Business plan for an online marketplace company

Kinh Truong

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Business plan for an online marketplace company

Kinh Truong
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This Bachelor thesis has been created with the purpose of assisting the author in creating a business plan for a real business idea. The study provides knowledge and practical information on what the business plan is about and how to write a business plan for a startup company.

The theoretical framework consists of materials related to a business plan, the concept of Lean Canvas and the question of why a business plan is important for a startup company. It discusses what entrepreneurs should pay attention to while attempting to do business planning for their startup companies in Finland.

The empirical section of the thesis is the actual business plan of an online marketplace company. The business plan is written using Lean Canvas based on the author’s knowledge base and the thesis’s theoretical background. It provides information on the business idea, customer segment, market research, value proposition and so on.

The analysis of the results indicates that the business idea is viable, though it involves certain level of risks and profitability is a long-term target. Starting a business in Finland requires determination and careful planning. A comprehensive business plan will act as a guide for business development and direction. In this thesis, Lean Canvas business plan model is selected as the main layout for the business plan.

Keywords: business plan, entrepreneur, online marketplace, business model
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1 Introduction

The purpose of this thesis is to develop a well-thought out business plan for an online marketplace company. It led to the author to use Lean Canvas framework for business plan model—one of the most popular applied-based business models. The business plan will not include the financial data section where budgeting, targeting profit and investment calculation are described. This business plan is intended to serve as a visionary strategy tool for the company’s future development.

The author has been studying Business Management in Laurea University of Applied Sciences for two and a half years. After graduation, the author intends to establish his own company in order to make full use of the knowledge and skills he has acquired during the degree. The business idea was initially thought out a year ago from this point by the author, the idea has been constantly refined to turn it into a feasible business. Through this thesis, the author wishes to create a successful business plan for the company, the thesis provided the opportunity for the author to do research on business planning and make analysis accordingly. The thesis will include information on business planning for practical use for entrepreneurs. The thesis is to support the business idea of the author. It therefore does not necessarily can be applied in any businesses circumstances. Yet it can be used as a reference material and previous experiences for people who are interested in establishing a business in Finland.

The research methods used in this thesis are qualitative. Both desk research and field research will be used in this study. Desk research contains the theoretical part of business plan and business model. Field research is the market research of the business industry, demand and competition. For this purpose, an interview with a business advisor of Yritysespoo for business analysis and recommendation was carried out.

In the following chapters, the business plan will be explained and as mentioned, the financial section will not be included in the real business plan since the real business plan is not created for funding purpose.

2 Why business plan is important

2.1 What is business plan

Business plan describes a written form of plan for business use. It examines relevant aspects of business planning for envisioning company’s directions and explain how the business functions in practice. The business plan emphasizes how a business idea on the paper can turn into a functional business. The business plan could also include long-term objectives and targets (The Finnish Enterprise Agencies, 2017, p.16).
Typically a business plan consists of different sections that are related and affected with each other. Each section describes a specific area of the business and measure several factors that answer relevant questions of the business (Entrepreneur no date). By investigating the business plan a company has, outsiders are able to identify the business nature, contexts, visions and strategies. Though it sometimes is designed specifically for investors or banks for funding purpose, business plan in fact plays a significant role in the succeed of a company, particularly as the starting phase of the business.

Business plan is a tool that provides a number of benefits for entrepreneur to deal with business circumstances. The more well thought out plan the better foundation an entrepreneur has.

2.2 Business blueprint

Business plan acts as the blueprint for the business. In reality when one wants to establish a business, the foremost step is to test the feasibility of the business idea. Normally entrepreneur would make a mistake of starting a business without testing the validity of the idea itself. By writing a business plan, it provides a walking process by which the entrepreneur can see the feasibility of the business. A preliminary business plan is the first step towards developing a minimum viable platform.

Writing a business plan helps develop a set of missions, value and visions for the business. It is a road map to guide the entrepreneur and their team for strategic thinking and disciplinary planning. The plan should be concise, clear and measurable (Abrams 2014).

With business plan in hand, entrepreneurs are prepared with a business map from which they can look at the business circumstances from a holistic view. It helps the entrepreneurs to examine their positions on the map and see whether they are still on the course to meet strategic objectives (Rashid 2017). It provides opportunity for companies to keep their visions and strategies concentrated.

2.3 Keeping the entrepreneur stays proactive

In real life, there are many people capable of coming up with innovative ideas. However, turning the ideas into practice are usually challenging. Ideas can be everything in our daily life, no matter it is a high-tech product, an anti-virus software or an out of the box medical solutions for elderly, these are potential business ideas. Nevertheless, people often give up on their ideas when it comes to execution. Business plan therefore can provide a solid foundation for the business building process to make it easier for startups to logically organize their works and leverage the business establishment process.
Establishing a business requires the entrepreneur to take reasonable measures from time to time, yet sometimes overthinking the business will slow down the business building process and prevent the entrepreneur to take appropriate actions. The point of having a business plan is to help the startups to get things off the ground quickly and effectively. By highlighting the possible problems and objectives for businesses, entrepreneurs are more likely to work out the business directions more logically and effectively, business plan makes it possible for entrepreneur to stay proactive rather than reactive (Berry 2013).

2.4 Change management

Business plan allows the entrepreneurs to make changes timely and accordingly judging the business environment and competition status. The plan provides the flexibility to alter the business plan’s components when one part of the plan is affected. It gives the entrepreneur the chance to effectively develop the business while still maintaining the structure of the business. By writing a thorough-thought out business plan, it increases the odds of success (McKeever 2007).

Business plan for any business will change over time as the business develops, and any particular business may have multiple business plans as its objectives change. In the growth phase an updated business plan is useful for forecasting or raising additional capital for expansion, and if you decide to carry on with or end the business (Ward 2016).

Business plan reflects the opportunities and challenges a business is facing. By looking at a business plan, entrepreneur can see the clear course toward the future. The business plan makes it possible for the entrepreneur to make wise decisions for unexpected events, either examining the incoming opportunities or avoiding distractions it is when the business plan comes handy. (McKeever 2007).

Business plan envisions the operational objectives help smoother up the starting phase of the business. It facilitates the planning process and makes the business visible to investors and other stakeholders. A thorough and well thought out plan will support change management and crisis management which are often needed at the startup phase of any businesses.

2.5 Setting priorities

Business as a whole is a complex thing to manage. There are many parts that constitute to a functional business and every one of them need to be taken care of. For examples, customer demand, financial position, competitions, operational issues, labor costs, revenue models and so on are all relevant to the success of a business, consequently, paying careful attentions to
all the details of a business is impossible. That is precisely why prioritizes which is more important at a certain period of time being crucial. The idea is to allocate a company’s resources and time accordingly based on the situation (Berry no date).

2.6 Operational management

Business plan acts as the layout for the business to comply with. Look at the business plan could help determine how should a company should operate on daily basis. It emphasizes the logistics work within the company, providing instructions as to how the business intervals function and connect with each other and thus illustrate the flow of the business (Entrepreneur no date).

A thorough written business plan is able to point out the needs of each parts of the business. Hence, entrepreneur could organize the structure of the company and enhance the effectiveness of the business operation. As a result, when the operational department enters the flow, it greatly improves the business in terms of performance and costs.

Business plan is widely used by most entrepreneurs and big companies in the world due to its usability and flexibility. Business plan not only is a map for startups to adhere to in the establishment phase of the business but also a tool for companies to optimize their growth or overcome crisis. Business plan therefore is extremely important for those who aim for succeed in the long run.

There are many different business plan models out there to choose from but a good business plan should consist of the following components: business description, product description, industry and competition, marketing and advertising channels and customer segments.

As mentioned above, the thesis will use Lean Canvas as the fundamental framework to develop the business plan. The elements of the business plan in this study therefore is fully adhered with the Lean Canvas’s components.
Lean Canvas is an adaptation of Business Model Canvas by Alexander Osterwalder which Ash Maurya created in the Lean Startup spirit (Fast, Concise and Effective startup). Lean Canvas promises an actionable and entrepreneur-focused business plan. It focuses on problems, solutions, key metrics and competitive advantages (canvanizer, no date). The Lean Canvas framework covers 9 areas of a business plan which stands for 9 blocks in the canvas. Each block represents an element in which the business plan measures what to take into account when using Lean Canvas to establish a business.

Lean Canvas is a problem-solving orientated business plan model. The Canvas is designed to maximize the efficiency of the planning process by narrowing down the plan to the most significant sections of the business. It covers the areas that are most crucial for entrepreneur in the starting phase of the business. The philosophy behind the Lean Canvas is to remove waste, only focus on the elements that are relevant to the entrepreneur instead of outsiders such as investors, shareholders and other stakeholders. It is created with the purpose of serving the entrepreneur in terms of brainstorming, business planning and decision making. The idea is to develop a plan by which the entrepreneur can make decisions and planning quick, precise and effective. (Mullen 2016).

Most start-ups need a long period of time for coming up ideas and an even longer time to organize their thoughts. Lean Canvas acts as a tool for entrepreneurs to turn their ideas into written format which is presentable and communicable (Mullen 2016). Most people have the tendency mistakenly spend their times on investigating too much information for their business and consequently go too far away from the cord of the business without actually solving the business problems and fail to get it off the ground. The Lean Canvas instead helps entrepreneurs to do what need to be done in the ideation stage. By following the blocks of the canvas, start-ups are able to logically draw a simple yet comprehensive business map for establishing their business. It is extremely useful for people who wish to start a business or those who are still in the early stage of their businesses.

While most business plan models are designed for funding purpose, Lean Canvas is specifically designed for entrepreneur. The Canvas concentrates pointing out the essence of the product and service. The aim of the Lean Canvas is to help picking out the most important aspects, refining the business plan. By looking into the plan, entrepreneur can solely focus on develop the right product and services for the right audience, designing the right solutions for the
right problems and identifying the right channel for the right market. The canvas also covers the marketing part and financial positions of the business (Maurya 2012).

![Figure 1 Lean Canvas model (Medium.com 2016)](image)

In the following sections, the thesis will examine each block of the Lean Canvas.

3.1 Problem

This block defines the problem that the business is trying to solve. What are the problems that the customers have? This is usually the first step of brainstorming a business idea. Starting from the customer’s perspective and try to solve their problems in life and work. Another way to look at what problems the customers are facing is what the business idea is. The problem and idea are closely connected and mutually complement each other in the brainstorming process.

Though idea and problem share some similarities, they are not necessarily the same. A business idea is supposed to solve customer’s problems. On the other hand, a problem might not
be the business idea. Thinking about the problems the customers have is usually the first step for brainstorming the business idea. It helps entrepreneurs identify the potential market and then establish the business idea (Landau no date).

Ideas are important for a business yet the idea is only feasible unless it solves a specific problem. It is the first step for brainstorming. After identifying the problem, we can start to measure the scope of it and then estimate the demand. The greater the demand the bigger the market (Maurya 2012). The point is to see the problem worth solving or not.

The main question for this block is: Are my products and services needed out there?

3.2 Customer Segment

According to Shopify, Customer segmentation is the process of dividing customers into groups based on common characteristics so companies can market to each group effectively and appropriately.

What types of customers are the target groups? These are the people having the same problem that seek for the solution the business provides. After discovering the problem, the next step is to look for the audiences that have the same problem we are examining. There are different groups of people among those audiences. Start making classification in order to split it into different types of target customers. Each group requires a different set of strategy to approach. Further breaking it down, the customer segment block will be extremely helpful when the business need to modify the product and services to meet specific requirements and characteristics of each groups of customers.

Customer segments is the result of thorough analysis on customer’s pattern and behaviors. By identifying their similarities in terms of physical, psychological, biological and geographical, company is able to create a system to effectively locate their target customers and therefore build a solid foundation for marketing phase (Shopify no date).

The main question for this block is: Who are looking for my products and services?

3.3 Solution

The solution is the answer to the customer’s problems. It basically tells the customers what the company sells and offers. In other words, it defines what kinds of goods or services the company provides. A good solution will solve a problem with a high level of demand. The common mistake that people usually make is to develop an innovative business idea without
actually solving any particular problems. For example, a glowing soccer ball might sound attractive but that does not necessarily give customers a sufficient reason to buy the idea.

The solution is what make us who we are. It is also the foremost reason why the company should exist to begin with. Since we are usually not the first person to figure out what the problem our customers are facing. The point is which area or what aspect of the problem we are solving will give us the answer to our solution. The more specific the area is the more valuable the solution is.

A good business solution does not only have to be creative and attractive but also have to be demanded and effective.

The main question for this block is: What is your product or service?

3.4 Unique Value Proposition

This is the promise that the company makes to its customers. The primary reason why the customers should buy from you instead of your competitors. It is a proposition tells how the company distinguish itself from the competitors. What the company has and the others do not have (Mullen 2016).

The message is to persuade the target customers why our product or services are worth buying than the other competitors. The idea is to find out what are our strengths. It is the advantages that we have over the other competitors. A good value proposition will give the customers a convincing and strong reason why they should come for us instead of other companies. Another way to say it is does the company have the game-changing proposition.

The main question for this block is: What are your selling points?

3.5 Channels

Through which means the company reach out to its customers. It is extremely important in the starting phase of a business. It defines the platform the company uses to marketing itself to the public. This block is directly linked to the customer segment block, the more customer segments a company has the more channel it likely to need.

In other words, channels refer to the marketing platform of the company. By which means the company communicate with its potential customers and audiences. It emphasizes the fact
that no matter how brilliant the marketing idea is, if you fail to choose the appropriate mean to deliver the idea, it will all go to waste.

There might be hundreds or thousands of customers seeking for your company’s solution. However if you fail to find a right platform to reach them, they might never find out you have what they are looking for.

Different groups of customers require different types of channels to make connections. It can be televisions, magazines, newspaper or social media. The more research you do for selecting the right channels the higher the possibilities you pinpoint where your target customers are (Mullen 2016).

The main question for this block is: What are your marketing platforms?

3.6 Unfair Advantage

It is the trickiest elements out of nine of the Lean Canvas. Since it is difficult to locate where your unfair advantage is, or rather, it might just be the case that you do not have any. Unfair advantage is not only just what distinguish you from other but more precise it is what makes you special. The stronger the unfair advantage is the stronger bond you share with your customers.

It is one or many winning assets that the company possesses. Something that cannot be easily bought or copied. The one advantage that is unique and only a company has. Furthermore, it likely to be something that immediately draws customer’s attentions and gives competitors little or no chance to imitate or follow. The more unfair advantages a company has the more likely it will dominate the competitors (Mullen 2016).

Creating an unfair advantage requires a deep understanding toward the customers as well as the competitors. It is usually the case that such sophisticated factor is not what customers would have expected or imagined in the first place. If you want to create an unfair advantage for your business, you have to think one or several steps ahead of your customers and competitors.

The main question for this block is: What make you stand out from your competitors?

3.7 Key Metrics
These are the Key Performance Indicators (KPI) of the company. What kinds of metrics measure the success of the business. Metrics are essential for marketing design and performance measurement.

Key Metrics are designed for the follow-up stage of the business. For instance, after each marketing campaign, companies usually take necessary measurements to evaluate the outcome of the campaign, both the positive and negative. Key metrics will remain there for the business to examine the number and data acquired during a campaign and makes assessment based on the metrics. The result is useful for strategy planning, decision making, campaign modification and market analysis. Since the data is no always positive, key metrics are required to help keeping track of the business and help alter and develop the planning process based on circumstances. In other words, key metrics are to give data on your business’s health. The point is to provide comprehensive information to improve the business’s condition from time to time (Inetsolf no date).

The main question for this block is: What are your KPI?

3.8 Revenue Stream

How a business sets the pricing and how it defines the revenue model. For instance, an online marketplace business can monetize either through commission model, listing model or membership model. Revenue models vary depends on the nature of the business and the company’s strengths and weaknesses. A business with a suitable revenue model will make a big difference in terms of performance and profitability.

Determining the revenue model for a business plays a vital part in the whole business cycle. Revenue models directly or indirectly influences every part of the business, choosing a right revenue model therefore is crucial to the success of the business. The idea is to select a revenue model that fits well the business’s nature and context (Anastasia 2015).

The revenue model should explain the value of your business. The entrepreneur should take multiple approach to estimate and make evaluation on the revenue model on a frequent basis. Since a single revenue model is not always effective, it might just perfectly work today but it will be another story tomorrow. The company is expected to be flexible in adjusting the revenue model to meet the customer demands and business contexts (Anastasia 2015).

There are many variables that constitute a revenue model. Different factors need to be considered for creating an appropriate revenue model. The perspective of customer, the business’s solution, the industry’s competition, the company’s advantages and disadvantages and
so on, all affects the choice of the revenue model. It is essential to be flexible and well-alert of the situation out to make suitable adjustment on the revenue models (Anastasia 2015).

For startup, the most common way to select the revenue model for the company is to look at which field or sector your business belongs to.

<table>
<thead>
<tr>
<th>Revenue Model</th>
<th>Description</th>
<th>Pros</th>
<th>Cons</th>
<th>Example companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction revenue</td>
<td>One-time sale of goods or services.</td>
<td>Can have low barrier to trial.</td>
<td>Need to continuously generate new sales.</td>
<td>American Eagle</td>
</tr>
<tr>
<td>Project revenue</td>
<td>One-time project.</td>
<td>Can have large payouts.</td>
<td>Scalability issues. May have long sales cycle. May require large upfront investment.</td>
<td>Construction company</td>
</tr>
<tr>
<td>Recurring revenue</td>
<td>Customer pays for access to a product or service in installments (usually monthly or yearly).</td>
<td>Do not have to resell customer for each revenue installment.</td>
<td>May require large upfront investment. May have long sales cycle.</td>
<td>Dropbox, Salesforce</td>
</tr>
<tr>
<td>Service revenue</td>
<td>Service provided to customer. Customer pays for time or expertise.</td>
<td>May not require large upfront investment.</td>
<td>Scalability issues.</td>
<td>Law firm, Supercuts</td>
</tr>
<tr>
<td>Freemium</td>
<td>Offer subset of features for free. Try to convert free customers to paying customers.</td>
<td>Can have low barrier to trial.</td>
<td>Hard to convert to paid. Hard to determine paid/unpaid.</td>
<td>Dropbox</td>
</tr>
<tr>
<td>Advertisements</td>
<td>Sell adspace.</td>
<td>Large market of potential customers. Potential secondary revenue source.</td>
<td>Need a lot of eyeballs to make viable. Can detract from user experience.</td>
<td>Google</td>
</tr>
<tr>
<td>Marketplace, platform</td>
<td>Platform or marketplace to connect buyers to producers.</td>
<td>May not require large upfront investment. Sometimes are winner-take-all markets.</td>
<td>Two sided market.</td>
<td>Etsy</td>
</tr>
</tbody>
</table>

Figure 2 Revenue model (Cmu.edu)

Another important aspect of the revenue model is the pricing system of the business. Pricing mechanisms define the pricing of a product based on its market value. As mentioned above, setting the pricing for a business is vital and at the same time difficult. The trickiest thing about the pricing of a business is the balance of the price. The price of a specific product or service represent the value the company sees in its offerings, you would not want to over-price a product or underprice a product. Either cases, customers turn their back on you. The most reliable resource for your pricing is the market. What is the price level of the market for your product? Do not ask your self what is the price I should give my product but instead ask what is the price that the market gives my product. Benchmarking the price before you set
your own pricing and set a price that is in line with the value of your product (The Finnish Enterprise Agency 2017).

Additionally, sales margin also affects the pricing mechanism. For instance, a product or service with a high price only needs a low sales margin to be profitable. On the other hand, a product with a low price will require a large sales margin to be profitable. Depending on the product and business contexts, you could decide which pricing strategy you should follow (The Finnish Enterprise Agency 2017).

The main question for this block is: How would you price your product or service?

3.9 Cost Structure

What are the costs of the business? Fixed and variable costs both should be taken into account. It is important for pricing structure and profitability calculation. Miscalculation may lead to unbalanced financial position or even loss. Cost structure and revenue stream are closely related. For examples, if a company uses a cost-based pricing strategy, the cost structure of the company will determine the price of a product or service (Accountingtools 2017).

Typically costs should be calculated before setting pricing. Costs include any expenses incur in any activities that contribute to the end product. Company therefore pay extra attention to monitor its costs. Costs will likely to change over time, constant estimations are required. For instance, a company wish to launch a marketing campaign, the foremost is to calculate the cost of the project and then the possible outcome, then only from there the company could determine the feasibility of the campaign. The cost structure of a company also directly affects the strategic decisions of the company since company always have to decide where to invest money on and on what basis. A clearly define cost structure will give the company a clearer view on the company’s situation. Moreover, decreasing the cost is increasing the profit. For a more positive financial position, it is always wise for company to keep their close eyes on their cost structure.

The main question for this block is: What are the costs for a unit of product or service?

4 Business idea

4.1 Ideation phase

During the second year of his study, the author of the thesis started to think about what kinds of internship jobs and positions that he would be interested in. After a few weeks of consider-
The author started from brainstorming business ideas. The approach was problem investigation. The idea is to find out what problems do exist and have yet to be solved. From that point, finding the demand and the market. Subsequently turns that demand into a specific business idea and solution.

After writing down the ideas, all the ideas have to be measured to see the feasibilities of each one. For the purpose of evaluating the business ideas, the author made use of the service triangle and project management triangle to test out the ideas.
After spending several months on the ideation phase, the author came to the final decision on opening an online marketplace company in Finland. The inspiration came from the most successful online marketplace in the world such as Ebay, Airbnb and Etsy.

By looking into the needs and behaviors of the people living in Finland, the authors tried to spot out the available market in Finland. Subsequently he found out there is a niche of secondhand goods in Finland that need to be filled. Starting from that moment, the author aspired to open an online marketplace that specialize in secondhand goods trade in Finland.

At the same time, it is also important for the author to look into the procedures that need to be done to establish a business in Finland. For this purpose, the author was doing research online and found many helpful materials that provide guidelines on becoming entrepreneurs and starting business in Finland. One of the most resourceful material that the author found is the book Guide: Becoming an Entrepreneur in Finland written by Finland Enterprise Agency. The content not only provides practical information on entrepreneur and business plan in general but also gives comprehensive instructions on legal and logical steps to take in order to establish a business in Finland.
After a long period of time of business planning, the author has entered the business establishment phase as he was writing this thesis. In the following chapter, the thesis will examine the actual business plan and details of the business idea.

4.2 Market research

4.2.1 Market facts

According to Euromonitor International, Finland internet penetration and household internet access rate are 93.7% and 90.3% respectively. It indicated an increase in Finns internet usage compared to previous years. It was calculated that Finns spent about $50.9 billion on online goods domestically and internationally in the same year. In 2015 the report showed that an average amount of $2408 was spent by each citizen on online shopping. While 2016 witnessed an increase in online goods sales of $0.9 billion from $7.9 billion in 2015 to 8.8 billion (Export.gov no date).

Finland saw a new record of the number of online stores in 2017, the result was calculated at the end of the year. It was an increase of 8.2% during the last quarter of the 2017, compared to the same period of the previous year. Sales also showed an increase of 9.4% at the same period (Ecommerce News 2018).

According to Vilkas Group, the ecommerce index in Finland increased by 8.7 percent and created the record of all time 2787 points. It was an increase of 10% compared to 2016.

Finnish postal agency Posti also witnessed a new record of over 37 million packages delivered in 2017 while the increased rate in parcel is 9%. This was achieved largely due to the massive increase in the online shopping volume during 2017 (Ecommerce News 2018).

The CEO of Vilkas Group, Markku Korkiakosk was surprised by the growth of ecommerce in Finland, he said: “We have worryingly followed the entry of Chinese web shops in Finland, but now it seems ecommerce in Finland has followed the growth rate really well since the statistics from Posti also includes the increased volumes of parcels from foreign web shops”. He also mentioned how Finnish ecommerce companies has been able to keep up with the growing rate of foreign organizations. It indicated that the potential for Finnish ecommerce market is huge despite the fierce competition coming from outside the country.
It is undoubted that the high frequency of internet access from Finnish households urged the increase in online shopping rate in Finland. According to a report of Ecommerce Europe, 4.3 million out of 4.6 million people in Finland are active internet users, accounting for 93% of Finland’s total population. Of which 3.3 million people are online shopper, representing a conversion rate of 78%, which is considerably high compared to other countries in Europe. People are getting more comfortable with purchasing goods online these days since it is fast and efficient. Additionally, the variety of choices in online stores is another important factor that makes online shopping so attractive. Ecommerce has gradually become the shopping trend for Finns and the growth is believed to be just the beginning of the ecommerce era.
According to Figure 6, the total online sales of goods and services, the number has been increasing constantly from 2012 to 2016. In 2013, the sales increased from 5.5 billion euros in 2012 to 5.8 billion euros. In the next year, there was an increase of 0.8 billion euros compared to 2013, making it 6.6 billion euros sales in total. The following year continued to breakthrough the past figures, witnessing the total sales of 7.2 billion euros, which is 0.6 billion euros more compared to the previous year. In 2016, Finland reached the highest sales volume out of five years from 2012 to 2016, reaching 8.0 billion euros sales in total online sales of goods and services. It could be seen that the ecommerce market in Finland has been performing surprisingly well in the recent year, with 4 consecutive years making the new record of total sales in online shopping volume. It demonstrated the potential of the ecommerce market in Finland.

### 4.2.2 Market trend

The rise of C2C (Customer to customer) business models in online sales has become more vital in Finland ecommerce market. The majority of consumers in Finland are feeling more comfortable with purchasing goods from other people as a way to save money. Some of the most popular online marketplaces in Finland include Tori.fi, Huuto.net and Zaada. Among these, Tori is not only the leading online marketplace in Finland, but it also is one of the most popular websites in Finland along with yle.fi, itlalehti.fi and is.fi (Alexa no date). This illustrated the importance of online shopping websites in customers' eyes. Aside from Tori and other
online marketplaces, many selling and buying Facebook groups can also be found in Finland. That further confirms the demand of C2C ecommerce market in Finland.

According to a survey conducted by Finnish Commerce Federation in 2015, there were approximately 2 million Finns had traded goods or services online during the past 18 months. Those of the most used platforms are Tori.fi, Huuto.net and other Facebook groups (Finnish Commerce Federation 2015).

The two largest categories in online shop in Finland are clothing and home electronic. Out of the 3 biggest online marketplaces in Finland, Tori and Huuto are selling both clothing and home electronic while Zaada in fact is an online marketplace that concentrates on clothing and accessories only. The biggest incentives for consumers to buy and sell used goods online are saving money and sense of responsibilities.

Other factors that made C2C ecommerce tempting to online consumers are that C2C platforms are usually out of the reach of tax and regulations. The Chief Economist at the Finnish Commerce Federation, Jaana Kurjenoja mentioned: “The total value of the retail trade in Finland is declining for the third straight year. However, this does not represent the full picture of household consumption. It appears that consumption is becoming increasingly focused on online stores outside Finland as well as the C2C e-commerce sector, out of the reach of the tax authorities and regulation” (Finnish Ecommerce Federation 2015).

It fully illustrates the picture that the C2C ecommerce market has huge potential. The market entry is low since there has not been serious competitions aside from Tori and Huuto while the competition is mediocre since there are not that many online marketplaces available in Finland currently though the domination Tori has over the C2C ecommerce market in Finland cannot be ignored.

4.3 Strategic objectives

Standing from the point of view of an online marketplace and startup, the author has to set objectives that are in line with the need of establishing a solid foundation for a new website. The strategic objectives of the company are defined as follow: Increase the number of reliable sellers, increase the traffic volume, increase the number of transaction, increase the awareness of audiences and increase the number of positive feedback and review.

For an online marketplace, seller is one of the most important partner and asset the website can have. It decides how strong your supply chain is. There is hardly anybody will purchase goods from a website that has few or no products at all. Another crucial factor is the quality
of the seller, it represents the first impression of customers on the company when they first contact the seller even though the seller is not the owner of the website, when problem occurs, people are more likely to have a negative impression over the website itself rather than the seller who actually sells the product. It is the most crucial phase for the website first appearance. As the number of high quality sellers increases, the business will most likely start to enter its growth period. In summary, the objective is to use the quality of sellers to leverage the quality of buyers.

When the number of sellers and buyers increase, that will lead to more traffic. Even though traffic is not turnover, each traffic has the possibility to influence the next potential customers (buyers). Therefore, it will eventually result in more transaction and turnover.

When the number of users increase, it is important to evaluate the customer need and the business’s advantage and disadvantage through customer feedback and website performance for the next strategic decision of the business.

4.4 An interview with business advisor

The interview was conducted on 13th September 2017. The interviewee is Matias Holmqvist, a business advisor of Yritysespoo. The interview lasted about an hour. The author seeks for advice regarding business establishment and business market in the interview. Business insight and business set up guide are provided by the advisor.

The content of the interview is as follow:

- Discussing the business idea
- Discussing the business plan
- Market analysis
- Conclusion and recommendation

The business advisor pointed out that the business idea did have the potential. Though he suggested to modify the business plan for long-term target. He gave information on the competition of the market. Tori has been the largest online marketplace in Finland for a long period of time, followed by Huuto who has been making good progress recent years and finally Zaada the startup who specializes in application instead of websites interface. He emphasized the need to invest more time on the marketing part of the business plan. He also explained other aspects of the business and expected the business will need more time to mature than
what the author had anticipated. In the next chapter, the real business plan is written in accordance with the structure of Lean Canvas model.

5 Business plan

5.1 Problem

Tori and Huuto are some of the most popular online marketplaces that operate in second hand trade in Finland. This indicates the circumstance of high demand in used goods in the country. The need for recycling practice has been increasing steadily due to global warming and environmental damage. While young people are becoming more comfortable with buying used goods online. Buying second hand stuffs is no longer a sign of poverty but instead is recognised as a responsible action. Aside from the Finnish online marketplaces such as Tori and Huuto, there are many second hand buying and selling Facebook groups available for people who want to trade used items in Finland. The potential of the market is huge and yet to reach its peak.

5.2 Customer Segment

Since online marketplace is a 3-sided based e-commerce solution, the customer segments are divided into two groups seller and buyer.

Seller: People who are active shopper, concern the environment and want to make the most out of the value of their stuffs.

Buyer: People who love cost-saving shopping and concern the environment.

The challenge in this section is how to acquire buyers and sellers at the same time. The sellers would not sell their goods if there is not enough buyers and no buyers are interested in a website with few or without any sellers. The first group of users with high quality sellers and buyers will provide a foundation for the website to grow. The tricky thing is how to attract the first users at the time when the website is empty.

5.3 Solution

An online marketplace website that allows users to buy and sell used goods online. The website operates inside Finland only. The challenge is how to compete with the existing competitors such as Tori and Huuto providing similar solutions. The key is whether to outperform them or finding another niche that has yet to be filled.

5.4 Unique Value Proposition
The website focuses on constantly improving customer's usability and experience. The fact is customers are not 100% happy with either Tori or Huuto. The key is how to deliver a message that the customers have been looking for from your competitors but now can be found on your company.

5.5 Channels

At the beginning phase of the business, the website focuses on SEO to earn credibility on the internet while attempting marketing the website through social media and messaging applications. Paid traffic and email marketing are other options to be considered. Finding the right channel is the same as finding where your customer is. Using the right platform to market your product is all about right timing and right place. Knowing how to make use of different channels greatly enhance the marketing effect.

The fact is companies in Finland in general have been somewhat passive in utilizing digital marketing. According to a report from Export.gov, Facebook and Google have been dominating the digital marketing field in Finland in recent years, accounting for almost 50% of the digital marketing in Finland. The best performer in the domestic market is Sonera while the strongest sector is telecom.

Based on the figure, it can be deduced that digital marketing is a promising trend, most likely to bring about positive effect for marketing campaign. Nevertheless, foreign channels such as Facebook or Google are expected to remain dominant in the long run.

5.6 Unfair Advantage

The business unfair advantages include website design and functionalities. Another way to interpret the phrase unfair advantage is an element that indicates your strength and at the same time explores your competitor's weakness. Trying to locate your competitor's weakness and build up your strength from that place is one approach to acquire unfair advantage.

5.7 Key Metrics

Key metrics of the website include the number of sellers, the number of buyers, average traffic, sales conversion, SEO ranking, review and feedback from users. The first half of the metrics such as number of buyers and sellers reflect the business performance in the current state. On the other hand, the latter such as SEO ranking and review gives insights on reaching a long-term goal.
5.8 Revenue Stream

The website monetises from commission and listing fee models. Revenue are partly extracted from each listing made and sold. The revenue stream is created based on the previous online marketplaces’ models. How the revenue stream is designed is crucial to the success of the business. Different companies require different ways to monetise from the businesses. If the revenue stream is not properly done. It will result in poor business performance or failure. The key is how to find a balance point by which the product is not overvalued either under-valued.

5.9 Cost Structure

The main costs of the business include website development, website design, marketing and hosting server. The cost should be kept monitored all the time. Cost-saving in business in crucial but it is important to reduce the costs without compromising the company’s performance.

6 Conclusion

The thesis did provide the author the chance to examine the business plan in general and put in practical use. Based on the information acquired during the thesis writing process, the business picture has become clearer to look at. The potential of the business idea is there to be explored after carrying out the research yet actually turning the idea into a tangible business is much more challenging. The business plan has been written in the thesis will be used by the author as the fundamental framework for strategic planning in the future.

Even though the business plan is not perfect. It will be constantly refined as the business progresses. The research overall is considered successful, the result of the study does support what the author anticipated before starting writing the thesis and it will act as the motivation for the author to step up the business building process. The possibility to get the business off the ground in the near future is positive.
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