GUIDELINES FOR ESTABLISHING AN ONLINE BUSINESS
ABSTRACT

The aim of this thesis is to describe and examine the main tools, concepts and regulations, which a company should utilize and take into consideration in order to succeed in today's online business world. Firstly, the thesis explains how the online environment works and compares it with the typical brick-and-mortar store's environment, by going through its benefits and challenges. Basic concepts, such as domain's registration and SEO settings are explained in the Thesis, so that anyone interested in websites, can understand the online store creation process even without specific IT-knowledge and use this thesis as a guideline when creating their own website or online store.

Useful tools and services such as Google AdWords, Cuxtio, Weebly, Wix and Squarespace are explained in the Thesis, so that reader gets a clear idea how each of the service works and how they may benefit online stores. Thesis also summarizes some of the most important regulations and laws, which may affect online business activities. If the reader is interested in this part they can find more information from the further reading part. The thesis also goes through some of the most common payment methods and compares the benefits and challenges of each.

In the empirical part of the thesis there is a report of making a website to a company called Laattavieska. This website was made by using Weebly’s hosting services as well as SJR’s hosting services. The design of the website was created by using the Weebly’s templates and personalizing them to suit better Laattavieska’s needs. The project took a couple of months to make and the aim of the website was to increase the number of customers visiting the website as well as visiting the brick-and-mortar store.
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1 INTRODUCTION

Generally online entrepreneurship offers an easy and affordable way for anyone to start their dream business. Some of the most successful business owners have started with a simple business idea and managed to create a website that is nowadays worth of billions. Great examples are Larry Page and Sergey Brin, co-founders of Google, Mark Zukerberg the chairman and co-founder of Facebook or Jeff Bezos the co-founder of Amazon. In 2016 the estimated brand value for Google was $229.2 billion, while Facebook had brand value of $102.6 billion and Amazon had value of $98.9 billion according to Business Insider’s website (O’Reilly 2016). This thesis will give some advices and guidelines on how to follow within their footsteps and became successful in online business.

This thesis includes the basic principles of starting up an online store, and the empirical part includes a report of doing a website for a brick-and-mortar store company. The thesis focuses mainly on how to do online business in Finland, but most of the information can be applied also to a global context. The main differences between doing business in Finland and foreign countries are the language variations and some differences in legal obligations, which will be explained more in the chapter 4.

The thesis begins with the general information about the online business. It explains some of the main challenges and benefits of the internet environment and it also suggests some solutions on how to keep up with competition in the field. It also goes through estimations on how the online business might change in the future.

The third chapter guides through the starting process of the shop. It explains how the most commonly searched words in Google can affect the business idea and how registering a Domain works. Also Search Engine Optimizing (SEO) will be explained in depth within this chapter.

Legal obligations, regulations and guidelines will be explained in the chapter 4. It focus mainly to Finnish laws and legal rules, which may differ when compared to foreign online store’s terms of services. This chapter tells what is needed to know before opening an online store and how to avoid problems in the field of ecommerce.
The fifth chapter compares different online store options and platforms. It calculates the basic costs of the platforms and explains some of the benefits and challenges. For instance, one of the online store platform can be suitable for a large online store, while another platform is the most affordable way to create a small web shop.

The payment terms will be gone through in the chapter six. It explains how to integrate a payment option to the online shop and how the payment process works within the store. Thesis focuses on how to pay with bank’s internet payment, credit card, bill, cash on delivery and PayPal.

The seventh chapter includes information about marketing, and how to grow the business. It explains very simply how marketing can increase the sales of the online shop and visitor traffic. It also shows how blogs, Facebook, or other social media can be linked to the internet shop.

The final chapter includes a report of creating a website for company called Laattavieska. The main product that the company wants to promote online are wall-, floor and outdoor tiles and bathroom furniture. This website was created by using Weebly. Major part of the project was to Search Engine Optimize website so that it can be easily found from the Google.
2 ONLINE BUSINESS

Globally the customers’ buying behaviour has been changing lately. According to Lennu Keinänen in 2016 Finnish people are going to consume more products and services from the internet, than during the previous years. He estimated that the diversity of the products and services will increase in the internet and, for example food products, which have been before mainly products consumed through brick-and-mortar stores, will get much more visibility within webstores. (Haltia 2015.)

Growth of the online stores has increased the competition in the field. Before the small brick-and mortar stores had to compete only with geographically near stores. Nowadays when small companies make an online store they cannot anymore compete only with the local stores, but they also have to think some strategies on how to deal and compete with giant global webstores, which may be located anywhere in the world. Time to times small online shops can actually “disappear” in the internet, because there is so much information and competitors, that staying visible takes a lot of time and effort. The best way to stay in the surface is by updating the website often and by connecting to other websites or to the social media.

Even though there are some challenges, there are also many benefits for starting an online store. Delivery is faster than in bricks-and-mortar stores, since the distribution chain is shorter. Shorter distribution makes the products also more affordable than in offline stores, since online stores don’t need to pay rent, utility expenses or high insurances. Webstores can also offer more payment and language options than a brick-and-mortar store, which might attract more customers to the store locally and globally. (LeChat 2016.)

According to Ernst & Young Global Limited (2015), one of the most important trends in 2015 was the digitalization. More and more of the companies have realized the benefits of ecommerce and noticed how much for example mobile applications have increased their popularity. In order to keep up with digitalization most of the companies are looking ways to support the latest mobile phone technologies within their webpages and online stores.

Ernst & Young Global Limited (2015) also estimated that in the future there might be an increasing amount of cyber threats, which can make it harder to safeguard data, intellectual property, and personal information. According to them;
The mounting digitization of the world and the rising connectivity of people, devices and organizations provide new vulnerabilities for cybercriminals to exploit. Greater use of the internet, smartphones and tablets (in combination with bring your-own-device policies) has made organizations’ data more accessible and vulnerable. There are also more access points to company and personal data as digital connections between entities and people increase. (Ernst & Young Global Limited 2015.)

One of the best way to avoid cyber threats is to invest in better online protection devices and programs, which will decode and encode the information in a way that is harder to get hacked or computer to be contaminated with viruses or Trojan Horses. (Ernst & Young Global Limited 2015, 7-13.)
3 STARTING UP AN ONLINE BUSINESS

In online business there are multiple different kinds of stores. Some stores start as online stores, while some start as brick-and-mortar stores and create a website later on. An example of a store which started as an online company is a Finnish verkkokauppa.com. All began from one webpage and now the sales have increased so much that they could built also a bricks-and-mortar stores to sell their electronic products. (Manninen 2014.)

More often things happen other way around, online stores are usually created to support bricks-and-mortar stores. For this purpose made stores are called value adding resellers (VAR) and their function is to give extra service or information for the customers, which they might not found offline. VAR stores offer often a great possibilities for customers to get familiar with the products and compare prices and the delivery times before buying decision. The final purchase process might actually be done in the bricks-and-mortar stores, but the necessary information which leads to the sale, customers might found online. In this way online stores can increase the sales in the bricks-and-mortar stores. (Lahtinen 2013, 23.)

3.1 Business Idea

The very first part of creating a successful company is to have a good business idea. Often it is thought that a great business idea is a unique service or product, but that is not always the case. Many times the companies selling ordinary products can make a good profit in the internet. They know how to differ their business from the competitor’s with the vision, mission and brand image or with the business techniques, which makes their business idea unique.

The best business ideas are ones that will produce profit. It is important to consider if there are any possible customers for the product and if they are willing to pay the estimated purchasing price. According to Lahtinen, viability on an online store can be calculated by a simple formula.

Gross profit = Visitors x Conversion x Amount of average purchases x Profit from a single purchase.

If the products don’t get sold in the website, the money and time has been wasted. This is why many online store creators decide to test their ideas beforehand. In the internet there are many tools to get
information about the local and global markets. One of the most used tool is called Google AdWords. (Lahtinen 2013, 36-45.)

3.2 Google AdWords

Google AdWords is an internet service which will give information about the most searched Google keywords all around the world. For example if the business idea is to sell shoes, inserting "shoes" as a keyword to Google AdWords will give more information about them. Results will show how many times this keyword has been used during the last month in Google locally and globally. This will give some estimations about the markets and help the online store creators to niche or widen their product category. (Morris 2013, 2-3.)

Google AdWords can also increase company's sales by showing the company's advertisements in Google. These advertisements can be shown in specific countries, cities and locations, which the company chooses. AdWords can as well show the company’s website easier in the Search Engine results. For example if the company sells pizza and they use in their website keywords, such as "pizzeria in Finland", every time when these keywords are used in Google, the results will among the other things also show the name of this pizzeria. (Google AdWords, 2016.)

Unfortunately Google AdWords’ keyword tool can be only used after registering to their service. This is why many other websites have taken their useful idea and give similar services for example without registering, free of charge or with a trial-time. What makes Google AdWords’ service very good is the trustworthiness, which most of its competitors cannot offer.

3.3 Domain registration.

Registering a good domain for a company is as essential for an online store as it is important for brick-and-mortar store to have a good location. In internet, where the information can get lost very easily, an easy-to-remember domain can help customers to find online store easily and increase visitor traffic to the website. It also the best way to secure and protect the company’s brand in an online environment.
Basically domain name shows where in the internet the website is working. Domain name starts with www (World Wide Web) which is followed by the name of the company, for example Online Business and the suffix like .com (name of the server). An example from a domain name can be: www.onlinebusiness.com. Popular suffixes in Finland are .fi (Finland), .com (Commercial), .net (Network), .eu (Europe), .mobi (Mobile phone) .xxx (adult entertainment). Usually big companies tend to buy also .xxx domain name so that company won’t get bad image because same name is used by an adult entertainment company.

There are some basic rules concerning the registration of the domain name. For example domain name cannot be insulting, courage to do a crime, or be someone else’s name. In order to protect the system, ordinary companies cannot buy a domain and re-sell it. There are specific companies, which have the right to sell a domain for example when a customer is purchasing a product package from them or renting space from a web hotel.

Domain name has a time-limit. If the domain name hasn’t been renewed the online shop will stop working, so it is very important to renew the domain name in time. Renewing the domain is possible to do in that company’s website where the domain was originally bought from. (Lahtinen 2013, 253-255.)

Generally the price of a domain with a .fi suffix is a little higher than for example a domain with .com or .org suffix. In Finland Viestintävirasto controls and gives the permission to buy a domain. Domain with a .fi suffix can be bought from www.domainhotelli.fi with 9€/ year, while from www.GoDaddy.com it is possible to get a .com domain with only 1,99€/year. (Domainhotelli Oy, 2016; GoDaddy Operating Company LLC, 2016.)

3.4 Search Engine Optimization

Search Engine Optimization means that the online shop is more visible in the search engine results, like for example in the Google results. When an online shop appears in the top results, the shop can get considerable amount more visitors to the website, which increases the selling. To get a higher position in the results, the website should be linked to other websites or the website should update its content often in order to match well with searched keywords. For a brand new website it can take many weeks to get visibility in the Google.
There is two different kinds of optimization in Google. The inside optimization means that the seller concentrates to create a website, with the best possible content in order to match better with search engines results. The more there are different variations from the keywords in the website the better visibility is in the Google. The outside optimization means that the more other websites link to the online store, the better visibility Google gives for the site. Google’s Page Rank works so that the more there are links to the creator’s website and the less there are links from the creator’s website to other websites, the better ranked the website will be in the Page Rank. (Lahtinen 2013, 178-180.)

Domain name is very important for search engine optimization, since the customers often try to find the website through its name. This is why the domain name should be simple and very easy to remember. Purchasing the domain with the company’s name also protects it from getting misused.

Meta-description is also very important for SEO – Search Engine Optimization. Meta-description means the first sentences that Google will show from the webpage. The seller should spend time for thinking a good description, since that will affect to that how many customers will open the link to the website. A good meta-description includes for example contact information like phone number, e-mail and address.

There are many companies, such as Cuutio in Finland, whose business idea is to show how well online store does in the internet and how to improve the visitor traffic to the website. The average payment for example in Cuutio’s webpage www.cuutio.fi is 29€/month for this service. (Cuutio Software Oy 2016.) If an online store’s creator relies only to the website to bring sales, it might be a good idea to invest in these types of service, even though it is quite easy to learn how increase visitor traffic to webpage by your own.

The most important thing in the search engine optimization is the information security. If the security is bad it doesn’t matter how much work is done for a good visibility in Google. It won’t show any websites with security problems. For example if an online thief breaks into the website and adds malicious software to it, even after everything has been fixed within the website it will still stay for a long time in Google’s “black list”, which means that it won’t come up with the Google results.

There is also some unethical ways that the visibility in Google can be affected. These techniques are called Black hat-techniques. These include for example hidden text and or links, using keywords that doesn’t have anything to do with the website, showing the content differently for Google, than for the customers, and so on. Google is constantly checking webpages and it adds these types of webpages to its “black list”, which is why online shop creators should be aware of these things. (Lahtinen 2013, 175-191.)
4 LEGAL OBLIGATIONS

Before creating an online store in Finland it is good to check the local and global legal obligations which concern online stores. Some very important laws and regulations for online stores are for example consumer protection law and e-commerce directives. It is also important to know what kind of content is possible to publish in a webstore.

4.1 Consumer protection law

Consumer protection law includes guides for polite and business-like online operating. It has information for example about marketing responsibilities, agreement making responsibilities, payment methods & delivery responsibilities and responsibilities during an accident. Especially the section 6 is important for online stores, since it explains regulations concerning distant sales. Section 2 has important information about distant marketing and section 8A explains how information about products has to be given for the customers. (Kuluttajansuoja laki 20.1.1978/38.)

4.2 E-commerce directive 1359/1999

A small summary about Directive 1359/1999 is going to be explained within this paragraph. This directive goes through, for example, the rules and information requirements that the online service providers, commercial communications, electronic contracts and limitations of liability of intermediary service providers has to follow. It also explains how regulations, which concern inappropriate economical operating procedures and electronic communication information protection, can put limits for marketing and online selling. (Directive 8.6.2000/31/EC of the European Parliament and of the Council.)

4.3 Content guidelines

Most of the website creator platforms have strict rules and guidelines concerning the content, which the creator is allowed to publish in the webstore. These rules and guidelines are clearly explained in the company’s terms of service webpage or document. According to for instance Weebly’s terms of use, the creator isn’t allowed to create the following sites or publish the following content within the online store.
The aim of these guidelines is to protect the users from malicious viruses and websites. Weebly has the right to remove websites and forbid website creators from using the software if they don’t follow the rules and restrictions. These rules are essential especially for securing a comfortable internet surfing experience for young, elderly or inexperienced website users, since they might not be aware of all the risks that website can predispose them to. (Weebly, Terms of service 2016.)

4.4 Domain registration

Domains such as .com, .org or .net are usually possible to register through the webstore creator platforms, such as Weebly. If you want to use another domain, for example .fi domain, it has to be registered through third parties and integrated later on to the website. In Finland all .fi domains has to be registered through Viestintävirasto. In this way it is possible to control how many websites are being created and into what purpose. (Viestintävirasto, 2016.)
4.5 Privacy Policy

In most of the online store platforms, the website needs to collect some information about the user. In the case of Weebly, website collects for example personal information, such as name, email address, phone number etc. when person for example registers to the website or participates in the activities provided by Weebly. Also Internet Protocol (IP) addresses, Internet Service Providers (ISP), browser type and other internet behavior information is being collected in order to develop Weebly’s services and to keep the service as safe as possible. When the user pays for Weebly’s chargeable services, Weebly reserves the right to collect billing information, such as credit card details, PayPal email address and other information necessary to process the transaction. (Weebly, privacy notice 2016.)

4.6 Other important laws and regulations

According to Tero Lahtinen, there are laws such as Consumer Protection law, Law on Unfair Business Practices, Personal Data Act, Protection of Privacy in Electronic Communications Act, Product Liability Law, Accounting law and Tax law, which are recommendable to go through in detail before opening an online store. However, depending on where the website is geographically stored and where its actions are executed, there might be major changes within these laws. In the case of Finland all of the necessary laws and acts can be found from Finlex.fi. (Lahtinen 2013, 87.)
5 CLOUD SERVICES

This chapter compares different online store options and platforms. I will calculate some of the basic costs of the platforms and explain the main benefits and challenges of each platform. For instance, one of the online store platforms can be suitable for a large online store, while another platform is the most affordable way to create a small web shop.

5.1 Cloud services

The main ways to create an online store are either through Cloud services or by buying the shop from IT-specialist. Most of the shops are done by using cloud services since it is usually much easier and more affordable way of creating an online store. It can also be done basically even without any IT-experience or knowledge. Cloud services basically mean services, such as Software as Service, Platform as Service or Infrastructure as service, which are given through Internet. When using a cloud service the person is renting space from a big computer which is held in somewhere in the world. This means that the person cannot affect much to the safety of the server, but he or she doesn’t need as much knowledge to start an online business, nor does it cost much. Most of the time these services are charged by the usage of them.

Software as a Service (SaaS) means that the person is renting the fully functional online shop from the server. The only things needed to do are designing the surface, adding the products and prices and setting a couple of settings. For example www.weebly.com offers this kind of service in English and www.vilkas.fi offers similar service in Finnish. The amount of money charged through this service depends greatly on how many products online store will have and on how big space the online store needs from the server. For example a package of 7 products in Weebly costs approximately 5-7€/month. (Weebly 2016; Vilkas Group 2016; Lahtinen 2013, 253-259.)

Platform as a Service (PaaS) means that the person is renting the space and data-base for the web shop, but he buys the design of the web shop from somewhere else or codes it by himself. The web shop is in this case updated by creator not by the service. In www.webhottelli.fi the web shop, which needs the space of 1 Gb can cost approximately 3€/month (Nordic Web Hotel Oy, 2016). However, the design of the online store has to be bought separately, which will increase the cost or it has to be coded, which need IT-knowledge and more time. (Lahtinen 2013, 253-259.)
Infrastructure as a Service (IaaS) means that the person is renting space from the server but creates everything else by himself. This means all the data-base and web shop design will be coded or bought from somewhere else. Everything is uploaded and updated by the person, who rents the space, which means that the person can affect more to the functions of the online store, but it also needs more updating and knowledge about coding. In Finland IaaS-services can be bought for example from www.planeetta.net, where the price of the online store would be 26€/month. (Planeetta Internet Oy 2016; Lahtinen 2013, 253-259.)

5.2 Comparing popular hosting services

In an online article about website builders, Jeremy Wong compares some of the most popular and well performing online store building websites and explains which the pros of each website are. The website hosting services, which are compared in this article are Wix, Weebly, Squarespace and Jimdo. According to the article the most popular website builder is Wix, which is closely followed by Weebly and then Squarespace, while Jimbo has the last place. According to Wong, he is not surprised that Wix has ranked to the highest, since they have over 88 million websites published (Wong 2016). In these website hosting services Jimdo it is not meant for creating an online store, so it is not relevant for this thesis’ topic.

The main pros of Wix are large selection of professional templates, the intuitive drag and drop interface and Wix’s good customer support system. When a customer uses Wix they can use already made templates but if they want, they can also create a template by themselves. Wix is also said to be very easy to use and it doesn’t require a long learning curve. According to the article Wix has one of the strongest support infrastructure available amongst all website builders. However, mobile responsiveness isn’t as developed as in other website builders.

The main pros of Weebly are similarly to Wix, User-friendly drag-and-drop interface, mobile responsive templates and pre-designed page layouts. When a customer uses Weebly they can start building an online page basically without any IT-knowledge. Pages are already planned for them and customers can just click their favourites and customize it to look more personalized. In Weebly all of the page layouts are mobile responsive, which is very important for an online store.
Pros of Squarespace are beautiful and responsive templates and extensive styling options which makes personalizing the web store very easy. Mobile responsiveness and customizing make this website perfect for a user wanting a stylish online shop, which can be used also through mobile phone. However, using this web builder isn’t as easy as using Wix or Weebly. (Wong 2016.)
6 PAYMENT METHODS

In internet there are multiple different ways to pay for purchased items and services. The most popular ones are Bank’s internet payments, Bill payments, Credit card or PayPal account payments or Cash on delivery payments. The more there are payment options in the online store the more secure and reliable customer think that the website is. This is why most of the big online stores try to give at least a couple of different payment options to the customers. Each of the payment methods have some pros and cons, which will be explained more in debt in this chapter.

6.1 Banks internet payment

According to Verkkokaupan käsikirja, Finnish people prefer to pay most of their online purchases through Banks internet payment system. This payment method can be included to the online shop in two ways, either by doing an agreement straight with the bank or by using a transaction mediator. Usually companies use transaction mediators, since in that way they can use many different banks internet payments with one agreement. (Lahtinen 2013, 272.)

In Finland one of the most common transaction mediators is PayTrail. According to their website www.paytrail.com, they offer services in banks, such as Nordea, Osuuspankki, Danske Bank, Säästöpankki, Oma Säästöpankki, POP Pankki, Aktia, Handelsbanken, Ålandsbanken and S-Pankki. Also using credit cards as a payment is possible with their offer. This agreement costs approximately 60€/month. More information about PayTrail’s services can be found from their website. (Paytrail Oyj 2016.)

The challenges of buying internet bank services from a mediator, are that the customer’s payments come in with a tiny delay. This is why companies sometimes make a mixture agreement with banks and mediators. They make a personal agreement with the most popular banks, so that the money comes in without a delay and the rest of the bank services are bought from a mediator. In this way this tiny delay doesn’t affect so much the business activities. (Lahtinen 2013, 272-274.)
6.2 Credit Card

Credit Card payments are very popular around the world according to Lahtinen. In Canada, for example, approximately 79% of the internet payments are done by using credit cards as a payment method. To integrate Credit Card payment to the web shop, works in the same way as bank's internet payments. The most popular way is to buy them from an interaction mediator. (Lahtinen 2013, 273.)

In Finland PayTrail offers not only banks internet payments, but also a wide range of credit card payments. Credit cards such as Visa, Visa Electron, Mastercard, American Express, Diners Club, JCB and Eurocard, can be used if the PayTrail is integrated to the online store. The average cost of using PayTrails credit card service is around 60€/month and 2% provision from all successfully done transactions. (Paytrail Oyj 2016.)

6.3 Bill

According to Tero Lahtinen, there are two possible ways to use a bill as a payment method in an online shop. The first way is to send a bill before the purchase at the same time, when the customer has confirmed the purchase. Another way is to send a bill after the product has been sent to the customer. The problem with the first option is that it can cause a lot of work. If the customer doesn’t pay the bill, seller has to contact many times the customer. The problem with the second option is that the seller has to be positive that the customer is going to pay. Sometimes it can happen that the customer might not pay for the product and the seller has to pay for the product by themselves. This will decrease profits of the company and it may even affect to its reputation. However, when doing business to business, this payment method is often the only possible one. (Lahtinen 2013, 276-277.)

6.4 Cash on delivery

This payment method is very traditional and it has been used for a long time before the online payments. In this payment method the customer pays to the post office, before getting the product. Cash on delivery can be made for most of the packages and letters in Finland, except for the fast delivery letters. The price of this service depends of the size of the package, but usually a normal sized package can cost 4, 30€ per delivery according to Posti’s webpage. (Posti 2016.)
6.5 PayPal

PayPal is an organization, which works as a middleman between the customer and the seller. With PayPal both individual customers and international companies can pay or receive money to their PayPal account. Basically PayPal works so that the customer creates an account with their e-mail address or phone number, and into this account client can put his bank information and use the account as a mean of payment. It is considered to be very safe payment option, since the bank information is seen only by the PayPal and not by any third party.

The main benefits of this payment method are that this service is internationally known, it is simple to use, and creating an account is basically free. However using PayPal isn’t free. PayPal takes a small cut from every transaction, but since the cut relatively small, clients accept it happily. For example in international sales has 3.9% transaction fee plus a fixed fee based on currency received. (PayPal 2016.)

To ensure the security in the PayPal they have also included fingerprint recognizing. In case of any problem or insecurity PayPal offer also an online live-chat, which is always open and free to use. The customer service is friendly and they aim to answer as soon as possible to all of their clients. If there ever is a misunderstanding between seller and customer, where both of them are using PayPal, for example when the customer doesn’t get the purchased goods – PayPal is usually on the side of the customer. This guarantees PayPal’s customer satisfaction and popularity. Within these misunderstanding cases customers have 60 days’ time to inform PayPal about the purchase and about the situation, which PayPal will then investigate. Usually PayPal decide to give the money back to the customer. By siding with the customers there are less fake shops using PayPal.

Challenges of the PayPal are for example that the currency exchange is more expensive in PayPal than it would be in most of the other payment methods. Also internet security is a current threat for PayPal. Since this international online organization handles a lot of money, this site has been tried to be hacked. This threat makes PayPal to use a huge amount of its resources in securing the databases so that PayPal’s client’s information and bank accounts cannot be misused. (PayPal 2016.)

6.6 Comparing payment methods

When there are so many different ways to have payment options in an online store, it might be confusing to know which system works best for your online store. Generally this depends on the size of the shop. For
example to a big online shop like Amazon.com, the best option would be to offer as many payment options as possible. For a medium or small sized company, it is more profitable to offer only the most popular payment options.

Generally PayPal is very common and trustworthy payment option, which is recommendable to have in most of the online stores. Also some bank’s internet payment or some credit card payments are good option to have. In most of the website hosting services there is already integrated possibility to use hosting service as a mediator for the payment methods. For example in Weebly’s Starter package, which costs around 7€/month, it is possible to use credit card payments for free, but from every successful transaction they will take 3% present’s cut. With Weebly’s Business package, which costs around 23€/ month, the online store can have also free PayPal account integrated to the shop. (Weebly 2016.)

Cash on delivery and bill payments aren’t as popular in the online stores as other options, since they acquire more work, time or money to use. In a big online store’s they can be a good extra service for the customers, but in a medium or small online stores they aren’t much used. To use cash on delivery or bill payments there has to be a strong trust between seller and customer that they are going to get what they want.

In the future, mobile phone payments are going to get more and more popular. Even now many apps are purchased by using smartphones or tablets. Maybe in the future there will be a specific payment method just for smartphones or tablets. Also electronic currency’s like Bitcoins are probably going to get more seen in the online stores. However at the moment the most common ways to purchase a product or service form a website is by using bank’s internet payments, credit cards, bills, cash on delivery or PayPal account.
7 MARKETING

Marketing is an effective tool to maintain an online shop after it has been published. Though it doesn’t mean that marketing couldn’t be done even before opening an online store. Often companies pre-market their ideas for example in social media, like in Facebook or Instagram, in order to see if people are interested about the products and willing to invest in them. However, after the online store has been opened marketing becomes essential for the shop, since if it is not marketed properly it can disappear to the internet mass and get forgotten.

7.1 Online markets

Generally online marketplace has more potential than bricks-and-mortar store’s market place. Online markets aren’t tied into a location, which can be a huge advantage if utilized in a right way. However e-business brings also disadvantages to the company, such as global competition and different prices.

According to the Lahtinen the typical online customers are constantly moving from one webpage to another in order to find the best deal they can have. In the internet customers aren’t as loyal for the brands or companies as they are in the brick-and-mortar stores, and they will change the shopping place if a better deal is found from another place. However, there are couples of things that online shop creator can do, which might help to keep the customers in the online store. (Lahtinen 2013, 28.)

The online store can for example try to offer a bigger or better selection of products than others. Usually in these type of stores customers are willing to accept slightly longer delivery times and higher prices. However, if this is not possible for some reason, online store might have better luck succeeding when it offers faster delivery times and more affordable prices from smaller product selection.

Competing with the price can be dangerous, since there is always a risk that a competitor which can offer even lower prices appears in the market and makes the first online shop unprofitable. This is why most of the online stores prefer concentrate on differentiating their product from their competitor’s. This might be done for example by offering exceptionally friendly customer service or by giving some free samples to the customers with every purchase they make. (Lahtinen 2013, 38.)
7.2 Social media in marketing

According to Content factory’s website, the main benefits of using social media in online marketing are for example that it helps to increase web traffic, connect with customers, improve the brand image and compete effectively with competitors. As explained before, updating the website often boosts website’s SEO. When the website is connected with Facebook, Instagram, LinkedIn, and Pinterest and/or to other social media, it helps to keep the information up-to-date and improve the ranking in search engines. (Olive Street design 2015.)

If it is done well, connecting to social media can improve the relationship between the company and the customers or with the third parties. Interacting with customer’s Tweets or Facebook posts give a little insight in customer’s daily life and help the company owner to adjust their marketing strategies to changes. Social media can be used also as a tool to communicate with other non-competitive businesses or for example with journalists.

Social media can be very important when creating the brand image. With social media it is possible to respond to the problems immediately and often strong social media presence builds brand loyalty. When company interacts daily with its customers, the customers start to identify more with brand and see it as a group of individual with the same vision, rather than a corporation. Facebook or another social media platform creates also a good place for the brand community members to interact with each other and deepen their relationship with the company.

Social media can also help you to find customers, which didn’t know that your company existed as well as help the customers to find your company. In internet it is really easy to disappear in the mass, but being present in many different social media decreases this threat.

It is also estimated that social media marketing can bring more sales to the store. For example according to this article, 70% of B2C marketers have acquired customers through Facebook. (Olive Street design 2015.)
7.3 Pull and push marketing strategies in online business

According to Kotler and Armstrong, brick-and-mortar companies can choose between two main marketing promotion mix strategies, when they want to market their products to customers. In a push strategy a product is “pushed” through marketing channels to the final customer. This means that the producer encourages, for example sales force to promote product to the final customers. In a pull strategy the producer directs marketing activities, such as advertising, towards the final customer, in order to get them attracted to purchase a product. (Kotler & Armstrong 2011, 425.)

These strategies are also found from the online marketing. Outbound-marketing works similarly to the Kotler’s push strategy. According to Aaltonen, with outbound-marketing companies can try to influence customers, for example, with advertisements in television, magazines, or in internet. For instance when a consumer watches their favourite television program, the products they see during the program or during the advertising break, these products will be emotionally connected to the program and get a positive image, which can make it easier for companies to sell the products. Using banner advertising is an expensive but very effective way of advertising in the Internet. (Aaltonen 2014.)

In the inbound-marketing the customers are interested to find the product. Inbound-marketing means in practise, that the company links the online shop to many other websites, in order to get a good visibility in the internet. When customers shop for example in a store which sells winter-jackets and this store is linked to a shop selling winter-shoes, the customers are more willing to click the link to shop in an another shop. This is so, because the customers are interested about complementary products and they are open for marketing activities, just like in Kotler’s pull strategy. (Aaltonen 2014 ; Kotler & Armstrong 2011, 425.)
7.4 Conclusion from all of the Thesis topics

Starting up an online business has both its benefits and challenges, which should be taken into consideration before creating the online business. In the following table are collected a short summary of all chapters of this thesis and it also includes some recommendations for online business managers. Table also has some estimations of the cost of building an online store as well as cost estimations of using some of the popular services, which may help with the starting process of the online business.

TABLE 1. Conclusion

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Description</th>
<th>Benefits</th>
<th>Challenges</th>
<th>Cost</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Chapter goes through online business environment</td>
<td>Generally online stores are more affordable than brick-and-mortar stores.</td>
<td>Website has to be updated regularly, or it won’t show as well in search engines.</td>
<td>A small online store’s min. cost is approximately 150€/year.</td>
<td>Since online store’s prices changes a lot it is recommendable to check many online store hosting services. Generally online stores are more affordable than offline stores.</td>
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<td></td>
<td></td>
<td>Delivery is faster, since distribution chain is shorter.</td>
<td>Global competition creates multiple challenges to companies.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Chapter goes through important concepts and services, which help to create a better website.</td>
<td>Using extra services and programs, can help company to stay ahead of its competitors.</td>
<td>Some of the services can be expensive or difficult to use.</td>
<td>Google Adwords price depends. (For example 100€/week.)</td>
<td>Small businesses can find similar services from internet for free or with trial-time.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Services can also save time and effort.</td>
<td></td>
<td>Cuutio: 29€/month</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Legal obligations are explained in this chapter.</td>
<td>Legal obligations help companies to defend their rights and clarify misunderstandings.</td>
<td>Not being aware of the rules and regulations can cause huge problems in online business.</td>
<td>For example copyright violation can lead to charges worth of thousands of euros.</td>
<td>Before creating an online store in Finland, it is recommendable to check Finlex’s and kilpailu- &amp; kuluttajavirasto’s websites.</td>
</tr>
<tr>
<td>5</td>
<td>Chapter goes through different cloud services and it compares most popular hosting services.</td>
<td>Cloud services are generally cheaper than online store’s, which have been bought from an IT-engineer.</td>
<td>There is a lot of competition in the cloud service field.</td>
<td>Weebly Starter: approximately 120€/year  Wix Unlimited approximately 100€/year.</td>
<td>It is recommendable to find a hosting service that is easy to use, has fast support services and isn’t too expensive.</td>
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<tr>
<td>6</td>
<td>Payment options and their comparison are explained in this chapter.</td>
<td>Integrating a lot payment options increases the amount of customers.</td>
<td>A wide variety of payment options requires a lot of money.</td>
<td>PayTrail 60€/month  Weebly starter approximately 120€/year.</td>
<td>Some hosting services offer payment mediator services which can be more affordable alternative.</td>
</tr>
<tr>
<td>7</td>
<td>Benefits of marketing and using social media are explained in this chapter.</td>
<td>Marketing helps to maintain the online store’s visibility and visitor traffic.</td>
<td>Marketing can be very expensive. If bigger competitors do marketing at the same time than the smaller ones, for the later ones it will be less beneficial.</td>
<td>Social media marketing usually free  Advertisements in Google can cost thousands of euros.</td>
<td>Especially for SME companies it is probably better to advertise in social media, which is usually free.</td>
</tr>
</tbody>
</table>
8 CREATING A WEBSITE

In the end of July, while writing this thesis, I happened to find Laattavieska’s old website. I have known the company for a long time, since my father has been working there for around 15 years and I have come to know also the owner of the company. When I found the website, I thought that maybe I could improve it a little bit and help this company to get more customers and orders as well as promote some of their products with it.

The original look of the website had basic information, like company’s contact information and a logo. The colour scheme was blue and white, and the website didn’t have any pictures of the products it sells or any pictures from its premises. Since the competing companies had really colourful and versatile websites, I thought that it would be good if Laattavieska would also update its online image.

I contacted the owner of Laattavieska, Paavo Männistö, and asked if I could do a website for him and he agreed to it. Our first intention was to create an online store, but since there was a lot of legal things and complicated information involved in the process, we ended up just creating a better website for the company.
8.1 Laattavieska

As a company, Laattavieska has been working already over 30 years. It has specialized to sell tiles and plates to floors, walls and outdoors. The main products of the company are bathroom tiles and furniture, as well as services related to the tiles. Laattavieska offers a lot of services connected to bathroom renovation; planning, help to find the best materials for the space and delivery of the products. The tile collection has hundreds of different models and designs and the bathroom furniture includes, for example, sinks, mirrors, toilets, showers, shower walls and doors, and bathtubs and bubble tubs. Laattavieska is located in the centre of Ylivieska, in the middle of Finland.

PICTURE 3. Laattavieska’s new website’s product page

Laattavieska’s new webpage (PICTURE 3) shows really clearly the main products of the company. There are multiple styles, designs and materials for bathroom furniture, which customers can see from these pictures. In PICTURE 3 product page attract the customers to buy not only one product, but all of the products as a set, which might increase the sales of the company.

8.2 Starting process

The starting process of a website involved a lot of planning and some meetings with the company owner and workers. The owner of the company, Paavo Männistö, told me the most essential things that the website should have, but he gave me quite free hands to design the website. In the beginning I made a lot of different website designs and the best ones I presented to Männistö. Sometimes he asked me to change
things, designs and sentences to suit better company’s image, which I then implement into the website’s design.

During the very first meeting with Männistö, I got the permission to take pictures from the Laattavieska’s brick-and-mortar store and from the products. Since Laattavieska works under a bigger corporation, Laattapiste, we asked if we could use also Laattapiste’s media bank, which has all of the advertising pictures of different products, to the website. Fortunately we got the permission to use media bank’s pictures and in the end most of the pictures used in the final website design are actually from this media bank.

PICTURE 4. Laattavieska’s new home page

As can be seen from PICTURE 4, Laattavieska’s new home page has a lot of pictures and most of them are from Laattapiste’s media bank. These pictures are professionally took and give a trustworthy look for the new website. The banner picture especially brings forward all the main products that the company sells without overpowering the brand name or text.

8.3 Weebly

In the first meeting with Männistö, we decided to use Weebly as a hosting service for the Laattavieska’s website. We ended up using this hosting website, since I had already previous experiences with it and because it looked really responsible website. We chose Weebly’s starter package for a web store creation, which had a 30 days money back guarantee, if the customer wasn’t satisfied with the service.
Weebly is a well-known Interface as a service, which works with basic drag-and-drop system. This system has made service really popular, since any technical knowledge about coding is not needed. However, if the user wants to code their website, Weebly also gives this opportunity for the user. According to their website, there is over 30 million people around the world, who have already used Weebly’s website builder and advanced eCommerce tools to create their perfect site.

Using Weebly was really easy and doing the final website actually didn’t take a long time, probably around 10 hours. Weebly has good templates for the new users, so I took some templates and changed them to suit better to Laattavieska’s image. I added to the website a home page, multiple product pages, a shop page and some contact information pages. All contact information pages have a map, which shows the location of the brick-and-mortar store. All of these maps are integrated with Google map abilities, so that they can be zoomed in and out if needed.

PICTURE 5. Laattavieska’s new contact page

8.4 SJR Hosting

After making sure that the website functions properly and has the wanted design we had to connect it with the Finnish domain. Since Weebly is unable to provide .fi domains, this domain had to be get from another hosting service. Fortunately Laattavieska had already purchased the Laattavieska.fi name from a hosting service called SJR Hosting, so we could contact them with an email and ask them to change the domain’s customer traffic to go through Weebly’s IP address.
SJR Hosting is a Finnish company, which has specialized to give Web hosting services, especially in Finnish. They also provide Server hotel services, Backup Workstation services, Storage services and lot more. Their customer service is fast and very friendly, and they could change the IP address within a day’s time. (SJR Host 2016.)

8.5 Process

The process of creating a website was exciting and full of possibilities. Like I explained before, in the beginning we were planning to make a full online store, but in the end we decided to just update the online image and make it so that customers are more aware of the company. I think that the website has been a success, since Weebly gives tools to check the customer traffic and according to it the website gets now hundreds of page views every week. There are an increasing amount of new visitors coming to the website and hopefully this website can give them all the needed information and encourage them to visit brick-and-mortar store. (Weebly 2016.)

![Graph](image)

GRAPH 1. Laattavieska’s new website’s visitor information from the second week
As can be seen from GRAPH 1, GRAPH 2 and GRAPH 3 Laattavieska’s website has been found well from the internet. There has been huge increase in the page views every time when we decided to make major changes in the website, and this is because I had to check how the changes would affect to the functions of the website with the computer usage as well as with smartphone usage. Sometimes it could happen that things looked very good with the computer usage, but with the mobile usage they didn’t look as good at all. In these cases I had to do the website design again, so that it would offer the best user experience for both user groups.

The GRAPH 3 shows that during the first weeks the website got a lot of new visitors. During the third week website wasn’t as active and within the fourth week there was again a lot new visitors. Inactivity during the third week might be because we didn’t make any major changes during that week. However in the future it will be a big challenge to grow the amount of new visitors and encourage them to order products from the website as well attract them to come visit the brick-and-mortar store.
8.6 Challenges

The biggest challenges during the website creation were, for example, connecting the website with its domain name, since I had never done it before. Weebly’s guide for doing it was quite complicated, according to it the customer traffic from the original IP address had to be moved into the new one, which I first thought that I could do by myself. After trying it a while, I decided to contact SJR Host’s customer service and they could luckily change it really easily.

The other challenge which arose during this project was the change from online store back to a website. In the beginning we planned with Paavo Männistö to make an online store, but after we saw all the information that the Kilpailu- ja kuluttajavirasto demands every online store to have, we decided to have only a website. According Kilpailu- ja kuluttajavirasto’s webpage, all the e-businesses has to have, for example, 14 days returning policy for the products (Kilpailu- ja kuluttajavirasto 2016). For companies such as Laattavieska, this could bring some extra costs, which they wanted to avoid. For this reason we decided to change the design from an online shop back to a website.

In the beginning of this project we purchased Weebly’s starter package in order to be able to sell products online. Since we changed the purpose of the website, we ended up cancelling the starter package. Since we are now using the free version of Weebly, we have a small advertisement in the Laattavieska’s webpage. According to Männistö free version suits better their needs and is more cost efficient for their company.

8.7 Outcome and future

Project of creating a website was very interesting. It included a lot of research from books and internet. The fact that by doing a better website for a company, they could increase sales and get more visibility was very encouraging for me.

When comparing to the old website, the new website got more updated image and it has very clearly presented contact information, so that customers can find brick-and-mortar store more easily. The background of website’s banner has a colourful picture of a bathroom. This picture shows to the new visitors all the main products that Laattavieska sells: tiles for walls and floors as well as bathroom furniture,
such as bathtubs, sinks and showers. The product pages are very colourful and include a lot of pictures. For now they have quite small descriptions of each product, but in the future we will make a longer descriptions for each product. From the current webpage the customer can easily contact Laattavieska if they would like to order products or know more about the products. Overall the new website functions better for the company as well as presents better their image as a company.

In the near future I will make a small course for Laattavieska’s workers, in which I will explain to them how to use the website and how to publish its new content. Our aim is to increase the amount of visitors in the website and increase sales. In the future Laattavieska could promote website for example by adding it to Laaatapiste’s website, so that customers can found it more easily. Another way of updating and promoting the website is by creating new social media accounts for Laattavieska and by using them to communicate with the new and existing customers.
9 REFERENCES


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FURTHER READING

