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# HOW TO EXPAND A FOREIGN ONLINE SHOP TO FINLAND

Case: Trotec GmbH Co. & KG

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## ABSTRACT

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This thesis studies what a foreign online shop needs to consider when expanding to Finland. Trotec GmbH Co. & KG, which expanded to Finland three years ago, was used as a case company. Trotec corporate group was founded in 1994 and it manufactures machines and measuring equipment for air treatment, construction diagnostics and leakage detection. The aim of the thesis was to define what kind of challenges and possibilities a foreign online shop can face in Finland, and how can it do successful online business on the Finnish market.

In the theoretical part of the thesis the following concepts were examined: marketing communications, online selling, online marketing channels and analyzing the online market. The empirical study includes the theory of marketing research and the results of the conducted research, which was implemented as an expert interview. A total of five experts of Trotec were interviewed.

The research showed that there is an increasing sales potential for foreign companies in Finland. Foreign online shops with competitive prices and active marketing practices can be successful on the market. Products or other technical features do not necessarily need to be adapted, only the language and longer geographical distances must be considered. Therefore, online expansion to Finland is relatively easy to conduct.

In addition the reliability and validity of the study were examined. This research can be considered trustworthy as the results are believable and they can be generalized and transferred to other contexts.

## TIIVISTELMÄ

Kirjoittaja	Ida-Mari Keisu
Opinnäytetyön nimi	Miten laajentaa ulkomainen verkkokauppa Suomeen. Esimerkkiyritys: Trotec GmbH Co. & KG
Vuosi	2014
Kieli	englanti
Sivumäärä	90 + 1 liite
Ohjaaja	Heidi Hellström

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Tämä opinnäytetyö tutkii, mitä ulkomaisen verkkokaupan tulee ottaa huomioon laajentuessaan Suomen markkinoille. Esimerkkiyrityksenä käytän Trotec GmbH Co. & KG:tä, joka laajensi verkkokaupansa Suomeen kolme vuotta sitten. Trotec-konserni perustettiin vuonna 1994 ja yritys valmistaa koneita ja mittalaitteita ilmanlaadun hallintaan, rakentamiseen ja vuodonetsintään. Tutkimuksen tarkoituksena on selvittää, mitä haasteita ja mahdollisuuksia Suomen markkinat tarjoavat ulkomaiselle verkkokaupalle, sekä miten yritys voi menestyä Suomen verkkomarkkinoilla.

Tutkimuksen teoriaosassa käsitellään seuraavia aiheita: markkinointiviestintä, verkkomyynti, verkkomarkkinoinnin kanavat ja verkkomarkkinoiden analysointi. Empiirisessä osassa käsitellään markkinointitutkimuksen teoriaa sekä käydään läpi tutkimuksen tulokset. Tutkimus toteutettiin kvalitatiivisena tutkimuksena haastatteleamalla viittä Trotecin asiantuntijaa.

Tutkimus osoitti, että ulkomaisella verkkokaupalla on kasvava myyntipotentiaali Suomen markkinoilla. Kilpailukykyiset hinnat ja aktiiviset markkinointitoimenpiteet omaavalla ulkomaisella verkkokaupalla on hyvät menestymisen mahdollisuudet. Tuotteita tai verkkokaupan teknisiä ominaisuuksia ei välttämättä tarvitse sopeuttaa juuri Suomen markkinoita varten, mutta kieli ja pitkät maantieteelliset etäisyydet tulee ottaa huomioon. Verkkokaupan laajentaminen Suomeen on kuitenkin suhteellisen helppo toteuttaa.

Lopuksi käsitellään tutkimuksen luotettavuutta ja pätevyyttä. Tätä tutkimusta voidaan pitää luotettavana, koska tulokset ovat uskottavia ja ne voidaan yleistää sekä siirtää muuhun asiayhteyteen.

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## **I INTRODUCTION TO THE THESIS**

The introduction presents the background of the study, the research problem and the research objectives as well as the structure of the study. In addition the case company is presented starting from the company's structure, products portfolio as well as portals where the products are sold. The website of the case company is presented at the end of the introduction.

# 1 INTRODUCTION

## 1.1 Background of the Study

Electronic business (e-business) has changed the traditional role of selling and buying goods and services. As the internet reaches all over the world, consumers can buy products anywhere and at any time they want. Companies are no longer dependent on where they are located, which reduces time and money.

I decided to write the thesis about online business expansion, because the topic is not only generally important for any foreign online business considering the expansion to Finland, but also to advance the sales growth and future development of the case company Trotec GmbH Co. KG (later on Trotec). As I am working in the Finnish customer service and online marketing department of Trotec, the subject was interesting to research.

Trotec expanded to the Finnish market three years ago, but the market expansion and promotion of the company still continues. Trotec sells products to Finland mainly through the internet with the exception of big corporate customers. While working for Trotec, I have experienced some of the challenges as well as the success factors concerning trading in Finland. Therefore, it is very interesting to find out more widely what kind of experiences the case company has had on the Finnish online market so far, and thereby to draw conclusions on what challenges online companies might generally face in Finland, and how the future development in the Finnish e-commerce is seen.

There has not been made any previous research exactly of the same topic and from a foreign company's point of view, which increases the novelty value of this research. The research study is also useful to the case company, as it analyses how well Trotec managed to expand to Finland.



## **1.2 Research Problem and the Aim of the Study**

The research problem of the thesis is to find out what a foreign online shop needs to consider when expanding to the Finnish market. Trotec is used as an example to define the crucial and success factors regarding its online business, and thereby conclusions are drawn on the general issues, that also other companies might face on the same online market.

The aim of this study is to research what kind of challenges and possibilities the Finnish e-commerce market offers to a foreign company, and what does it require from a company to start a successful online shop in Finland. From Trotec's point of view the following features are examined in the study:

- Reasons behind the expansion
- Purchasing power and competition on the target market
- Product adaptation
- Cultural, political, legal and logistic challenges
- Possibilities and future prospects on the target market

## **1.3 Structure of the Research**

The thesis consists of three sections: introduction, theoretical framework and empirical study. In the introduction the background of the study is explained and the research problem as well as the aim of the study are defined.

In the theoretical section the general theory related to the subject is examined. At first the forms of marketing communications and specific definitions of online business are introduced, including online selling, online shop and online marketing. In addition the macro environment of an online market is introduced based on two market analysis models.

In the empirical part the marketing research, research process and the implementation of the research are described. After that the results are reviewed and analyzed and the reliability of the research is confirmed. Finally the

conclusions are drawn based on the results and then the study will be summarized. Suggestions for the development and future research conclude the study.

## **1.4 Trotec Group**

Trotec Group was founded in 1994, but the roots of the company reach back even 50 years. First the company started as small family business, but today the company group has subsidiaries, regional and partner enterprises in over 15 countries. Trotec Group headquarters are located in Heinsberg, western Germany, and the other European branch offices are in France and Austria. The latest area office was established in Hong Kong, which is responsible for the operations and distribution in the Asian market.

The corporation consists of four companies: Trotec Trade Division, TKL Rental Division, VDL Service Division and THC Trotec HealthCare Division. The trade division, the core of the corporation, offers product solutions ranging from machines for air treatment to measuring equipment for construction diagnostics, as well as leakage detection and location.

TKL is specialized in hiring out the machines for air treatment, ventilation and measuring equipment. VDL offers service and know-how in preventing, analyzing and restoring damages. THC is the continuum of Trotec Trade Division developing and manufacturing products especially for health monitoring and health care. (Trotec Group 2013)

### **1.4.1 Product Portfolio of Trotec**

The core products of Trotec are dehumidifiers. The wide product range includes different dehumidifiers for domestic, commercial and industrial use. Thanks to the two different functioning principles and several models, the product range offers dehumidifying solutions from bath rooms up to large industrial halls.

Trotec manufactures and sells also humidifiers, electric and oil fired heaters, industrial fans and wind machines, mobile air conditioners, air purifiers, machines for odor controlling and restorative drying.

The product range of measuring equipment offers instruments for distance, temperature, climate, air current, pressure, electricity, emission, humidity, radiation, sound level, and locating and detecting leakage. The product range includes also second hand machinery and work tents.

#### **1.4.2 Online Portals**

Trotec Group has five online portals. The central buying portal is Trotec Shop (later on Trotec online shop). In the online shop consumers can purchase products, find information about ordering, returning products, payment and delivery. Customer service can be contacted in the online shop using hotline service, e-mail or a contact form. Trotec online shop is described in more detail in the paragraph 1.4.3.

Trotec e|catalog -site includes in-depth information about the products and online brochures, product software and operating manuals for downloading. E|catalog-page is available in English, German, French, Chinese and Turkish. Trotec e|Training offers 3D-animations and different camera positions of the products. Animations and pictures demonstrate the functions and usage of machines, measuring instruments and work tents. e|Training is available at the moment only in German.

In TKL Hiring Centre consumers can find hiring equipment, place an enquiry and check the availability of the leased products. Trotec Consulting Training Centre offers seminars and practical training and education about the products and service solutions. The hiring and consulting centers are available only in Germany. (Trotec 2013)

### 1.4.3 Www-site

The homepage of Trotec online shop is represented in the figure 1. The website can be found in English at: <http://www.trotec24.com/en-fi>.

The screenshot shows the Trotec website homepage. At the top, there is a navigation bar with the Trotec logo, a search bar, and links for 'Login' and 'Registration'. Below the navigation bar are tabs for 'Product Catalog', 'Buy', and 'Hire', along with a 'Shopping Cart (0)' icon. The main content area includes a banner for 'During the cold period just heat with electricity' showing various heaters. Below the banner is a 'Great Deals and Hot Offers' section featuring three products: 'TTK 50 E Dehumidifier', 'TDS 20 Electric Fan Heater', and 'IDE 30 D Oil Fired Direct Heater'. Each product listing includes a 'NEW' tag, a 'You save' amount, the current price, and a 'show net price' link. The TTK 50 E Dehumidifier is priced at €109.04 (save €90.00). The TDS 20 Electric Fan Heater is priced at €24.95 (save 73%). The IDE 30 D Oil Fired Direct Heater is priced at €209.95 (save €286.55).

**Figure 1. The storefront of Trotec ([www.trotec24.com/en-fi](http://www.trotec24.com/en-fi)).**

The front page presents product banners, the latest offers and the most popular products. Product categories are listed on the left hand side of the page. The country-specific hotline number and e-mail address can be found below the product categories. At the top of the page is search bar, where users can search for products by name. Login and registration to the online shop are situated directly next to the search bar. Shopping cart can be found on the right hand corner of the page, where users can edit the content and finally place an order.

At the very bottom of the page (figure 2) users can change the preferred currency, language and country. Trotec online shop is available in English, French, Spanish, Turkish, Polish, Finnish, Swedish, Italian and Romanian.

## Trotec Group Blog
















### Trotec and TKL give flood aid in Great Britain

When the high water is over work just begins because buildings are still wet and it is highly necessary to immediately drain them and to renovate the damages occurred. Otherwise it is possible that mould stains occur what can lead to health problems. [Read more...](#)

[Home](#) | [Terms & Conditions for Business Customers](#) | [Terms & Conditions for Private Customers](#) | [Privacy Policy](#) | [Imprint](#)

<b>MACHINES</b>	Dehumidification   Humidification   Heating   Ventilation   Air Conditioning   Air Cleaning   Odour Control   Restorative Drying   Restoration Accessories   General Accessories   SecoSan Sticks
<b>MEASURING INSTRUMENTS</b>	Data Loggers   Planning and Survey   Temperature   Climate   Air Current   Pressure   Electricity   Emission   Humidity   Sound Level   Radiation   MultiMeasure Series   Locating and Detecting   Optical Inspection Systems   Leak Detection   Measurement Kits - Complete Kits
<b>WORK TENTS</b>	Work and Assembly Tents   Safety Screens   Tent Accessories
<b>SECOND-HAND MACHINERY</b>	Machines   Measuring Instruments

<b>TROTEC INFOCENTER</b>	<a href="#">Order</a>   <a href="#">Payment</a>   <a href="#">Delivery</a>   <a href="#">Complaint form</a>   <a href="#">Contact form</a>
<b>PAYMENT</b>	   
<b>DELIVERY</b>	   
<b>SOCIAL</b>	    

Currency: EUR | Language: English | Country: Finland

**Figure 2. The storefront of Trotec (www.trotec24.com/en-fi).**

On the front page visitors can also find the current blogs, direct links to the product subcategories, and links to the Trotec Infocenter as well as available social networks. (Trotec24 2013 a)

## **II THEORETICAL STUDY**

In the theoretical part the theory related to the research is presented. First marketing communications and marketing on the internet are introduced, and next the definitions related to online selling and especially online selling in Finland are presented. The concept of an online shop is presented thereafter. The next chapter deals with online marketing channels in general and especially in Finland. The last chapter tells about analyzing the online market, consumer behavior and consumer satisfaction on the internet.

## **2 MARKETING COMMUNICATIONS**

Marketing communications are the methods by which the company communicates with existing and potential customers in order to persuade, inform and remind them about the products and the company brand. The aim of marketing communications is to increase brand awareness and positive brand image as well as to boost sales. (Kotler, Keller, Brady, Goodman & Hansen 2012, 776-778)

### **2.1 Marketing Communications Mix**

Different methods can be used in communicating with the target group. Marketing communications mix includes all the communication tools, which the company is able to use to promote a product. The right combination of the communications tools creates the foundation for successful marketing. (Trehan & Trehan 2009, 35)

The six major tools of marketing communications are:

- Advertising
- Sales promotion
- Public relations and publicity
- Direct marketing
- Word-of-mouth marketing
- Personal selling

Advertising is a paid form of presentation, which directs a message at the large target audience simultaneously. (Marketing Teacher Ltd 2013 a) The aim of advertising is to increase awareness of the product or service, create a desire and convince that the product is the solution for the consumers' needs. Successful advertising campaign draws consumers to the company and therefore increases the sales. The platforms of advertising as mass media are for example television, radio, newspapers and outdoor posters. (Trehan & Trehan 2009, 36)

The purpose of sales promotion is to be a short-term incentive to increase the sales during slow periods and promote the product or service. The most commonly used consumer promotions activities are free trials and samples,

contents, lotteries, vouchers and joint promotions between two brands (tie-ins). Sales promotion can also be targeted towards intermediates using for example free goods. Additionally the company can promote internally by organizing sales force contests. (Kotler et al. 2012, 824-825)

Public relations (PR) are forms of communication which aim to carry out positive image and goodwill of the company. Through public relations the company maintains good relationships with its publics, such as shareholders, employees, media, customers and suppliers. Unpaid publicity, such as articles about the company, is a very cost-effective form of promotion, but PR does not come for the organization free of charge as public relations can also be organized by advertising agencies or other media personnel. Communication tools of public relations are interviews, presentations, annual reports and company magazines, fund raising and sponsorships of events. (Trehan & Trehan 2009, 37-38; Marketing Teacher Ltd 2013 b.)

Direct marketing means communicating with potential and existing customers directly without intermediates, i.e. distributors and retailers. Unlike the mass media marketing, the manufacturer itself can target potential customers and then personalize the marketing message to the individual consumer. Direct communication is based on mailing lists and consumers databases of the company, and therefore it makes marketing more undetected to competitors. Typical media of direct marketing includes use of mail, catalogue, telephone and direct-response television, such as TV shopping. (Roberts & Berger 1999, 4-5, 12-13)

The goal of word-of-mouth marketing is to get consumers to talk more about their positive experiences regarding the company and its offerings to other consumers. As people talk also naturally about their shopping experiences or plans for purchase, word-of-mouth marketing aims to increase the volume of positive feedback in order to persuade consumers to buy more and to strengthen the loyalty towards the company. However, consumers tend also to tell others about the negative experiences instead of complaining directly to the company. Therefore, marketers should be able to identify the reasons behind



dissatisfaction and minimize the spread of negative comments. (Vered 2007, 7-10) Word-of-mouth marketing can be done person to person or through online networks, such as blogs or fan groups (Clark 2013).

Personal selling means that an individual salesperson communicates with a customer face-to-face and sells a product or service. Personal selling gives the salesperson a possibility to match the product benefits to the customer's needs exactly, and therefore it is especially highlighted in business-to-business marketing. B2B-products are often complex or they might require specific technical support, and therefore personal selling involves usually long-term customer relationships. Personal selling is typically conducted through sales presentations, meetings, fairs and trade shows. (Kotler & Pfoertsch 2006, 111-112)

## **2.2 Marketing on the Internet**

The role of the internet as a marketing communications platform has increased significantly. It has revolutionized the means of exchanging and searching information and interacting with other consumers and companies. (Trehan & Trehan 2009, 26) There were 519 million internet users in Europe and over 2,4 billion users worldwide in 2011 (Pingdom AB 2013). Thanks to the internet, marketing has evolved from a traditional "push-strategy" to more interactive dialogue with the customer. The term *interactive marketing* was first introduced by John Deighton at Harvard University as "ability to address the customer, remember what the customer says and address the customer again in a way that illustrates that we remember what the customer has told us". Often interactive marketing is confused with internet marketing, although internet facilitates interactive marketing by making it easier to collect customer information and communicate with them. (ArizonaGuide 2013) Methods of internet marketing, also referred to as online marketing, are presented in more detail in chapter 4.

The internet provides new ways of marketing for manufacturers to communicate and sell products directly to consumers. It allows companies to send more individualized marketing messages day and night at low cost, based on interests and online behavior of consumers. Companies can, for example, advertise efficiently online by using contextual placement. With advertising on the websites related to a particular industry or through keywords on search engines, companies can reach consumers already right from the beginning of the buying process. (Kotler et al. 2012, 777, 843) Websites and search engine marketing are also presented in more detail in chapter 4.

Sales promotion can also be conducted on the internet. Online sales promotion aims to get web site visitors to contact a sales representative of the company and finally purchase the product on the website. This can be done with the help of online contests and loyalty programs, social media and electronic coupons. Internet enables companies to reach thousands of potential customers at the same time and contact consumers, who share the same views with the company, but are unfamiliar with the product. Therefore, companies can use traditional personal selling techniques also online, such as contacting consumers who are not expecting to be contacted. (Boundless 2013)

Internet provides additionally new possibilities for public relations, thanks to low costs, speed and ease of distribution. Companies can send online internal and external newsletters in order to improve communication between the employees and customers. Internal public relations can also be conducted through online conferences in order to inform, for example, urgent changes inside the company. (Gross 2013)

Word-of-mouth-marketing on the internet is discovered to be faster and more effective than traditional consumer-to-consumer communication. In traditional word of mouth, one influential person's opinion can affect two other people. On the Internet the circle of influence expands to eight people (Kotler et al. 2012, 789). Especially social media, such as Facebook and Twitter, provide a great platform for digital word-of-mouth, as users can write reviews and share comments with their friends and in that way promote a brand or its product.

According to the market study conducted by Market Force, 81 % of online consumers' purchase decisions in the USA are influenced by their friends' posts in social media (Market Force 2012). Therefore, users have an important buying influence on each other. When consumers share information and experiences through fan groups and social media networks, they actually create product information and the content of the website by themselves. (Onghai 2012; Fontenot 2013)

The level of using each marketing communications tool, both traditional and interactive, depends on the company's objectives. In any case the selected communication methods should be used as coherent whole, supporting the same marketing objectives. *Integrated marketing communications* are the basis of successful marketing campaign as it provides the maximum impact and consistency for the marketing messages. (Kotler et al. 2012, 801)

### 3 ONLINE SELLING

Internet has changed the way of doing business and marketing, and therefore it has created also new concepts. Online business is a super ordinate term of trade or a company, which takes place on the internet. (Computerworld Inc. 2013) Online selling is typically operated through an online shop (i.e. online store, web shop), where consumers can directly order and pay for products and services. (Kotler et al. 2012, 725, 727)

#### 3.1 Definitions of Online Business

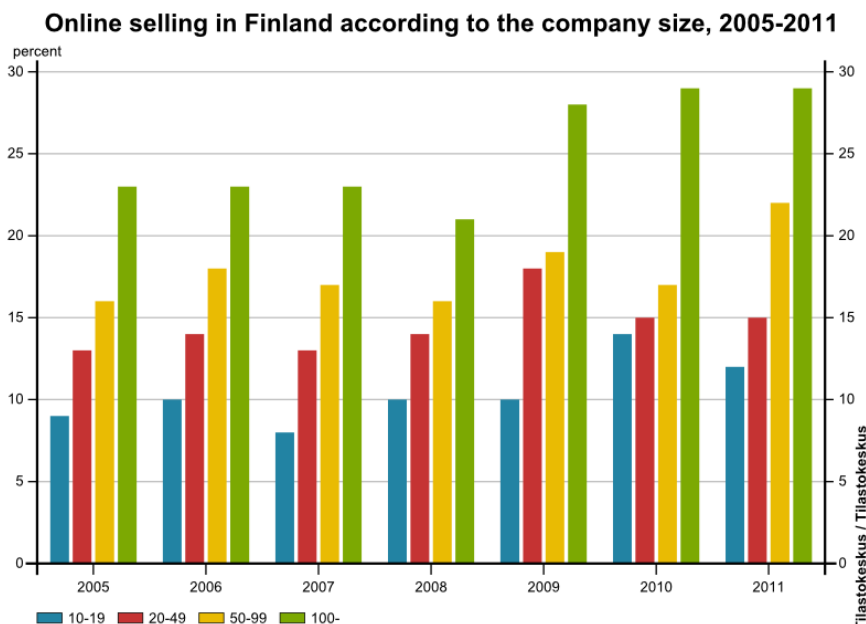
In order to define the different dimensions and emphasis of online business, it can be divided into the following terms:

- *E-business* (electronic business) means the same as online business, as it refers all the business transactions done via electronic media, especially the internet. E-business is not only selling and buying online, but also connecting with customers, suppliers and partners, financing, developing products, managing inventory etc.
- *E-commerce* is a part of e-business as it refers only to online transactions (money exchanges) of selling and buying goods and services over the internet. E-commerce includes more outward-facing processes of the company, such as sales, order taking and delivery among others. (Computerworld Inc. 2013)
- *E-purchasing* is an internal process of the company, which extends and automates manual purchasing processes. Companies can make inquiries, purchase for example raw materials from the suppliers' websites and then pay them online. (Local E-Gov National Project, 2004)

- *E-marketing*, i.e. online marketing or internet marketing refers to marketing management and execution via electronic media, such as the web, email, wireless media and mobile technology. E-marketing is a way of communicating with consumers, as well as promoting and selling goods and services online. (Kotler et al. 2012, 131)

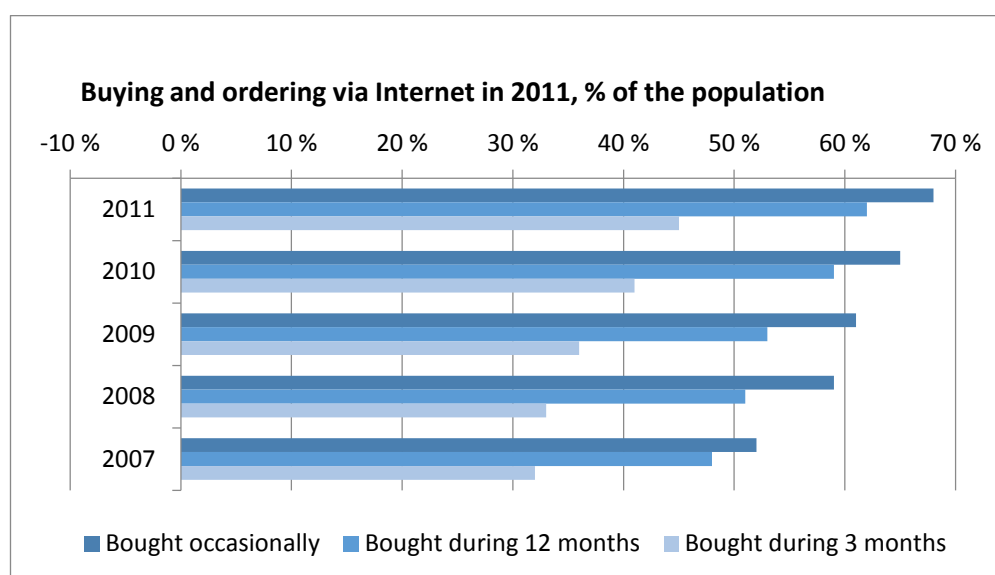
### 3.2 Online Selling in Finland

Selling and buying on the internet has increased constantly in the last ten years. As seen in figure 3, 29 % of Finnish companies with more than 100 employees had online selling activities in 2011. In comparison to the year 2005, online selling has increased a total of 5 percent, especially after the year 2008. In small companies (10-19 employees) and medium-sized companies (20-49 and 50-99 employees) the growth has been more moderate. In 2012 the online business grew 28 %, and the average value of “a shopping cart” was 125 Euros. (Vilkas Group 2013)



**Figure 3. Online Selling in Finland, 2005-2011 (www.tilastokeskus.fi a).**

Domestic retail trade has been hit hard by the economic recession, as the purchasing power has decreased. However, foreign e-commerce is increasing significantly every year. (Taloussanommat 2013) According to a research of TNS Gallup, the e-commerce growth has been accelerated especially by Finns' increased positive experiences in online shopping. Consumers' trust on local and foreign online businesses has increased, as the e-commerce has become more common and transparent. (TNS Gallup 2012) In 2012 the value of e-commerce was a total of 9,65 billion Euros, of which 85 % was domestic e-commerce (web sites available in Finnish) and 15 % foreign e-commerce. Of all 15-75-year-old Finns 75 % (3 178 000 people) have bought some goods or services on the internet. (TNS Gallup 2013 a) As seen in figure 4 the percentage difference between people who have bought occasionally or during 12 months has decreased, which means that buying over the internet is becoming more and more regular.



**Figure 4. Buying and Ordering via Internet (www.tilastokeskus.fi b)**

Another significant growth factor is that the supply is constantly more diversified on the online market. Finns buy also increasingly from abroad, due to the wide range of products and affordable prices. E-commerce market in Finland is increasing, especially in the service industry. The biggest product categories in online business are tourism, consumer electronics, clothes, information

technology and finance. (TNS Gallup 2012; TNS Gallup 2013 a) Clothes are searched and bought more in foreign online shops, but domestic online shops are popular especially when buying telephones and tablets. Still, in many cases the sense of security keeps the customers in domestic online shops. (Kärkkäinen 2013)

The research shows that e-commerce will be still increasing although the strong growth has moderated. In the future the growth of e-commerce is not so much based on the growth in number, but the buying frequency and the product difference. One of the most important factors in the development of Finnish e-commerce is to offer functioning customer experience. (TNS Gallup 2012; TNS Gallup 2013 a)

### **3.3 Online Shop**

Online retailers can be divided into two groups: pure-click companies and brick-and-click companies. Pure-click companies exist only online, without having a physical store. Companies which only have online existence are typically search engine sites, commerce sites such as book, music and clothes stores and price comparison sites. Brick-and-click companies are physical stores, which also have a web site in order to inform about the products or to expand the distribution channels. (Kotler et al. 2012, 725, 727) Trotec has launched the online shop as a brick-and-click company.

An online shop includes usually a storefront (i.e. shop window), a shopping cart for storage of the desired products, a payment processing system, order completion and order tracking. The storefront should be easy to navigate and include clear product categories and product descriptions, links to terms and conditions, privacy policy, company description and contact information. (Althos 2009) The storefront of Trotec includes the above mentioned sections (figure 1-2). Because of the wide product range, Trotec also categorizes the supply in several subcategories, as shown in figure 5.

You are here: Home » Measuring instruments

Measuring Instruments

Data Loggers

Planning and Survey

Temperature

Climate

Air Current

Pressure

Electricity

Emission

Humidity

Sound Level

Radiation


MultiMeasure Series

Locating and Detecting

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**Figure 5. Subcategories of Measuring Instruments (www.trotec24.com/en-fi).**

When buying on an online shop customer can not physically see or try the products before purchasing them, and therefore accurate and up-to-date product photos are crucial (Snell 2009). High-quality images with zoom-function and detailed information about functions and technical features help the customer make the final buying decision (Palatnik 2012). One product description of Trotec is illustrated in figure 6. Order completion includes different transaction and service e-mails, such as registration and order confirmation, as well as information about changed delivery time and changing the password. (Lahtinen 2013, 133)



New: choose bundle and save money

### TTK 100 S Dehumidifier

Product number: 1120000102



You save: € 107.55

€207.50 **€189.95** incl. VAT  
[show net price](#)

plus shipping [Shipping Costs Calculator](#)

Delivery status:

Qty:

TTK 100 S Dehumidifier *Reliable technology tucked away in a modern design*

The TTK 100 S is a state-of-the-art dehumidifier which combines cutting-edge technology and reliability and presents these and a wide variety of valuable functions and features in a sleek, compact design.

**Figure 6. Product Description of a Dehumidifier (www.trotec24.com/en-fi).**

The success of an online shop can be evaluated based on how well the website is able to attract potential buyers, understand their needs and offer the solution to their problems. (Althos 2009) Many online shops also offer customers a possibility to evaluate and rate the products on the web site. Direct feedback may give valuable additional information to other visitors. Positive feedback increases the credibility of the products and negative ratings increase the credibility of the company, as it is ready to show all opinions. (Lahtinen 2013, 133)

There are approximately 7000 online shops on the Finnish market, and the number is growing at a rapid pace. Especially foreign online shops are investing increasingly to Finland, which can be seen as threat to domestic online shops. According to the Country Manager of Google Finland, Finnish market is seen as easy market place to expand the online business, because the competition is relatively low and the customers are already buying on the internet (MTV3 2013). One-fifth of the Finns' online purchases are directed to foreign online shops, some of which are available in Finnish (TIEKE 2012). According to the Finnish Commerce Federation, domestic e-commerce is hit hard by the Finnish tax policy, such as higher value added taxation, which impairs the ability to compete with foreign online retailers. (Kalmia 2013)

One of the biggest foreign online shops in Finland is shoe and clothing store Zalando. The German company has a wide product range, free delivery, one month right for return, Finnish customer service and local methods of payment. Verkkokauppa.com is a big domestic online shop focused especially to consumer electronics. The company competes mainly against the brick-and-mortar stores, because only 20-30% of electronics are bought online in Finland. (Kärkkäinen 2013) Many physical retail stores have expanded to the internet in order to keep up with the competition. For example, Anttila department store has additionally two online shops, where customers can buy products and then pick them up from the department store. Physical stores with online activities challenge the purely online-based shops, because customers are able to familiarize themselves with the products and then buy them on the internet. (Helsingin Sanomat 2013)

### **3.3.1 Payment Methods and Privacy**

In online business the need of multiple payment methods is highlighted. In order to increase the sales, online retailers should offer different payment methods, so that the customer can choose the payment method that suits best for his/her needs. (TIEKE 2012) The structure of payment processing system can affect significantly the user experience in an online shop. Payment processing includes the selection of payment methods and collecting payment information, such as a credit card number. Multiple payment methods are an essential part of a successful online shop and it also increases credibility towards the company. (Althos 2009) The most commonly used payment methods in online business are credit card, prepayment, PayPal, Cash on Delivery and invoice. Trotec offers all these payment methods, excluding invoice, in the online shop.

Credit card is the most common payment method in international online business. From the customer point of view it is a very safe and reliable method, as the payment must always be processed through a secure-payment system. A secured website begins with “https” and has a padlock-icon next to the web address. (Global Shopping 2013) For example Trotec uses the e-payment solution Saferpay offered by SIX Payment Services, which is one of the largest transaction

processors in Europe (SIX Payment Services 2013). When paying by credit card, the customer will be automatically directed to Saferpay-site in order to give necessary credit card information. (Trotec24 2013 c)

Prepayment is often made by using online bank transfer, which is a useful payment method especially within the European Union and European Economic Area. When using online transfer, the customer pays the purchase price to the bank account of the seller. Usually the goods must be paid before the delivery. (Global Shopping 2013). Due to the Single Euro Payment area (SEPA) trade partners can pay and receive payment under the same terms and standards as domestically, that enhanced the cross-border payments (Bank of Finland 2013).

PayPal is a payment transfer service especially designed for e-commerce. It is a secure payment method, as the customer does not need to give any credit card information or to even have credit card at all. First the customer transfers the money from the bank account or credit card to his/her own PayPal-account, from where the money will be sent to the seller's PayPal-account (Global Shopping 2013). If the customer does not receive the product or the product does not match the description, the buyer can demand a refund within 45 days. Consumers can usually pay via PayPal free of charge. (Euroopan Kuluttajakeskus 2013 a).

In international e-commerce only the biggest online shops are usually offering Cash on Delivery (Euroopan Kuluttajakeskus 2013 b). When using Cash on Delivery (COD) the buyer pays the goods at the time of the physical delivery. The buyer pays the sum of trade to the carrier, who transmits the payment to the seller. The transaction method depends on the contract between the seller and the shipping company. (Investopedia US 2013) Trotec has made slight adaptations on the Finnish market concerning Cash on Delivery. Sometimes the carrier itself might require prepayment before the delivery, and therefore Cash on Delivery was removed from the payment options. (Trotec24 2013 c)

Invoice is the most secure method of payment, as the customer does not need to pay the goods until receiving them. In international business retailers do not prefer using invoice, because it contains risks. The invoice is usually delivered with the goods. (Euroopan Kuluttajakeskus 2013) Trotec offers invoicing only to public

institutions and it will expire immediately after receiving it (Trotec24 2013 b). When the debtor is a public authority, the payment period can be maximum 30 days after receiving the invoice. If the debtor does not pay the invoice within the given payment period, the seller has a right to charge interest for late payment. (European Union 2011)

Because customers and the retailer interact only via internet, customers need to give some personal details, such as address, phone number and credit card number in order to be identified and to complete the order. Privacy of the personal details is an important issue as it reflects the credibility of the company. Understandably, customers are wary when giving personal information, especially in the case of online shop. Therefore, the request for information should be well justifiable and the privacy policy easily available on the website. (Dhawan 2013) In addition there are certification trust marks available for online shops, which meet the given requirements. An official trust mark on the website shows that purchasing in the online shop is guaranteed to be secure. One commonly used trust mark in Europe is Trusted Shops Guarantee. (Trusted Shops 2013).

### **3.3.2 Physical Distribution**

Physical distribution includes all activities the company must do in order to deliver the right quantity of the right products to the intermediary and to the end customer at a right time. Manufacturers can either choose to sell goods directly to the customers (B2C) or use intermediaries, such as retailers, wholesalers and agents (B2B). (Lahtinen 2013, 18)

In designing the distribution channels, the company needs to evaluate different channel alternatives and choose the most suitable channels depending on the company's objectives (Kotler et al. 2012, 701). In the case of e-commerce the role of intermediaries is often reduced to the minimum as the manufacturers can communicate directly with the end users. Therefore, direct selling is the most commonly used strategy in online business, and it has also the highest influence. (Wharton School of the University of Pennsylvania 2001) When using indirect

channels, the company needs to consider the length and width of the distribution channel. One-level distribution means having one intermediary between the manufacturer and the customer, in two-level distribution there are two intermediaries et cetera. Based on the desired control over the service and distribution, the company can also decide if the goods are delivered *exclusively* by very limited number of intermediates, *selectively* by only some of them or *intensively* by as many retailers as possible. (Kotler et al. 2012, 706-707)

Trotec has only one official retailer for measuring instruments and one for work tents in Finland. For the time being Trotec delivers the products mainly directly from the central warehouse to the Finnish customers, without intermediate wholesalers or agents.

Good cooperation with transport companies and high quality of logistics are extremely important for foreign online shops, as the distance between the seller and the buyer can be very long. The company needs to consider the most cost-effective and time-efficient way of transportation in order to be successful in international online business. (Post&Parcel 2013) Finnish online shops deliver the goods mostly to a pick-up point nearby the home address, but the use of pack stations is also increasing. Finns use home delivery relatively little, because usually it leads to higher transport costs. Home delivery is mostly used when ordering home electronics and furniture. (TIEKE 2012) In Finland Trotec uses two carriers: UPS for smaller products and quantities and Dachser for big ones. The goods will be always delivered to the home address of the customer.

If the manufacturer uses multiply distribution channels the risk of channel conflict increases. Channel conflict occurs when the activities of one channel hinder the other channel member's actions. For example, if the company sells products online and has through retailers on the same market, that can cause *vertical channel conflict*. *Horizontal conflict* takes place between channel members at the same distribution level. If the manufacturer has several distribution channels at the same market, for example both retailers and agents, *multichannel conflict* can occur. (Kotler et al. 2012, 722)

On the Finnish market Trotec had to refrain from selling work tents and air purifiers in the online shop in order to avoid vertical channel conflict with one significant business-to-business-customer and one retailer of air purifiers manufactured by Incen AG.

### **3.3.3 Strengths and Weaknesses**

One significant advantage of an online shop compared to a physical store is availability. It does not matter in which continent or country the online shop exists, it can have customers all over the world. For e-business the world is the market. (Mok 2013) In addition, the online shop is open 24 hours seven days a week and can be reached with a mobile phone, no matter where the customers are. Online shops can make revenue around the clock, as the time zones lose its significance. Availability can also be related to the access of customer information and sales reports via analytic programs. Automatically collected data gives the company an idea about customers' buying behaviors and interest. This helps the company to evaluate the business and improve it. (Tan 2012)

In comparison to brick-and-mortar shops online business has less start-up and overhead costs. Online shop does not necessarily require a physical location or product display space, which reduces fixed costs such as energy and electricity. (New Bedford Internet 2013) The goods are also typically supplied to the warehouse just in time, which is more time-efficient and cost-effective as the store owner does not need to have a big store inventory. After placing an order the goods are delivered directly to the customer. Additionally, online shops do not require as much personnel as physical stores, and therefore they can save internal costs such as salaries. Because of the above mentioned factors, online shops are able to offer lower prices. (VanBaren 2013) Also, marketing on the Internet costs often less than traditional marketing, as the company can choose to pay only for the number of clicks the visitors have clicked (Mok 2013).

As the online shops usually have customers all over the world, the delivery process is naturally longer in comparison to a physical store where customers

can usually get the products right away after paying. (VanBaren 2013) The further the customers are, the more expensive the transportation usually is. All these factors need to be considered with the pricing, if the delivery costs are included. Because of the long distances and non-physical appearance, managing of the notes of defect is a crucial issue in online business. The fluency and speed of managing complaints show, how well the company is able to deal with the problems, when they occur. If the online shop does not have service for warranty and maintenance on the target market, defective good have to be transported back to the company, where they can be repaired. Because customers can have the guarantee repair at no cost, transportation back and forth will be paid by the company, which can be expensive. (Mok 2013; Tan 2012)

In the case of an online shop interaction between the seller and the buyer is often impersonal. Therefore, offering customer service might be challenging compared to a physical store. When problems occur during or after ordering, customers often prefer going to a physical store or service point and asking for help or more information in person. On the online shop complaints and contact requests are usually done by using different forms, e-mails and telephone, which does not necessarily give the same satisfaction as dealing with a contact person face-to-face. (McCoy 2013)

## **4 ONLINE MARKETING CHANNELS**

The selection of online marketing technologies should always be justifiable and based on the marketing and sales objectives, not on the technology itself. The company needs to evaluate what are the best digital applications to meet the objectives and how much it costs in terms of money, time and human resources. Online marketing strategy should also result in valuable content using multiple channels in order to build a positive image (Forbes 2013). In addition the customers must benefit from the chosen technology and the benefits should naturally be worth the costs. (Kotler et al. 2012, 138)

### **4.1 Website**

The aim of the website is to introduce the company, its history, vision and products to the customers. In order to get consumers to visit the website more than once, the design must be attractive and interesting at the same time. The site should also be constantly adapted to the different needs and circumstances. An effective website includes at least seven design elements, the 7Cs, created by Rayport and Jarowski:

- Context: Overall design and layout
- Content: Text, pictures, sound, video
- Community: How users can communicate with each other on the website
- Customization: How the site can be adapted to different users or by the users themselves
- Communication: How the site communicates with the user and vice versa
- Connection: Is the site linked to other websites
- Commerce: Capability to enable business transactions (Rayport & Jarowski 2001, 116)

Website design has similar requirements as online shops, such as ease of use and attractiveness. The site should download fast and the homepage should be understandable and easy to navigate. Website attractiveness increases when



the pages are readable, clear, not too full of information and colors are used adequately. (DX IT Limited 2013) In addition the website needs to be adapted to the national characteristics, and also include privacy conditions (Kotler et al. 2012, 844).

As in the case of traditional business expansion, the dilemma of standardization versus adaptation is also faced in online business. Before launching websites for several countries internationally, online companies need to develop a web globalization strategy. Web globalization includes all issues related to launching and managing international websites and therefore expanding e-business successfully. The level of standardization and adaptation is one of the biggest issues in web globalization. Companies need to decide the extent to which they want to customize the website and functions according to the country-specific requirements. (Singh 2012, 83-84) Socio-cultural issues regarding the cultural adaptation of the website are discussed in more detail in the chapter 6.2.4.

## **4.2 Banners**

Web banners are small online advertisements which contain typically still or flash images. The main idea of a banner is to attract users and make them return to the advertiser's website. Typically banners are placed on a relevant website in order to track users' online behavior and find potential buyers. By clicking the banner the user is directed to the website of the advertiser. Usually advertisers pay the banners "per click", in spite of whether the click leads to the purchase. The more the content of the banner and the web page correspond to each other, the more clicks the banner creates. Banners are mainly intended to promote products or services rather than the website itself, as only certain products can be placed in the banner. A good banner is on the top of the page and makes a simple and catchy statement, which is easy to understand. (Brown 2011, 281-287)

A banner is also a valuable remarketing tool for increasing sales activity on the company website or promoting brand awareness (Banerjee 2013). An example of a remarketing banner is presented in figure 7. Search engine Google has

created an application called AdWords, where companies can, for example, set up remarketing-banners and track the users who visited their online store, but did not necessarily buy anything. Therefore, the banners are shown in order to encourage users to complete the purchase. (Google 2013)



**Figure 7. Trotec remarketing-banner.**

Trotec uses actively different banners for remarketing purposes. The layout of the banner is identical on every online market, but the language and is always adapted in terms of the target market and its cultural differences.

### **4.3 Search Engine Marketing**

Google is by far the most commonly used search engine in the world. Finnish people alone search in Google 20 million times daily. Searches related directly to buying are increasing strongly - in 2010-2011 the growth was nearly 20 %. Therefore, Google is a useful and natural advertising channel for companies, which operate on the internet.

Companies can use Google AdWords in order to create advertisements in Google or other search engines. Advertisements in Google search engine are simple text ads, which include a headline, URL-address and a description (figure 8). Google AdWords-advertisements are shown above the non-paid organic results and on the right-hand side of the search page. The company pays only for the advertisement the visitor clicks in order to end up to the company website. (Lahtinen 2013, 200-201) The advantages of search engine marketing are targeting the advertisement to the right moment and right audience as well as easy tracking. When the user goes to Google search, he or she already has a buying need to be fulfilled. Based on the keyword the visitor writes, different advertisements as well as organic search results are shown. (Lahtinen 2013, 200-201) The ranking or the volume of the

keywords can be increased by using different search engine optimization (SEO) techniques, which improve company's visibility at Google. (CAM Foundation 2013)



**Figure 8. Google Search Advertisement of Trotec.**

Google search engine marketing is the most important advertising channel for Trotec and the company invests much in Google AdWords.

#### **4.4 Blogs**

Blog is a chronologically proceeded diary or journal, which can be published online either personally or professionally. It is a form of user-generated content, as usually publicly available for readers to comment, share and discuss about. In addition to text, blog consists of images, links to other websites and multimedia content. (Brown 2011, 218) A blog should also include good keywords in order to attract users of the search engine (CAM Foundation 2013).

In business life companies can use blogs in order to communicate with customers and inform them about the products and new innovations. Blog readers participate in the discussion, which is a good way to increase dialogue between the company and customers. Because of the interactive nature of a blog, they should be updated more consistently comparing to a normal website. Blog writer should create constantly new content in order to maintain visitors' interest, otherwise they will move on to read blogs of others. (Brown 2011, 218) Blogs are also an important tool for word of mouth marketing, because influential members of the interest group, i.e. bloggers, can act as marketers of the company (Kotler et al. 2012, 148).

Trotec offers blogs in several languages: German, French, English, Turkish, Spanish, Dutch, Polish and Finnish. Blogs are being published about current issues and topics related to air treatment and products solutions even several times a week. Readers can also leave a reply to blogs, ask questions and comment the topics.

#### **4.5 Social Media**

Social media is a generic term for internet-based applications that enables the creation of user generated content. Social media applications are based on Web 2.0, a revolution in the computer industry, which made the internet seen as a platform and users as participants in business processes. By sharing knowledge and experiences on online platforms, consumers can create their own content and communicate multidimensional with companies. (Kotler et al. 2012, 144, 146)

Social networking platforms are for example Facebook, Twitter, Google+, Youtube and business-oriented network LinkedIn. By posting articles, images and videos on different social platforms companies stay actively contact with customers and attract new ones as well as promote new products. Social media provides ideal tools to create “buzz”, that is to say, to get consumers talking about the brand. In addition to post news and promotions on Twitter, it can also be used for keeping track of how the buzz marketing is actually working. Users can plug-in company or brand names on their posts and the plug-ins can be found the search engine of Twitter. (Lake 2013 a, 2013 b) Comparing to other social media marketing sites, LinkedIn provides more professional platform for people in the similar industry. Customers can also give recommendations on a company’s LinkedIn profile and therefore make the company more reliable for consumers. (WordStream 2013)

In order to reach as many consumers as possible companies need to promote themselves on multiple social networks. Marketing in social media should also be integrated within the traditional marketing. Through diversification in social media, the company increases the brand recognizability. (Forbes 2013)

In Germany Trotec is active in Twitter, Facebook, Youtube and Google+ informing followers about innovations and answering their questions. A Finnish Facebook-site was created recently.

#### **4.6 Online Marketing in Finland**

Google search engine is used by 95 % of Finns and 80 % of internet users go to certain websites through a search engine, mainly Google. According to the Finnish Country Manager of Google, Anni Ronkainen, Finnish companies have not though realized this change in consumer behavior. Ronkainen says that marketing managers are often from the different generation and rely still more on print media and television than online marketing. (Kauppalehti 2010) Finnish digital marketing is also quite undeveloped compared to other Scandinavian countries. Every third of small and medium enterprises sell products or services online, but only 30 % of them use search engine marketing. (Analytics.fi 2010) One reason for slow development of online marketing is centralization of Finnish retail trade, as there is no equal competition. Therefore 35-60 % of the value of Finnish online purchases goes abroad. However, Google has been locally present in Finland less time than in other Scandinavian countries. (Kauppalehti 2010)

Stores that have actively operated online for a long time have built a strong online brand on the Finnish market. For example Verkkokauppa.com and NetAnttila are still the best-known online retailers in Finland, although low investments in advertising are nonetheless generally reflected in the reputation of online retailers. Remarkably many online shops are not known today as well as before. Reduced investments of Finnish operators have therefore offered a chance for foreign online shops to increase their awareness on the market. For example, German clothing store Zalando has invested a lot in advertising during the year, which has brought it in the top 10 of the best-known online shops in Finland. (TNS Gallup 2013 b)

## **5 ANALYZING THE ONLINE MARKET**

Before expanding any online or traditional operations abroad companies need to evaluate the strategic environment of the target market, such as competition and demand for the product. Especially in e-business it is crucial to have sufficient technical infrastructure as well as distribution network in the country. Additionally, the online company needs to analyze, for example, cultural, political and religious factors that have an effect on the company's operations, website planning, product packaging and communication. (Larmore 2013)

### **5.1 SWOT-analysis**

SWOT-analysis helps to define and list company's strengths, weaknesses, opportunities and threats on the target market. It monitors the macro- and microenvironment forces which affect the ability to make a profit. (Kotler et al. 2012, 111)

Microenvironment forces include evaluating internal strengths and weaknesses of the company. What is the company doing especially well, and what are the key competitive advantages in comparison to the competitors? Does the company have any resources, which others do not have on the same market? Analyzing weaknesses gives the company an overall picture of what could be done better, and which internal activities reduce the key competitive advantages of the company.

Macro environment analysis is based on listing and defining external opportunities and threats on the market. What kind of trends and changes is expected to occur in the industry? Are there any demographic changes occurring, for example in customer age structure, buying behavior or values? Trends and any changes which are negative from the company's point of view can be defined as threats. Are there, for example, new local or global competitors entering the market? What other obstacles, for example political and economic issues, can occur on the target market? (Community Futures 2011)

SWOT-analysis does not define the strategic actions, but it should be seen as a description of conditions. The weakness of SWOT-analysis is that it might oversimplify the critical issues. All the weaknesses do not automatically need to be corrected, but the company should find the opportunities where it can benefit from its strengths on the best possible way. (Kotler et al. 2012, 115)

## **5.2 PESTEL-analysis**

In order to analyze and evaluate the macro environment more specifically, the company can perform a PESTEL-analysis. It is a tool to identify the key forces and possible changes that affect the organization and its activities on the target market. Additionally the results of the PESTEL analysis are often used in identifying threats and weaknesses, which are taken into consideration in the SWOT-analysis (Professional Academy 2013). The general version of analysis, PEST, focuses on analyzing political, economic, socio-cultural and technological forces. PESTEL-extension of the model comprehends in addition environmental and legal factors. The aim of PESTEL-analysis is to benefit from the factors which are seen as opportunities for the company and defend against the factors which can be threats – and all this should be done better than competitors. (Strategic Management Insight 2013)

### **5.2.1 Political and Legal Forces**

Political environment of the market affects the company's operations significantly. The foreign company needs to adapt its marketing policy according to the current legislation on the target market so, that it can respond to the possible changes also in the future (Professional Academy 2013). Government stability and possible changes in political parties can affect for example the role of foreign-owned companies on the market. Other political factors to consider are bureaucracy, tax policy, import restrictions, tariffs and competition regulation.

Legal factors include anti-trust, employment and intellectual property laws as well as consumer rights among other legislation that might affect the company's

operations. Companies also need to take into consideration product labeling and product safety regulations. Especially in B2C-commerce the consumer protection law of European Union is crucial, as it regulates trade from trader to the consumer. Online shops need to consider especially distance selling regulations, such as distribution within 30 days (unless otherwise agreed) and the cancellation right. There are also certain regulations concerning price expression, e-mail marketing and processing of personal data. (Lahtinen 2013, 87-98; Strategic Management Insight 2013)

Internationally trading companies must be well aware of the rules and regulations in the each country it operates. Companies can ask for advice on legal issues from Chambers of Commerce and other organizations. *German-Finnish Chamber of Commerce* supports export and import of goods and services between Finland and Germany. The Chamber of Commerce helps Finnish companies to expand to the German market and correspondingly also German companies in Finland. It provides foreign companies market information, advices them in legal and taxation issues and searches suitable business partners for companies. The German-Finnish Chamber of Commerce is located in Helsinki and has approximately 750 Finnish and German member companies. (Embassy of Finland 2012) In addition German and Finnish companies can search business contacts through Finnish-German Trade Guild (Finnisch-Deutsche Handelsgilde 2013).

### **5.2.2 Economic and Environmental Forces**

In order to prepare for the possible economic changes on the market, the company should analyze the macro economical forces such as economic growth, interest rates, inflation and different economic trends of the target market. In addition consumers' spending habits, i.e. micro-economical forces, affect also significantly the profitability and success of the company. (Professional Academy 2013, Strategic Management Insight 2013)



Depending on the product, the climate and weather can also affect the company's operations and profit. For example, Trotec sells more oil and electric heaters to Scandinavia than to Spain because of the colder weather. The company needs also to be aware of laws regulating environment pollution and recycling. In addition consumers' attitudes towards ecological products and renewable energy might be reflected to the company image, depending on how and where the products are made.

### **5.2.3 Technological Forces**

The level of technology has a very strong influence on company's opportunities for success especially in e-commerce. Basic infrastructure level of the internet and penetration may limit the customer base for example in certain geographic areas. In addition legislation, access to newest technology and overall investments on research and development may either restrict or boost the sales of the online shop. (Strategic Management Insight 2013)

### **5.2.4 Socio-cultural Issues in Online Business**

People make up the market, so their attitudes towards different trends or lifestyles affect on the needs and wants on the market. Some consumers can, for example, prefer service and quality over price, or they might choose the purchase channel based on affinity and social reasons. Generally customers prefer purchasing products in suitable amounts, fast delivery time, a wide range of products and additional services provided by the channel members (delivery, repair service et cetera). Better service means, however, increasing costs, which can be seen in pricing. Sometimes customers are willing to have less service in order to have lower prices, especially in discounts stores. (Kotler et al. 2012, 704-705)

In addition other factors, such as the age distribution and family structure, can create a niche market for special products designed, for example, for senior citizens or single households. Especially foreign retailers might also face the

challenge on the market, where consumers prefer locally made products. (Strategic Management Insight 2013, Kotler et al. 2012, 704-705)

One of the most important socio-cultural issues in online business is language, as it might impact consumers' willingness to purchase from the company or interact with it. When the online shop is expanded abroad, the special features of the target market needs to be taken into consideration both linguistically and in customer service. The online shop should be available in the language of the target country and it shouldn't seem foreign in the eye of the customer. (Lahtinen 2013, 67)

In addition the company needs to decide whether it uses internal human resources in order to translate the content of the online shop or whether it outsources the service to translation agencies or local subsidiaries. If the company has customers all over the world, it might not have resources to offer the website in all the languages. Therefore, the company has to make the decision to which to extent the online shop should be adapted concerning translation of the website and shop functions. In language decision making the company should consider which languages create the most traffic on the website and are the most profitable. It also needs to evaluate the market potential and growth on the target market. Some countries even have several official languages, in which the customers must be served. Additionally the company can consider whether the English speaking skills in the country are so good that the consumers would be satisfied with an English content. (Singh 2012, 84, 104)

### **5.3 Consumer Behavior Online**

Online consumer behavior has some differences to the traditional, "offline" consumer behavior. Although the five stages of the buying decision process, which are described in figure 10, are essentially the same, the model in needs to be somehow modified to consider special features of online behavior. (Sial 2009)

The biggest difference between online and offline consumer behavior occurs, when the consumer has recognized the problem and starts to search information. When it comes to traditional purchasing, information sources are typically limited

to consumers' own memory and past experiences of the products or external information from family, friends or through advertising. Thanks to the internet consumers are able to find relevant and in-depth product information by themselves without being influenced by others. Information is also available anywhere the consumer is, which makes the information search faster and more convenient.

Concerning the online consumer behavior the actual purchase decision is often influenced by different factors than purchasing in a brick-and-mortar store. Online customer needs to consider, for example, shipping costs, delivery time or return policies, which can affect the buying decision also negatively. Additionally the offline consumer does not usually need to give any personal information when buying products, which can be a crucial factor for many shoppers. Online consumers need to have more feeling of trust in the online shop, regardless of the wide information available. (Richards 2011)



**Figure 9. Consumer Buying Decision Process. (Gay, Charlesworth & Esen 2007, 167)**

As online shopping is increasing continuously, online consumer behavior and different personality types are more easily recognizable. In order to provide suitable and attractive online shopping services, marketers need to learn and understand these behavioral characteristics. (Birchall 2013)

Adventurous explorers are usually opinion leaders, and represent a small segment of the total of online shoppers. Yet 30 % of all online spending is made by adventurous explorers, which visit different websites and explore new opportunities and eye-catching products with an open mind. Therefore, they have relatively high potential for spending time at the online shop and also spreading the positive online image of a company. 24 % of online spenders love to buy online frequently. They are an ideal target group for retailers and marketers, as shopping lovers also are likely to continue shopping online. Some of them are deal hunters, who buy items only with a good deal and free shipping, while others always buy at the same online store to get rewards and points for purchases.

19 % of shoppers use the internet for business purposes and are interested in online shopping only for professional reasons. Some private consumers are also willing to purchase only the one thing they are eagerly looking for, and after finding it they are happy to buy additional products. They might also want to know everything about the product and visit various websites comparing the prices and checking reviews and ratings from other customers. Another small segment with a growth potential can be called suspicious learners, whose willingness to purchase online is restricted by the lack of computer skills. They are though open to new things and ways of buying.

Capable internet users, who spend a lot of time “window shopping” but do not buy, can be classified as fearful browsers. They are anxious about the security online, shipping costs and the fact, that they cannot see the physical product before the purchase. Additionally, some consumers do not buy, because they do not want to register as a customer or they think that the buying process is too long or complicated. A small percentage of online shoppers are shopping avoiders, who do not value the online purchase process because of longer delivery time or impersonal purchase of the product. This kind of consumer characteristic is

difficult for retailers to reassure to buy. Only 3 % of online spenders have obstacles in using information technology, which is why they spend less time online than other online shoppers and are not interested in increasing their comfort level online. Fun seekers purchase only 2 % of all online spending, as they use the internet mainly for entertainment purposes. (Marketing Teacher Ltd 2013 c; Birchall 2013)

#### **5.4 Customer Satisfaction Online**

The post purchase behavior of the customer depends on whether he/she is satisfied with the company's performance or not. When the company's performance meets the customer's expectations, the customer is satisfied and customer loyalty can develop. If the customer satisfaction of the online shop is poor, it affects immediately the traffic on the website and complicates building online customer relationships. The total customer satisfaction of the online shop is strongly dependent on its offline actions after purchasing. It includes, for example, fulfillment of the service, core and extended product offering, such as warranty, and pricing. (Chaffey, Ellis-Chadwick, Mayer & Johnston 2009, 435) Customer loyalty online, i.e. *e-loyalty*, can be developed, when the customer favors the products and services of the specific web site and purchases repeatedly. E-loyalty can also be defined as favorable attitude towards generally purchasing on the internet. (Sohn & Lee 2005, 283) E-loyalty is affected by five primary factors:

- High quality customer service
- Accurate delivery
- Convincing presentation of products
- Reasonable shipping and handling costs
- Clear and reliable privacy policy (Reichheld & Schefter 2000)

E-loyalty can be built through two strategies. *Pull strategy* means persuading customers to visit the online shop repeatedly. Building trust is a crucial part of customer loyalty online and therefore it is included in the pull strategy. *Push strategy* aims to strongly encourage customers to purchase, which often is seen as higher switching costs. In the case of push strategy higher switching costs have a

positive effect on customer loyalty, as it often means better benefits and services comparing to the competitors. Usually companies prefer using pull strategy, because it ultimately provides more benefits, such as clear and user-friendly web site. These features make higher price premium on the customer's point of view. E-business companies should, however, use both strategies simultaneously regarding the customer characteristics and services they provide. (Sohn & Lee 2005, 284, 286)

### **III EMPIRICAL STUDY**

In the empirical part of the study general theory about marketing research is introduced and research process and implementation of the expert interview are examined. The results of the study will be then presented and analyzed based on the given answers, which will be connected to the theoretical framework. The conclusions of the research are presented next and the trustworthiness of the study is demonstrated. Finally conclusions of the study are drawn.

## 6 MARKETING RESEARCH

Marketing research (MR) means collecting, analyzing and communication information, which helps the company in marketing planning. In order to achieve the strategic objectives and meet customer needs, the company needs to gather information on customers, competitors and other characteristics of the market. (Baker & Hart 2008, 140) The target market is first examined through *market research*, and based on the collected information, *marketing strategy* is established to enter the market (Işikli 2003). Marketing research can be targeted for example to consumer buying behavior or satisfaction, brand awareness and recognition among competitors or employee satisfaction. Marketing research can be conducted internally using, for example, the internet or externally using research firms or student projects. (Vahvaselkä 2012; Kotler et al. 2012, 210-211)

### 6.1 Market Research

The foundation of a successful business is extensive and accurate knowledge of the target market. Market research is used to collect and analyze information about the marketplace, products or services, present and prospective customers and their characteristics. In addition it provides general data about the industry and the competitors. Market research is an important part of general business planning and the basis of market segmentation and product differentiation strategies. (Entrepreneur 2013)

In business expansion the company can choose from four different strategies, which are analyzed through market research. The strategic framework is identified in figure 10.



<b>New products</b>	Marketing research can show the likelihood of adoption of new products	Marketing research can show un-met needs and provide an understanding of unfamiliar markets
<b>Existing products</b>	Market research can measure customers satisfaction to find out how to maintain a competitive edge	Market research can find new territories for products or services
	<b>Existing markets</b>	<b>New markets</b>

**Figure 10. Market Research in Business Expansion**

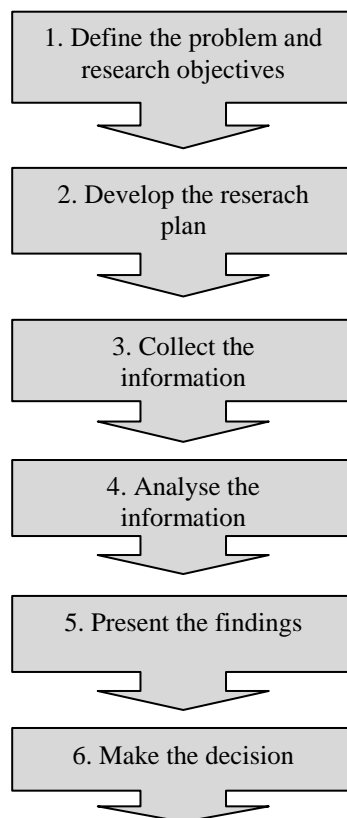
([www.b2binternational.com](http://www.b2binternational.com)).

The company can introduce new products to existing customers in order to extend the product portfolio. Therefore the company can utilize market research to find out consumer needs for new products. It can also decide to offer new products to completely new markets, which is the most challenging expansion strategy. In this case market research is a crucial tool for exploring the consumers possibly unmet needs and the potential purchasing power in the market. Existing products can be introduced to existing customers in order to grow the market share and maintain the competitiveness. Customer satisfaction study is commonly used method in this area. The company can also expand by introducing the existing products for example in international markets. Market research provides then information on the market potential, competitors and best marketing communication methods. (B2B International Market Research 2013)

The aim of this study is to explore which factors have contributed to the expansion of Trotec into the Finnish market with its existing product portfolio. Additionally, how Trotec has succeeded in the expansion so far is analyzed.

## 6.2 Research Process

There are six basic steps in managing marketing research, and the process is briefly described in figure 11.



**Figure 11. The Marketing Research Process (Kotler et al. 2012, 212)**

The first stage of marketing research is defining the research problem, in other words, what needs to be researched. The research problem should be defined as precisely as possible as it also helps identifying research objectives (Baker & Hart 2008, 142). The next stage is developing the research plan including data sources, the research method and tools. The commonly used tools in marketing research are questionnaires and qualitative measures such as interviews. In addition the marketing researcher needs to decide a target group, sampling size, the choice method of respondents and how to contact the respondents. The practical implementation of the research, data collection, begins in stage 3. After the needed information is collected, it will be analyzed using statistical techniques and the findings are presented to the client. The final step is to make the decisions for example for further marketing actions. (Kotler et al. 2012, 213-229)

### 6.3 Methodological Solutions

Marketing research data can be collected either by using secondary or primary sources. Secondary data, i.e. desk researchs, means already existing studies and reports related to the topic, such as previous research results and data from financial and customer database. Information on the internet is also a secondary research source. Secondary research can be usually analyzed faster than primary data, but should also be interpreted carefully, as the information might not be up-to-date or relevant to the purpose of the study. (Queensland Government 2013)

Primary data, field research, is collected directly for the company's needs and carried out by the company itself or a research firm. Data can be gathered for example through surveys, interviews, focus groups and observation (Kolb 2008). Primary research gives more detailed results than secondary research as it focuses on specific issues of the business. It also allows getting more specific feedback and response from the customers. Marketing research can though be conducted by using both data sources. (AllBusiness 2013) Secondary data gives usually basic information on the market whereas primary research is used to complete the inaccurate or unreliable data (Kotler et al. 2012, 214).

Primary data can be collected as qualitative or quantitative research. The choice of primary research method depends on the questions, to which the researcher wants to find an answer and the way of collecting data that will answer the questions the best possible way. (DeVault 2013) Quantitative research is based on a deductive approach meaning that the hypothesis is developed on the basis of the existing theory. The research is carried out in order to test the hypothesis, which is finally confirmed or rejected based on the results. Qualitative research is typically conducted by using an inductive approach. Contrary to the deductive study, inductive begins with observation about the research topic, in other words collecting new data and analyzing it. Based on the research results a whole new theory can be developed. (Wilson 2010, 7)

### 6.3.1 Quantitative Research

Quantitative research is based on structured sampling of the population in order to produce measurable, numeric data on the sample. Quantitative research aims at measuring behavior and characteristics of the sample and generalizing the results concerning the whole population. The research questions intent to ask “how many?” and “what?”, as well as compare different groups, the relations between variables and finally establish a cause-effect relationship. (Kolb 2008, 29; Wilson 2010, 14-15) Quantitative approach is helpful in finalizing the study and either confirming or disapproving the hypothesis. If the research is properly designed, the results are generally objective and real. On the other hand quantitative study can be expensive, time-consuming and requires comprehensive statistical analysis in order to increase the reliability. (Shuttleworth 2008)

The most common method used in marketing research is a *survey*, which consists of a variety of pre-determinate questions. The survey can be administered by using telephone, personal interview or written questionnaire. Companies use surveys typically in order to find out consumers’ beliefs, knowledge and satisfaction. The company can choose to conduct the marketing research survey by itself or it can use for example an omnibus survey, where the questions are a part of a larger survey of several companies. If the participants need to be asked only a few questions, an omnibus survey is a useful research instrument to carry out the research at a low cost. (Kotler et al. 2012, 216-225) The marketing research can also be conducted as a self-completion survey by post or e-mail, which is inexpensive but often time-consuming. (DJS Research Ltd 2013) The advantage of survey is standardization and good comparability as the questions are same for all participants. The questions need to be developed carefully and tested before distributing them, so that there’s no room for ambiguity or predictability. (Kolb 2008, 30)

Other marketing research methodologies are *telephone* and *face-to-face interviews*. Telephone interview is a quick tool to gather market information over a wide market area. During a telephone interview the interviewer is able to specify questions, which increases the response rate. Face-to-face interviewing is one of

the basic tools of marketing research. It allows conducting longer interviews with deeper insights and recording observations, which could not otherwise be seen. Personal interviews can be conducted as arranged interviews for example at respondent's home or as an intercept interview by stopping people on the street. However, interviewing consumers in person is expensive and requires more supervision and planning. (Birn 2000, 10)

Internet offers many new ways to carry out quantitative research, for example through an *online questionnaire*. The questionnaire conducted online should include mainly closed questions or rating scales, as the results are easier to be collected and analyzed. Open-ended questions can though be used as supplementary questions. A company can place the questionnaire directly on its website, or invite users to answer the questions by using a banner on Google search. The response rate can be stimulated by offering an incentive, such as participation in the lottery. The company can also sponsor different chat rooms or host online consumer panels and focus groups in order to ask questions. Online research is relatively inexpensive and faster to carry out comparing to paper research. The response rate and time on the internet is also easy to be tracked. Depending on the internet availability on the market, the sample might be though small or technological problems might occur. (Kotler et al. 2012, 219, 225)

### **6.3.2 Qualitative Research**

While quantitative research aims at measuring prevalence of respondents' attitudes and opinions, qualitative approach studies the attitudes deeper and aims at understanding them. Therefore, qualitative study is seen as non-quantifiable research method. Qualitative research uses a smaller sample size and less structured questions, which are not strictly predefined. A smaller sample of participants is not necessarily representative of all the population and therefore the respondents must be selected carefully in order to increase the reliability of the study. (Baker & Hart 2008, 148-149; Birn 2000, 11) Qualitative research

questions intent to ask “why?” and understand reasons behind the facts (Kolb 2008, 29).

*The individual depth interview* is one of the most commonly used methods in qualitative research. They are carried out in person between the interviewer and the respondent. In-depth interview allows more flexible approach and deeper insight to the subject as the interviewer is able to catch the first response and then ask follow-up questions (Kolb 2008, 30). Although interviewing is usually unstructured, the researcher should always have an agenda of topics, which need to be covered. (Baker & Hart 2008, 149)

The research can also be conducted as *expert interview*. In that case the respondents are not consumers or customers, but individuals with specific know-how regarding the subject. The expertise can include knowledge of the whole industry or a specific target market. (Kolb 2008, 31) In this thesis an expert interview is conducted by asking questions from experts, who have been involved in the expansion to the Finnish market.

Qualitative research can also be conducted through *group discussions* (i.e. focus groups). The researcher selects up to 12 people based on demographical or other criteria and gives them a topic of interest. The aim of the group discussion is to use interaction between the participants in order to find out consumers’ real motivations and views, which might not otherwise come up in personal interviewing. Group discussion can be a useful tool for explorative market research in order to get more detailed information on the subject. It can also give valuable knowledge for advertisers by showing sudden changes in individuals’ opinions caused by other group members. However, the results should be evaluated carefully and cannot be generalized to the whole market as the sample is too small. (Kotler et al. 2012, 215-216; Baker & Hart 2008, 149)

### **6.3.3 Sampling Methods**

After choosing the most suitable research method, a sampling plan must be designed. First the researcher needs to decide the sampling unit meaning the target

group of the study. Sample size needs to be limited, as the whole target population cannot usually be studied. Although large samples increase the reliability of the research, also small samples can give believable results, if a reliable sampling procedure is used. Finally the researcher decides by which sampling method the respondents are chosen. There are two types of sampling methods: probability and non-probability sampling. (Kotler et al. 2012, 224)

The most ideal probability sampling method is a simple random sampling, where the respondents are selected randomly so that all members of the target group have an equal chance to be selected. The respondents can be also be chosen systematically by selecting for example every third person from the list of all the target population. Stratified sampling is used, when the population can be classified in several separate subgroups based on for example age or gender. The respondents are selected from within each subgroup by using random or systematic sampling. When there is no list of participants available and the sample size is large, cluster sampling is a practical method. Subgroups are selected randomly within a population and in several stages, for example first within countries, then cities, households and so on.

Non-probability sampling methods are used when the participants cannot be chosen randomly due to the nature of the research. The most frequently used non-probability sampling method is quota sampling. In quota sampling the percentage or number of respondents within subgroups is selected beforehand, for example 30 % of 25–34-year olds and 20 % of 35–55-year olds are chosen to be surveyed. The quotas are usually set to correspond to the demographical distribution of population. (Birchall 2013) Other non-probability sampling methods are convenience and judgment sampling. In convenience sampling is constructed by selecting the most accessible population members for the research. In certain situations the researcher must choose members of population with the best and accurate knowledge on the subject, known as judgment sample. (Kotler et a. 2012, 224) In this study the judgment sampling method was used, due to a limited number of persons, who had expertise in the area of the research.

## **7 IMPLEMENTATION OF THE RESEARCH AND RESULTS**

This chapter tells about the implementation of the study and presents the research results. First the selection of the research method and the structure of the interview are explained. In addition the data collection process is explicated. The questions asked in the expert interview as well as the final results are presented thereafter.

### **7.1 Planning and Conducting the Interview**

The research is conducted by personally interviewing the experts, who have been involved in the expansion to the Finnish market. As the Finnish market is relatively small compared to German market of the case company, there are only a few experts and employees who have been involved in the expansion. Therefore, the expert interview is the best way to get qualitative, in-depth information about the subject. Because all of the respondents have different positions in the company, and therefore specific knowledge and point of views regarding the subject, an expert interview is also the easiest way to conduct the research. The respondents have the following positions in the company: member of the executive board, manager of online sales, Finnish customer service and online sales representative and two export managers. Due to the respondents' different positions and areas of expertise, everyone was not able to answer the same questions to the same extent.

Respondents are asked 22 questions sorted into three categories. The first category includes questions about the characteristics of the Finnish market in general. The second category focuses on challenges and threats of the company in Finland and the questions in the third category seek to determine possibilities on the Finnish market. Most of the questions, 11 in total, are included in the first category. The second category includes eight questions and the third part three questions. All the questions are open-ended.



## 7.2 Data Collection of the Research

The interview was conducted as an expert interview. The questions were sent to five experts first by e-mail in December 2013, so that they can get acquainted with the content already beforehand. The respondents were chosen concerning the expertise of Trotec's online market as well as the traditional market in Finland. In January 2014 the experts were asked for individual interviews, which were conducted during the period of 13.–17. January 2014.

## 7.3 Characteristics of the Finnish Market

The interview was started by asking the respondents general questions regarding the market in Finland. The aim of these questions is to find out, what led the company to expand to Finland and how the market and its circumstances, e.g. purchasing power and competition, are seen from the company's point of view. In addition, the need for adaptation and advice from a third party was examined.

*Why did the company expand specifically to Finland?*

With this question the aim is to find out what prompted Trotec to expand to Finland. The question aims to determine the reasons for the expansion, and why especially the Finnish market was interesting from Trotec's point of view.

According to the member of the executive board and the online sales manager the company wanted to gain a foothold in the Scandinavian online market in general, and especially in Finland there was seen a certain need for air conditioning appliances of Trotec. The strategy was to set up online shops in several Scandinavian countries at the same time. Finland was considered to be an interesting market for air treatment products such as heaters and desiccant dehumidifiers, because of the cold winter. Therefore, the sales potential was evident. When Trotec started exporting products traditionally all over the world, they did not set a specific focus on Finland. However, once Trotec started to

expand to the Finnish market, at first only with 4-5 products, the response came quickly from corporate customers before the online shop even existed.

*What are the special features on the Finnish market compared to other European markets of the company?*

This question refers to first one, but concentrates more on characteristics of the Finnish market in detail. In addition the aim is to find out how different Finland is from other European markets where the company operates. The theoretical background of evaluating market characteristics is presented in chapter 5. By asking to determine special features of the Finnish market, the aim is to find out how Trotec has analyzed the Finnish market and its characteristics.

The respondents agreed on that Finns have a great appreciation of German quality in machines and they are also willing to spend a little bit more on them. Online customers as well as Finnish resellers put a high value to the “Made in Germany”-products. The responses also showed that Finland is seen as a very professional market with competitive prices. Thanks to extensive use of the internet, Finland is also generally a good market for online shops. However, the results revealed also negative features in the Finnish online market. The clearest difference compared to other countries is that the leading online selling portals in the world, Amazon and eBay, do not operate in Finland. According to the export manager, the Finnish market also relies closely on local partners: “Therefore it wasn’t really easy to start exporting products to Finland, as Trotec did not find the right partner. Direct selling was then the only way to get to the market.” Anyway, in online business direct selling is working better, as there is no need for intermediates.

*Has the purchasing power been sufficient on the Finnish market so far?*

*Have there been any significant changes in the purchasing power? If yes, can you point out factors which affected the change?*

The two following questions focus on the purchasing power and the possible changes in it. I want to know how the experts assess the purchasing power in the industry, and whether they are satisfied with the purchasing power of the Finnish consumers. From the time the company has done e-business in Finland, there might have also been critical changes in the purchasing power of dehumidifiers this I want to specify with the question number three.

The actual purchasing power on the Finnish online market is presented in the chapter 3.2. Generally Finns buy increasingly from abroad, due to the wide range of products and affordable prices, and e-commerce market in Finland is increasing especially in the service industry. (TNS Gallup 2012; TNS Gallup 2013 a) Therefore, I wanted to ask the experts of Trotec, if they are satisfied with the purchasing power in the air treatment industry.

Concerning the purchasing power there was seen a difference of opinions between the experts of online sales and export. In e-business the purchasing power is considered sufficient in relation to the size and market of Finland. However, there is still potential for bigger sales in the future. One of the export managers thinks too that the purchasing power has been at a relative good level so far and there can be seen a steady increase in sales. Trotec looks forward to moving on even with establishing the complete range of products. The other export manager says, however, that purchasing power has not really been sufficient from the export department point of view, because of the lack of right business partners.

A significant change in the purchasing power was truly seen when Trotec started to use differentiated marketing by publishing online banner ads with relevant products on a specific website. In the beginning, when Trotec started to advertise through Google, the sales grew exponentially. Compared with other new online markets, Finland was the only country where the online advertising generated as many sales. However, the manager of online portals has noticed only small changes in the purchasing power so far and they have not been especially significant. There can be only seen slight seasonal changes before and after summer, when the sales normally grow. The export managers had different opinions about the purchasing power. The other manager points out that the

purchase is in a good growth, which is mainly because the brand awareness increases through the web shop and resellers as well. In the other manager's opinion, the purchasing power has however decreased concerning export of professional machines. He emphasizes that the strong network of domestic partners of the Finnish corporate customers has affected the change.

*How have you experienced the competition on the Finnish market?*

*Have there been any significant changes in the competition so far?*

With these questions the experts are asked to assess the competition on the Finnish market so far, whether the company has faced tough competition in the industry and how the competitors are seen in relation to Trotec. Additionally the respondents are asked to assess, if competition has changed critically from the time the company started its business in Finland. These questions refer to making a SWOT-analysis, which was presented in the chapter 5.1. The company needs to be aware of the changes in the industry, for example, if there are new local or global competitors entering the market. (Community Futures 2011)

Concerning online business of Trotec, there are a few big competitors in Finland, while on the other markets there are generally a lot of small competing companies. The Finnish customer representative points out, however, that Trotec has a good position on the Finnish market, thanks to competitive pricing. In B2B-business the competition in Finland is approximately at the same level as in the other European countries, with the exception of the dehumidifier range, where there still are a lot of high-priced Scandinavian competitors. However, the competitive situation in Finland is somehow criticized by one export manager, due to the lack of competitiveness between strong domestic companies.

All the experts agree on that there have not been any significant changes in the competition. Export managers emphasizes that Finns have reacted very positively to Trotec's manufacturing of desiccant dehumidifiers, as they trust in the German

quality as much as in the other Scandinavian countries. In many cases Trotec's products are by far cheaper.

*Compared to other European markets, what made it easy to adapt on the Finnish market?*

*Did you need to adapt the products for the Finnish market? How?*

*Did you need to adapt the marketing practices in Finland? How?*

The three following questions focus on the adaptation to the Finnish market. First the aim is to find out what operations and features were relatively easy to adapt compared to the other European countries. In addition the emphasis is on the adaptation of the product portfolio and marketing practices. The question of adapting marketing practices is based on the theory of online marketing channels presented in chapter 4. By creating a suitable online marketing mix, the company is able to offer valuable content for the certain market and to build a positive image (Forbes 2013).

Concerning electrical products the same electrical system was mentioned as an advantage in the adaptation. In Great Britain Trotec needed to make adaptations due to the different electrical system. In addition the laws are not that different in Finland from Germany, so the adaptation to the market went smoothly. The adaptation was relatively easy also concerning logistics and payment. Trotec could use the same transport companies as in the other countries and the same payment methods could be used also in Finland. Trotec has had problems with bank transfers for example in Romania, as the bank requires a service fee from the customer. In addition Finland was a relatively easy market to operate also concerning Google Adwords -marketing. Unlike in other Scandinavian markets, in Finland search engine marketing has worked very well right from the beginning. As Trotec was already exporting products to Finland, online adaptation was easy: it was the same market, only online. Export managers emphasized additionally that contact with customers has always been easy, as Finland is a highly educated country with nearly every business partner speaking very good

English and quite a few speak also very good German. Also price competition is much easier in Northern Europe than in South or Eastern Europe.

Experts agreed on that the products did not need to be adapted to the market in any way. The export manager adds that in B2B-business Trotec had to be careful with selling air cleaners, as the old product line was produced in Finland. With a new self-made range this issue was however solved.

Trotec uses the same marketing strategy in every country. As advertisement contents and methods were suitable also for the Finnish market, marketing was adapted mainly by translating the banner and text advertisements. In Finland marketing through Google AdWords is highlighted more than in other countries, as the experience shows that Finnish consumers search products mainly through Google. Additionally the products which have more selling potential especially in Finland were emphasized in advertisements and blogs. For example, marketing of desiccant dehumidifiers was highlighted, as they are suitable for cold weather conditions. When it comes to exporting products to corporate customers in Finland, the company did not especially need to market itself.

*Did you have to make special adaptations to the Finnish online shop (e.g. technically, content, design)?*

This question refers to the previous one, but concentrates more on the technical adaptations of the online shop. The question aims to clarify whether the design or content of the online shop needed to be adapted especially for the Finnish online market. The theoretical background of this question is presented in chapter 4.1. When creating international websites, the dilemma of standardization and adaptation is one of the biggest issues. Based on the expansion strategy and country-specific requirements, companies need to know to which extent they must customize the website and functions. (Singh 2012, 83-84)

In the beginning Trotec did not need to make any big adaptations especially for the Finnish online shop, neither technically nor in content. Also, the same design

was used as in the German online shop. The only thing was to translate the online shop information to Finnish. Later on the payment methods needed to be adapted as the cash on delivery did not work as well as expected and, therefore, it was removed from the payment methods.

*Did you receive help or advice from a third party (e.g. consultants, export associations, Finnish companies) when expanding to Finland?*

The aim of this question is to find out whether Trotec asked for help, for example, from Finnish consultants or companies, and how the company received the necessary know-how from the market. With this question the theory of political and legal issues presented in chapter 5.2.1 are referred. When expanding abroad, companies can ask for help, for example, from German-Finnish Chambers of Commerce, which provides market information and helps to find business partners. (Embassy of Finland 2012)

Trotec did not receive any help from third parties such as consultants. By recruiting a Finnish employee the company received more information about the market. According to the manager of online sales Trotec has got the necessary know-how of the market by focusing on “learning by doing”. The export department already had some contacts in Finland, which supported the online expansion. However, Trotec built awareness in Finland mainly through marketing in Google.

#### **7.4 Challenges and Threats on the Finnish Market**

In the next category the questions focus on Trotec's challenges and threats on the Finnish market. Challenges may occur for example in the cultural, political or logistic sense. The changes in buying behavior and competition may also be a threat to company's operations on the target market. These questions are based on the theory of SWOT-analysis in the chapter 5.

*What was the biggest challenge in expanding the online business to Finland?*

The aim of this question is to find out which factors in e-commerce were difficult to adapt to Finland. As in the first category the focus is on the strengths of Trotec. This question defines also the possible weaknesses and challenges in expansion.

According to the e-commerce experts, the biggest challenge in the beginning was to get a good overview of the whole market, for example, what is the price level, what kind of marketing methods are the most effective in Finland, and do the products need to be named differently due to the language. According to the manager of the executive board it was also challenging to be able to offer instructions and product manuals in Finnish, as the language is spoken only in Finland. Additionally translating the online shop was another challenge, as the product information of the shop was translated at first by translation companies and sometimes they used different translations for the same products. Therefore, it was difficult to get specific technical words translated correctly. According to the Finnish customer servant the biggest challenge was to learn the necessary know-how, because some products are very technical. The lack of eBay and Amazon was again mentioned to be a challenge, as there are fewer portals to sell and market the products. The export managers did not answer to this question, as it was mainly directed to the expert of e-commerce.

*What kind of cultural challenges has the company faced in Finland?*

*Were there any problems with the language? How did you cope with the language challenges?*

In order to analyze the Finnish market in more detail, I want to find out, which socio-cultural issues Trotec has faced on the market. Therefore, the respondents were asked to determine cultural differences which have had an effect on the company's operations. The theoretical background of the question is presented in chapter 5.2.4. The PESTEL-analysis includes analyzing socio-cultural issues on



the market, for example consumers' attitudes and lifestyles, age distribution and language. (Kotler et al. 2012, 704-705) Language is one of the most important socio-cultural issues in online business, and therefore I want to study if Trotec has problems with the Finnish language. Language might impact the consumers' willingness to purchase from the company or interact with it. The online shop should be available in the language of the target country and it should not seem foreign in the eye of the customer. (Lahtinen 2013, 67)

Experts agree that there are not any significant cultural differences between the German and Finnish market, except the language. The export manager adds that Germans and Finnish people are very much alike in their sense of business matters and therefore Trotec did not experience any cultural issues there.

Even though the Finnish language was the only cultural difference, the company did not have any problems with that. As soon as Trotec decided to expand the online shop to Finland, they recruited a Finnish speaking person to take care of the Finnish customer service. Concerning corporate customers the language is almost never been a problem, as the Finns speak good English or German. Especially the older generation speaks more German. However, sometimes the language is a small challenge, if customers can only speak Finnish and they ask very technical questions about the products. In this case a translator or other intermediate, such as the Finnish customer servant, is asked to translate the questions to the product specialist.

*Has Trotec faced political/legal challenges (e.g. taxation) in Finland?*

*Were there any technical challenges (IT) concerning especially the Finnish online shop?*

The above mentioned questions refer to the other macro environmental factors of PESTEL-analysis. The respondents were asked whether Trotec has faced any political, legal and technical issues in Finland which have affected especially the Finnish online shop. For instance, possible changes in political parties can affect the role of foreign-owned companies on the market. Online shops need to

consider especially distance selling regulations, such as distribution within 30 days and the cancellation right. In addition basic infrastructure level of the internet and its penetration may limit the customer base, for example, in certain geographic areas. (Lahtinen 2013, 87-98; Strategic Management Insight 2013)

All experts were very unanimous about the fact that there were not any significant political or legal challenges, which would consider only the Finnish market. The only technical challenge concerned the hotline number. At first there was mentioned a German telephone number on the Finnish online shop, although the customer service was naturally in Finnish. Finns were wary of calling abroad due to the call charges. The telephone number was then changed to an international, free of charge service number, which works without the country code. Otherwise there were not any other technical problems concerning especially the Finnish online shop, the same challenges were faced in the German shop too.

*Are there any differences in the Finnish buying behavior and buying process compared to the other markets?*

As online consumer behavior differs somehow from the traditional consumer behavior, the aim is to find out, if there also are differences between online markets. Generally speaking the information search online is faster and the actual purchase decision is often influenced by different factors, such as shipping costs, and delivery time. Online consumers need to, however, have more feeling of trust in an online shop, regardless of the wide information available. (Richards 2011) The theory relating to this question is presented in chapter 5.3.

Generally speaking, there are not significant differences in the Finnish buying behavior, when comparing to the other markets. There can be seen, however, a slight trend in what products are especially popular in Finland. Dehumidifiers, which operate even in low temperatures in winter, are asked for occasionally. In addition the fact that there is no Finnish Amazon or eBay is also reflected to the purchasing behavior. In Germany and other countries the revenue from these

selling portals is considerable. Perhaps because of this, Finns are very active in searching for products through Google. For example, in Sweden the consumers might be searching for products directly in different portals, but Finns use mainly Google search. The export manager adds that Finnish customers are accurate with their requests and orders and know how to work efficiently. Even companies working only two employees are making very good business. In other countries the export department has often customers with many requests but no results. It is the exact opposite in Finland.

*Were there any logistic challenges?*

The respondents are asked to tell about the possible challenges in logistics, as distribution has an important role in e-commerce. Physical distribution includes all activities the company must carry out in order to deliver the right quantity of the right products to the intermediary and to the end customer at a right time. (Lahtinen 2013, 18) The theoretical background of this question is explained in chapter 3.3.2.

All experts could name some logistic challenges concerning online and traditional commerce in Finland. A logistical problem was encountered with Cash on the Delivery (COD). Trotec had to remove it from the payment methods, as the carrier sometimes required an advance payment from the customer, regardless of the initial idea of COD. In some cases, when the customer lived outside the normal route of the carrier, the order could only be delivered by a subcontractor and therefore they required the customer to make a bank transfer in advance. As Finland is a sparsely populated country, there are sometimes slight logistical challenges due to the geographical distances. In some cases delivery times are longer than expected, if the carrier has to use subcontractors. This problem has been though mainly solved by removing the Cash on the Delivery from the payment methods. Anyway, the clear advantage was that Trotec is able to use the same transport companies in Finland as on the other markets. Export managers pointed also out that there were logistical issues with delivery time of pallets.

Since working more with the same forwarder as in Germany, Trotec was able to shorten the lead time throughout the EU.

*Do you expect increasing competition in the industry? How are you going to respond to that?*

The last question of this category focuses on possible threats on the Finnish market. This is a followed-up question to the question number five and six, but it focuses more on analyzing the competition in the future and how Trotec is going to respond to the possible changes in the competition.

The experts of Trotec are expecting increasing competition in online business as well as in traditional commerce in Finland. Trotec will respond to that by offering consumers good quality products at a good price and focusing on increasing the awareness of its trade mark. Trotec is able to offer better prices than the competitors, as the company produces the goods itself and sells them directly to the Finnish market. Export managers emphasize that Trotec looks to enter the Scandinavian market with full force also in the B2B-business in order to put more pressure on the competitors.

## **7.5 Possibilities on the Finnish Market**

Questions on the last category focus on Trotec's opportunities on the Finnish market. Respondents are asked to analyze the future of Trotec's e-business in Finland as well as further possibilities for market development. The theoretical framework of the following questions is presented in chapter 5.

*What kind of possibilities do you see for company's market expansion and development in Finland?*

*Have you considered expanding the branch office or other operations to Finland in the future?*

With this question the aim is to find out what kind of opportunities respondents see for Trotec in general. The experts are asked to analyze how much room there still is for further market development in Finland and what kind of vision they have about the Finnish market. The aim of the second question is to find out if Trotec will expand the business in Finland also otherwise than in the area of e-commerce.

The experts of Trotec think that there still is potential for bigger sales, although the trademark of the company is already known in Finland. Therefore, there are also great possibilities for market development. Export managers see a good opportunity to sell a wider range of products in Finland by taking part in industrial projects with the help of resellers. All experts agree on opening a branch office in Finland. There are already concrete plans to open a Finnish branch office in the medium-term future.

*Was the entry to the Finnish market successful, worth the risk?*

The last question of the interview summarizes the aim of the research. Finally, the experts are asked to tell their opinion about the whole expansion, whether it was successful or could something have been done differently.

All the experts agree that the entry to the Finnish market was definitely successful. The risk of failure was small, because the financial investments in online business are relatively low compared to a physical store. The expansion was worth the risk thanks to the great potential of the market.

## **8 THEORETICAL CONNECTIONS AND CONCLUSIONS**

The aim of this study is to find out, what a foreign online shop needs to consider when expanding to the Finnish market. In this chapter the results will be analyzed by comparing the given answers in relation to each other and the theoretical framework. In the theoretical part the following topics are covered: marketing communications and online marketing channels, online selling and online shop, customer behavior online and market analysis.

Based on the given answers, Trotec's online expansion to Finland was a part of a larger strategy to expand to the Scandinavian market. Thanks to the good response from Finnish B2B-customers, a great sales potential was also seen in e-business. The economic studies presented in chapter 3.2 support the conclusion: foreign e-commerce is increasing significantly every year in Finland, while the purchasing power in domestic retail trade has decreased (Taloussanommat 2013). Finns' increased positive experiences in online shopping have contributed to the fact that nearly 75 % of the 15-75 year-old Finns have bought products or services on the internet. (TNS Gallup 2012, TNS Gallup 2013 a) The online expansion strategy of Trotec was therefore ideal for the current conditions on the Finnish market, as the focus on purchasing was already shifting from retail trade to e-commerce.

Finnish consumers appreciate qualitative products and the slogan "Made in Germany" still is associated especially with the machinery and technical products. Trotec had naturally great benefits of this positive attitude, as the company could gain and keep the trust of Finnish consumers very well. Additionally Trotec benefits from the lower value added taxation of Germany (19%), as Finnish customers are able to pay less VAT for the products. The most significant difference compared to other markets is though the absence of Amazon and eBay. Therefore, foreign online shops are investing increasingly to Finland, as the online competition is generally relatively low and consumers purchase actively on the internet (MTV3 2013). In principle low competition is a benefit for foreign online shops expanding to Finland. However, the absence of Amazon means also the

lack of selling and marketing channels for Trotec. Unlike Zalando, which advertises also on the Finnish television, the only marketing channel for Trotec is Google. On the other markets, for example in Italy, Trotec makes more profit in Amazon than through the online shop.

As the Finnish retail trade is generally dominated by a few big, domestic competitors, such Verkkokauppa.com and NetAnttila, consumers are purchasing 35-60 % of products from foreign online shops (Kauppalehti 2010). That is why the online purchasing power is considered to be sufficient also in the air treatment industry. Although Finland is a relative small market compared to other target markets of Trotec, the company continues to receive new customers on the online market, thanks to competitive pricing. The purchasing power has increased especially through targeted marketing practices in Google. Finns are surfing the internet actively, which is why relevant advertisements on the websites might create desire to purchase and, therefore, increase the sales significantly. As mentioned before, there could though be even bigger sales potential, if different online selling portals existed. Finnish online marketing is generally quite undeveloped compared to other Scandinavian countries, because only 30 % of online shops use search engine marketing. (Analytics.fi 2010) Trotec has naturally benefited from this fact, as it gets more advertisement space in Google.

Concerning exporting products, there are more fluctuations on the purchasing power. Unlike in the online business, the unequal competition of Finnish retail trade makes it difficult for Trotec to find the right retailers. Due to this fact the only option is to sell products directly to B2B-customers without intermediates. The purchasing power among Finnish corporate customers has though slightly increased, as the brand awareness increases through the online shop. However, the lack of competitiveness between domestic companies makes it difficult for Trotec to increase the sales of professional machines in B2B-industry.

In the future increasing competition is though expected in the Finnish air treatment industry. At the moment the trademark of Trotec is close to becoming familiar to Finnish consumers and the company will continue increasing the brand awareness. Seems that Trotec can compete particularly well on prices of

dehumidifiers, thanks to the in-house production and the direct selling strategy. Increasing competition might though require increasing marketing efforts. As an online shop Trotec will, however, continue advertising on the internet, but the company could consider advertising also through other marketing channels at the same time.

According to the research results, the expansion to Finland is relatively easy to conduct, as the market does not differ greatly from the German market. In addition, if the company is already exporting products to the same market, the adaptation of the online business does not require any special changes, for example in the product portfolio. As Trotec could use the same marketing strategy in every country, marketing needs to be adapted mainly regarding translations. If consumers favor especially a particular media, this should be highlighted in the marketing. As Finnish consumers search products almost exclusively through Google, search engine marketing is highlighted in Finland more than in other countries. In addition, if some products are especially suitable for the specific market, concerning for example cold weather, this should be emphasized in advertising.

A successful online shop attracts potential buyers, understand what they need and provide solutions. (Althos 2009) Trotec online shop has the same design and layout in every country, and therefore the Finnish online shop needed to be adapted mainly regarding the language. Translations should always be correct, functioning and culturally appropriate in order to attract consumers in the specific country. The Finnish culture and language characteristics are always taken into account in the Finnish online shop. The product descriptions are not accordingly translated word for word.

If the company already exports products traditionally to Finland and therefore has experience of the market, it does not necessarily need more market information for the online business expansion. However, if the target market is much different from the domestic market, assistance of a consultant might be necessary. Between Germany and Finland there are not so many significant differences compared to, for example, non-European countries. The company can also receive the needed



market information by recruiting new employees. When Trotec recruited a Finnish native speaker, the company got further information about the right marketing practices and needs of the Finnish consumers. The ultimate market know-how the expanding company can learn only by doing business.

When starting the expansion to the new market, no matter online or offline, it is always a challenge to get a good enough overview of the market. Seems that Trotec managed to do this well, thanks to the support of the export department and the customer servant. If the online shop is provided in different languages, the product manuals must be offered also in these languages. Concerning relatively rare languages, such as Finnish, it might be a challenge to find language specialists, who are able to translate also technical descriptions consistently. Based on the answers and my own experience, this is also one of the biggest challenges facing Trotec in Finland. As already mentioned before, the absence of eBay and Amazon complicates the business on the Finnish market. The market dominance of a few retailers in the consumer electronics industry has led to the fact that only 20-30 % of electronics are bought online in Finland. (Kärkkäinen 2013) Therefore, one of the biggest domestic online shops, Verkkokauppa.com, has opened three physical stores too. As online-based electronics shop, it is a great challenge for Trotec to compete against the Finnish electronics retailers.

Although language is normally one of the most important socio-cultural issues in online business, Trotec did not have significant problems with the Finnish language concerning customer service. As the company recruited first a Finnish employee and only then launched the Finnish online shop, the interaction with the consumers was easy right from the beginning. In many cases Finnish customers have not realized that Trotec is originally German, which shows that the company has adapted very well to the market. If there is no service in Finnish, Finns speak also generally good English and often even German.

Concerning online expansion inside the European Union, there should not be any significant political and legal issues. For example legislation of consumer protection, distance selling and e-mail marketing follow the same laws in the EU. (Lahtinen 2013, 87-98; Strategic Management Insight 2013) Small technical

problems might occur if a German telephone number is used as a customer service number for Finnish customers. In this case customers need to pay cost of an international call, which might have negative impact on the amount of phone calls. Therefore, the company should consider buying an international service number which is free-of charge for Finnish customers.

Online consumer behavior does not differ greatly between Finland and other markets. If the warehouse of the company is situated in Germany, delivery time is naturally longer and shipping costs bigger to Finland than inside Germany. Some measurement devices on the Trotec online shop cost less than the delivery to Finland, which might naturally affect the purchase decision. The older generation or first-time buyers are generally more wary of the paying process, if they are not used to making foreign transactions. Typical characteristics of the Finnish online consumer behavior are need for products, which operate in very low temperatures. The lack of different selling portals reflects also the purchasing behavior. Concerning air treatment devices, Finnish consumers are very active in searching products in Google, and therefore different portals are not as popular as in other markets. On the B2B-market Finnish corporate consumers are very professional and effective with their requests, as they lead more often to ordering than in other countries.

Physical distribution includes all activities the company must do in order to deliver the right quantity of the right products to the intermediary and to the end customer at a right time. (Lahtinen 2013, 18) The only significant problem in logistics was Cash on the Delivery as paying and distribution method. Seems that Trotec made a good decision by removing this payment method from the Finnish online shop. As Finland is a relatively small market with long geographical distances, logistic problems that occur only every once in a while, might reduce the customer base considerably. Therefore Trotec could ensure that exceptional practices of transport companies do not decrease the service quality or delivery is not delayed unnecessarily.

The next step for Trotec is to open a branch office in Finland. I think the branch office will help Trotec better to take advantage of the sales potential. Regarding technical products, many consumers still prefer seeing the product before buying it, and therefore a branch office would be an ideal solution. In addition the company would be able to offer faster warranty service, if the devices were repaired in Finland instead of Germany. B2B-industry might also benefit from the branch office, as Trotec could cooperate more closely with the corporate customers.

The advantage of expanding the online business is that great sales can be generated with relative small risk. When expanding to the Finnish market, Trotec had a very good chance of success, thanks to competitive prices and wide range of air treatment products. Additionally Finns general activity in searching products through Google was an ideal starting point for search engine marketing. However, the key to further success and development in Finland is to offer functioning customer experience now and in the future.

## 9 RELIABILITY AND VALIDITY OF THE STUDY

The quality of a research is generally evaluated with two indicators, which are reliability and validity. Reliability indicates the consistency of the analysis and repeatability of the research results. Validity means that the research instrument measures, what is supposed to be measured. These indicators are mostly used in the quantitative research and can be applied to the qualitative research to a certain extent. (Jyväskylän Yliopisto 2014)

### 9.1 Reliability

In the qualitative study reliability refers to analyzing the trustworthiness of the study. The qualitative results must not be random and the research methods should be suitable for the research. Reliability is primarily related to the research phase where the empirical data is analyzed and interpreted. The qualitative research data should be modified so, that it is available for inspection. Therefore, the researcher should take into account that the reader of the research is able to follow the reasoning and possibly criticize it. Based on the research analysis the reader should also be able to believe, that the researcher has made the conclusions as described in the study. (Anttila 1998 a; Jyväskylän Yliopisto 2014)

A research is reliable when the same results can be repeated and generalized in more than one study (Connaway & Powell 2010, 63). In the qualitative study repeatability can be problematic, as the researcher's observations are linked to the current situation (Florio-Ruane 1991, 234-256). Reliability, or in other words *dependability*, can though be ensured in the qualitative research by using for example focus group or individual interviews. Additionally the study processes should be detailed, so that the study can be repeated by the future researcher. In order to enable readers to understand the research methods, the research design, implementation, data collection and the effectiveness of the process should be described in detail. (Shenton 2004)

Low reliability can be result of a random error, which is, for example, caused by carelessness during the data collection. In the qualitative research a random error can occur as a translation mistake or inaccuracy in a taped interview. (Saukkonen 2014)

This study can be considered to be reliable, as the interviews were conducted personally with each respondent. Therefore they could not affect each other's answers. The focus group of the research was selected very carefully according to their expertise and knowledge of the subject, which increases the reliability of this study. Therefore, it was also ensured that the respondents were able to answer all the questions. In addition the research conditions were the same during each interview. The study process and the questions of the interview were detailed so, that the same study can be repeated in the future. Most of the interviews were conducted in German, in order to make the interview more effective. In order to minimize the translation mistakes, the questions and answers were examined with the German person, who did not participate in the interview.

## **9.2 Validity**

The validity of the research is examined differently in the quantitative study than the qualitative study. In the quantitative research validity is traditionally divided into external and internal validity, which indicate whether the sample can be generalized to the whole population and whether the measurement indicators are selected correctly. (Anttila 1998 b) In the qualitative research "truth" or "falsity" of the interview cannot be evaluated in relation to an external reality. Therefore, validity is evaluated with respect to *credibility* and *transferability*.

The results of the qualitative research should be credible and believable from the participants' point of view. As the aim of a qualitative study is to understand the phenomena from the respondents' perspective, only they can assess the credibility of the research results. (Trochim 2006) The criteria of internal validity can be applied in the qualitative research by aiming to ensure whether the conceptual

and the theoretical structures of the study meet the perceptions and experiences of the respondents (Saukkonen 2014). In order to increase the credibility, the researcher should try to establish the relationship of trust with the participants and gain understanding of the organization. Additionally, the background or experience of the investigator might affect respondents' opinion on the credibility of the results. Credibility can be increased also by triangulation, where different research methods are used in one study. By combining individual interviews, observation and focus groups, the research might understand better the behavior and attitude of respondents and the answers can verify some important details. (Shenton 2004)

Transferability refers to the external validity of the study. The criterion indicates to which degree the results can be transferred to other contexts. The researcher can increase transferability by describing the context and the hypothesis in a comprehensive and detailed way. The future researcher, who is willing to transfer the research results to the other context, evaluates the transferability of the research. (Torchim 2006) However, the researcher must ensure that he or she provides sufficient information to the future investigator in order to transfer the results to the other context. Therefore, the research should include information about the number of organizations and participants taking part in the research, the data collection method, the length and number of data collection processes as well as the period of time when the results were collected. (Shenton 2004)

The credibility of this research was increased by letting the participants read and comment the results afterwards. The results can be considered to be credible, as I already have practical understanding of the case company based on my working experience. The interview was constructed based on the theories of marketing, e-commerce and market analysis. The linkage between the questions and the theory was discussed in the chapter 7, and the detailed description of the hypothesis concerning each question as well the comparison to the theoretical framework was presented in chapter 9. The method of data collection, the length and the time period of the collection process as well as the number of respondents was presented in chapter 7.2. The data was collected in a short period of time in order to ensure that there would not occur any significant changes during the data

collection process. Additionally the results were analyzed immediately after each interview.

## **10 THE SUMMARY OF THE RESEARCH**

The aim of the study was to research what kind of challenges and possibilities Finnish e-commerce market offers to a foreign company, and what does it require from a foreign company to start a successful online shop in Finland. The market characteristics, purchasing power and competitive situation on the Finnish market were explored based on the experiences of Trotec. Additionally, the possible need for adaptation concerning products, marketing and the online shop was explored.

The research was conducted as a qualitative expert interview in January 2014. A total of five experts of Trotec were interviewed personally, before that they had a chance to get acquainted with the questions in advance via e-mail. The research showed that there is an increasing sales potential for foreign companies on the Finnish e-commerce market. Foreign online shops, which have competitive prices and active marketing practices in Google, can be successful in Finland. However, the lack of international online selling portals might anyway limit the sales potential of smaller online shops, if they are able to market the products only on the internet. The adaptation of the online business does not though require any special changes in products or technical features of the online shop, as the Finnish market does not differ greatly from the German market. Only the language and longer geographical distances must be taken into account more closely. Therefore, the online expansion to Finland is relatively easy to conduct, and it also provides a good basis to further expansion on the Finnish market.

In this thesis the online market conditions in Finland were research based on Trotec's own experiences. For further research topic I would like to suggest conducting, for example, a customer satisfaction survey on the Finnish market. Therefore the overview of the market would be completed with the perspective of the Finnish customers.



## **THE AFTERWORD**

The thesis process was challenging for me, since I worked in Germany full time through the whole process. The subject was, however, very interesting to research and, as I'm working in the Finnish customer service, I therefore hope that Trotec will benefit from this thesis.

I want to thank the interview participants Ms. Alexandra Goertz, Ms. Christina Mommertz, Mrs. Annika Suojoki-Klötzig, Mr. Tobias Schroeders and Mr. Giuseppe Marchi as well as other colleagues and friends, who supported me during the thesis process.

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## APPENDIX

### **INTERVIEW ABOUT THE EXPANSION TO THE FINNISH MARKET**

#### **Finnish market**

1. Why did the company expand specifically to Finland?
2. What are the special features on the Finnish market compared to other European markets of the company?
3. Has the purchasing power been sufficient on the Finnish market so far?
4. Have there been any significant changes in the purchasing power? If yes, can you point out factors, which affected the change?
5. How have you experienced the competition on the Finnish markets?
6. Have there been any significant changes in the competition so far?
7. Compared to the other European markets, what made it easy to adapt to on the Finnish market?
8. Did you need to adapt the products for the Finnish market? How?
9. Did you need to adapt the marketing practices in Finland? How?
10. Did you have to make special adaptations to the Finnish online shop (e.g. technically, content, design)?
11. Did you receive help or advice from a third party (e.g. consultants, export associations, Finnish companies) when expanding to Finland?

#### **Challenges and threats on the Finnish market**

12. What was the biggest challenge in expanding the online business to Finland?
13. What kind of cultural challenges has the company faced in Finland?
14. Were there any problems with the language? How did you cope with the language challenges?
15. Has Trotec faced political/legal challenges (e.g. taxation) in Finland?
16. Were there any technical challenges (IT) concerning especially the Finnish online shop?
17. Are there any differences in the Finnish buying behavior and buying process comparing to the other markets?
18. Were there any logistic challenges?
19. Do you expect increasing competition in the industry? How are you going to respond to that?

#### **Possibilities on the Finnish market**

20. What kind of possibilities do you see for company's market expansion and development in Finland?
21. Have you considered expanding the branch office or other operations to Finland in the future?
22. Was the entry to the Finnish market successful, worth the risk?