Anthony-Claret Onwutalobi

Building an effective strategic E-commerce development plan for a startup company entering the Nigerian market

Case Study: Portia Web Solutions oy, A finnish startup entering the Nigerian market
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The purpose of this study was to find a suitable and affordable way to develop effective strategic e-commerce plan for a Finnish startup company that intends to enter the Nigerian market. The author intends to find out if the Nigerian business environment is well developed and well prepared to implement e-commerce process.

In order to understand the background of the study, different business and e-commerce theoretical framework was examined. The author applied both quantitative/qualitative method in the study to be able to capture the point of views, behavior and attitude, held by the potential target group on this subject. The study focused on a targeted group of university students and working class between the age of 18-50 years who own or have access to a smart phone or internet broadband network and 500 questionnaires were sent out to this people and 150 responses were received.

Based on the information gathered, the result indicated that there is a huge opportunity of setting up an e-commerce business in Nigeria. It was discovered that Nigerian business environment is becoming more technologically advanced and a huge number of Nigerians have keen interest to buy product or do business online. The study found out also that there are affordable and effective way of developing strategic plans for this company. The principal conclusion was that, developing the company e-commerce strategy and business plan will yield a successful outcome for the company. Therefore, the author concludes that developing this e-commerce strategy and business plan will be a great asset to the company.

| Keywords                  | E-commerce, e-business, e-shop, Internet startup, strategic plan, business models, strategy, Nigeria, e-commerce market, Portiawebsolutions.com |
1. Introduction
The advent of technology and development of the internet and WWW technology has created a lot of opportunities in different industry especially in e-commerce industry. Consequently, e-commerce can be conducted in a global scale and the number of start-up business has doubled in recent time and there is a high number of traditional businesses often referred to as "brick and mortar" entering this "new economy". In Nigeria, electronic commerce (e-commerce) is gradually becoming popular due to proliferation of mobile technology and presently, a huge number of companies and organization have started utilizing it. Portiawebsolutions.com believes that there is a potential market in Nigeria and would seriously consider exploring the opportunity to have an online presence. However, any business considering entering a new domain requires a strategy. Therefore, an entrepreneur or a company must have a strategy for the organization to succeed in any venture. The objectives of organization whether short or long terms are usually considered as the main points in any strategy. Thus, when discussing the strategy the key important points are to identify the organizational targets and how to achieve those targets, and to consider what external or internal factors to be taken into account.

The thesis will focuses on the developing strategic e-commerce business plan for a start-up company that is intending to enter a Nigerian market. The main objective will be to find a suitable, affordable and effective strategic plan of introducing the start-up Finnish company: Portiawebsolutions.com into a Nigeria Market. It is intended to study the e-commerce opportunities in this new terrain and try to identify the obstacle and the challenges in doing e-commerce and to develop a strategic e-commerce business plan for this company and any future start-up companies that may intend to enter the Nigerian market, especially for small and medium e-commerce startup with inadequate resources like the startup under review.

The justification and interest for this study comes from the author’s intention to identify or discover new market possibilities for his E-commerce startup business.

To fulfil this desire, the author is seeking for a reasonable but an effective marketing strategy that can reach their possible targeted consumers in Nigeria. Portia Web Solutions Oy is a fledgling startup e-commerce company that has not yet developed its marketing strategy nor business plan and therefore, the aim of this study is to help them develop business plan and e-commerce strategies that will enable them to establish their newly startup e-commerce business in Nigeria.
The thesis will look at the opportunities and inhibiting factors of successful E-commerce implementation and analysis of mobile commerce in buying and selling products in Nigeria and the author will study different business plans, e-commerce business models and strategies. This study will also explore some theoretical frameworks and give reasonable and objective approaches to examine the present position of the startup firm with the targeted customers, and in the end, create an e-commerce-strategic business plan for the company.

1.1. Objective of the Research

Currently, Nigeria e-commerce activities is in their development stage when compared with the technological advancement and sophistication of e-commerce activities in the developed countries like Finland, US and UK. At such, there is insufficient research or publications or journal report about e-business activities in Nigeria. Therefore, the main objective of the research is to research the best and most efficient strategy for a start-up or low budget company to implement an e-commerce business in Nigeria. By using models, strategies and analytical tools available, the paper will identify and analyze the obstacles and challenges start-up companies may face in setting up e-commerce companies. Upon identifying this obstacles and challenges, the author will formulate a strategic e-commerce plan for the Start-up company (Portia Web Solutions) intending to enter the Nigerian market. After the adoption and implementation of the strategy the author will propose in this study, if the success level is high, there is likely to be an expansion to other African countries, like Ghana and Cameroun.

2. Background studies

2.1. Company overview: Case of Portia Web Solutions

Portia Web solution (PWS hereafter) is a Finnish start-up web development, web design, search optimization and an e-commerce Company that was initially established to offer professional Internet and Website-related services to small and medium firms in Finland, Sweden, Nigeria and other West African Countries. The aim and objective of Portia Web Solution is to offer an affordable and quality web development firm that will mitigate the high cost of developing corporate and professional company or organization website for start-up companies, schools, non-profit organizations and small medium enterprises.
Portia Web Solutions offer services that include Website Design and development services, Hosting and support, E-commerce and turnkey development and installation, Website renovations and upgrades. The company was founded in Helsinki, Finland in 2012 by the author of this thesis Anthony-Claret Onwutalobi and since then the company has been dealing on web development and hosting services.

In 2015, Portia Web Solutions has started making plans to start up a knowledge-intensive high-tech e-commerce company that will be operating in a B2C environment and specialized in both high-tech niche products like electronics and shoes, clothing and other fashion and lifestyle products through a virtual channel, and more specifically through online-shop. Therefore, it is a given that the company will fashion out a new business model and e-commerce strategy and perhaps will design or upgrade its website to meet to the e-commerce standard and policies.

In its present business model, PWS deals with sales representatives. However, the new business model involves removing the middlemen and focusing on a large, borderless market with high-volume sales transactions. In this new business model, PWS proposes to partner with some Chinese firms to become the suppliers of PWS. In other words, PWS wants to offer products through its online-shop that are supplied internally from its Partners.

2.2. Overview of E-commerce in Nigeria
In this section, the author will discuss briefly about Nigeria history, economy, politics and, its business environment. The central issue that will be highlighted to prepare us for this study is to know the rate of internet penetration and factors that may inhibit e-commerce development in the country.

2.2.1. Nigeria Overview
The Federal Republic of Nigeria (Nigeria) is one of the largest countries and the most populous nation in the continent of Africa, with the population stated to be over 181,562,056 million people (CIA, 2016). Nigeria is a multi-ethnic nation, with over 250 recognized ethnic groups; the three largest and most influenced ethnic groups are: Hausa and the Fulani 29%, Yoruba 21%, Igbo (Ibo) 18%. Due to British colonisation, Nigerian official language is English, although indigenous languages are spoken by different ethnic groups (IBPUSA, 2011).
Nigeria is a federated state. It has a 36 states and its Federal Capital Territory located in Abuja. The figure 1 below shows the graphical map of the Nigerian state. Nigeria is situated on the gulf of Guinea on African's west coast and shares land borders with some other African countries like the Republic of Benin, Chad and Cameroon and Niger. Its coast in the south lies on the Gulf of Guinea on the Atlantic Ocean (Falola, 1999). Based on the information obtained from the CIA online Fact book (2016), the total area of the country is of 923,768 sq. km (336,669 square miles). After the transition of power from the military to civilians in early 1990’s, Nigeria officially became a democratic country.

The Economist (2014) classified Nigeria as one of the regional power in Africa, and a significant contributor in the continent. In 2014, Nigeria restructured its national accounts and became the biggest economy in Africa, overtaking South Africa. Nigeria is endowed with abundance of crude oil and thus, the main producer of oil in Africa and according to Maboja (2015), Nigeria is currently the 12th major producer of petroleum resources and also the number 8th biggest exporter of petroleum.

Since the discovery of crude oil by Shell- BP in 1958 (Effoduh, 2015), Petroleum became the main source of Nigerian economy. Thus, there was a total neglect of other sectors of economy which has resulted to an economic decline; a situation, usually defined in Economic as a Dutch disease - which means a steady decline in other sectors like Agriculture and technology because of a discovery of natural resources. (NNPCGROUP, 2015).

Before oil was discovered in Nigeria, Agriculture use to be the key contributor to the Nigerian economy, shouldering 60% of the national GDP. According to Ladipo (1990), Nigerian Agricultural sector was booming in the 1960s making Nigeria among the biggest exporter of Agricultural produce. However, after the discovery of oil, Nigeria became over-dependent on oil and neglected other sectors and hence returned to mono-economy with little or no possibility for economic diversification. Shortly after the independence, Nigeria had setbacks due to military coup d’etat and civil war. Under the military rule, Nigeria encountered the lowest level of developments due to the corruption, embezzlement of public funds and inadequate infrastructural development that made the polity so unstable and uninviting that scares away foreign investors with a massive deficit and unpaid debt (Iyayi, 2004).
In 1999 after the death of Military ruler Sani Abacha, Nigeria successfully conducted an election and elected a civilian democratic president. The new democratic era ushered in meaningful development in the economic, political and technological aspect of the nation.

In the Figure 1 below, shows the Nigerian map with its 36 states and the FCT capital in Abuja.

2.2.2. The Nigeria Business Environment
No businesses operate in a vacuum; they do operate in an environment. Therefore, a country’s business environment is very important in determining the survival of any business. An enabling business environment creates excellent opportunity for business growth and economic growth of the country. Recently, the Nigeria political environment has been stable apart from the pockets of occasionally sectarian crisis that do come up in the northern part of the country. In addition, since the transition of the military rule to the democratic government, there has been an encouraging economic policies and regulations
promulgated by the democratic government to promote economic activities and thus, the policies has created a ripened platform for economic and business activities in the country (NBS, 2013).

Notwithstanding, these developments, there are still some challenges that can stress the businesses in Nigeria. For example, in the power sector, there are reports of shortages of power supply. In the words of Larossi, et al. (2009), He stated that almost 97% of Nigerian firms do encounter power outages. Because of this problem, almost 86% of Nigerian firms generate their own electricity needs using the electric generator, thereby incurring extra cost in purchasing petrol and diesel to run their businesses.

Besides, the power outages, there is also a problem of poor transportation system and substandard transportation infrastructure in Nigeria. Only the government has started to develop the railway transportation system, it has always been bad and hence it makes it difficult for goods to be moved from one place to another within the country. This problem has resulted in goods been moved around on the road, which has even created a larger problem that has caused so many accidents due to poor road infrastructure and maintenance.

In addition, the problem of low broadband penetration in Nigeria is also a major issue disrupting the business activities in the country especially in the e-business or e-trading sector and this has tremendously hindered the growth of e-commerce in the Nigeria.

Lastly, the issue of corruption is endemic, which has negatively impacted the business organizations. Although there has been a slight optimism in the country after the election of a new president in 2015, that corruption will be tackled and hence will become less of a problem in Nigeria. (CISLAC, 2015)

2.2.3. Overview of Nigeria Broadband and Internet/Mobile penetration and E-Commerce Trends

In the last decade, Nigeria has recorded a consistent increase in use of mobile broadband internet due to an increased use of smart-phones and other mobiles devices. Although, there is still comparatively low e-commerce activities with the internet and mobile broadband usage, however, there is signs that it is at its development stages. The Statistical report from International Telecommunication Union in May 2014 point out that the penetration rate is low as it stood at only 6%. The Nigerian Communication Commission recognized the low penetration and declared in August 2014 that the modalities to increase the penetration level from 6% to 30% by 2018 are on the way (Chinecherem, et al., 2015).

The low penetration, which is as a result of insufficient installation of fibre network has affected the data and voice market in the country, considering that data and voice consumers will always require high quality and large volume of capacity at affordable prices. This limitation posed by the limited installation of fibre
optic networks is dwindling the growth of data services and other related industries in Nigeria (Radwan & Pellegrini, 2010).

Notwithstanding these challenges surprisingly, e-commerce activities are gradually gaining momentum, experts has attributed this significant e-commerce advancement to the increasing usage of smart phones connections and tablets to access internet (Afeikhena, 2011, p. 37). Recent Report from International Telecommunication Union has shown that there has been a huge growth in the internet usage in Nigeria. According to the report shown in Figure 2, 45,039,711 of Nigerians were using internet in 2011 which has grown to 92,699,924 in 2015, making it a 51.1% increase (Oxford, 2012). There was also another report made available by the Nigerian Communications Commission (NCC) which confirmed this phenomenon. In the report, it was stated that over 93 million Nigerians are now using telecom network service to get access to internet network (Pmnews, 2015). This development has place Nigeria among the fastest growing ICT sector in Africa (Obong, 2012, p. 10). This positive development internet usage makes the ambition of Portia Web solutions to set up e-commerce business in Nigeria conceivable.

### Internet Usage and Population Growth:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Users</th>
<th>Population</th>
<th>% Pen.</th>
<th>Usage Source</th>
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<tr>
<td>2000</td>
<td>200,000</td>
<td>142,895,600</td>
<td>0.1%</td>
<td>ITU</td>
</tr>
<tr>
<td>2006</td>
<td>5,000,000</td>
<td>159,404,137</td>
<td>3.1%</td>
<td>ITU</td>
</tr>
<tr>
<td>2009</td>
<td>23,982,200</td>
<td>149,229,090</td>
<td>16.1%</td>
<td>ITU</td>
</tr>
<tr>
<td>2011</td>
<td>45,039,711</td>
<td>155,215,573</td>
<td>26.5%</td>
<td>ITU</td>
</tr>
<tr>
<td>2015</td>
<td>92,699,924</td>
<td>181,562,056</td>
<td>51.1%</td>
<td>IWS</td>
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*Figure 2 Internet Usage Statistics in Nigeria*

### 3. Literature Review

In this section, the author will discuss and highlight some of the theoretical framework and business concepts that will guide this research. He will also provide definitions e-commerce models and strategies.

#### 3.1. Business Plan

In a traditional business environment, for any organization or company to start and run a successful business activities, it must have at least a well-documented and solid business plan, business model,
financial plan and a marketing strategy. This implicit requirement for business development is not pertinent only in the traditional business environment. With the introduction of e-commerce in the late 1990’s, it became clearer that both traditional commerce and e-commerce activities required a similar business approaches and strategies to succeed. Therefore, any startup company intending to develop e-commerce business will require a business plan that will include the business strategy and business model before even developing and launching its online business website. To set up the foundation of this study, due to the importance of business plan, the author will define business plan and some of the business concept related to this study.

A Business plan can be loosely defined as a guiding standard that a company set for itself, in order to remain competitive, viable and profitable in its business venture. According to Scarborough, et al (2009), they defined business plan as some kind of a planning tool, which help to transform a business idea into a successful business after conducting a feasibility analysis. Bodenstab (2000) defined business plan a little differently, in his definition, Bodenstab (2000) posited that business plan is only a guide that demonstrates where a company is right now, where the company is going and how to get there. In his postulations, Bodenstab (2000) further explains that, at the completion of a business plan, the organization should be able to know whether the business will be profitable. Another business plan experts seems to concur with the definition given by Bodenstab, in his definition Mascarenhas (2009), opines that a business plan is a like roadmap that guides you to where you are going and in the map, there is a strategy, operational model, a business forecast.

Despite little variations in their definitions, Walsh (1999) and Mascarenhas (2009) agree that any organization that enters into a business world without a good business plan or guidelines will definitely be in big trouble. Both argued that Business plan is the most useful and essential document of any business and for any business to survive it must have it in order to keep its ideas focused to be able to reaching the goals and objectives set by the company. (Megginson, et al., 1994, p. 138).

Therefore, for any successful company, there is always a carefully developed and written business plan helps the company communicate their ideas, business strategy and financial forecast to possible investors. The business plan is the key to starting up and managing a new business venture and also serves as tool that measures the progress of any company and assess the changes that might occur.

3.1.1. Classifications of Business Plan
Since there are different kinds of business so as we have different types of Business plan that guides the planning process. Before a business plan is drafted, it is vital that the purpose for the business plan is
identified. For example, a business plan for a new company that is about to open a new business might be different from a business plan of an existing business that is only planning to enter a new market. There is also a business plan that may be intended for investors or a business plan for company executives. In any case, one need to identify correctly the stage his or her business is to be able to know the type of business plan that applies to him. In Classifying different types of business plan, (Berry, 2012), in his article, used the functions and purpose of a business plan to identify six types of business plans. The following are the six types of business plans:

3.1.1.1. **Startup Plans**
A start-up plan which is also refers to as a feasibility plan is the traditional business plan, which includes all important subjects to a new venture creation. This kind of plan usually begin with executive summary and company information. Start-up plans are intended to use by the executives and management of a company to entice possible future investors and partners (Berry, 2012).

3.1.1.2. **Internal business plans**
Internal Business plan is used internally in a company and not meant for outside parties, therefore it may contain only brief details of the current operating status of the company. The plan does not necessary require the management team breakdown and detailed company analysis.

3.1.1.3. **Operation Business plan**
An Operation plan is an official version of internal business plan and it is often refers to as annual plan. This plan comprises of business milestone, and deadlines.

3.1.1.4. **Strategic business plan**
A strategic business plan usually indicate the goals of an organisation and roadmap on how to achieve those goals. Strategic business plan also provide a kind of basis for the company strategy. In most strategic business plan, it covers the vision, mission, objectives, success factors, ways for achieving objectives and an implementation plan.

3.1.1.5. **Feasibility Business plan**
This is a kind of plan that is constantly used to test the viability of a business or a product. This kind of business is usually used by company that are trying different product or services in the market. In such plan, company tries to measure the strength and weakness of the new products (Leanweaver, 2012).
3.1.1.6. Growth Business Plans

Growth business plan is mainly a plan for business expansions. Most times, this business plan are employed by companies intending to expand their business. It is mainly intended for the management of the company and it is considered to be used internally unless in a situation where found or loan is requested that it is sent out. (Leanweaver, 2012).

Having briefly explained these different types of business plan, the author have seen that company that intends to start up a business will need to choose the appropriate business plan. Some of this plan may be prepared for external or internal entities depending on the purpose and goals of the plan. The company under study will possible used a strategic business plan in developing its business strategy. Although business plan is crucial for every business to have, it is not the only important thing that is needed for business to thrive. Intending company require to identify their business model and business strategy as they form part of key elements needed for a successful business operation.

Generally, the business plan is considered the home of the business model and the business strategy because it explains every aspect of the business, including the model and strategy, while identifying the resources needed to achieve profit (Berry, 2012). In the following section, we will describe what business strategy and business model, because they are key subjects to build of the literature for the development of the e-commerce business strategy for the company.

Business model and business strategy are confusing business terminology, some organisation why trying to explain their business strategy, end up talking about their business model. Although company business model is entrenched in their business strategy but the two concepts are not exactly the same thing. While Business strategy deals more on how companies interact with their competitors in the marketplace to win customers, business model on the other hand deal specifically on the structure and the method of doing business by which the organisation can generate income or revenue to sustain itself in the market (Noren, 2013).

In the next section, the author will attempt to introduce terminology and classification for business strategy and business models on electronic commerce and will highlight some of the existing business strategy frameworks and as well briefly explain types of business models.
3.2. Business Strategy
A Business plan, Business model and business strategy are different business concepts and terminology that usually bring confusion among business experts and scholars. These concepts however play a distinct and significant impact in any successful business. In the previous section, the author have discussed the meaning of business plan and its importance in the success of developing a business.

While, we maintained that some business plan may contain the business model and business strategy, they are however different business concepts. As Business models deals with how company makes money to survive, business strategy deals with following the objectives of the company to remain competitive in the market (Noren, 2013). But business strategy on the other hand, involves analysing the marketing environment in which the company will operate in, then making some strategic decisions on ways the company will engage with its competitors, identifying and then classifying different segment of its customers, and responding to this market environment (Noren, 2013). This explains why two companies that share similar business models but may experience very different financial results based on their different businesses strategies.

To fully comprehend these concepts, we need to review strategy definitions of three leading strategy theorists of our time and outline from the study, their different perspective and further explore what is business model and types therein.

3.2.1. Definition of Strategy?
The term Strategy is originally from Greek word “stratēgia” which means “generalship”. (Merriam Webster, 2016). The concept is originally derived from the military strategy. In the military, whenever a battle is drawn or there is war, the military general with his team usually define the objective and goal they intend to achieve and then set out a plan on how to win or achieve their set goal. In a sense, strategy means winning. It is basically the unity force that unite action and decision within an organization.

Johnson, et al. (2013), in his work argues that Strategy is mainly use to understand the bigger picture of an organization long term direction, it covers what goals and objectives the organization intend to achieve in a long run and how it will survive and be successful. The author aligns more to this definition of strategy as the long-term direction of an organization, because it suggests a complete view of the term than some dominant definitions that have been presented by leading strategic theorist like Alfred Chandler, Michael Porter and Henry Mintzberg.

The definition of strategy as shown in figure 2, reveals the different perspectives on how strategy is articulated by these theorists. From their definitions, we could easily see the distinct interpretations as
each of them present different but the vital elements of strategy. For instances, Chandler (1963) in his definition of strategy was mainly highlighting on the logical flow from the set goals and objectives of organization and the resources map out to accomplish the goals. Whereas, Porter (1966)’s definition was mainly focusing on making a deliberate choices, selecting distinct set of activities and competition to deliver a distinctive values, conversely, Mintzberg (2007) employed the use of the word ‘pattern’ to imply that strategies do not necessarily a selected logical plan, but can materialize in more uniform way later. Although Mintzberg (1988) in his subsequent work, did not agree to any of the previous definition of theories previously given, instead he argues that strategic process is unpredictable process and therefore did not accept any one process that could be called strategic planning, he later developed five types of strategies (Mintzberg, 2007), (Johnson, et al., 2013).

![Figure 3: Definition of Strategy](image)

From these definitions, each includes vital features of strategy. However, Johnson, et al. (2013)’s definition of strategy as ‘the long-term direction of an organization’ captures both Alfred Chandler and Michael Porter definitions in the sense that logical roadmap and the incremental patterns of strategy are all parts of long term direction of an organization (Johnson, et al., 2013).

3.2.2. Levels of Strategy
In an organization, strategy can be seen in three stages:

i. **Corporate Strategy** is concerned with the general picture of the organization scope and how value is added to the basic businesses of the organization.

ii. **Business Strategy** defines how organizations and individual businesses should behave and compete in an industry.

iii. **Operational strategy** deals with the way resources, processes and people are delivered in corporate- and business-level strategies.

### 3.2.3. Formulation and Implementation of Strategy

The main characteristic of a Strategy lies in the process of formulating and executing the goals and objectives of a company. This process is usually performed by a company's executives on behalf of stakeholders, after checking the available resources of a company and conducting a proper evaluation of the internal and external environments in which the organization will compete (Nag, et al., 2007). In order for the organization to achieve their business goals and objectives, they normally follow this formulation and implementation process.

In the formulation of strategy, the organization follow the process of analysing the specific market environment that the business will function, then making strategic decisions about the ways the firms will compete and in which environment they will compete. At the end of the formulation, organization may have planned series of goals or objectives and measures that they will pursue. During the formulation process, organization will analyze different environment where the organization will operate. Some of the environmental analysis done are:

i. **External environment (PESTLE)** – This includes the analysis of the political, economic, social, technological, legal and environmental landscape where the business will operate;

ii. **Industry environment (Porter’s 5 forces)**; Using the Porters 5 forces, the strength of the potential company will be compared in terms of the where it stands in competing among his rivals, how the firm will manage the threat of the bargaining power of buyers/customers and suppliers, threats from new entrants to the industry, and the ability of buyers to substitute products.
Internal environment, (SWOT analysis), in doing the SWOT analysis, using the available industry resources (i.e., its people, processes and IT systems), we evaluate the company strengths and weaknesses. (Mintzberg & Quinn, 1996)

After the Analysis of the business environment, the next stage in the strategic process is called the implementation stage. In the implementation stage, the management of an organization used the resources available to work towards achieving the set goals and objectives.

3.2.4. Blue Ocean Strategy

Competition based strategies have been the main issue discussed whenever strategy is been discussed among Academics and business management, Unlike Porters 5 forces, that deal more on beating the competition, In the new formulation of business strategy, W. Chan Kim and Renee Mauborgne in their book “Blue Ocean strategy” introduced a new strategic concept called the blue ocean strategy. W. Chan Kim and Renee Mauborgne made an analogy using Red Ocean and Blue Ocean to talk about crowded market and uncontested market. (Osterwalder & Pigneur, 2010). In their analogy, W. Chan Kim and Renee Mauborgne claim that companies can succeed not necessary by competing with its rivals in the crowded market, but instead by making competition irrelevant; thereby creating a new uncontested market where there will be nothing like competition. The authors assert that implementing the Blue ocean strategy give the organization advantage to control and lead in the selected market space and not bothered by any competition (Kim & Mauborgne, 2015).

According to Kim & Mauborgne (2015) as seen in figure 3, organization that adopt blue ocean strategy

1) Create uncontested market space for themselves,
2) Make the competition irrelevant, and
3) Create and capture new demand
4) Break the value-cost trade off
3.3. Business model

To sell and make profit in any organization requires a business model. It is the business model that shows the structure of the business and how they interact with the customers. The author discussed the theoretical framework of business strategy in the preceding section as how organization seek to achieve its goals and objectives by remaining competitive in its business environment. Business model on the hand has different purpose, it describes how the company values are transformed into company profits. It describes the business structure and who sell what and how it is sold and for what purpose.

With the introduction of E-commerce, there was a disruption in how business is been done. Business operations were disrupted. The business structure which operate well in the traditional business models were somewhat modified to suit the new e-commerce business methods. Although, some of the traditional business model still exist, but there are crops of different business model that were born with the introduction of online business electronic trading relationships (Curtis & Cobham, 2008). In order to understand different types business model that emerge and what business model means, the author will
highlight some of the key definitions and views expressed by some scholars to help shape the building up the framework of the business model that will be employed in developing the business strategy for Portia Web Solutions.

The term business model has appeared in different business literature in the past as one of the business jargons used to define types of business that exist and their purpose. The perception of the term has somehow changed in recent times, due to the introduction of e-commerce and the rise of selling products online. And this has made Business model just gained more prominence.

According to Jansen, et al., (2007), He defined a business model as “the unique configuration of elements that consists of the strategy, processes, technologies, and the governance of the organization” (Jansen, et al., 2007). Jansen, et al believe that this structural arrangement is built in order to create value for customers and help compete in the market place. Jansen, et al argued that the sustainable way of doing business is by developing a business model for the company. Comparatively, Osterwalder & Pigneur, (2010) definition of Business model, also support the Jansen, et al., (2007). In their definition, they described business model as the basis through which an organisation creates, delivers and captures value for their business. Curtis & Cobham (2008), likewise suggested that Business model is like a theoretical design of an organisation that shows how the company makes money and how they use their profit to grow their business in a sustainable manner.

Similarly, Magretta(2002) describes business models as “stories that explain how enterprises work”. According to her definition, the stories will include information about the customers profile and their values and how the company can provide those values in a logical and inexpensive way and in the end makes profits (Casadesus-Masanell & Ricart, 2010).

Furthermore, Tassabehji (2003), stressed the importance of business model by adding that well organised business model can help the organisation to maintain its competitive advantage and also help them to earn a lot more profits than its rivals in the industry.

There are different types of business models, some of them emerged after the evolutions of e-commerce. In this section, the author will itemise some of the relevant business model which will guide the direction of producing a business model for the organisation.

In this next section, the author will explore some of the relevant business models that will help to shape up the development of the business model for the start-up company under study.
3.3.1. **Types of Traditional Business model**
The emergent of e-commerce revolutionize the way business is done. The disruption introduced some new business model, changes some of the existing business model and some of them were modified to suit e-commerce online business. Although, some of the traditional business model is relevant till today (Curtis & Cobham, 2008). Following are the some of the various business models. The author will not discuss all available business models but will only highlight few that related to the study.

3.3.1.1. **Bricks and clicks business model**
In Bricks and clicks business model, the company usually combine some online (clicks) features into its offline (Bricks) business model. In this kind of business model, the company may create an e-commerce website, where customer may visit the site and place and order and there is a manual processing of the other and logistics of delivery is such that the customer picks the products from their local store. Most of the companies that employ this kind of business model are mostly traditional retailers who has built a strong brand equity with their partners in logistics and supply chains. (economist.com, 2013).

3.3.1.2. **Collective business model**
Collective business model brings large number of businesses, entrepreneurs, professional and their resources together which help them to share information for their own benefit in order to achieve their goals (Kyriakidou, 2013). Example of such collaboration is the collaboration of some modern university campuses with some science parks that provides resources to businesses or provide avenues for building community of innovators in their organization for share economic or resource benefits. (wikipedia.org, 2013).

3.3.1.3. **Direct sales model**
In Direct sales model, organization show and sell their product directly to consumers. In this kind of model, employees are usually giving a sale target to sell company products directly to their end users (Petryni & Media, 2013).

3.3.1.4. **Value added reseller model**
This is the type of business model where the company or organization package some of its product and services and then resell it to another company. The company then takes the product and resells it to end users as an integrated product or complete "turn-key" solution (Marquit, 2012).

3.3.1.5. **Franchise**
Franchise business model is a kind of business model that involves a successful brand or company to sell its trade mark license or brand name right to another party to use in another location upon an agreed terms
and conditions (Libava, 2011). The party that grant this right is called the franchisor and the party that buy this right is called the franchisee

3.3.1.6. Cut out the middle man
Cut out the middle man also known as disintermediation in a supply chain is the type of model that remove mediators and middle man in connection with a transaction in a supply chain process. In this type of business model, the company avoid to use the broker, agents or distributors in reaching its customers instead chose to contact the end users directly. Such organization uses the internet to get directly to its customers.

4. Electronic Commerce: Definitions and Concepts
No doubts, Electronic commerce has created a new economy, one that has connected producers, suppliers, retailers, and consumers via technology in a manner that we never imagined possible in the last 50 years. The surprising outcome is the emergent of new ways of doing business. This unexpected commercial disruption has pushed different organizations and firms to chart out a new business strategy in order to remain relevant and competitive in today’s business. Any company that refuses to embrace this new trend of doing business may run the risk of becoming irrelevant in a global market. However, companies that embrace this new innovation become more successful and profitable.

In essence, E-commerce is now part of indispensable elements of conducting a successful business in recent time that every organization and start-ups companies should adopt. Hence the literature will focus primarily on understanding the concept of e-commerce and to see how Portia web solutions can utilize the opportunity in developing its online business.

Reviewing some of the material available, the author found out that a lot of previous studies and research on e-commerce has focused mainly on identifying the characteristics that distinguishes “e-commerce adopters” from “non-adopters” with emphasis on explaining the slow speed of adoption of e-commerce in small firms (McCole & Ramsey, 2010; Daniel & Wilson, 2002; Jeon, et al., 2006), but however, the author noticed that most of the available literature have not really discuss in perspective how startups company and organisation can benefit from using the E-commerce technology in doing their businesses. The author intends to achieve that in this literature.

In pursuing this tasks, the author will explain the concept of e-commerce, history and classifications and provide insights to some specialize e-commerce models and eventually choose the most appropriate for
the startup company. This section of the research will eventually focus on the foundation issues that will create the basis for the theoretical framework of this study.
4.1.1. Defining Electronic-Commerce

The term E-commerce may mean different thing to different people. To fully understand the term E-commerce better, it is vital that in this section the author defines what e-commerce mean, which will help to put this section in perspective. Literally, E-commerce may suggest doing business online. But this description may be too ambiguous and need more clarification; especially the definition did not point out how e-commerce is used and where it is used and what constitute business activity.

To fully grasp the e-commerce concept, there are many definitions that are found in literature that explain what e-commerce mean.

According to Turban, et al., (2009), he defined e-commerce as the “process of buying, selling, transferring, or exchanging products, services, and/or information via computer networks, including the Internet”. Even though, this definition covers all aspect of e-commerce, some scholars refers to Turban’s definition as being too general. They suggested that Turban, et al’s definition of e-commerce may be most appropriate for e-business definition. Although, Rayudu(2004) held the same view. Rayudu(2004) however, noted that Electronic commerce (ecommerce) is not only selling or buying via computer network but it also include the wireless transfer of all business information and transactions via electronic data interchange (EDI) or any other ways of doing business over digital networks (Chondrokoukis, et al., 2004).

To comprehend these definitions, we need to evaluate the core components involve in doing business to see if e-commerce concepts provided above can be accepted. Basically for any business transaction to occur, it must include at least one of the following; quoting, ordering, payment and delivery. Anytime any of these elements occurred, we believe that business transactions has occurred. Therefore, we can deduce that e-commerce involve any online transaction that may involve either the quoting, ordering, payment or delivery.

Therefore any activities that happen either online or offline and involve any of this elements, it means that business had occurred and when it is online or with any computer network, e-commerce has taken place.

(Scarborough, et al., 2009) pointed out that, E-commerce has provided for SME, the new business opportunities, new ways of designing work, and new ways of organising and operating business that
every startup organisation should embrace. These opportunities and benefits if properly implemented will bring a promising future for startups. Numerous sources have confirmed that there are numerous benefits of e-commerce in contrast to traditional commerce which are relevant to all firms that elevate the significance of e-commerce in today’s business. For Example, E-commerce mitigates the need for intermediaries in the supply chain, which means that companies can choose to remove expensive sales agents and cut costs; moreover e-commerce delivers direct access to distant markets because it blurs international borders (Longenecker, et al., 2011).

Because of the versatility E-commerce, it is has broadened and can now be defined from different following perspectives:

4.1.1.1. **E-commerce from a Business Process Perspective.**
This is the popular type of e-commerce as understood by people. This is the buying and selling or engaging the traditional business process over the electronic network. This is normally what involves the either quoting, ordering, payment and delivery stages for example, ebay.com.

4.1.1.2. **E-commerce from a Service Perspective**
E-commerce from the service perspective is basically when organization or government agency uses e-commerce to enhance its service to the end users thereby increasing a speed of service delivery and efficiency and quality of service.

4.1.1.3. **E-commerce from a Learning perspective**
E-commerce from a learning perspective is when organization or institution provide training or education of some sort to a targeted group for values. This perspective is becoming more popular among universities when online education is becoming prevalent. Some government agencies create learning portals and educational training using internet and other computer networks to reach their customers.

4.1.1.4. **E-commerce from a Collaborative Perspective**
E-commerce from a collaboration perspective involves the arrangement where companies create a framework for sharing resources among themselves. In most organization, they establish a network system through which different department share resources among themselves.
4.1.1.5. **E-commerce from a community perspective.**

E-commerce when viewed from the community perspective, is the recent convergence of people on a certain social media network or blog to share information or collaborate or do business. This type of e-commerce is getting more popular lately, the big players in this type of community e-commerce are Facebook, Twitter, and Instagram.

4.1.2. **Defining E-business**

As seen in the previous section, e-commerce and e-business are usually confused to mean the same thing. Some scholars have used the term interchangeable to mean the same time while others argue that they are different things. The slight difference that are usually pointed is based on the scope. To some scholars, they view that e-business is broader than e-commerce. They say that e-commerce is a part of e-business but not the same as e-business. E-business is intended to cover all kinds of activities that is done via computer networks but not limited to only transactions. As presented above, the different perspectives of e-commerce which includes both the business process, services, community, all these perspectives combined together is called e-business.

According to Weill & Vitale (2001), emphasises that e-business will involve both the transactions and sharing of information over any electronic networks connecting an enterprise and its prospects, customers. Similarly, McKay and Marshall (2004) argued also that e-business is the use of any network especially internet network to share information with consumers. He maintained that evolving technology that support the commerce or that improve business performance is also an e-business.

Although, in Figure 5 below, we will present the slight difference in scope between ecommerce and e-business.

**Figure 5 Difference Between e-commerce and e-business**

<table>
<thead>
<tr>
<th>E-Business</th>
<th>E-commerce</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-Business</td>
<td>E-commerce</td>
</tr>
<tr>
<td>Scope: broader and more comprehensive</td>
<td>Just an aspect or a subcategory of e-business.</td>
</tr>
<tr>
<td>Features: May contain any form of marketing, product design, consumer service evaluation</td>
<td>Covers only online business transactions such as buying and selling of goods and services over the internet.</td>
</tr>
</tbody>
</table>
4.1.3. E-Commerce History and Evolution

The innovation and adoption of Electronic Fund transfer (EFT) by the US congress and its signing into law by US president Carter in early 1970s marked the beginning of E-commerce development (Schellie, 1979). Electronic Fund transfer is a kind of e-commerce application developed in the early 1970’s that allow fund to be wired electronically among financial institution and big corporation. Later in that year, a new application was invented which is called electronic data interchange (which is widely known as EDI). This application is intended for companies to share or transfer electronic documents among companies. This invention was later expanded and was generally agreed to be what later gave birth to e-commerce (Turban, et al., 2009). During that period of time, EDI was used to transfer not just routine documents or important information, it was extended to use to transfer funds among financial institutions and corporation. Sooner than expected a large pool of organizations from manufacturing to retailing and government started to use the application (Daniel & Wilson, 2002), (Turban, et al., 2009). During this period, more new ground-breaking E-commerce applications were established (Chondrokoukis, et al., 2004), (Turban, et al., 2009).

Besides, the invention of EFT and EDI, another remarkable invention during that time was the Internet. In 1969, the US military government started an experiment that later became what we know today as internet whereby they were developing a secure means of sharing sensitive information. Initially, it was viewed as a “holy grail” but seemingly reserved for technical audience, academic researchers and scientist. It was not until the 1990s that it became commercialized. Private individuals and businesses started to use the World Wide Web and the term electronic commerce was then formed.

In the early 2000’s, a lot of businesses started registering for dotcoms and E-commerce application quickly grew. So many businesses and internet start-ups emerged. The reason for this massive growth was considered as a result of new development in different network protocol and the strong competition among rivals that want to continue to maintain their competitive advantage. It was during this period that online advertisement grew to a recorded level. Most organization were subscribing for banner advertisement (Cassidy, 2002). Within the same time, E-commerce continue to evolve and new business approaches began to emerge. We started to witness new business approaches like B2C to B2B, C-commerce, e-government, e-learning, and m-commerce (Ariguzo, et al., 2006).
From 2006, E-commerce has matured and the key players were already making great profit and have started to focus on how to strengthen their position against the new entrants. It was also at this period that community based and location–based e-commerce started to emerge. As the day passes by, E-commerce continue to change and more and more E-commerce successes are being recorded.

In 2008 onwards, E-commerce is no longer seen as only business-driven but it also became community centered. It was at this period that both MySpace, Ebay, Amazon Facebook and YouTube became dominant (Laudon & Traver 2009, 29-36). E-commerce growth continued till today as more and more e-commerce supported application are developed and most companies strive to develop e-commerce activities and also to improve their business models in order to get the benefit internet provides.

### 4.1.4. Classifications of E-commerce

As so many firms started using E-commerce, it became evident that e-commerce should be classified because some e-commerce may require transaction between business while other business may deal with consumers. Figure 6 shows some of different types of E-commerce that exist. We will only discuss briefly few of this e-commerce that relates to the scope of the study.

**Figure 6 Classification of E-commerce by the nature of the Transactions or Interactions**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Description</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business-to-Business (B2B)</td>
<td>In this type of e-commerce, it involves where company sell among themselves.</td>
<td>IBM</td>
</tr>
<tr>
<td>Business-to-Consumer (B2C)</td>
<td>company sell products or services to end consumer</td>
<td>Walmart</td>
</tr>
<tr>
<td>Consumer-to-Business (C2B)</td>
<td>individuals use the internet to sell products or services to organizations</td>
<td>Priceline.com, Ebay</td>
</tr>
<tr>
<td>Mobile commerce (M-commerce)</td>
<td>using mobile phones, smart phones to sell online</td>
<td>Amazon.com.</td>
</tr>
<tr>
<td>Intra-business E-commerce</td>
<td>all internal organizational activities that include the exchange of goods, services</td>
<td>corporate portals</td>
</tr>
<tr>
<td>Consumer-to Consumer (C2C)</td>
<td>Participants in an online marketplace can buy and sell goods to each other.</td>
<td>ebay.com</td>
</tr>
<tr>
<td>peer-to-peer (P2P)</td>
<td>Internet users distribute or share computer resources directly without central Web server</td>
<td>Bit torrent</td>
</tr>
<tr>
<td>E-government</td>
<td>government entity buys or provide goods, services to Business or to individual citizens (G2C)</td>
<td>E-embassy system or e-portal</td>
</tr>
</tbody>
</table>
4.1.4.1. **Business-to-Consumer (B2C)**

In Business terms, B2C is the acronym that is used for Business to Consumer interaction. The same term is used in E-commerce to depict a business transaction or market relationship that is conducted over the Internet network between a business and end consumer. This kind of relationship usually involves the business providing goods and services to end users or end consumers. B2C are distinguish by businesses developing an online website where end user place order online and receive the goods. Mostly this kind of relationship offer the end consumer opportunity to buy variety of products online, the best suited kind of products that can be bought online are mainly digitized products and some software packages or standard items like Printers, Ink and Ink cartridges. Some computer Equipment’s and other physical portable items like camera, USB and apparels can also be bought online.

![Figure 7 Business to Consumer (B2C)](image-url)
3.4.4.2 Business-to-Business (B2B)
In B2B E-commerce, it involves Business or organization selling to each other directly or through intermediary. In this model, most of the transactions are usually in huge quantity amounting to large sales of products and services (Grefen, 2010). In B2B e-commerce, the businesses have established a spectrum of business applications that enhances the smooth business process online among the participants” (Economist Intelligence Unit, 2009).

The Figure 8 indicate a strong growth of B2B transactions.

**The Growth of B2B E-commerce**

*Figure 1.5, Page 28*

![Graph showing growth of B2B E-commerce](image)

**SOURCES**: Based on data from U.S. Census Bureau. 2010: authors’ estimates.

*Figure 8 the growth of B2B E-commerce*
4.1.5. Types of E-Commerce Business Model
After the development and growth of Internet in 1990s, the E-commerce Business model evolved to meet up with the demand of users. From that moment, most e-commerce business models were basically associated with the selling and buying of goods and services. Basically, the e-commerce model were developed to help businesses to identify the appropriate revenue-generated process for their E-commerce business activities. The following section introduces several business models for conducting e-commerce.

4.1.6. E-commerce Business Models

4.1.6.1. E-Shops
E-shop is the type of business model that initially start by online marketing of a company and its products and services and gradually introduced the possibility of ordering and paying for such products online. In E-shop, the company may incorporate some of the traditional marketing channels in engaging its end consumers. The key benefits of this model to the company are usually an increased in demand of its products and a low-cost channel to global presence a reduction of cost in production and sales. On the other hand, customers benefit from this model by getting a low prices of products compared to other competitor offer and a wide variety of choice with better information (Curtis & Cobham, 2008). This business model is very suitable for Portia Web Solutions as it is cheaper and affordable to set up without incurring too much cost and revenues can be generated from the reduced costs and increased sales and the cheaper advertisement.

4.1.6.2. Brokerage Model
Brokerage e-commerce model is mainly a digital platform where brokerage firms provide an e-commerce platform for participants to buy or sell goods and services on the platform. For example EBay provides such online platform where consumers can post their products or services and consumers can register and buy the services. In recent times, brokerage model are mainly done among businesses. Most brokerage online platform specializes in particular products and services and thereby tends towards serving a niche market.
Brokerage model also offers platforms for companies that have excess inventory due to overestimated demand to be able to sell them through e-commerce brokerage website that specialize in redistributing unwanted inventory.

4.1.6.3. Content Providers Model
In content provider model, information and digital contents such as video, music, photos, articles, news and artworks are offered from the content provider’s website over the internet to their visitors or customers. The content providers’ revenue model is by setting up subscription fee or charging visitors for viewing pages or valuable information such as white papers or reports from the site. The website providers can also implement membership fees on their site. The common feature in this model is the subscription model as majority of research and publications organizations are using this model. These organizations get their customers by initially offering a free premium on their contents and services and later request them to sign up fully to get more contents from the fee-based contents.

4.1.6.4. Distribution Channel Member Model
Distribution Channel Member model involves the business participation of both the retailers, wholesalers, and manufacturers on the Web. Wholesalers and retailers are using this platform to exchange products among themselves (Laudon & Traver, 2009).

4.1.6.5. Affiliation Model
Affiliate model is a type of model that involves a contract or agreement that is entered into by website operators and intending website who want to join the affiliate program in which case the website Affiliate operators creates an online link and provide it to intending Affiliate website to be shared on their website pages. This link is uniquely coded so that visitors who go through the affiliated website visit the site of website operators and in the end purchase an item, the affiliated websites receives a monetary reward. This model is a good way of making extra money for businesses (Laudon & Traver, 2009).

4.1.6.6. Community Provider Model
Community provider model is websites operators like Facebook, myspace, twitter and Instagram that provides online platform for users or people of similar interest to meet and collaborate or discuss social or political issues. Most of these sites are usually successful as they boost of millions of users to their website. In recent times, social media and community driven website is becoming the fastest growing
online activity. In this model, the revenue streams are usually through reseller or Affiliate partner arrangement, Banner advertisement or subscription fees from other companies that are advertising on the popular website (Laudon & Traver, 2009).

4.1.6.7. E-Procurement Model
In E-procurement model, organizations attempt to buy and sell among themselves over the internet. In this model, companies connect and manage their interactions (Laudon & Traver 2009).

5. E-Commerce Start-up Business Plan

5.1. Executive summary

5.1.1. Company Overview
Popular culture in Nigeria is growing tremendously in recent times, the advent of smart television, Internet and mobile technology has created a world where shopping online is becoming trendy. The growth of Nigerian telecommunication system and wireless network has brought about the sudden demand and expectation from young consumers for products and services that meet their cultural needs. Portia Web Solutions (PWS) a Finnish based e-commerce start-up, will create a knowledge-intensive high-tech e-commerce company that will be operating in a B2C Nigerian environment and will specialize in high-tech niche products like computer electronics, clothing and fashion, kid’s items and other lifestyle products through a virtual channel, and more specifically through online-shop.

Considering that an important aspect of offering products and services online lies in offering convincing content that will inspire sales. Portia Web Solutions will showcase the new and improved products and services to its customers thereby provides an interactive shopping experience for customers. The company will cater for the Nigerian market in its first launch to serve the growing Nigerian market in an effort leverage the imminent potential market and to build an online community of e-buyers. Being among the few e-commerce start-ups in Nigeria, Portia Web solutions will leverage the opportunity to provide to its consumers, in the major cities around Nigeria. The company head office will remain to be in Vantaa but the head branch office will be located in the heart of Lagos and in Abuja. PWS warehouse will be located in China and Nigeria.
Portia Web Solutions in attempt to be the best, will also develop an Internet based brand. The company will also engage fiercely in promoting and marketing of its product and services online.

Portia Web Solutions will be equipped 24hrs online shop and support system, with efficient delivery system. The company will run a non-cash payment system by developing a payment platform that will be highly secured with SSL certificates. Our payment platform will readily accept payment from only PayPal, and GTBanks debit cards.

PWS will employ the use of automated inventory management system that can be maintained effortlessly. The company also plan to use Customer relations management system to maintain that database of its customers. PWS will also establish efficient third party logistics that will be able to deliver goods to consumer on a timely manner.

What differentiates Portia Web Solutions from competitors will be our orientation to business. We will be more of customer-oriented company. We will concentrate more on quality of products and services, affordability of our products, efficient delivery, pre and after-sale customer support and reliability.

Another key difference with other uprising e-commerce is that PWS will focused only on educated youth and young and middle age employee customers that have smart phone and a mobile network to access internet. The target customer will be young and working class, age 18-50, who either live in the major cities and are currently working or studying in any higher institution.

The key revenue streams for Portia Web Solutions will be from:

- Reseller or Affiliate Program and e-commerce commission fees
- Integrated google Ads and company Advertisements.
- Online products sales and services.

The company intends to start the company with the initial cash investment of 10,000 euro that will enable him to acquire some warehouse facilities and arrange with third party logistics and acquiring of products and software applications has been made.

The total cash requirement of €30,000 capital is what the company requires to run the business for the first nine months of the company operation. The five-year €20,000 soft loan will be sourced from a Finnish bank to supply the initial capital.
In three years' time, we believe that we will grow bigger and establish our business in different places like in Nnewi, Anambra State, Port-Harcourt City, Aba, Onitsha and Kano, Abuja other booming locations in Nigeria.

5.1.2. Product and Services

Our Products
Portia Web Solutions will ensure that they provide a wide variety of products and services from top manufacturing brands in Nigeria and China to our customers. Figure 7 shows a wide range of goods that will be at our warehouse at low prices. PWS will offer the following products:

Figure 9 Company products and Services

<table>
<thead>
<tr>
<th>Products</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing</td>
<td>Rich Content / Programming</td>
</tr>
<tr>
<td>Computing</td>
<td>Online Community</td>
</tr>
<tr>
<td>Mobile phones and Cameras</td>
<td>User Personalization</td>
</tr>
<tr>
<td>Sports equipment’s</td>
<td>Flexible Shopping experience.</td>
</tr>
<tr>
<td>Beauty products and jewelry</td>
<td>Affiliate Program</td>
</tr>
</tbody>
</table>

5.1.3. Vision and Mission statement

Our Vision
The company vision is to establish an online business that will become a strong brand and compete with some of the big competitors. For example, the company to compete with big international brands like eBay.com and Amazon and finally grows to be on top as a preferred E-commerce website provider in Nigeria.

Our Mission
PWS’s mission is to offer distinctive youth-oriented fashion and products by offering a variety of branded products from different partners at a very low price.

5.1.4. Keys to Success
Portia Web Solution’s keys to success are:
- Provides good quality of products
- Customer Satisfaction
• Competitive pricing
• Develop flexible, accessible simple looking and rich online store that will appeal to customer.
• Excellent Strategic relationships with online merchants, credit card companies and shippers that will facilitate quick shipment of orders.

5.2. Business description

5.2.1. Company Overview
Portia Web Solutions (PWS) is a Finnish based e-commerce start-up. PWS offers a high-tech e-commerce company that will be operating in a B2C Nigerian environment and will specialize in selling of high-tech niche and quality products to its targeted market.

The founder and the management team will develop an easy system that will give the customers an easy step in ordering and paying for their products.

5.2.2. How the Service Will Work
Portia Web Solutions online website will be carefully designed to assist product transactions and entertain our online users and customers’. The key service that we will offer and how it intends to work are as follows:

Online Registration
Our site is mainly targeted to B2C model, although the site is made public that anyone can browse the site content. However, users are required to register on the site in order to purchase any item on the website. The registration form is made to be user friendly so that users can quickly register through our online form. To better give our customer a better tailored services, users are required to answer to some specific questions and have the possibility of selecting some customized featured in the payment gateways options to ease use on repeat visits.

Purchasing
The site is simply designed to make purchasing experience very easy for users. Buyers who want to purchase item on our website can do so by finding the items by choosing from the list of categories provided in the website. There is also a search engine features that allow the customer to search for the product. Upon selection of the item, the product is added to the shopping cart and users are asked if they want to check out or continue to add more products. All items that buys select are seamlessly added to the user shopping cart, once the user check out, it takes the user to the shipping options available and
their cost, after user selected the shipping cost, it takes them to the available payment option to select. PayPal and Card Voucher is very popular now among users. Immediately after payment is confirmed, an automated email is sent to user and information is passed across the vendor if the product is with our partner otherwise information goes to our logistics who used our third party logistics to send the product to users with 3 working days

**Selling**
Portia Web Solutions signed up for different affiliate and reseller programs as part of their revenues streams, therefore users who eventually click any of the links of our affiliated partner will be directed to the page of the partner. If eventually the user decides and buys the products from our partner, PWS receives an email and a commission

**Customized or Personalized Service**
PWS is poised to make the online website experience to be excellent for users therefore, the online site is designed to allow the users the opportunity to customize their page profiles to their taste in a bid to make the customer our loyal customer. Registered user is verified using the email, phone number and to register the customer shopping habits, we collect the gender of the user, age range, residential address and other personal preferences. We installed cookies on our site to track users browsing and shopping habits to enable us track and serve the customers better.

**Online Community**
In order to keep the customer around, the site will include features like blogs and live chart and message boards to engage the customers. Rich content and articles will be provided through this medium to stir debates and information sharing.

5.2.3. **Product and Service Description**

**Our Products**
Portia Web Solutions will ensure that they provide a wide variety of products from top manufacturing brands in Nigeria and China to our customers. A wide range of durable goods will be at our warehouse at affordable prices. PWS will offer products such as shown in figure 10 below:
5.2.4. Company Ownership
Anthony-Claret Onwutalobi and Godfrey Nnabuife are the co-owners of Portia Web Solutions. Although, the company was founded by the author before Godfrey Nnabuife decided to join in the business few years later. Portia Web Solutions is currently has three senior executives and one of them is involved in site design, media programming and business development. The Company executive will be in Vantaa, Finland and visit Nigeria occasionally whereas the staffs will be based in Lagos, Nigeria.

5.3. Business Environment Analysis
To understand the business environment of Nigeria, figure 11 include the Pestle Analysis of the country
5.4. SWOT Analysis

We will see from this part of the report a clear analysis of the thesis topic, and see the possibility of success. The analysis will include a SWOT analysis, the possible problem that will likely be encountered, and risk and risk management process.

SWOT Analysis is an important tool that helps to identify and analyze some important factors in a company. The SWOT checks the strength, weakness, opportunities, and threats in an organization. It is designed to capitalise on the identified strength while reducing the weaknesses. The SWOT analysis offers the company an opportunity to quickly take advantage of the opportunities and mitigate any identified threat.

Figure 12 shows the SWOT analysis of Portia Web Solutions.
5.5. Competitor Analysis

5.5.1. Competition
The competitive landscape of Nigeria online market is still very promising. Although we have seen three new e-commerce online website that sprung up in Nigeria recently, but their strategy is more like the cloning the existing large online shopping malls like Amazon.com, ebay.com without extra values. Portia Web Solutions believes that it has the chance of becoming the dominant online brand in the Nigerian market because its business strategy is provides unique features that give it a competitive advantage over the rivals. In Figure 13, the author will introduced the three biggest online competitors in Nigerian market and briefly explain their strategies.
### Figure 13 Comparison of 3 Big E-commerce in Nigeria

<table>
<thead>
<tr>
<th>Comparing the three Big E-commerce competitors in Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jumia</strong></td>
</tr>
<tr>
<td>Company Profile</td>
</tr>
<tr>
<td>• Amazon clone e-commerce website</td>
</tr>
<tr>
<td>• Present in Africa and the middle-East.</td>
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<tr>
<td>• $75m initial funding.</td>
</tr>
<tr>
<td>• 600 employees.</td>
</tr>
<tr>
<td>• 70% market share of e-commerce in Nigeria.</td>
</tr>
<tr>
<td>• 100,000 visitors daily</td>
</tr>
<tr>
<td>Strategy</td>
</tr>
<tr>
<td>• viable infrastructure</td>
</tr>
<tr>
<td>• efficient delivery system.</td>
</tr>
<tr>
<td>• cash-on-delivery</td>
</tr>
<tr>
<td>• “Snap and Share”</td>
</tr>
<tr>
<td>• B2B and merchant-oriented marketplace.</td>
</tr>
<tr>
<td>• 3D graphics, mannequin demo, chat, message boards;</td>
</tr>
<tr>
<td>• Portia Web solutions therefore believes that it can</td>
</tr>
<tr>
<td>• strategically move into the Nigerian marketplace</td>
</tr>
<tr>
<td>• capture a large market share in the industry</td>
</tr>
<tr>
<td>• before other companies can achieve a similar</td>
</tr>
<tr>
<td>• presence. The timing of our entrance will be</td>
</tr>
<tr>
<td>• critical.</td>
</tr>
</tbody>
</table>

#### 5.5.2. Competitive Advantage

As we have seen, there are three major e-commerce sites focused on offering products and services in the internet marketplace such as Jumia, Kinga.com and Kaymu but their penetration into the Nigerian internet marketplace is still not very strong as they are still limited due to poor website development and poor interactive services will build a successful communities of consumers (e.g. 3D graphics, mannequin demo, chat, message boards); and secondly, some of the website are still focused on exclusively selling products without providing a rewarding experience to loyal customers.

Portia Web solutions therefore believes that it can strategically move into the Nigerian marketplace and capture a large market share in the industry before other companies can achieve a similar presence. The timing of our entrance will be critical.
Portia Web Solutions is designed to serve a wide range of customers, which is why we have decided to hire some of the best hands to help us set up the business and also to manage the business. We are coming into an industry that is highly competitive and we know that leveraging on price and quality will be our best bet to attract loads of customers. Our excellent customer service culture, secured payment portal, and effective and efficient shipping arrangement with count as a competitive advantage for us.

5.6. Market Analysis

According to the Nigerian Population commission, the total number of Nigerian citizen that are between the ages (19 – 35), in 2012 was 130.2 million, which represent 78% of the total Nigeria Population. The number of internet users in Nigeria in 2012 was 48,366,179 and it grew to 92,699,924 in 2015. Whereas the percentage of internet penetration in Nigeria in 2012 was 28.4%. According to Internet World Stars record, the biggest internet population in Africa is in Nigeria. There are 9 million social media users with 5.4% penetration rate (National Population Commission Nigeria, 2012).

In 2013, the Nigerian youth and working class people annual spending amount to $624 million with almost $351 billion in disposable income. The average Nigerian citizen will spends about 3 hours online and is likely to spend 52 euro per week on food, entertainment, fashion and technology (Akinwumi, 2012). Research shows that the Mobile internet users has now outnumbered the local desktop and the total number of mobile subscription is 113,195,591 (Nigerian Communications Commission, 2012). More than 73% of Nigerian has access to a mobile device. According to ITU analysis, more than 85% of urban dwellers have access to their mobile phone. According the survey, 95% of Nigerian post-secondary education (Nigerian Communications Commission, 2012). The growth is attributed to the rise of social media, content-rich apps and video content accessed from a new range of smartphones costing less than $50 (Powell, 2012).

Electronic gadgets, youth clothing and products are becoming a huge market in Nigeria among the niche. With the popularity of Internet, a lot of records has provided information of the usage of mobile phone by the adult and new e-commerce startup are launching their online stores to sell to this market segment.

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1 The penetration rate is the percentage of active phone users for a given population.
5.6.1. Market Segmentation

Target Customers
The target customers for Portia Web solutions can be categorized by the following:

- Customer with interest on electronic products, fashion & clothing and products.
- Customer with keen interest in online shopping
- Customer who have smart phone and credit cards and are comfortable purchasing online.
- Urban and working class Customers
- Customer with internet access

Target Customer Demographics
Below are the detailed view of Portia Web Solutions targeted customers by demographic characteristics

- Male and female within the age of 18-50
- educated colleagues and Full-timer workers
- married or bachelor within the 18-50 age bracket
- customer with access to Internet from Home/Home Office

5.6.2. Market Needs

Nigerian youths enjoy popular culture and love to blend with western lifestyle, therefore, there is a huge demand in electronic gadgets and clothing. Most Nigerians usually visit abroad just to do shopping on this items and majority of demand are done from the working class and students who live in the urban areas.

5.6.3. Market Characteristics and Trends

In recent times, we have seen a good number signs that shows that Portia Web Solutions is the ideal solution and can create impact in industry in Nigeria.

Success of Jumia e-commerce web sites
In Nigeria, only a very few e-commerce website exists. These online store are becoming very popular among Nigerians. 80% of Nigerian youths have visited the site or have bought something from the site. With the success of Jumia, we can infer that e-commerce is becoming more popular. Portia Web solutions will leverage on this opportunity with its new business strategy.

New Technology and expertise
Our company has new technology that guarantees a satisfying viewing and shopping experience and therefore will attract more customers to our online sites. Features like 3D graphics and interactive
mannequins demo put us on advantage and will definitely challenges existing viewing and shopping experiences from other companies.

**Significant growth of online customers**
Nigerian youth and working class people impact almost $10 billion online in 2015. The Online shopping of young adult between 18-35 is expected to rise to about $15.2 billion in 2018 and is growing at faster rate. By 2017, this is a forecast that the number of people that shop online will increased tremendously (Express, 2015)

5.6.4. **Market Size & Revenue Potential**
Although there are no concrete indication of bigger sales turn out in e-commerce besides the survey that was conducted. However, there some signs that shows that there is a huge market potential in Nigeria.

- The government policy of introducing a cashless policy and introduction of master and debit cards across all bank is a big avenues that shows that sales can be easier as payment option gets improved.
- In recent years, E-commerce has attracted huge amount on investment of infrastructure and it continued to increase.
- E-commerce in Nigeria has created over 12,000 jobs in 2012 and the potential to grow is increasing

5.7. **Business Strategies**

5.7.1. **Company Objectives**
The business objectives of Portia Web Solutions are:

- Get the best experienced management staffs
- Develop the best online store with good interface to be able to attract and retain customers
- Generate revenue through our affiliate program,
- Formulate and implement our business strategy
- Ensure that our products and services are delivered as promised.

5.7.2. **Company Strategies**
To achieve the company business goals and objectives, it is crucial that Portia web solutions develops effective business strategy that will help to make it business a successful brand in the market. One of the
important aspect of strategic decision that will put you above your rival is depends how present or promote your product, how interactive and simple your website design is, your company customer service, and marketing. Any lapses on any of these element may cause a problem in developing a successful strategy for any business.

The following are the company strategies and the company plan to achieve these goals in order to build a strong brand in the market

1) **Affiliate partners,**

Portia Web Solutions will develop strategic alliances with some major e-commerce company and subscribe from different reseller and affiliate program to able to generate extra revenues.

2) **Developing strong brand recognition**

Marketing the company is the key to success, with the e-shop model, the company website will be launched and promoted for a while and when it becomes popular, the company will then introduce the e-commerce functionality. During the period of promotion, the site will provide rich contents on related issues and will open up forum and live chat. An intensive advertisement program will be carried out.

3) **Develop key industry strategic partnerships.**

Portia Web Solutions will enter into partnership with some manufacturing companies, third party logistics and suppliers both from home and abroad in order to quickly build both online credibility and also establish a smooth arrangements of getting products on time and delivery products efficiently to customer.

The partnerships may include Google, Bing, Ask, and other search Engines

The partnership with the logistics company is to establish a good relationship with companies that will help to deliver goods whereas the partnership with our manufacturer in china give us the upper hand to get some discount and possibility of getting products on credits, especially when we have problem to raise capital to place order.

4) **Build a quality website with a user-friendly interface to encourage repeat visits.**

A user-friendly website with a good and simple layout will definitely attracts and retain visitors to the online store and could make customers to repeat visit. The website will the capability for user to choose and customize or personalize their experience and in effect create a loyalty customer.
5) **Invest in best technology**

Portia Web Solutions will invest heavily in modern technologies and e-commerce applications that will make it possible for providing a top notch service to customer. Our turnkey systems and e-commerce platform will be simplified to enable a hassle free experience in purchasing and paying for products without difficulty.

6) **Build qualified executives and industry professionals with relevant skill sets.**

In order to be successful in executing our business strategy, Portia web solutions also believes in recruiting the best executives and qualified professional that will help to manage and develop a successful online business.

5.7.3. **Competitive Advantages**

Portia Web Solutions aspire to become the dominant force in e-commerce retailer store in Nigeria, These are the key strength and competitive advantage of the company over rivals and potential competitors

**Management:** – Portia Web Solutions intend to recruit the best executive that can manage the business and build a compelling web presence that will be difficult to resist.

**Strategic Alliance / Relationships:** The Company will develop a strong relationship and strategic alliances with partners and major industry organization to able to provide a smooth shopping experience for customers.

**First/early mover advantage:** – considering that only few e-commerce online shop that currently operate in Nigeria, this will give us an advantage as we will be among the first sites to promote our brand across the country.

**Cutting Edge technology:** The Company plans to utilize the best technologies ever to be able to provide a personalized services to consumers.

**High switching costs:** Since we intend to provide a personalization service to customer, it may be difficult for customer to switch to other e-commerce after spending time to customize the site to their preferences.

5.7.4. **Strategic Partnerships and Alliances**

To avoid putting in so much capital, the company has struck deal with some partners and build strategic alliance with them. For example, the company agreed with a Chinese firm to be able to provide products
for the company. Most of the products on our website will be provided by our partners and some of these products can be stored on our warehouse in Lagos. The company has also agreed with its partner to customize some of the product for the company.

5.7.5. Marketing Strategy
The company marketing strategy will be Pricing (low cost of products), an efficient payment system and excellent customer services. In our delivery system, we employ the services of the most efficient logistic company that will help to deliver products as far as possible. Portia Web Solutions will use the following marketing strategy

- Internet Advertising
- Affiliation program
- Yellow pages ads
- Direct marketing
- Strategic partnership
- Discount and coupons Incentives
- Referral program through Word of mouth

5.7.6. Sales Strategy
Portia Web Solutions sale strategy will focused on providing solution orientation strategy and investing in the resource. The company will ensure that it align its values with the customer by selecting a best channels to get the customer. Our products are services will be solution oriented, we will design our product to be solving problem for customers. The company will have a feedback system through which it gather response from customers and then, the company will try to address the customer business issues. In the initial entry point, the first 5000 customers to our website will get a discount, the company will continue to recruit experience employees and also train company executives to be able to give best support to customer. Figure 14 depicts the company sales strategy.
5.8. **Company Business Model**

Having discussed our business strategies, it is important that the author discusses the business model to employ in this online business. There are numerous ways stated in the literature above that one can sell a product on the internet and so many different business models one could employ. In this section, the author will discuss the business model for this business.

The business model that is suitable for Portia Web Solutions is e-shop business model. This model allows Portia web Solutions to initially establish its online website and promote it to build a brand before introducing the sale of its products and payment method. The company will primarily serve the consumers thereby employing the B2C business type. Portia Web Solutions will advertise its products both online and in billboards across Nigeria at the beginning of the business. It intends to introduce a low
cost price for its products which will attract a lot of consumers. The company will offer 50% discount to the first 5000 customers. The target customer of the company will be university students and middle aged employee from 18-50 years. The company will establish partnership with third part logistics that will help to deliver the product once a payment is made.

To serve the consumer better, two branch offices will be located in three major cities in Nigeria and one warehouse will be located in Lagos, Nigeria.

5.9. Company Business process and Business model Integration

The business process of Portia Web solutions and how the company will operate and integrate the business model. After promotion, advertising and marketing of the company website and its products and service. Customers may start to visit the website. Discount are offered for early visitors to attract customers.

Once a consumer visit the site, they are allowed to browse through the site, if the customer intends to make purchase online, the customer is required to register to the site and then add the desired products to the shopping carts. Upon completion of shopping, the customer will be requested to produce information of the shipping details if it is different from the address he or she had currently provided. Because the company is using a third party logistics, the system calculate the cost of shipping and add it to the total cost to pay. When the customer initiate the payment, different payment plan is provided for the customer to select from, upon the successful payment, the notification is sent to customer and to the inventory manager to prepare the product for shipment. This product is prepared and transferred to the logistics company who send the products to the customer. Depending on the item, the customer has 14 days to return the products for any technical malfunction.

In terms of products and services that we offer, at the moment we concentrate on some of the physical products and services as presented in table 1 above and we are using B2C model where the company will be selling to individual customers rather than to businesses. Portia web solutions also intend to use third party manufactures by outsourcing some of its products to a partner from china. The company also intend to use dropship with our partners too, basically this means that our partner makes the product, package it and ship it directly to our customer while the handles the entire customer relationship.
5.10. Management and Organisation Structure
The company management teams consists of the president, director of finance, director of marketing, director of IT and direction of operations. The management team are highly qualified. In the company, Anthony-Claret Onwutalobi is currently serving as the President, Director of Finance, Director of Marketing in the company and Godfrey Nnabuife is the Director of Information Technology; while Rafiu Kayode is the Director of Operations. Figure 15 depicts the organization structure of the company.

Any other management position that are not currently occupied can be outsourced from a competent organization.

5.11. Financial plan
The Financial plan of an organization is the complete assessment of the finances of the corporation. In this section, the company projects its financial plan for the next three years. The projection is merely an estimate. In the financial plan, the company is projecting that it intends to use 30,000 as the initial investment. The owner will bring in initial capital of 10,000 and the remaining 20,000 will be borrowed from a Finnish bank.

5.11.1. Financial Attachments
The Funding gives us the picture of what the company requires to start up the business.

<table>
<thead>
<tr>
<th>CAPITAL REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INVESTMENTS</strong></td>
</tr>
<tr>
<td>Immaterial goods</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Machinery and equipment</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>MOVABLES OF THE COMPANY</strong></td>
</tr>
<tr>
<td>Office supplies: 1000</td>
</tr>
<tr>
<td>Other devices:</td>
</tr>
<tr>
<td>Initial advertising/brochures: 500</td>
</tr>
<tr>
<td>Rent and rent deposit: 600</td>
</tr>
<tr>
<td>Equipment rentalleasing costs: 0</td>
</tr>
<tr>
<td>Personnel costs: 18000</td>
</tr>
<tr>
<td>Initial inventory:</td>
</tr>
<tr>
<td>Cash reserve: 5000</td>
</tr>
<tr>
<td><strong>CAPITAL REQUIREMENTS IN TOTAL</strong>: 30000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAPITAL SOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
</tr>
<tr>
<td>Share capital</td>
</tr>
<tr>
<td>Personal funds invested: 10000</td>
</tr>
<tr>
<td>Personal production tools and equipment: 0</td>
</tr>
<tr>
<td>other:</td>
</tr>
<tr>
<td><strong>Equity loan</strong></td>
</tr>
<tr>
<td>Shareholder loan:</td>
</tr>
<tr>
<td>Bank loan: 20000</td>
</tr>
<tr>
<td>Firmware loan:</td>
</tr>
<tr>
<td>other:</td>
</tr>
<tr>
<td>Supplier loan:</td>
</tr>
<tr>
<td><strong>Other sources of financing</strong></td>
</tr>
<tr>
<td><strong>Difference</strong>: 0</td>
</tr>
</tbody>
</table>

| SOURCES OF CAPITAL IN TOTAL: 30000 |
The sales revenues make projections of amount of sales the company intends to make in the three years.
The profitability describes the profits the company intends to make.

6. Research methodology
In this section, the author will present the different types of research methods and briefly explain the research methodology that will be used in this thesis. The author will also rationalize the reason for the research method to use on this study. This section will include definition of research, types of research and definition of research techniques and data collection analysis.
6.1. What is Research?
Man is an inquisitive being, always desiring to know or understand what is around him. This curiosity prompt us to search further in order to understand the reason behind an occurrence (Kothari, 2004). The method of seeking to get an answer to a problem or the facts about the occurrence of an event is called research. Research can be termed an act of scientific inquiry. According to (Krishnaswami & Satyaprasad, 2010), they defined research as scientific investigation to obtain a solution to a problem. Kothari (2004) agrees with this definition and also stated four key reasons for conducting a research. They are:

1) To gain knowledge or insight about a problem or situation;
2) To describe correctly the features of a particular situation or a targeted group;
3) To define the occurrence of an event and the reason behind it;
4) To investigate a theory of a causal relationship between variables.

Following these reasons, one can easily see the classification of research method.

6.2. Type of Research
Research can be done in so many ways but according to Kothari (2004), Research is classified into three types, namely exploratory research, causal research and descriptive research.

6.2.1. Exploratory Research
Exploratory research is intended for undefined problem. It is not quantifiable and cannot be statistical inferred. In Exploratory research, the problem is explored in a rigorous manner but it is an immeasurable or difficult case that can be explored further without subjecting the research focus under measurable empirical procedure that will involve statistical analysis. It is usually the preliminary research into hypothetical ideas where a researcher has an idea or something to understand and employs an evolving approach to further understand the problem that will provide a direction for any further research. Most times, exploratory research is not conclusive but offers a platform for further research or studies on the topic, therefore you cannot use exploratory research to make any decision. And again it cannot typically be generalized to the population at large because the numbers of people that give their opinion are usually a microcosm of the entire population which will make the statement fallacious if generalized (Zikmund & Babin, 2009). Exploratory research can be implement in four ways namely through focus groups, secondary research, expert survey and open-ended questions.
6.2.2. Descriptive Research
Descriptive research method is the type of research method that is used to gather information about the opinion of a target group and measure such data to make a statistical inference and generalize it on the whole population. Descriptive research is conclusive in nature because it gathers information from a structured and pre-planned design (Kothari, 2004). It is usually like the multiple choice questions where respondents are required to give an answer to a question by choosing from the given answers. This method does not allow for open-ended questions. Descriptive method is mainly used to understand the attitude or opinion of people over a particular issue. Descriptive does not give insight on issues like exploratory method does (Fluidsurvey.com, 2014).

6.2.3. Casual Research
Casual Research is like a descriptive research but it is mostly centered on cause and effect relationship between variables under study. Casual research method is also quantifiable and it is mostly structured and pre-planned (Kothari, 2004). In casual research, the study is to identify the reason behind a cause. For example, if there are diseases in a certain area that is causing death, causal research method is used to get information that will be analyzed to conclude on the causes of such diseases and area affected (Fluidsurvey.com, 2014). The two main objectives of casual research method is understanding the cause-variables and effect-variables and to use this variables to develop a relationship and make a conclusion based on the information gathered (Sachdeva, 2009).

The thesis would be using both quantitative method of the descriptive research method. It will tend to use survey to obtain statistical data or information that the author may use for statistical interpretation on the group to be able to know if it will be worthwhile for Portia web solutions to develop an e-commerce strategy plan for entering the Nigerian market and whether there is a market for such business.

6.3. Research Approach: qualitative and quantitative Comparison
In this study, the author will use quantitative research method under the descriptive research type. The author will state in this section the reason for selecting this method and will also present some of the difference of this method for clarity.

Quantitative research method is a systematic and objective investigation of an observable phenomena using a statistical or computational techniques method. The quantified data obtained from the analysis
may use to generalize the sample of a population. Quantitative method data are usually obtained through surveys, polls or questionnaire.

On the other hand, qualitative research method is a type of research that is intended to gain an insight about a topic. Most times the topic will involve the motivation behind an action of a group of people. In the early years of social science, this is the type of method used to primarily gather information about the social or cultural happenings.

Area that qualitative research are commonly used are in case study research or grounded theory research. (Myers 2008, 8). In figure 19 below shows the difference between qualitative and Quantitative research method below.

**Figure 19 Qualitative vs Quantitative Research**

<table>
<thead>
<tr>
<th></th>
<th>Qualitative Research</th>
<th>Quantitative Research</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective / purpose</strong></td>
<td>- To gain an understanding of underlying reasons and motivations</td>
<td>- To quantify data and generalize results from a sample to the population of interest</td>
</tr>
<tr>
<td></td>
<td>- To provide insights into the setting of a problem, generating ideas and/or hypotheses for later quantitative research</td>
<td>- To measure the incidence of various views and opinions in a chosen sample</td>
</tr>
<tr>
<td></td>
<td>- To uncover prevalent trends in thought and opinion</td>
<td>- Sometimes followed by qualitative research which is used to explore some findings further</td>
</tr>
<tr>
<td><strong>Sample</strong></td>
<td>Usually a small number of non-representative cases. Respondents selected to fulfil a given quota.</td>
<td>Usually a large number of cases representing the population of interest. Randomly selected respondents.</td>
</tr>
<tr>
<td><strong>Data collection</strong></td>
<td>Unstructured or semi-structured techniques e.g. individual depth interviews or group discussions.</td>
<td>Structured techniques such as online questionnaires, on-street or telephone interviews</td>
</tr>
<tr>
<td><strong>Data analysis</strong></td>
<td>Non-statistical.</td>
<td>Statistical data is usually in the form of tabulations (tabs). Findings are conclusive and usually descriptive in nature.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Exploratory and/or investigative. Findings are</td>
<td>Used to recommend a final course of action.</td>
</tr>
</tbody>
</table>

Source: Snap Survey (Survey, 2012) The table was adapted from the Snap Survey website (Survey, 2012)

---

2 The table was adapted from the Snap Survey website (Survey, 2012)
From this explanation and comparison in Figure 8 above, this research will be based on quantitative approach because we would like quantify or measure the number of people in Nigeria that will have interest in e-commerce activities and see if it is really necessary to develop any business plan or recommending to the company to make move in entering the online market in Nigeria. Furthermore, since the main aim of this study is to present a strategic e-commerce business plan for Portia Web Solutions, the author chose the quantitative approach which will help to gather enough data to make an informed decision.

6.4. Research Problem
In every research, there is need for the researcher to understand the problem and be able to define the problem so that people interested in the research will know the intended problem that needed to be solved. Problem definition in essence can be seen as the initial phase in every research where researcher can identify the main purpose or case study for which that particular research or study is intended, sometimes such problem may not be visible to many. Most cases, the problem defined in marketing research is usually issues that are found unsatisfactory or something that need to be improved or even difficulties that need to be changed.

In order cases, it could be about studying a group to know why they like or dislike something or why they react in the way they do. To get the accurate information about problem definition, the researcher must ensure that relevant information are gathered that will help to shape up in the decision making. That is to mean, that before problem definition; the researcher must have had detailed discussion with the company or organization that wanted the research to be conducted to be able to understand the problems and define them appropriately. After the problem definition and the aim of the research is stated, the process of obtaining and measuring the information can be done a systematic manner. Most importantly, it must be noted that communication between the decision makers and the researcher is very crucial in the successful outcome of identifying the problems without which may result in flawed research report.

6.5. Data Collection Methods
Data Collection is a systematic approach or a method of collecting information and processing the information by measuring it using different tools in a systematic way. The information is usually obtained
from a group of targeted variables in an established methodical manner, which then allows one to answer pertinent questions and evaluate outcomes. Data collection can be of primary or secondary sources. Data obtained from a primary source is considered to be either a first-hand experience or observation from the researcher gathered through observations, surveys, interviews, and so on. Whereas Secondary data are data obtained from secondary sources. Secondary sources are usually in the form of books, articles, and other publications that has been generated by people with a second-hand information on the topic discussed. (Macqueen 1998).

Figure 20 Primary & Secondary sources
6.6.  Research Approach

6.6.1.  Research Design
The research design was a survey that was designed using a quantitative research method where most of the questions asked requires the respondent to choose from the itemized choices. The research was sent to 500 respondent and 150 respondents were returned and recorded and the majority of it are University students and employees. It used closed-ended survey questionnaire, and some semi structured questionnaires.

6.6.2.  Data Collection Process
In the Literature review section, the author analyzed the information got from secondary sources. In the analysis, the secondary information obtained shaped the foundation of the study and help to identify key issues about e-commerce strategy and implementation, for example the type of business model and strategy that the company should employ to succeed were discussed. The author also used the primary source obtained through survey. For this study, the author used a closed-ended questions, enabling consumers to provide answers to the survey questions we sent to them through email and online tool. We used this method to better define and measure the significance of using an e-commerce among the targeted group. We believe that the method will help to evaluate and represent the characteristics of this target group and help to shape up information that will build up towards the developing of the strategies required.

6.6.3.  Sampling Method
Survey used in this report were sent to Nigeria students in some Nigerian and Finnish university and employees in some selected companies in Nigeria. However the survey was conducted in February 2016. The target group of the respondents was basically university students and employees that has smart mobile phone subscription as it was believed the recipients effectively represented the target group of potential consumers that the company would like to reach.
To further get the attention of the recipients, various incentives such as lucky draw of movie ticket gifts cards was introduced which was also included in the e-mail which was sent to the students. The survey had quite a lengthy period for it to be completed considering the fact that it only took a student an average
of 5 minutes to complete. The survey was valid for three months from the day it was sent with a reminder and identical e-mail also sent to all respondents after a week of making the survey available. Later on, the data was collected from this exercise and was converted into a graphical and statistical format, in order to view trends and relationships better. Most of this will be done using the spreadsheet package Microsoft Excel 2007, which will plot the graphs, and also be able to calculate the averages and the cumulative frequency.

6.7. Data Analysis and Findings
In this section, the data collected from the survey will be tabulated and analyzed. The sample questionnaire is attached at the appendix. The questionnaire was intended to get responses from potential customers to see if it is reasonable to develop online business in Nigeria and to know the best business strategy the company can develop in order to get customers to the online site when the online shop is finally launched.

6.7.1. Demographic Profiles of Interview Respondents
We looked at the background profile of the respondents in relation to their age range, gender, profession and type of mobile phone and network connection they use. The survey shows a correlation of this profiles that most respondents with the age 18-50 are willing to engage in e-commerce activities in Nigeria.

Age range
As can be seen from Figure 21, only 50% of the respondents reported to be within the age range of 18-34 yrs, and 40% of respondents were within the age of 35-55 years.

![Figure 21 Age of the Respondent](image-url)
Gender
The survey shows that 55% of the respondents are male and 45% are women.

Employment Status
The study tells us in Figure 23 that 65% of the respondents were employed, 30% were students, 2% were unemployed, whereas only 3% of them are pensioners.

Challenges to the Implementation of e-commerce
We asked the respondent what are the challenges to the implementation of e-commerce in Nigeria? Referring to Figure 24, we can see that only 17% of the respondents said is slow penetration of internet,
40% say it is Security concerns, 20% say it is Lack of trust, 10% say Consumers’ awareness level is low and 13% say it is due to poor infrastructure.

![What are the challenges to the implementation of e-commerce in Nigeria?](image)

**Figure 24 Challenges facing E-commerce Implementation**

*Cross Tabulation: Employment Status Vs Access to Internet*
From the study in figure 25, we can see that many employee and students used smartphone to get access to internet. This findings shows that most Nigerian students and employees browse online using their mobile devices.
**Result Tabulation**

Due to issue of space, we have tabulated the remaining results here. We will use data in these table below to analyze some of our findings and result.

<table>
<thead>
<tr>
<th>T1</th>
<th>Please specify the number of years you have used e-commerce?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than one year</td>
</tr>
<tr>
<td>----</td>
<td>-------------------</td>
</tr>
<tr>
<td></td>
<td>45%</td>
</tr>
</tbody>
</table>

The finding in column T1 indicates that the majority of the respondents are just beginning to use e-commerce. The study shows that almost 45% of respondent began to use e-commerce less than one ago and only 35% of the respondents have use e-commerce within the last 5 years. This result show that Nigerian e-commerce market is just beginning to become popular.

<table>
<thead>
<tr>
<th>T2</th>
<th>Please select the purpose why you use e-commerce?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>personal use</td>
</tr>
<tr>
<td>----</td>
<td>-------------</td>
</tr>
<tr>
<td></td>
<td>60%</td>
</tr>
</tbody>
</table>

As can be seen from column T2, 60% of the respondents reported using e-commerce for personal use and only 25% reported to use e-commerce for business use and 15% indicated that they use e-commerce for both reasons.
### T3  Please select the type of e-commerce you think has the largest market share?

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>10%</td>
<td>70%</td>
<td>3%</td>
<td>17%</td>
</tr>
</tbody>
</table>

The majority of the respondents (70%) said that B2C commerce is holding the largest market share in Nigeria now, whereas only 10% is reported that B2B has the largest share. What this shows is that B2C is more popular in Nigeria.

### T4  What do you think is the best help e-commerce give to consumers?

<table>
<thead>
<tr>
<th></th>
<th>Broadens consumer choice</th>
<th>Encourages price transparency</th>
<th>Fastens business process</th>
<th>Do not know/ Cannot say</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>35%</td>
<td>15%</td>
<td>50%</td>
<td>0</td>
</tr>
</tbody>
</table>

A large proportion of the respondents — 50% — reported that e-commerce activities is helpful to fasten the business process for consumer in the e-business domain. Only 15% of respondents indicated that e-commerce helps to encourage price transparency and 35% says that e-commerce help to broaden consumer choice.

### T5  Select from the choices below. E-commerce........

<table>
<thead>
<tr>
<th></th>
<th>Effectively caters to customers’ demands</th>
<th>Smoothens business by creating customer and businessman network</th>
<th>Ensures guarantee of payment</th>
<th>Do not know/ Cannot say</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>46%</td>
<td>35%</td>
<td>10%</td>
<td>9%</td>
</tr>
</tbody>
</table>

In Column T5, only 46% respondents reported that e-commerce effectively cater to customers’ demands, whereas 35% says that it only smoothens business by creating customer and business network. The remaining 10% suggests that e-commerce business ensures guarantees of payment.

### T6  Do you think e-commerce activities has increased over the years in Nigeria?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>I don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>70%</td>
<td>28%</td>
<td>2%</td>
</tr>
</tbody>
</table>

The majority of the respondents (70%) said that e-commerce has increased over the years in Nigeria. The finding indicates that e-commerce activities is growing and more e-commerce platforms are been set up.
Do you agree that e-commerce is more convenient and efficient than traditional commerce?

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>I Don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>65%</td>
<td>35%</td>
<td>0%</td>
</tr>
</tbody>
</table>

The majority of the respondents (65%) as shown in Column T7, agreed that e-commerce has its advantages over the traditional commercial methods; only 35% of the respondents disagree.

Do you agree e-commerce eliminate middleman in Nigeria?

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>Don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>63%</td>
<td>34%</td>
<td>3%</td>
</tr>
</tbody>
</table>

The survey shows that 63% of the respondents agree that e-commerce can provide an alternative marketing channel by eliminating middleman in Nigeria? But only 34% respondent disagree.

Please specify the key areas in which e-commerce is used in Nigeria?

<table>
<thead>
<tr>
<th>Product and services</th>
<th>Real Estate</th>
<th>Stocks &amp; shares</th>
<th>Travel and tourist</th>
<th>Banking</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>6%</td>
<td>5%</td>
<td>23%</td>
<td>51%</td>
</tr>
</tbody>
</table>

The majority of the respondents (50%) from Column T9 said that Bank is the most prominent domain where e-commerce is currently used. Only 15% said that it is in product and services.

Do you think that the Govt. of Nigeria is doing its enough to promote e-commerce in Nigeria?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>I cannot say</th>
</tr>
</thead>
<tbody>
<tr>
<td>47%</td>
<td>45%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Only 47% reported that Nigeria Govt. is doing enough to promote e-commerce in Nigeria and 45% of respondents did not agree that the government is doing enough to support e-commerce activities in the country.

Please select the best way you think e-commerce can be promoted in Nigeria?

<table>
<thead>
<tr>
<th>Promotion of internet</th>
<th>To increase the awareness level of people</th>
<th>An integrated promotional approach</th>
<th>Other measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>30%</td>
<td>20%</td>
<td>0%</td>
</tr>
</tbody>
</table>

In Column T11, 50% respondents suggested the promotion of internet network and connection as the main thing that will promote the e-commerce in Nigeria. 30% of respondent as shown in the same column that it is only creating awareness that e-commerce will be promoted in Nigeria.

What do you think about the future of e-commerce in Nigeria?
The majority of the respondents (59%) from Column T12 says that the future of e-commerce in Nigeria is very good only 7% disagreed.

<table>
<thead>
<tr>
<th>Very good</th>
<th>Good</th>
<th>Not so good</th>
<th>Do not have a future in Nigeria</th>
</tr>
</thead>
<tbody>
<tr>
<td>59%</td>
<td>31%</td>
<td>7%</td>
<td>3%</td>
</tr>
</tbody>
</table>

The survey shows that 48% of respondents buy items online once a month and only 15% purchase item online more than once a week.

The survey shows that 35% of respondents do their e-commerce purchase from Jumia, whereas 24 do theirs in Konga and 22% in Kaymu. Only 11% and 8% respectively shop at EBay or Amazon.

The survey shows that 73% can travel to get product you want in a traditional store.

<table>
<thead>
<tr>
<th>Less than 10 Km</th>
<th>From 10 Km to 20 Km</th>
<th>From 20 to 30 Km</th>
<th>More than 30 Km</th>
</tr>
</thead>
<tbody>
<tr>
<td>73%</td>
<td>19%</td>
<td>5%</td>
<td>3%</td>
</tr>
</tbody>
</table>
The survey shows that majority of the respondents (73%) will travel less than 10Km to get their groceries and from the survey only few respondents are willing to travel far to get their products from a traditional shop.

<table>
<thead>
<tr>
<th>where is the best platform you think a new electronic product can be launched</th>
<th>a discount shop</th>
<th>an e-commerce website</th>
<th>both of them</th>
</tr>
</thead>
<tbody>
<tr>
<td>43%</td>
<td>30%</td>
<td>27%</td>
<td></td>
</tr>
</tbody>
</table>

From the survey 43% or respondents says that the best place to launch a new electronic products is on a discounted shop whereas 30% says that it is in the e-commerce website.

7. Discussion and recommendation

These days, implementing e-commerce business model is not just a trendy thing to do but a necessary thing that must be done if any business want to remain relevant. Portia Web Solutions intention to shift its business to an e-commerce platform is very good development.

From the literature review, we have highlighted some of the theoretical framework that needed to ensure that the business strategy for developing an efficient business plan was discussed. In the literature review, we discussed the business environment of the country and the role it plays in ensuring the implementation of e-commerce. The review mentioned some of the important business models and strategy that give background to the business strategy that was developed for Portia web solutions.

The result obtained from the survey also provided an insight of how consumers look at the e-commerce business activities and the author saw from their responses that they are willing to engage in e-commerce if it is available. We noticed from the survey also that majority of the respondents are using their smartphone mobile network to connect to internet and this is an important insight.

Therefore, we recommend that Portia Web Solutions should concentrate more in developing a mobile ready e-commerce version of its website to be to get to the market successfully. Portia Web Solutions plans to utilize B2C business model and e-shop and we recommend that they try to also include B2B so that they can get also the market.

8. Conclusion

The research is to conduct a feasibility study and then develop a strategic plan for successful implementation of e-commerce in Nigeria by a start-up company with little or no resources. The idea will expand with time, but the focus now is based on commissioning start-up company Portia web solutions.
It is hoped that the information gathered will help me in making a decision if there is a possibility of venturing into the area of business.

In the research, we developed a business strategy for Portia web Solutions with an e-shop business model. The strategy, the author believes will help Portia Web Solutions to remain competitive among its competitors in the Market. This analysis has helped to see the areas to focus on, to improve the chances of success, and the best decisions to make. This will help in writing the actual business plan and create a good pathway to success.

9. Appendix

9.1. E-commerce Survey
The research is to gather information from you to know how you feel about e-commerce business been introduced in Nigeria so that we can develop an e-commerce strategic plan for our case company to enter the Nigerian market. This survey should only take 4-5 minutes to complete. Be assured that all answers you provide will be kept in the strictest confidentiality.

1. Please specify the number of years you have used e-commerce?
   (i) ☐ Less than one year
   (ii) ☐ One year but< five year
   (iii) ☐ More than five year
   (iv) ☐ Do not know/ Cannot say

2. Please select the purpose why you use e-commerce?
   (i) ☐ For personal use
   (ii) ☐ For business use
   (iii) ☐ For both personal and business use

3. Please select the type of e-commerce you think has the largest market share?
   (i) ☐ B2B Commerce
   (ii) ☐ B2C Commerce
   (iii) ☐ B2G Commerce
   (iv) ☐ Others
2. What do you think is the best help e-commerce give to consumers?
   (i) ☐ Broadens consumer choice
   (ii) ☐ Encourages price transparency
   (iii) ☐ Fastens business process
   (iv) ☐ Do not know/ Cannot say

3. Select from the choices below. E-commerce........
   (i) ☐ Effectively caters to customers' demands
   (ii) ☐ Smoothens business by creating customer and businessman network
   (iii) ☐ Ensures guarantee of payment
   (iv) ☐ Do not know/ Cannot say

4. Do you think e-commerce activities has increased over the years in Nigeria?
   (i) ☐ Yes
   (ii) ☐ No
   (iii) ☐ Do not know/ Cannot say

5. Do you agree that e-commerce is more convenient and efficient than traditional commerce
   (i) ☐ Agree
   (ii) ☐ Disagree
   (iii) ☐ Do not know/ Cannot say

6. Do you agree e-commerce eliminate middleman in Nigeria?
   (i) ☐ Agree
   (ii) ☐ Disagree
   (iii) ☐ Do not know/ Cannot say

7. Please specify the key areas in which e-commerce is used in Nigeria?
   (i) ☐ Product and services
   (ii) ☐ Real Estate
   (iii) ☐ Stocks & shares
   (iv) ☐ Travel and tourist
   (v) ☐ Banking
   (vi) ☐ Others
8. Do you think that the Govt. of Nigeria is doing its enough to promote e-commerce in Nigeria?

(i) ☐ Slow penetration of internet
(ii) ☐ Security concerns
(iii) ☐ Lack of trust
(iv) ☐ Consumers’ awareness level is low
(v) Other factors

9. Please select the best way you think e-commerce can be promoted in Nigeria?

(i) ☐ Yes
(ii) ☐ No
(iii) ☐ Do not know/Cannot say

10. What do you think about the future of e-commerce in Nigeria?

(i) ☐ Promotion of internet
(ii) ☐ To increase the awareness level of people
(iii) ☐ An integrated promotional approach
(iv) ☐ Other measures

11. Please specify how confident you are in shopping online. Do you trust shopping online?

(i) ☐ Very good
(ii) ☐ Good
(iii) ☐ Not so good
(iv) ☐ Do not have a future in Nigeria
(v) ☐ Do not know/ Cannot say

12. Specify your age

(i) ☐ 18-34
(ii) ☐ 35- 55
(iii) ☐ 56- 70
(iv) ☐ Above 70 years

What do you normally use to browse online?

(i) ☐ Desktop
(ii) ☐ Laptop
(iii) ☐ Smart Phone connected to Mobile Network
(iv) ☐ Wireless connection
13. What is your current Job Status?
   (i) ☐ Employed
   (ii) ☐ Unemployed
   (iii) ☐ Student
   (iv) ☐ Pensioner
14. Do you trust online trade?
   (i) ☐ Not at all
   (ii) ☐ Kind of, but I keep being careful
   (iii) ☐ I am confident enough
   (iv) ☐ I am fully confident
15. Have you ever made any purchases online?
   (i) ☐ Yes, on a few websites
   (ii) ☐ No, Why: -------------------------------------------------------------
16. What could a website offer to stimulate you to purchase on the Internet rather than in a traditional shop?
   Click here to enter text.
17. On average, how often do you buy online?
   (i) ☐ more than once a week
   (ii) ☐ once a week
   (iii) ☐ once every two weeks
   (iv) ☐ once a month
   (v) ☐ once a year
   (vi) ☐ less than once a year
18. On which websites did you shop?
   (i) ☐ eBay
   (ii) ☐ Amazon
   (iii) ☐ Jumia
   (iv) ☐ Kaymu
   (v) ☐ Konga
   (vi) ☐ other, specify -----------------------------------------------
19. According to you what are the most important criterion when you buy in a traditional shop

   Chose from (1 - 5)       1     2     3     4     5
   (i) Salesman advice    ☐ ☐ ☐ ☐ ☐
   (ii) Products presentation ☐ ☐ ☐ ☐ ☐
20. According to you what are the most important criterion when you buy online?

1  2  3  4  5

(i) Delivery
(ii) Payment security
(iii) Possibility to get back in touch with the reseller
(iv) Price
(v) Quality
(vi) Choice
(vii) Presentation
(viii) Other, specify

21. How far are you willing to travel to shop in a traditional shop?

(i) ☐ Less than 10 Km
(ii) ☐ From 10 Km to 20 Km
(iii) ☐ From 20 to 30 Km
(iv) ☐ More than 30 Km

22. In your opinion, what would be the most effective method of launching a new electronics or informatics product?

(i) ☐ a discount shop
(ii) ☐ an e-commerce website
(iii) ☐ a combination of both of them
Works Cited


