

# To strengthen the cooperation partnership between the supplier and the customer

with Martela's eOrder system

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Abstract			
The author of this thesis was familiarized with different ordering processes during the internship period in Martela Group. Martela is a front runner in designing and supplying innovative interior solutions for working environments and public spaces. The eOrder system i.e. a web store is an electronic ordering tool for Martela's customers. The thesis deals with the web sales tool and customer satisfaction. The objective was to evaluate the system by getting feedback from customers who use the system and give development suggestions for Martela on how to improve the functions by listening to the customers who use the system but also a customer who does not use it yet.			
Users from three different customer companies were interviewed to find out their opinions concerning the usage of the eOrder system. Moreover, a representative from a customer company who does not use the system was interviewed in order to get a different opinion about electronic ordering today in general.			
The results showed that the customers who use the system were quite satisfied. However, some negative feedback was also identified which resulted as development suggestions.			
Keywords B2B sales, CRM, e-commerce, supplier, cooperation, purchase management system, web store			

# CONTENTS

1		6
	1.1 Research problem and objectives	6
	1.2 The structure of the thesis	7
	1.3 Key terms and definitions	7
	1.4 Client company presentation	8
	1.4.1 The eOrder system	9
	1.4.2 eOrder process	9
	1.4.3 The current situation of eOrder	.0
2	THEORY FRAMEWORK	.2
	2.1 Business to business sales	.2
	2.1.1 B2B market	.2
	2.1.2 Supplier selection	.2
	2.1.3 How the organizations buy and what influences to the buying decision	13
	2.2 Customer relationship management	.4
	2.2.1 Deeper customer relationship with more effective ordering	.4
	2.2.2 Customer value attained through e-commerce and CRM	.5
	2.2.3 Customer service and support	.5
	2.3 E-commerce	.6
	2.3.1 What is really considered as e-commerce?	.6
	2.3.2 Different purchasing processes	.7
	2.4 Information technology	.9
	2.5 Summary of electronic ordering and IT-systems	20
3	RESEARCH DESIGN	21
	3.1 Research approach	21
	3.1.1 The research methods	21
	3.1.2 Design of the field research	2
	3.1.3 Data gathering	2
4	DATA ANALYSIS	:4
	4.1 The interviews   2	:4
	4.1.1 Tulli- Finnish Customs	24
	4.1.2 Verohallinto-Finnish Tax Administration	:6
	4.1.3 Patentti ja Rekisterihallitus- National Board of Patents and Registration	of
	Finland	27
	4.1.4 Helsingin Kaupunki-City of Helsinki	8
	4.2 Results and analysis	31

5	DISCUSSION & CONCLUSIONS	35
	5.1 Summary of the study	35
	5.2 Evaluation and conclusions	36
RE	FERENCES	38

# APPENDICES

Appendix 1 Interview questions

# 1 INTRODUCTION

While doing the internship as a sales assistant, the author of this thesis got familiar with the ordering processes of Martela Group. The thesis deals with an electronic ordering system, eOrder, and the purpose is to evaluate the system and its functions through customer satisfaction analysis and to see in which point the online buying is today. In order to get an extensive picture of the system from the supplier's perspective, in this case Martela's, the customer service manager was interviewed for more details about the ordering system. In order to get the customers' point of view, four representatives from three different organizations were interviewed. In addition a customer from an organization which does not use eOrder system was interviewed to get an opposite or different opinion about the electronic procurement.

Today, ordering through internet i.e. e-commerce has become increasingly popular. Almost anything can be purchased through internet. It is an assumption that in the future the online buying grows and by the year 2050 most of the commerce will be ecommerce.(Laudon & Traver 2010, 1-8)

## 1.1 Research problem and objectives

The research questions are:

- Does the eOrder system add Martela's competiveness and value to the customers?
- Does the eOrder system give benefits to the customers and support their own purchasing strategy?

The topic area is Martela's own eOrder web sales tool. The core objective is to evaluate the system by getting feedback from customers who use the system and give development suggestions for the future on how to improve the functions by listening to the customers who use the system but also a customer who does not use it.

# 1.2 The structure of the thesis

First some essential key terms are explained in the introduction part. Also the client organization and the eOrder system are introduced. The information concerning the eOrder system was gathered by interviewing the customer service manager in Martela, Pekka Halonen.

The theory part deals with business to business sales, customer relationship management, e-commerce and ordering processes in general. The theory is based on the literature of these topics as well as on academic articles and web sites.

The research part explains how the research was done and what the outcome of it is. Through qualitative research, the functionality of the ordering system was evaluated from customers' point of view. Data analysis part presents the interviews and the results with some improvement suggestions for Martela. Discussion and conclusions part is included as the last chapter.

# 1.3 Key terms and definitions

In order to understand the different key terms used in this thesis, the following table is here to explain the terms:

Term	Definition	
ERP	Enterprise Resource Planning: Standard	
	software package with integrated	
	functionality in one system that	
	companies use to manage their operations.	
e-Commerce (B2B e-commerce)	Using internet and Web for business transactions. (Businesses selling to businesses)	
Web-storefront	Company's web site where products and services are sold, an electronic store with an online shopping cart. Deals with external electronic catalogues.	
CRM	Customer Relationship Management-	

TABLE 1. Key terms and definitions

	A company strategy for managing	
	customer relationships and knowing them	
	(with the use of CRM software)	
Electronic catalogues	Catalogues presenting product	
	information in electronic form. Internal	
	catalogues are in the customer's	
	purchase systems. External catalogues	
	are integrated in the business processes	
	of customer's and supplier's extranets for	
	example.	

(van der Hoeven 2009,7 ; Laudon & Traver 2010, 1-18; Turban, King & Lee 2010, 759 ; Crosby 2002, 271-272; Basware Catalogues 2012; Turban King & Lang 2011, 106)

# 1.4 Client company presentation

Martela Group was established as a family business in 1945 by Matti S. Martela. Today, Martela is a front runner in designing and supplying innovative interior solutions for working environments and public spaces. In Finnish markets, Martela is the largest company in its sector, businesses as their customers. The company has production facilities in Finland, Sweden and Poland. Their main competitors are Kinnarps, Isku and EFG. (Halonen 1 August 2012)

Martela's different product segments are the followings:

- Meeting furniture
- Office furniture
- Welfare furniture
- School furniture
- Auditoriums
- Materials
- Trading products

(Martela 2012)

#### 1.4.1 The eOrder system

In 2008 Martela started to develop an internet based ordering system for their customers in another words a web-store. The purpose was to provide an ordering system for their customers where they could purchase the basic furniture they need when they want. The main point of the system is to create own customer view for each customer company, where each of them find the products they usually order, in the colors they have defined and with the features they have specially asked for. (Halonen 1 August 2012)

For example one customer might have set their own unique color which is defined in their brand. All the furniture in the web store is then defined according to that. For the most of the customers it is important that the furniture matches their brand. As a supplier, it is important to support the customer's strategy by providing the products they need in the easiest and most effective way. The products have to support their company image and in that way their strategy. By offering all of this the company upgrades the customer service into a new level. By offering a well-functioning system to the customers Martela adds own value and competitiveness among the competitors. (Halonen 1 August 2012)

# 1.4.2 eOrder process

The customers who use the eOrder system are quite large companies that order Martela's furniture relatively often. The products, materials and designs are first negotiated and put into an external catalogue. The eOrder outlook is created for each customer separately. The customer data e.g. products and prices comes from Martela's CRM tool. The customer signs into the eOrder and picks the furniture needed and places the order and after that the order goes into Martela's systems for further handlings. All the customers are invoiced after receiving the goods. The following Figure 1 describes the actual ordering process with eOrder web sales tool. (Martela eOrder picture 2012)

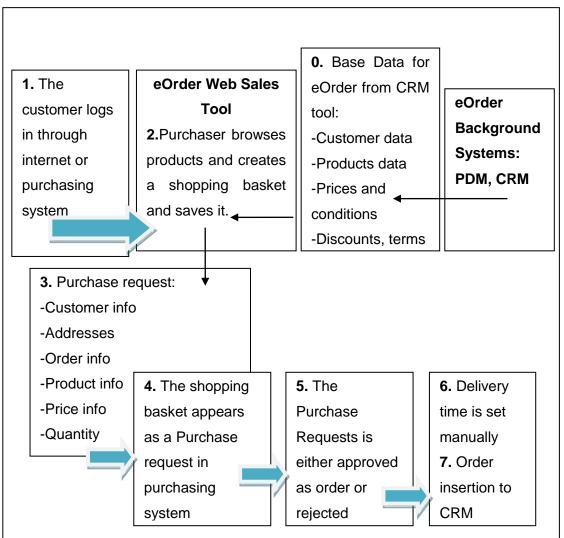


FIGURE 1. The ordering process with eOrder web sales tool. (Martela eOrder picture 2012)

# 1.4.3 The current situation of eOrder

At the moment, there are less than ten customer companies who use Martela's eOrder system. The number of orders entered through it is around 300 in one year as it should preferably be a lot more. The number of the users has not really expanded. From the project start, the expansion could have imagined being more aggressive. According to Halonen (1 August 2012) the customers are not very eager to take this kind of new systems into use which is more due to that the users are not trained or motivated enough for this. On the other hand some of the customers are very open to new procurement methods and to e-commerce. Many organizations in the Public sector have been actively taking steps forward with the electronic procurement. (Halonen 1 August 2012)

At the moment the integration of Martela's CRM program and the web store is still in phase and there will be new ERP software and tools coming in 2013 to simplify the process of order handling in Martela's part. The new software will also be more user friendly than the current one. This means that the manual order checking and delivery time setting will be automized which makes the order handling processes simpler and saves human working hours. (Halonen 1 August 2012)

## 2 THEORY FRAMEWORK

In order to understand the background of the research this part of thesis introduces theory about B2B sales and markets, organizational buying behavior, customer relationship management, e-commerce and purchase systems and processes.

# 2.1 Business to business sales

Business to business markets have developed in recent years. There is a need to establish a cooperative relationship between the supplier and the customer. Different kinds of services have been added to the traditional business sales. With services, companies can differentiate and add competitive advantage if done in right way. The customer gets more when they do not only get the product but also the service they need. Today, web sales can be seen as part of normal business sales in some cases, but not every company offer that. Moreover it depends on the field the company operates in. (Åge 2011)

# 2.1.1 B2B market

B2B market is ten times bigger and has got more potential than the business to consumers market (van der Hoeven 2009, 70). B2B market comprise companies which buy products and services from another company e.g. from a supplier. (Blythe & Zimmerman 2005, 4) The case company, Martela, is a supplier of furniture offering interior solutions and services for companies. (Martela 2012) Their customers are for instance Public Institutions like Government Institutions and the State owned companies, as well as large private organizations and SMEs.

# 2.1.2 Supplier selection

In B2B markets, the supplier selection is often based on tendering and yearly contracts. For example in most Government organizations, there are strict rules and therefore tendering is used and the contracts are bid for. Usually the lowest bidder is chosen. This also means the lowest profit for the supplier, but on the other hand these large organizations tend to buy the most in quantities. (Blythe & Zimmerman 2005, 17-23) This applies to private owned companies as well but the organizational regulations are usually not so strict.

There are some other criteria examples which are affecting to the supplier selection: The company image as a reputation of the supplier, experience, flexibility and the reliability. For example reputation is something a company can achieve and maintain but when lost even the customers can be lost. Experience adds value to the customer and the supplier has to be reliable, flexible and has to be able to dispatch the goods in time. (Hutt & Speh 2010, 47, 66)

2.1.3 How the organizations buy and what influences to the buying decision

Blythe and Zimmerman (2005, 16) explains that B2B buying decisions are often based on more rational behavior rather than emotional. According to Hutt and Speh (2012, 73) the organizational buying is based on the company strategy and goals which are the predominance when purchasing for example the office furniture; the outlook of the office have to be similar to the company image. Companies seek cost savings but also a strategic way of making the procurement a stronger competitive weapon. The focus should be on internal business functions and on how to support the different departments to achieve the goals. This could for example refer to decision making unit and one person i.e. a buyer in the organization who decides about the procurements. The buyers have to know the company goals and strategy very clearly, so does the rest of the company personnel. (Hutt & Speh 2010, 73-74).

There are some environmental influences too that affect to the buying decision. The following Figure 2 shows which factors influence the buying behavior:

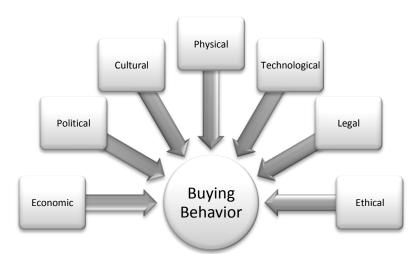


FIGURE 2. Environmental influences on buying behavior (Bythe & Zimmerman 2005, 16)

Technological influences can be seen as one of the most important factors that influence the buying behavior as the technology changes rapidly. (Hutt & Speh 2010, 72) New technology enables new ways to buy things in a web store form for instance. The organizations only need to know how to make the systems attractive and market the systems in right way.

# 2.2 Customer relationship management

What is customer relationship management? CRM is not just a software tool that is used in the company for keeping customer register up to date. In fact it should be the company strategy too; managing the customer relationships in order to build long lasting relationships with the help of CRM technology. (Crosby 2002) Through the CRM strategy the company should be able to change the customer relationship into deeper relationship and increase the revenues in the bargain. From the company's point of view it is more important to try to maximize the existing customer relationship as it is less costly to keep the current customer than attain a new one. (Dyché 2002, 4-5)

## 2.2.1 Deeper customer relationship with more effective ordering

The point of CRM is to get to know the customer well enough to be able to automate some of the business processes in order to save precious time with the bargaining and the buying process. (Dyché 2002, 5) According to Hutt and Speh (2010, 68) a straight re-buy approach is appropriate when there is continuous requirements and no need for new solutions or alternatives from the customers side. eOrder is the solution for that in Martela's case as it simplifies the buying process when the customers do not have to spend time on requesting for quotations and waiting for the offers when ordering the same furniture they order frequently. The products, materials, prices and terms are defined and fixed in advance when put to the eOrder outlook. The customer only need to pick the furniture needed from the buying portal and place the order which will be sent to the supplier portal of Martela for further handling. This requires knowing the customer well with long-term relationship between the customer and the supplier.

#### 2.2.2 Customer value attained through e-commerce and CRM

Customer's perceived value can be explained as a divergence between the benefits and costs in customer's mind; what the customer expects to get when he buys products or services at a certain price. The expectations should be exceeded so that the customer will value the product or service over the competitor's. (Kottler & Keller 2012, 80-81) Today, the internet enables the automation of many business processes; one could say that web stores and other electronic purchasing systems are adding value to the customer as it simplifies the purchasing process. The buying process has been made very easy as the customer can buy the products online whenever needed.

The negative sides of e-commerce affecting to customer relations shall be discussed here as well. Some customers like to feel and touch things and some people still do not trust paperless and faceless dealings. (Turban et al. 2011, 79) Face to face transactions with sales representative are still preferred. On the other hand if the customer only needs a very simple product which he has already ordered tens of times before, where does the customer need the contact with the sales representative? In cases like this, Martela's customer can simplify the buying process of an office chair for example and benefit from the positive effects of e-commerce.

#### 2.2.3 Customer service and support

Customer service has to be well managed and delivered at all levels in the organization. The company goals and values need to be linked to the customer service. (Clemmet 1998) Martela's Corporate Code of Conduct (2011) tells that the company takes care of the employees by ensuring that they are skilled and motivated, enjoying their work. By investing in work wellbeing, the good work performance is expected and as a result better customer service is probable.

With better customer service a company can expect longer customer relationships. Generally e-commerce can be seen as future's must-thing. The eOrder function can be seen as closer and deeper CRM. The customer service and support has to be well functioning and organized in case the customer needs support when ordering the furniture online. Martela has a customer service support where the customer may contact the personnel by phone, email or by online chat on their web page.

# 2.3 E-commerce

The internet has changed the buying habits of the customers enormously. This also applies to B2B customers. There are many benefits of e-commerce: savings in time and money as some of the transaction parts are automated in the procurement process, the chance of human errors is reduced, supply chain improvements and improved collaboration including better customer service which means adding competitive advantage to the supplier. (Turban et al. 2010, 77; Dyché 2002, 10-11) Also greater price transparency and added value to the customer can be obtained through e-commerce with increased cooperation (Laudon & Traver 2010, 12-8). But then again Turban et al. (2010, 76) argues that there are some limitations and barriers of e-commerce for instance: resistance to new technology, lack of technology skills, lack of time and resources, the cost of system implementation and security concerns. If the customer does not have good IT skills or cannot get training for that, the threshold to start to use new IT software is pretty high and the development processes might be disregarded.

## 2.3.1 What is really considered as e-commerce?

The normal sales and purchase process, the inquiries, quotes and the orders are all normally sent by email these days. It is a process which takes couple of days and requires time and resources of the sales personnel. This is the way the regular sales and orders are handled at the moment in Martela Group with many of their customers. This can be seen as e-commerce too as it is done with the use of the internet but on the other hand there is no real electronic process going through the databases and systems, not to mention automated processes. (Halonen 1 August, 2012)

Purchasing systems and web stores are precisely what e-commerce is about. One can buy directly the things or services online with 24 hours access. That is what makes online buying popular these days also among companies. Even invoicing has become almost fully electronic and automated in many companies which support the other business operations and purchase processes (Turban et al. 2011, 228-231).

#### 2.3.2 Different purchasing processes

When two organizations have made an agreement on the contract together, the customer may start purchasing. This chapter explains the actual sales and ordering process in three ways:

1. Traditional sales process through sales representative/proactive contacting and purchasing

The normal sales process starts when representative proactively contacts a new or old client. The first contact may also be from the customer's side i.e. a request for quotation. In cases where the customer wants to buy large quantities e.g. for project cases, quotations are usually made. The customer and the seller meets and after that the seller makes an offer and the customer accepts (or rejects it) and places the order. This way is more proactive and face to face interaction. Although the documents are sent by email this way cannot be called as e-commerce officially. In cases the customer already has established relationship with the supplier and all the sales conditions are known, the quotation phase can be passed over (van der Hoeven 2009, 70-71). The following Figure 3 explains the traditional sales process:

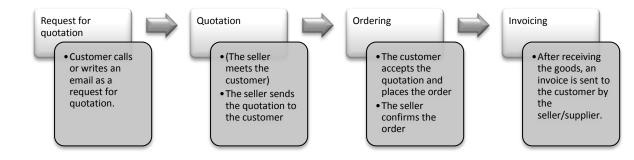


FIGURE 3. Traditional sales and ordering process (van der Hoeven 2009, 70).

#### 2. Purchasing systems

It can be generalized that every company today uses different ERP systems for example Microsoft Dynamics or SAP for controlling their business processes. These ERP systems may include Supply Chain and Customer Relationship Management systems just to mention. (van der Hoeven 2009, 30-31) In addition purchasing and invoicing solutions can be integrated with different ERP systems with ready-made interfaces. The customer needs to have a contract with the system supplier for example with Basware for the usage of the systems and the supplier need to make the integration with Basware's systems. Basware, SAP and Visma are all providing these electronic purchasing and invoicing systems (Basware 2012; SAP 2012; Visma 2012). At the moment Martela has the integration to Basware's systems but in the future there will be integrations with other provides too if there are enough customers using e.g. the SAP systems. (Halonen 1 August 2012)

These systems use so called internal catalogues which are provided and updated in the Purchase Management systems by e.g. Basware. Through these procurement systems the customer can place electronic orders from the catalogues or as open/free text orders for their suppliers. The orders are sent to the supplier's email and in the end the system links the purchases to invoices etc. in the customer's systems. (Basware Catalogues 2012)

These purchasing systems are saving time and human resources. Moreover these purchase systems compress the seller and customer relationship and cooperation and integrate the seller as part of the customer's processes. In this way the seller becomes a strategic partner for the customer. (Basware Catalogues 2012)

#### 3. Web-Stores/Electronic shopping carts

Web stores are company's web sites where the customer can buy products or services online. The customer browses the products needed and creates a shopping basket with fixed prices and terms. After the shopping cart is ready the customer places the required information and checks out. The payment is done at this point or by invoicing afterwards.

Martela has created this kind of web sales tool. eOrder is different from the normal, 'open to everyone' web stores in a way that the customer needs a username and a password in order to log in and buy things. What is also different is that the payment is done only after receiving the goods as an invoice. eOrder can be synchronized with customer's purchase system in use and in that case the customer logs in automatically to eOrder through their own purchase system. This kind of system integration requires deep cooperation and relationship between the customer and a supplier because the systems need to function without humans involved in the processes. These web stores are based on external catalogues which are updated by the supplier. The external catalogues contain the product information for each customer as their own company outlook. (Halonen, 1 August 2012)

The eOrder web sales tool is more advanced tool than the purchase systems alone. The customer can buy the furniture through a web store with pictures and detailed product information.

#### 2.4 Information technology

As discussed in the previous chapters, the customer may have purchase management systems in use. The customer companies; Tulli, Verohallinto, and Patentti ja Rekisterihallitus are all State administrative organizations. Hansel Oy is the State's joint purchase organization which controls and publicly ask bids for the general agreements from the different suppliers for the other State's organizations. Martela is Hansel's contract supplier and the case organizations have the general agreements with Martela. (Hansel 2012)

In all State's organizations there are own procurement units. These units use their own purchase control system Tilha provided by Basware. The procurements in these organizations are linked to the contract suppliers. The purpose of Tilha is to optimize the procurement processes. (Hansel 2012) At the moment Tilha is linked to eOrder web store in all of the three case companies listed in the previous chapter.

The fourth case customer, Helsingin Kaupunki, uses slightly different systems. Helsingin Kaupunki has a Purchase Management system called Kosti which is too provided by Basware. This system is also using the catalogues but the user can make so called open or free text suggestions as orders. However when the user has chosen the products, he first makes a procurement suggestion which has to be approved before sending it as an order to the supplier. (Basware Helsingin Kaupunki 2012) These orders appear in Martela's customer service email box after which the orders are manually ordered and handled by the sales assistants. The eOrder web store is not used when Helsingin Kaupunki orders.

# 2.5 Summary of electronic ordering and IT-systems

As a summary it depends on the customer and their need which systems they use for ordering the furniture from Martela. Other use the traditional way of ordering, others their own electronic purchase systems and others the web store tool eOrder.

The conclusion is there are many ways to order but when talking about e-commerce the systems are the focus point. Without functional systems e-commerce is not possible.

Electronic procurement systems and e-catalogues bring transparency and efficiency to the customer and it deepens the cooperation between the customer and the supplier. (Basware Catalogues 2012)

#### 3 RESEARCH DESIGN

## 3.1 Research approach

The study originates from the theory framework of organization's purchase processes, CRM, business to business markets and e-commerce. The theoretical part introduced these relevant topics in order to understand the background of the research.

The research techniques are introduced in the following chapters. Later on in the fourth part of the thesis the results are presented, evaluated and discussed.

#### 3.1.1 The research methods

The theoretical views are to support the research of this thesis. Based on the theory qualitative research methods were chosen. As explained in the earlier chapters, Martela's customer organizations use different ERP systems and have their own purchasing systems and external product catalogues they use for ordering through eOrder. The customers may purchase different products and quantities with special features. There might also be different reasons behind choosing a certain purchase system for the processes. That makes the customers unique and therefore the qualitative research was applied. In this case interviews were used as the method.

The most important thing in the research was to collect the customer opinions about the procurement system. The interviews were to find out whether the customers perceive the system functioning and easy to use but also to find out does the ordering system give added value to the customer. Miles & Huberman (1994, 1) presents that good qualitative data will lead to new integrations and help to go further with conceptions and what is more important, to revise conceptual frameworks. The data gathered from the interviews were to give development suggestions for Martela.

#### 3.1.2 Design of the field research

The objective was to find out whether the eOrder system adds competitiveness and value to the customers and in addition if it gives benefits to the customers and support their company strategy. The focus in the research was in electronic ordering and the customer relations and satisfaction. In order to evaluate the system and to get applicable results, four users were interviewed from three different organizations. The small amount of customer companies who uses the system limited the amount of the interviewees. Therefore two users from Tulli, one user from Verohallinto and one from Patentti- ja Rekisterihallitus were interviewed for the research. All of these customers had been using eOrder at least for six months. This was a precondition in order to get experienced opinions. However there was no limitation on how much they had been ordering. Additionally the development director from Helsingin Kaupunki was interviewed in order to get a different opinion about electronic procurement. What was mentioned earlier in the theory part too has to be mentioned here as well; the three case companies use electronic procurement system called Tilha provided by Basware which is integrated into eOrder system. Helsingin Kaupunki uses a different system called Kosti.

The interviews were semi-structured and the same questions were presented to the users of eOrder. Additional questions were presented spontaneously during the interviews if needed. Different interview questions were presented to the representative of Helsingin Kaupunki.

#### 3.1.3 Data gathering

The primary information source lies in the interviews. With the interviews the main point was to gather opinions concerning the usage and the design of eOrder system as well as to get some development ideas from the customers on how to improve the system. This following chapter explains the structure of the interviews and what was taken into account in the interview questions.

The interviews with Tulli, Vero and PRH all started with leading questions asking when the customer had started using the eOrder system and how many orders they make in a month and what they are ordering. The following questions were asking; how it is to use the system; whether it is easy to use and user friendly. Then the interviewees were asked about the problem situations followed by a question about how those problems were solved. Interviewees were then asked to describe what benefits they have obtained with the eOrder and whether it has deepened the business relationship with Martela. Then they were asked to evaluate how eOrder and the specially defined company outlook support their company's electronic procurement strategy. The last questions were focusing on the development things; asking about ideas on how to make the system more user friendly and some ideas on how the customer could benefit even more from the system.

The interview with the representative of Helsingin Kaupunki was following different questions. He was asked more general questions about the electronic procurement processes as they do not use eOrder regularly. The interviewee was asked how many orders they make with their purchase system, how many orders as open/free text orders and how many orders from catalogues. He was asked about Helsingin Kaupunki's order targets concerning the electronic purchases. Then he was asked whether he thinks the open/free text orders are a sufficient level in electronic ordering and how important he finds ordering through external catalogues or through web stores. Then he was asked to describe the benefits he sees in external catalogues/web stores. The interviewee was asked what the best way to order is and what benefits he sees in that way. What was important to ask was whether Helsingin Kaupunki has considered moving to use external catalogues and web stores in the future and why/why not. The last question was asking whether it affect to the supplier selection what kind of electronic tools and systems the supplier has in use.

The questions were sent before hand to the interviewees. The interviews were all recorded and taken place in the customer's premises and each interview were scheduled to last max an hour. The customers were left time to ask questions in case they wanted to do so.

# 4 DATA ANALYSIS

The research data of each interview is presented in this part of the thesis as separate chapters and then summarized. As mentioned before four persons were interviewed from three different companies who use eOrder and one person from an organization who does not use it. The findings and the outcome of the research are presented and discussed later on, in the fifth chapter.

# 4.1 The interviews

The data is based on the interview sessions. The interview questions can be found in the appendix and other details are listed in the reference list.

# 4.1.1 Tulli- Finnish Customs

Tulli is administered by the Ministry of Finance and it is a quite large entity. Two buyers were interviewed from Tulli as a pair interview. Buyers shall be called Buyer A and Buyer B. Tulli started to use the eOrder web store system 2 February 2012 when it was integrated into their own purchasing system, called Tilha. Buyer A was doing the integration process in close cooperation with the customer service manager Pekka Halonen from Martela. Their own purchasing system, Tilha was taken into use couple years ago.

Buyer A does the furniture purchases usually, Buyer B occasionally. Tulli has ordered approximately tens or hundreds of furniture through eOrder since the integration in February. The furniture they have ordered is mainly basic office chairs and closets. Tulli has three models of basic office chairs, some closet models and drawers on their eOrder outlook. The colors and materials are defined there. It must be added that only basic furniture were added into the system and for example screens could not be added into the system as they contain lot of small, separate components. Therefore those are difficult to order.

The buyers are responsible for the purchases of the organization. The company image and strategy has to be followed. When having only a limited product range it supports the organization's procurement strategy as the furniture is based on the same guidelines. That is what makes the strategy clearer and keeps it together. Both buyers describe the usage of eOrder as easy, but they criticize it to be very simple

looking as there are no real pictures of the furniture. The visual outlook of the web store is not so good, it looks like a very simple web store but for a professional buyer it is suitable. However they say that a basic user might not be able to find all the features for the products. One has to know what to look for when browsing the products. Positive things with eOrder they claim to be that the systems bring product and account information to Tilha, their own purchase program which makes the payment processes easier.

Both buyers give number 8 for the system being easy to use from scale 1 to 10 (1 being hard to use and 10 easy to use). Once again they say that the lack of visual outlook makes it harder to use, one has to guess whether it is a right product and feature or not. From scale 1 to 10 (1 being not user friendly and 10 user friendly) both claim the system to be user friendly, giving it number 8.

The buyers have not faced any major problems when using the web store, although once the system failed to send the order but the problem was fixed by itself. When using eOrder either has needed help but when dealing with other quotations or other products what they do not have in eOrder, they have turned into the customer service for help.

When asking what benefits eOrder has brought to their electronic procurement processes, they say that the limited electronic catalogue has brought some sort of added value for them when they do not need the paper catalogue. As the system is integrated into their own system it makes the procurement processes easier when Martela takes care of updating the electronic catalogue. The system makes the procurement processes explicit and faster when all the information is available e.g. for the billing and payment procedures.

The eOrder system itself has not deepened the business relation with the supplier and the customer, however the buyers feel that the personnel of Martela has become more familiar and they are all in more close cooperation.

What the buyers suggest as development ideas is related to the visualization of the eOrder there could be a room which the customer could design and decorate with real 3D pictures of furniture and move the furniture into the shopping cart with right prices.

How the customer can benefit even more of the system relies in the ERP systems, the integration of the systems have to be functional so that the prices are exactly the same in the bills as in the web store. When the systems function right, this can be obtained.

The buyers say that the eOrder system is the most developed e-commerce system of all the vendors their organization uses, although there is always something to improve.

# 4.1.2 Verohallinto-Finnish Tax Administration

Verohallinto is also administered by the Ministry of Finance. The interviewee, referred to as buyer from now on, has been using the ordering system for approximately one year for the furniture procurements. The buyer does all orderings from Martela and uses eOrder for that. The furniture of Verohallinto is aged and they need to buy new furniture regularly. The buyer places orders at least two to three times per month.

Through eOrder they place orders for office chairs and electronic tables for instance. The buyer explains that the office chairs are often personal and they cannot buy tens of same models for everyone. One person needs different kind of chair than the other person. That is what makes the ordering a bit more complicated.

The buyer claims that the procurement system, Tilha is very complex to use even from the logging in state. No help is provided. However Martela's eOrder side is functioning well and it is clear to use. The buyer explais that eOrder is easy to use and gives it 9 in scale 1 to 10 as easy to use. For their own system he gives 0. User friendliness of eOrder is scaled 9 from 1 to 10 and Tilha is scaled to 0 by the buyer.

The buyer tells that he has faced problem situations. Once the buyer made an order with eOrder but somehow there were totally different furniture and different quantities in the order confirmation which he then received after ordering the furniture. The compatibility of the two systems, eOrder and Tilha was not matching at that time. The buyer now feels that every order has to be checked which takes time and effort. In this kind of problem situations he has called to Martela's customer service where they have fixed the problems. He says that Tilha is very hard and slow to use. The buyer explains that eOrder downloads the pictures slowly but he does not find it as a problem.

If the two systems worked together properly, Verohallinto could benefit from ecommerce but as Tilha is not functioning well, a lot of time is being wasted when orders have to checked and ordered again. The buyer explains that he could make the orders rapidly on the phone. However this is not the vendor's fault. He explains that eOrder is functional and practical; better option than a paper catalogue when all the product details are described in the web store under each product.

Martela is the only vendor which is listed in the customer's system as a furniture supplier so in that sense the relationship of the two organizations has deepened along with eOrder. There have been difficulties with the compatibility of the two systems and therefore the partners have become closer when solving the problems. The buyer mentions that the main point of eOrder is to order furniture as fast and easy as possible and therefore problem situations should not occur.

The compatibility of the system has to be checked. If the two systems were functioning well together, the buyer would experience the systems more user friendly than they are now. The buyer mentions that the system has to be as simple as possible because the main point is to order only basic chairs and tables. When designing different systems the system provider should consult the end users, not the administrative persons in order to make those more user friendly. Here the system provider is referred to Basware who provides the procurement system Tilha to the customer.

# 4.1.3 Patentti ja Rekisterihallitus- National Board of Patents and Registration of Finland

Patentti ja Rekisterihallitus, later referred as PRH, operates under the administrative branch of the Ministry of Employment and the Economy. The organization uses Tilha as their procurement system, the integration of the two systems was done in 2010 and they started to use eOrder in the beginning of 2011. The interviewee i.e. the buyer does the furniture orders in the organization; however the other buyers know how to use it too. The buyer makes 20 to 30 orders per year with eOrder. The Furniture they order through eOrder is office chairs, tables, closets, meeting furniture as well as maintenance service for instance.

The buyer describes eOrder system as functional, easy to use as one can even order maintenance services through it. The buyer explains that the functionality improves all the time. The buyer gives 8 in a scale from 1 to 10 as easy to use and 9 as user friendly. There have not been any difficulties when using the system. Sometimes the buyer checks the price from the sales representative or contacts the customer service if the prices seem to vary.

Martela has been PRH's business partner since the 80s and the buyer explains that e-commerce is present day. eOrder system makes the ordering and delivering very fast. However the cooperation has stayed the same although the eOrder was introduced. The buyer adds that the contact persons in Martela have always done excellent work.

PRH has their own procurement strategy which is planned within the administrative organization where they have their own specialist who is specialized in the purchase strategies. The outlook of eOrder seems to support the strategy as there are specified products and materials which support the strategy. Yet the paper catalogue is not totally excluded.

The buyer comments the system good; the outlook is functional and easy to use. The buyer also adds that a new user can easily get into it. The eOrder system already gives a lot of benefits for the customer organization; fast and better service and up-to-date information which is updated by the supplier and then the customer does not have to be troubled about it.

## 4.1.4 Helsingin Kaupunki-City of Helsinki

The development director from Helsingin Kaupunki was interviewed in order to get opposing opinion to the electronic procurement as they use a different purchase system and they do not use eOrder but occasionally, although they have the possibility to use it. Helsingin Kaupunki has been using electronic ordering system, Kosti since 2007 provided by Basware. Through their own ordering system the organization makes 150 000 orders per year from different suppliers. From Martela they do order furniture relatively a great deal in euros, however they do have other furniture suppliers too. The main point in electronic ordering is to have transparency in the orders and to connect the orders with electronic invoicing. The organization makes 80 % of the orders as so called open or free text orders, where the buyer can write the description of the product without specified product codes. The rest 20 % they order from electronic catalogues from four to five different suppliers. Ordering from electronic catalogues was not the focus point and when the organization took Kosti into use, it was made so easy to use that anyone could make orders as open orders, even if the supplier was not known. The development director explains that the catalogues are not an absolute value in managing the purchases but are more like a tool helping the procurements.

Helsingin Kaupunki has to use Kosti for ordering if an invoice is sent. The question is then: why not use catalogues or web stores instead of free text orders made through Kosti? The development manager explains that the current situation is not ideal and it is about the capability of the supplier making the catalogues. Helsingin Kaupunki does not have professional buyers however they have 6000 possible users making the orders and they need a very simple tool for making those. The interviewee explains that if the external catalogues and web stores were functional, those could be very good opportunity as they are often very user friendly. However it is more about how to make the orders; when the customer needs to furnish a whole room, they need to use the traditional way of ordering. First calling the sales representative for a visit who then makes a quotation after that the customer places an order based on the offer. In these kinds of cases there is no sense to send the order through eOrder tool as it is easier to just send a simple message to the seller for ordering.

For some products the web sales tools are very handy and the interviewee mentions as an example the IT-products. In their organization there is only a limited group of people who does the IT-orderings and the persons are trained for that. As mentioned earlier there are more than a punch of people who does the furniture orders in the organization and the system is therefore required a lot more; the visualization and functionality has to be carefully designed. The interviewee mentions that the end user has to enjoy making the orders and see the real pictures of the furniture.

When discussing about the benefits of external catalogues the interviewee says that it depends on the supplier but there is a clear benefit when the supplier has a product range that changes. In that case the supplier probably has a growing interest for updating the catalogues often and the changes can be seen immediately. It is a benefit for the customer when the supplier has the responsibility for updating the catalogue. One interesting point came up when discussing about the benefits; the development director mentions a win-win situation which can be attained with the external catalogues, if those are integrated into the supplier's data bases so when the customer creates the shopping basket, the shopping basket appears in the supplier's systems as an electronic order. The supplier benefits of the electronic orders if those are send straight into the production without manual handling. When making free text orders the supplier has to do the order once again in their side as the order is not complete. Then there is no electronic or automated processes involved.

On the other hand there are challenges with the external catalogues and web stores; it is not customer friendly if the payment can only be done as credit card payment when invoicing is used in their organization. One thing needs to be clarified: this is not the case with Martela or eOrder system. The customers who use eOrder are all invoiced. But with some supplier the case might be different.

The interviewee says that generally the current supplier selection has not very good readiness for the external catalogues and web stores at the moment; that is probably due to the purchase volumes which should be even larger in order to attract the suppliers' to get more into the electronic ordering with external catalogues.

When discussing about the best way of ordering the interviewee explains that the best way could be a mixture of external catalogues and free text orders in a system which is so developed that it would navigate the buyer into the right supplier when the buyer enters the product information. The best way of ordering depends heavily on the need. The interviewee explains that when ordering through external catalogues or web stores the information provided to the supplier is very detailed and the prices are probable to match, the order can be forwarded straight into the production which is a better option for the supplier.

The development director says he has been using the eOrder system on occasion and he describes the system as very basic and one has to know the products so well for the purpose of ordering from it. For the end user, it is quite hard to use as the pictures are not so clear. The organization would be interested to start using the external catalogues from different suppliers if the quality of the catalogues did not vary that much. Helsingin Kaupunki is willing to proceed using those when the contract suppliers are able to provide better systems and catalogues.

The development of the systems is very expensive and the suppliers have to believe and have interest in what they are doing. The popularity of web stores is growing all the time so the integration of different systems will be probably possible. The limitation is with the payment methods, the organization has to be invoiced through their purchase management systems. That is an area which needs to be developed. The interviewee also believes that when developing the web stores into more visually attempting and functional the users will enjoy ordering the products more and feel that the usage experience is pleasant.

When asking about if it affects to the supplier selection what kind of electronic requisites the supplier has, the interviewee says that it does not affect. The public sector is pretty tied to the offer requests and therefore the electronic capabilities of a supplier cannot be the essential thing. Moreover the quality of the electronic procurement is very variable. And for example some SMEs are not able to use electronic invoicing not to mention other electronic procurement methods. That is a limitation with some suppliers but as the interviewee says, it is not an obstacle for choosing a company as a supplier.

# 4.2 Results and analysis

The main points that came up during the interviews with the case companies are summarized in the following Table 2. The customer feedback with development suggestions are summarized in Table 3.

The theory referred Findings from the interviews	Added value of e- commerce Added value to the customers with eOrder -Makes purchase processes easier -e-catalogue adds value as they are more functional and practical than paper catalogues -Web-store contains more detailed and up- to-date information -Makes ordering easy and fast -Fast and better service	Benefits of e- commerce and eOrder system Affecting to the buying behavior -Outlook of the web store suitable for professional buyer -Basic furniture can be ordered easily and fast ordered fast -Furniture can be delivered fast -Possibility to purchase also services -e-commerce is present day -Transparency in orders	Limitations and Barriers of e- commerce Problems faced -Compatibility of the two systems is weak -No help is provided from the purchase system provider -Time wasting when orders have to be re-done -If the systems do not function well together it affects to the user friendliness -Lack of professional buyers
	Affects to customer & supplier relationship -More familiar personnel when closer cooperation -If only one supplier, deeper relationship -Solving problem situations results in stronger relationships -Customer service support helps when ever needed.	-Connection to invoicing systems Strategy -Limited and customized product range and eOrder outlook supports strategy	Negative feedback -Web store outlook very basic one and pictures not very clear. -Some supplier's not eager to update the catalogues -Sometimes easier to just use the traditional way for ordering -For basic user own purchase system easier to use than a web store -Some suppliers do not have sufficient catalogues/web stores to offer

TABLE 2. Theory vs. interview based findings

The Table 2 summarizes the result and the results are mirrored to the theory; ecommerce adds value to the customer which can be seen from the answers. The eOrder system affects to the relationship of the customer and the supplier and clearly adds value to the customer. The benefits of e-commerce can be seen as affecting to the buying behavior and opinions of the customers. There is also a clear link between the benefits of e-commerce and the strategy of the organization. eOrder systems supports the organization's purchase strategy.

The limitation and barriers of e-commerce are being experienced by the customers. The compatibility of the systems cause problems and when there is no help provided for one of the systems the usage of the other system becomes difficult too which negatively affects to the user friendliness the customer experiences. Also if there are no professional buyers in the company it might be an issue for using the web store without getting training for the usage of the specific system. If revised from the theory, reasons for this kind of problems might be that there is lack of technical skills, lack of time and resources and the cost of the system implementation.

Negative points shall be discussed here too: better visualization including clearer pictures could lead to improved user experience. At the moment the pictures in eOrder are pretty basic ones. For a professional buyer it is enough but for a basic user it probably is not enough and in that sense the own system, Kosti, is easier to use for a basic user. Generally speaking many suppliers' do not have sufficient external catalogues/web stores to offer at the moment. For some of the customers Martela's eOrder is sufficient and very good tool to use but for some it is not necessary or enough due to the system compatibility for instance.

TABLE 3. Feedback from customers

	How easy to use the customers experience eOrder is in a scale 1-10 (1 being hard to use, 10 being easy to use)	How user friendly the customers experience eOrder is in a scale 1-10 (1 being NOT user friendly, 10 being user friendly)
	Average 8,25	Average 8,5
Improvement ideas	<ul> <li>Better visualization with 3D pictures and possibility to design and decorate a whole room</li> <li>Better functionality-&gt; enjoyment for the customer</li> <li>However the system has to be as simple to use as possible</li> <li>Making the system more user friendly with better compatibility of the web store and the customer's purchase system</li> </ul>	

The Table 3 summarizes the opinions about the user friendliness and the easiness to use the system. The customers currently experience the system as very easy to use as the average is 8,25. The customers think that the system is very user friendly as the average is 8,5. However some development suggestions came up; to make the system more user friendly, the visualization could be improved with 3D pictures and with a possibility to design and decorate a room with those. From the improvement suggestions one can also interpret that the user friendliness also means simplicity for some persons, the simpler the better. The outlook of the web store could be more detailed and alive but the usage of it should be very simple. These are some things that need to be taken into consideration when designing and making the improvements.

The compatibility of the systems, eOrder and the customer's purchase system in use need to be checked. If the customer feels that one of the systems is hard to use and does not work properly, it affects to the overall picture too.

# 5 DISCUSSION & CONCLUSIONS

This chapter summarizes and evaluates the findings and the conclusions are discussed.

# 5.1 Summary of the study

The study was examining what the customers think about the eOrder system and how they think it has gave them benefits. Through qualitative research these opinions were examined. Four users from three different organizations were interviewed for customer satisfaction study. Additionally the development director from Helsingin Kaupunki interviewed who described his thoughts about electronic purchasing in general level. The opinions and feedback about eOrder and e-commerce in general but also the development suggestions were summarized in tables in the previous chapter.

What was noticeable in the results is that the customers who use the systems were very satisfied with it. All of them use the same purchase system which is integrated to the web store. However one of the customers felt that their purchase system does not function as it should. The others did not mention the same problem. The system they all use is provided by Basware so the checking of the functionality has to be done with each of the customers and that third party. With closer cooperation between Martela, the customers and the purchase system provider Basware the two systems would probably work as they should.

What was surprising is the overall very positive feedback from the customers. The interviews and answers did not bring that much negative feedback which would have led to deeper development suggestions. However the feedback from the system integrations and systems functionality is probably the most important finding. Also the outlook of the web store should be checked.

Next the whole study will be discussed in more detail and further implications will be presented

#### 5.2 Evaluation and conclusions

Hutt & Speh (2010, 73-74) explains that the organization's buyers have to know the company goals and strategy when purchasing. What was found through the research is that with e-commerce and web stores, the company purchase strategy can be easily followed with the help of different purchase management systems and limited product range. However what is essential is that there should be a professional buyer or buyers in the organization who knows the strategy and knows how to use the different systems. Turban et al. (2010, 77) discusses about the benefits of e-commerce: improved collaboration and better customer service. Through e-commerce, transparency in the procurements added value can be obtained too. (Laudon & Traver 2010, 12-8). All of these benefits were proved to be right through the research done. The following limitations and barriers were also met: Resistance to new technology, lack of technology skills, lack of time and resources and the cost of systems implementation as development is costly. Due to these, problem situations were faced by one of the customer as the systems did not function well together.

When thinking about the benefits of purchasing systems and web stores those can be seen clearly: Web stores adds value to the customer as they make buying easy and fast, the e-catalogues are more functional than paper catalogues and contains more detailed and up-to-date information. Also the connection to invoicing systems adds value to the customer.

E-commerce is today's business form and Web stores are becoming more and more popular. However when thinking about the thoughts of the development director from Helsingin Kaupunki, the electronic purchasing is still in phase and has got a lot to develop as the suppliers are not able or willing to produce sufficient external catalogues for example. The author of this thesis thinks that certain industries and businesses have not fell into e-commerce enough, though they should have. For example in the clothing industry almost every company has a web store supporting their traditional store business. Moreover many clothing stores use only web stores as their channel. The author believes that the web stores will eventually enter into industries that are now resisting the change. Martela has a good starting point when they already have set up their own web store. They only need more users in order to make it profitable. However the author thinks that eOrder is something Martela should believe in and develop as much as they can. By marketing it right way more

customers will be attained. Positive customer feedback can always be used as reference.

Did the research meet the objectives and goals? The research questions were:

Does Martela's eOrder system add competiveness and value to the customers? And does the eOrder system give benefits to the customers and support their own purchasing strategy? If thinking about the results, the eOrder does add value to the customer and in that way the competitiveness as the procurement strategy is supported by the system. The system initialization requires close cooperation between the customer and the supplier and therefore it strengthens their business relationship. The benefits of eOrder were clear and proved but also some negative feedback and development suggestions were found through the research. The further development suggestions for Martela are here: To develop the system more functional with the customer's system needs proper marketing plan for new customers and the feedback from customer can be used as references. The development of the systems requires money and time but is a recommended by the author. The web store has potential and probably is the future's must-thing also in furniture industry and in this case Martela can be the frontrunner in this.

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# APPENDIX ONE

#### **Interview questions**

The interview questions for the interviews with Tulli, Vero and Patentti ja Rekisterihallitus:

The purpose of the interview is to investigate:

- The functionality and how easy to use eOrder system is
- The customer satisfaction and whether the system brings added value for the customers
- The purpose is to bring development suggestions for Martela about the system
- 1. When did your organization started using eOrder?
- 2. How many orders do You place in a month or in a year?
- 3. Could you please describe what kind of orders do you place in with eOrder?
- 4. How would you describe the usage of eOrder?
- 5. With scale from 1 to 10 how easy to use do you think eOrder is? (In scale 1=hard and 10= easy to use)
- Could you please describe with scale from 1 to 10 how user-friendly eOrder is? (In scale 1= NOT user-friendly and 10= user-friendly)
- 7. Could you please describe the problem situations you have faced when using eOrder?
- 8. How have you survived or got help in those situations?
- 9. Could you please enumerate what kind of added value/benefits eOrder has brought to the electronic procurement?
- 10. Could you please describe with couple of words/sentences how you think eOrder has deepened the business partnership/cooperation with Martela?
- 11. Please evaluate how you think the personalized outlook supports Your company's procurement strategy?
- 12. Please give ideas on how to develop the system more user-friendly?
- 13. Please give ideas on how the system could give more benefits to your organization?

The interview questions for the interview with Helsingin Kaupunki:

- 1. How long have you been using electronic ordering system?
- 2. Which company is your system supplier?
- 3. How many order you place electronically?
- 4. How may orders you place as open/free text orders?
- 5. And how many with the usage of electronic catalogues?
- 6. Is there some limitations set on how to make electronic orders in case of Helsingin Kaupunki?
- 7. Do you think that the open or free text orders are a sufficient level in electronic ordering?
- 8. How important you find making orders through external electronic catalogues e.g. eOrder?
- 9. Could you please describe what benefits there are in external e-catalogues in your opinion?
- 10. What do you think is the best way to order?
- 11. Could you please describe what sort of benefits you find in this way of ordering?
- 12. Has Helsingin Kaupunki thought of switching over to external catalogues when ordering and why/why not?
- 13. Does it affect to the supplier selection what kind of electronical requisites they have?

