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FINAL THESIS REPORT

BUSINESS PLAN FOR A WEB STORE
CASE:Tehtaanmyymälä

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ABSTRACT

The objective of this thesis is to examine e- business and how it should be established on the Internet, hence making an e- business plan for a company. Therefore, this thesis gives a general view of e- business; its background and various issues related to setting it up on the Internet as well as a guide for the case study company, Eppu Normaali Ltd on what kind of issues it should consider when creating and launching a web store. This work is intended for persons who are looking for examples on how to set up a web store as well as for those who are generally interested in e- business and its implementation strategies.

In the beginning of this thesis the case study company (Eppu Normaali Ltd) will be introduced, examining its history as well as current situation. Hence, the thesis will concentrate on the general information about the history of the Internet and the evolution of digital economy with its benefits and drawbacks.

The following part goes through the planning process of e- business, focusing on the central questions: why, to whom, what and how, as well as the answers to these questions.

The last part of the thesis includes the guidelines on how to transform the previously discussed theory to practice taking into consideration the most central business related issues, such as the product in question, logistics and marketing strategies.

This thesis looks into various business related issues that should be considered when involving in e- business in a form of a web store. In addition it gives recommendations and guidelines to the case company, that can be used as ready solutions.

Keywords: e-business implementation strategies web store

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1 Introduction

The development of e- business has been very rapid and in the recent years it has grown exponentially. The growth is expected to increase even more, because the consumers are getting more familiar with using various services via the Internet, such as banking as well as buying from web stores. In addition, the consumers' trust toward web stores has increased, lowering the barrier to buy from an Internet based store. Thus, in order to get a share of the new market and consequently increase profits, it is important for companies to consider the addition of e- business as a part of their business strategies, for example in the form of a web store.

This thesis deals with e- business, its benefits and drawbacks as well as central business related issues, more specifically issues that are related to marketing. In addition, the thesis serves as a guide for a case study company on how to establish a web store and how it should resolve the marketing related issues when doing so.

The thesis begins with introduction of the case study company: Eppu Normaali Ltd, its history and current situation. Hence general information about digital economy and its evolution is introduced.

In the middle part of the thesis the theory behind making an e- business plan and the phases concerning commerce, such as product, logistics and marketing are explored. Moreover, the phases and how they should be implemented in the case study company are looked into. The technology behind a web store, such as telecommunication infrastructure, markup languages and security issues are omitted from this thesis.

The objective of this thesis is to give a general view on what kind of issues should be considered before setting up a web store and what kind

of business related matters, such as issues related to product and marketing the case study company, Eppu Normaali Ltd should think about and take care of before starting a web store.

1.1 Company introduction

Before introducing the actual company, it is crucial to look into the driving power behind it and how it all got started. This cannot be done without introduction of Eppu Normaali, a Finnish rock band, whose evolution from an unknown punk band to a Finnish rock legend has facilitated an emergence of one of the leading companies in audiovisual industry: Eppu Normaali Ltd.

1.2 Eppu Normaali

Eppu Normaali is a Finnish rock band, whose origin can be traced back to Ylöjärvi, a small city near Tampere, Finland. It was founded in the middle of 1970's and the original roster consisted of two brothers; Martti and Mikko Syrjä, the heart and soul of the band, their cousin Aku Syrjä, and their two friends Juha Torvinen and Mikko Saarela.

The band got their first break in 1977, when they took part in the Best of Finnish Rock competition. Even though they didn't win at the time, they were noticed and liked by the public, as well as by some of the judges of the competition. Positive feedback encouraged the band to keep on making music, practising and recording demo tapes. Their persistence was rewarded already during the same year, when the band got a record deal with a newcomer record company: Poko records.

The following year Eppu Normaali released their first album; Aknepop, which was only a moderate success, but it helped the band get into the

music industry and become better known by the public. Despite of the first albums poor success the band wasn't discouraged from making another album and a year later Maximum Jee&Jee was released. This album was a jackpot; it was a huge success and it is still considered to be one of the cornerstones of Finnish rock music.

Since then, the band went through trials and tribulations, such as changes in roster, but still managed to release 13 albums and 10 collections, selling over 1.5 million copies. Today, Eppu Normaali is not only considered to be a Finnish rock legend, but more as an institution, who takes part in music industry in the form of an artist as well as an entrepreneur. (www.eppunormaali.net, 3.3.2006)

1.3 Eppu Normaali Ltd's history

Eppu Normaali Ltd was originally founded in 1990, to facilitate renting of the bands obsolete sound and light equipment and audiovisual techniques, and also to administrate complicated compensation strategies. (Sirén 2004, <http://www.city.fi/lehti/article.php?id=1356>, 9.3.2006) Currently, the company has expanded its operations and provides various services, such as:

- Building of information systems
- Comprehensive planning and organizing of happenings
- Renting of office space
- Renting of conference and entertainment space
- Renting of sound equipment
- Renting of sound technicians
- Sound planning services
- Production services
- Consultation services

References: i.e. shopping centre Sello, Shopping center Kamppi Center, the performance of Eppu Normaali at Ratina Stadium 08/2004, EMMA gala 2006, Eurovision song contest 2006, Tampere Film Festival.

In addition Eppu Normaali Ltd is a founder and the biggest part of an Akun Tehdas network, the largest service provider in audiovisual field in Pirkanmaa.

1.3.1 Akun Tehdas

Akun Tehdas is a network that consists of 11 small businesses, all operating in audiovisual field. The idea of the network is that a customer can satisfy his/her audiovisual needs in one place and on top of all according to 'ready to use'- principle. In addition to Eppu Normaali Ltd. Akun Tehdas network comprises of the following companies (www.akuntehdas.com, 3.3.2006):

Eyewitness Ltd

Provides programs and productions services

J-P Audiosonic Ltd

Provides maintenance and installations of various equipment

Musiikki-Mode Ltd

Provides renting of sound equipment and techniques, as well as planning of various fairs and providing them with the appropriate equipment

Motley Ltd

Provides CD/DVD production and duplication, as well as production of audio recordings

Screen Factory Ltd

Is involved in renting of LED- screens, multimedia projectors and plasma screens, as well as producing projectile content

Smart Case

Manufacturing of cases for various audiovisual equipment

MixRoom Ltd

Provides recording and mastering services

Tuotantoyhtiö Legenda Ltd

Provides radio, movie and television productions

Valotehdas Ylöjärvi Ltd

Provides light designing and implementing services, as well as renting of light equipment

Akun Tehtaan Studiogenes Ltd

Provides recording and mastering services

1.4 Company's location and facilities

The company's place of business is located at Akun Tehdas multi-functional building, which is situated in Ylöjärvi in close proximity to Tampere. The building was completed in the fall of 2003 and is actually owned by Eppu Normaali Ltd. It has 2500 m², and its heart is Akun Tehdas Festival Arena, which is 100 m² large and is situated in the middle of the building. The Arena is designed to be quite multifunctional, thus it is easily transformed from a small concert hall to a theatre with a rotating stage. Because of its location it is also suitable for different public events, such as company parties and car fairs. (www.akuntehdas.com, 3.3.2006)

Other facilities include office spaces, warehouses and conference and entertainment facilities. All office spaces and warehouses are rented out to the networks other companies, while conference and entertainment facilities are rented to outside companies as well as to private persons for conference or entertainment purposes.

2 Background information

Since Eppu Normaali Ltd is already operating in the field that is closely linked with high technology; it is only natural for the company to extend its business operations to electronic business.

The idea to set up a web store for Eppu Normaali Ltd spurred from the increasingly growing demand for Eppu Normaali, the bands fan merchandise.

However, before looking more specifically into the business idea and its implementation, it is useful to explore the background of digital economy, its pros and cons as well as the theory behind the e- business plan and its phases.

2.1 The evolution of digital economy

There are several issues that have influenced the emergence of digital economy, however, the rapid evolution of information technology can be traced back to “The Cold War” era: the 1950’s and 1960’s.

At that time, The Soviet Union and United States of America were competing with each other, wanting to show their superiority in nuclear weapon build-up as well as in the conquest of the space. The desire to win the competition required both countries to research and develop technologies that were concerned with control of data and devices from long distances as well as telecommunications. (Silfver 2004, Sähköisen liiketoiminnan kehittäminen) This development work became the basis for the Internet.

Thus the actual Internet- network was initially developed for military purposes and it was called ARPAnet “Advanced Research of Defence”. It came to existence in 1969 and its function was to distribute the military knowledge so that the whole system could not be destroyed from one place. As the technologies evolved, military developed their own network: MILnet, which was based on ARPAnet. ARPAnet on the other hand merged with Nsfnet in 1990’s creating the frame of the Internet. (Tampereen yliopisto, <http://tutkielmat.uta.fi/pdf/gradu00022.pdf>, 19.3.2006)

In the beginning the Internet was used to share information by researchers and scientists from different facilities and locations. However, already in 1990’s the Internet was available to the general public as well. This was possible due to the technological progresses of the 1990’s that made PC’s inexpensive, modems faster and browsers easy to use, thus making the Internet and the technology it involves easily accessible. (Rosen, 2000, 2)

From that point on, the development of digital technology can be divided in three phases; being present on the Internet, using the Internet to interact and finally using the Internet as a market place.

In the first stage, general public was able to log on the Internet and make their first contacts with the World Wide Web as well as the e-mails. The companies started to put up their own homepages, where the general data about the company, its operations and possible products was available.

At the second stage the Internet’s pace of development was exponential. People were using the Internet more frequently for various purposes, such as searching for data, interactive chatting, paying their bills, making the use of the Internet a daily issue. As the Internet became more sophisticated, companies started to use the Internet also for sales and

marketing purposes and made their homepages more informative and interactive.

In the final stage, the Internet is a part of every day of a fellow man. It is used to everything from utility to entertainment purposes, from videoconferences to multimedia shows. Companies have started to use the Internet to improve their customer service and internal data management, such as Customer Relationship Management and Warehouse Management. In addition these programs are more frequently linked to the companies' www- services, making their services more comprehensive and more focused on the needs of the person visiting the site. (Sähköisen kaupankäynnin aapinen, 2003: 6-7; Rosen, 2000: 3)

2.2 E-Commerce

According to Adam, Dogramaci, Gongopahyay and Yesha (1999: 1) electronic commerce is defined as the entire set of processes that support commercial activities on a network and involve information analysis. In addition "it involves the enablement of a business vision supported by advanced information technology to improve efficiency and effectiveness within the trading process". (Adam, Dogramaci, Gongopahyay and Yesha, 1999: 1)

Recently, e-commerce is considered to be an economic solvent, which "dissolves old business models, changes the cost structure and rearranges links among buyers, sellers and everyone in between - - as well as - - melts traditional boundaries between companies' partners and customers, changing the nature of relationships ". (Kalakota and Robinson, 2001: 4)

2.3 From E-Commerce to E-Business

The development of e- commerce to e- business can be divided in three phases, much like the development phases of digital economy described earlier.

The first phase of development dates back to 1994- 1997, when e-commerce was about being present on the Internet, making sure that companies of every size had some kind of web site on the Internet.

The second phase (1997-2000) includes buying and selling through digital media. The focus in this phase was on the order flow and gross revenue. Thus the transactions mainly consisted of matching buyers and sellers, who would not have found each other through regular means as well as transforming paper transactions into digital transactions.

The third phase (2000⇒) is the phase where e- commerce has evolved into e- business, and it is concerned with how the Internet can impact profitability and how the internal core- and service processes could be integrated into digital services. The companies also put a substantial emphasis on Customer Relationship Management, making every effort to create strong and long- lasting relationships with their customers. In addition, this phase includes the development and application of both “front- and back- office applications that form the core engine for modern businesses”. (Kalakota and Robinson, 2001:5)

Therefore, e- business is not just about buying and selling over the Internet, it is rather an overall strategy to redefine old business models with the help of digital technology to maximise customer value and profits. (Kalakota and Robinson, 2001:4, 5; Järvelä and Tinnilä, 2000: 7-9; Kauhanen- Simanainen, 2001: 43)

2.4 The benefits and drawbacks of E-Business

Currently, an increasing amount of companies is involved in e-business, because it offers new prospects and opportunities to develop new kind of business models. However, before engaging into it, it is useful to examine the benefits and drawbacks of this type of business.

2.4.1 The benefits of E- business

The information about actual benefits of e- business as well as the use of information networks to the companies is quite controversial. There are many success stories, but on the other hand there are as many disappointed companies, entrepreneurs and customers.

However, there are several factors that can motivate a company to utilize information technology and the Internet in running its business and they can be divided in the following three groups. (Kettuen and Filenius, 1997: 15; Sähköisen kaupankäynnin aapinen, 2003: 5)

2.4.1.1 Reducing costs

With the help of e- business the costs can be reduced in several ways. For example the catalogues, brochures and instructions can be larger and more informative and they can be also delivered through the Internet, thus saving the costs occurring from printing and sending them through conventional mail.

On the other hand customers could place their orders on the Internet, where they can also be processed electronically, which would reduce the workload and error marginal of order processing.

In addition fast, electronic interaction doesn't necessary require expensive sales offices, extensive personnel and warehouse spaces, thus reducing operating costs of a company.

The real- time connections, production- and distribution partners also make it possible for companies to reach their end customers directly, eliminating the costs associated with the "middle men", such as conventional chain of distribution and services.

Consequently companies' reduced costs have straight benefits to the customers, because of for example reduced costs of production and operations, the end product is cheaper to the customer. (Kettunen and Filenius 1998: 15–17; Koskinen 2004: 38–40; Sähköisen kaupankäynnin aapinen, 2003: 6; Silfver 2004, Sähköisen liiketoiminnan kehittäminen)

2.4.1.2 Improving customer service

E- business can enhance and improve the service provided to the customers in several ways. For example, making the service available to the customers regardless of time and place reaches more potential customers and provides them with added value.

In addition e- business makes it easier, faster and cheaper to update information about e.g. new products, changes in prices and availability on the web site than to produce entirely new catalogue or brochure, supplying the customers with up to date information,

It is also possible to use customer databases to improve company's knowledge about their customers and consequently providing more personalized service and enhancing direct marketing.

The communication can be improved as well, by providing alternative means of contacting the company and giving feedback. Using e-mail is cheap and easy, as well as quick, since the feedback can be responded to almost instantly. (Kettunen and Filenius, 1998: 70; Koskinen, 2004: 85–86; Sähköisen kaupankäynnin aapinen, 2003: 6; Silfver 2004, Sähköisen liiketoiminnan kehittäminen)

One of the greatest benefits of e- business to the customer is improved customer service, since it allows the customer to easily examine and compare information about the product or service he/she wants to buy at any time and place. In addition, the Internet allows an access to products and services that were unavailable before, as well as shopping and using services outside the conventional opening hours. (Kolari, Sirola and Veistola, 2000: 104; Kettunen and Filenius, 1998: 17-18)

In addition it provides easier and faster shopping experience, since it eliminates the need to dress, travel to the physical store, searching and carrying the product, as well as standing in line and waiting for service. (Salste 1998, <http://www.kolumbus.fi/t.salste/di.pdf>, 27.3.2006)

Moreover, it offers improved shopping possibilities for physically or mentally challenged persons, who can't shop in conventional shops.

2.4.1.3 Expanding market

With the help of the Internet companies can expand their market because being a global media the Internet reaches millions of people who could be potential customers, thus expanding the market area of a company at a lower cost than through conventional methods.

In addition, the Internet allows companies easier access to market areas that would be otherwise hard to penetrate. The Internet is also a very important medium to the so- called “niche- products”, that are special products with a limited demand and supply. However, through the digital media, the products can be available to a larger customer base.

Finally, potential customers can verify their buying decision with the help of the information available on the Internet.

The benefits associated with the expansion of the market to the customers are an easier access to a wider variety of products and services as well as improved knowledge about prices, thus allowing the choosing of product or service with the most competitive price. (Kettunen and Filenius, 1998: 17, 70; Koskinen, 2004: 40, 85-86; Sähköisen kaupankäynnin aapinen, 2003: 6; Silfver 2004, Sähköisen liiketoiminnan kehittäminen)

2.4.2 The drawbacks of E- business

Even though there are major benefits associated with e- business, there are also some drawbacks, both to the companies as well as the customers.

Because the content and appearance of the web site should be kept interesting and reformed regularly, the site needs constant updating and maintenance. For example the site should be maintained easy to navigate and use, otherwise the customers will be discouraged from ordering from the site. In addition, since many companies sell advertisement space on their web sites, it is crucial not to turn off the customers by excessive advertising. The actions that should be taken in order to keep the site both interesting and easily approachable cost both money and time of the company. (Keränen, Lamberg and Penttinen 2003: 17; Kettunen and Filenius 1998: 95; Tarkoma 1997: 83)

In addition to the above- mentioned issues, the security and safety of the site should be guaranteed, because the distrust towards the paying methods on the Internet has been one of the biggest drawbacks in e-business. (Silfver 2004, Sähköisen liiketoiminnan kehittäminen)

The drawbacks of e- business related to the customers are mainly concerned with the issues concerning reliability, trust and emotional aspect of the shopping experience.

For example, many customers doubt the reliability of a web store and its operations, such as paying methods and delivery times. However, at least in Finland, there are strict laws concerning the web stores, thus making them rather safe to use.

On the other hand it might be difficult to make buying decision that is based only on the pictures and information available on the web site and not being able to physically touch and examine the product. (Kolari et al 2000: 104) The absence of the social and emotional aspect of shopping experience, no personal contact with personnel or other customers, nor stimulants of senses, e.g. smell might turn the customer away as well.

The expensive delivery costs might discourage some customers from buying small products. In addition unexpected delays in deliveries may discourage customers from placing another order. (Salste 1998, <http://www.kolumbus.fi/t.salste/di.pdf>, 27.3.2006)

3 Planning e- business

Before taking on e- business, it is important to closely study the pros and cons of this type of business. It is also crucial to take a close look at the industry and the business area you are operating in, and determine whether it is useful and profitable to include e- business as a part of company's business strategy.

Careful planning is key to success, but before making an e- business plan the following central questions should be considered within the company.

WHY?

The first question is concerned with the purpose of setting up an e- business and how it supports the company's overall business idea. The following additional questions help clarifying the aim:

1. Is it possible to offer new services or products to the customers with the help of e- business?
2. Is it possible to reach new customer bases, that can't be reached through conventional methods?
3. Is it possible to reduce costs and improve profitability?
4. Does e- business offer added value to the current situation?
(Sähköisen kaupankäynnin aapinen 2003: 8-10; Koskinen 2004: 51)

In the case of Eppu Normaali Ltd the additional questions helped to determine that:

1. Yes, with the help of e- business in a form of a web store, the company can offer products and services to everyone. Earlier, Eppu Normaali fan merchandise could be only bought from concerts and gigs. There weren't any conventional shops or other sales, thus making the products scarcely available.
2. Yes, a much larger amount of customers can be reached through the Internet. Now, you don't have to wait for a concert in order to buy merchandise, or possibly travel a long distance and pay for a concert ticket.
3. Yes, profitability will increase considerably, because the sales won't be restricted to concerts or gigs.
4. Yes. A web store allows a larger selection of merchandise.

TO WHOM?

This question is dealing with the identification of company's core customer groups. Thus, it is essential to identify the company's view on the following issues:

1. Is the business B2B or B2C?
2. Is the intention to reach old or new customers? (Sähköisen kaupankäynnin aapinen 2003: 8-10; Koskinen 2004: 51)

In this case it is clear that the web store is targeted mainly to the fans of the band, meaning that the majority of the customers will be regular consumers. However, since Eppu Normaali is a very popular band and

part of Finnish culture, the company is prepared to satisfy also business customers, who may want to buy the merchandise and give them as company gifts.

The intention of the web store is to serve all fans, some of which may be old customers (thus, might have bought merchandise from concerts and gigs in the past) and some might be new ones (the ones who haven't had a chance to buy the fan merchandise at all).

WHAT?

Third issue refers to the product or service the company has to offer. The answer to this question is interlinked with the answer to the second question, because the product or service has to match the customer target group. (Sähköisen kaupankäynnin aapinen 2003: 8-10; Koskinen 2004: 51)

The product that Eppu Normaali Ltd will be selling through the Internet will be a selection of fan merchandise that will be described in more details in the latter part of the thesis.

HOW?

The answer to the last question is about how the e- business is going to be implemented in practise. It deals with various implementation issues, such as marketing plans and distribution channels. (Sähköisen kaupankäynnin aapinen 2003: 8-10; Koskinen 2004: 51)

The issues concerning the above mentioned business related issues are carefully looked into and dealt with more specifically in the latter part of this thesis.

3.1 From theory to practise

According to Sähköisen kaupankäynnin aapinen, if any of the above-mentioned questions were answered favourably, the company should start making an e- business plan. (Sähköisen kaupankäynnin aapinen 2003: 8-10; Koskinen 2004: 51)

In the case of Eppu Normaali Ltd and its business idea to set up a web store for selling of Eppu Normaali fan merchandise, all terms were satisfied. Therefore, a business plan should be drawn out.

Generally, following issues should be looked into in an e- business plan:

- Product description
- Paying methods
- Logistics
- Market analysis and business opportunities
- Marketing plan
- Research and development
- Financials (www.newarttech.com/eBusiness.htm, 29.3.2006; www.bplans.com/dp/article.cfm/26, 29.3.2006)

However, this thesis will concentrate on the marketing and selling processes of a web store, yet including descriptions of product, paying methods and logistics.

4 Selling and marketing on the Internet

The two main functions of a web store are selling and marketing of the product. These actions are closely interlinked and depended on each other. In the following chapter the aspects of selling and marketing will be looked into more specifically.

According to von Willebrand (2002:65) the idea of marketing is to provide information about product to an existing or a potential customer that will enhance customers buying decision of a particular product from a particular company. The seller usually provides this kind of marketing information. However, for example company's partners, existing customers or outside experts might provide similar information. (von Willebrand 2002: 65)

In that sense e- marketing doesn't differ from conventional marketing, as the goal of both means is to improve the visibility and awareness of a product, leading to increase in sales. (Kettunen and Filenius 1998: 84)

On the other hand e- marketing affects traditional marketing by transforming conventional marketing strategies and increasing efficiency in traditional marketing functions. As the result the Internet allows considerably interactive marketing means, better customer service and adds customer value as well as increase company's profitability. (Strauss, El- Ansary and Frost 2003: 2; Kettunen and Filenius 1998: 84)

Since the seller aims to increase the sales of his/her product, marketing should include up to date information about the issues that directly affect the buying decision of a potential customer. For example, a customer might want information about the product and its qualities, the price of a

product, the methods of payment and the delivery terms before making the decision to buy. Consequently, the information and the way it is presented, i.e. marketing affects the buying decision of a customer. (von Willebrand 2002: 66)

4.1 Product

Originally the fan merchandise that the web store will be selling could only be bought from a gig or a concert. However, since Eppu Normaali took a break from music and didn't perform to live audience for 10 years, the fan merchandise was completely unavailable. However, since the band is a rock legend with a considerable fan base, the demand for the merchandise was and still is consistently growing. Therefore, the web store is initially put up to meet the growing demand for Eppu Normaali fan merchandise.

4.1.1 Eppu Normaali merchandise

In the past, fan merchandise consisted of unisex and lady fit short-sleeved t-shirts, long sleeved t-shirts, hooded jackets, raincoats and mugs with various band related prints. The selection was quite modest, because of limited sales booth spaces at the concert places as well as the fact that the sale of the merchandise wasn't considered to be a business, but instead a service provided to the fans of the band. In addition, there weren't a separate business unit to take care of all business decisions related to the fan merchandise; instead the bands members and their families were responsible for everything, from sourcing to selling.

With the help of a web store, the selection of fan merchandise can be considerably extended, thus reaching a larger customer base as well as providing a better availability of the products. Also a separate business

unit could be set up, that would take care of everything related to a web store and its products, making it a comprehensive business.

4.1.1.1 The selection

Because of the web store, and its potential to reach more customers, the selection itself should be more extensive, with products in various price and product groups, so that it would meet the needs and demands of larger clientele. Therefore, following product groups should be set up in the web store:

- Records
- Clothing
- Other merchandise
- Special offers

Records

In this category, all Eppu Normaali albums should be available, including singles and collections.

Clothing

This category should include:

- Short- sleeved t-shirts

There should be a selection of t-shirts with various prints, such as band logos and phrases from the most popular and famous songs. The t-shirts should be available in both lady- and unisex fit. The amount of t-shirts with each print should be limited and new prints should be introduced according to marketing plan.

- Long-sleeved t-shirt

Long-sleeved t-shirts should be embroidered with a discreet band logo, and they should be available in lady- and unisex fit.

- Hooded jacket

Hooded jacket should be embroidered with the same kind of discreet band logo as long-sleeved t-shirts. The jacket should be available only in unisex fit, but the size assortment will be from XS to XXL, so that it would fit both men and women.

- Fleece

Fleece jacket should also be embroidered with discreet band logo and be available in unisex fit in sizes from XS to XXL.

- Hats

The hats should be available with various phrases and band logos embroidered on the front of the hat. The phrases could be taken from famous and popular songs, in accordance with prints on the t-shirts.

- Caps

The fronts of caps should be embroidered with band logo or band name, and they should be in unisex fit and available in one adjustable size.

- Socks

Socks should be made with a band's logo on the side and available in four sizes.

Other merchandise

Other merchandise should include:

- Post card
- Wristband
- Mugs
- DVD's
- Song books
- Badges
- Cigarette lighters

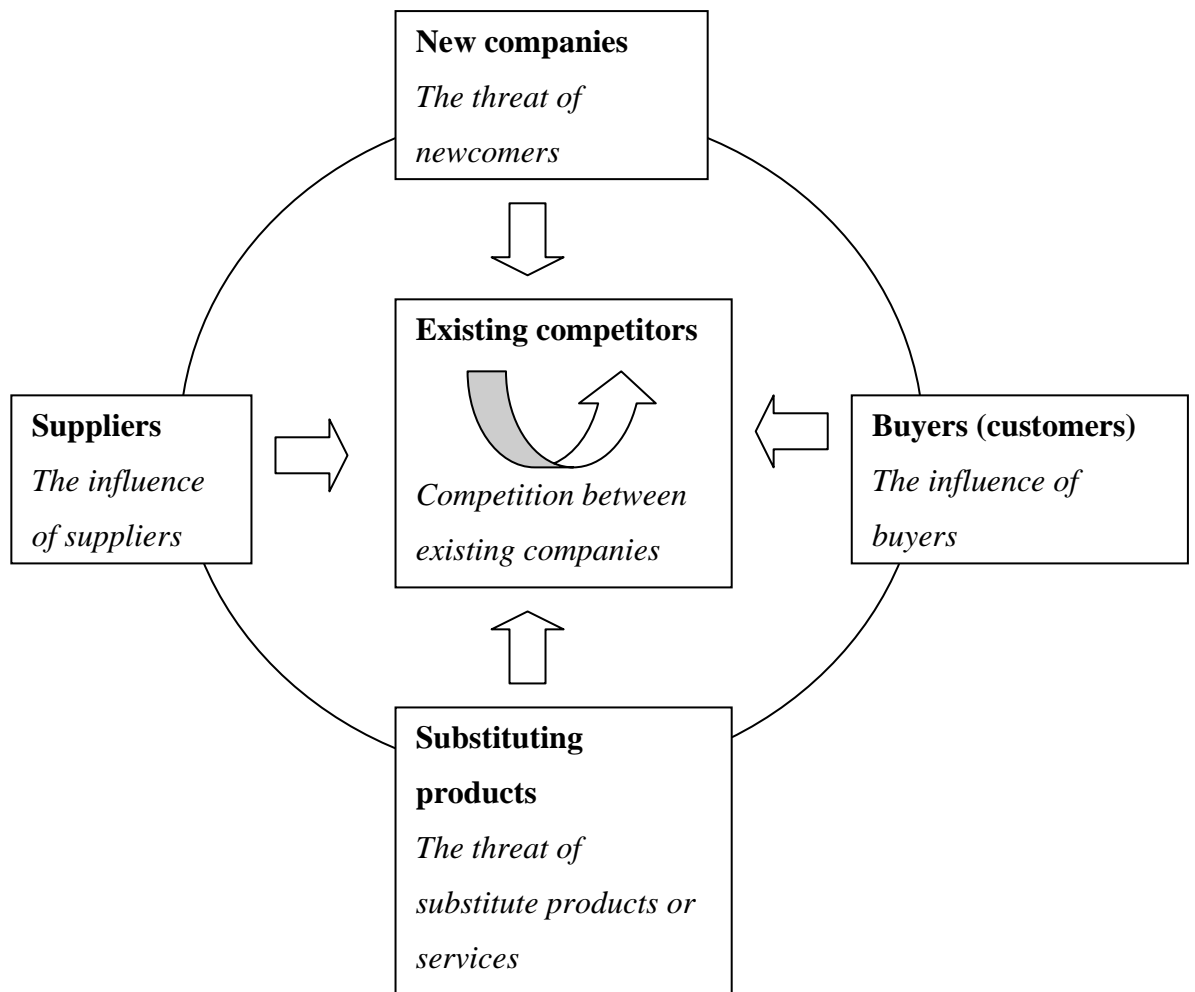
Special offers

This category should consist of merchandise on special offer, such as campaign products and items on sale.

4.1.2 Competition

According to Kettunen and Filenius (1998: 37- 38) it is useful to identify your own position in the market and analyze the quality of your service and product. By comparing these factors with your competitors, the company can recognize and define the necessary precautions that should be taken in order to maintain or gain more market share. (Kettunen and Filenius 1998: 37- 38)

Moreover, it is also useful to look into other factors of competition, such as the influence of suppliers, buyers (customers), substitute products and emerging companies. With the help of Michael Porter's competition field model these factors can be observed. (Silfver 2004, Sähköisen liiketoiminnan kehittäminen)



In the case of Eppu Normaali Ltd there are no existing competitors to compare with. In addition there is no threat posed by emerging companies, because Eppu Normaali Ltd has an exclusive right to sell Eppu Normaali fan merchandise, thus there is no competition in that sense at all.

Although, there are other bands that sell fan merchandise. As a result some customers might be lost, because they prefer to buy the merchandise of another band. Thus, there still is a competition for the customers.

However, since Eppu Normaali Ltd is the only one who sells Eppu Normaali merchandise the buyers' cannot buy the products from anywhere else.

On the other hand, the quality of products and service must be maintained high in order to achieve high customer satisfaction and sustain existing customer base. Accordingly, the influence of the suppliers and manufacturers is considerable, because the quality of the products and their on time delivery is depended on them.

4.1.3 Sourcing

Sourcing of the products should begin with making enquiries and thus finding the most suitable manufacturer, who can provide the products at the best price and terms. In the case of Eppu Normaali fan merchandise there already is a manufacturer who produced the merchandise in the past. Despite of that, it is still useful to look for other manufacturers and find out if there is more competitive offers.

Usually larger orders receive better discounts, making it practical to order all products from one manufacturer. On the other hand, some manufacturers might have a very competitive unit price regardless of ordered quantity. Therefore, it is useful to find out all product prices with variations in order quantities and hence deciding from whom to buy.

In addition to the prices it is crucial to examine the delivery terms and the availability of the products.

The process should be started by contacting various manufacturers of raw materials, in this case manufactures of clothing, such as t- shirts and hooded jackets as well as other merchandise, such as badges and mugs.

Then, it is useful to contact companies who make prints and embroideries and find out, whether it would be more profitable to purchase the raw materials separately and then ship them to the printing company for further production.

As soon as these issues are looked into, the most suitable supplier(s) and most profitable way(s) of producing the merchandise can be chosen.

4.1.4 Future products and services

The priority of the web store is to facilitate the sale of Eppu Normaali fan merchandise. However, the infrastructure of the web store should be build so that it can support also other product groups that could be added later.

For example, in the near future also other Akun Tehdas- network companies could take advantage of the existing e- business infrastructure and sell their products through Eppu Normaali Ltd's web store. For instance Motley Ltd could sell audio records of their assigned artists and Valotehdas Ylöjärvi Ltd could sell their used equipment.

4.2 Methods of payment

One of the most important aspects in a successful web store is creating a set of paying methods that are safe and easy to use and that suit best the potential customers. There are several methods of payment, such as:

1. Cash payment

This method of payment can be used if a customer collects his/her order in person from a seller's place of business or from other place of delivery. This method can be used only in domestic trade.

2. Cash on delivery

Cash on delivery is safe and doesn't require extra efforts from the customers. However, the Finnish Post Office charges an extra fee for this service, which is usually transferred to the customers handling fee. Thus making this method of payment more expensive than for example paying through an Internet bank. On the other hand, cash on delivery can be used in international sales, if paying through other methods (e.g. credit card or banks Internet service) is not possible.

3. Advance payment through bank

This method of payment is useful if customer's bank doesn't have an Internet bank service or if a customer doesn't know how or doesn't want to use it. The information about the orders total sum, with payment terms is sent to the customer. Hence he/she can pay the bill through a conventional way in a bank.

4. Payment through bank's Internet service

The so- called "push button" is a very handy method of payment, which is provided to the customers of most domestically operating banks. The service includes transition to the banks Internet service, where the payment takes place as normal invoice payment. This is a very safe method because the verification happens with a user id and a password provided by the bank.

5. Credit card

Credit card is currently one of the most used methods of payment. If correct safety mechanism is used this is also one of the safest method

and it allows purchases made in different currencies, thus can be used in international trade as well.

6. Invoice

In general, invoices are included in the package sent to the customer. This method should only be used in domestic trade and only after the customer's ability and desire to pay is guaranteed.

7. Electronic invoice

Electronic invoice is an electronic equivalent of a conventional invoice. It is sent to the receivers Internet bank or a similar service. The advantage of this method is that the invoice can be directly integrated to the buyer's sales ledger, where the processing of the invoice can be automated.

8. Credit account

This method is helpful when the buyer's purchases are reoccurring regularly. Thus a seller could charge the customer on regular bases for example once a month, giving the customer additional time for payment.

9. Self -billing

Self-billing is an excellent method of payment when a buyer is another company, with whom a solid customer relationship is already established. In practice, the buyer company doesn't receive a separate invoice. Nevertheless, the total sum of purchase is paid according to

delivery certificates. (Kettunen and Filenius 1998: 99-137, Sähköisen kaupankäynnin aapinen 2003: 25-29)

4.2.1 Risks and benefits of the different methods

Method of payment	Drawbacks and risks	Benefits
Cash payment	No risks or drawbacks to seller or buyer	Seller: Payment received on delivery Buyer: Order received on payment, no delivery fees
Cash on delivery	Seller: No risks Buyer: Additional fee and inconvenience	Seller: Guaranteed payment Buyer: More time to pay
Advance payment through bank	Seller: No risks Buyer: Payment before receiving order \Rightarrow no guarantee of content of delivery	Seller: Payment in advance Buyer: No extra fee associated with cash in advance and easy to use
Payment by “push button”	Seller: No risks, drawback: costs associated with providing this service Buyer: Payment before receiving order \Rightarrow no guarantee of content of delivery	Seller: Payment in advance Buyer: No additional costs, safe to use
Credit card	Seller: No risks, drawback: costs associated with providing this service	Seller: Payment in advance Buyer: No additional costs

	<p>Buyer: Payment before receiving order \Rightarrow no guarantee of content of delivery</p> <p>In addition, might not be safe</p>	
Invoice	<p>Seller: Small risk</p> <p>Buyer: No risk</p>	<p>Buyer: Receiving order in advance of payment, more time to pay for purchase</p>
E- invoice	<p>Seller: Small risk</p> <p>Buyer: No risk</p>	<p>Seller: Invoices integrated into ledger system</p> <p>Buyer: Receiving order in advance of payment, more time to pay for purchase</p> <p>In addition invoices are integrated into ledger system</p>
Credit account	<p>Seller: Some risk</p> <p>Buyer: No risk</p>	<p>Seller: Encourages customers to buy regularly</p> <p>Buyer: Allows small, reoccurring purchases that can be paid for in several parts</p>
Self-billing	<p>Seller: Some risk</p> <p>Buyer: No risk</p>	<p>Buyer: Receiving order in advance of payment, more time to pay for purchase</p>

According to Sähköisen kaupankäynnin aapinen, the following issues affect which method of payment should be selected for a web store:

- The nature of customer:
 - i. Consumer or enterprise
 - ii. Domestic or international
- Currently used payment methods
- Easiness to use particular method of payment and its effect on the entire shopping experience
- The costs occurring from the method of payment (both to the buyer and the seller)
- Credit risk: will the delivery of the product be simultaneous with the payment?
- Currency risk in international trade
- Security risk
- Easiness to get refunds

Thus, it is important to look into the abovementioned issues and select the methods of payment that will suit the potential customers best. (Ihonen 1995: 77; Sähköisen kaupankäynnin aapinen 2003: 25)

4.2.2 Paying methods at Eppu Normaali Ltd's web store

As a conclusion of careful investigation of different methods of payment, their risks and benefits and the potential customers' paying habits, following payment methods should be used in the web store.

Cash payment should be selected because of a strategic location of Akun Tehdas, the physical place of business of Eppu Normaali Ltd and its web store. The location allows:

- Customers who live in close proximity to pick up their order without delivery fee
- Customers who are visiting Akun Tehdas for other purposes to make purchases

Cash on delivery should be selected because it's easy to use and it's safe. In addition the customer's don't have to pay for their purchase in advance, thus giving them more time to pay.

Advance payment offers an alternative for customers who can't pick up their order from company's place of business, don't want to pay an extra fee associated with cash on delivery or who don't know how or don't want to use banks Internet service.

Since paying through a banks Internet service has become more common, this method of payment will be available in Eppu Normaali Ltd's web store. In addition, due to "push button", this method is easy and safe to use.

Invoice should be available only to enterprise customers. This way receiving payment can be guaranteed, because it is easier to check the solvency of a company's than the solvency of a private person.

There are several reasons why the other methods that were described earlier are not applicable. For example paying with credit card should be disregarded because the initiation costs should be kept in control, and the costs associated with allowing payment with credit card are quite high and there's already payment through banks Internet service available. However, if customers' interest towards this method of payment arises, payment with credit card should be taken into use.

Electronic invoices are on the other hand not that widely used, thus it was decided that this method shouldn't be available. In addition, the web store is mainly targeted at consumers rather than enterprises, which are the primary users of electronic invoice.

The credit account method should be also disregarded because of the costs related to the method, such as management of accounts, credits and billing. However, in the future this method of payment might be made available for "loyal customers" with regularly reoccurring purchases.

On the other hand, in accordance with company's target customers, self-billing is not suitable, because most of the customers will be consumers. Moreover, for the enterprise customers a regular invoice is available. Therefore, there is no need for self-billing.

4.3 Logistics

One of the most fundamental challenges of e- business is logistics and the issues related to managing the flow of goods and information. It is important to find and use the right channels and technologies, aiming for the highest cost efficiency and customer satisfaction. (Kettunen and Filenius 1998: 67; Sähköisen kaupankäynnin aapinen 2003: 30, 79)

High cost efficiency and customer satisfaction can be reached by finding the most suitable solutions to a few important issues, such as warehouse activities, transportation and channel for returns.

4.3.1 Warehouse activities

These activities include reception of goods from manufacturer, their inspection and storing, as well as gathering the products according to orders, and finally packing and sending them.

The seller can perform all of the abovementioned activities him/herself. However, the warehouse activities can be also outsourced, for example to a warehouse hotel. (Sähköisen kaupankäynnin aapinen 2003: 31)

4.3.2 Transportation

The transportation of physical goods is usually outsourced to a conventional transportation company, such as Posti or Matkahuolto. It is useful to offer various transportation options that vary in price, speed and service level, such as:

- Collection of order from sellers place of business
- Delivery to the nearest Post office, using Finnish Post Office's various parcel services
- Delivery directly to the customer, using Finnish Post Office

By providing several transportation alternatives, customer can choose the most suitable option. (Sähköisen kaupankäynnin aapinen 2003: 31; Kettunen and Filenius 1998: 67, 79-81)

4.3.3 Channel for return

In e- commerce returns are quite common, because customers can't feel and examine the product beforehand. Thus, it is important to create an

easy and free or charge return policy, such as “Customer return” service provided by Finnish Post Office. (Sähköisen kaupankäynnin aapinen 2003: 31)

4.3.4 Implementing logistics at Eppu Normaali Ltd’s web store

In order to achieve the highest cost efficiency in the case company, the flow of goods should be managed as follows.

4.3.4.1 Warehouse activities

In the beginning the business is predicted to be quite small and the company can use its own resources in performing the warehouse activities.

For example, the products can be received by the existing work force and stored in the unused warehouse space located in the company’s facilities. In addition, the current employees can carry out packaging and sending of the orders.

4.3.4.2 Transportation

Since Finnish Post Office handles most of the shipping of the letters and parcels in Finland and has several service packages, it is the natural and practical choice for a transportation company. However, in order to achieve the most cost efficient transportation means, it is useful to explore other options as well, such as Matkahuolto, who handle the shipment of larger packages.

In addition, it is crucial to have several transportation options that can satisfy the needs of all domestic and in future possibly international customers.

4.3.4.3 Channel for return

Well-organised channel of return is very important, because if this issue is not addressed properly it might prevent customers from ordering again. Consequently, the return policy should be made very easy and free of charge for the customer. This can be gained by making a contract with the Finnish Post Office, which in practice means that the customer can return the goods he/she wants to return or change to the nearest post office free of charge. The rest is handled between the Post Office and the company.

This is the easiest way to return products and most of customers are used to this kind of policy, because it is widely used by most of the web stores and mail- order stores.

5 **Marketing plan**

The issues dealt with in chapter 4 are the elements that affect selling, such as information about product and its delivery terms. This chapter on the other hand is dealing with the issues of how to present the information in the most effective way and increase the customers' awareness of the product and consequently increase sales.

According to Rosen (2000: 157) one of the most important issues in creating a successful e-commerce service is to know how and where to market the site. It is crucial to find the most effective ways to make the site known and easily accessible to customers. There are several issues to consider in order for the customers to find the web store and place their orders there.

5.1 **The company's electronic address**

One of the most important aspects that form the company image is company's electronic address. It is useful to select an address that contains the company's name or the name of the product or a brand that it is selling. Nevertheless, the customers should easily associate the site with the company.

For example a convenience store Anttila has chosen for its electronic address www.netanttila.com. It is easy to see from the address that the web store is associated with the conventional Anttila. In addition, Anttila has distinguished its electronic commerce from the conventional one by adding *net* in front of its name. (Sähköisen kaupankäynnin aapinen 2003: 15)

In the case of Eppu Normaali Ltd's web store, the address should reveal what the web store is about. However, for example the bands name cannot be used as an address, because that name is already used as an address in an official web site of the band (www.eppunormaali.net).

Since the name should be easily linked to the band as well as the company, the next best choice is to use a derivative of the name of the network, Akun Tehdas. This name is closely associated with Eppu Normaali Ltd, because it is a name of one of the bands songs. In addition it is a strong brand with high level of consumer awareness. Yet, the actual name: Akun Tehdas can't be used as an electronic address of the web store, because it is already in the use of the networks own web site, www.akuntehdas.com. Therefore, the name "Tehtaanmyymälä", which derivates from Akun Tehtaan myymälä, Akun Tehdas store should be used.

Moreover, because the web store is designed to support also the sales of products of other Akun Tehdas- network companies, the name "Tehtaanmyymälä" can be easily linked to any Akun Tehdas company. Thus, the electronic address should be www.tehtaanmyymala.com.

5.2 The web site

According to Sähköisen kaupankäynnin aapinen (2003: 16) the web site should offer the customer significant value, such as high quality information, convenient buying experience, individual service or new kind of experiences. In addition, Rosen (2000: 158) states, "information should be focused on creating an experience that is simple, easy and informative". As study's show, one of the most common reasons for leaving the web store without placing an order is excessively complicated site or user interface. Consequently, the web site should be easy to

navigate and use as well as be trustworthy. (Sähköisen kaupankäynnin aapinen 2003: 16)

Furthermore, the web site should reflect the company image and reinforce the company brand. Designing and making the appearance of the web site in accordance with company's brand manual, and for example using company logo and colour scheme can execute this. (Sähköisen kaupankäynnin aapinen 2003: 16, 17; Rosen 2000: 159)

The visual appearance of "Tehtaanmyymälä" web site should thus be similar to Akun Tehdas' web site. This can be achieved by using colours, logos and fonts from the same brand manual.

The design of the web site should be kept quite simple and stripped. The most important information should be placed up front on the opening page. In addition, the navigation should be made easy and also secondary information should be accessed with ease.

In addition to design, the graphics of the web site should be kept clear, small and standard. Any downloads should be quick and easy and everyone coming to the web store should be able to download them. Moreover, any downloads shouldn't require specific programmes.

The products should be presented in a clear and logical manner. All important and necessary information, such as available sizes, colours and pictures of products should be at hand. For clarity's sake the products should be divided in product groups and placed on the navigation menu, which would help the customers' to find the right one.

The actual order process of the products should be also made as simple as possible. The registration should be mandatory only if the customer wants

to order products. Therefore, the registration should be required only at check out, and not when entering the web store.

The registration form itself should contain only the most necessary information, such as login name, password, real name and address as well as phone number(s). Information about gender and date of birth should be optional. However, this information is quite important to the company, if it wants to create a customer database.

Altogether, “Tehtaanmyymälä” web site should be straightforward, clear and customer friendly.

5.3 Customer service

Customer service is equally or possibly even more important in a web store as it is in a conventional store. It is crucial to have a customer service channel, because the business is virtual in nature and the customer is relying only on the information available on the web site as a contrast to a sales person in a conventional store.

Hence it is important to provide the customers with channels to contact personnel at “Tehtaanmyymälä”, and ask any questions they have regarding the web store, such as information about products, orders or delivery terms. This service enhances good customer relationship as well as customer service.

The customers of “Tehtaanmyymälä” should be able to contact the personnel by e- mail or telephone. According to Sähköisen kaupankäynnin aapinen (2003: 21) in order to maintain good customer service, all enquiries made through e- mail should be responded to within 24 hours of the arrival of the e-mail. Moreover, it is recommended that the same person who is responsible of the e-mail correspondence should

answer the enquiries made by telephone. (Sähköisen kaupankäynnin aapinen 2003: 17)

In addition to personal customer services the web store should contain FAQ (Frequently Asked Questions) section, where the answers to the most frequently asked questions, such as issues related to orders and delivery terms would be answered. This way, the customer service won't have to repeatedly answer the same questions.

It might be also useful to provide the registered customers with a follow-up service, where they could check the current status of their order or a summary of previous orders. The customer could also be informed of the current status of the order by e- mail. For example, an e- mail could be sent to the customer when the order is passed on to the transportation company. That way the customer can estimate the approximate arrival of the order.

5.3.1 Delivery time

The delivery time of the orders depends greatly on the chosen transportation means. However, a standard and realistic delivery time should be established. Since "Tehtaanmyymälä" has chosen the Finnish Post Office as its primary transportation company the delivery time should be set in accordance to transportation company's promised delivery time, which is about 2- 5 working days depending on the size of the package and destination.

On time delivery is one aspect of good customer service, therefore the promised delivery time should be met in all circumstances.

5.3.2 Customer feedback

With the help of customer feedback the customer service can be improved. Customers should be able to give feedback through e- mail or directly on the web site. Allowing the customers to evaluate and post reviews of the products directly on the web store's site can facilitate this.

By examining the feedback, possible flaws or shortcomings in customer service can be reduced and developed.

5.4 Marketing strategies

According to Rosen (2000: 181) the most logical place to create site traffic is within company's already existing market. In addition all successful web sites are fully integrated into a company's overall marketing. Consequently, the information on how to access and use the web store should be included in all company's published marketing materials. In practice this means that the web stores address should be visible on for example advertisements in print media as well as TV, brochures and business cards. (Rosen 2000: 181-182, Sähköisen kaupankäynnin aapinen 2003: 24)

Furthermore, Sähköisen kaupankäynnin aapinen (2003: 24) states that the traditional marketing is the most efficient way to reach new customers and guide them to the company's web store, while e- marketing is the best way to keep the existing customers. On the other hand, the Internet might reach new customer base that can't be reached through the conventional methods. Nevertheless, the traditional and e- marketing should be integrated so that they would complete each other and deliver a cohesive message. (Sähköisen kaupankäynnin aapinen 2003: 24)

In the case of “Tehtaanmyymälä” the integration of a web store to Eppu Normaali Ltd’s overall marketing should be implemented in phases. The first phase is the launch of a web store and making the customers’ aware of the store and its products. The second phase is to fully integrate the web stores marketing into the company’s overall marketing.

5.4.1 Launching “Tehtaanmyymälä”

In the beginning a launching campaign should be executed in order to bring the web store straight into potential customers’ awareness. This can be done in accordance to the guidelines of Sähköisen kaupankäynnin aapinen and integrate the marketing of the web store with the overall marketing of Eppu Normaali Ltd using the traditional marketing means, such as magazines and TV, that more effectively reach new customers.

Usually marketing in magazines and on TV is quite expensive, thus it is important to choose the right channels that would reach the right customers, thus being most cost effective. However, the launch of the web store is scheduled at a very convenient time, because Eppu Normaali, the band behind the company is simultaneously releasing a new album, after taking a 10-year break. There is expected to be a lot of publicity around the band as well as the company. This “free publicity” in different media outlets should be exploited and the web store should be mentioned in every interview and included in every article. In addition, by integrating the marketing of the web store with the marketing of the new album will guarantee that the right audience will be reached, because the people who are interested in the band are most likely interested in buying the bands fan merchandise.

Consequently it is important that the web store's address and its contents are mentioned in the right medias guiding the customers to "Tehtaanmyymälä".

5.4.2 Marketing "Tehtaanmyymälä"

Once the customers become aware of the new web store, the store should be marketed fiercely in order to keep it in the customers' minds. This can be done with various marketing campaigns. As Koskinen (2004: 169) states it is essential to create marketing campaigns that help companies deliver their message to the right target groups thus making the marketing goals match the results. (Koskinen 2004: 169)

In the case of "Tehtaanmyymälä", the marketing campaigns that follow launching pursue the same guidelines as the launching campaign. Since the marketing of the web store is integrated with the marketing of the newly released album, which is followed by a tour, it is very efficient and logical to integrate the marketing of the web store with the marketing of the tour. This will ensure that the right target groups will be met, because the tour is expected to draw a lot of attention from the media as well as general public. On the other hand the publicity generated by the band will draw attention to the company and through that to the web store, which is one part of the company's overall business activity.

In addition there should be organized sales of fan merchandise on the tour at the concert places, which will provide a great opportunity to introduce new products to the customers. Moreover, placing various advertisements of the store at the sale booths and pitching the web store's address to the customers could enhance the awareness of the web store. It might be also useful to set up a competition on the web store web site and advertise it on

the tour. This way the potential customers would come to the web site and become familiar with it and its content.

5.4.2.1 Marketing on the Internet

In addition to launching and marketing campaigns the company can market and advertise on the Internet. There are several methods that can be used to support the traditional marketing and enhance its effect, such as marketing networks, banners and search engines.

Marketing networks

According to Sähköisen kaupankäynnin aapinen (2003: 22) a company can make it's marketing more efficient by being present on other web sites in addition to its own. For example companies whose service complete and complement each other could advertise and market each other and for instance provide an easy transition from one site to another through a link. Moreover, a company could join or form a network, where a group of companies that provide services or products that are linked to each other could market and advertise each other's products and services reaching broader customer base. (Sähköisen kaupankäynnin aapinen 2003: 22- 23)

In order to increase marketing Eppu Normaali Ltd's web store should be also present on other sites. Thus, in addition to the bands official web sites, links to the web store should be placed on all sites that are related to the band as well as the company, such as business partners' web sites. Furthermore high brand awareness of Akun Tehdas network should be utilized and link web store to the networks web site. The network is very well known and its web site has a lot of visitors who might be potential customers.

Banners

Rosen (2000: 170) states that banners placed on the major portals are the most prevalent form of web advertising. In practice banners are graphic advertisements that contain a link, which directs the potential customer to the actual web site of the advertising company. The banner can be placed on the company's own web site; however, it is usually presented on other web sites that most commonly operate by selling advertisement space. (Rosen 2000: 170; Sähköisen kaupankäynnin aapinen 2003: 23)

According to Sähköisen kaupankäynnin aapinen (2003: 23) effective banners contain some kind of interesting catch that grabs the potential customers attention and persuades him/her to go to the actual web site. Well- executed banners that are placed on niche portals or informational sites attract the right customers to the web site. However, banner advertising is rarely used as the only advertising method. Instead it is an effective supporting marketing technique and is most useful when launching new product, service or entire web site. (Sähköisen kaupankäynnin aapinen 2003: 23; Rosen 2000: 171-172; Tarkoma 1997: 85)

Sine there are a considerable amount of web sites that are related to Eppu Normaali the band, as well as the company, banner advertisements could be placed on the band and company related web sites, such as the web sites of business partners as well as the bands fan sites. This will ensure that the right audience will be guided to the web store.

Furthermore, banners can be placed on the web site of the Akun tehdas network, which has a very high visitor amount, because it's a web site of 11 companies.

The Internets search engines

According to von Willebrand (2002: 83) the amount of visitors of a web site is directly affected by how well search engines find sites. Moreover Kettunen and Filenius (1998: 94) point out that search services are the most used services and the web sites of the search engines are the most popular sites on the Internet. Therefore, in order to make the most of web advertising, it is important to place advertisements on the web sites of the most popular search engines. (von Willebrand 2002: 83; Kettunen and Filenius 1998: 94)

In addition, it should be noted that a vast amount of current and potential customers search information about the company and its services through the search engines. (Sähköisen kaupankäynnin aapinen 2003: 22) Consequently, Eppu Normaali Ltd should place advertisements of their web store on the most popular search engines web site, such as Google and suomi24.fi. However, it should be noted, that this kind of advertising could be quite expensive. Therefore, advertisements could be placed on these kinds of web sites only during the launching of "Tehtaanmyymälä".

6 Conclusion

At the moment digital economy is evolving rapidly and is present in almost every company's daily activities. Therefore, it is only a natural progress to include e- business as a part of company's overall business strategy. As studies show, e- business improves company's performance and provides added value both to the company as well as to its customers. For example an e- business activity in a form of a web store reduces the costs of the company by eliminating expenses associated with expensive sales offices and sales personnel. On the other hand with the help of a web store a company can reach completely new markets and thus increase its sales. Conversely, the customers receive better customer service and up to date information about products and services. In addition, web store makes it possible for customers to buy previously unavailable items. In this thesis the above-mentioned issues are examined in accordance to the case study company.

The case study company, Eppu Normaali Ltd's business idea to set up a web store is based on the fact that it wants to provide previously unavailable products for its customers. The fundamental idea of a web store is to sell Eppu Normaali, the bands fan merchandise, which were previously not for sale to the general public. In addition, a web store would complete the company's overall business strategy and involve it with e- business. Furthermore, in the long run a web store would generate more profits and open up possibilities for expansion. For example, since the infrastructure of the web store will be constructed to support also other product sales, in the future the web store could for example sell the products of other Akun Tehdas- networks companies.

The main objective of this thesis was to investigate the business theory behind setting up a web store and thus constructing guidelines for the case

company on how to implement this theory. After careful investigation of issues related to setting up a web store, more specifically its business aspects, such as marketing I became to a conclusion that setting up a web store would bring considerable added value to Eppu Normaali Ltd as well as its potential customers.

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