19. Would you like to spend more resources on marketing if you had the chance?	58

LIST OF ABBREVIATIONS

B2B	Business-to-business refers to transactions between businesses.
B2C	Business-to-consumer refers to transactions between businesses and consumers.
E-commerce	Electronic commerce, also known in shortened versions as E-commerce, eCommerce or e-comm, is a method of selling and buying products or services via the aid of computer networks (Qin 2009, 26).
E-consumer	E-consumer refers to consumers that participate in electronic commerce by buying products or services, and search for product information on the Internet.
E-retail	E-retail or online retail, also known as E-tail, refers to retail that occurs on the Internet.

1 INTRODUCTION

E-commerce has taken major steps during the last decade towards integration in the everyday life of the modern consumer. A vast array of products and services are showcased incessantly in digital shop windows – impervious to conservative opening hours or geographical barriers.

It is reported that 85 per cent of Internet users worldwide have made a purchase online, the most popular products being books, dvds, electronics, and clothing. Although global surveys show that almost half of online shoppers buy from the same website that they are used to, 80 per cent of shoppers make their purchase decision with the help of search engines, online reviews, or price comparison websites. (Nielsen 2008, 1-5 [referred 25.10.2011].)

Considering that the majority of the most popular online shopping products are sold via E-retailers, and the products are therefore virtually the same regardless where you buy them. Therefore, it is no wonder that shopping comparison websites have been growing in two and three figure percentages in visiting traffic and market revenues (UKPRwire 2006 [referred 24.10.2011]).

In Finland the development of online shopping has not been up to par with other Nordic countries, although Finns spent almost 10 billion euros on online purchases in the year 2010, and over 80 per cent of the population uses Internet daily (Helin 2009, 7 [referred 20.11.2011]; Tiilikainen 2008, 16-17; Öhrmberg 2011, 6).

I am personally an avid E-consumer, and I have made purchases from Finnish and foreign online stores. I tend to turn towards foreign E-retailers, when a certain product is not available to purchase from the local stores or, or if the price difference between foreign and national retailers is vast. However, I try to support Finnish E-retailers as often as I can, since even the deliveries are much quicker to arrive. I prefer especially the option of making the purchase online and picking it up at the physical store, if the E-retailer has a bricks-and-mortar store in the same city.

The majority of the products I purchase online are electronic goods, and price engines provide a valuable service of indicating where I can find a certain product at a reasonable price. Although I try to look for the most competitive price, usually I choose the local E-retailer that I can pick the product later from. The list price of the product might not be the lowest in the price engine, but on the other hand I am spared of additional delivery costs.

The topic of this thesis started to formulate in my mind when I read an article online that suggested a survey had revealed that a whopping 23 per cent of Finnish online shopkeepers do not spend any resources on marketing, and over half of the ones that do, allocated annually less than 1000 euros on marketing purposes (Taloussanomat 2008b [referred 25.10.2011]). There were also additional articles about how Finns are making an increasing amount of their purchases at foreign online stores (Taloussanomat 2008a [referred 26.10.2011]).

I could not help but reflect at my own behaviour as an E-consumer. Could price engines have some kind of effect on the marketing practises of Finnish E-retailers? When I looked into the matter at hand more thoroughly, I was surprised that there was not much literary information available on price engines and Internet marketing practises.

1.1 Objectives of the study

The objective of this thesis is to find out how much Finnish electronics E-retailers focus in their marketing strategies on using price engine services. The research will be conducted from the viewpoint of the classic marketing mix with 4 Ps, since studies have suggested that the 4 Ps are very well suited to the Internet marketing environment (Allen & Fjermestad 2001, Porter 2001). Electronics E-retailers were chosen as the group for primary focus, since their products are highly homogeneous, the prices are easy to compare, and their customers are probably much more avid price engine users than, for example, the customers of clothing E-retailers.

Previous research on E-retail, and E-commerce in general, has focused on the perspective of the customer, and especially on the factors that direct the customer into making an online purchase or choosing between different E-retail websites. The studies have come to the conclusion that E-retailers should understand who their customers are and what they want. It is a bit surprising that online shopkeepers seem to not have taken this issue seriously – as indicated by their nonexistent marketing budgets – since the E-retail market environment is very competitive and cut-throat.

Although there is immense amount of literature available about E-commerce, the relationship between E-retail and price engine websites is not directly addressed. There are separate notions about how price competition has risen to the forefront in E-retail settings. The general status of the literature suggests that the topic in question is quite recent and developing. (Salmenkivi & Nyman 2007 [referred 21.10.2011].)

Since the literature seemed to focus primarily on how to become an E-retailer, and what consumers thought about E-retailing, therefore I wanted to approach the issue from a completely alternate perspective. I wanted to know what Finnish electronics E-retailers think about marketing and price engines. I wanted to hear their take on what they have understood that E-consumers are interested in.

In this regard, this thesis aims to find answers to the following questions:

- How much Finnish electronics E-retailers focus on using price engine services in their marketing strategies?
- Is price the primary competitive method for these companies?
- How do price comparison websites rank as a promotion method?
- Have the companies tried other promotion methods?
- When have they reviewed their marketing plan?

The primary data will be collected by conducting an online survey among Finnish online storekeepers. The majority of the questionnaire comprises of multiple choice questions and Likert scale questions. There will also be an

optional text field to leave a written answer or a clarifying comment. The acquired data will be collected and analyzed primarily in a qualitative fashion.

1.2 Research outline

Since the literature available does not offer existing information or prior studies that relate directly to the research objective, it is not easy to make clear choices on what to include and exclude from the study. Despite this hinderance, the thesis will focus first on introducing the concepts of E-retail and price engines, then the attributes of the E-customer, and a couple of notions about the Finnish E-retail environment.

The concept of the classic marketing mix will be linked with the considerations of the E-retail setting. During this inspection, three issues arose to the forefront, namely (1) information as a commodity of its own, (2) E-retail service quality, and (3) the conscious E-consumer. Out of these three concepts, the basics and fundamentals of service quality will not be delved into that much, since the outline of the thesis would start to venture into a far too distant territory. The core keywords are after all: E-retail, price engines, marketing mix, and competitive strategy.

Additionally, although all things electronic can be referred to with small letters, for example, with words like 'email' or 'e-commerce', I have decided to use a capital E in this context throughout the thesis. Online retail will be referred to as E-retail, as opposed to the more shorter way of 'E-tail'. In my opinion, the concepts are still novel in the way that an expression like 'E-tail' would attract unnecessary attention with its freshness and clever curbing method.

2 E-RETAIL

In this chapter I introduce the basics and specifics of E-retail. What kind of actions can be categorized under the label online retail and what kind of consumer models are available. The information interlaces with the greater theme of electronic commerce, of which E-retail is one dimension of.

2.1 Introduction

Electronic commerce, also known in shortened versions as E-commerce, eCommerce or e-comm, refers to the method of selling and buying products and services via the aid of computer networks, of which the biggest and widely known is the World Wide Web – the Internet (Qin 2009, 18-39). Lin (2003, 202) points out that the term of E-commerce has been used by some authors as a broad umbrella term, that has included also the use of Internet as an advertising and information presentation channel, while some authors have considered to term to include only business transactions, mainly paying and ordering via the Internet.

E-commerce is a byproduct of the digital revolution and its rising popularity has complied with the increasing rate of Internet usage. However, there is much more to electronic commerce than just being connected to the Internet. A vast amount of innovations are needed before any kind of online transaction is made. These innovations relate to the way how, for example, electronic funds are transferred, how online transactions are processed, or how electronic data is interchanged. E-commerce also initially required new ways of conducting supply chain management, inventory management systems, and automated data collection systems. (Kinder 2002, 130-132; Laudon & Traver 2004, 7-9.)

Although the dominant term used in the context of online shopping is 'electronic', all products and services exchanged are not virtual. Most of the time electronic commerce requires the involvement of logistics and transportation management, which ensures that the actual physical product reaches its buyer. (Kinder 2002, 131.)

Virtual items that are logistically independent are currently changing E-commerce. For a while, virtual items were merely access keys to premium content on websites, but as consumers are warming more and more up to the idea that entertainment can be purchased virtually, it is quite common to find increasingly extensive opportunities to buy your favorite music, favorite movie, a game, or software online in completely virtual form. As mentioned earlier, this development is a current theme, since it is quite a change to not being able to hold the cover of a CD or a DVD in your hand, although you have bought the item and are able to listen and watch the content just as before. (Kinder 2002, 136.)

E-commerce has futuristic dimensions to it that are not just technical. When you view it from outside the purchasing perspective, there are themes present that might change the way people regard matter and ownership. It is possible to rent movies directly from your television set which is connected to the Internet. You browse through the virtual on-demand catalog and purchase the right to view the selected movie a certain amount of times, or for a certain amount of time such as one day. All this contributes to the notion that E-commerce is not a passing technocratic phenomenon, since it is getting closer to the everyday lives of all kinds of people.

2.2 B2B and B2C

Kinder (2002, 136) views that the swift growth in E-commerce by volume and value has been due to the strong B2B usage base. It is no wonder why this is the case, since E-commerce is able to provide – in general – faster delivery, and low supply costs with reduced prices. Therefore, it should be noted that physical B2B and B2C business models differ greatly from E-commerce B2B and B2C business models. (Qin 2009, 50-58.)

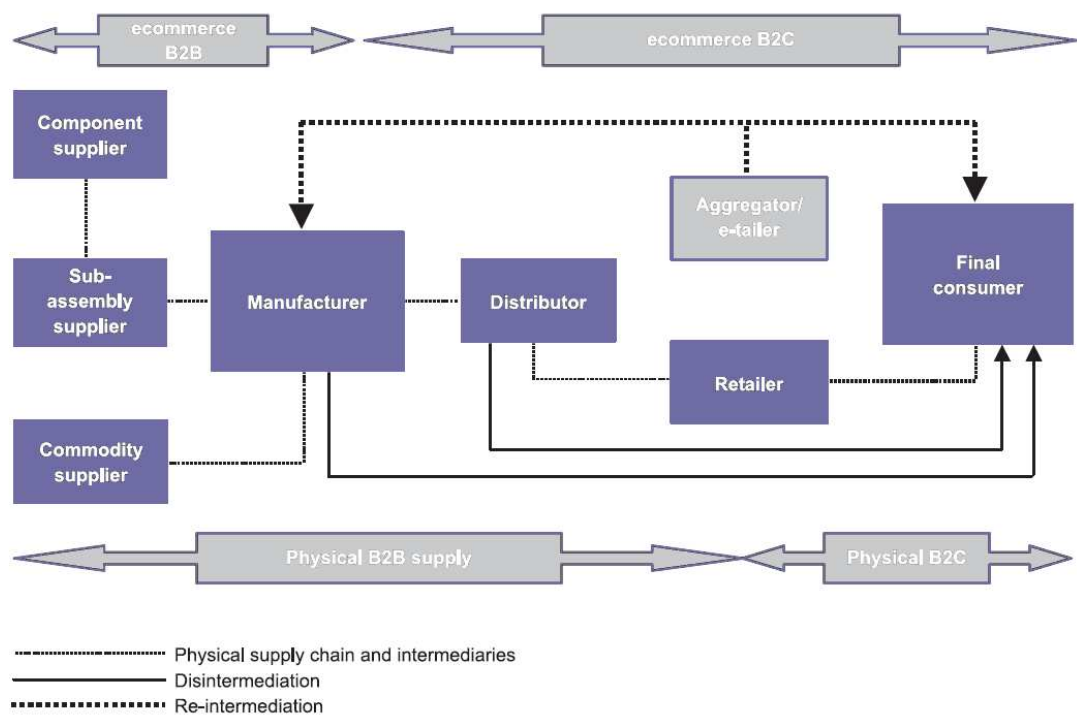


Figure 1. Difference between physical and E-commerce B2B/B2C business models and supply chains (Kinder 2002, 137).

As seen in figure 1, the conventional supply chain starts with the suppliers that provide the components, the sub-assembly, and the commodity. The next step is the actual manufacturing, from where the finished product is taken to the distributor. From there on the product is shipped to the retailer, which sells the product to the final consumer. In this supply chain, the phases from material supplier to retailer are considered parts of business to business activities, and only the part where the retailer is in contact with the final consumer is part of the business to consumer process. (Figure 1, Kinder 2002, 136-138.)

E-commerce has revolutionized the supply chain, since it makes the distributor completely redundant. Furthermore, the E-commerce business-to-business process extends only to the relationship between the supplier and the manufacturer. The E-commerce business to consumer process starts directly from the manufacturer, and heads straight to the final consumer, with possible interaction from the E-retailer in between. In this sense, the E-retailer can be

viewed as an aggregator, which does not occur in the conventional B2C supply chain process. (Kinder 2002, 137.)

This explains why E-commerce is able to provide faster delivery and faster overall process, since at least one part of the traditional supply chain is skipped over completely. Additionally, E-retailers do not have to hold a product stock of their own, as the product ships directly from the manufacturer to the final consumer. This method is called 'pick-and-pack' in which the E-retailer takes advantage of the stocks of the manufacturer or the intermediary. (Kinder 2002, 137-138.)

In a conventional setting, the physical retailer has to buy first a stockful of products from the distributor, and sell these products to the final consumer. This places a certain strain on the retailer, since the stocked products hold a lot of the retailer's financial resources. The difference is huge when you compare this traditional setting to the E-retailer which sells first and makes the purchase from the manufacturer second. The financial risk is much lower in an E-retail setting. (Kinder 2002; 136, 138.)

2.3 The evolution of E-retail

Online retail is one of most prominent sectors of electronic commerce, and while it has and is still experiencing remarkable growth, its course has been tempestuous during the past decade. A large percentage of the pioneers in the new retail market failed because they underestimated the complexity of the novel industry. (Laudon & Traver 2004, 578-579.)

You'd better sell your shopping centres. In 2010, half of the retail stores in America will be closed because half of all purchasing will occur online (Worzala et al 2002, 142).

The roots of E-retail stem from the information technology (IT) boom in the late 1990s and early 00s. The above quote by Worzala et al. (2002, 142) clearly conveys the excited atmosphere, which taunted the conventional and the very physical forms of commerce. The authors at that time were raving about a revolution that would drive traditional retail stores out of business. The

incessant declamation made a significant impact on the audience, and the result was that a vast amount of fledgling entrepreneurs sprang to the online retail playing field with panoplys forged out of assumptions and excitement alone. (Laudon & Traver 2004, 578-579.)

Laudon and Traver (2004, 578) have found four (4) grave errors that were the cause of downfall for so many E-retail pioneers in the first phase of online retail. The first (1) assumption was that modern E-consumers would be very price-conscious, since the cost of information search and transactions had plummeted. The consumers would actively use the web to find products with the lowest cost, and therefore, in this environment only quality E-retailers with the best service and lowest prices would thrive. Even experts were convinced that the E-consumer would not be interested in nonrational things like value or brand, since it was more rational to be interested in something measurable, like price.

The second (2) erroneous assumption was that entering the E-retail market was easy and drained resources much less than in a conventional retail setting. The cost of technology was witnessed to decrease annually, so setting up a whole electronic ordering system with a virtual shopping cart and all the works was not considered as a particularly outstanding feat at all. Furthermore, it was thought that customers could be easily acquired via search engines and other marketing communication methods that Internet provided – and once more with a much lower quantity of allocated resources. (Laudon & Traver 2004, 578-579.)

This rapid development in falling prices would thirdly (3) push the traditional, physical stores out of business, and the faster the electronic revolution would be carried out, the less chances the traditional merchants would have to act and save themselves from the volatile change to the metaphoric E-retail life raft. The conventional retail channels would be completely wiped out when (4) manufacturers would contact the consumers directly over the Internet and eradicate the need for redundant physical retailers or other intermediaries completely. (Laudon & Traver 2004, 578-579.)

A large portion of these four assumptions that were on the forefront a decade ago were proven wrong. Shopping malls and physical retail stores still exist, and there is nothing tangible even currently shadowing their prosperity. The tsunami that electronic revolution was predicted to cause came ashore as a managed swell that was partly remarked from many a shore around the world. Instead of wreaking havoc, it has led to two distinct observations. Firstly (1), the online retailers that thrive today are not the pioneers from the first phase of E-retail that swore to operate only on the Internet with no physical stores. The most successful E-retailers are the ones that also have a strong offline presence and gradually moved to the web after the first phase. The second (2) observation is that the competitive environment did not shift towards two opposite poles of 'physical' and 'electronic', but into a multichannel competitive environment where electronic channels are on the same stand as physical channels or mail order channels and direct sales channels. (Laudon & Traver 2004, 579-582.)

This is the essence of the second phase of E-retail. Especially in the United States, big, well-known, physical retail brands and chains top the lists of most successful E-retailers in the country, which was once considered highly improbable. Furthermore, studies show that consumers flock even on the Internet to known brands and retailers, and are much more concerned about reliability, customer service, website layout, and product and brand arrays than necessarily prices. Factors such as value and brand are once more on the forefront, and this development has diversified the E-retail spectrum to the utilization of four distinct groups, which are thoroughly discussed in the following chapter. (Laudon & Traver 2004, 579-582.)

2.4 Current players on the E-retail field

In this part I introduce the different kind of companies operate in the world of E-retail. It is relatively interesting to note that at least half of the E-retailer types have had experience of the offline market long before the company has decided to venture to the realm of Internet. The four categorizations are made by Laudon & Traver (2004, 588-607).

2.4.1 Virtual retailers

Virtual retailers, or virtual merchants, could be considered as the purest form of E-retailers, since all, or at least the majority of their revenues, come from online sales. In this regard they are called single-channel merchants, since the Internet is the primary operative environment for them. The first period of E-retail was all about the rise and fall of the first virtual retailers. These start-up firms could not base their strategies on actual experience, since the market was brand new, and instead of waiting for valid online market and E-consumer research to be carried out, they based their strategies on the assumptions of E-commerce visionaries. (Laudon & Traver 2004, 588-590.)

In a way, the situation has not changed from the first period of E-retail, since virtual retailers continue to be presented with extremely difficult strategic choices – not only in the beginning, but also in the long run. Entering the virtual merchant market is not easy, since there are a lot of competitors present, and the new virtual merchant must come up with a business and brand name on the go. For a manager that has a limited amount of experience of the field of E-retail, adapting to the online market environment might already be a huge enough challenge. (Laudon & Traver 2004, 588-590.)

The consolation of not having to allocate resources on physical infrastructure such as shops or stores is short-lived and shortsighted, since building and maintaining the crucial online infrastructure is equally difficult and costly as their physical counterparts. Additionally, marketing on the Internet might seem simple to a novice, but in reality, there are hundreds of thousands of similar websites, and standing out from that mass is very difficult, very expensive, and it takes a lot of time to affect the targeted E-consumer in the desired way. (Laudon & Traver 2004, 588-590.)

The challenges the virtual merchant comes to face with does not end here either. The most important challenge is price, since gross margins in the online retail sector, as well as in the physical retail sector, are thin. In reality, this means that the company has to keep its operations costs to a minimum, while

trying to bring its brand name to the forefront as rapidly as possible in order to gain hold of a base of customers. (Laudon & Traver 2004, 588-590.)

2.4.2 Clicks-and-bricks

Clicks-and-bricks E-retailers are multichannel companies that operate in both offline and online environments. These companies are usually traditional retailers that have already acquired an expansive network of physical stores, contacts with suppliers, and have efficient purchasing and inventory control systems. In addition to all this, these companies have a strong brand, and a wide customer base. (Laudon & Traver 2004, 596-600.)

Clicks-and-bricks companies are not novices to retail either, since large physical retail chains are used to dealing with low gross margins and honing their operations costs to high efficiency. They are also characterized by their relatively large size, which gives them a considerable amount of leverage when it comes to negotiations with suppliers. However, great size can also be a hindrance, when it comes to internal changes within the company and new territorial conquests in terms of operations expansion. (Laudon & Traver 2004, 596-600.)

It would seem that clicks-and-bricks retailers have the upper hand in just about everything, but that is not necessarily the case. Although they might have skilled staff readily available and quality infrastructure with every detail taken into consideration, these assets do not translate well into the online environment. The great challenge is bringing the superb offline experience to the Internet with an equal level of expertise. (Laudon & Traver 2004, 596-600.)

Surely the objective is to offer a similar service regardless whether the customer prefers to make his or her purchase in the online store or in the physical store. Therefore, it is not a small task to bring the budding online experience to the same level as the offline one without making significant resource allocations into hiring the required IT staff to build the website as well as the ordering and fulfillment systems. (Laudon & Traver 2004, 596-600.)

It is quite common for clicks-and-bricks companies to offer a flexible service to the customers in terms of product delivery and customer service. It is possible to purchase the product in the physical store, or order it online and pick it up at the physical store, or order it online and get it delivered to your front door. This excellent advancement supports the habits of a wide variety of customers, but – on the hand – places significant pressure on the internal workings of the company. The utilization of multiple channels should not insinuate that the customer is approached in a completely different way through all of them. The point is that the essence of the company remains the same regardless of the channel. The customer expects to be catered to by the same quality of service, benefits, products, and prices in the offline and online store. This is the fundamental element what defines a clicks-and-bricks retailer, and drives their success. (Laudon & Traver 2004, 596-600.)

2.4.3 Catalog merchant

Catalog merchants are E-retailers that can be very closely linked with clicks-and-bricks companies. The similarity can be found in the way that both of these kind of companies have relied on strong offline base operations until they have awoken to the fact that the Internet offers opportunities as opposed to mere liabilities. (Laudon & Traver 2004, 600-601.)

During the offline era, catalog merchants were highly successful in the 1980s and 1990s. After that their popularity started to decrease. The companies in question had come to a turning point, and they had to decide whether to build actual physical stores, reconcile to enter into acquisition by being bought off by a store-based company, build a website and continue operating from there, or carry on just as before and wither gradually away from the market. (Laudon & Traver 2004, 600-601.)

Once the decision was made to enter the Web, the similarity with the progress of clicks-and-bricks companies is continued. Catalog merchants have to deal with the high expenses of employing print media, and now they had to direct resources into bringing the customer experience from the printed catalog to the

online environment without giving anything valuable up from the perspective of the customer in the process. (Laudon & Traver 2004, 600-601.)

The fundamental difference between click-and-bricks companies and catalog merchants is the fact that the former have to deal with low gross margins, while the latter have the highest margins in the whole retail sector because of their proficient operations which are distinguished by the lack of physical stores. Cooperation with third parties, such as delivery firms, plays to the added advantage of catalog merchants, since it is crucial that the products move between the merchant and the customer as swiftly as possible. (Laudon & Traver 2004, 600-601.)

The customer that buys a product from a catalog already compromises the opportunity of holding the product in his or her hand, or trying it on before making the purchase decision – not to mention the fact that the customer is unable to get the product to their disposal immediately. The catalog merchant tries to minimize these realities by offering concessions, such as free delivery, which can include also a free return policy, so that the experience resembles the trying out process (e.g. in the case of clothes or shoes) that the customer would generally do at a physical store, albeit with a bit lengthier interval in this case. (Laudon & Traver 2004, 600-601.)

After the decisive step towards online retailing has been taken, catalog merchants might have to reconsider how much they continue to spend resources on printed catalogs, and whether they should decrease the range of the target audience that receives them (Laudon & Traver 2004, 600-601). Personally, I have noticed that it was more common to receive printed catalogs in the mail from all kinds of businesses over ten years ago, but nowadays you tend to receive printed catalogs strictly from the companies that you have purchased something from during the past year. Perhaps catalog merchants have taken in their marketing strategies a collective step towards holding onto recurring customers instead of targeting potential first-time buyers aggressively?

2.4.4 Manufacturer-direct

Manufacturer-direct E-retailers are manufacturers that sell their products directly to the end customer. It is a bit contradictory to label these kind of firms under the name 'E-retailer', since they render traditional retailers at a glance completely redundant. Manufacturer-direct companies can operate via a single channel in the online environment, or by utilizing multiple channels. (Laudon & Traver 2004, 606-607.)

The majority of manufacturer-direct companies are in the computer hardware business, and have a powerful brand name with an existing customer base. It is usually the case that their products have been and continue to be sold also in other retail channels, and the manufacturer-direct development has progressed only recently. (Laudon & Traver 2004, 606-607.)

What is relatively interesting about manufacturer-direct firms is the fact that they cause channel conflict by selling the same products as retailers and E-retailers, and most probably enjoy higher margins, since they do not have to spend a dime on physical stores, sales staffs, or inventory systems – and most importantly, they can keep a larger share of the profit, since they do their own retailing (Laudon & Traver 2004, 606-607).

The manufacturer has also the added benefit of using the demand-pull model, which means that products are not manufactured until there is a valid order for them. The supply-push model that requires products to be manufactured in advance on the basis of estimated demand carries more risk, since it is not good if there is a sudden surplus of products, and it is not good if the quantity of products is suddenly too small. When it comes to retailing, the manufacturer-direct method is the only one that can use the demand-pull model, since traditional manufacturers experience significant problems with it, and retailers and E-retailers – as dictated by their choice of business – cannot sell something for long that they do not have in their warehouses readily available. (Laudon & Traver 2004, 606-607.)

Manufacturers seem to have the upper hand on just about anything, but the customer experience remains the crux in the matter for better and for worse. The manufacturer needs to develop the customer website with a fully functioning ordering system, along with suitable customer service and customer satisfaction systems. The supply chain has to be also evaluated in relation with the demand model, since the E-consumer usually expects to receive the purchased product in reasonable time. If the manufacturer-direct firm can compete in all of these segments as well as the retailers and E-retailers, the venture is worthwhile. (Laudon & Traver 2004, 606-607.)

But how it is possible that a situation of apparent channel conflict can exist without repercussions? It all comes down to the things that customers favour. Someone might have a certain product from a certain brand in mind, and the decisive factor is therefore price. Someone might be pulled towards the manufacturer-direct firm because of the strong brand image. Someone might like to purchase products from the same E-retailer as before; maybe because of the added benefit of a customer satisfaction program, or just because it is reassuring to shop at the same place as before. The customers place value on different things, and behave differently – for example on the basis of their internet using skills. (Laudon & Traver 2004, 606-607.)

2.4.5 The future of E-retail

Some authors have criticized that E-retail does not have a far-reaching future because of all the setbacks that, for example, the aftermath of the first phase of E-retail evidenced (Lin 2003). Ellen Neuborne (2007 [referred 28.10.2011]) points out that E-retail will continue to thrive because of one essential reason that differentiates it from traditional retail counterparts, which is seeing the world from the viewpoint of the customer.

Although the E-retail industry as a whole has unresolved issues with matters such as cost-effective advertising and running a race for making operations more efficient, the top priorities of E-retailers are caring about speed, community, and constant evolving – just like the customers. Things like speed

of access, rapid transaction, and swift delivery are critical elements that are almost equally important to the E-retailer and the E-customer. (Kinder 2002, 130-137; Neuborne 2007 [referred 28.10.2011])

Traditional retailers tend to hold on to the good concept that they have come up with without making needless and constant changes to it. It would be expensive and impractical to change the assortment of products and their prices, or the whole look of the physical store frequently. The E-retailers act differently in this aspect, since it is easy to alter promotions and the look and feel of the website with only a couple of well-placed clicks. The pace of the E-retail environment is fast, and that is the core reason that keeps the industry constantly evolving and changing with the times. Change is the only thing you can be sure about in this regard, since there is no knowing what is happening online in the next 5 to 10 years. Internet is getting closer to everybody – not just to the front-runners. (Neuborne 2007 [referred 28.10.2011].)

The importance of online communities has shaped E-retail during the second phase online retail. Why not chat while you shop with people that are interested in the same things as you? Implementing social areas to the online store is an easy way to build customer loyalty, and provides different kind of value to the customer. If the E-retailer is not interested in building a community of their own, or is not yet in a position to do so, it is possible to take advantage of third-party communities instead. Price engines can be labeled as online communities, since everybody has the chance of getting their E-retail experiences heard. (Neuborne 2007 [referred 28.10.2011].)

2.5 The customer and the world of E-retail

This part will focus on the E-consumer and what are the two types that people surfing the web can be roughly divided into in the E-retail setting. Additionally, the phenomenon behind why the online customer is getting increasingly empowered will be shed light upon.

2.5.1 Two types of customers

Öörni (2002, 36) as well as Cai and Jun (2003, 504) underline the fact that there are two types of Internet users present in electronic markets; namely (1) online buyers, and (2) information searchers. The terms are quite self-explanatory, but in the case of information searchers it is worth noting that the word 'information' refers to online product or service information. The terms are in their nature a bit transitory, since information searchers can evolve into online buyers, and online buyers can regress back to mere information searching, for example in the wake of an unpleasant online buying experience (Cai & Jun 2003, 517).

However, although the behaviours and characteristics of online buyers have been studied closely by different authors (Jun et al 2003, Stranahan & Kosiel 2007, Yun & Good 2007, Zhao & Dholakia 2009), the information searchers have been needlessly neglected. The consensus is that E-retailers should focus more on retaining customers instead of constantly attracting new customers. In this regard the information searchers could turn into potential loyal customers if the E-retailers would try to find out what are the factors that drive the information searcher to make the leap towards becoming an online buyer. (Cai & Jun 2003, 517.)

The study conducted by Cai and Jun suggests that information searchers assume that the service quality of E-retailers as a whole is low. This disconfidence might result from personal experience, or from negative information supplied by the media or by an acquaintance. In this regard, the authors recommend that E-retailers should focus on all aspects of active communication and customer service. Furthermore, there should not be a moment where the website visitor considers pressing a 'help' button, since there should be a customer representative online that offers help without asking, although this generates a dilemma amid technical execution and disclosure of privacy. (Cai & Jun 2003, 516.)

The focus on communication can be taken further by taking advantage of online communities and offering the existing customers to express their opinions and

experiences. If the communities feature also a customer satisfaction program, the displayed information gives reassurance to information searchers to become online buyers. (Cai & Jun 2003, 516-517.)

The difference between online buyers and information searchers was, out of the four dimensions used in the study, that online buyers were affected positively in decreasing order of importance by (1) trustworthiness, (2) website design/content, (3) prompt/reliable service, and (4) communication. The information searchers specified only three of these dimensions in the decreasing importance order of (1) trustworthiness, (2) communication, and (3) website design/content. The dissimilarity of the results proposes that the online buyers prefer the virtual and technical interface of online shopping, while the information searchers might be looking for a service that resembles the social and hands-on experience of visiting a physical retail store with an actual salesperson that can be interacted with. (Cai & Jun 2003, 515.)

However, as mentioned before, similar studies do not mention price at all as a factor that E-consumers are interested in, although a wide array of other attributes are provided as options to choose for the information searchers and online buyers (Jun et al 2003, Stranahan & Kosiel 2007, Yun & Good 2007, Zhao & Dholakia 2009).

2.5.2 The review phenomenon

The trend of recent years has been that everyone has been given the chance to express their opinions and experiences on the Internet. Although it is possible to roam the web virtually anonymously, the rise of social media – and Facebook in particular – has caused people to warm up to the idea that real-life names can be used also in the online environment instead of anonymity, or using a pseudonym.

This development is the driving reason behind why the customer has more power in an online than offline retail environment. Since bad experiences are easy to share to a wide Internet public, this puts added pressure on the E-

retailers to improve their customer service operations, and provide good purchasing experiences altogether to every customer.

The review phenomenon, as I like to call it, is a constantly moving circle. When the services of a certain E-retailer are reviewed, for example, at a price engine website, that review will serve as a point of basis for information searchers and potential customers. Depending on what kind of review it was, the hesitant web surfers will either decide to make purchase at the reviewed online store, or look for other E-retail candidates.

Robert Kuttner (1998 [referred 28.10.2011]) uses the term 'consumer revenge', which is appropriate in the way that pleasing the consumers keeps E-retailers on their toes. The fact is that information cannot be controlled in the online retail environment in the same way than in the offline retail environment. Some could say that information cannot be controlled by anybody in the online environment – at least not by E-retailers. This is definitely a challenge that was not present during the first phase of E-retail.

2.6 Notions about the Finnish E-retail market

Finns spent almost 10 billion euros on products and services bought online during the year 2010 (Öhrmberg 2011). However, it has been widely concurred that the progress of online shopping in Finland has not been up to par with other Nordic countries. Only about 20 per cent of Finnish firms offer an online buying method, while in Denmark the same percentage is well over 30. (Taloussanommat 2008a [referred 26.10.2011], Tietokone 2009b [referred 27.10.2011].)

The bottom line seems to be that the number of Finnish E-stores is still too few, although their number has increased at a steady rate during the recent years. Of course, the size of the national market poses restrictions for the quantity of E-retailers and there is no point in establishing firms without a proper plan and potential customers. The valid danger is that Finnish E-customers will flock to foreign E-retailers if the Finnish market does not cater to them adequately.

During the year 2010 foreign E-retailers had a 17 per cent share of the sum that Finns spent on online purchases. It seems much less than the figures that were published a few years ago, which suggested that foreign E-stores had a one third market share. (Öhrmberg 2011, Taloussanomat 2008a [referred 26.10.2011], Tietokone 2009b [referred 27.10.2011].)

Finnish E-retailers seem to lack marketing skills and knowledge, since a survey conducted in 2008 revealed that a whopping 23 per cent of Finnish online shopkeepers did not spend any resources on marketing, and over half of the ones that did allocated annually less than 1000 euros on marketing purposes. Additionally, the firms considered that especially reputation and recommendation would spur their success – attributes that can be found from the sidelines of marketing matrices. (Taloussanomat 2008b [referred 25.10.2011].)

Representatives from organizations such as E-Finland Network encourage Finnish E-retailers to research the needs of their customers better and offer additional services that the customers are interested in. This development would also offer positive interference to price competition, since the customer would be offered value that is not as straight-forward to compare on a pure price basis. The additional services would also help significantly with retaining customers and building a loyal customer base, which features a better payback than targeting mere potential consumers. (Öhrmberg 2011, Taloussanomat 2008a [referred 26.10.2011].)

Finnish E-retailers might have the lower hand in terms of product variety and price when compared with foreign E-retailer giants, but they have the upper hand in language-related matters and delivery. Finnish is a rare language even on the European scale, so local E-retailers should embrace the advantage by offering good customer service with the customer's native language. Furthermore, Finland has such a lengthy coastline that the country is almost an island when it comes to transporting goods from Central Europe. If the product is readily available for transportation, the Finnish customer surely gets his or her

hands on it quicker if the purchase is made from a local E-retailer. (Öhrmberg 2011, Taloussanomat 2008a [referred 26.10.2011].)

Finnish E-retailers should also wake up to the fact that the European Union offers interaction instead of just oneway development. Why is there a juxtaposition of Finnish E-retailers versus E-retailers from other countries? German and Swedish E-retailers have a market share of the Finnish market, so what keeps Finnish firms from expanding their operations abroad (Öhrmberg 2011)? The European community offers similar possibilities to all companies.

3 PRICE COMPARISON WEBSITES

Price comparison websites, or price engines, provide lists of prices for individuals, and these websites can be maintained by both individuals or companies. Commercial price engines are two-way service operators, since although they provide information to the consumer, they also provide a service to the companies that want to feature their prices in the price engine. Commercial price engines usually make their revenue by collecting payments from the enlisted companies on the basis of page views, or by collecting a provision of the sales that the price engine serves as an intermediary in. (Salmenkivi & Nyman 2007, 99-101 [referred 21.10.2011]; Tarkkamarkka 2011 [referred 27.10.2011]).

Some of the notable price engines in Finland are (in alphabetical order):

- Edukas.fi
- Hintapuntari.fi
- Hintaseuranta.fi
- Vertaa.fi

Hintaseuranta.fi seems to be the largest and most popular price engine in Finland with almost 200 000 unique visitors per week (Hintaseuranta 2011 [referred 25.11.2011]). The price engine users have the option of reviewing the different companies listed in the price engine on the basis of their experiences. This opportunity builds the trustworthiness of the companies, and the information searchers can be coaxed into becoming online buyers. (Tietokone 2009a [referred 27.10.2011]).

It is clear that all E-retailers will not be listed on same price engines, since it is an additional service that the E-retail managers can decide to partake in or not. However, it is interesting that the most popular E-retailers in Finland do not participate in price engines at all. Hobby Hall, Verkkokauppa.com, and Netanttila have been identified to be the most popular E-retailers in Finland, but none of them have listed their products on price comparison sites (Tietokone

2009b [referred 27.10.2011]). Hobby Hall could be considered to be a catalog merchant E-retailer, while Netanttila is a offline retail chain giant that has evolved into a clicks-and-bricks E-retailer. Verkkokauppa.com on the other hand is a clicks-and-bricks electronics E-retailer with a net revenue of over 170 million euros during the year 2010 (Kauppalehti 2011 [referred 27.10.2011]).

Does this mean that these three companies have such a strong brand image that they do not have convey their prices through third-party services? Furthermore, would (currently) smaller E-retailers follow in their stead, i.e. leave the price engines completely behind them, if they gained a powerful status in the market? These are interesting questions, so they were included in the questionnaire that provided the primary data for this thesis.

4 CLASSIC MARKETING STRATEGY

The function of the marketing plan is to achieve the strategic objectives of the company (Cooper & Kleinschmidt 1995). When the questions of who we are, and where would we like to venture to are answered, the marketing plan will answer the final question: how will we get there. The marketing plan is – in short – the management's map and guide to the semi-hidden treasure.

The marketing plan has to adhere in part to the guidelines that have been set in the corporate and business units. When it comes to the financing of the actual marketing programme, the business unit is usually the one responsible for the amount of resources that the marketing 'unit' has to cope with. In some cases, the usage of a leash too tight results in dire outcomes. (Grönroos 1994.)

There is a reason why I link E-retail and the classic marketing mix together in my thesis. The authors that have researched customer behaviour, customer perceptions, and customer loyalty in electronic markets, have usually divided the categorizations that they had based their studies on vaguely according to the frameset of the 4 Ps (Jun et al 2003, Stranahan & Kosiel 2007, Yun & Good 2007, Zhao & Dholakia 2009). It is the subject of a completely another study whether the authors had done this intentionally, but there were still references present towards a vague conclusion that the 4 Ps support the E-commerce environment surprisingly well – perhaps even better than conventional market environments.

Moreover, if I approach the subject from a more holistic perspective, it seems logical to study a phenomenon that is changing and developing in the present time with the aid of theory that is for the most part relatively stable. It is difficult to define guidelines and definitions if the figurative two poles of the subject do not stay put. Of course, even the 4 Ps are changing in the sense that additional Ps have been proposed, while some encourage burying the classic marketing mix completely and shifting towards other marketing theories of a more novel nature (Grönroos 1994).

4.1 The marketing mix

A fundamental part of the marketing plan has been based for decades on the marketing mix, which is constructed from the 4 Ps. (1) Product, (2) price, (3) promotion, and (4) place are the pillars that are supposed to be adjusted with the targeted customer in mind. Depending on the market environment and the chosen competitive strategy some Ps might develop a more important status than others. (Grönroos 1994.)

The conventional marketing mix has been criticized of being too concise, and while additional Ps have been proposed by some authors the problem seems to be that the P model has no room to expand because it disrespects the customers by placing them into a passive role. Although concepts such as strategic choice underline the inner power of the company to change its external factors, in this case it should not be confused with the value offered to the buyer at the terms of the buyer. (Grönroos 1994, Varadarajan et al 1992.)

Grönroos (1994) reminds of the difference how different companies understand the concept of being market oriented. Even if a company dubs itself to be 'market oriented', it does not mean that it understands or values the needs of the customers, and – instead – focuses on the competition in the market.

4.1.1 Product

By its core definition, the purpose of a product is to satisfy a need or want. Regardless of the market, a product can be anything that is presented to use, consumption, or acquisition. The main watershed that divides the online retail environment from a traditional retail setting is the amount of product information that the consumer is presented with. In a physical store the buyer has to depend on the information, and the array of products that are available at the premises, and if the person would like to get a broader view of the possible options available, the buyer would have to commute to other similar stores in the area and take a look at their supply. This kind of action will take time and also drain the potential buyers financial resources, so customers tend to rely on

the information that is supplied to them by the retailers themselves. (Allen & Fjermestad 2001, Kotler 1991.)

Traditional retailers take advantage of the restrictions and concessions of the average consumer because cost-of-search is relatively high when it comes to physical stores. However, the Internet negates completely the competitive advantage that the traditional stores have relied on for ages. In the online environment, information can be searched with virtually no cost, and the information can be presented to the consumer by a third party. (Allen & Fjermestad 2001, Öörni 2002.)

This radical development has turned information as its own product, and has in return given birth to a vast spectrum of commercial and private websites that act as the third-party that provides information to the online surfers (Allen & Fjermestad 2001). As discussed in a previous chapter, the online surfers mentioned above can be further divided into online buyers and information searchers, while price comparison sites are part of the third-party websites that have come to exist. What is particularly interesting from the objective of this thesis is that Öörni (2002, 37) determines on the basis of his research that there is a link between low search costs, and low price levels.

Allen and Fjermestad (2001) note that buyers are not the only ones that benefit from accessing a wider scope of information more efficiently, since companies can also gather more detailed information about the consumers and develop better products on the basis of the acquired data. It could also lead to new product innovations and multinational companies could localize their products with better success.

4.1.2 Place

From the traditional 4 Ps point of view, place usually refers to marketing channels, i.e. where from and by what means the product can be purchased. Allen and Fjermestad (2001) conclude that the Internet affects the concept of place in particular in the marketing mix the most, because the decision to

purchase is outsourced to the control of whether an Internet connection is available or not. (Kotler 1991.)

The previous chapter – where the players of the E-retail field were discussed – provided a glimpse into how ‘place’ is changing by the force of the multichannel E-retailer phenomena like clicks-and-bricks, catalog merchants, and manufacturer-direct. Allen and Fjermestad (2001) use in this regard the term ‘category killer’, which refers to the big E-retailers that have an incredibly vast array of products available for purchase. Giant offline retail chains especially in the United States are leading the development and shaping the rules as they have gradually moved to the online environment. The category killers are able hoard dimensions such as product, service, customer segment, and industry completely to themselves and retain extremely loyal customers. (Allen & Fjermestad 2001, Laudon & Traver 2004, 612.)

Additionally, it was thought previously that big physical stores were always restricted in their size by the amount of information that they could put out about all of the products available (Allen & Fjermestad 2001). This holds true in an offline setting, but on the Internet there is the possibility of having everything in the same place, in the same address, and every product is able to have as much or as little information tagged with it at the same place. The depot can be almost infinite and this poses a major challenge to the small virtual merchants.

4.1.3 Promotion

It is difficult to capture visitors’ attention as the Internet offers millions of websites (Lin 2003).

All of the ways that a company decides to endorse the qualities of its products to the customers in a way that encourages them to make a purchase is considered promotion (Kotler 1991). The Internet has revolutionized promotion in the basic sense that it is much more easier and cost-efficient for companies to get in touch with consumers, but on the other hand the companies face difficulties in how they are going to reach the consumers that

are specifically interested in buying the products of the company (Allen & Fjermestad 2001).

The fact remains that there are so many different kinds of E-retailers that sell the same products with potentially similar service quality. Current popular promotion methods – that the company can actively engage in – in the online environment are search engine optimizations, search engine marketing, social media marketing, banners and other online adverts, and price comparison sites. (Laudon & Traver 2002, 440-482.)

But how does the E-consumer make his or her pick? It seems that brand has risen to the forefront again, and online buyers seem to flock to powerful brands that also have a strong offline presence. It is convenient to purchase products from a 'category killer', but this development might drive smaller virtual merchants, or E-retailers as a whole, towards competing with one factor alone, such as price. (Allen & Fjermestad 2001, Laudon & Traver 2002, 612.)

4.1.4 Price

When it comes to the marketing mix, price is the only factor in it that creates revenues, since all of the other Ps represent costs. However, price is a controversial subject in the E-retail environment, since low information search costs have been linked with low product prices (Öörni 2002, 37), and E-consumers expect to pay less for a product in an online retail setting (Hardesty & Suter 2005, 135). Furthermore, the first phase of E-retail (as discussed in a previous chapter) was the downfall of E-retailers that started competing alone with price, and there are already signs present that the second phase of E-retail will also be about price, but only for the small virtual merchants that cannot find another way of competing with the category killers (Laudon & Traver 2004, 612).

The Internet is a nearly perfect market because information is instantaneous and buyers can compare the offerings of sellers worldwide. The result is fierce price competition, dwindling product differentiation, and vanishing brand loyalty. Imitators, especially those with deep pockets, can steal innovations as fast as they are invented and marketed. (Kuttner 1998 [referred 28.10.2011].)

The concepts of perfect competition and perfect market relate to the E-retail environment, since – by definition – there are lots of small companies that sell fairly homogeneous products, it is easy for the companies to enter and exit the market, and market information is readily available (Öörni 2002, 21-22). Although E-retail does not offer a completely perfect market, it is clear that the slight resemblance is there nevertheless, and accelerating price competition has been recognized to be one of the greatest dangers out there (Kuttner 1998 [referred 28.10.2011], Laudon & Traver 2004, 612).

The issue of perfect competition is one of the key driving factors in this thesis, because I wanted to focus on the segment of E-retailers that featured as many of these 'perfect' qualities as possible. According to my personal credence, there are lots of small and medium-sized electronics E-retailers in Finland. They sell primarily the same brands, product information is available from a multitude of online sources, and the companies noticeably enter and exit the market quite freely.

Price seems link closely with the new wave of information, since one of the primary differences between traditional and online retail settings is that the offline retailer has more power over the average consumer to guide him or her towards certain products with certain prices, since the consumer is 'trapped' within the physical store. It is difficult to keep the consumer in place on the Internet, since it is easy to go to a different website, close the browser window, and even turn off the computer in its entirety. In a physical store – even if the consumer decides after walking in the store not to buy anything – you still have to walk out and meander among the isles to get out. The traditional retailer is able to bombard the consumer with offers, posters, and all kinds of marketing communications available, before the person gets out of the front door.

Kuttner (1998 [referred 28.10.2011]) points out with an example how the importance of information and price have evolved. The modern E-consumer is highly conscious of the options available and might utilize the review and information database of a certain E-retailer to compare products and brands, and take into account the recommendations of the other customers. When the

E-consumer has found the suitable product, he or she starts browsing the web again to find the E-retailer that sells the product with the lowest price. This development might also relate to the rapport between the category killers, and small and medium-sized virtual merchants. The information provided by the category killer might be more valuable to the E-customer than the service and product itself, since the final purchase might be made from the website of another E-retailer. (Kuttner 1998 [referred 28.10.2011].)

However, the bottom line about competing with price is that the development might lead to shrinking revenues, which – in turn – reflects on the overall operations of the company, and there might not be enough resources left to allocate on marketing and promotion purposes (Laudon & Traver 2004, 612). If the company is not able to make itself visible in the market, the reduced influence will hinder its growth, and the expansion of operations might remain as a distant dream. Jun et al. (2003, 835) suggest that cost leadership strategy is not easy or feasible to implement, and therefore the next step in the E-retail industry should be taken towards competing with service quality instead.

5 RESEARCH METHODOLOGY

In this chapter I introduce the methods that were used in the collection of data and what were the reasons for choosing them in particular. The means of analyzing the data is described in this part, as well as the logic behind designing the questionnaire and choosing the targeted companies.

5.1 Qualitative data collection

When it comes to information or data, it can be roughly divided into two distinct parts. Quantitative data is based on the results provided mainly by numerical data, which is therefore analyzed in the 'language' of statistics and diagrams. It is restricted in presentation and analysis by the method of measurement, i.e. what kind of data type is chosen for collection and coding, since the type cannot usually be altered later on when the numerical measurement process has already come into effect. The essence of quantitative is that all data values – even the ones with no information – have to be taken into consideration before the data collection process by providing pre-set codes for all possible variables. The subsequent analysis will be conducted with the aid of statistics, such as mean, median, inter-quartiles, t-tests, and regression analyses. From a certain perspective, quantitative data could be considered as being limited by factors that are fixed by the methods of analysis, or by the coding framework that has to be in place and ready even before any actual data is collected. (Saunders et al 2007, 458.)

Qualitative data could be considered as being a bit more ambiguous, since it is based on words and constructed categories, which are analyzed by building concepts and conceptualizations. One could consider that everything that cannot be analyzed through the quantitative scope can be understood when the qualitative method is utilized. Hence qualitative data is defined as being non-numerical and non-standardized, while quantitative is highly numerical and standardized. Qualitative data analysis provides many ways to deepen the process by conducting interviews, making observations, and writing memos – to name a few. This is the core reason why qualitative data collection and

qualitative data analysis are linked with interactivity. Partly because of the supposed ambiguous nature of qualitative data, the actual process of categorizing, collecting, and analyzing steps to the forefront. At a glance it is straightforward to consider the quantitative approach as a more difficult path to be taken than the qualitative approach, but this is untrue. The quantitative method relies heavily on concepts that are fixed and the tools for analyzation are readily available, while the qualitative method requires the researcher to – albeit slightly figuratively speaking – develop their own rules and categorizations. (Saunders et al 2007, 508.)

In this regard I chose my research to be carried out qualitatively, since I felt it provided more room for considering the relationships and implications. Also, the design of the questionnaire would not have to be so tightly fit, and the choices for answer would not have to be directly related to each other. What I mean with this is that it is possible to take advantage of several different question types on the basis of what suits the enquiry in question the best. Furthermore, the answer of a multiple choice question and the answer of a Likert scale question cannot both be analyzed in a straightforward, numerical way, since alternate conceptualizations are direly needed. The qualitative method would certainly provide the room for this kind of exploration.

I will use in my analysis figures that explain the relationships between the different results. The considerable use of percentages could be considered to lean towards the quantitative analysis method, but in my opinion the analysis is still carried out primarily qualitatively. I consider percentages to be one of the best ways of drawing rough conclusions across results that are derived from respondents' opinions and estimations.

5.1.1 The questionnaire

I chose to collect primary data via the results provided by a questionnaire. Another suitable method for collecting primary data could have been to research existing data, but in the case of Finnish electronics E-retailers, there is very limited amount of existing data, and – furthermore – the possible data

available might be unsuitable when taking into account the perspective of the study, and the research questions and objectives. The other method for collecting primary data could have been done by conducting interviews, but that could have been difficult in terms of getting in touch with the right interviewees, and because Finnish E-retailers are quite evenly distributed geographically. Also, it would be very time-consuming to conduct and go through all of the interview data, and if only a couple of interviews would succeed, the acquired scope of data would not pertain to the whole industry segment at all.

An online questionnaire was the priority from day one, since it required no additional hassle from the viewpoint of the respondents, and seemed to fit the electronic nature of the study like a glove. By sending an email with a link to the questionnaire it would be easy to get into contact with the majority of the companies I had in mind, and the threshold of answering the questionnaire would be therefore as low as possible. Additionally, I felt like I had so many precise questions in my mind that they would be wasted in a meandering interview.

However, because the respondents were contacted in a distant way and I could not personally affect their decision to answer or actively coax them into cooperation apart from writing a friendly covering letter, it was crucial that the questionnaire would be as easy to fill out with a suitable amount of questions. Since all questions would be mandatory to answer, the questions had to be formulated in a way that the respondents would feel comfortable providing the answers, instead of feeling like they were divulging too much company information, and would not answer at all or answer the questions in an untrue or partial fashion.

The first four questions in the questionnaire were multiple choice background questions that charted (1) how long the company had been in operation, (2) did it have also a bricks-and-mortar store, (3) how many persons worked for it, and (4) what was their net revenue per annum. The next five questions focused on price comparison sites, and the first two questions were multiple choice questions that asked (5) how long the company had been listed on price

comparison sites, and (6) what was the primary reason for joining a website like that. The last three questions that pertained to price comparison sites were based on the Likert scale with 'agree' and 'disagree' on the opposite ends of the scale, since I wanted the respondents to feel like they were giving their opinion, rather than a matter-of-fact answer. Additionally, some companies might have paid attention to these questions before in their internal operations, while some had not. The questions asked (7) did they notice their sales increasing after joining a price comparison site, (8) do price comparison sites accelerate competition in their opinion, and (9) would they consider leaving the price comparison sites for good if they had otherwise a loyal base of loyal customers.

The remaining questions focused more on the aspects of marketing and competition. The first two of these questions were a continuation of the previous Likert scale questions, and they asked (10) how often the company reviews its marketing plan, and (11) have they conducted some kind of customer research. Once again, by giving the respondents the option of giving their opinion instead of a hard fact, there was the possibility of making additional observations, especially in the case of question number 10. For example, if a respondent disagrees that the company reviews its marketing plan often, that could also mean that the company does not have a valid marketing plan at all, and much importance is not placed on a proper marketing scheme.

The questions 12-15 are interesting in the way that they were supposed to be ranking questions, and the respondents were supposed to rank all of the provided choices on the basis of their preference with number 1 as being the most preferable and greatest number as being the most unpreferable. However, Google Documents did not provide this kind of question to be generated from a technical standpoint, so the questions were altered so that the respondents were instructed to choose two or three of suitable choices from the provided list. Actually, in my opinion the questions were easier to answer after the alteration, because there were quite many options present on the list and the excessive amount of alternatives to be ranked might have frustrated the respondents. The respondents were asked to (12) pick three different methods of competing with

similar companies, as well as (13) three best promotion methods on the basis of their experiences. The remaining two questions asked the respondents to (14) think about what makes new customers choose their store, and (15) what makes recurring customers choose their company for a second time.

The last two questions in the questionnaire asked (16) how much the company spent on marketing and promotion purposes per year, and (17) whether the company would like allocate more resources on marketing if they had the financial chance to do it. Both of these were multiple choice questions for easy answering. There was also a text field present where the respondents could leave additional messages.

A pilot version of the questionnaire was sent to two E-retail company representatives that I had found the personal email addresses for. Both persons filled out the questionnaire, and provided only encouraging comments, so I was confident that the questionnaire was therefore ready to be sent to all the companies I had drafted a list of.

5.1.2 Targeted companies

The objective of the thesis was to concentrate on Finnish electronics E-retailers that are listed on price comparison sites, but the wording changed a bit when I started looking for suitable companies to target. I browsed the price comparison sites and made a list of all the E-shopkeepers that were listed on them. The list carried over a hundred companies and I visited all of their websites to determine whether they sold electronics, were they predominantly Finnish, and if there was some kind of proper contact information available.

What surprised me the most was that I came across several companies that met the above criteria, but it was not entirely clear how Finnish the companies were. The managers might have been Finnish in name, but the company was situated in Estonia or even Hong Kong. Some companies operated in Finland and also in the Baltic, so it was difficult to determine which country segment was a subsidiary to which core company. Because the degree of how Finnish

the companies were was not an important factor, I changed the heading of the questionnaire to “electronics E-retailers that are listed on Finnish price comparison sites”. Despite this alteration, I still filtered the companies on the basis on whether they were listed on the Finnish Trade Register.

In the end I sent my questionnaire to 53 E-retailer companies. Some companies had very limited contact information present, but when there was more detailed information available, I sent the questionnaire to the chief executive officers (CEOs) or – in the few cases of a bit larger companies – to the marketing managers. In unclear cases, I browsed the Trade Register for the name of the CEO.

6 ANALYSIS

In this chapter I introduce the answers of the questionnaire and analyze the implications of the results in question. The reliability and validity of the results will be evaluated, as well as the areas and notions that might be suited for further study.

6.1 Results of the questionnaire

The first four (1-4) questions of the survey were background questions, which explored the demographics of the respondents. The results of the first question shows that the companies had different backgrounds in accordance with the length of their operating histories, although 83 per cent of the respondents had been in operation less than nine years. It is also positively surprising that there were also E-retailers that had been in operation for over a decade. (Figure 2.)

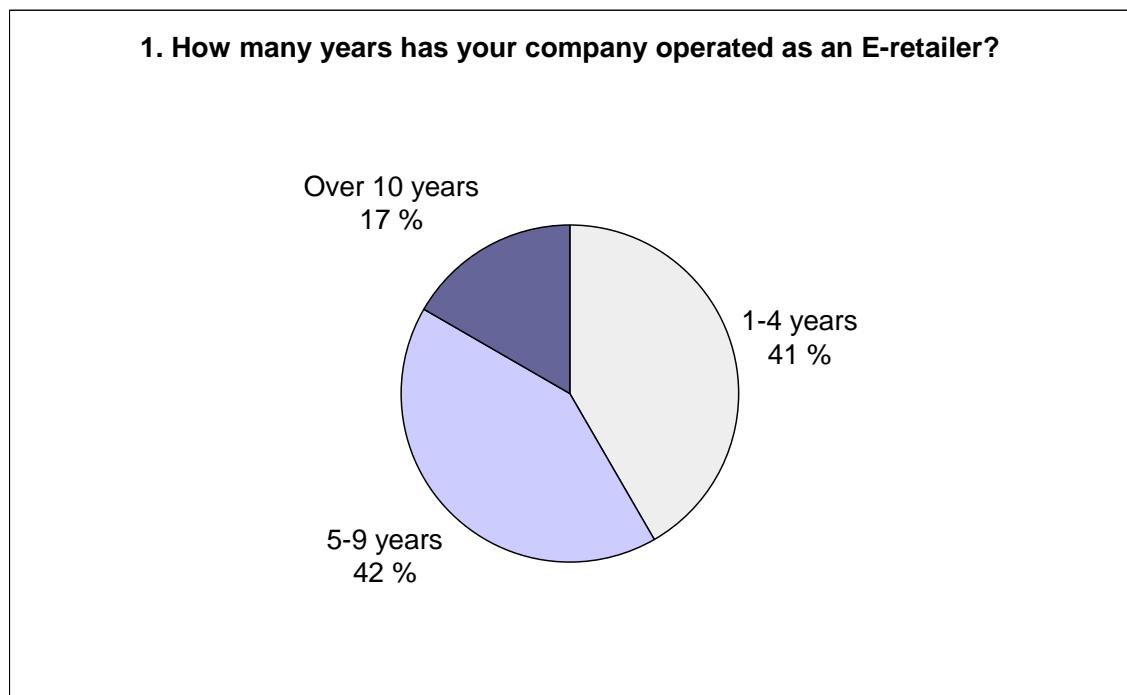


Figure 2. How many years has your company operated as an E-retailer?

The results of the next question (2) gives a clear picture that the majority of the respondents were virtual merchants, while only one fourth of the respondents were clicks-and-bricks operators. There was an option for specifying some other method of operation, but that was not used by anybody. (Figure 3.)

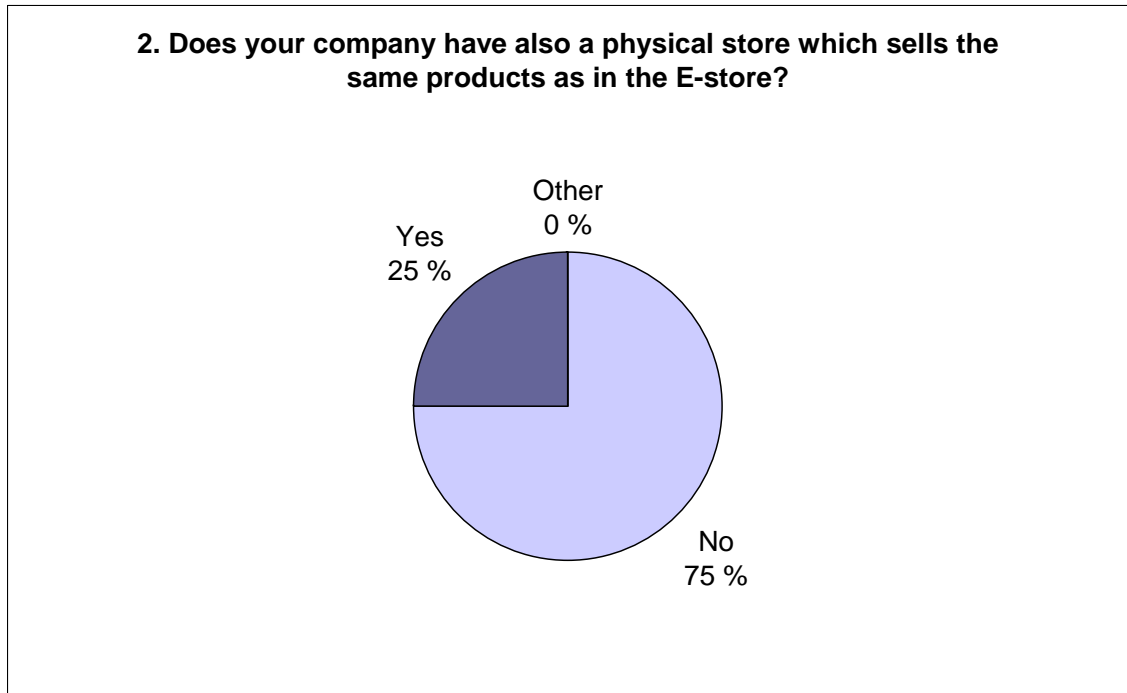


Figure 3. Does your company have also a physical store which sell the same products as in the E-store?

A more distinct difference was seen with question three (3), since the respondents were clearly distributed by two poles on the basis of having 1-5 employees, or either over 16 employees (figure 4). The differentiation continued in the results for question four (4), since exactly half of the respondents had a net revenue of under one million euros, while net revenues of over five million euros were reported by 33 per cent of the respondents (figure 5).

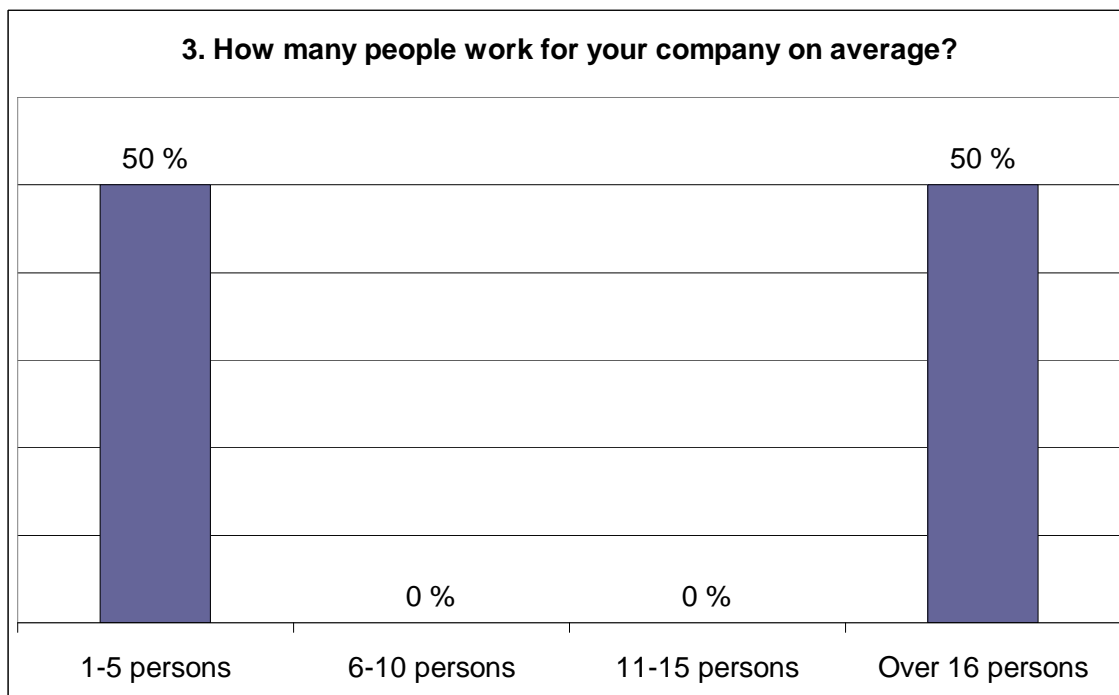


Figure 4. How many people work for your company on average?

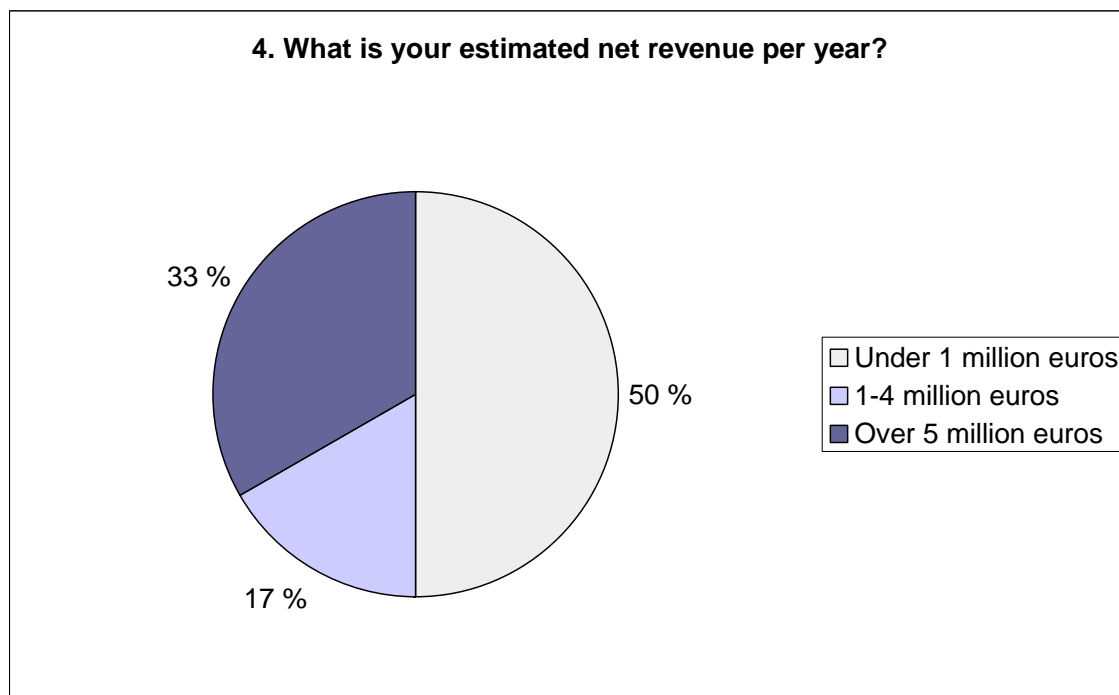


Figure 5. What is your estimated net revenue per year?

The next five (5-9) questions dealt with price engines, and the results of question five (5) show that 50 per cent of the respondents have been listed on price comparison sites for more than three years (figure 6). In retrospect, the options for answering this question could have been linked with the options of the first (1) question, since it is difficult to make a clear distinction on what kind of importance these kind of services have had for fledgling E-retailers.



Figure 6. How long has your company been listed on price comparison websites?

When it comes to acknowledging the primary reason for joining a price comparison service in question six (6), the option of simply gaining more visibility for the company reigns the results with a share of 58 per cent. The options of conveying that the prices are competitive, and that the majority of competitors are also listed on price comparison sites were also chosen, but the percentages were much lower than with the visibility aspect. Interestingly enough, the option of gaining more customer reviews was chosen by none, although price comparison sites do feature this kind of service. (Figure 7.)

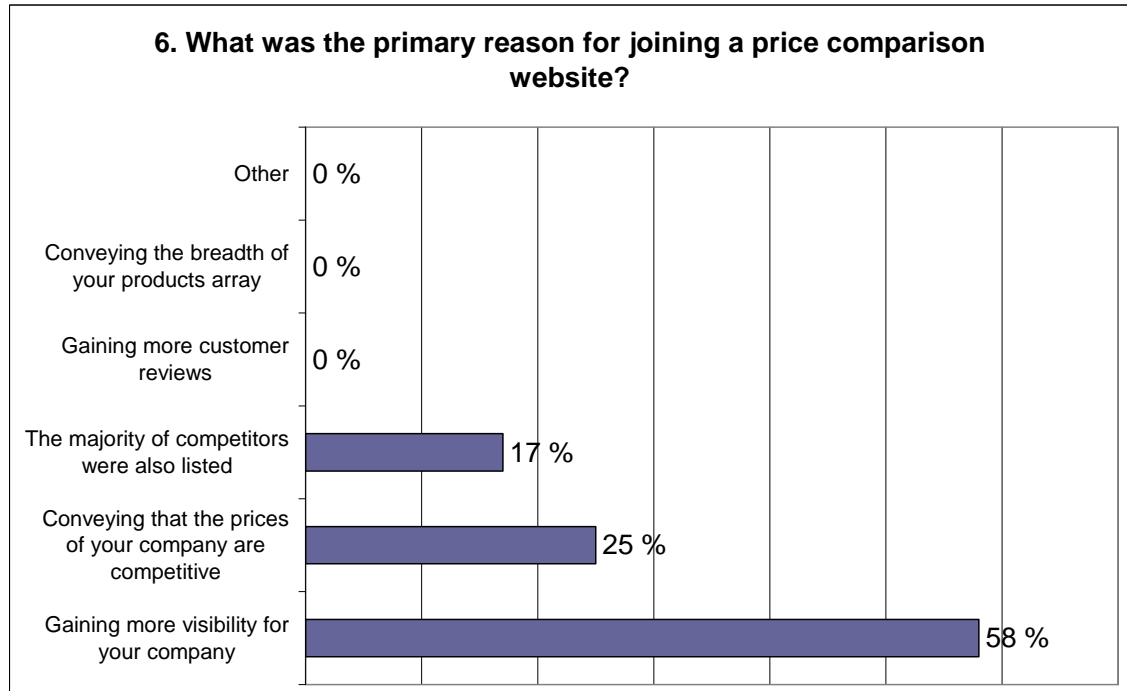


Figure 7. What was the primary reason for joining a price comparison website?

It seems that joining a price engine is worthwhile in terms of business, since 75 per cent of the respondents agreed fully or partially that their sales had increased noticeably after joining a service like that (figure 8). One fourth of the respondents reported a neutral outcome, and looking back at the raw data of the answers shows that three respondents chose this option. All three of them had over 16 employees, two of them had a net revenue of over 5 million euros, and two of them had been listed on price comparison sited for over three years. This could mean that the companies had established a fixed position in the market before joining a price engine, so the new sales provided by the new service did not really register in their finances at all. I tried to find basis for this notion by looking at the characteristics of the respondents that agreed fully that their sales had increased, but the respondents comprised also of companies that had been in operation for more than five years, and the net revenues also varied a lot. It seems that the experiences are not linked with company characteristics, but by some other undetermined factor. On the other hand, the

respondents were only asked to give their opinion, so this can also differentiate the results in an unforeseen way.

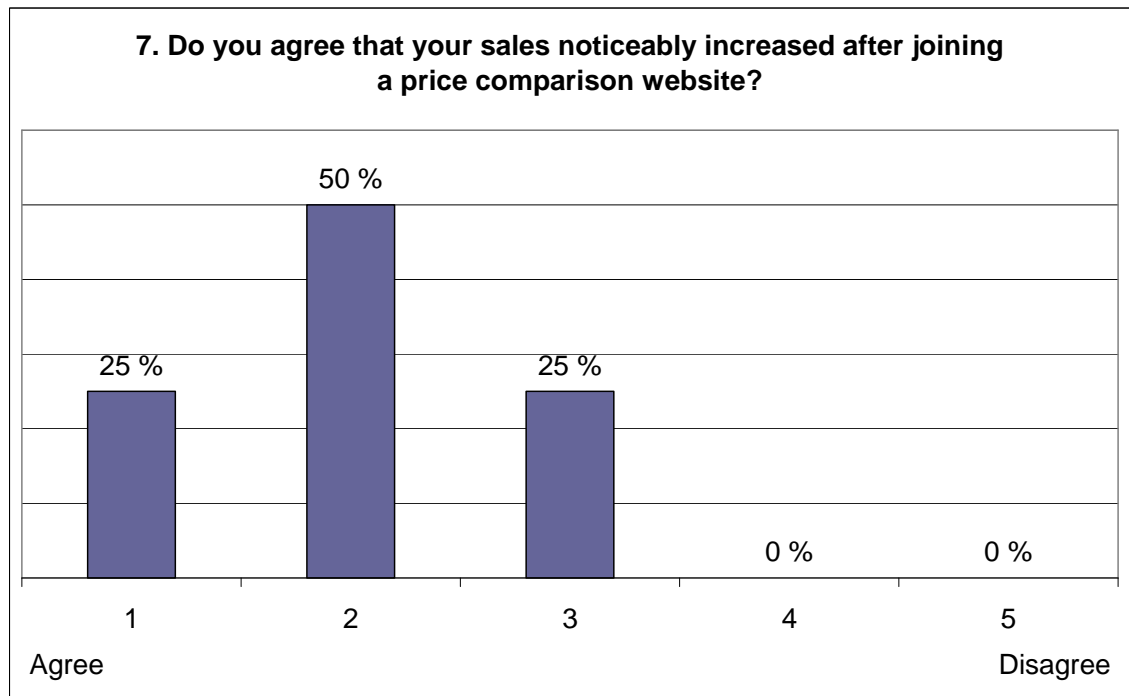


Figure 8. Do you agree that your sales noticeably increased after joining a price comparison website?

The results for question eight (8) were a lot clearer, since 91 per cent of the respondents agreed fully or partially that price engines accelerate price competition among rival companies (figure 9). 8 per cent had a neutral view on the matter, but none of the respondents disagreed to the claim. It is interesting to see that the majority of the respondents – with a percentage of 58 – agreed fully to the statement (figure 9). The raw data reveals that the company which reported a neutral opinion had been listed on price comparison sites for less than a year. Moreover, over half of the respondents that agreed fully to the statement had been listed on price engines for more than three years. Perhaps these companies have a wider perspective on the matter and had been able to monitor the situation closely?

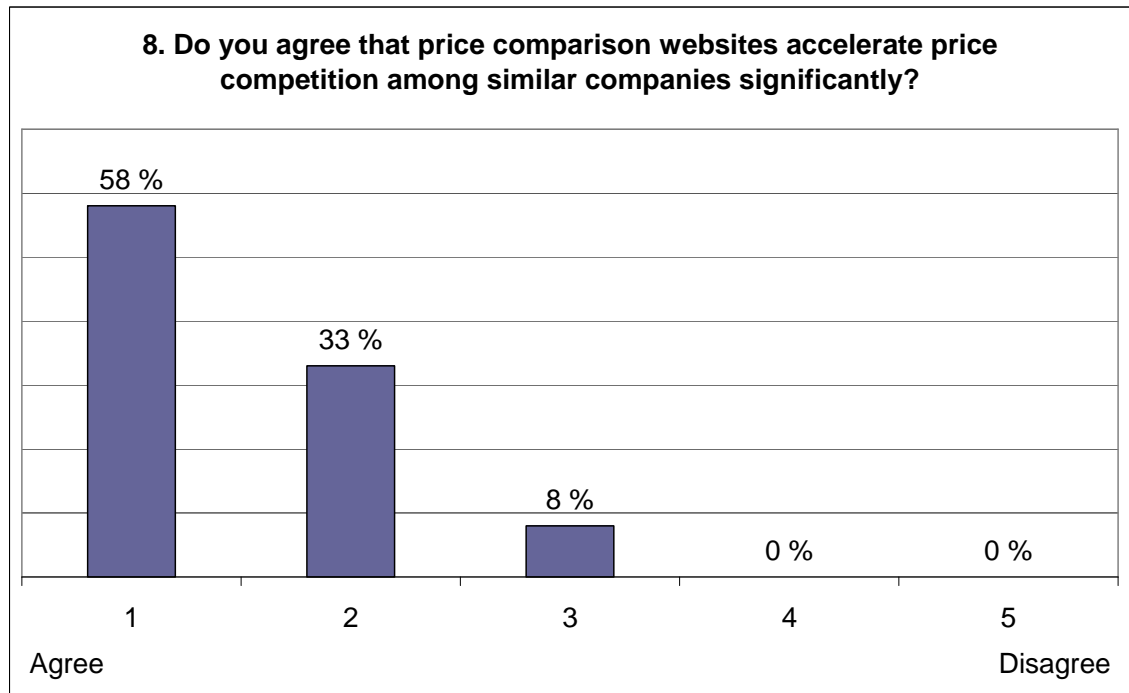


Figure 9. Do you agree that price comparison websites accelerate price competition among similar companies significantly?

The next (9) question, of whether the companies would consider leaving price engines if they had enough loyal customers, displayed more scattered results. Exactly half of the respondents agreed fully or partially to the claim, while 33 per cent remained neutral, and 16 per cent disagreed fully or partially to the claim. It is difficult to analyse the implications of this result, but I would still point out that the majority of the respondents shifted more towards agreeing with the claim as opposed to disagreeing with it. Perhaps the results represent that the companies have different agendas for being listed on price engines, and view and react to the matter of accelerating price competition in a different fashion. (Figure 10.)

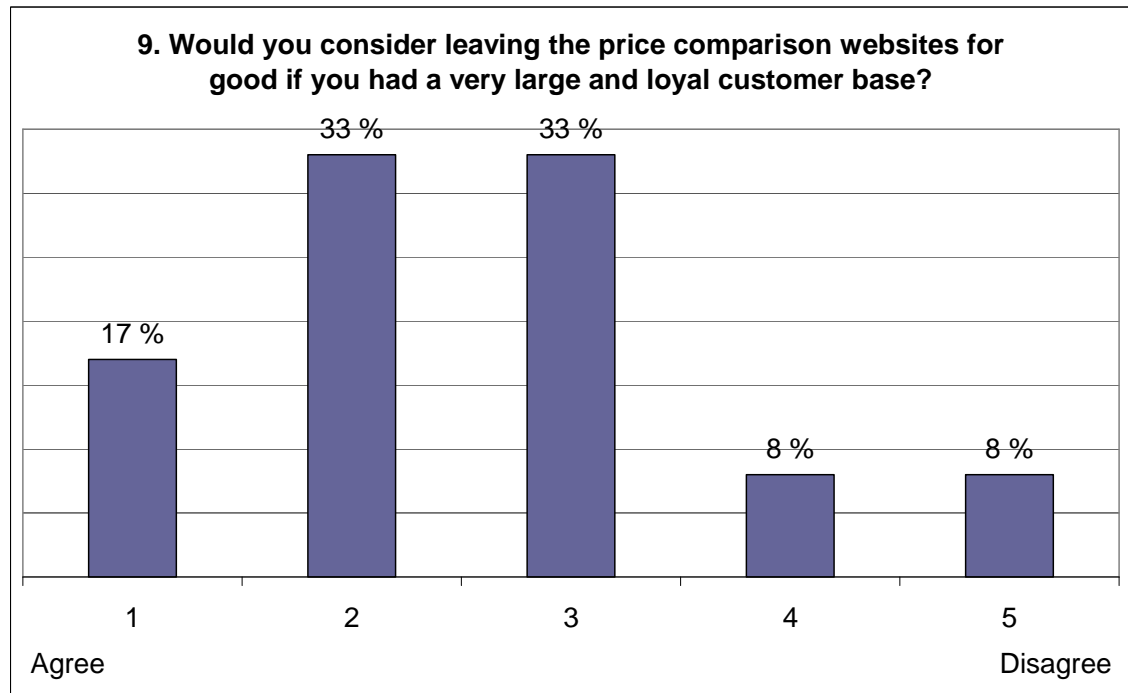


Figure 10. Would you consider leaving the price comparison websites for good if you had a very large and loyal customer base?

The remaining (10-17) questions focused on marketing and promotion aspects. The results for question ten (10) suggest clearly that 67 per cent of the respondents do not review their marketing plan often, while only 8 per cent agree with the statement fully (figure 11). 25 per cent remain neutral on the matter (figure 11). I cannot help but speculate that the result could mean that the companies might not have a valid marketing plan at all, or that the respondents are unsure of what a marketing plan is composed of or what it is.

The same kind of dispersion of results is seen with question eleven (11), which asked whether the companies have conducted customer research. It is alarming that none of the respondents agreed fully with the statement, while 42 per cent fully disagreed (figure 12). In my opinion, the results convey great uncertainty in the matter, since 59 per cent of the answers were spread around the neutral and slightly agree/disagree options (figure 12). The question was designed on purpose to monitor opinion, but it would have been interesting to have the same question with only 'yes' and 'no' options available.

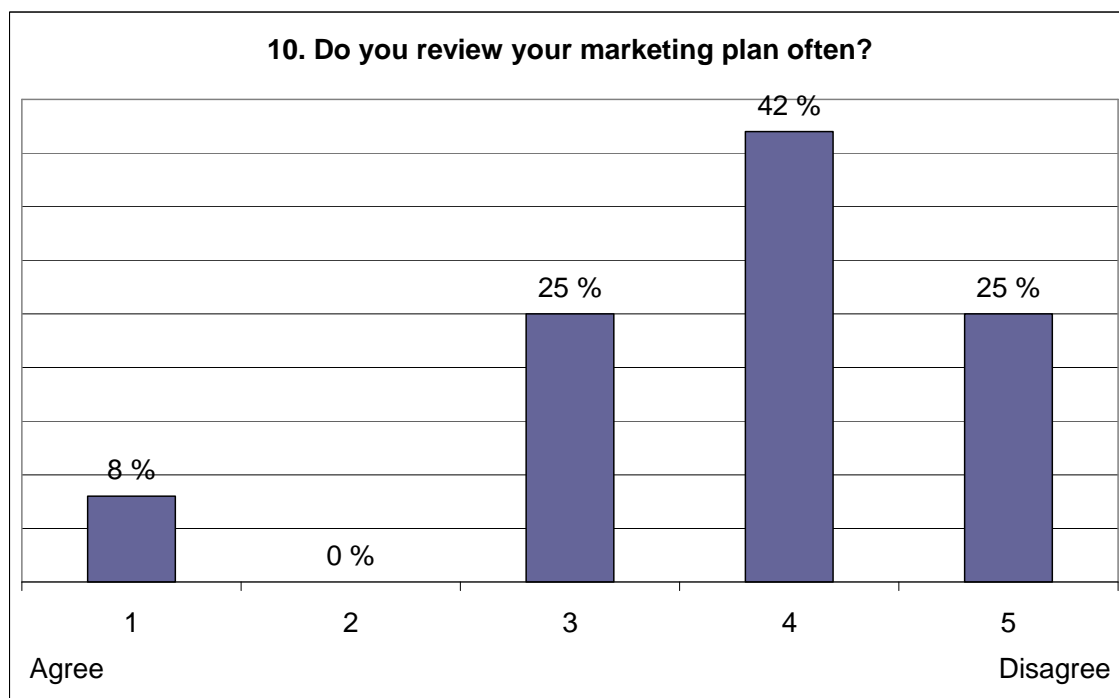


Figure 11. Do you review your marketing plan often?

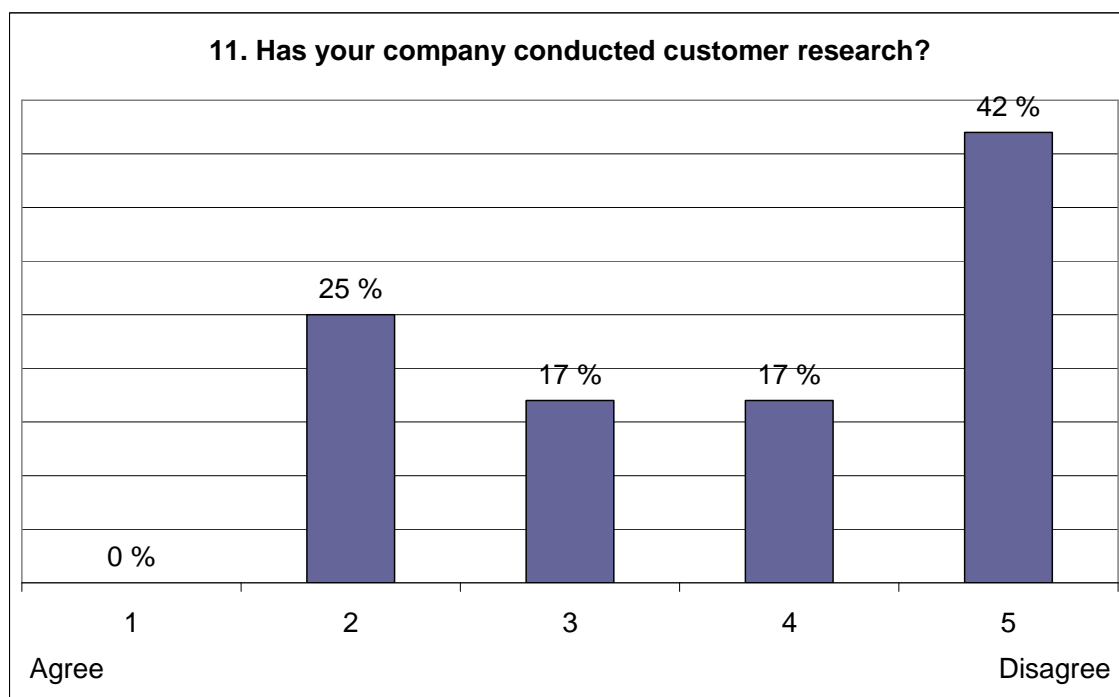


Figure 12. Has your company conducted customer research?

Question twelve (12) asked the respondents to point out the primary methods of competing with rival companies. The results are not as straightforward to interpret, since the respondents were able to choose more than one option, but it seems that some of the respondents only chose one. However, the results show clearly that the primary competitive method is to give a trustworthy appearance in layout, content, and communications. The second most popular methods were product prices, and customer service. The following popular methods were delivery, having a pragmatic website, and featuring a wide array of brands and products. Easy shopping experience, and transparent stock availability gained a few votes, while customer reviews were not considered a valid competitive method at all. The results do not present actual surprises, but I thought that fast and/or inexpensive delivery would have been one of the top competitive methods. It is also good to see that price is not considered as the number one competitive method, while trustworthiness, and customer service are one of the factors that information searchers in particular respond to. (Figure 13.)

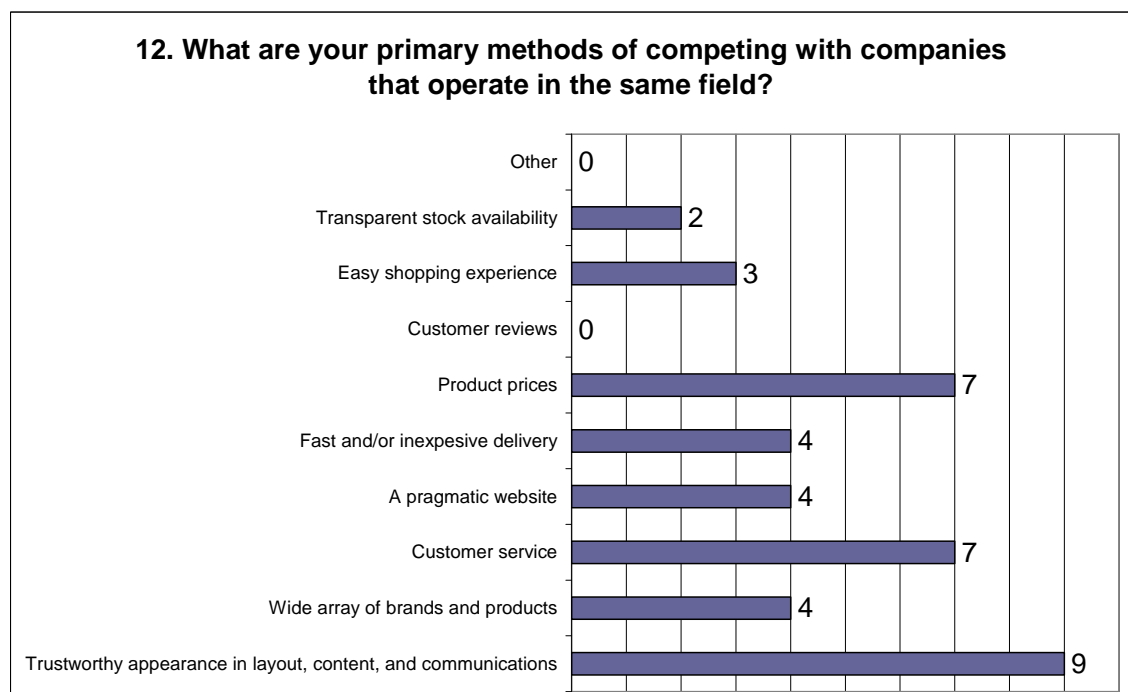


Figure 13. What are your primary methods of competing with companies that operate in the same field?

Question thirteen (13) asked for the best promotion methods, and the respondents were asked to focus especially on the ratio of price and achieved outcome. Once again, the results are not easy to analyse in percentages, since the company representatives were able to choose more than one option. Regardless of this limitation, price comparison websites were considered the best promotion method, and price engine optimization and marketing came in second and third. It is surprising to see that social media marketing was on the fourth place, while social media has been rising in popularity during the recent years with leaps and bounds, and it is constantly talked about in different contexts in the media. Although many of the questions provided an option for the respondents to specify an answer that was not readily supplied, this opportunity was used only once. The specified answer for this particular question was 'online auctions', and it gathered only one vote. I would not have thought of online auctions as a promotion method, but services like that are indeed popular, and maybe some E-retailers take advantage of them as an alternate business channel. (Figure 14.)

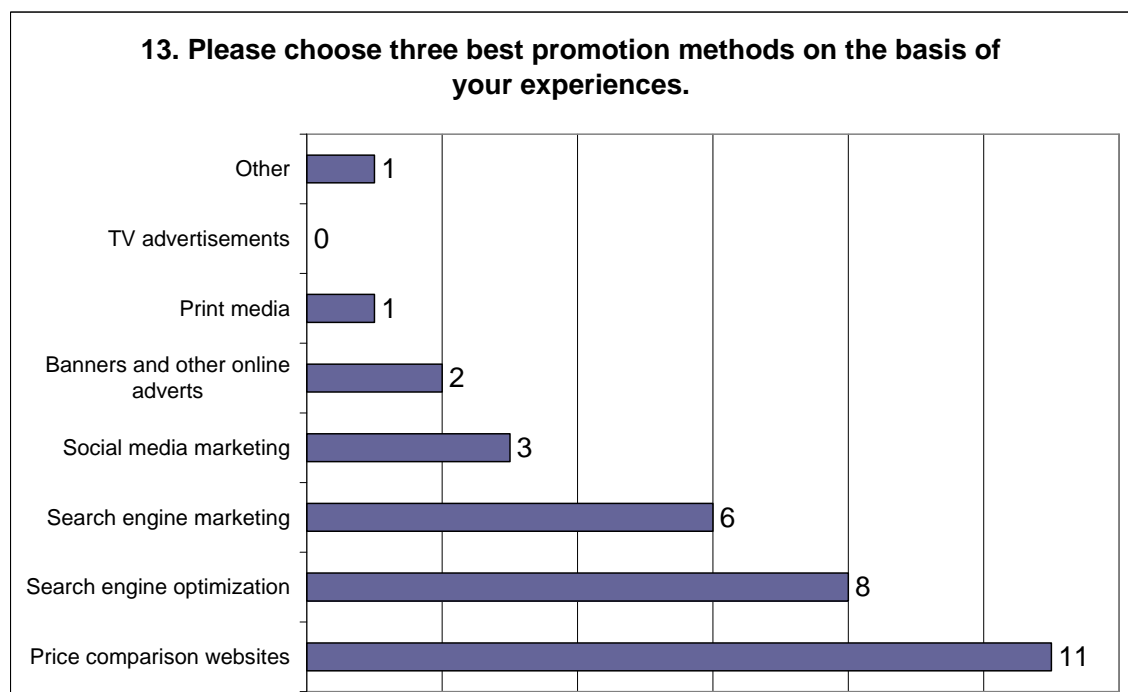


Figure 14. Please choose three best promotion methods on the basis of your experiences.

Questions fourteen and fifteen (14 & 15) asked for the opinion of the E-retailer representatives on what they think that first-time and recurring customers are interested in. The results of these two questions are not identical, but product prices was determined as being the driving factor for making a purchase for both customer segments. The top four (4) factors selected for first-time customers were (1) product prices, (2) trustworthy appearance, (3) customer reviews, and (4) transparent stock availability. The top three (3) factors that recurring customers were thought to be interested in were (1) product prices, (2) previous purchase experience, and (3) customer service. (Figure 15, figure 16.)

It is shocking that the primary purchase-driving factor was determined to be price in the case of both customer segments. It is also peculiar that a pragmatic website was considered to be of no importance to recurring customers. The objective of the thesis was to chart the opinions of the companies, instead of the customers, and the results really are different from the ones that have been gathered from previous studies on what customers value. It is also interesting to notice that while price was not acknowledged to be the primary competitive method among rival companies, it is still thought to be by the respondents as the primary factor that guides the behaviour of the customers.

Wide array of products and brands was not considered either to be of particular interest to the recurring or potential customers. Additionally, trustworthiness was not thought to interest the recurring customers after they had made their previous purchase from the same E-retailer. Of course, the fact remains that the respondents were able to pick more than one option, and the results show that some adhered to that advice while some picked only one option from the list. There is no point choosing all of the options from the list either, although all of the listed options must have some importance – albeit in different quantities.

It would be interesting to conduct a following survey, where these two questions would be delved further by expanding them into a question series of four or five segments. The number of available options could be more restricted in order to gain a clearer picture of the thoughts and concerns of the E-retailers.

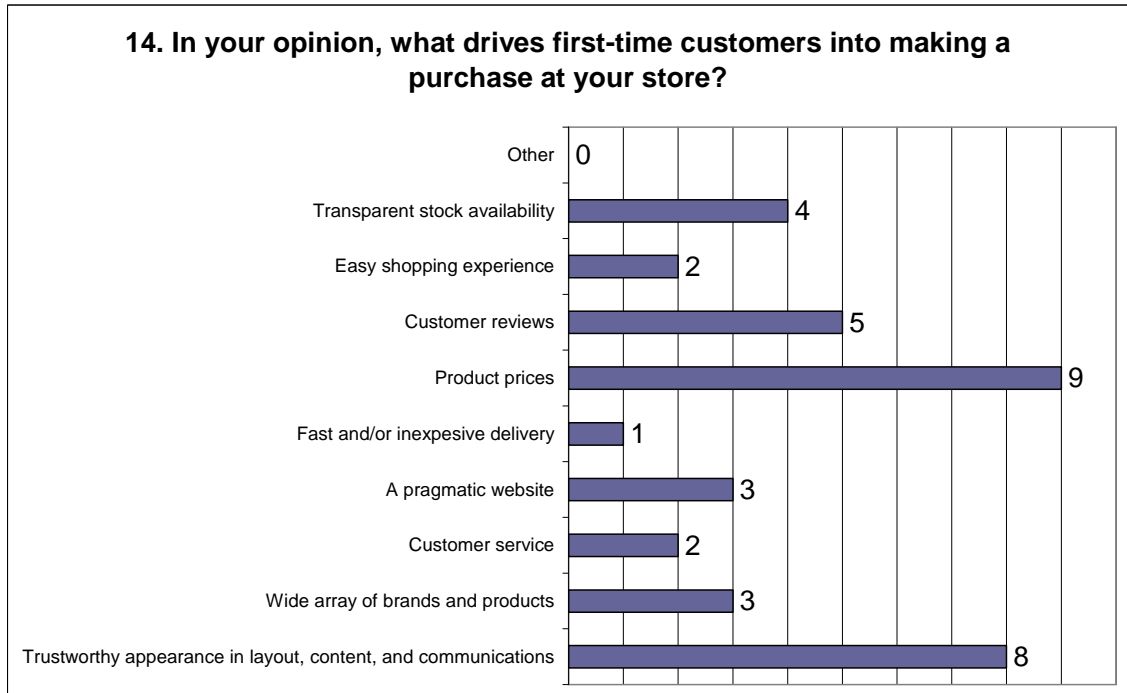


Figure 15. In your opinion, what drives first-time customers into making a purchase at your store?

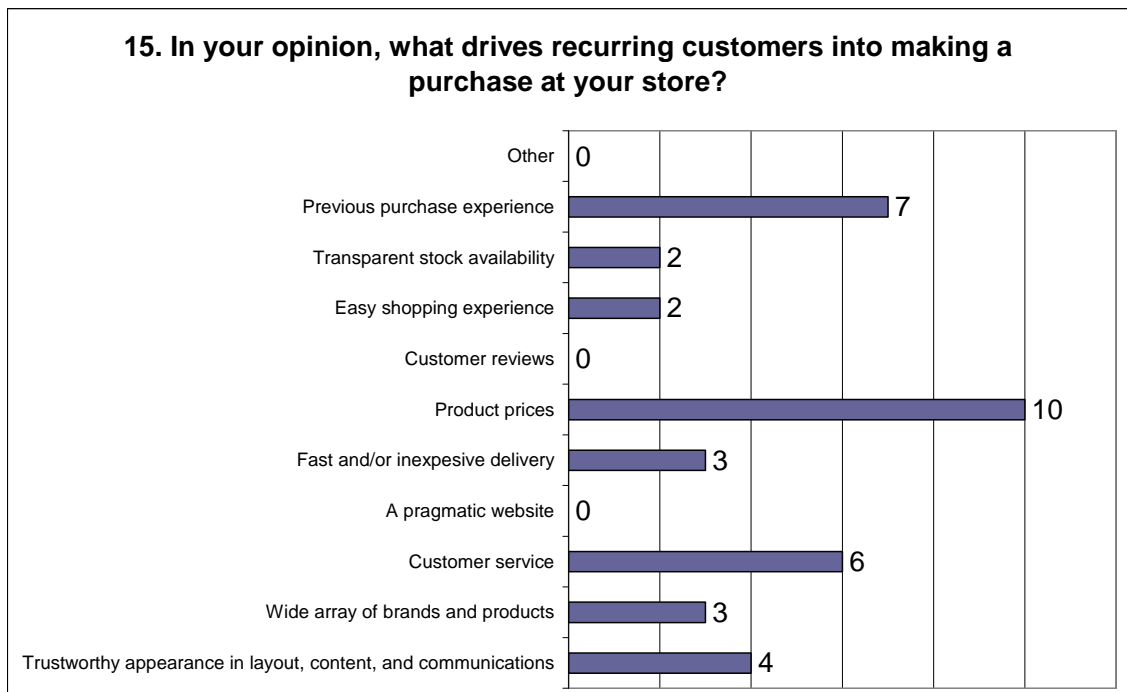


Figure 16. In your opinion, what drives recurring customers into making a purchase at your store?

Questions sixteen and seventeen (16 & 17) tackled the issue of the marketing budget, and provided a reference to the survey that was conducted in 2008 (Taloussanomat 2008b [referred 25.10.2011]). The results suggest that much has changed during the few years in between, since 42 per cent of the respondents reported to spend over 10 000 euros on marketing and promotion purposes per year. Only 8 per cent reported that their annual marketing budget was less than 1000 euros, which corresponds – according to the raw data – with one respondent; a company that had a net revenue of under one million euros, only 1-5 employees, and it had been in operation for only 1-4 years. (Figure 17.)

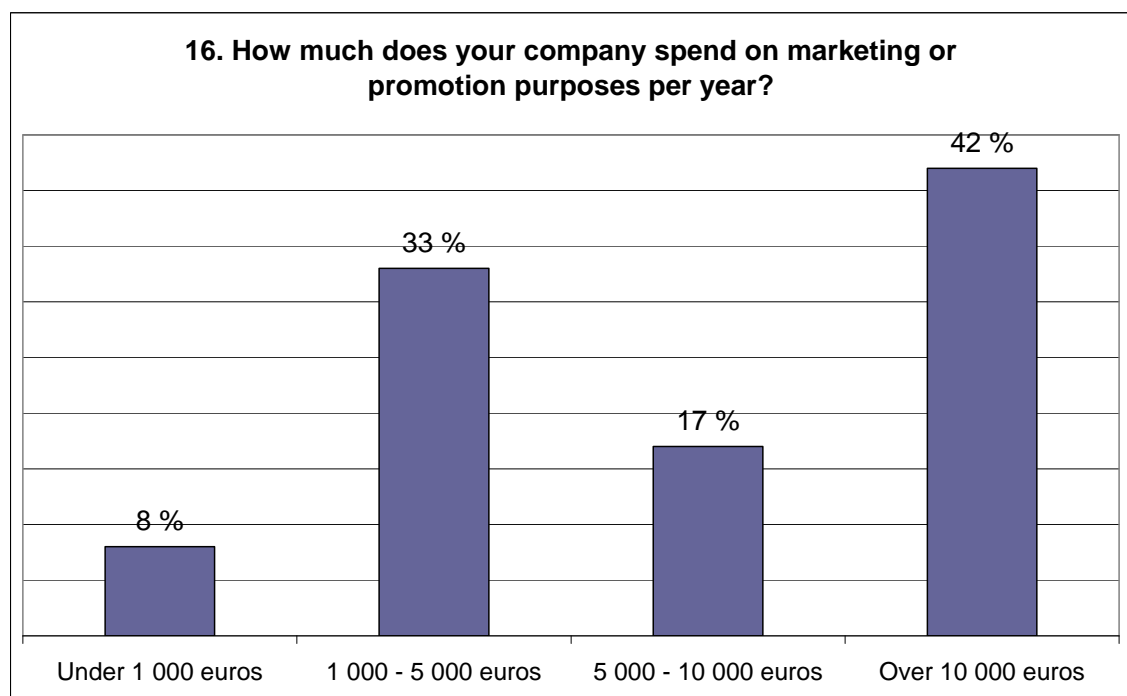


Figure 17. How much does your company spend on marketing or promotion purposes per year?

There seems to be a distinction between having a marketing budget of 1 000 – 5 000 euros, and over 10 000 euros, since all the companies in the former category had 1-5 employees, while the companies in the latter category all employed over 16 employees. But on what do the E-retailers with a marketing budget of over 10 000 euros spend their resources on? I filtered the raw data to

see what these companies had answered to question thirteen (13). As seen in figure 18, the companies chose search engines and price engines to be best promotion methods, while print media, banners and other online adverts, and social marketing ran in second. It is surprising to see how much the companies rely on price engines and search engines, which I would consider to be passive ways of doing promotion, although the companies enjoy the leeway of a large marketing and promotion budget. (Figure 14, figure 18.)

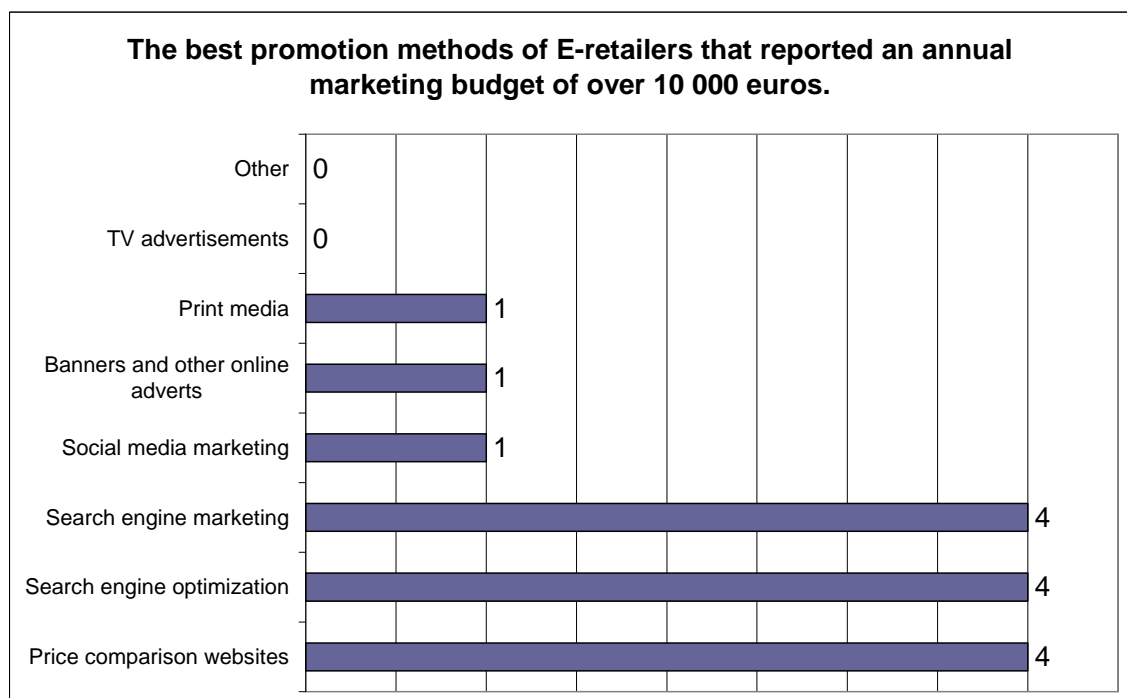


Figure 18. The best promotion methods of E-retailers that reported an annual marketing budget of over 10 000 euros.

The last (17) question in the questionnaire asked whether the respondents would like to spend more resources on marketing if they had the chance. 42 per cent agreed fully to the claim, but 33 per cent remained neutral on the matter. Furthermore, one fourth of the respondents disagreed partially or fully to the statement. The raw data provides no additional explanation to the results either. The ones that agreed and disagreed the most to the statement were companies of mixed marketing budgets, so there was no detectable trend that would have

indicated that, for example, companies with small marketing budgets were the most eager to increase them. (Figure 19.)

The logic behind the question was to see if there was any indication that the targeted companies were struggling with gathering resources to marketing purposes. Marketing and promotion are usually considered as being positive things that affect the feasibility of the company, so the amount of neutral and disagreeing results is unexpected. Could this response result from the fact that the E-retail managers lack marketing skills and knowledge, or that they have run out of ideas on different promotion methods?

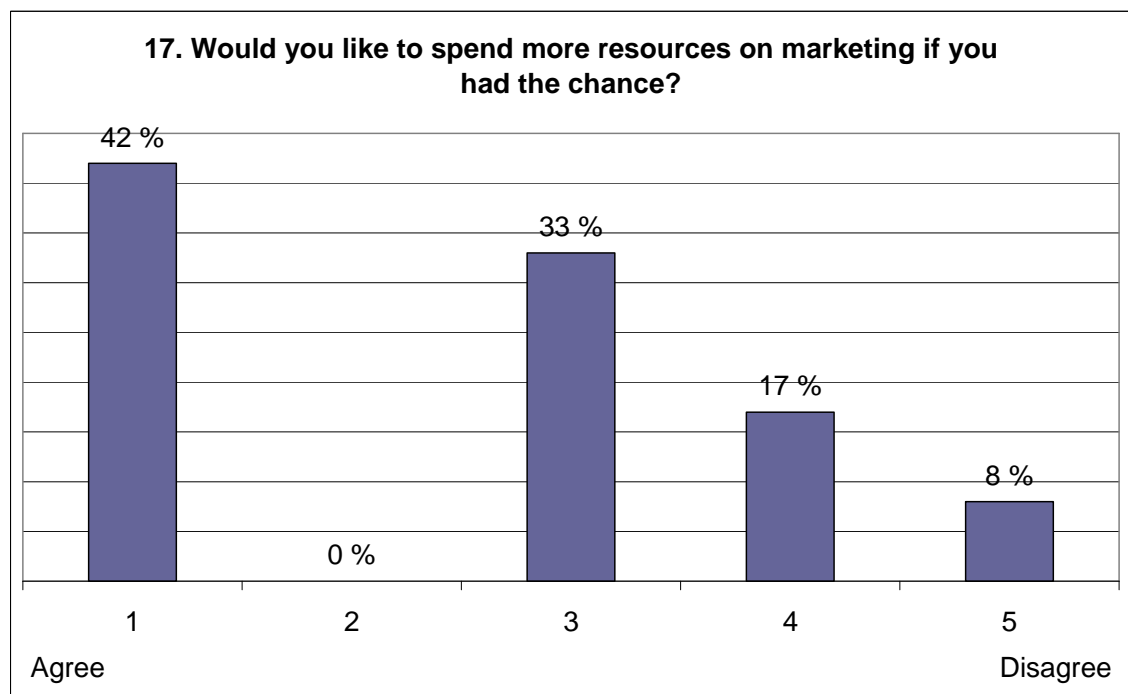


Figure 19. Would you like to spend more resources on marketing if you had the chance?

6.2 Reliability and validity

The reliability of the survey is compromised by the fact that there were only twelve (12) answers, although the link to the survey was sent to 53 companies. That means that roughly 22 per cent of the targeted companies gave a response. Furthermore, the actual situation of taking the survey was not

monitored, so there is no knowing who in actuality gave the answers. Although the time stamp of every answer was visible in the final raw data, Google Documents does not record the IP addresses of the respondents, so it was theoretically possible to fill the questionnaire again by the same person.

All of the questions were mandatory to answer, so the acquired data was not contorted by results that did not take into account all of the questions in the survey. The 'other' option was featured in six questions out of the seventeen questions in total, but the specifiable option was used only once by a single respondent.

Before I started analyzing the data, I took care to look at the time stamps and glance through the individual answers to see if there was any indication that someone had filled out the questionnaire more than once in a short interval, but nothing suggested that that kind of behaviour had taken place.

Although the quantity of the participating companies was low, and their demographics were relatively heterogeneous, the results of certain questions feature discernible, identical trends that are supported by other results in the survey. However, the results of some of the questions are so dispersed that it is very difficult to draw clear implications about them.

6.3 Implications

The results of the survey suggest that price engines are an easy and popular method of gaining visibility for E-retailers of different operating histories and net revenues, although price engines are agreed to accelerate price competition. Additionally, there was a slight nod towards the claim that the companies would consider leaving the price engine websites – and the price-centered environment – if they had the loyal customer base that would facilitate that change.

When it came to the customers, the results suggest that the majority of E-retailers have not conducted customer research. If the companies do not try to get to know their customers, how can they cater to them in the way that would

satisfy them in the best way possible? Service quality – which has been dubbed as being the primary way of getting out of the maelstrom of competing with price – cannot be improved if customer data and information is lacking.

Since the majority of the companies had not conducted customer research, perhaps this was also the reason why both first-time and recurring customers were thought to be primarily interested in product prices, which is not considered to be completely accurate according to some of the existing literature. However, it was interesting to note, that although price was considered to be the primary factor that drives purchase decisions, price was not acknowledged to be the primary method of competition against rival companies. Instead, as the results clearly indicated, conveying a trustworthy image was the primary method of competing with similar companies in the same field.

The most noticeable controversy was seen in the way how the marketing plan was not considered to be important, and some of the E-retailers were reluctant to spend more resources on marketing and promotion – even if there were sudden extra funds available that would enable that. Despite all this, the majority of the respondents reported to spend annually over 10 000 euros on marketing and promotion.

Internal comparison of the results was carried out for some of the questions. This additional analysis revealed that the size of the marketing budget varies according to how many employees the E-retailers have. Furthermore, the companies that had a marketing budget of over 10 000 euros, placed their trust in promotion equally on price engines and search engines, and social media was not thought to provide much positive results in terms of promotion.

When the results are compared with the initial research objectives of this thesis, the following conclusions can be gathered:

- The companies thought that price was the most important purchase-driving factor for first-time and recurring customers.

- Price was not acknowledged of being the primary competitive method against rival companies.
- Finnish E-retailers focus greatly on price engines as their primary promotion method.
- Other promotion methods have been tried, but price engines remain to be the most popular promotion method.
- Marketing plans are not reviewed often.

6.4 Suggestions for further study

The results of the conducted survey awoke notions that could be studied further. It would be interesting to know why the majority of the respondents had not conducted customer research. Is it because they lack the motivation or finances? This question should be elaborated further, since it is clear that customer research holds immense benefits. Also, it would be interesting to know why social media marketing was ranked so low in the results of the question that asked for best promotion methods.

When it comes to the factors that E-retailers thought that customers would value, it would be interesting to conduct a following survey, where these two questions would be delved further by expanding them into a question series of four or five segments. The number of available options could be more restricted in order to gain a clearer picture of the thoughts and concerns of the E-retailers.

But the most interesting thing to study further would be to understand why the marketing plan was not given much importance, and why some of the companies were not keen to increase their marketing and promotion budgets even if they had the chance to do it. It seems that there is something in the background that relates to the afore-mentioned questions, but is ambiguous at the present moment.

7 CONCLUSION

The objective of this thesis was to understand the marketing and competitive practises of Finnish electronics E-retailers that are listed on price comparison websites. The conducted survey suggested that the companies in question focus greatly on price engines as a promotion method, while marketing schemes were not given much importance. Although marketing plans were not reviewed often, the reported marketing budgets did not seem to be hindered by the possible lack of official plans.

The same trend was discernible in the way that the majority of the companies had not conducted customer research, but they were nonetheless relatively sure that potential and recurring customers were both attracted by product prices. Price was, however, not acknowledged to be the primary competitive method against rival electronics E-retailers.

One of the goals of the study was to filter the existing literature and the results through the 4 Ps. It seems that price and promotion are the ones with the most prominent influence, and place and product are left to the sidelines. However, the categorizations could be considered to be ambiguous in a flexible way, which means that price and promotion are not placed on equal stand, but yield according to the specifics proposed.

The topmost feeling that is evoked by the results in particular is that the companies seem to be driving down a busy highway with their headlights turned off and windows tinted black. They are accelerating their speed because all the other vehicles on the road are doing so, but it seems that they do not have a clear idea where they are heading in the first place. They do not even have a map from which they could figure out their current position – with this analogy I refer to the marketing plan.

As discussed earlier, the E-retail environment is highly competitive, so it is crucial that a company that enters the online market takes into account its surroundings and draws a guidemap of where the company would like to

venture to. When the goal has been distinguished, the next part is all about figuring out the methods to reach the specified goal.

It will be interesting to see how the relationship between category killers and small and medium-sized E-retailers will continue to develop on a global scale, and also in Finland. Also, the development with the productization of information will probably gain more rapid results during the next few years. It is clear that the E-retail industry with its side connections will continue to change.

Because of all these reasons, an E-retailer cannot afford to take its eyes off the road, since the conditions can change without prior notice. Someone else will use your momentary hesitation to their advantage, and in blink you have been overtaken. You will never know what turns up around the corner when it comes to technology. Let us keep our eyes open for new innovations; that is the essential allure of E-retail.

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Kysely vähittäismyyntiverkkokauppojen markkinointi- ja kilpailukäytännöistä

Hyvä vastaaja,

Olen kansainvälisen liiketalouden opiskelija Turun ammattikorkeakoulusta ja opinnäytetyöni käsittelee suomalaisilla hintavertailusivustoilla mukana olevien verkkokauppojen markkinointi- ja kilpailukäytäntöjä. Tässä anonyymissä kyselyssä on 17 lyhyttä kysymystä, joiden vastaamiseen menee muutama minuutti. Kyselyn tulokset analysoidaan yleisellä tasolla eikä niistä voi erottaa tietyn, yksittäisen yrityksen vastauksia. Saatte tulokset ja kirjallisen työn tarkasteltavaksenne joulukuussa 2011. Jos teillä on kommentteja tähän kyselyyn liittyen, voitte kirjata ne sivun lopussa olevaan tekstikenttään. Kiitos ajastanne ja vastauksistanne!

Ystävällisin terveisin,

Meri-Tuuli Fagerlund (mirva.fagerlund@students.turkuamk.fi)

Questionnaire about the marketing practises of E-retailers

Dear respondent,

I am an International Business degree student at Turku University of Applied Sciences and my thesis focuses on the marketing practises of electronics E-retailers that are listed on Finnish price comparison websites. This questionnaire has 17 short questions that will take only a few minutes for you to answer. If you have additional comments or questions about this survey, please leave them in the open text field at the end of the page. You will receive the results of this survey along with the accompanying analysis in December 2011. The results will provide only general trends and they will not divulge any company information, since the survey is taken anonymously. Thank you for your time and answers!

With kind regards,

Meri-Tuuli Fagerlund (mirva.fagerlund@students.turkuamk.fi)

***Pakollinen / Required**

1. Kuinka monta vuotta verkkokauppanne on ollut toiminnassa? / How many years has your company operated as an E-retailer? *

- 1-4 vuotta / years
- 5-9 vuotta / years
- Yli 10 vuotta / over 10 years

2. Onko verkkokauppanne yhteydessä myös ns. kivijalkakauppa, jossa myydään samoja tuotteita? / Does your company have also a physical store which sells the same products as in the E-store? *

- Ei / No
- Kyllä / Yes
- Other:

3. Kuinka monta henkilöä työskentelee yrityksessänne keskimäärin? / How many people work for your company on average? *

- 1-5 henkilöä / persons
- 6-10 henkilöä / persons
- 11-15 henkilöä / persons
- Yli 16 henkilöä/ over 16 persons

4. Mikä on yrityksenne keskimääräinen vuoden liikevaihto? / What is your estimated net revenue per year? *

- Alle miljoona euroa/ under 1 million euros
- 1-4 miljoonaa euroa / million euros
- Yli 5 miljoonaa euroa / over 5 million euros

5. Kuinka kauan yrityksenne on ollut mukana hintavertailusivustoilla? / How long has your company been listed on price comparison websites? *

- Alle vuoden / less than a year
- 1-2 vuotta / years
- Yli 3 vuotta / over 3 years

6. Mikä oli tärkein syy yrityksenne listautumiseen hintavertailusivustoille? / What was the primary reason for joining a price comparison website? *

- Suurin osa kilpailijayrityksistä oli myös listattuna / The majority of competitors were also listed
- Hintojenne kilpailukyvyn osoittaminen / Conveying that the prices of your company are competitive
- Lisänäkyvyyden saaminen yrityksellenne / Gaining more visibility for your company
- Kirjattujen asiakaskokemusten hankkiminen / Gaining more customer reviews
- Tuotevalikoiman laajuuden osoittaminen / Conveying the breadth of your products array
- Other:

7. Lisääntyikö myyntinne huomattavasti hintavertailusivustolle listautumisen jälkeen? / Do you agree that your sales noticeably increased after joining a price comparison website? *

1 2 3 4 5

Kyllä / Agree Ei / Disagree

8. Kiihdyttävätkö hintavertailusivustot mielestänne saman alan yritysten hintakilpailua merkittävästi? / Do you agree that price comparison websites accelerate price competition among similar companies significantly? *

1 2 3 4 5

Kyllä / Agree Ei / Disagree

9. Harkitsisitteko hintavertailusivustoilta eroamista, jos yrityksellänne olisi muutoin suuri ja uskollinen asiakasryhmä? / Would you consider leaving the price comparison websites for good if you had a very large and loyal customer base? *

1	2	3	4	5	
Kyllä / Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Ei / Disagree

10. Tarkistatteko markkinointisuunnitelmaanne usein? / Do you review your marketing plan often? *

1	2	3	4	5	
Kyllä / Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Ei / Disagree

11. Oletteko kartoittaneet asiakkaidenne erityispiirteitä jollain tavoin? / Has your company conducted customer research? *

1	2	3	4	5	
Kyllä / Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Ei / Disagree

12. Mitkä ovat tärkeimmät keinot, joilla vastaatte kilpailijayritysten asettamaan haasteeseen? / What are your primary methods of competing with companies that operate in the same field? *

Olkaa hyvä ja valitkaa kolme tärkeintä vaihtoehtoa. / Please choose three of the following options.

- Luotettavan vaikutelman antaminen verkkokaupan sisällössä, ulkoasussa ja yhteydenpidossa / Trustworthy appearance in layout, content, and communications
- Laaja merkki- ja tuotevalikoima / Wide array of brands and products
- Asiakaspalvelu / Customer service
- Verkkokauppasivuston toimivuus / A pragmatic website

- Nopea ja/tai edullinen toimitus / Fast and/or inexpensive delivery
- Tuotteiden hinnat / Product prices
- Käyttäjärviot / Customer reviews
- Vaivattoman ostokokemuksen tarjoaminen / Easy shopping experience
- Läpinäkyvä varastosaatavuus / Transparent stock availability
- Other:

13. Olkaa hyvä ja valitkaa kolme parasta promootiokeinoa omien kokemustenne perusteella. / Please choose three best promotion methods on the basis of your experiences. *

Keskittykää erityisesti hinnan ja saavutetun tuloksen suhteeseen. / Please focus especially on the ratio of price and achieved outcome.

- Hintavertailusivustot / Price comparison websites
- Hakukoneoptimointi / Search engine optimization
- Hakukonemarkkinointi / Search engine marketing
- Markkinointi sosiaalisessa mediassa / Social media marketing
- Bannerit ja muut vastaavat verkkomainokset / Banners and other online adverts
- Printtimedia / Print media
- TV-mainokset / TV advertisements
- Other:

14. Mikä mielestänne saa henkilön ostamaan jonkin tuotteen verkkokaupastanne ensimmäisen kerran? / In your opinion, what drives first-time customers into making a purchase at your store? *

Voitte valita useamman kuin yhden vaihtoehdon. / You may choose more than one option.

- Luotettava vaikutelma verkkokaupan sisällössä, ulkoasussa ja yhteydenpidossa / Trustworthy appearance in layout, content, and communications

- Laaja merkki- ja tuotevalikoima / Wide array of brands and products
- Asiakaspalvelu / Customer service
- Verkkokauppasivuston toimivuus / A pragmatic website
- Nopea ja/tai edullinen toimitus / Fast and/or inexpensive delivery
- Tuotteiden hinnat / Product prices
- Käyttäjärviot / Customer reviews
- Vaivattoman ostokokemuksen tarjoaminen / Easy shopping experience
- Läpinäkyvä varastosaatavuus / Transparent stock availability
- Other:

15. Mikä mielestänne saa henkilön palaamaan verkkokauppanne asiakkaaksi? / In your opinion, what drives recurring customers into making a purchase at your store? *

Voitte valita useamman kuin yhden vaihtoehdon. / You may choose more than one option.

- Luotettava vaikutelma verkkokaupan sisällössä, ulkoasussa ja yhteydenpidossa / Trustworthy appearance in layout, content, and communications
- Laaja merkki- ja tuotevalikoima / Wide array of brands and products
- Asiakaspalvelu / Customer service
- Verkkokauppasivuston toimivuus / A pragmatic website
- Nopea ja/tai edullinen toimitus / Fast and/or inexpensive delivery
- Tuotteiden hinnat / Product prices
- Käyttäjärviot / Customer reviews
- Vaivattoman ostokokemuksen tarjoaminen / Easy shopping experience
- Läpinäkyvä varastosaatavuus / Transparent stock availability
- Aiempi ostokokemus / Previous purchase experience
- Other:

16. Kuinka paljon yrityksenne panostaa markkinointiin ja näkyvyyteen vuodessa keskimäärin? / How much does your company spend on marketing or promotion purposes per year? *

- Alle 1 000 euroa / Under 1 000 euros
- 1 000 – 5 000 euroa / euros
- 5 000 – 10 000 euroa / euros
- Yli 10 000 euroa / Over 10 000 euros

17. Käyttäisitteko enemmän rahaa markkinointiin, jos teillä olisi taloudellinen mahdollisuus siihen? / Would you like to spend more resources on marketing if you had the chance? *

	1	2	3	4	5	
Kyllä / Agree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Ei / Disagree

Kyselyyn liittyviä kommentteja / Comments about this survey:

Kiitos vastauksistanne! Thank you for your answers!

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