

## **Online classified advertising - Business needs in the US market**

**Case: FiareAds web platform**

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<p>This Bachelor's thesis was conducted for Fiare Oy, which offers web platforms for online classified advertising as a service. Fiare Oy intended to grow internationally, develop its US market share and possibly open an office in the US. The objective of this thesis was to shed light on the business needs in the US market and give recommendations for actions to Fiare Oy.</p> <p>The thesis project started on 4 October 2012 and ended on 17 September 2013. The literature consulted for this study relates to choices in building web platforms for E-commerce and trends in online advertising.</p> <p>The target group included US local news media companies in the field of online classified advertising. Data was collected between 22 July and 15 August 2013. The data collection method was a quantitative structured telephone interview. 88 persons were contacted and 20 responses received. Data was analysed only in a descriptive manner due to too low a number of interviews for a statistical analysis.</p> <p>It was found that US local news media companies use commercial web platforms followed by self-built platforms, open source software and PDF files, with 29% of respondents not making profit from online classifieds. The majority of the respondents are currently looking for new web platforms or will need to be looking for one soon. Mobile channels, integration with social media and GEO tracking were the most desired improvements in web platforms for online classified advertising. There was a low level of satisfaction with current revenues and the amount of administrative tasks among respondents.</p> <p>In conclusion the US market holds opportunities for Fiare Oy. However, the challenge also needs to be faced that the market is currently not very confident in the growth of online classified advertising business in the US.</p>	
<p><b>Keywords</b> online classified advertising, web platform, E-commerce, US market</p>	

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# 1 Introduction

This thesis begins with an introduction chapter which presents the topic background, the case company and the web platform offered by the company as a service. The chapter then introduces the research question, investigative questions and demarcation of the research topic. In the end of the chapter key concepts and the structure of this report are explained.

## 1.1 Topic background

In big terms, this study looks into the continuous shift of the media industry from print media towards online media. During the last years online media has been gaining ground to the detriment of print media and continues to do so. In developed countries, most persons access the internet several times per day through computers, laptops and mobile devices such as smart phones, ipads, tablets, blackberries etc. At least some of us are online day and night through one or more devices. At the same time an increasing number of people gain access to the internet also in developing countries. (Albarran 2010.)

This phenomenon has strongly affected the media industry since the dot com boost in 2001. Nowadays, many newspapers, periodicals and magazines are available online in addition to the printed version. Online advertising has gained on importance due to the fact that more and more people spend an increasing amount of time online. A general move towards solving every day life problems online has directly effected on advertising methods and advertising prices. (O'Guinn et al. 2009, Thorson & Duffy 2012.)

This increase in web communications has opened new possibilities for busines models which are running almost entirely online in the form of E-commerce. The case company commissioning this thesis takes advantage of exactly this fenomenen, namely classified advertising moving from newspapers to the interent where prices are much lower.

The case company for this study is the Finnish software company Fiare Oy. The purpose of this thesis is a market analysis of the US news media market. The goal is to collect primary data about US business needs in online classified advertising. For Fiare Oy this study will provide a step further towards better understanding the internationalization potential this market holds for its web platform for online classified advertising FiareAds. Fiare Oy and FiareAds are introduced in the following two sections.

## 1.2 Case company: Fiare Oy

Fiare Oy is a Finnish software company headquartered in Helsinki, Finland with turnover slightly under a million euro. It's clients are media companies in various countries like Finland, Sweden, Russia, Baltics, UK, Spain, Italy, US, Saudi Arabia, Ghana. Fiare Oy specializes in providing technology which enables clients to create and run successful online classified advertising businesses. The term *online classified advertising* is explained in depth to the reader in section 1.5 which presents the key concepts relevant for this thesis. The company has successfully been in the business for 10 years and currently employs 35 employees in two offices, 10 in Helsinki and 25 in Gujarat, India. (Fiare Oy 2013b.)

Fiare Oy offers holistic technology tools to put their client's business plan into practice and create revenues. In practice Fiare Oy is creating and continuously developing web platforms that enable online classified advertising business for various client companies. Musser (2007) defines the term *web platform* as "a system that can be programmed and therefore customized by outside developers" and "adapted to countless needs and niches that the platform's original developers could not have possibly contemplated". Fiare Oy uses the FiareAds platform template and customizes it for individual clients. The reader will find out more about the FiareAds platform template and its features in section 1.3. (Fiare Oy 2013b.)

Fiare Oy's goal is to create local market leaders in classified online advertising by offering cost-effective ways to adapt website contents whenever a change in the consumer

demand requires it. The company builds on its understanding of both business requirements and user expectations. (Fiare Oy 2013a.)

To mention one of Fiare Oy's biggest success stories, Fiare Oy founded, customized and continues to maintain the web platform [www.nettiauto.com](http://www.nettiauto.com). The *nettiauto* platform has enabled the Otava Media magazine to become market leader and one of the fastest growing and most profitable media companies in Finland for many years in a row. (Fiare Oy 2013a.)

### **1.3 FiareAds web platform as a service**

Fiare Oy develops web platforms that serve as electronic marketplaces for online classified advertising. The term *electronic marketplace* is introduced to the reader under key concepts in section 1.5. This is done by customizing a web platform template called FiareAds. These customized platforms are sold as a service to companies interested to run online classified advertising business. (Fiare Oy 2013b.)

FiareAds is a pre-designed E-commerce web platform template based on open source server software. This template provides a standard set of functionalities like shopping carts, payment clearance, and site management tools to enable E-commerce transactions. Experts of Fiare Oy then customize this template to create individual E-commerce sites that fit exactly customer's business needs as well as site user's expectations. A customized web platform can be delivered by Fiare Oy in about 2-4 months time, which is a short time in the IT business. (Fiare Oy 2013b.)

FiareAds supports various businesses and ad types such as sales, rental, auction, and services. The platform is suitable for different business sectors such as Business-to-Business (B2B), Business-to-Consumer (B2C) and Consumer-to-Consumer (C2C). Through FiareAds platform template business models are configurable for each customer type such as dealers, agents, companies, service providers, private advertisers, and various groups. The platform is expandable, scalable and has rich functionality. Its strengths are usability, flexibility, and fast time to market. (Fiare Oy 2013b.)

There are several different ways in which companies can monetize through web platforms built on the basis of FiareAds. Some of the possibilities to monetize through FiareAds can be seen in Figure 1 and include for example subscriptions, pay per view, sales made, contacts received, company and service directory etc. (Fiare Oy 2013b.)

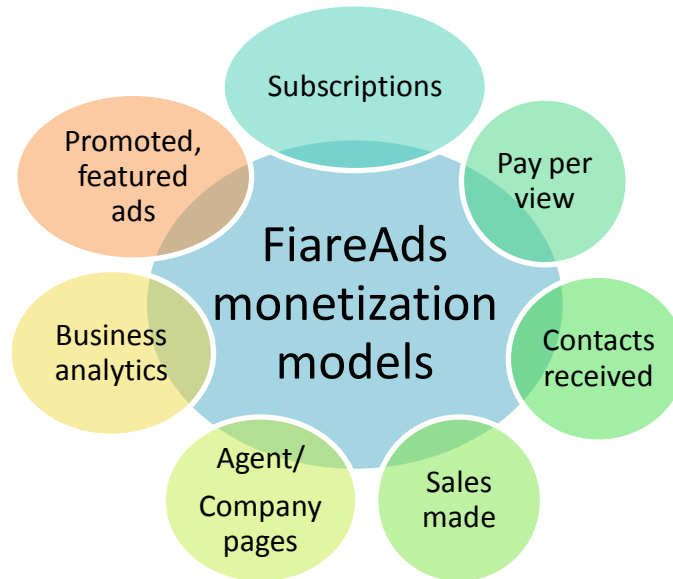


Figure 1. FiareAds monetization models (Fiare Oy 2013b)

#### 1.4 Research problem setting

At the time the author became aware of Fiare Oy as a potential thesis commissioning company, Fiare Oy was in the process of analysing different markets from abroad with the purpose to grow internationally. Fiare Oy's scope was to renew its growth strategy and identify markets with growth potential outside Finland. In this context Fiare Oy was looking for a student to collect market analysis data from prospective customers in the UK, Spain, Germany, the USA and Middle East. According to Fiare Oy Finland is too small a market for this field of business. There simply is not enough demand for technology offerings in the field of online classified advertising in Finland. Therefore the only possible way for Fiare Oy to grow is to internationalize. (Fiare Oy 2013b.)

This topic appeared interesting to the author because of previous positive experiences with market research in some of the mentioned countries. At the same time the author recognized an opportunity to become acquainted with topics such as classified advertising, online media, E-commerce, online business models and trends in the field.



Personally this field is interesting because she is spending herself more time online than earlier and would thus desire to learn more about online business and online advertising. The relevance of online media is expected to grow in the field of marketing, which is why the author considers it important to educate herself in this topic before graduation.

The author investigated closely the GloBBA thesis criteria requirements and saw that they would be fulfilled in this thesis topic. After receiving green light from the academic advisor, the author called Fiare Oy, sent her CV with a cover letter and set up an appointment with the company the same week.

At the first meeting with Fiare Oy the sales director Kirsi Johansson and business development director Tommi Heikkonen were present. Both decided during the meeting that there is a match of interest with the author and gave their acceptance for a Bachelor's thesis collaboration. Another appointment was set up to narrow down the thesis topic. This proved to be a rather challenging process, because Fiare Oy was interested urgently in several markets and the author had difficulties explaining the Haaga-Helia thesis process timeline to the company representatives.

It was first agreed that Germany would be the target market. However, soon it became clear that the case company expected results much sooner than they could be delivered by the author. As a result, the US market was identified to be an important market to look into, but not as urgent as Germany. The US was chosen as a target country for this study also because Fiare Oy had already two satisfied clients in the US. From these two, one of the clients was motivated to possibly help Fiare Oy establish a local office in the US. The target group was chosen to be prospective customers with contacts provided by Fiare Oy. Since opening an office in the US is connected to investments and relocation expenses, there is a concrete need for Fiare Oy to better investigate and understand business needs of prospective US client companies.

The need for this study and its relevance for Fiare Oy is based in the fact that in Fiare Oy's specialized field of business the possibility to purchase field reports is very small.

There simply is very little or no primary data at all available about online classified advertising in the US market. Thus, the case company wanted to collect primary data from this field of business. The benefit of this study for Fiare Oy is that it will provide a small scale description of the market in figures. Fiare Oy also received approval for funding from *TeKes*- the Finnish Funding Agency for Technology and Innovation to support growth in the US market, which served as an extra motivator to take a closer look specifically into the US market. For this reason this study will focus around the business needs regarding web platforms for online classified advertising among prospective customer companies for Fiare Oy in the US market.

The benefit that could come out of this work for Tekes is primary US market data to support Tekes decision making process regarding possible financial support for Fiare Oy's business growth plans. If the results are positive and Fiare Oy opens a successful office in the US, the financial support from Tekes was well invested and contributed to rising even on a small level the Finnish economy.

Certain benefits could result also for the interviewed prospective customers of Fiare Oy. Participating in this research can give the respondents a chance to stop and ponder on the level of satisfaction with their current platform for classified ads and with their market position. Participating in this research will also remind the respondents of their business goals for the next two years and of eventual steps they need to take to reach those goals. They will be reminded of their platform life cycle and the time they need to look for a new classifieds web platform. Respondents will be reminded also of possible trends in the market such as mobile channels or integration with social media etc. Through this research they will be activated to think of different market options to solve their business needs.

## **Research question and investigative questions**

To guide this study, to make sure it fulfills the purpose mentioned above, and brings benefits to the case company the author has formulated the research question found below.

***RQ: What are the current business needs of local US news media companies regarding web platforms for online classified advertising?***

The RQ will be answered during this study by answering four investigative questions (IQs), which the author formulated to support the RQ.

***IQ1:*** How does local US news media currently run online classifieds business?

***IQ2:*** How satisfied is this media with current web platforms for online classifieds?

***IQ3:*** In which direction is online classifieds business expected to develop?

***IQ4:*** How does this media expect web platforms for online classifieds to be improved?

## **Demarcation of research topic**

As any other research project this study also needs research limitations to be set in order to make sure the research stays focused and produces the desired results. For this purpose the scope of this study has been demarcated geographically to the US media industry market and more specifically to the online classified advertising market.

In this market the research is focused on the business needs of prospective customer companies for Fiare Oy. Prospective customer companies have been previously identified by Fiare Oy to be local news media companies. More specifically this research is directed towards local news media companies which attended the 2012 US Association of Free Community Papers (AFCP) Conference and others which are members of the US Association of Alternative Newsmedia (AAN).

This choice was made for purely practical reasons. Fiare Oy participated in the 2012 AFCP Conference and had therefore easily access to the list of companies which attended this conference. The AAN membership is also a practical choice. The author found a suitable list of companies on this association’s website, which was also used to select target companies for this research. The geographical location of the target companies inside the US was less relevant for Fiare Oy. More important was to target the right segment. Figure 2 summarizes the demarcation criteria for the convenience of the reader.

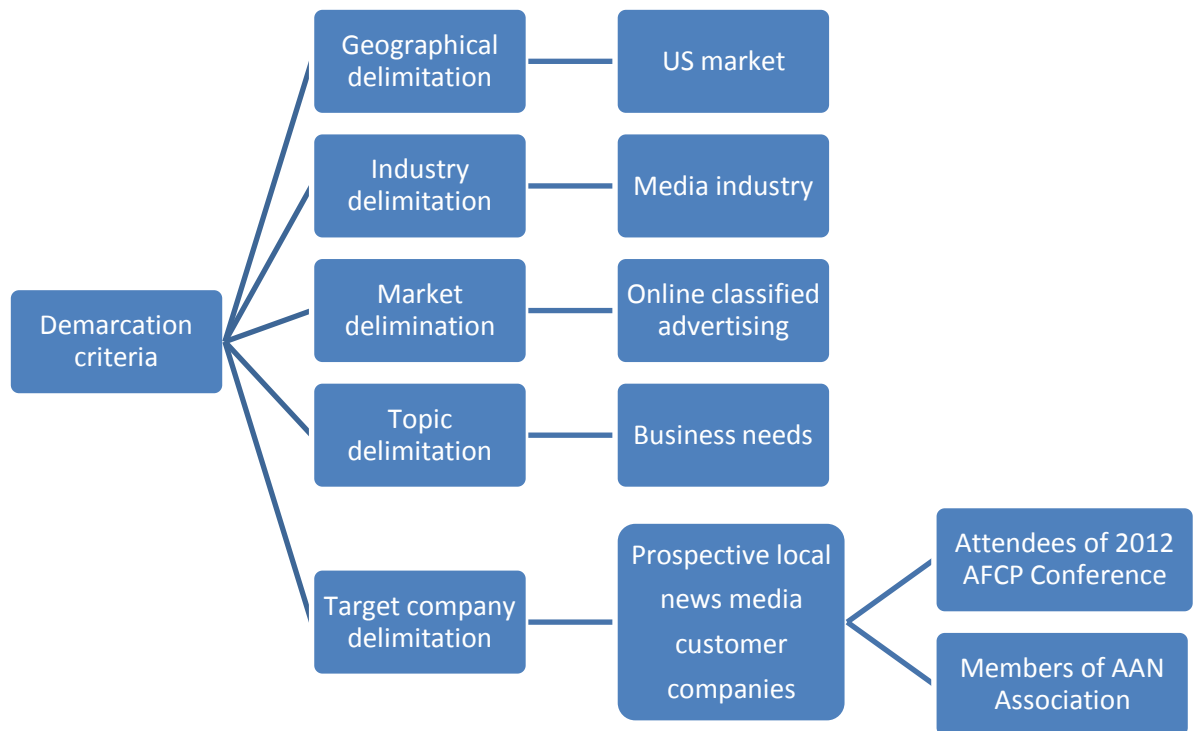


Figure 2. Demarcation criteria for the thesis topic (AFCP stands for US Association of Free Community Papers; AAN stands for US Association of Alternative Newsmedia )

### **International aspect**

This thesis topic fulfils the requirement of containing an international or over-boarder business aspect through the fact that the commissioning company is Finnish and the market investigated is the US market. The business interactions studied in this work are therefore between a Finnish company and prospective US clients, providing the international aspect for this study.

## 1.5 Key concepts

Under this section key concepts pertaining to the theory framework are introduced. The author assumes the reader is familiar with general marketing concepts such as advertising for example and will not introduce such concepts in this study. Figure 3 shows the hierarchy chosen in the definition of key concepts. As the company offers web platforms that enable E-commerce business models, the E-commerce concept will be defined to begin with and is placed at the top of the concept pyramid. Following is the concept of electronic marketplace which describes the purpose of the FiareAds web platform. FiareAds web platform is a platform created specifically to serve its purpose in the online advertising business, thus also the concept of online advertising is defined. Inside online advertising the concepts of traditional and online classified advertising are introduced.

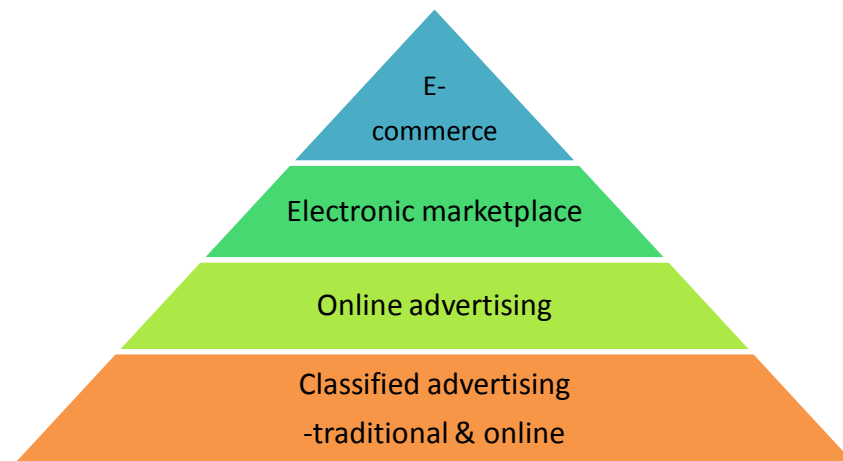


Figure 3. Key concepts

### **E-commerce**

“Electronic commerce (E-commerce): Using a computer-mediated electronic network such as the Internet as a mechanism for transferring ownership of or rights to use goods and services.” (VanHoose 2011, 7.)

### **Electronic marketplace**

The electronic marketplace is: “A virtual location for prospective sellers and buyers to effectively gather through network- communication links made possible by computer-assisted information technologies.”(VanHoose 2011, 4.)

### **Online advertising**

In general advertising is defined as “the distribution of information promoting consumption of a particular good or service” (VanHoose 2011, 184). According to VanHoose (2011, 193) online advertising “offers greater potential for interactive marketing, in which consumers can respond directly to an ad to shop or engage in a purchase”. “The main types of online advertising are display, search, classified, rich media, and lead generation ads” (VanHoose 2011, 193.)

### **Traditional classified advertising**

According to Belch & Belch (2004, 416) classified advertising “provides newspapers with a substantial amount of revenue”. He continues by saying “These ads are arranged under subheads according to the product, service, or offering being advertised. Employment, real estate, and automotive are the three major categories of classified advertising.” (Belch & Belch 2004, 416.)

### **Online classified advertising**

The literature researched so far does not provide a separate definition for classified online advertising. For the scope of this thesis, classified online advertising is defined by the author to be classified advertising in online media.

## **1.6 Structure of the report**

This thesis report consists of five chapters, of which this was the introduction chapter. The contents of this chapter have been described in the beginning of the report. In chapter 2 a selection of theories are combined to form the theory framework for this study. Based on this theory the research design and data collection tool are built in chapter 3, grounds for the choices made are given and the data collection process is described. Next, chapter 4 includes the research results which are presented in hierar-

chical order of the IQs as well as an assessment of the reliability and validity of the data. In chapter 5 results are summarized and reflected back to the theory. In the end recommendations for further actions are made to Fiare Oy, and the company feedback is discussed. In this chapter the author also reflects on her own learning and on the professional development during the thesis process.

## **2 E-commerce sites and trends in online advertising**

In chapter 2 the theory foundation on E-commerce sites and trends in online advertising is built in a manner that supports the research, results and discussion chapters. This study will not elaborate on theory regarding technical details of web platforms more than is necessary to address the RQ and IQs set in the beginning of the study. For such information the reader is referred to more specific IT literature. Sections 2.1, 2.2 and 2.3 elaborate on topics relevant for IQs 1&2, while section 2.4 deals with topics relevant for IQs 3&4.

To be able to make the theory framework choices presented below, the author has consulted various literature sources. This includes Laudon & Traver (2012), Albarran (2010), O'Guinn et al. (2009), and Thorson & Duffy (2012) among others. After careful consideration the author has chosen Laudon & Traver (2012) as the main literature source for this theory framework because of its suitability to the thesis topic.

### **2.1 Building an E-commerce site**

This section is intended to introduce the reader to the subject of E-commerce website construction and to the relevance of this stage for the E-commerce field in general. As such this section will not be used in the results analysis, but rather creates the setting for the following theoretical sections.

In E-commerce, the sales process happens entirely online through the web platform the company has chosen to run their business on. Therefore, the platform has an absolutely critical role in the success of the business. In big terms there are critical factors that have a major influence on the development of a successful online presence able to generate expected sales and revenues. In short these factors are: a solid understanding of the business the site is designed for, the best technological options available, industry-specific user/buyer preferences and a systematic approach. (Laudon & Traver 2012, 183.)



Before planning the platform, a business strategy has to be identified and a business model chosen, otherwise it will be difficult to design the functionalities of the platform. The challenge is to then transform business strategy, business model and ideas into an E-commerce site that fulfils the set business objectives. In practice this means that specific business objectives need to be identified for the E-commerce site. These are the functionalities and information elements the site will need to have to be able to fulfil the site objectives. (Laudon & Traver 2012, 185.)

According to Laudon & Traver (2012, 186) the following are common objectives for an E-commerce site: to display goods & product information, to customize products, to execute transactions, to gather customer information etc. From these objectives, the author personally believes product customization is not that relevant for online classified advertising.

To achieve these objectives the same literature source suggests site functionalities like the following are needed: product database, digital catalogue, inventory management system, shopping cart, payment system, site tracking etc. In terms of information requirements this means: a dynamic catalogue of text and graphics, levels of inventory, secure credit card clearing, payment options, customer contact details, shipment information etc. The author would like to express also here the humble personal opinion that inventory management might not be the most relevant to online classified advertising. (Laudon & Traver 2012, 186.)

According to the same literature source during this entire process, it is very important that business drives technology, not the other way around. In the next subchapters, the author has decided to take a closer look at specific stages of site building relevant to the scope of this thesis. (Laudon & Traver 2012, 186.)

## **2.2 Choices in building and hosting an E-commerce site**

To cover this important part of the theory, the model from Laudon & Traver (2012, 189) has been chosen (see Figure 4). This model describes options related to building and hosting the site in-house, by outsourcing and by taking mixed responsibility. In-

house means using own personnel, while outsourcing includes hiring a vendor outside the company to provide all or part of the steps of building the site (site design, building and hosting) and getting it ready for launching. These decisions are usually made together. Different options bring with them also different budgets. (Laudon & Traver 2012, 187-189.)

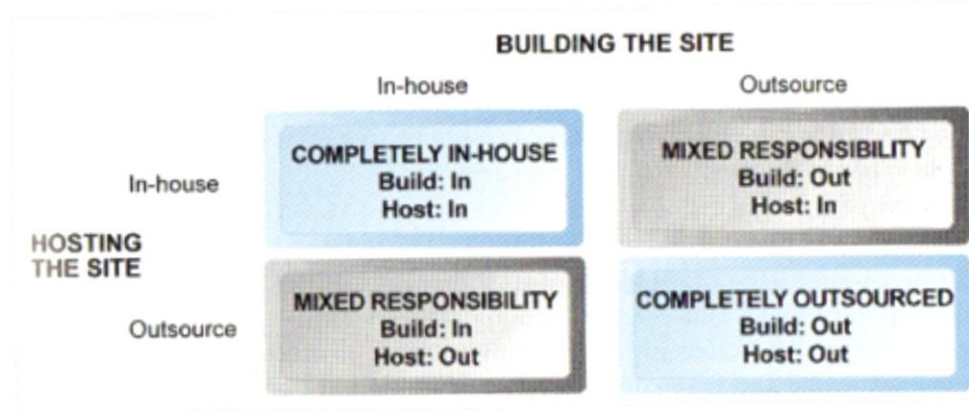


Figure 4. Choices in building and hosting a an E-commerce site (Laudon & Traver 2012, 189)

Depending on the skills available in-house, the site can be built from scratch in-house, through pre-built templates or through advanced pre-packaged tools for site building. It needs to be mentioned that risks of building the site from scratch in-house are higher than other options. A template option might be an easier solution but functionalities are limited and can often not be changed. (Laudon & Traver 2012, 187-189.)

On the other hand a site-building package is more expensive but the software will include newest tested and sophisticated technology which significantly can reduce time to market. However, it is important to know if modifications are included in the project price or if they have to be paid separately. This can sometimes grow the project price even tenfold. The trend for site building prices has been downward during the last five years. (Laudon & Traver 2012, 187-189.)

Site hosting refers to functions such as providing the server, making sure the site is “live” meaning accessible 24h per day, providing telecommunication links, security provisions, and activity monitoring. In terms of site hosting there are as well several

options available like hosting the site in-house, outsourcing hosting to another company, co-location and choosing a cloud hosting service provider. An outsourcing company provides all of these functions, while co-location means that the company buys, leases or rents a Web server that it controls and places it physically in a vendor's facility. (Laudon & Traver 2012, 190-191.)

Cloud hosting is a newer type of hosting service, where the company rents virtual space in the provider's infrastructure but does not own the hardware as in co-location hosting. With large providers locating very big "server farms" around the globe, prices for hosting have significantly dropped in the last years. The new differentiation in hosting services centres on offering site design, marketing, and optimization services to mention a few. In hosting the best choice depends mostly on the size of the company that needs hosting and the money this company is willing to pay. (Laudon & Traver 2012, 190-191.)

### **2.3 Own built E-commerce sites versus commercial server software packages**

Small firms and start-ups often choose to build their own E-commerce site, while larger companies choose a commercial package. For building your own site there are two major options available. One is to use E-commerce merchant services provided by hosting sites such as Yahoo Merchant Solutions. Hosting sites have the advantage that they walk you step by step through the process of setting up your own site. (Laudon & Traver 2012, 207-208.)

The other low-cost site building option is to use open source server software. Open source software is free to use and modify for anyone because it is developed by a community of programmers and designers. The advantage of open source software is that the user gets a site that is uniquely customized, while the disadvantage is that this requires a lot of work from a single programmer. Combining the site tools to work together harmoniously can take several months to accomplish. (Laudon & Traver 2012, 207-208.)

Both of these options require some programming skills and more time than choosing a commercial package. Choosing a commercial server software on the other hand can make the user's life easier, it can shorten time to market and it is often more cost-effective because it provides most or all functionalities for a site. (Laudon & Traver 2012, 207-208.)

To complete this part of the theory, the author feels compelled to add a comment from Tommi Heikkonen (now Fiare's CEO), which he gave as a feedback to this part of the theory.

“I would challenge the theory related to building E-commerce solutions. Building in house versus using commercial tools is not accurate anymore from my experience. Actually often small companies use commercial software and big companies build their own solutions.”

## **2.4 Trends in online advertising**

Online media industry is a fast growing and dynamic industry. Though the author has made efforts to find as up-to-date information as possible on US trends in online advertising, the most recent sources available free of charge are only from 2011-2012. However, these sources are considered relevant enough for the purpose of this thesis. The author does not have doubts, but strongly believes these trends will continue in the same direction because of the general move away from print media and towards online media. Following US trends in the online advertising/media industry are presented from eMarketer (Laudon & Traver 2012, 45-47), except two trends in the case of which another source has been chosen, which is added in parentheses of that specific sentence:

- More SMEs are expected to enter into the E-commerce marketplace.
- Internet broadband becomes more available to both households and businesses.
- Growth of US online population will slow down but the amount of purchases per person will increase.

- The number of subscribers to traditional media (TV, newspapers, magazines etc.) will continue to decrease and media companies will move towards new revenue models on more advanced online platforms.
- Online business models will be fine-tuned, thus increasing its profitability.
- The number of adults present in social online networks will increase with Facebook gaining even more popularity.
- Mobile platforms develop further and compete more fiercely with the PC platform. By the end of this year it is predicted that every third click will come from a mobile device (AdExchanger 2012).
- Geographical tracking (GEO tracking) of mobile users on various online advertising platforms continues to expand with tracking being possible down to the zip code of the user (NetSet Media 2013).
- E-mail spam continues to be a problem in spite of the fact that legal authorities and technological improvements are promised.

## **2.5 Theory overview**

In chapter 2 a theoretical framework was built on which the research design and data collection tool is based. Theories pertaining to section 2.1, 2.2 and 2.3 correspond to IQ 1&2 whereas theories presented in section 2.4 pertain to IQ 3&4.

Section 2.1 of this chapter clarified the importance of the web platform in E-commerce and this because the entire sales process happens online. The web platform has a major influence of the success of the E-commerce of a company. Before planning the platform a business strategy needs to be created and a business model chosen. It is important that business drives technology and not the other way around.

In section 2.2 we learnt that web platforms can be built in-house, by outsourcing or by taking mixed responsibility and that there are different costs that come with each of these choices. A web platform can be built from scratch in-house, through pre-built templates or through advanced pre-packaged tools. Each of these options comes with different risks of failure. Choices need to be made also regarding the hosting of web

platforms. They can be hosted in-house, through outsourcing, co-location or choosing a cloud hosting service provider.

Advantages and disadvantages of own built E-commerce sites versus commercial server software packages are presented in section 2.3. One of the main advantages of open source software is that it can be uniquely customized and a disadvantage is that programming skills are needed in order to harmoniously combine the site tools. Commercial server software on the other side eases the life of the company, shortens the websites time to market and is often also more cost-effective.

Section 2.4 discussed trends in online advertising such as increase of online purchases, the development of more sophisticated online business models, the increasing number of social media users, an increase in mobile device usage, the importance of GEO tracking in online advertising and the continuing problem with E-mail spam.

The reader is referred to Figure 5 for a better understanding of the correlation between theory and IQs. This theory chapter is followed by the research methods and data collection chapter.

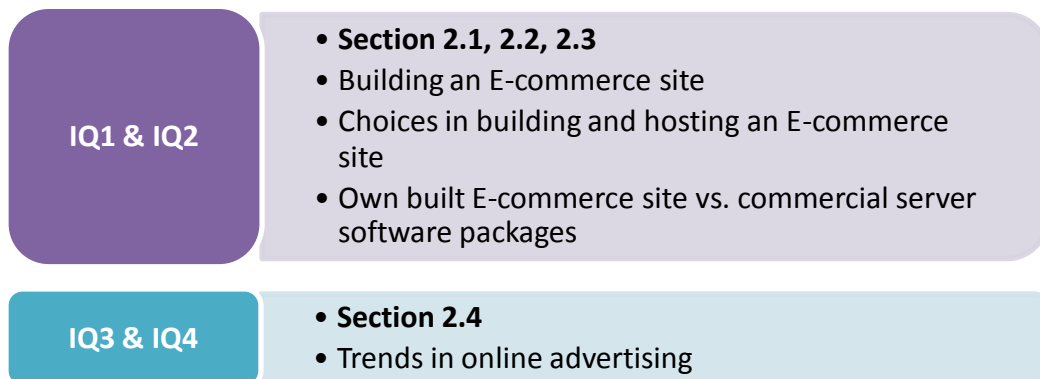


Figure 5. Relationship between IQs and theory sections

### 3 Research method

The research method chapter is divided into three sections. Section 3.1 describes the research design choices made for this study. Section 3.2 introduces the research questionnaire and the overlay. The overlay matrix (Attachment 1) clarifies the theoretical background subchapters corresponding to each IQ, the measurement questions formulated in the questionnaire to answer that specific IQ as well as the results subchapters matching that IQ. In section 3.3 the entire data collection process is described and the response rate presented.

#### 3.1 Research design

At the basis of the research design for this study is the RQ and the IQs. These have already been introduced in the beginning of this report in section 1.4 and are summarized for the reader in Figure 6. In order to decide if a quantitative or qualitative research approach should be applied to solve the RQ and IQs the author has discussed the matter with the methods adviser and with former working colleagues from the market research company Innolink Oy. In the following the author's choice of research approach and the reasons behind the choice are discussed.

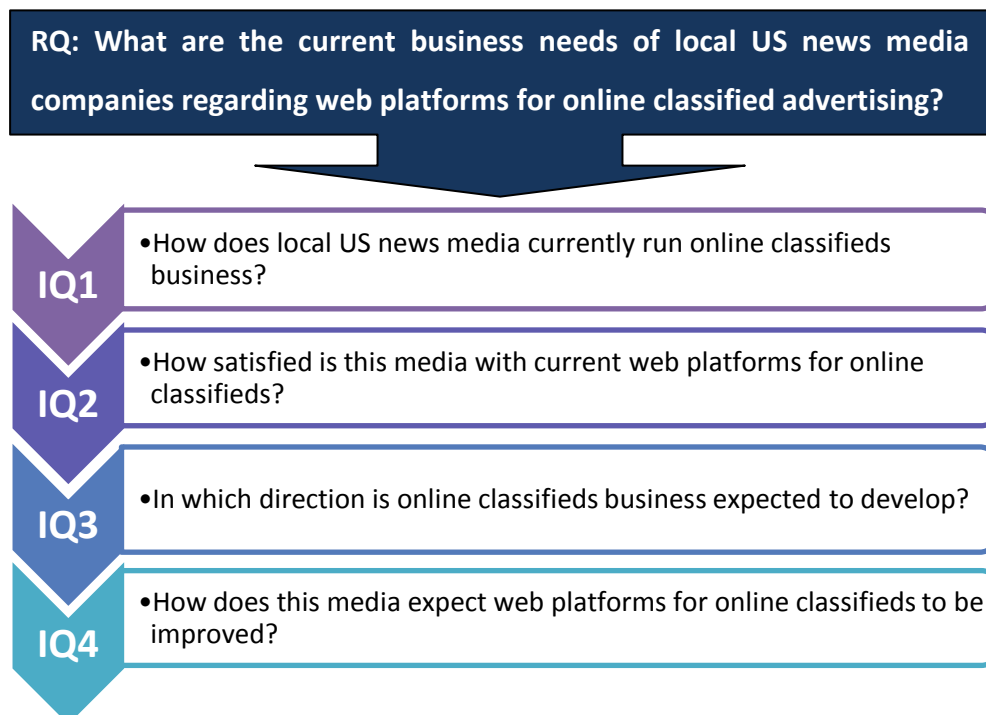


Figure 6. Research question and investigative questions

The premise for this research was that Fiare Oy has already developed two successful customer cases in the US. Based on this fact, Fiare Oy formulated the theory that the US market could hold potential for more successful accounts such as the two mentioned above. This setting would require a quantitative research approach which is deductive in nature, meaning that research is aimed at collecting data to prove the theory/expectation formulated by Fiare Oy. (Saunders et al. 2012, 162.)

Regardless of the simplicity of the choice between qualitative and quantitative research approaches, the author would like to further elaborate on the path of decisions that lead to the final research design. For the entire path of research choices that lead to the research design, the reader is instructed to consult Figure 7.

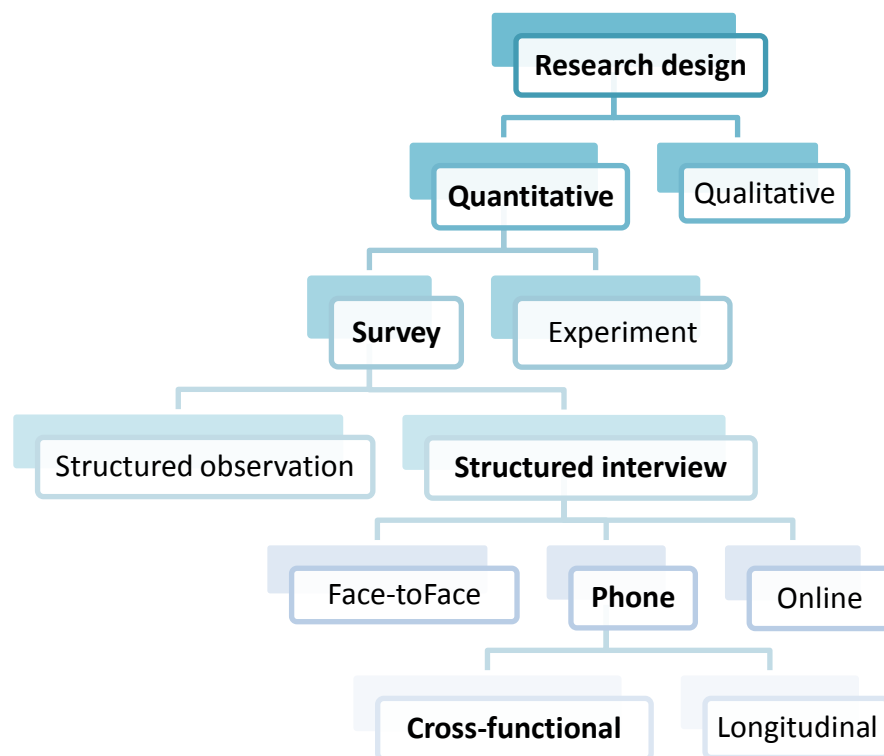


Figure 7. Research design choices; Figure created by the author on the basis of various chapters from Saunders et al. (2012)

At the core of the choice between a qualitative and a quantitative research approach was a basic assumption related to the research target group, which is formed of prospective customers for Fiare Oy.



From prior working experience in the field of market research the author knew that the motivation of prospective customers to respond to research interviews is much lower than that of existing customers. This is easy to understand, as prospective customers do not yet have a relationship with the case company. This is why prospective companies often do not see any direct benefit for themselves that would justify sacrificing of their time to participate in such a research interview. A low response motivation usually leads to a low response rate, which is clearly not desirable for any research project. Having established that one of the challenges that need to be managed in this research project is a target group with low response motivation, we can now move to the next step on the path of research choices that lead to the research design.

In addition to a target group with low response motivation, a qualitative research method would require in-depth data collection (possibly 30-40 min interviews). As the target group is located abroad in the US, for economic reasons a qualitative 30-40 min interview could be done only over the phone and would completely exhaust even an interested respondent. As such qualitative research would not produce sales leads for Fiare Oy, which is one of the most desired secondary goals of this thesis.

For these three reasons, a qualitative research method was excluded and the quantitative research approach was chosen for this study. A quantitative approach is suitable also from the point of view that in this study it is sought to collect information from a relatively large group of people. Naturally another possible option would have been to combine a qualitative with a quantitative research approach. However, due to time limitations of this Bachelor's thesis, this was not considered to be a real option.

In addition to experimental research strategies, another common research strategy for quantitative research in business is the survey (Saunders et al. 2012, 163 & 176-177). An experimental approach had to be excluded because of its complexity, which makes it not suitable for a limited research approach such as the one at hand. Thus, the choice was made to go forward with a survey. According to high quality methods literature "Surveys using questionnaires are popular as they allow the collection of standardised data from a sizeable population in a highly economical way, allowing easy compari-

son.” (Saunders et al. 2012, 177.) The survey allows for structured and shorter research interviews, which can also possibly help to increase the response rate.

To quantify the data, the structured interview was chosen as the data collection method for this study. This type of interview uses a standardised set of questions called “interviewer-administered” questionnaire. The interviewer reads out loud the questions and records the answers on a pre-coded response sheet. Due to the fact that the target group was located in the US, both the author and the case company have agreed and chosen telephone interviews to be the best suitable data collection method for this study. (Saunders et al. 2012, 374.)

This study is focusing on obtaining a snapshot of the market situation in the US media industry at this particular time. Thus, a cross-sectional study was chosen. The other option would have been to make a longitudinal study over time by repeating the research at later points. This would have allowed a comparison between different time points and an observation of the market development over time. Such an approach however is not of interest for the RQ at hand because it would not bring added value to the case company. For this reason this option was excluded. (Saunders et al. 2012, 190.)

Surveying the entire US local news media industry would have been unnecessary and impractical and would have exceeded the budget and time limitations of this thesis. Thus, a sample of the US local news media companies was chosen to represent in big part this industry. (Saunders et al. 2012, 260.)

Due to time limitations, the sample size was decided to be 200 contacts, all companies that participated to the 2012 Conference and Trade Show of the US Association of Free Community Papers (ACFP). This sample was chosen because Fiare Oy participated themselves at this conference and had access to the original list of participants which became the list of contacts for this study. The list included all the positions that were interesting to Fiare Oy in the beginning: IT manager, marketing manager, sales

representative, publisher, and editor etc., thus being a convenient contact list for this study.

### **3.2 Overlay matrix and research questionnaire**

The cover letter for the questionnaire (Attachment 2) and the questions (Attachment 3) has been designed in close collaboration with the case company to ensure best suitability for the set RQ and IQs of this study. An effort was made to keep the questions (Qs) as simple and clear as possible so as not to expand the amount of data too much and to keep the time spent collecting data within reasonable limits. Closed-ended single choice, multiple choice as well as one scale question have been designed. At the end of the questionnaire it was possible to leave a comment in open form.

Questions 1-3 are background questions that ensure only respondents belonging to the target group will be interviewed, though when sensible compromises were made regarding suitability to participate in the survey. Questions 6, 7, 11 are excluded from analysis in this study. Q 13 and 14 do not in fact belong directly to any of the IQs. However, results from these Q have been found very valuable by the case company and will be presented to the reader under results section 4.3 exclusively for this reason.

Thought was given to the option of collecting anonymous answers but in this case it was decided to connect the answers to the responses, so that Fiare Oy will not contact respondents that have refused to know more about Fiare Oy. Therefore, no promise was made to the respondents in the questionnaire cover letter regarding anonymity of their responses.

An overview of the IQs with corresponding theoretical framework chapters, matching measurement questions from the questionnaire and the results chapters are presented in the overlay matrix from Attachment 1. The reader is referred to the overlay matrix when searching for proves of how the theoretical framework and the empirical data as well as research results work together.

### 3.3 Data collection and research responsiveness

For data collection purposes the case company provided the author with a Skype account including credit for international calls. However at the first attempt to make calls to the US the author noticed that the 2013 contact list did not contain telephone numbers of the contacts. This was an unpleasant surprise and was unsatisfied, as the author ended up spending a considerable amount of time trying to find telephone numbers of the contacts. She mentioned this to the case company and advised with them on how to make the data collection more effective and efficient. Since the 2012 contact list included almost the same contacts as the 2013 contact list, the author and Fiare Oy decided to continue the data collection with the 2012 contact list.

As the author noticed at later stages during the thesis process, a research mistake occurred in the fact that a pilot testing of the questionnaire was not included in the research design. The author is well aware of this failure and has reflected about this failure and upon ways to improve this aspect in section 5.4 of this report. However some improvements were made in the data collection after an initial amount of 9 calls on 11 April 2013.

Other improvements were also made along the way. For example in Q6 and Q7 term “vertical” was planned to be used but during the first interviews, it became clear that the term “category” and “sub-category” was easier recognized and understood by the target group, so the author made this change in the questionnaire. In Q10 the first respondents were mentioning answers such as “E-mail pushes” and “GEO tracking” which were then taken up as response options for the following participants. Q13 proved to be formulated in a misleading way because the first participant for example understood that the Q includes not only costs related to the web platform but also other costs such as staff costs etc. For this reason, this was clarified for the future participants.

The actual data collection was carried out later during the summer over the period of 4 calendar weeks between 22 July and 15 August 2013. On the first day of the actual data collection the author made a number of 15 calls and successfully recorded one first

answer. After this day the author discussed with the case company how to improve the response rate. Fiare Oy had already participated to some local media conferences in the US during the spring and had noticed that among various positions in the target companies the publishers were the contacts whose job descriptions was related the most to web platforms for classified advertising. Therefore the company advised the author to move away from contacting sales and IT contacts and towards contacting publishers of the same companies. This reduced the original contact list from 200 contacts to 100 contacts.

Contacting only publishers improved the response rate but brought with it another problem, since there were not enough publishers on the contact list to reach a reasonable amount of interviews for a Bachelor's thesis. To solve this problem, the author made a desktop research and found a list of local news media in the US with direct telephone numbers of the publishers in each company. This list was found on the webpage of the Association of Alternative Newsmedia (AAN). After obtaining permission from Fiare Oy the author used this list to complete the missing amount of interviews.

Calls and interviews were conducted in the English language using the Skype software. Answers were recorded into a coded questionnaire designed with the Webropol software. Haaga-Helia University of Applied Sciences (Haaga-Helia UAS) provides access and logins to this software; therefore it was a convenient option for recording interview answers in this study.

Calling time was usually between 16:00- 21:00 Finnish time, which corresponded to 8:00-13:00 US time. In the mornings US contacts were easier available for the survey, whereas during the afternoons they are often caught for many hours in various meetings, which made data collection a bit challenging. An average interview lasted about 8-10 min.

In total during a 4 weeks period of time 187 calls were made amounting to 20h calling time. 88 contacts were contacted from which 20 responded, 5 refused to participate

and 6 were illegible to participate, resulting in a reasonable response rate of 22.7% for a telephone interview with prospective customers. As mentioned in section 3.1 collecting quantitative data from prospective customers through telephone interviews is not an easy task regarding data collection, so this is considered to be a relatively good result. Table 1 summarizes the data collection in numbers excluding the 9 calls from 11 April 2013. Needless to say it would have been better to collect double the number of interviews than 20. However, considering the challenging data collection method and target group, as well as the time limitations for a Bachelor's thesis, the methods adviser, the case company and the author are satisfied with this result and consider it representative enough for the target market.

Table 1. Data collection in numbers (excluding the 9 calls from 11 April 2013)

<b>Number of calls made</b>	<b>187</b>
Number of persons contacted	88
Number of responses	20
Number of persons illegible to respond	6
Number of refusals	5
Average amount of calls per contact	2
Number of hours spent calling	ca. 20h
<b>Response rate</b>	<b>22.7%</b>

The biggest challenge was to reach the contact persons in the target companies. Quite a number of the contacts did not work for the company anymore, pointing to the fast past working environment in the US. From an interviewer point of view the biggest challenge was to aim for collecting as many answers as possible for my thesis, while at the same time not pursuing this personal goal at any cost but leaving a good and professional impression about Fiare Oy in the respondent's memory.

Another challenge that came up was that US companies very often have answering machines which sometimes completely replace an operator. These automatic answering machines often asked for the caller to input direct telephone extensions of the contact

person, which were not on the contact list and were otherwise also hard to find from the internet. The answering machines sometimes asked to input the name of the person, which was not possible to do through the Skype dialling pad. This led to the fact that some contact persons could not be reached even once during the whole duration of the data collection. Since the author was one of the only persons calling from Europe and with a different accent, she was often recognized by the secretaries and had sometimes a hard time reaching the company contact that had decision power and would have been qualified to answer the survey.

## 4 Results and interpretation

The results and interpretation chapter presents to the reader the research results and the author's interpretation in the order of the IQs 1-4. The reader is referred to the overlay matrix (Attachment 1) whenever in confusion about the relation between IQs, measurement questions, theory chapters and results chapters. In section 4.1 the author saw it fit to introduce results to background questions which are characterising the respondent pool. Section 4.2 presents answers to IQ1 namely it introduces the web platforms that are currently used in the market. Section 4.3 deals with IQ2 and thus with the satisfaction level of respondents with their current web platforms for online classifieds. Section 4.4 introduces answers to IQ3 which are related to the development of the US online classifieds market in the near future. In section 4.5 the reader finds out about respondent's desired improvements in online classifieds which are covered in IQ4.

The relatively small amount of 20 telephone interviews does unfortunately not allow for any statistical analysis of the results in this study. For a correlation and cross-tabulation analysis a minimum of 30 responses would have been necessary. This was not seen as expanding behind the scope of this thesis, since data collection already required 20h of telephone calls to collect the 20 answers used in this results analysis. Thus a statistical significance of the relationship between variables cannot be applied, but the results presented are merely describing the investigated phenomena.

### 4.1 Respondent pool characteristics

In this section responses to the first questions of the questionnaire (Q 1, 2, 3) are presented. These are the questions that are referred in the overlay matrix (Attachment 1) as background questions. The purpose of these questions was to describe the respondent pool, to validate the results and to establish their relevance in relation to the RQ and IQs of this study.

74% of the respondents (n=20) were directly involved with online classified advertising in their company whereas 26% were not directly involved but felt they qualify to re-



spond in the name of their company. 70% of the respondents were currently running online classified advertising and 30% answered something else (Figure 8). These values show that the research was conducted with the right target group as described in section 1.4, namely that majority of respondents was directly involved with online classifieds in their company at the moment of this survey. Needless to say, 100% coverage would have been better. For more comments on this subject the reader is referred to 4.6 of this report.

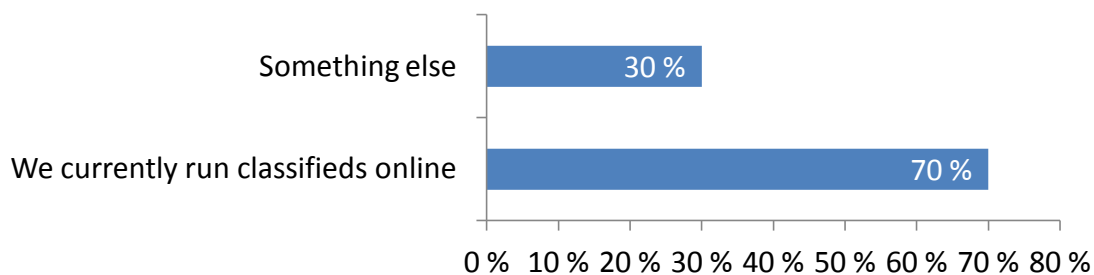


Figure 8. Involvement of respondent's companies with online classifieds (n=20)

Responses of participants who answered "Something else" are presented in Table 2. These respondents did not yet have a web platform for online classifieds, had not yet started in this field, had currently given up this field of business or did not have online classified advertising; neither were they planning to start in this field.

Table 2. Open-end answers of respondents who did not run online classifieds

We have online classifieds but we do not currently have a platform
We are planning to start in online classified advertising business
We had online classifieds earlier but we gave up on them
We do not have online classifieds business nor plan to start anytime soon

This group of companies is very interesting to Fiare Oy as prospective customers. These companies are still using primitive methods to publish their classifieds online such as PDF. Fiare Oy can offer them proven monetization models of FiareAds (see section 1.3) and thus an improvement on running their online classifieds. Fiare Oy has something to offer also to those companies who are planning to start in the market but

who are possibly not aware of latest technology in the field and the difference it can make to their remuneration. Lastly Fiare Oy could possibly also help revive the online classifieds business of companies who were in this business but gave up on it because they lost the battle against more productive companies.

Respondents' function in relation to online classified advertising is shown in Figure 9. 50% of the respondents were publishers, 20% were from advertising, 15% were general managers or owners, 10% were from the sales team and 5% were editors. As advised with the case company the best contact persons inside the target companies proved to be the publisher (see section 3.3). It was of great help that Fiare Oy had identified the publishers to be the right contact persons for this survey. Without this information, the results of this study would by far not be as relevant to Fiare Oy as they are now. This is an example of a good collaboration between case company and thesis student.

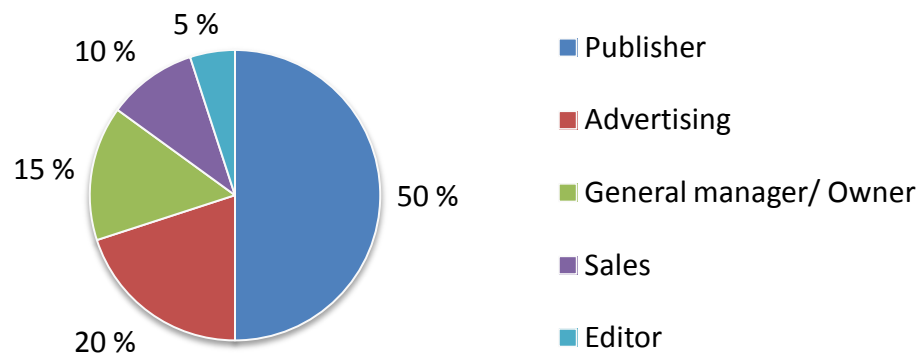


Figure 9. Respondent's function in relation to online classifieds (n=20)

#### 4.2 Present-day web platforms in the US market

For Fiare Oy to be able to build a sales strategy for the US market and develop the market further, it is crucial to first understand how the market is functioning at the moment. To help Fiare Oy with this aspect, IQ1 was created and Q4&5 were designed in the survey questionnaire.

These questions are based on the theory presented in section 2.1 where we looked at options in building an E-commerce site and the importance of web platforms in the

success of the business. We talked about main options in building and hosting an E-commerce site which are: in-house, by outsourcing or by taking mixed responsibility. We also looked at different risks and budgets, advantages and disadvantages connected to these choices.

To address these aspects Q4 of the survey questionnaire was created. The purpose of the question was to help Fiare Oy understand what web platforms are currently used by US new media companies. Figure 10 presents responses to this question. From Figure 10 (n=17) we can see that 59% of the respondents are using a commercial platform, 18% are building their own web platform, and 12% are using open source software. Another 12% are publishing their classifieds to the web only by uploading a PDF file and are offering this as a free service.

When we look at the theory in section 2.2 it is not surprising that most interviewed companies use commercial platforms for their online classifieds. The literature has clearly stated that building an E-commerce site in-house from scratch (home grown platform) is usually more expensive, has longer time to market and has a higher tendency to fail than a commercial platform. Building a web platform using open source software on the other hand requires some programming skills and brings with itself the challenge to combine different site tools to work together in a harmonious way. Compared to these two options, a commercial platform is easier to start using, shortens the time to market and is more cost-effective because it often provides all site functionalities. This is also one of the main advantages of FiareAds which is an existing and web functioning platform which's costs are easy to anticipate because Fiare Oy divides them by all customers.

In the author's opinion and considering the literature presented in sections 2.2 and 2.3 uploading a PDF file with classifieds to the web is a rather primitive web publication method for this industry. Respondents themselves seemed to be well aware of this fact and most of them were interested to improve this situation. One aspect that will probably interest Fiare Oy is that with PDF files companies cannot monetize but completely lack a business model for online classifieds. We saw earlier in this section that

this is an absolutely critical factor to the success of a business in this field, thus these companies represent to Fiare Oy a good target for sales.

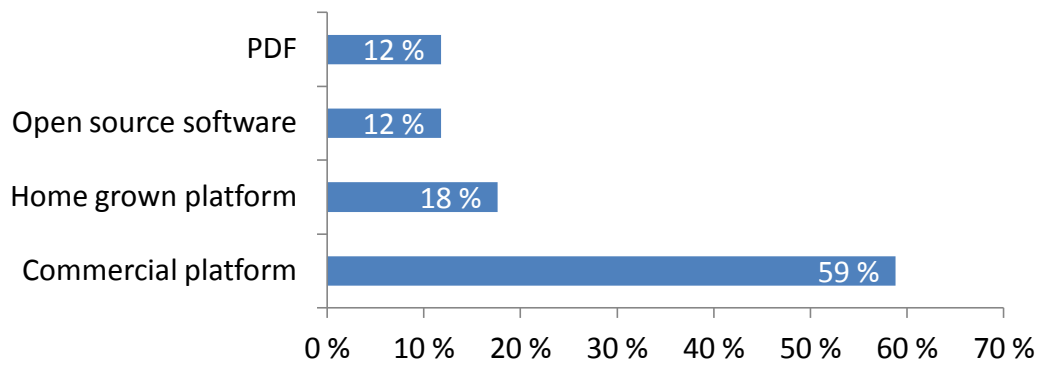


Figure 10. Types of web platforms and other web publication methods currently used in online classifieds by respondent's companies (n=17)

The questionnaire did not comprise any questions related to competitors because it was seen as exceeding the scope of this thesis. However, some respondents freely mentioned the name of the platform or software they are currently using for online classifieds. The author has considered this an unexpected result and decided to present these results in Table 3. Some of the commercial platforms currently used in the market are Atex, Scoopkit, AdOwl, Technivia and AdPerfect. One open source software was also mentioned namely WordPress. The author will further elaborate on the importance of competitor web platforms in section 5.

Table 3. Commercial web platforms and open source software currently used by respondent's companies (n=6)

<b>Commercial platforms</b>	<b>Atex, Scoopkit, AdOwl, Technivia, AdPerfect</b>
<b>Open source software</b>	<b>WordPress</b>

Q5 of the questionnaire aimed to identify the life cycle of the platforms currently in use in the US market. This information is relevant for Fiare Oy because in case most companies would be using brand new platforms based on latest technology, Fiare Oy would know that the technological aspect would most likely not be a differentiating feature of FiareAds but they could focus on the business model, maintenance and upgrading or other sales arguments to secure the sale.

Figure 11 shows that majority of the respondents (33%) had already been using the platform for a while and another 13% considered they need to think of new options soon. Only 27% had just purchased a new platform, which means they are not interesting for Fiare Oy in the near future as sales targets. The good news is that 27% were currently looking for a new platform. These are hot leads for Fiare Oy that they can immediately get in touch with for the purpose of initiating the sales process.

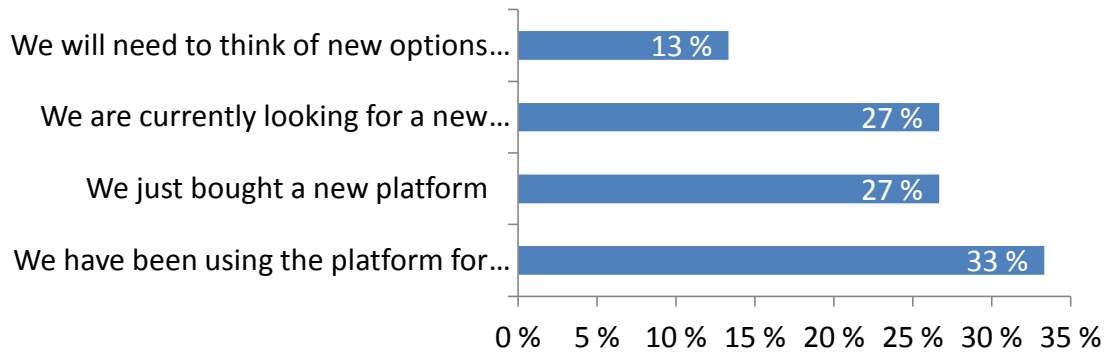


Figure 11. Life cycle stage of web platforms for online classifieds used by respondent's companies (n=15)

### 4.3 Satisfaction in US market with present-day web platforms

This objective of the study was formulated under IQ2. Q8 of the questionnaire addresses the satisfaction of respondents with their current revenues from online classifieds. 44% of the respondents mentioned they are satisfied with current revenues from online classifieds and 56% mentioned it could be better (Figure 12). This result is close to a 50/50 result, which is in harmony with results in Figure 11 where 40% of respondents said they are either now looking or a new platform or they will soon need to look for it.

A correlation or cross-tabulation of the results would have been interesting in this case, because it would have been beneficial to see how maybe of the respondents who are looking or not for a new platform are satisfied with their sales revenues. Sometimes respondents give contradicting answers to different questions which can be better understood with the help of statistical analysis, which in this case was not possible due to a rather low amount of responses.

The author would also not be surprised if the 56% who are not satisfied with the revenues would be the companies which use PDF, home grown and open source software in their online classifieds. We learned from section 2.1 that before planning the publication method, a business strategy and business model has to be identified. Without this step it is difficult to design the right functionalities in the platform.

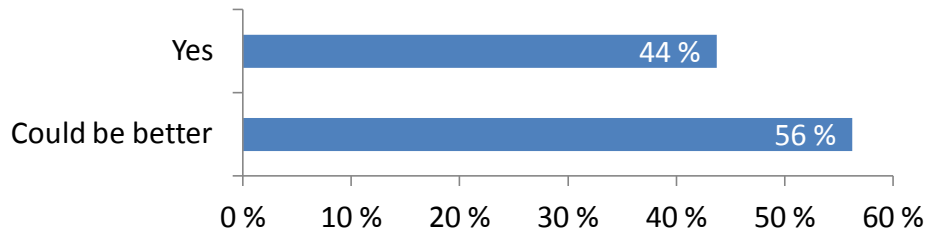


Figure 12. Respondent’s satisfaction with current revenues from online classifieds (n=16)

As an addition to Q8 the author has compiled in Table 4 the reasons indicated by the respondents behind their lacking satisfaction with revenues from online classifieds. In most cases respondents were not satisfied with the capabilities of the program, thought their platform was too old, or they had only offered free online classifieds.

Table 4. Open end answers of respondents who were not satisfied with the current monetization of their online classifieds

Capabilities of the program
Old platform built on JavaScript 2006
So far no monetization, only free online classifieds
Model is good but amount of advertisements could be higher
Good monetization only with adult section (not preferable)

To further address the satisfaction level in the US market with current platforms Q 12 was created with the scope to identify between satisfaction with revenue generation, amount of administrative tasks and current costs. By looking at the results to this ques-



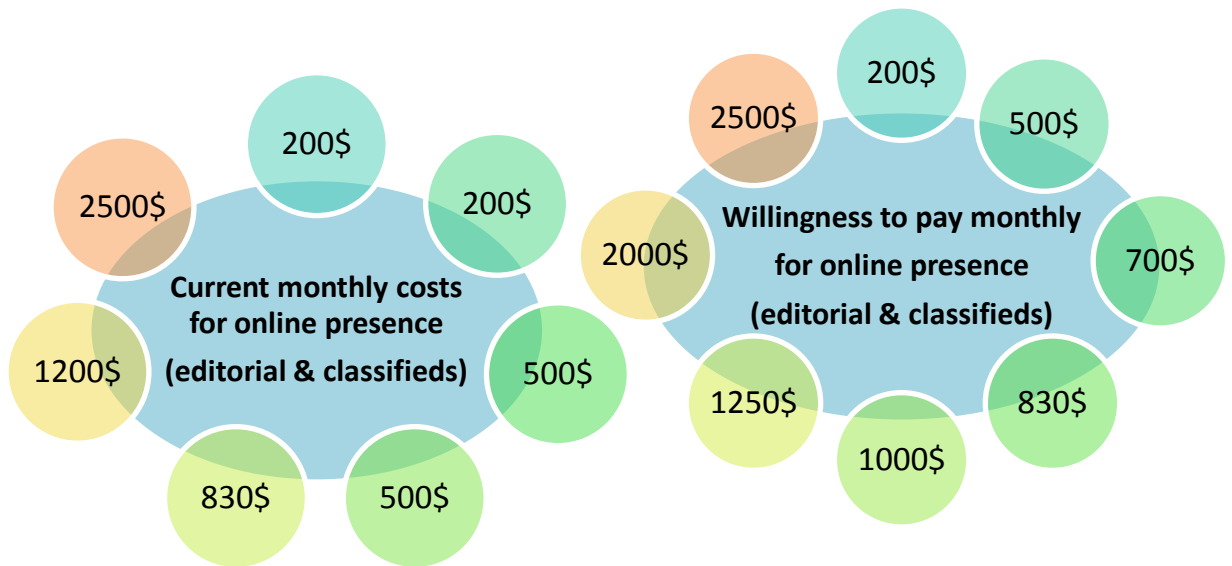


Figure 14. Respondent's monthly costs for online classifieds & editorial site (left, n=7); Willingness to pay for an excellent classifieds & editorial web platform (right, n=8)

#### 4.4 Development of US online classified advertising market

According to New Q (see Attachment 1, IQ3) only 71% of the respondents (n=17) make currently profit from their online classifieds whereas 29% publish classifieds online as a free service making therefore no profit from this service. This makes the author think that 29% of the respondents would not mind to make profits from online classifieds if they knew how to monetize them or what business model would suit them. This is pointing to opportunities for Fiare Oy in this market. One of the strengths of FiareAds is that it is proven on multi-vertical advertising; it supports various business types such as sales, rental, auction and services and has several monetization models in place such as subscriptions, pay per view, contacts received, sales made etc.

Results of Q9 (Figure 15) show that 44% of the respondents (n=16) are not confident in their online classified business but expect sales to go down during the next 2 years. 25% expect sales to stay the same and 31% expect sales to go up. These results are a bit in contradiction with trends in online advertising presented in section 2.4 where according to literature more SMEs are expected to enter the E-commerce field. The literature also mentions as a trend the fine-tuning of online business models which is



expected to increase profitability. It seems however that at least big part of the respondents to this study is not that confident in this trend.

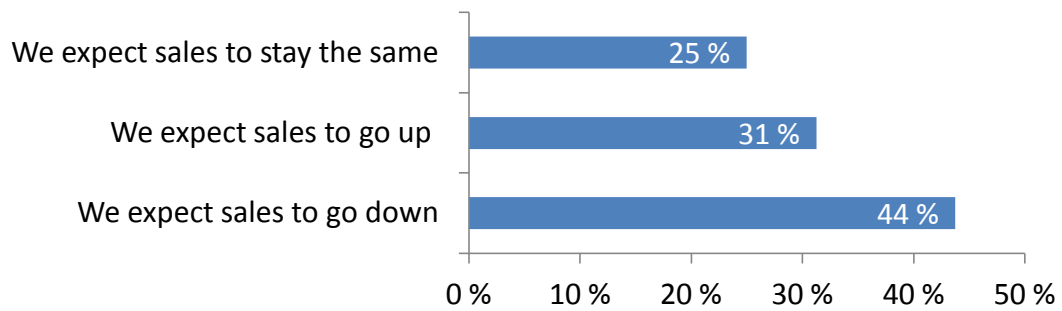


Figure 15. Respondent’s expectations of market development in online classifieds during the next 2 years (n=16)

The author has seen it fit to present the results to Q15 by representing each respondent with a dot on the US map (Figure 16). This was done in the hope that a geographical concentration of companies interested to hear more about Fiare Oy would be visible. Indeed such seems to be the case. The green dots (50% of respondents) represent respondents that requested a short interactive video about Fiare Oy in the end of the survey (Q15) and the red dots stand for companies which chose not to receive the video (50% of respondents). A concentration of green dots can be seen in the Midwest and Northeast part of the US, so the author suggests to Fiare Oy to further investigate this area for business opportunities.

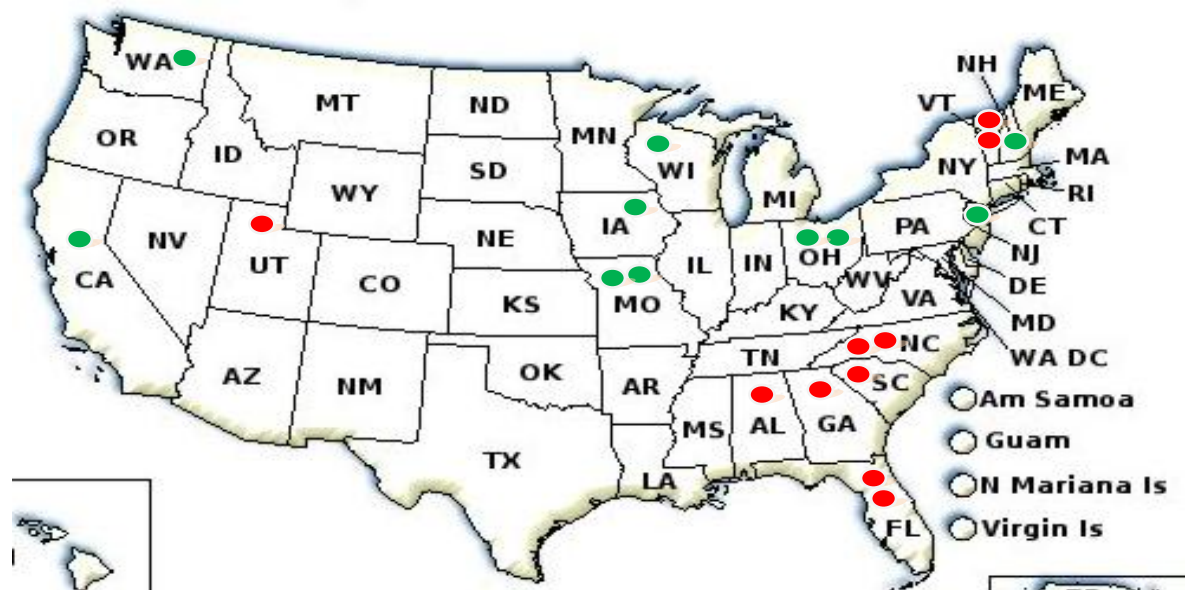


Figure 16. Geographical location of respondents (green=interested/red=not interested to learn more about Fiare Oy)

#### 4.5 Desired web platform improvements in the US market

IQ4 deals with the desired improvements in online classifieds among the survey respondents. Q10 was created to solve this IQ and the results are shown in Figure 17. The total percent values add up to more than 100% because this was a multiple-choice question. The values are calculated out of the total number of respondents (n=20). 20% of the respondents had recently upgraded their web platform and were currently not interested in further upgrades.

Among the desired improvements the mobile channel was the most popular with 50% of the total respondents looking forward to this improvement. Mobile channel means that the web platforms can be used on mobile devices additionally to the PC. This is in clear accordance with online trends mentioned in the literature (section 2.4) which already predicted that by the end of 2012 every third click will come from a mobile device and the mobile platforms will compete stronger with the PC platforms. Also the interest of 45% of the respondents in integrating their web platform with social media does not come as a surprise because the literature also mentions clearly that the number of adults present in social media and especially Facebook will continue to increase.

A rising trend is the GEO tracking. 35% of the respondents were interested in this improvement. The literature also mentions that the GEO location of mobile users will be tracked even more in the future down to the zip code, therefore this result is not surprising. What is surprising is an interest of 20% of respondents in E-mail pushes, because the literature mentions E-mail spam will continue to be a problem and it is otherwise also a rather aging advertising method. The author takes the liberty to comment that from this point of view and when thinking of PDF files used for online business the US local news media market looks a bit old fashioned and Fiare Oy could possibly bring some fresh air to this field in the US.

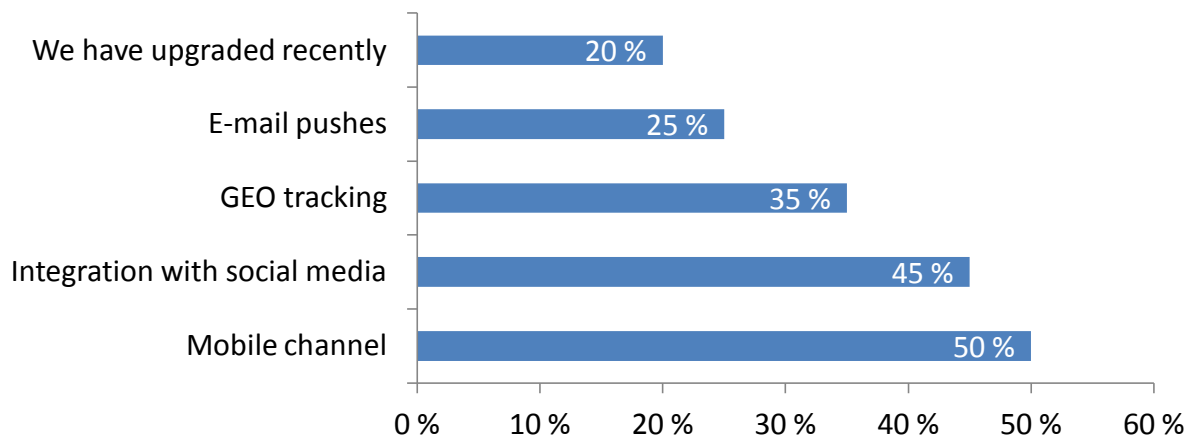


Figure 17. Respondent's interest in online classified improvements (multiple choice questions, n=12); Values are calculated from total number of respondents (n=20)

#### 4.6 Results validity and reliability

Before going into what reliability and validity mean in this study, the author sees it fit to be self-critical and mention that the sample size of this study is very small. With a small sample size the likelihood of errors increases. 20 interviews are close to a minimum in a quantitative study. A good amount of interviews would have been close to 100. Due to the small amount of interviews the results could also not be statistically analysed, which is a clear minus in a quantitative analysis. A correlation or cross-tabulation analysis would have brought new insights into the data if the number of interviews would have been larger. The author regrets this fact and brings it back to the limitations of the amount of time reasonable to spend on data collection in a Bachelor's thesis.

The respondents are representative of the populations and the target position in the company was very well defined by the case company, namely publishers of target companies. The results are useful and relevant to the case company as can be seen from Fiare Oy's feedback on this thesis (section 5.3). In the light of the theory the results are conclusive and are not exceptional in any way. Nonetheless, the sample would have been even more representative to the population if 100% of the respondents were currently running online classified advertising business and if 100% of the respondents would have been directly involved with online classifieds in their company.

As discussed earlier in section 3.2 the ethical choice was made not to keep the responses anonymous but to link them to the responding person and company. As such the respondents were also not promised anonymity; neither did they ask for it themselves. This practice can be questioned; it is however commonly used among market research companies in B2B research projects.

In this case it is considered that respondents do not answer in their own name but in the name of the company they are associated with at the time. The usefulness of B2B research results would also lose relevance if the case company could not be in contact with the companies interested in cooperation or if they would repeatedly contact companies that already rejected participation in this study. Since the full contact list with all details was available to the case company through their participation to the conference of the Association of Free Community Papers it was considered that there was no specific need to protect the identity of the respondents towards Fiare Oy.

Terms such as reliability and validity will first be defined as found in the literature and then applied to this study for an assessment of the research process and the results. *Reliability* assesses if the “data collection techniques and analytic procedures would produce consistent findings if they were repeated on another occasion or if they were replicated by a different researcher” (Saunders et al. 2012, 192.).

Regarding reliability of this study, the author has noticed afterwards that she did not pay special attention to reading the questions to all participants exactly as written in the questionnaire introduction but has sometimes improvised and sometimes left some of the information out if she dealt with a busy person who was not sure if to sacrifice time for this survey or not. Another mistake that could affect on the reliability of results is that the author did not speak to all participants in the same tone of voice, which also could have an effect on results reliability.

The literature talks about internal validity, content validity, criterion-related validity, and construct validity. For the purpose of this study, the author has chosen to assess internal validity and content validity. *Internal validity* is “the ability of your questionnaire

to measure what you intend it to measure” (Saunders et al. 2012, 429.). *Content validity* “refers to the extent to which... the measurement questions... provides adequate coverage of the investigate questions”. (Saunders et al. 2012, 429.).

In the opinion of the author internal validity of the questionnaire was high, excluding Q13 where the author faced the challenge that respondents were confused and wondering whether total costs of online presence also relates to staff costs and other costs or only to costs related to the website. Content validity is also considered to be relatively good, even though more questions could have been constructed to address each IQ. On the other hand respondent’s time is limited and the researcher needs to pay attention not to exhaust the respondent and thus risk receiving only a partial response.

## 5 Discussion

Previous chapters of this thesis introduced research topic background, RQ and IQs, the case company, and FiareAds web platform as a service. Next theories from literature, research design and data collection tool were introduced. In the previous chapter research results were shown to the reader. The chapter at hand summarizes key findings of this study in section 5.1 and gives recommendations for further action and research to Fiare Oy in section 5.2. Section 5.3 includes Fiare Oy's feedback to the student and to Haaga-Helia UAS. The discussion chapter end with section 5.3 in which the author reflects on the entire thesis process and on personal learning.

### 5.1 Key findings

To begin with this study confirmed to Fiare Oy that the right person to talk to in prospective US customer companies is the publisher. This person knows most about the type of web platform used in the company for online classifieds, the problems faced, the company needs, future plans and desired improvements. This is valuable information for Fiare Oy because it clarifies who is the target person in the sales approach.

This thesis clarified for the case company to some extent how the market environment current looks like. Through the results of this study it became clear that there are three possible groups of target companies for Fiare Oy. A first group is formed of companies who currently have online classifieds but do not make profits because they do not have a web platform with a suitable business model in place. A second group is formed of companies who are planning to start with online classifieds and thus have no experience in this field. A third group comprises of companies who run online classifieds earlier but give them up because of lack of success in this field of business. Fiare Oy could consider to segment the market according to these groups or to investigate the market further for a more accurate segmentation.

Other possible segmentation criteria could be done according to the web publishing method respondent companies use for their online classifieds. Fiare Oy could have different sales approaches to companies who use different types of platforms. For ex-

ample companies who already use a commercial web platform can be approached differently than companies who build own platforms, who use open source software or who only use a simple PDF file.

This study brought light on the fact that a majority of the respondents had already been using their platform for a while and another group considered they need to think of new options soon. The good news is that about a third of the respondents are currently looking for a new platform. These are companies that Fiare Oy can immediately get in contact with to initiate the sales process.

The thesis at hand clarified to some extent the reasons behind respondents' lacking satisfaction with revenues from online classifieds. Respondents were not satisfied with the capabilities of the program, thought their platform was too old, or they had only offered free online classifieds. From another point of view respondents were more satisfied with costs relating to online classifieds but less with revenue generation and amount of administrative tasks. For Fiare Oy this means that when approaching the market advantages of FiareAds related to these topics should be brought forward.

A relevant piece of information from this study is that only 2/3 respondents make currently profit from their online classifieds. This is pointing to opportunities for Fiare Oy in this market. A certain concentration of companies who requested additional information about Fiare Oy could be seen in the Midwest and Northeast part of the US. This is an interesting area for Fiare Oy. However, the author sees a challenge for Fiare Oy in convincing the 44% of the respondents that online classifieds is a growing market. These respondents are not confident in their online classified business but expect sales to go down.

Regarding improvements in online classifieds respondents are interested as expected in the mobile channel, integration with social media and GEO tracking. The author and the case company did not particularly consider the GEO tracking when planning this research, so one can say it came as a surprise. On the other hand, as we have seen in section 2.4 this is a trend in the market and as such it is not that big of a surprise.

## 5.2 Recommendations for further action and research to Fiare Oy

In this section the author presents recommendations to the case company regarding further actions to develop the US market. This study has answered questions such as what does the target market need, where it could sell best and how is the market changing. To compete in this market further questions need to be answered such as what does the target audience want and why do they want it, how can it be brought to them and what are the competitors doing. The author suggests Fiare Oy to focus on answering these questions.

A first suggestion for immediate action to Fiare Oy is to contact the respondents who mentioned they are currently looking for a new platform. These are companies that Fiare Oy can immediately get in contact with to initiate the sales process. The author also suggests to Fiare Oy to contact other companies which can be found on the webpage of the US Association of Alternative Newsmedia (AAN). This association holds a large database with contact details of publishers and general managers of US local news media companies which can be of interest to Fiare Oy.

The first suggestion the author can make based on the findings of this study is for Fiare Oy to proceed with market segmentation of the US. As has been introduced in the previous section of this report, one possible segmentation criteria could be according to the current situation of target companies. The market could possibly be segmented into companies who currently do not make profits from online classifieds, companies who are planning to start in this field and companies who lost confidence in online classifieds and have given them up.

Other possible segmentation could be done according to the web publishing method used by target companies. For example companies who already use a commercial web platform can be approached differently than companies who build own platforms, who use open source software or who only use a simple PDF file making currently no profit for online classifieds.



When creating sales strategies for different segments the author sees it fit to advise Fiare Oy to concentrate on the factors that respondents were not satisfied with. These factors were revenues generation models, capabilities of FiareAds emphasizing that it uses new technology and it is kept up to date and the fact that FiareAds reduces the amount of administrative tasks for the customer company. Especially the proven and functioning revenue generation models should be emphasized since this seemed to be a problem in the market.

Fiare Oy is advised to further assess the price to which they can offer FiareAds as a service to the US market. Here they need to consider what packages could be offered to which segment and at what price. Further market analysis is needed to be able to answer this question. Hand in hand with this approach goes also a thorough competitor analysis in the US market. This thesis has only scratched the surface regarding this topic by collecting some names of competing platforms used in the market without having directly concentrated on this aspect. Further work is needed in this direction to understand how to position FiareAds in the market and what monetization models are used by the competitors. It would be important to know also on what basis these competitors compete (price, business model, features etc.) and how intense the competition is.

Based on results from this thesis Fiare Oy is advised to focus its further investigations in the Midwest and Northeast part of the US because requests for further information about Fiare Oy came mostly from that geographical area. Regarding improvements in online classifieds Fiare Oy is advised to focus mostly on the mobile channel, integration with social media and GEO tracking keeping in mind that a certain part of the respondent companies were interested also in E-mail pushes.

### **5.3 Fiare Oy's comments and feedback**

Tommi Heikkonen, CEO of Fiare Oy gave positive feedback about the relevance of the thesis topic, the quality of the work done and the level of collaboration during the thesis process. Some excerpts from the feedback can be found below.

“When we are analysing the US market potential, Diana’s thesis provides one element for the analysis. It is useful mainly due to the fact that it is difficult to find numbers, which are related directly to our field of business. Now we have at least some numbers. By far most useful part is the pricing section. This thesis will have impact on the pricing of our renewed offering.”

“I got an impression, that Diana is a hard working and disciplined student, who very likely will prosper in the business world, if that is what she desires after the graduation. From our stand point it was beneficial, that Diana has also some life and work life experience behind her. I could imagine that the process would have been less straight forward if this was not the case.”

Fiare Oy was satisfied with the level of relevance of the thesis topic, which was developed in close collaboration with the management team. The company mentioned in their feedback that they would have liked the author to cover more of their research needs. However the company understood that this is not possible when taking into consideration that a Bachelor’s thesis is only worth 15 credits.

### **5.4 Assessment of thesis process and own learning**

A positive aspect of this thesis is that the right theory was consulted, a functioning data collection tool was built, and data was collected so that the RQ and IQs could be successfully answered. Additionally one of the most important learning outcomes of this thesis was the realization that the work of creation like the one involved in the creation of this report requires time. If that time is not available or the creator fails to plan and reserve time for various parts of the report to be approached, the process of creator

can easily become a source of stress. Someone said “Time can be your best friend or your worst enemy.” and the author can only agree with this statement.

An important observation of the author regarding data collection is that it is absolutely crucial for results reliability to invest time in identifying who is the right target group to contact. In this case it made a big difference to contact publishers or sales people for example. It did not help that they were both involved with online classifieds in their company. Job descriptions are so different and specialized in our days, that even two people sitting next to each other in the same department can have access to absolutely different type of information. This is why time must be reserved before the actual data collection to identify who is the best person to talk to in a company regarding the topics of research.

In terms of failures during the process of creating this thesis, one of the most important failures has happened in the research planning process with the omission to test and pilot the research questionnaire. Results reliability could have been improved if all necessary changes would have been done at once before the actual data collection and not along the way as it had to be done in this case. This is definitely a point the author wants to improve on next time this type of project comes will be approached.

A second aspect touching on result reliability that could have been improved if a survey piloting would have been performed is that the researcher could have found out what are the professional terms used in that specific market. For example in Q 6 & 7 the author used the terms “vertical” as the case company had advised. However while interviewing the author realized that this term was not clear to the respondents and therefore changed to the term “category” and “sub-category” for the remaining interviews.

A third point that could have been improved through survey piloting relates to Q10 (Attachment 3). In this question the author and the case company originally thought of offering only two answer options namely “mobile channel” and “integration with social media”. As the interviews went on the author realized that the respondents were

mentioning also other two options which were “GEO tracking” and “E-mail pushes”. Possibly also this aspect could have been improved on after a piloting phase and thus more homogeneity of the results could have been achieved.

There is another aspect that could be improved on regarding results reliability as the author mentioned earlier in section 4.6. Next time telephone interviews are performed the author would like to improve on paying attention to read the questionnaire introduction and questions to all participants exactly as they are written in the script. If possible it would be good to concentrate also on reading them out to all participants with the same tone of voice and without making comments in between. This way a better homogeneity could be achieved in the data collection.

Overall the RQ and all four IQs have been answered through this Bachelor’s thesis and thus the objectives and the scope of this thesis have been accomplished. Most important is the fact that Fiare Oy also considers these results relevant to the decision making process regarding the new company strategy.

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## Attachments

### Attachment 1. Overlay matrix

Investigative questions (IQ)	Theory chapters	Measurement question number	Results chapters
Background questions	-	1, 2, 3	4.1
<b>IQ1</b> How does local US news media currently run online classifieds business?	2.1, 2.2, 2.3	4, 5	4.2
<b>IQ2</b> How satisfied is this media with current web platforms for online classifieds?	2.1, 2.2, 2.3	8, 12, 13, 14	4.3
<b>IQ3</b> In which direction is online classifieds business expected to develop?	2.4	New Q*, 9, 15	4.4
<b>IQ4</b> How does this media expect web platforms for online classifieds to be improved?	2.4	10	4.5

\*Note: New Q is a question that did not exist in the questionnaire as such. At the results analysis stage however, the author realized answers were found among the free comments section that made answering such a hypothetical question possible.

## Attachment 2. Questionnaire introduction

Hello,

My name is Diana Tulea. I am calling from Finland in Europe. More specifically I am calling from Haaga-Helia University of Applied Sciences in Helsinki. This is not a sales call, but a university project so please bear with me!

As part of my Bachelor's thesis, I am conducting a survey for the Finnish software company Fiare Ltd. Fiare provides online platforms for classified advertising and editorial sites for local news media.

Because your company is operating in this field, I would like to talk also to you. The survey will take about 10 min of your time. I would appreciate your point of view very much.

Would you be willing to participate and help me out? If now is not a suitable time, when could I call you again?



### Attachment 3. Survey questionnaire

1. Is your company related to classified business or has interest to start in the market?
  - We currently run online classified advertising business
  - We are planning to start in online classified advertising business
  - Something else, what?\_\_\_\_\_
  
2. Are you directly involved with classified advertising business in your company?
  - Yes
  - No, who else could I contact in your company?\_\_\_\_\_
  
3. What is your function in the company in relation to online classified advertising business?
  - Sales
  - Marketing
  - IT
  - Something else, what?\_\_\_\_\_
  
4. On what type of platform is your company currently running classified advertising business?
  - Home grown platform
  - Commercial platform
  - Open source software
  - Something else, what?\_\_\_\_\_
  
5. What is the current stage of your platform's life cycle?
  - We just bought a new platform
  - We have been using the platform for a while already
  - We will need to think of new options soon
  - We are currently looking for a new platform

6. Are there any new categories or sub-categories that you are currently looking at in classified advertising?
  - Yes
  - No
  
7. If yes, which of the following categories or sub-categories would possibly be interesting to your company?
  - Automotive (boats, bikes, other vehicles)
  - Market place/ classified real estate
  - Job services directory
  - Machinery
  - Businesses for sale
  - Auction
  - Entertainment
  - Travel
  - Something else, what?\_\_\_\_\_
  
8. Are you satisfied with your current monetization/revenues?
  - Yes
  - Could be better, in which aspect?\_\_\_\_\_
  
9. How do you expect your classified advertising business to develop between 2013 and 2015?
  - We expect sales to go up
  - We expect sales to stay the same
  - We expect sales to go down
  
10. What kind of improvements would you like to see in classifieds?
  - Mobile channel
  - Integration with social media
  - GEO tracking

- E-mail pushes
- Something else, what? \_\_\_\_\_

11. Do you run an editorial site?

- Yes
- No

12. Considering your online presence (editorial site and classified advertising) how satisfied are you with the following aspects on a scale from 1-5 where 1= very unsatisfied and 5= very satisfied?

- |                                  |   |   |   |   |   |
|----------------------------------|---|---|---|---|---|
| ▪ Current costs                  | 1 | 2 | 3 | 4 | 5 |
| ▪ Revenue generation             | 1 | 2 | 3 | 4 | 5 |
| ▪ Amount of administrative tasks | 1 | 2 | 3 | 4 | 5 |

13. How high do you estimate the costs of your current editorial and classifieds site?

- Monthly costs for editorial site \_\_\_\_\_
- Monthly costs for classifieds site \_\_\_\_\_
- Monthly costs for editorial and classifieds sites together \_\_\_\_\_
- Yearly costs for editorial site \_\_\_\_\_
- Yearly costs for classifieds site \_\_\_\_\_
- Yearly costs for editorial and classifieds sites together \_\_\_\_\_

14. What do you consider reasonable monthly or yearly costs for combined excellent editorial and classifieds site? Assume best of breed revenue generation models for classifieds.

- Monthly costs \_\_\_\_\_
- Yearly costs \_\_\_\_\_

15. Would you like to receive a short interactive video of Fiare Ltd.?

- Yes, what is your email address? \_\_\_\_\_
- No

**Thank you very much for your time and valuable answers. I appreciate your effort very much! It was a pleasure talking to you. Have a great day!**

Contact details to be filled by the interviewer after the interview:

Name\_\_\_\_\_

Company / Organization\_\_\_\_\_

City\_\_\_\_\_

Phone\_\_\_\_\_

Email\_\_\_\_\_