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PROPOSING A PROJECT FOR BUILDING AN E-COMMERCE WEBSITE FOR
RYIJYPALVELU-RP OY

Bachelor's Thesis 2014

ABSTRACT

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                                      for Ryijypalvelu-RP Oy

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                                      digital marketing

The thesis describes the development of a project proposal report for building an e-commerce website for a small textile firm based in Helsinki, Finland. The aim of the study is to determine how small businesses that are currently not highly involved in e-commerce should approach developing an e-commerce website in order to maximize the positive impact of selling on the Internet.

The study combined the use of action research and qualitative research methodologies by developing a project proposal report for Ryijypalvelu-RP through analyzing secondary data such as websites, textbooks, and journal articles, submitting the report to the management of Ryijypalvelu-RP to get feedback and suggestions to improve the practicality and reliability of the report, and then developing a second version of the project proposal report that would best fit the requirements of Ryijypalvelu-RP Oy.

The study determined that small business such as Ryijypalvelu-RP Oy should approach developing an e-commerce website by selecting a user-friendly e-commerce solution; ensuring that web design will aid the site visitors with completing their purchase; and using appropriate online techniques such as blogging, search engine optimization and social media marketing in order to increase the amount of relevant visitors on the website.

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1 INTRODUCTION

The impact of electronic commerce (e-commerce) across all businesses has grown tremendously in the past decade, from virtually non-existent in 1994 to € 1,173.5 billion in 2013, accounting for about 4.2% of total turnover of retail goods and services across the world (E-commerce Europe, 2014). It has been estimated that by 2050, e-commerce could account for as much as 20% of all retail turnover (eMarketer, Inc., 2013).

Not being able to adapt to technology standards can mean going out of business for some companies, considering that competition is now moving across national borders; in 2013, 94 million consumers have shopped cross-border and the number is expected to only grow (E-commerce Europe, 2014).

The first part of the present study defines e-commerce and e-business, describes the process of online shopping, and states the benefits of implementing e-commerce technologies for businesses; the second part of the study describes the process of how a project proposal for the development of a modern e-commerce website for Ryijypalvelu-RP Oy was developed. Two versions of the project proposal are created in the process; the first version is submitted to the management of Ryijypalvelu-RP Oy and then improved based on the management's feedback.

This thesis aims to find out how small businesses that are currently not highly involved in e-commerce should approach developing an e-commerce website in order to maximize the positive impact of selling on the Internet. The main beneficiary of the study is Ryijypalvelu-RP Oy, the commissioner of this thesis.

The main research question of the study is:

- Which steps should be taken in order to develop and market a modern e-commerce website for a small business such as Ryijypalvelu-RP Oy under limited monetary resources?

The study also seeks to find answers to the following questions:

- What is e-commerce and what are the benefits of adopting e-commerce?

- What is the current e-commerce presence of Ryijypalvelu-RP Oy and how effective is it?

1.1 Company background

Ryijypalvelu-RP Oy is a small textile firm based in Helsinki that sells traditional Finnish cloth rugs. The company offers the widest selection of rug designs in Finland. Customers can either buy a finished rug or a do-it-yourself kit for making a rug. There are more than 300 of designs available at the moment, ranging from folk models designed in 1700s to modern rugs.

The company has been in operation since 1955 and initially operated with the goal of using the profits to help families of war invalids. The company's sales performance has been stagnant in the past decade or so, with its inability to attract new customers and its customer base aging.

1.2 Research objectives

The objectives of the research are:

- Develop a project proposal for Ryijypalvelu-RP Oy for building of a modern e-commerce website; use the company's management's feedback to improve the proposal's practicality;
- Define e-commerce and determine how it affects business operations;
- Analyze the current online presence of Ryijypalvelu-RP Oy and identify the reasons for its ineffectiveness.

2   E-COMMERCE AND PROJECTS PROPOSALS

2.1   E-commerce definition

Electronic commerce, or e-commerce, is a concept that can be defined in many different ways depending on the perspective taken. Some authors, such as Sterrett and Shah (1998), went with a more broad definition, and determined electronic commerce to be "any transaction that is handled electronically"; others, such as OECD (2011, 72) refer to an e-commerce transaction as "the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders". When looked from the broader perspective, electronic commerce has been in use since 1965, when consumers were first able to use automated teller machines, sale terminals, and credit cards for money withdrawal or purchases (Molla and Licker, 2001). The definition has somewhat changed over the years and now e-commerce is more often referred to as simply buying and selling using the Internet. This more modern definition has been expanded by Chaffey (2009), who suggested that e-commerce should include not only financial transactions, but "*all* electronically mediated transactions between an organization and any third party it deals with", including non-financial transactions such as customer inquiries.

Kalakota and Whinston (1997) describe four possible perspectives to look at e-commerce:

1. Communications perspective, or using electronic means to communicate information, products, services, or payments;
2. Business process perspective, or using electronic means to automate business transaction and workflow;
3. Service perspective, or using electronic means to automate or increase quality of service and cut costs;
4. Online perspective, or buying and selling products over the Internet.

Chaffey (2009, 13) notes that the terms "e-commerce" and "e-business" have been used as either the same concepts, overlapping concepts, or one as part of the other (see Figure 1) and advocates the use of the definition shown in Figure 1(c), in which e-business refers to "all electronically mediated information exchanges, both within an organization and with external stakeholders", while e-commerce refers to such ex-

changes only with external stakeholders. Laudon and Traver (2014), to the contrary, suggest that e-business should refer to digital information exchanges only *within* a firm, such as online inventory control management software; any commercial transactions that cross the boundaries of the firm refer to e-commerce.
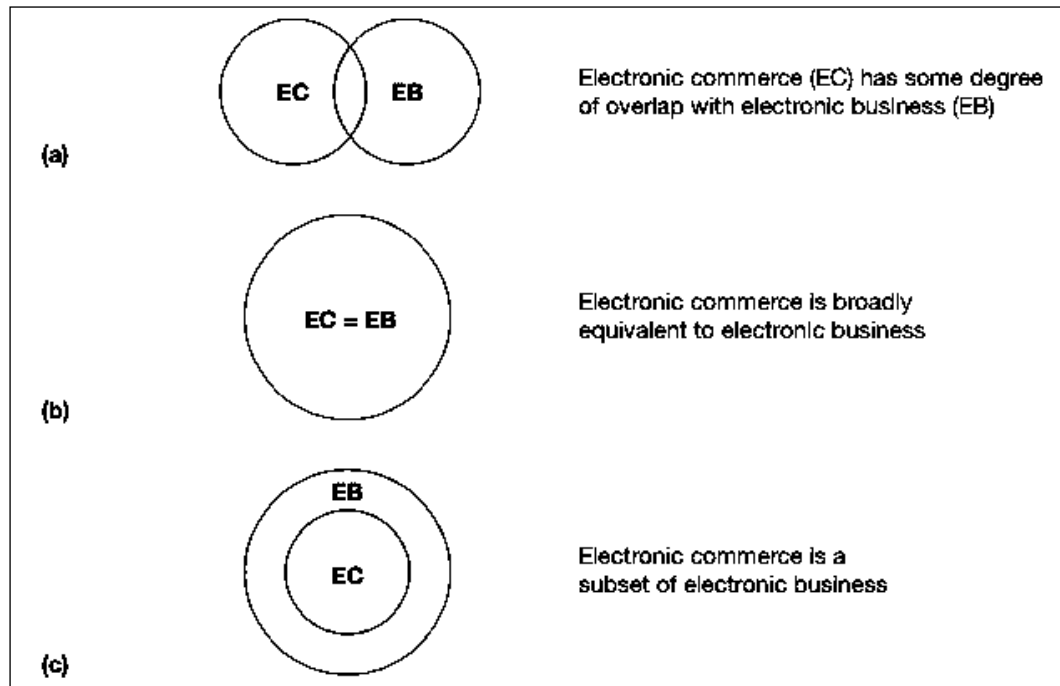

Figure 1. E-business and e-commerce relationship models (adopted from Chaffey, 2008)

Indicating that e-commerce can influence a company's operations from more than one direction, Chaffey (2009) proposed dividing e-commerce into buy-side e-commerce (the relationship between business and its suppliers) and sell-side e-commerce (the relationship between business and its customers). Such division allows for easier recognition of opportunities to implement e-commerce in business operations.

Depending on the type of communication between an organization and its customer, the sell-side e-commerce can be implemented by companies according to four models (Chaffey & Smith, 2013):

- B2B, or business-to-business;
- B2C, or business-to-consumer;
- C2B, or consumer-to-business;
- C2C, or consumer-to-consumer.

Chaffey (2009) also suggests that depending on the type of products that a company offers, a sell-side e-commerce website can be used for different reasons. He divided e-commerce websites into four categories, although some of them are often implemented simultaneously on one website:

1. Transactional e-commerce sites, which enable buying a product or service directly over the Internet;
2. Services-oriented relationship building web sites, which are meant to provide information and stimulate a purchase decision;
3. Brand-building sites, which are meant support the brand;
4. Portal or media sites, which provide various types of content, such as news or entertainment.

Although only websites that enable commercial transactions can be claimed to be e-commerce websites, the other three categories are often present in an e-commerce website in order to help market the products or services that are sold there.

As the use of e-commerce in small businesses is often limited, it is important to be able to evaluate it in a systematic way. Chaffey (2009) indicated that there are at least six development stages of sell-side online presence for every business:

0. No online presence;
1. Basic web presence: now website, but some information about the business is available on external websites;
2. Simple informational web site, which contains company and product information;
3. Simple interactive site, which is able to allow its visitors make inquiries or search the website for specific information;
4. Interactive site supporting transactions with users, such as buying and live customer service presence;
5. Fully interactive site supporting the whole buying process, which provide a full range of marketing exchanges that supports buying.

2.2   The online buying process

Chaffey and Smith (2013) developed a model of the buying process on e-commerce websites (see Figure 2). The models shows the continuity of the buying process, as most purchases online start from awareness of some need or want (offline or online), which leads to search of available offering, then evaluation of a particular offering, to making the decision whether to commit or not, to the actual purchasing and paying process, followed with, if necessary, customer support, lead generating email newsletters or reminders that can trigger an awareness of another need or want and start the buying cycle again.
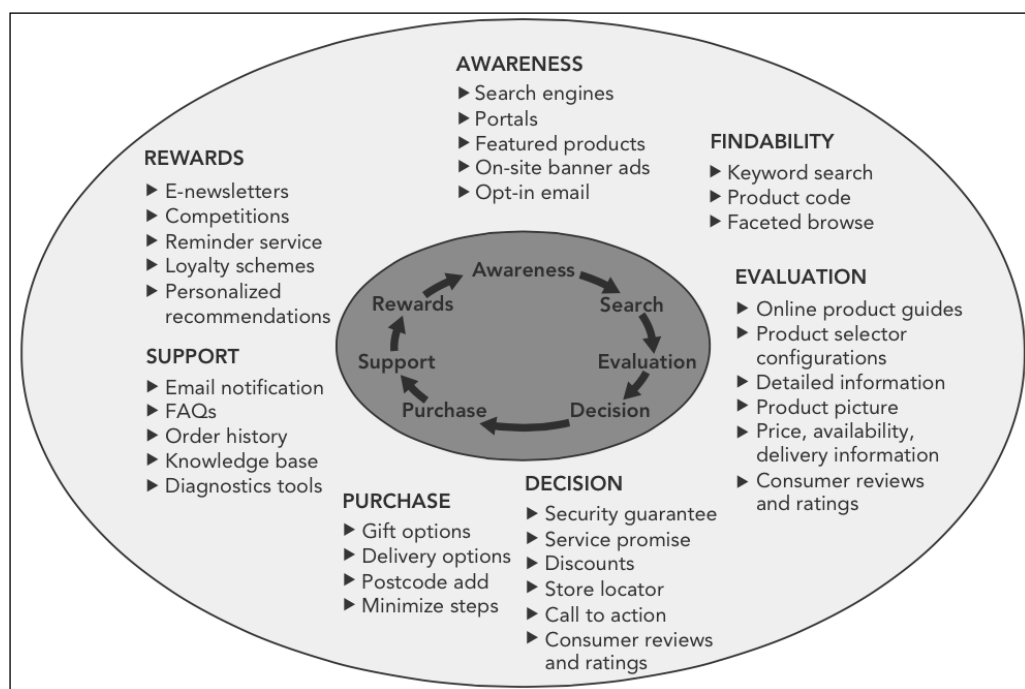

Figure 2. The online buying process by Chaffey and Smith (2013)

Laudon and Traver (2014) view online consumer behavior as a number of factors that shape the decision to purchase from an online store, dividing them into background demographic factors, intervening factors, and "clickstream" ("point-of-purchase") behavior, i.e. the behavior the consumer exhibits directly before the moment of purchase (see Figure 3).
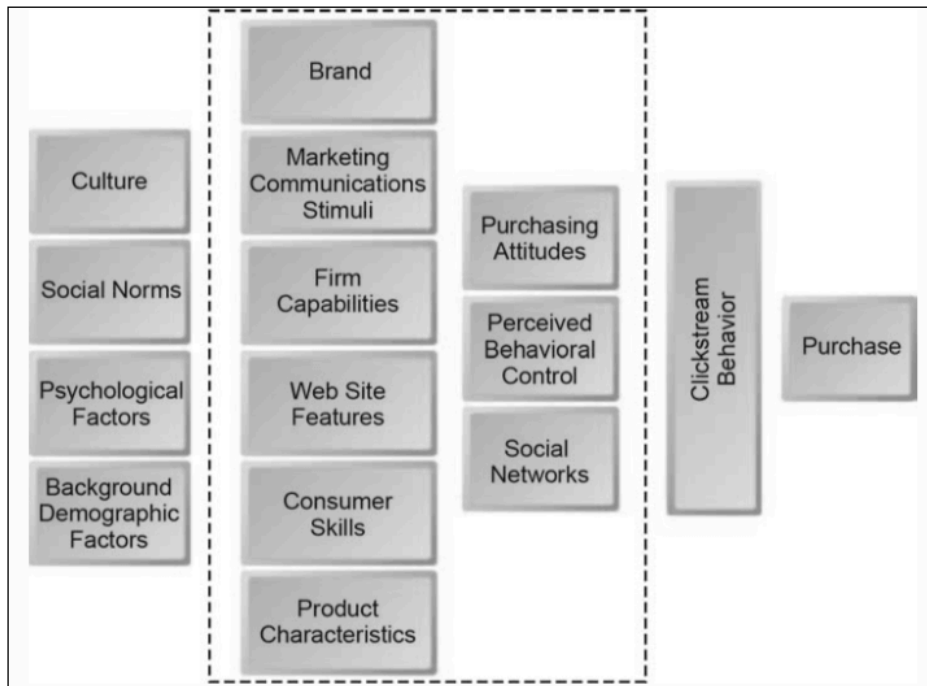
Figure 3. Laudon and Traver's (2014) model of online consumer behavior divides the process into three groups of factors

These models are important in understanding which factors and in which order can influence whether a site visitor decides to purchase or not. By making sure that each possible action of a visitors is thought out and leads to an appropriate response by the website, the effectiveness of the website can be improved substantially.

2.3   E-commerce success factors

Rockart (1979) suggested that every strategic objective should be supported by critical success factors, defined as "areas in which results, if they are satisfactory, will ensure competitive performance for the organization".

In a study based on a comprehensive literature review from 1991 to 2011, Ajmal and Yasin (2012) identified an array of factors that can be used to assess overall success of an e-commerce SME (Table 1). The model is very far-reaching and tries to take into account all possible stakeholders of an e-commerce firm.

Table 1. Success factors for SMEs (adopted from Ajmal and Yasin, 2012)

TABLE I: SUCCESS FACTORS FOR SMEs.						
Organizational	**Management**	**Technological**	**Individual**	**Implementation**	**Environmental**	**Trust**
(O1) Enterprise resources (O2) Firm size	(M1)Resources commitment (international web use) (M2) good Project Management team	(T1) Technical infrastructure (T2) Business infrastructure (T3) Communication	(I1) IT Skill & Expertise (I2) Education & awareness ( )	(IM1) Product & services (IM2) Delivery & payment (IM3) Usefulness (IM4) Ease of use IM5 Customer-Service / Client interface	(E1) Government Support (E2) Industry (E3) National (E4) Competitive pressure	(T1) Security (T2) Privacy (T3) Loyalty

Molla and Licker (2001) applied a model of information systems (IS) success earlier developed by Delone and Mclean to e-commerce and identified several factors that may contribute to e-commerce success (see Figure 4). At the center of the model in customer satisfaction, which stems from experiences encountered at the website (use) which in turn is influenced by e-commerce system quality, content quality, trust established between the user and the website, and customer service quality.
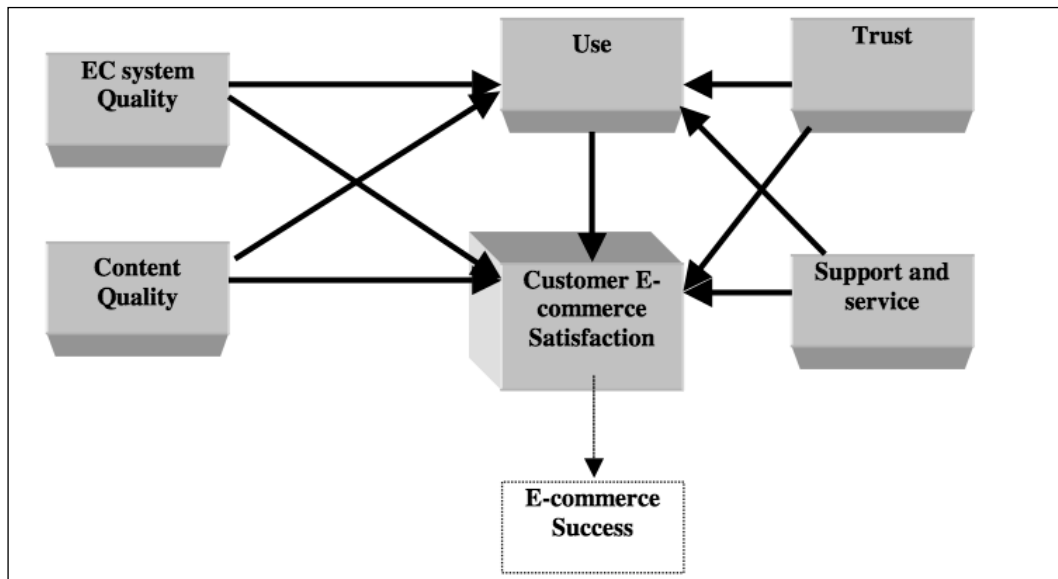

Figure 4. E-commerce success model (adopted from Molla and Licker, 2001)

Udo and Marquis (2002), based on 117 responses of e-commerce website users, determined that the most critical success factors of e-commerce web site design are download time, ease of navigation, graphics usage, interactivity and consistency.

Jeffcoate et al. (2002, 129) identified 11 e-commerce critical success factors for SME:

- Content. The effective presentation of a products or services.
- Convenience. The usability of the website.
- Control. The extent to which organizations have defined processes that they can manage.
- Interaction. The means of relationship building with individual customers.
- Community. The means of relationship building with groups of like-minded individuals or organizations.
- Price sensitivity. The sensitivity of a product or service to price competition on the Internet.
- Brand image. The ability to build up a credible brand name for e-commerce.
- Commitment. A strong motivation for using the Internet and the will to innovate.
- Partnership. The extent to which an e-commerce venture uses partnerships.
- Process improvement. The extent to which companies can change and automate business processes.
- Integration. The provision of links between underlying IT systems in support of partner- ship and process improvement.

Laudon and Traver (2014) identified the eight most important factors of e-commerce site design to be functionality, abundant information, ease of use, alternative navigation paths to the same content, ease of purchase, multi-browser functionality, simple graphics, and legible text. These factors were developed based on an analysis of website features that received most complaints from customers, which are shown in Table 2. He notes that the "annoying" features of a website will most likely prevent the customers from buying forever.

Table 2. Features that received most complaints from website users

• Requiring user to view ad or Flash introduction before going to Web site content	• Inability to use browser's Back button
• Pop-up and pop-under ads and windows	• No contact information available (Web form only)
• Too many clicks to get to the content	• Unnecessary splash/flash screens, animation, etc.
• Links that don't work	• Music or other audio that plays automatically
• Confusing navigation; no search function	• Unprofessional design elements
• Requirement to register and log in before viewing content or ordering	• Text not easily legible due to size, color, format
• Slow loading pages	• Typographical errors
• Content that is out of date	• No or unclear returns policy

The models look at e-commerce success from different perspectives, as Ajmal and Yasin have a more comprehensive model that would encompass benefits of all possible stakeholders of an e-commerce organization, Molla and Licker (2001), Jeffcoate et al. (2002) look from the perspective of the user of an e-commerce website, and Udo and Marquis (2002), Laudon and Traver (2014) take into account mostly the design of an e-commerce website.

2.4   E-commerce development decisions

Building and maintaining an e-commerce website requires making an array of decisions. Before starting to develop a strategic e-commerce plan, a general infrastructure of e-commerce should be explored.

Laudon and Traver (2014) divided the decisions that are made in the process of building an e-commerce website into six areas: telecommunications, software, hardware, site design, human resources, and management decisions. He also provided a timeline for e-commerce presence, which consists of six phases and is meant to break down the large task of developing an e-commerce website into smaller, more manageable projects. In Table 3, the six phases can be further broken down into three tasks: 1. Developing the websites's contents, design, and functionality. 2. Make the website functional by implementing search engine optimization and marketing activities. 3. Identifying appropriate social channels and building the social media presence by regularly sharing appropriate content.

Table 3. E-commerce presence timeline by Laudon and Traver (2014)

PHASE	ACTIVITY	MILESTONE
Phase 1: Planning	Envision Web presence; determine personnel	Web mission statement
Phase 2: Web site development	Acquire content; develop a site design; arrange for hosting the site	Web site plan
Phase 3: Web Implementation	Develop keywords and metatags; focus on search engine optimization; identify potential sponsors	A functional Web site
Phase 4: Social media plan	Identify appropriate social platforms and content for your products and services	A social media plan
Phase 5: Social media implementation	Develop Facebook, Twitter, and Pinterest presence	Functioning social media presence
Phase 6: Mobile plan	Develop a mobile plan; consider options for porting your Web site to smartphones	A mobile media plan

Chaffey (2009) used a framework of eight "strategic e-business decisions":

1. E-business channel priorities
2. Market and product development
3. Positioning and differentiation strategies
4. Business and revenue models
5. Marketplace restructuring
6. Supply-chain management capabilities
7. Internal knowledge management
8. Organizational resourcing and capabilities

While these models view developing an e-commerce website from the perspective of building a standalone business, this thesis is concerned with building an e-commerce website for a company that already has a strategy for doing business offline. Nevertheless, it is important to understand that building an extensive online presence for a company must be done in a way that supports its corporate strategy.

A more focused approach that looks at the objectives that a typical e-commerce website can fulfill, as well as the technology that provides it, is presented in Table 4 (Laudon and Traver, 2014).

Table 4. Business objectives an e-commerce website can fulfill and the system functionality needed to provide it

Objective	System functionality / technology
Display goods	Digital catalog with dynamic text and graphics
Provide product information	Product database
Engage customers in conversations	On-site blog
Execute a transactions	Shopping cart and payment systems
Accumulate customer information	Customer database
Provide after-sale customer support	Sales database
Coordinate marketing and advertising	Advertising and email servers, advertising and email management software
Understand marketing effectiveness	Site tracking and reporting system
Provide production and supplier links	Inventory management system

2.5 Benefits of e-commerce adoption

Before introducing e-commerce into an existing business, it should be well understood what the possible benefits of adopting e-commerce are. Chaffey and Smith (2013) divided the potential benefits of using e-commerce into tangible and intangible, with the tangible benefits including:

- Increased revenues, such as from gaining new customers;
- Marketing cost reduction, such as by using social media marketing;

- Supply chain cost reductions, for example by reducing or eliminating levels of inventory;
- Administrative cost reductions, such as by reducing sales staff;

and the intangible benefits including:

- Better corporate and brand image communication;
- Faster product lifecycle;
- Better customer service;
- Enhanced marketing management;
- Feedback from customers.

A study of 74 Swedish SMEs (Beheshti and Salehi-Sangari, 2006) that have an Internet-based e-business showed that the areas most improved by improved by implementation of e-commerce are:

- In manufacturing firms: customer service, customer retention, and distribution costs;
- In service firms: customer service, marketing, and customer retention.

Overall, it seems that the benefits of implementing e-commerce can be immense, considering that out of 816 million people living in Europe 264 million shop online with turnovers reaching 40.8 billion euros. (Ecommerce Europe, 2014).

2.6 Project planning and project proposal writing

In this thesis, the development of an e-commerce website is viewed as a project, and the latter part of the study is presented as a project proposal, where the problem with the current online presence of Ryijypalvelu-RP Oy is presented, a solution is suggested, and the objectives and goals for the project are set.

Haynes (2002) defines a project as

"an undertaking that has a beginning and an end, and is carried out to meet established goals within cost, schedule, and quality objectives."

He claims that planning is a crucial part of project planning, as it describes in detail what is required for successful project completion along the dimensions of quality, time, and cost. The project parameters are shown as a model (Figure 5) so that the parameters of quality, cost, and time are presented in a project plan the forms of respectively specifications, budget, and schedule.
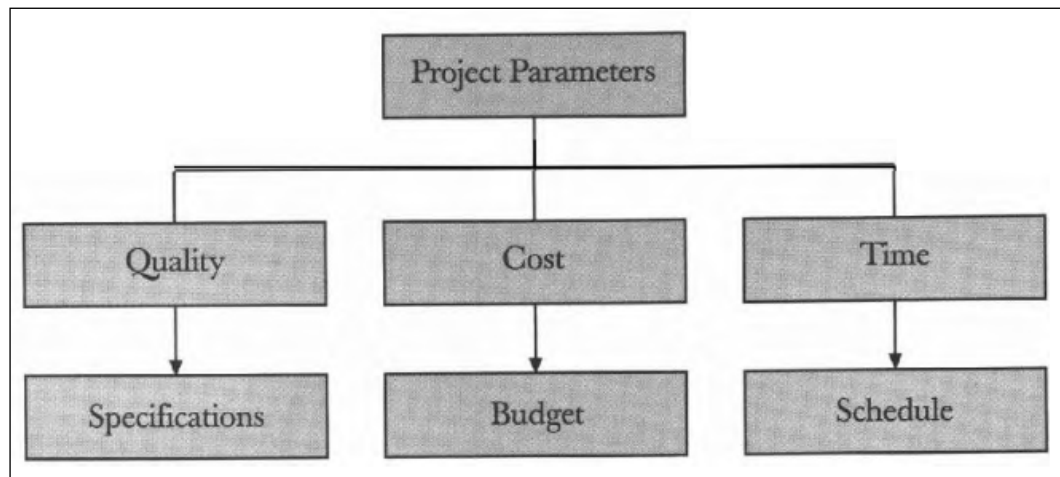

Figure 5. Project parameters (adopted from Haynes, 2002)

Project Management Institute, Inc. (2013) suggested a more concise, although similar definition of a project: "a temporary endeavor undertaken to create a unique product, service, or result." The process of project managements (Figure 6) is divided into three phases: enter phase, monitoring and controlling processes, and exit phase. Project planning is also seen as a crucial part of project management, as the bulk of any project consists of continuous changes to its project plan as it is being executed.
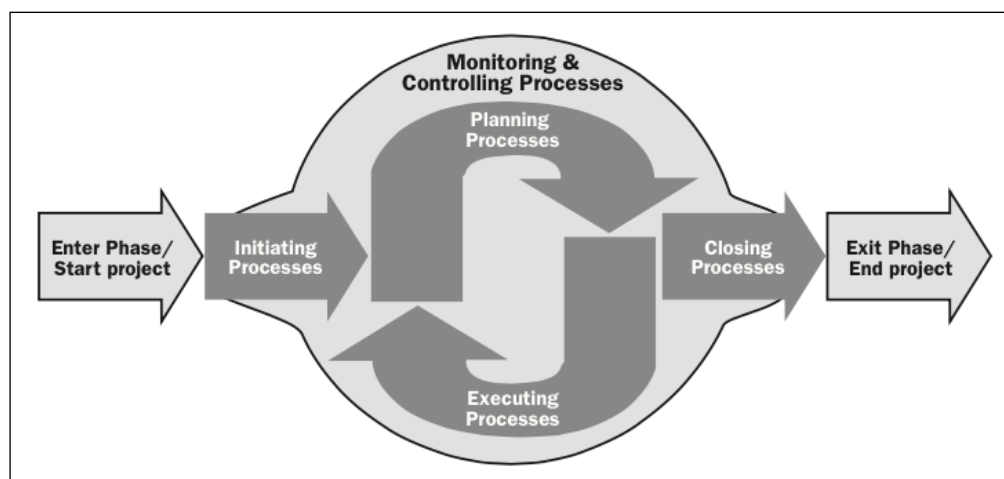

Figure 6. Project process (adopted from Project Management Institute, Inc., 2013)

Haynes (2002) divides the project process into four stages:

1. Defining the project
2. Planning the project
3. Implementing the project
4. Ending the project

The two models are very similar and provide a solid framework for pursuing any project.

According to Haynes (2002), the first step in a project is defining and clarifying its scope. This stage is meant to

- Make sure that the team is solving an actual problem or pursuing a real opportunity;
- Set imperative and desirable objectives the project;
- Choose the right approach to achieve the selected objectives.

Hagemann and Danley (2003, 1) said about writing project proposals:

"The purpose of a proposal is to […] provide a solution to a problem, or recommend an improvement; therefore, proposals 1) describe the problem, 2) suggest a solution and 3) request permission and/or funding to implement the solution."

Foundation Center (n.d.) suggested that the structure of a project proposal should consist of the following components: executive summary, statement of need, project description, budget, organization information, and conclusion.

3   METHODS

The purpose of this thesis is to develop a project proposal that is not only based on the latest thinking in the field of e-commerce and digital marketing, but also corresponds with the needs and wishes of the management of Ryijypalvelu-RP Oy, as well as the resources they possess. In order to achieve this, a mix of qualitative research and action research methods are used. This ensures that the final version of the project proposal is both comprehensive and practical, and will allow the proposed solution to be developed within a relatively short period of time. The choice of the methods and the role each of the methods plays in this study is further explained in this chapter. The process of the research process and the methods used in each of the steps are presented in Figure 7.
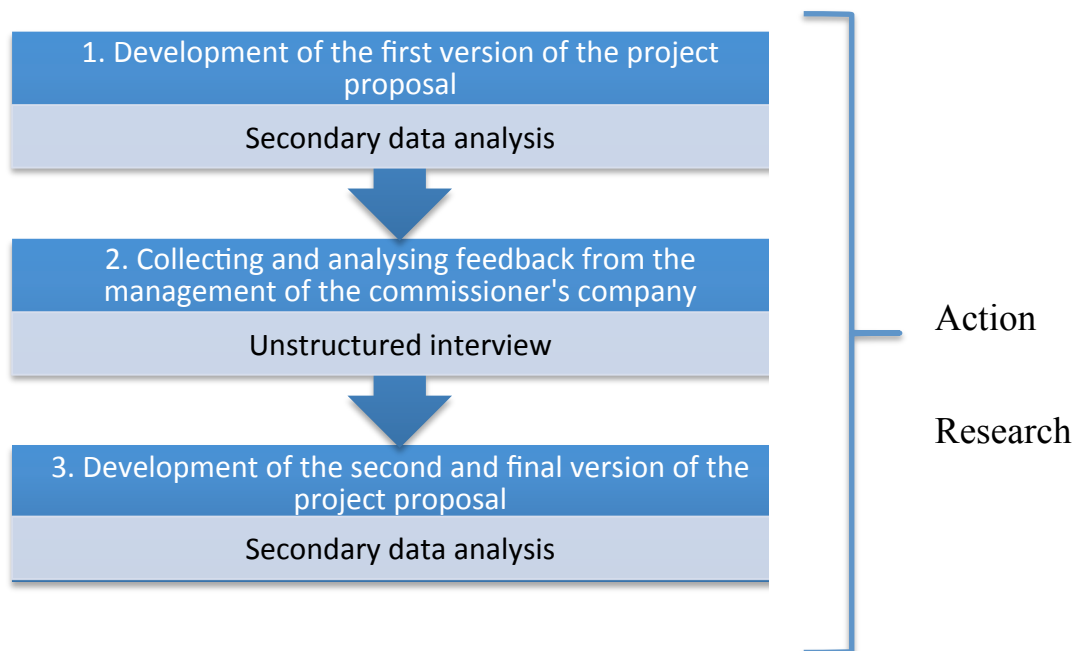

Figure 7. Research process and methods used

Kananen (2010) suggests that qualitative research is best used when an in-depth view of a phenomenon is needed. In this study, the data for project proposal is drawn from a variety of secondary sources in order to gain an in-depth understanding of how a company such as Ryijypalvelu-RP Oy should approach developing and marketing an e-commerce website. Secondary data analysis is chosen as the main method in the development of both first and second versions of the project proposal for the reason that it allows to save time and money, and provides access to data that may otherwise be impossible to obtain through primary research (Ghauri & Gronhaug, 2005). After the initial version of the project proposal is developed, it is submitted to the management

of Ryijypalvelu-RP Oy, followed by an semi-structured email interview that is conducted to reveal any concerns the commissioner might have and to receive suggestions on how the project proposal can be improved to better fit the capabilities of the commissioner firm.

Overall, the study is done as an action research project. Koshy (2005, 3) suggests that action research is meant to "create knowledge based on enquiries conducted within *specific* and often *practical* contexts." Action research is, therefore, appropriate for writing the project proposal for Ryijypalvelu-RP Oy, as it will allow for the solution to be more practical to the commissioner of this thesis because of modifications made through analyzing feedback of the firm's management. According to Koshy (2005), action research also allows for an opportunity that a theory or alternative solution may emerge from the research, as opposed to research following an already formulated theory.

Action research is a process or a cycle that consists of analyzing the current practice, developing an action plan, intervening (taking action), and then reflecting on the results (Macintyre, 2000). In this study, action research will involve analyzing the current online presence of the commissioner company, developing a proposal (solution) and submitting it to the commissioner firm, and then analyzing and reflecting on the feedback received in order to develop a second version of the project proposal that is more refined and practical for the commissioner.

4   FINDINGS AND RESULTS

The purpose of this study was to develop a project proposal that would identify the steps that should be taken for a small business such as Ryijypalvelu-RP Oy in order to develop and market a modern e-commerce website under limited monetary resources. This chapter describes and discusses the findings of the project proposal versions that have been developed in this study. The full versions of the first and second version of the developed project proposal can be found at the end of this thesis as Appendix A and Appendix B, respectively.

As the report for Ryijypalvelu-RP was done as a project proposal, an appropriate structure was chosen. The structure of the proposal has been suggested by Foundation Center (n.d.), with the main sections being: executive summary (abstract), project background and statement of need, definition of the suggested project and its scope, project description and specifications of what needs to be done, project schedule and estimated costs, and conclusion. Each section will be briefly described in this section of the thesis. The data that was used to develop the project proposal has been taken from a variety of secondary sources, such as online articles and textbooks.

4.1   Development of the first version of the project proposal

At first, Ryijypalvelu-RP Oy, the commissioner of this thesis, is presented, and a brief history of the firm is given. This section is written in order to clarify the starting point of the proposed solution. The company's current online presence is then analyzed and a list of possible reasons for its ineffectiveness is given.

It has been determined that currently the e-commerce functionality of Ryijypalvelu-RP Oy's website is limited as it does not provide its customers with basic e-commerce features such as a shopping cart or online checkout. Building a state-of-the-art e-commerce website and implementing various online marketing techniques has a significant potential for improving sales performance of the company, as well as widening its customer base, enhancing customer service and customer retention practices (Chaffey and Smith, 2013; Beheshti, 2006).

In the "Project definition and scope" section, the proposed project is defined and the possible benefits are listed and justified. The two key objectives are selected to be:

- Develop a state-of-the-art e-commerce website for Ryijypalvelu-RP Oy that will be able to convert its visitors into paying customers at a high rate;
- Increase the amount of visitors on the newly developed website through the use of various marketing techniques such as search engine optimization, Pay Per Click advertising, and strategic use of social media.
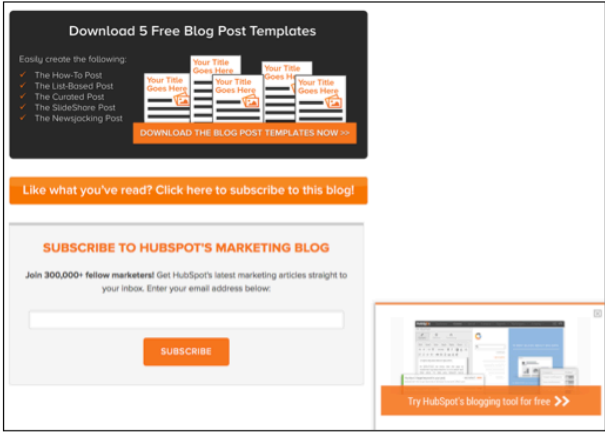
The "Project description" section is meant to provide a description of specific actions that need to be taken in order to achieve the proposed objectives. At first, the alternative approaches to building an e-commerce website are considered, such as hiring a professional web developer or using an e-commerce platform. Since hiring a professional web developer is expensive and takes a longer time to develop the website, an appropriate e-commerce platform options are then selected based on the needs of Ryijypalvelu-RP Oy, such as ease of use and maintenance, low subscription price, and fit for selling products similar to *ryijys*. Out of the reviewed e-commerce solutions (Shopify, Bigcommerce, and Woocommerce), all three are excellent in terms of functionality for a small business such as Ryijypalvelu-RP Oy. Although more advanced features of Bigcommerce and Shopify might offer more growth potential without the need to migrate to another e-commerce platform in the future, WooCommerce offers a significant advantage for a price-conscious company like Ryijypalvelu-RP Oy due to it being free.

The section then focuses on how the newly developed website can attract new customers through using techniques such as blogging, search engine optimization, and social media (see Figure 8). Search engine optimization techniques improve the natural position of the website in search engine results pages so that potential customers can easily find the website; social media marketing allows to communicate with customers, receive feedback, and advertise to specific groups of people that share a common interest; frequent blogging adds content for the search engines to index, contains call-to-action buttons to produce sales, and may lead to people sharing the content over social networks. At the end of the "Project description" section, several techniques that can increase the percentage of site visitors converted to buyers are presented. In order to maximize the number of visitors converted into paying customers, the

merchant has to make sure that the website design, including product pages and the checkout process, are not deterring the customer from making the purchase by distracting him with banners, including hidden charges, setting high delivery rates, or not stating security measures of the website.

> According to Conley (2014), successful use of social media for businesses should incorporate:
>
> 1. Focusing on specific target audiences and knowing which social network each target group prefers;
> 2. Incorporating call-to-action buttons on social media in order to "push" the audience to take a specific action, such as buying a product (see Figure 4.10)
>
> Figure 4.10. Call-to-action buttons at the end of a blog post at blog.hubspot.com

Figure 8. Example of a technique to encourage blog or social media visitors to buy a product

The final section of the project proposal "Project schedule and costs" estimates how long each step of the development process will likely take and the costs associated with implementing the techniques presented earlier in the project proposal. It is then concluded that developing an e-commerce website is likely to be a worthwhile investment for Ryijypalvelu-RP Oy.

4.2   Feedback from the company's management

The first version of the project was then submitted to the management of Ryijypalvelu-RP Oy followed by a short semi-structured email interview. The interview was based around two open-ended questions:

- What do you think about the idea of developing an e-commerce for Ry-ijypalvelu-RP Oy in general and specifically about the project proposal report? How could the project proposal be improved in order to be more practical for Ryijypalvelu-RP Oy?
- What more would like to know in order to start development of a new e-commerce website?

Overall, the management of Ryijypalvelu-RP Oy stated that it has been pleased with the idea of developing an e-commerce website for the company and how it was presented in the project proposal. The feedback comments also stated that "the writing form, format and style are clear, concise and easy to read" and that the references are up to date.

The management of Ryijypalvelu-RP also presented a list of what could be improved in the project proposal report and what could be added in order for the proposal to be more practical and useful for the company. Suggestions for improvement that have been received from the management of Ryijypalvelu-RP Oy are presented in Table 5. Based on the feedback and the suggestion received, the project proposal have been modified to better fit the needs of the commissioner company. The changes to the project proposal are presented in the next section.

Table 5. Suggestions for improvement from the management of Ryijypalvelu-RP Oy received during the email interview

Area of the proposal	Suggestions for improvement
E-commerce platform choice	Explore the options of free e-commerce solutions without monthly or commission fees
E-commerce platform choice	Justify how the reviewed e-commerce options were chosen
Product pages, search engine optimization	Explore how the high price of ryijys can be justified by showing that the customer is paying for "the good quality, handicraft"
All project proposal report	Use a more personalized approach, explain how the project proposal exactly relates to Ryijypalvelu-RP Oy
The checkout process	Explore the payment options available
Blogging techniques	Explain what kind of content can be published on the company blog and on social media
Social media	Explain how the company can find out which social media to use to reach relevant customers

4.3 Development of the second version of the project proposal

In order to better fit the requirements of the commissioner company, a number of changes have been implemented to the project proposal report based on the feedback and suggestions received (see Table 5). The changes will be described in present section.

The choice of e-commerce platform to review has been changed and now based on Gregoire (2013), who has reviewed 25 of the most popular e-commerce solutions, and graded each in terms of pricing, functionality, and ease of use. Three e-commerce solutions that would fit Ryijypalvelu-RP Oy due to providing excellent user experience, sufficient functionality to allow for future growth, and reasonable price were chosen. One of the solutions, WooCommerce, is fully free for the basic plan, and, according to Gregoire (2014), would best fit small retailers (up to €500,000 in sales annually).

A new section was added with possible ideas about how all marketing messages, including online advertising, search engine marketing, and on-site product pages, could be modified in order to highlight the fact that ryijys are a hand-made luxury product and the high prices are justified. The section lists 8 principles (8 P's) of luxury brand marketing suggested by Arora (2010).

Several paragraphs were added that reflected on what kind of content the commissioner company could publish on its blog or social media in order to bring more visitors, as well as on the best ways to choose social networks that would reach more customers from the company's target groups. In addition to that, the current presence of the company of the Facebook social network is shown with the conclusion that it needs to bring more followers by posting content that potential customer would find useful. A new paragraph was added about the significance of including several payment options for the e-commerce website and how the company should choose which payment methods to include based on the traffic that it gets on the e-commerce website.

5 CONCLUSIONS AND SUGGESTIONS FOR FUTURE DEVELOPMENT

5.1 Summary of main findings

The study was set out to determine how small businesses that are not currently highly involved in e-commerce should approach developing and marketing a modern e-commerce website. The study was done as an action research project for Ryijypalvelu-RP Oy, a small textile manufacturing company based in Helsinki. The study was completed with the objective of developing a project proposal report for Ryijypalvelu-RP Oy that would analyze its current online presence and determine its degree of effectiveness, identify the benefits of adopting e-commerce, and establish the steps that it should take in order to develop and market a modern e-commerce website.

The thesis was done as an action research study that included developing a project proposal report for Ryijypalvelu-RP by analyzing secondary data such as websites, textbooks, and journal articles, submitting the report to the management of Ryijypalvelu-RP to get feedback and suggestions to improve the practicality and reliability of the report, and then developing a second version of the project proposal report that would fit the requirements of Ryijypalvelu-RP Oy. The summary of the main findings of the project proposal report can be found in Chapter 4 of the study. This section will synthesize the findings of the project proposal report to answer the study's research questions.

1. Which steps should be taken in order to develop and market a modern e-commerce website for a small business such as Ryijypalvelu-RP Oy under limited monetary resources?

    a. Selecting an e-commerce platform, such as Shopify or Bigcommerce or any of the available solutions on the market, in order to develop a modern high-quality e-commerce website without the need of hiring a professional web developed, which would likely be considerably more expensive and time-consuming;

    b. Ensuring that the website design, including product pages and the checkout process, are not deterring the customer from making the purchase by distracting him with banners, including hidden charges, setting high delivery rates, or not stating security measures of the website;

c. Selecting most appropriate online techniques to increase the amount of relevant visitors on the website, including search engine marketing, blogging, and social media marketing.

2. What is e-commerce and what are the benefits of adopting e-commerce?

OECD (2011, 72) defined e-commerce as "the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders". The possible benefits of implementing e-commerce include improved sales performance of the company, wider customer base, as well as enhanced customer service and customer retention practices. (Chaffey and Smith, 2013; Beheshti, 2006)

3. What is the current e-commerce presence of Ryijypalvelu-RP Oy and how effective is it?

Currently the e-commerce functionality of Ryijypalvelu-RP Oy's website is limited as it does not provide its customers with basic e-commerce features such as a shopping cart or online checkout, which would likely deter most customers from completing an order on the website.

5.2   Limitations of the study

The result of this study, a project proposal report for the development and marketing an e-commerce website for Ryijypalvelu-RP Oy, has been based on an analysis of secondary data which means that a number of limitations need to be considered because of the chosen methodology. Despite the fact that the information to be included in the proposal was carefully chosen as to be relevant and reliable, it could still be incomplete or inaccurate in the case of Ryijypalvelu-RP due to not being geographically or otherwise applicable to the commissioner company.

5.3   Usefulness of the research for the commissioner and suggestions for further work

The study has provided Ryijypalvelu-RP with a valuable proposal that will likely benefit the company if the proposed project is approved and implemented. This study highlighted the potential benefits of developing a modern e-commerce website and

suggested how the company should approach developing and marketing the website under limited resources.

Based on the limitations of this study, a number of suggestions for future research and development can be given, such as using more reliable primary data e.g. question-naires or interviews to find out how successful small businesses have approached developing and marketing e-commerce websites in the recent past. Ryijypalvelu-RP Oy, in particular, could benefit from approaching building and improving its website as a an action research project that would determine the practices that are effective for a company of Ryijypalvelu-RP's specific size and industry.

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APPENDIX A. E-COMMERCE PROJECT PROPOSAL FOR RYIJYPALVELU-RP OY (FIRST VERSION)

1   EXECUTIVE SUMMARY

The purpose of this project proposal is to describe the potential benefits of developing a modern e-commerce website for Ryijypalvelu-RP Oy, as well as specify the objectives, deliverables, an estimated schedule and a budget for the project.

Currently the e-commerce functionality of Ryijypalvelu-RP Oy's website is limited as it does not provide its customers with basic e-commerce features such as a shopping cart or online checkout. Building a state-of-the-art e-commerce website and implementing various online marketing techniques has a significant potential for improving sales performance of the company, as well as widening its customer base, enhancing customer service and customer retention practices. (Chaffey and Smith, 2013; Beheshti, 2006)

Using an e-commerce platform, such as Shopify or Bigcommerce, is a rather necessary investment, as it allows to build a high-quality e-commerce website without hiring a professional web developer. In order to maximize the number of visitors converted into paying customers, the merchant has to make sure that the website design, including product pages and the checkout process, are not deterring the customer from making the purchase by distracting him with banners, including hidden charges, setting high delivery rates, or not stating security measures of the website.

Several methods can be used to increase the amount of relevant visitors on the website, such as search engine marketing, blogging, and social media marketing. Search engine optimization techniques improve the natural position of the website in search engine results pages so that potential customers can easily find the website; social media marketing allows to communicate with customers, receive feedback, and advertise to specific groups of people that share a common interest; frequent blogging adds content for the search engines to index, contains call-to-action buttons to produce sales, and may lead to people sharing the content over social networks.

2   PROJECT BACKGROUND AND STATEMENT OF NEED

2.1   Company description

Ryijypalvelu-RP Oy is a small textile firm based in Helsinki that sells traditional Finnish ryijys (cloth rugs).

The company offers the widest selection of ryijy designs in Finland. Customers can either buy a finished rug or a do-it-yourself kit for making a rug. There are more than 200 of designs available at the moment, ranging from folk models designed in 1700s to modern ryijys.

The company has been in operation for over 60 years and initially operated with the goal of using the profits to help families of war veterans. The company's sales performance has been stagnant in the past decade or so, with its inability to attract new customers and its customer base aging.

2.2   Current online presence of Ryijypalvelu-RP Oy

Ryijypalvelu-RP Oy's website address is www.ryijypalvelu-rp.fi.

The main page of the website includes a description of the company, corporate history, and contact information, as shown in Figure 1.

Figure 1. Home page of www.ryijypalvelu-rp.fi

The website also allows the customers to see the selection of rugs available (Figure 2) and order a ryijy by manually typing the model of the wanted ryijy using the contact form (Figure 3).

Figure 2. A portion of the selection of ryijys for sale

Figure 3. A form for ordering a rug

The currently existing website of Ryijypalvelu-RP Oy is a website that has only basic product and company information with a rudimentary interactive functionality. Although the customers have the ability to order a product manually through using the order form shown in Figure 3, the e-commerce component of the site is likely to deter customers from completing the order online due to the following factors:

- Confusing site navigation;
- Unprofessional design;
- Website contents available only in Finnish;
- No site search functionality;
- No individual product pages;
- No individual product descriptions or availability information for each product;
- Delivery information is not available on the ordering page and exacts shipping fees are not given;
- Lack of payment methods, security of the site unknown.

3 PROJECT DEFINITION AND SCOPE

In order to achieve a potentially significant increase in the company's sales performance, it is proposed that Ryijypalvelu-RP Oy invest in developing a state-of-the-art e-commerce website and various online marketing tools.

Ecommerce Europe (2014) in their latest European B2C E-commerce Report 2014 estimated that about a third of the population of Europe, or 264 million people, are online shoppers, with the total revenue reaching € 363.1 bn.

The potential benefits of implementing a modern e-commerce website include increased revenues, wider customer base, marketing cost reduction compared to traditional (offline) marketing tools, improved quality of customer service, ability to effortlessly extract feedback from customers, and enhanced corporate image communication (Chaffey and Smith, 2013; Beheshti, 2006).

Therefore, the two key objectives of the proposed project are:

- Develop a state-of-the-art e-commerce website for Ryijypalvelu-RP Oy that will be able to convert its visitors into paying customers at a high rate;
- Increase the amount of visitors on the newly developed website through the use of various marketing techniques such as search engine optimization, Pay Per Click advertising, and strategic use of social media.

4   PROJECT DESCRIPTION

4.1   E-commerce platform choice and functionality

The first step in building an e-commerce website for Ryijypalvelu-RP Oy is choosing a suitable e-commerce platform for its operation. While high-budget companies are able to build a website without using any kind of e-commerce platform, that requires hiring a professional web-developer and usually takes a longer time. E-commerce platforms usually provide slightly less design and other customization options, but they can significantly reduce the time needed to launch and manage the website, and may save development, maintenance, and, depending on the platform used, file hosting costs.

The choice of an e-commerce platform should be based on the requirements presented by its management. There are a variety of e-commerce platform options available, with the main differences being:

- The host of the contents of the website;
- Design and other customization possibilities;
- Ability to integrate management software tools;
- Payment gateways possibilities;
- Limitations of the platform;
- Subscription and commission price.

For Ryijypalvelu-RP Oy, the three main requirements have been identified as:

- Ease of use and maintenance;
- Low subscription price;
- Fit for selling ryijy-like products.

Due to the fact that self-hosted e-commerce platforms will usually require more time and money to use and maintain, they will not be considered. In the following section, three different hosted e-commerce platforms are reviewed and a suggestion for Ry-ijypalvelu-RP Oy is provided at the end.

4.1.1   Shopify

Shopify is a popular e-commerce platform that has a reputation of hosting online stores with visually appealing designs and being simple to use and maintain for the merchant. Shopify.com claims that more than 120,000 merchants use Shopify.

It offers a variety of features, such as more than a 100 professional design themes available, fully customizable design to the needs of the developer, a secure shopping cart with more than 70 payment gateway options, ability to use multiple languages, automatic tax calculation depending on the geographical location of the buyer, and round-the-clock technical support. The full list of features can be found at http://www.shopify.com/online/ecommerce-solutions. In figure 4 is an example of an e-commerce website that uses the Shopify platform.

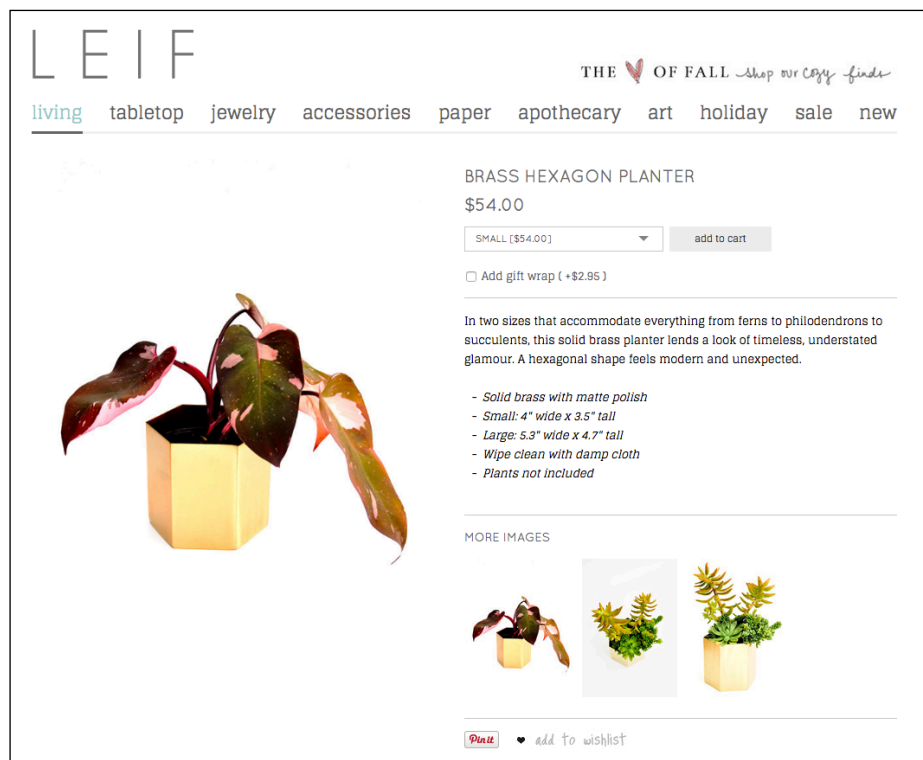Figure 4. LEIF example of an e-commerce website that uses the Shopify e-commerce platform.

The main downside of the Shopify platform is its relatively high price. Shopify will cost $29 (€23.16) plus 2% of every transaction for the basic plan, with more expensive and feature-rich options also available.

4.1.2   Bigcommerce

Bigcommerce is an e-commerce platform that offers more features than Shopify, but is more difficult to set up and maintain. Bigcommerce.com claims that more than 55000 merchants are using its platform.

The additional features of Bigcommerce include customer reviews, product image zoom, and product suggestions. An example of a storefront of an e-commerce website made with Bigcommerce is shown in Figure 5.
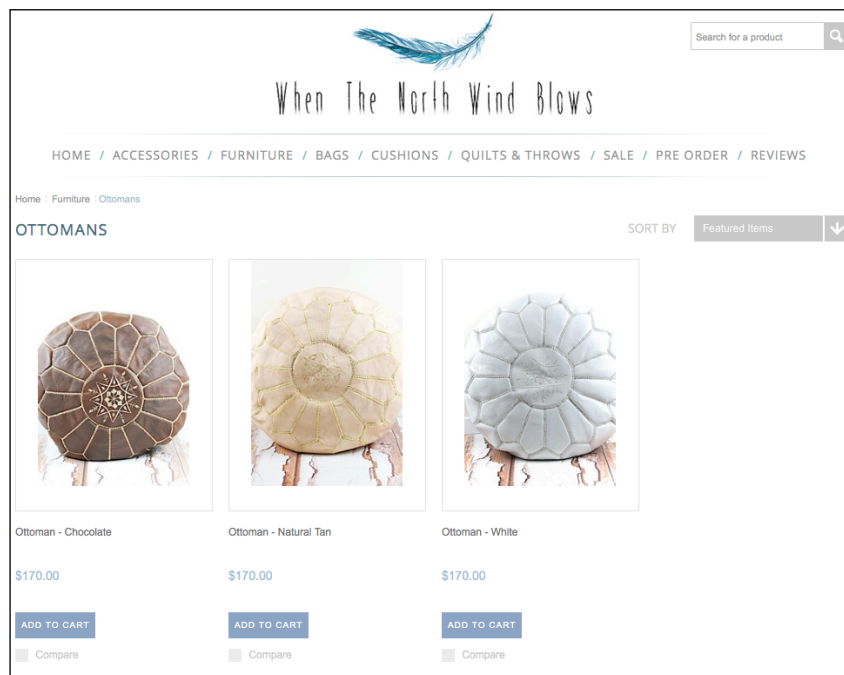

Figure 5. When The North Wind Blows is an e-commerce website made with the Bigcommerce platform.

Bigcommerce's basic "Silver" plan will cost the merchant $29.95 (€24) plus 1.5% of every transaction.

4.1.3 IndieMade

IndieMade is an e-commerce platform that offers a lower price combined with all basic e-commerce features and simple set up and maintenance processes.

The Plus version of IndieMade would be most suitable for Ryijypalvelu-RP Oy, since it makes possible to have more than 200 products with 6 pictures per product. It is also possible to have a blog and galleries on a website made with the IndieMade platform. An example of an e-commerce website using IndieMade is presented in Figure 6.
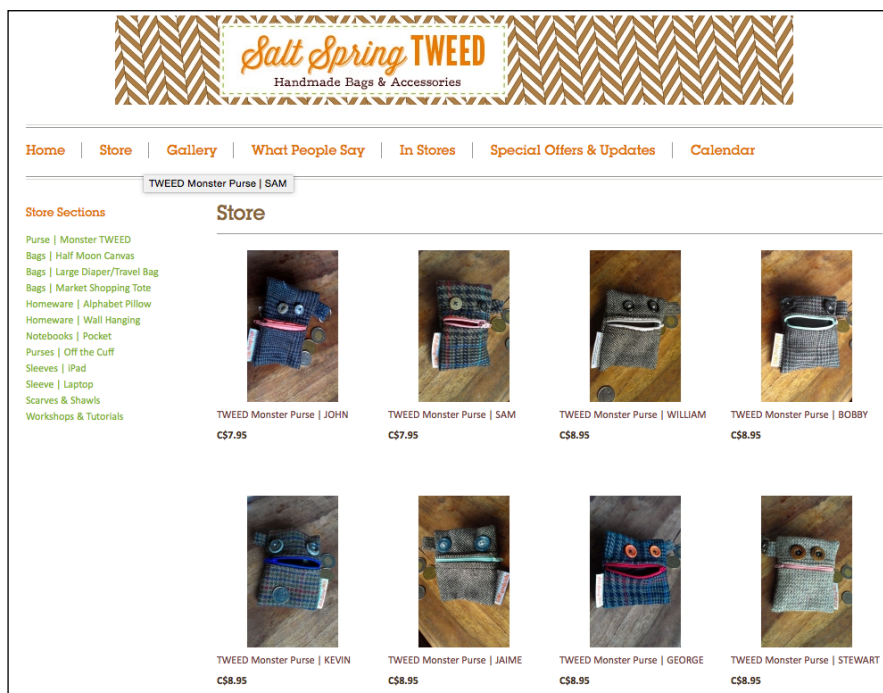

Figure 6. Salt Spring Tween is an e-commerce website made with IndieMade.

The drawbacks of the platform include far fewer payment options available for customers, no advanced e-commerce functionality, less attractive design.

4.1.4 Choosing the right platform

It can be said that using an e-commerce platform is an investment that will likely add value to the final consumer while decreasing the inconveniences usually associated with developing an online stores with advanced functionality. It is therefore advisable to choose a platform that combines the necessary features with a reasonable cost,

where reasonable cost can be defined as the projected return on investment from utilizing the e-commerce platform.

IndieMade is a platform more suitable for a company that sells a small number of products as an addition to the content published on the site, such as a blogger selling t-shirts with his logo printed on it. It is likely that even if IndieMade's functionality will suffice for Ryijypalvelu-RP Oy initially, it will limit the site's growth in the future.

On the other hand, both Bigcommerce and Shopify offer similar functionality sufficient for a company such as Ryijypalvelu-RP Oy and will not limit its growth potential, while at the same time are easy to set up and maintain.

4.2   E-commerce functionality specifics

An e-commerce platform is a major aid to the development and maintenance of e-commerce websites, although using it will not alone ensure that a high percentage of site visitors will purchase from the merchant. It is therefore vital to understand the aspects of an e-commerce website that site visitors require in order to commit to purchasing a product or service from that website.

This section describes a few of the possible ways to bring relevant visitors to an e-commerce website and the functionality it must offer in order to convert these visitors into paying customers.

4.2.1   Traffic building

In order to produce a sale, Ryijypalvelu-PR Oy's website first has to attract people that are within its target group and likely to be interested in buying a ryijy or similar house decorations.

There are several tools available for traffic building on a website, either on the Internet or offline, and ensuring that the correct mix of these techniques is used will produce an adequate amount of relevant traffic at a reasonable cost. (Chaffey, 2011b)

The techniques for attracting relevant audiences to an e-commerce website include:

- Search engine techniques;
- Social media marketing;
- Blogging.

These techniques will be described in the following sections.

4.2.1.1   Search engine marketing

The first way to increase the flow of relevant audiences to Ryijypalvelu-RP's website is to ensure that people who searching online for a store that sells ryijys or similar home decorations will come Ryijypalvelu-RP's website.

Search engine optimization (SEO) allows a website improve its natural position in search engine results pages through the following methods:

- Checking and ensuring that the website is included in search engine indexes;
- Identifying keywords related to Ryijypalvelu-RP's market and optimizing the website to make more accessible for search engines;
- Ensuring that other relevant websites have hyperlinks to Ryijypalvelu-RP's website and that Ryijypalvelu-RP's website has links to other relevant websites;
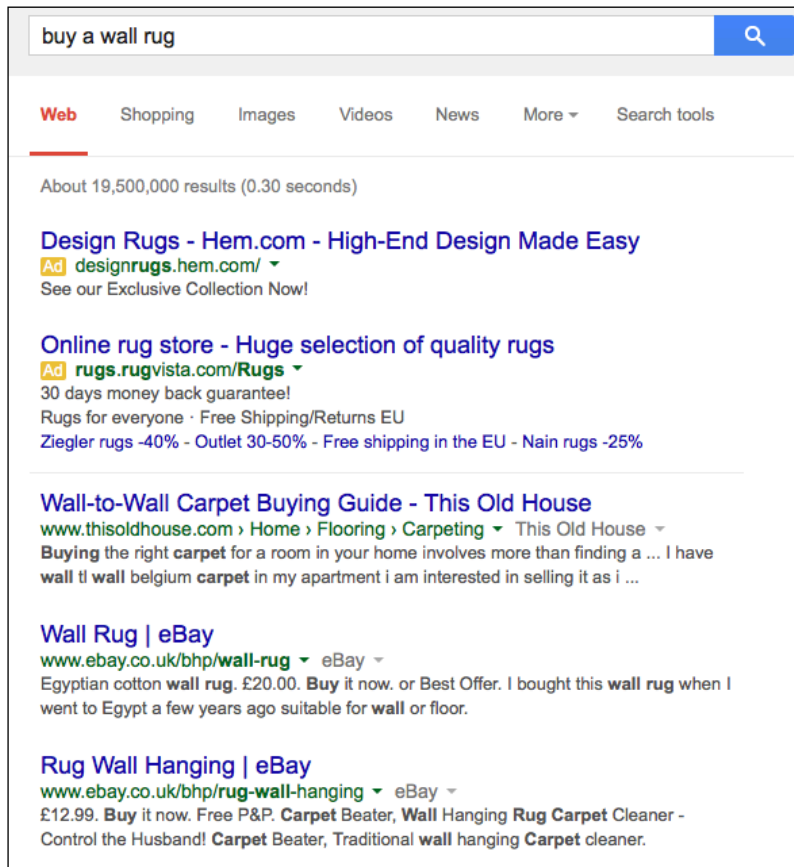
Figure 7. A Google search for "buy a wall rug" reveals two Pay Per Click ads (with a yellow "Ad" icon before hyperlink to the advertiser's website) followed by natural search engine results

E-commerce platforms such as Shopify and Bigcommerce already have a number of features that help optimize the website for search engines.

A Pay Per Click (also referred to as PPC) is a form of advertising that is highly targeted, meaning that only people that search for a particular keyword will be shown the advertisement, and involves payment by advertiser only when his or her ad is clicked, as opposed to paying for displaying the advertisement in a magazine or newspaper (see Figure 7).

Pay Per Click advertising has an advantage over Search engine optimization by being highly predictable, simple to use, fast, and accountable, although it may be competitive and highly expensive for certain popular keywords.

4.2.1.2   Blogging techniques

Creating new unique pages frequently, i.e. blogging, will increase the number of in-dexed pages by search engines, and therefore, may lead to more visitors to Ry-ijypalvelu-RP Oy's website. Educative, and/or interesting content on the website also increases the chances of it being shared over social networks, which will bring more potential customers to the website. (Eridon, 2013)

Currently Ryijypalvelu-RP Oy has a blog that can be found at ryijypalvelu.blogspot.fi (see Figure 8), but it is not frequently updated and does not have content that that is likely to be shared. Blogging in English would likely bring a larger audience who are interested in rug making or other similar crafts.

Figure 8. Ryijypalvelu-RP Oy's blog, updated infrequently, is unlikely to bring any new customers to its website

Besides bringing traffic to the website, a so-called landing or call-to-action button / link can be placed after each blog post that would ensure increase in sales (see Figure 9)

4.2.1.3 Social media

Social media websites such as Facebook and Twitter are among the most popular websites on the Internet. Therefore, social media offers a terrific opportunity for interacting with potential and existing customers.

Presence on the social media will help to attract new customers, lead their interaction with the company to a purchase decision, and encourage existing customers to tell about their experiences with the company. In addition to that, using social media for business is considerably cheaper than paid advertising, although it is more time-consuming.

According to Conley (2014), successful use of social media for businesses should incorporate:

1. Focusing on specific target audiences and knowing which social network each target group prefers;
2. Incorporating call-to-action buttons on social media in order to "push" the audience to take a specific action, such as buying a product (see Figure 9)

Figure 9. Call-to-action buttons at the end of a blog post at blog.hubspot.com

3. Including "share" and "like" buttons on the website and blog posts in order to encourage people tell others about their findings;
4. Spending a minimum of 15 to 30 a day on social media activities;
5. Responding to comments or feedback, even if they are negative;
6. Joining specific groups or communities that would help deliver the business message to specific target audiences;
7. Considering paid targeted advertising on social networks.

4.2.2 Site layout and navigation

One of the most important things in user experience on a website is its layout and navigation.

Crawfurd and Yang (2010) have suggested four points for improving an e-commerce website layout effectiveness:

1. Keeping it simple, or avoiding unnecessary clicks or other actions which may prevent the customer from going through with the order;
2. Using horizontal navigation, as research has shown that users often skip vertical bars with navigation menus;
3. Include email opt-in for users that are not ready to buy at the moment (see Figure 10); encouraging them to give their email address will prevent them from forgetting to go through with the purchase later;
4. Making sure that product photography is consistent with the layout of the site and its overall design.

Figure 4.10. Email opt-in is a useful feature for customers who are not ready to buy yet, as seen on Wiggle.co.uk

4.2.3   Product pages

The pages that display information about a particular product deserve special attention since they usually contain information that directly leads to purchase of the product.

E-consultancy (2011) made a number of suggestion to help e-commerce website developers increase chances of converting site visitors into buyers:

- Consider incorporating videos into product pages, such as clips that show how a product is used or provides instruction for complex products;
- Make sure that call-to-action buttons, such as "add to cart" buttons, are displayed in the brightest colour and the largest size among other content, use unambiguous wording, and are located in places where customers are likely to expect them to be (see Figure 11)
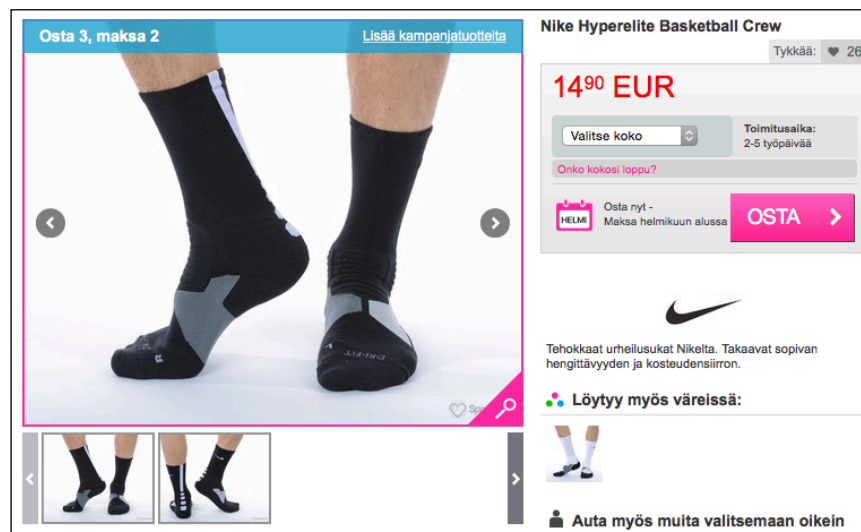

Figure 11. Sportamore shows the "Buy" button in bright pink with large letters that is easy to notice

- Create a sense of urgency, such as by stating that if a product is ordered before a certain time, the customer will get it on the next day;
- Avoid placing too much content on one page, as this might create a cluttered page and discourage any kind of action by the visitor;

- Create a description for the product that will
  - Highlight its uniqueness
  - Convey knowledge and experience about the product;
  - Be easy to read and visually appealing;
  - State the benefits of the products;
  - Use an appropriate tone of voice.

Crawfurd (2010) suggests that well-made product photography could be the most important aspect in influencing shoppers by making them feel confident about purchasing from an e-commerce website. He recommends that the products are well prepared before the photos are taken, the lighting is set up correctly, and the pictures are taken using a good camera, and edited afterwards, as shown in the example on Figure 12.
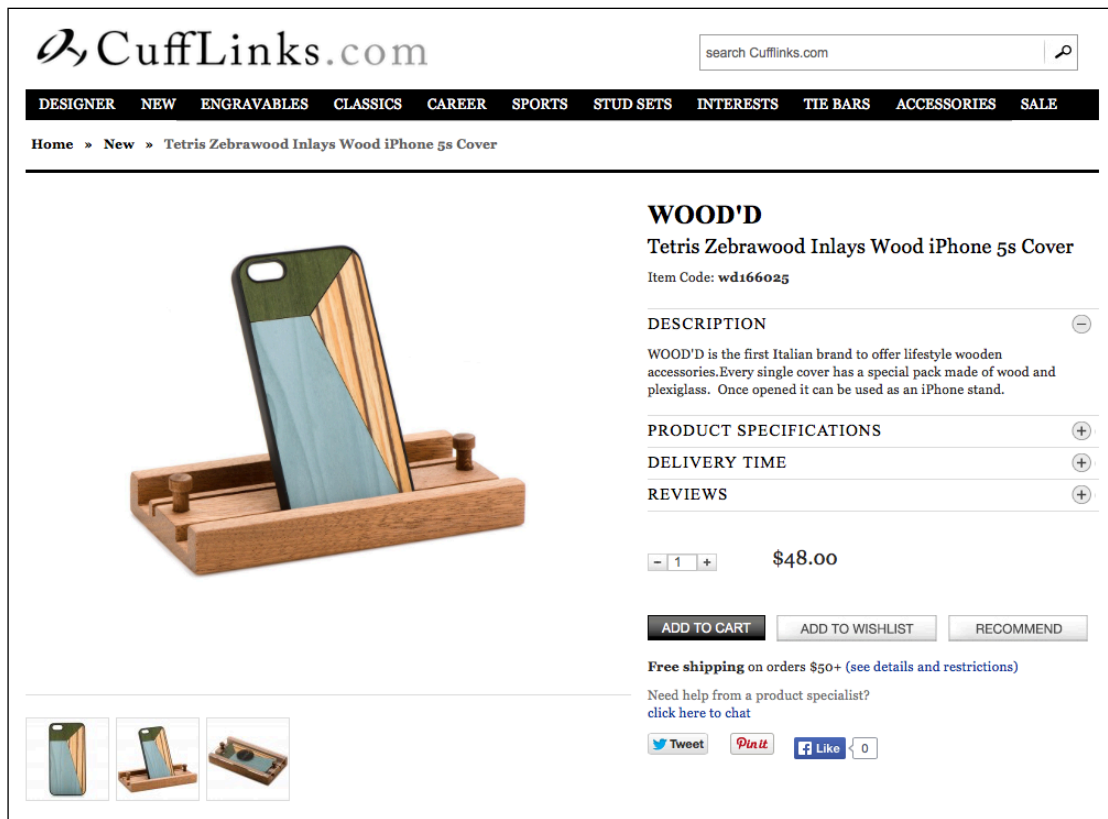

Figure 12. An example of well-made product photography from CuffLinks.com

4.2.4   The checkout process

Once a customer is convinced of a product's benefits and added it to his shopping cart, the merchant has to make sure that the process that leads to completing the payment is quick and smooth, minimizing checkout process abandonment.

Econsultancy (2011, p. 85) recommends that the website does not require its customers prior to completing the order, as it is likely to create an unnecessary barrier that is likely to deter customers from buying. In fact, a study (see Figure 13) revealed that over 25 per cent of online shoppers would not go through with the purchase if they were forced to create an account first. Instead, e-commerce websites should either implement optional registration during checkout or avoid it altogether.

After adding items to your basket, what would make you abandon your purchase?

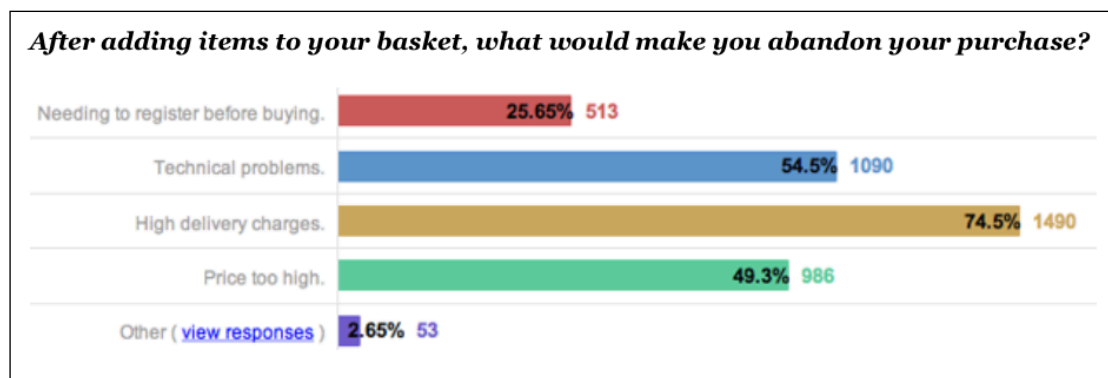|		
Needing to register before buying.	25.65%	513
Technical problems.	54.5%	1090
High delivery charges.	74.5%	1490
Price too high.	49.3%	986
Other (view responses)	2.65%	53

Figure 13. An Econsultancy study (2011, p.85) revealed why online shoppers abandon their shopping carts

Once the customer left the basket to start the checkout process, the reasons for abandonment change. Econsultancy (2011, p. 92) revealed that first-time shoppers are likely to leave during the checkout process if they

- Discover hidden charges that were not mentioned before
- Have concerns about the security of payment
- Notice lack of contact details;
- The process takes too long or they have difficulties filling in forms.

In order to maximize their conversion rates, merchants have implemented a number of techniques to avoid abandonment during the checkout process, such as removing site navigation and site search options to avoid distracting the customer. At the same time,

including contact details, security-ensuring images, and making the checkout process more transparent, as seen in the example of John Lewis in Figure 14, is likely to decrease abandonment during the checkout process.
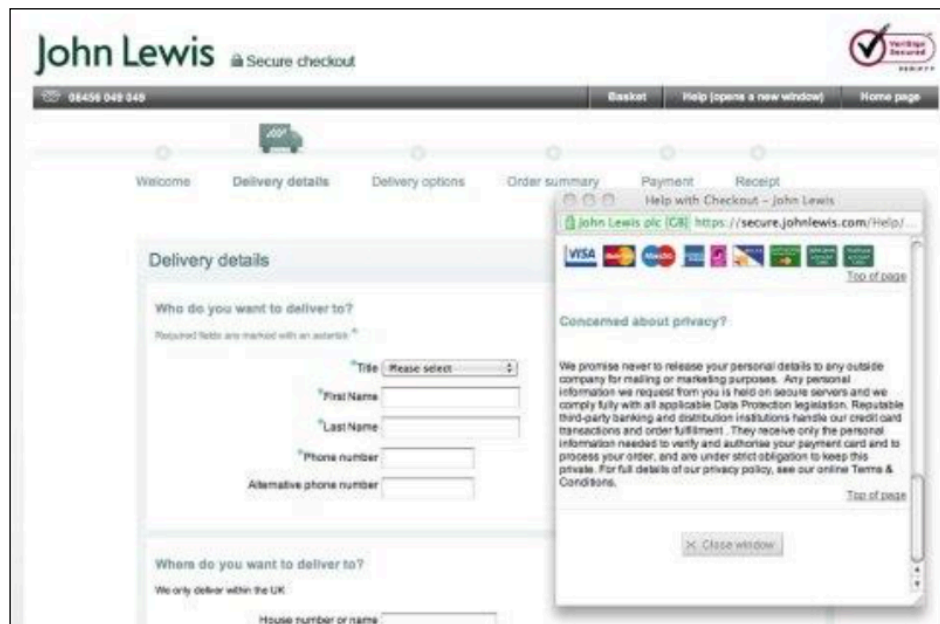

Figure 14. John Lewis implements a number of techniques to ensure that customers don't abandon the purchase during the checkout process

5   PROJECT SCHEDULE AND COSTS

As every e-commerce website is unique, only a rough estimate can be given on how long the development can take. A strict schedule and budget usually fail to account for unexpected events.

Table 1 contains a schedule and estimated costs for developing an e-commerce website.

Table 1. E-commerce development schedule

Activity	Estimated period of time	Estimated cost
Choosing and subscribing to an e-commerce platform solution, such as Bigcommerce	1-7 days	29-180 per month from the first month, possible commission
Initial design set up and testing	2-3 months	Labour hours
Product photography and details	1-3 months	Photo equipment may be needed, plus labour hours
Pay-per-click advertising set up	1-2 weeks	Depends on the amount of visitors from advertising and competitiveness
Setting up payment system	~1 week	Usually 1-3% of every transaction
Social media set up	1 week + regular updates	Labour hours

6   CONCLUSION

Developing a modern e-commerce website is a worthwhile investment that every manufacturer should consider as a way to improve corporate performance.

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APPENDIX B. E-COMMERCE PROJECT PROPOSAL FOR RYIJYPALVELU-RP OY (SE-COND VERSION)

1 TEST

1.1 Executive summary

The purpose of this project proposal is to describe the potential benefits of developing a modern e-commerce website for Ryijypalvelu-RP Oy, as well as specify the objectives, deliverables, an estimated schedule and a budget for the proposed project. Currently the e-commerce functionality of Ryijypalvelu-RP Oy's website is limited as it does not provide its customers with basic e-commerce features such as a shopping cart or online checkout. Building a state-of-the-art e-commerce website and implementing various online marketing techniques has a significant potential for improving sales performance of the company, as well as widening its customer base, enhancing customer service and customer retention practices. (Chaffey and Smith, 2013; Beheshti, 2006)

Using an e-commerce platform, such as Shopify or WooCommerce, is a rather necessary investment, as it allows to build a high-quality e-commerce website without hiring a professional web developer. In order to maximize the number of visitors converted into paying customers, the merchant has to make sure that the website design, including product pages and the checkout process, are not deterring the customer from making the purchase by distracting him with banners, including hidden charges, setting high delivery rates, or not stating security measures of the website.

Several methods can be used to increase the amount of relevant visitors on the website, such as search engine marketing, blogging, and social media marketing. Search engine optimization techniques improve the natural position of the website in search engine results pages so that potential customers can easily find the website; social media marketing allows to communicate with customers, receive feedback, and advertise to specific groups of people that share a common interest; frequent blogging adds content for the search engines to index, contains call-to-action buttons to produce sales, and may lead to people sharing the content over social networks.

1.2   Project background

1.2.1   Company description

Ryijypalvelu-RP Oy is a small textile firm based in Helsinki that sells traditional Finnish cloth rugs.

The company offers the widest selection of rug designs in Finland. Customers can either buy a finished rug or a do-it-yourself kit for making a rug. There are more than 300 of designs available at the moment, ranging from folk models designed in 1700s to modern rugs.

The company has been in operation since 1955 and initially operated with the goal of using the profits to help families of war invalids. The company's sales performance has been stagnant in the past decade or so, with its inability to attract new customers and its customer base aging.

1.2.2   Current online presence of Ryijypalvelu-RP Oy

Ryijypalvelu-RP Oy's website address is www.ryijypalvelu-rp.fi.

The main page of the website includes a description of the company, corporate history, and contact information, as shown in Figure 1.
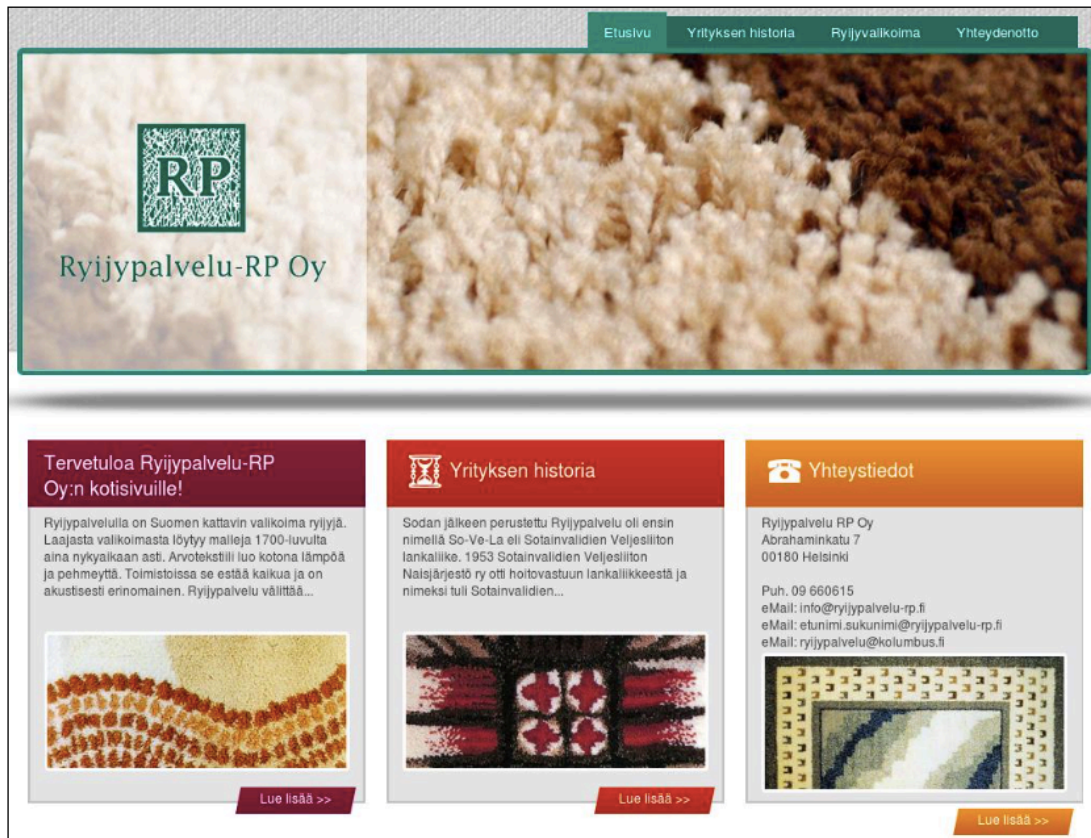
Figure 1. Home page of www.ryijypalvelu-rp.fi

The website also allows the customers to see the selection of rugs available (Figure 2) and order a rug or catalogues, yarn, kits or weaving accessories by manually typing any of the mentioned using the contact form (Figure 3).

Figure 2. A portion of the selection of rugs for sale

Yhteydenotto

Voit myös lähettää meille vapaamuotoisen yhteydenoton sähköpostitse osoitteeseen: ryijypalvelu@kolumbus.fi

☐ Tilaan ryijykuvaston hintaan 9,45 + toimituskulut

☐ Tilaan ryijyn /tarvikkeet

Ryijyn nimi:

Ryijyn koko:

Rastita asianmukainen kohta

☐ Nukkalangat + malli

☐ Työtarvikkeet kutoen (nukkalangat + välikude + malli)

☐ Työtarvikkeet ommellen (pohja + nukkalangat + neulat + lasta + malli)

☐ Valmiiksi kudottuna

Pakkaustemme lankamäärät perustuvat mallikappaleiden lankojen menekkiin.
Mikäli työhönne menee enemmän lankaa, veloitamme lisälangasta erikseen.

Tilausten toimitusaika on noin 1-3 viikkoa.
Mikäli valmista ryijyä ei ole varastossamme, toimitusaika 1-3 kk.
Lähetyspäivämme on keskiviikko. Toimitukset lähetetään matkahuollon kautta ennakolla. Lähetyskulut lisätään.

Figure 3. A form for ordering a rug

1.2.3   Problems with the current website

The currently existing website of Ryijypalvelu-RP Oy is a website that has only basic product and company information with a rudimentary interactive functionality. Although customers have the ability to order a product manually through using the order form shown in Figure 3, the e-commerce component of the site is likely to deter customers from completing the order online due to the following factors:

- Confusing site navigation;
- Unprofessional design;
- Most of the website's contents, including navigation, is available only in Finnish;
- Slow loading time for some pages;
- No site search functionality;
- No individual product pages;
- No individual product descriptions;
- Exact delivery price and shipping times are not available on the ordering page;
- No returns policy or any other sale terms are available;

• Lack of payment methods, security of the site unknown.

1.3   Project proposal and its scope

In order to achieve a potentially significant increase in the company's sales performance, among other possible benefits, it is proposed that Ryijypalvelu-RP Oy invest in developing a state-of-the-art e-commerce website and various online marketing tools.

Ecommerce Europe (2014) in their latest European B2C E-commerce Report 2014 estimated that about a third of the population of Europe, or 264 million people, are online shoppers, with the total revenue reaching € 363.1 billion. It has also been estimated that in 2011 the e-commerce sales of furniture, lighting, major appliances and furnishings accounted for about € 9.6 billion worldwide, with Europe being the second largest market with about 36% of the total (CSIL Milano, 2012). The sales, considering the overall growth trend of e-commerce and the industry in particular, are likely to have increased since 2011 even further.

The potential benefits of implementing a modern e-commerce website include increased revenues, wider customer base, marketing cost reduction compared to traditional (offline) marketing tools, improved quality of customer service, ability to effortlessly extract feedback from customers, and enhanced corporate image communication (Chaffey and Smith, 2013; Beheshti, 2006).

Therefore, the two key objectives of the proposed project are:

• Develop a state-of-the-art e-commerce website for Ryijypalvelu-RP Oy that will be able to convert its visitors into paying customers at a high rate;
• Increase the amount of visitors on the newly developed website through the use of various targeted marketing techniques such as search engine optimization, Pay Per Click advertising, and strategic use of social media.

1.4   Project description

According to Laudon and Traver (2014), every step in building an effective e-commerce website should be done to fill a certain need or want of its prospective customers. The model of the purchasing process, shown in Figure 4, will determine the specifications of the project.
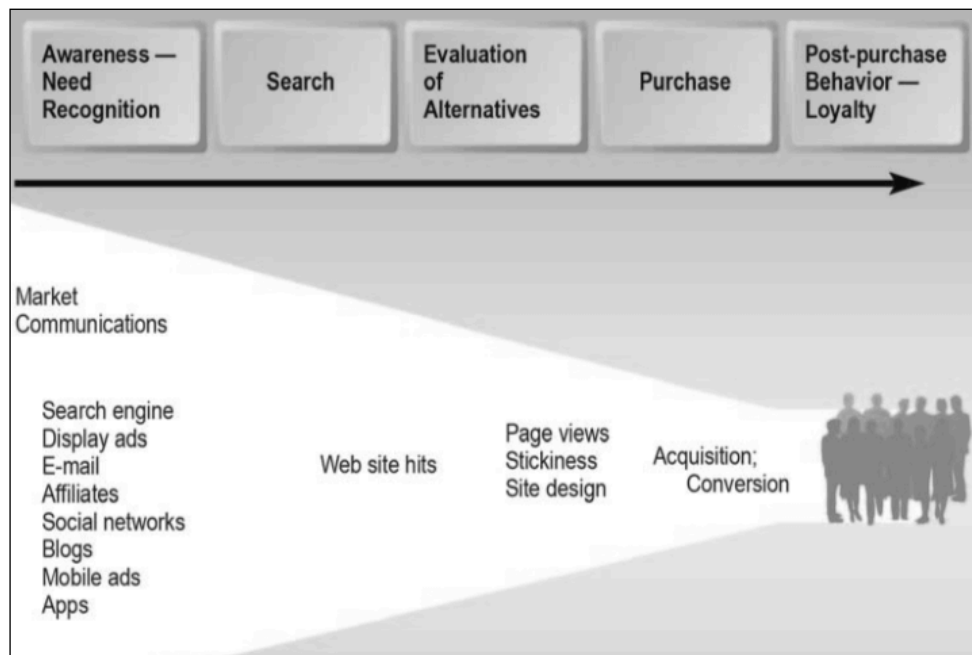

Figure 4. The model of the purchase process

The purchasing process starts with awareness of a need or want of a certain product or service, followed by an internet search, both of which will be described later in section 1.4.2. The following section 1.4.1 will provide a description of site functionality features and design that will help visitors evaluate the products that are present on the website, make a purchase decision, and go through with it.

1.4.1   E-commerce platform choice, functionality specifics, and design of the website

The first step in building an e-commerce website for Ryijypalvelu-RP Oy is choosing a suitable e-commerce platform for its operation. While high-budget companies are able to build a website without using any kind of e-commerce platform, that requires hiring a professional web-developer and usually takes a longer time. E-commerce

platforms usually provide slightly less design and other customization options, but they can significantly reduce the time needed to launch and manage the website, and may save development, maintenance, and, depending on the platform used, file hosting costs.

The choice of an e-commerce platform should be based on the requirements presented by its management. There are a variety of e-commerce platform options available, with the main differences being:

- The host of the contents of the website;
- Design and other customization possibilities;
- Ability to integrate management software tools;
- Payment gateways possibilities;
- Limitations of the platform;
- Subscription and commission price.

For Ryijypalvelu-RP Oy, the three main requirements have been identified as:

- Ease of set up and maintenance for the management;
- Low subscription price;
- Fit for selling ryijy-like products.

Due to the fact that self-hosted e-commerce platforms will usually require more time and money to use and maintain, they will not be considered. Gregoire (2013) made a comparison of the 25 most popular e-commerce platforms and rated each in terms of pricing, functionality, and ease of use, grades A to D. Three of the e-commerce platforms with the highest overall rating, excellent user experience, and grade for pricing no lower than B, were chosen to be reviewed in this thesis.

1.4.1.1   Shopify

Shopify is a popular e-commerce platform that has a reputation of hosting online stores with visually appealing designs and being simple to use and maintain for the merchant. Shopify.com claims that more than 120,000 merchants use Shopify.

It offers a variety of features, such as more than a 100 professional design themes available, fully customizable design to the needs of the developer, a secure shopping cart with more than 70 payment gateway options, ability to use multiple languages, automatic tax calculation depending on the geographical location of the buyer, and round-the-clock technical support. The full list of features can be found at http://www.shopify.com/online/ecommerce-solutions. In Figure 5 is an example of an e-commerce website that uses the Shopify platform.
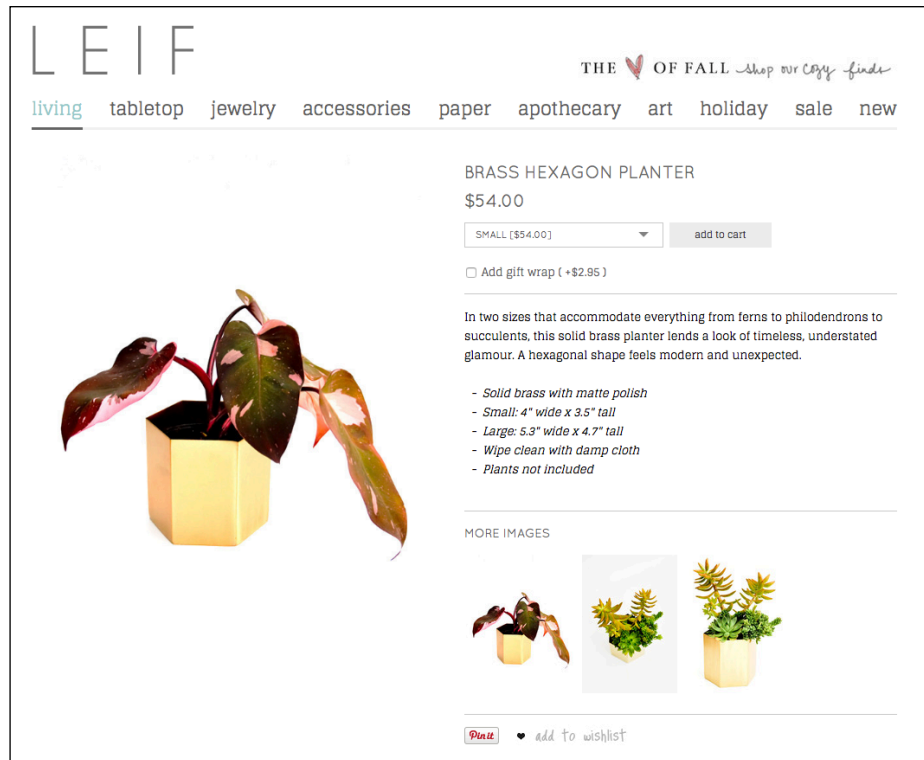
Figure 5. LEIF example of an e-commerce website that uses the Shopify e-commerce platform.

The main downside of the Shopify platform is its relatively high price. Shopify will cost $29 (€23.16) plus 2% of every transaction for the basic plan, with more expensive and feature-rich options also available. The unlimited plan costs $179 (€144) per month with no transaction fee.

1.4.1.2   Bigcommerce

Bigcommerce is an e-commerce platform that offers more features than Shopify, but is slightly more difficult to set up and maintain. Bigcommerce.com claims that more than 55000 merchants are using its platform.

The additional features of Bigcommerce include customer reviews, product image zoom, and product suggestions. An example of a storefront of an e-commerce website made with Bigcommerce is shown in Figure 6.
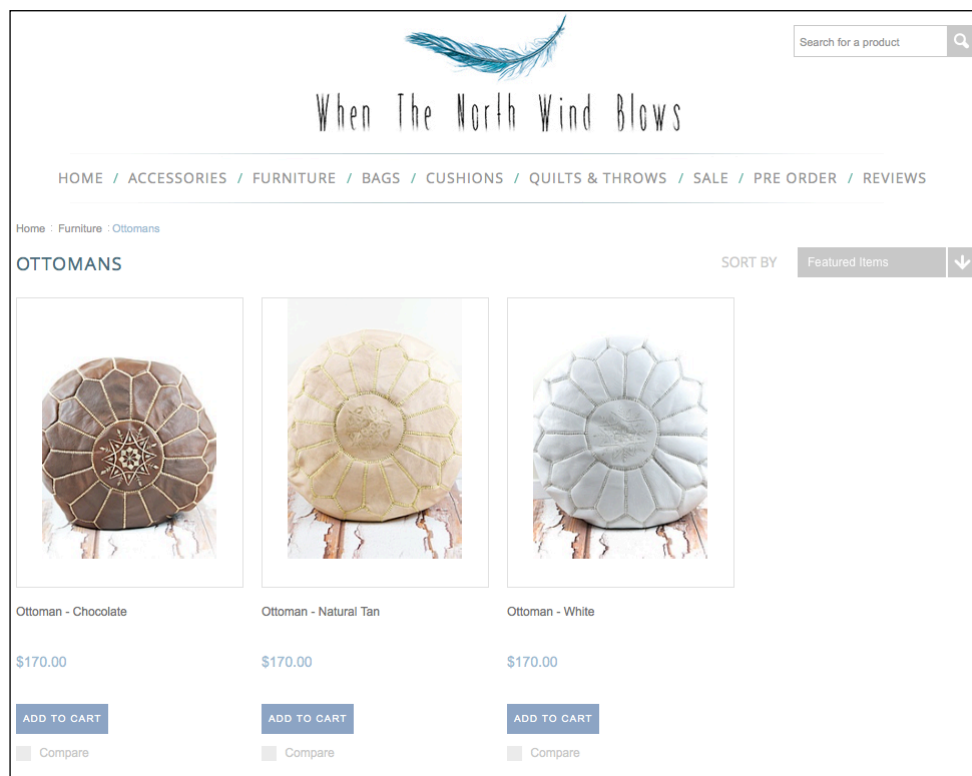

Figure 6. When The North Wind Blows is an e-commerce website made with the Bigcommerce platform.

Bigcommerce's basic "Silver" plan will cost the merchant $29.95 (€24) plus 1.5% of every transaction.

1.4.1.3   WooCommerce

WooCommerce is an e-commerce plugin that was developed for the WordPress blogging and content management system (CMS) platform.

The functionality of WooCommerce is more basic compared to Shopify and Bigcommerce, although the standard version is fully free with paid extensions available. WooCommerce is not a stand-alone e-commerce platform, but a WordPress plugin, and requires using WordPress for the website. The advantages of WooCommerce include its user-friendliness, one-page checkout process option, built-it coupons, sales prices, and extensive design themes.

Gregoire (2014) recommends this solution for small retailers (up to €500 000 in sales), noting that advanced marketing features and reporting functionality is lacking in the standard free version, and for medium-sized retailers (€ 1 million or more in sales) other solution would suit more.
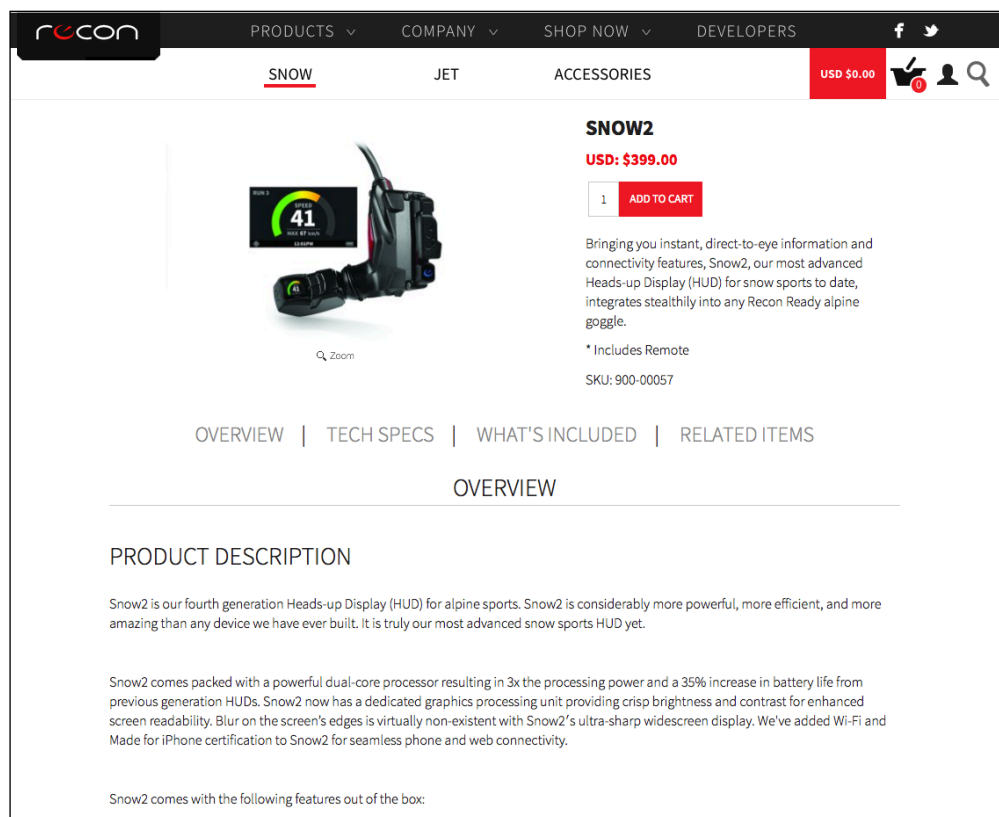

Figure 7. Recon Instruments is an online store that is made using WooCommerce plugin for WordPress

1.4.1.4 Choosing the right platform

It can be said that using an e-commerce platform is an investment that will likely add value to the final consumer while decreasing the inconveniences usually associated

with developing an online stores with advanced functionality. It is therefore advisable to choose a platform that combines the necessary features with a reasonable cost for the retailer.

All three options presented are excellent in terms of functionality for a small company such as Ryijypalvelu-RP Oy. Although more advanced features of Bigcommerce and Shopify might offer more growth potential without the need to migrate to another e-commerce platform in the future, WooCommerce offers a significant advantage for a price-conscious company like Ryijypalvelu-RP Oy due to its being free.

1.4.1.5   Site layout and navigation

One of the most important things in user experience on a website is its layout and navigation.

Crawfurd and Yang (2010) have suggested four points for improving an e-commerce website layout effectiveness:

1. Keeping it simple, or avoiding unnecessary clicks or other actions which may prevent the customer from going through with the order;
2. Using horizontal navigation, as research has shown that users often skip vertical bars with navigation menus;
3. Include email opt-in for users that are not ready to buy at the moment (see Figure 8); encouraging them to give their email address will prevent them from forgetting to go through with the purchase later;
4. Making sure that product photography is consistent with the layout of the site and its overall design.

Figure 8. Email opt-in is a useful feature for customers who are not ready to buy yet, as seen on Wiggle.co.uk

1.4.1.6 Product pages

The pages that display information about a particular product deserve special attention since they usually contain information that directly leads to purchase of the product.

E-consultancy (2011) made a number of suggestion to help e-commerce website developers increase chances of converting site visitors into buyers:

- Consider incorporating videos into product pages, such as clips that show how a product is used or provides instruction for complex products;
- Make sure that call-to-action buttons, such as "add to cart" buttons, are displayed in the brightest colour and the largest size among other content, use unambiguous wording, and are located in places where customers are likely to expect them to be (see Figure 9)
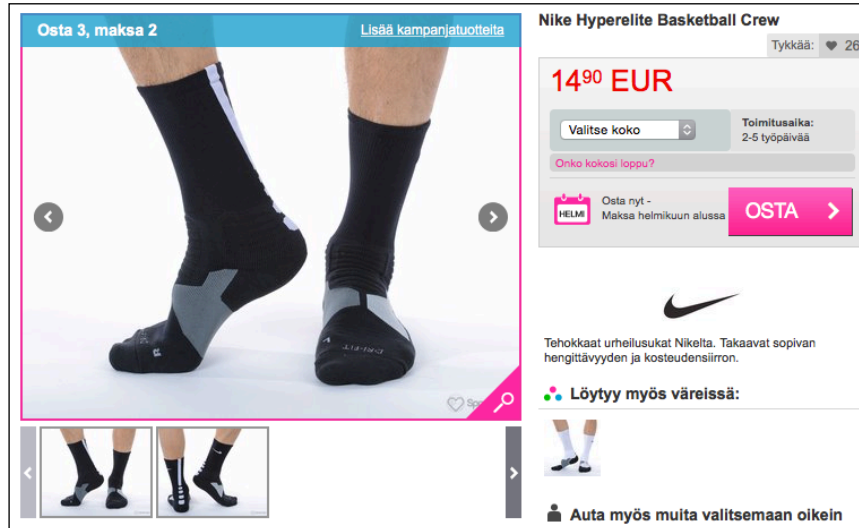

Figure 9. Sportamore shows the "Buy" button in bright pink with large letters that is easy to notice

- Create a sense of urgency, such as by stating that if a product is ordered before a certain time, the customer will get it on the next day;
- Avoid placing too much content on one page, as this might create a cluttered page and discourage any kind of action by the visitor;

- Create a description for the product that will
  - Highlight its uniqueness
  - Convey knowledge and experience about the product;
  - Be easy to read and visually appealing;
  - State the benefits of the products;
  - Use an appropriate tone of voice.

Crawfurd (2010) suggests that well-made product photography could be the most important aspect in influencing shoppers by making them feel confident about purchasing from an e-commerce website. He recommends that the products are well prepared before the photos are taken, the lighting is set up correctly, and the pictures are taken using a good camera, and edited afterwards, as shown in the example on Figure 10.
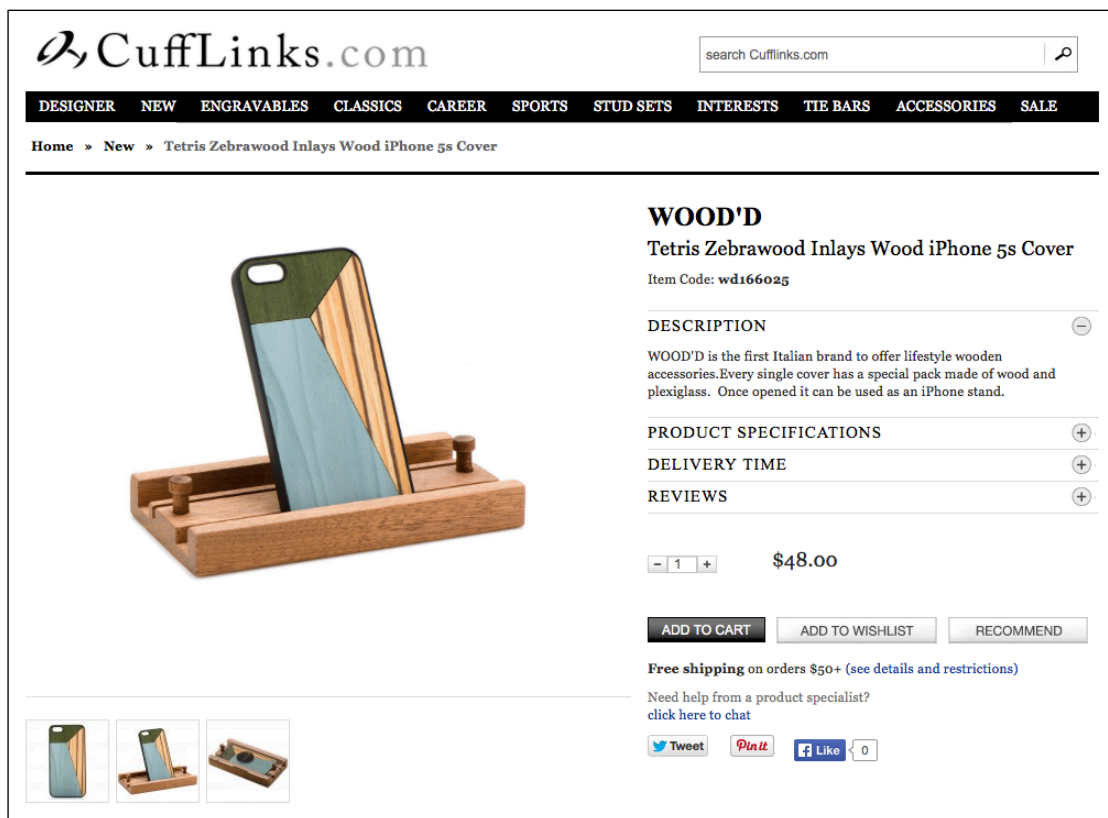

Figure 10. An example of well-made product photography from CuffLinks.com

1.4.1.7   The checkout process

Once a customer is convinced of a product's benefits and added it to his shopping cart, the merchant has to make sure that the process that leads to completing the payment is quick and smooth, minimizing checkout process abandonment.

Econsultancy (2011, 85) recommends that the website does not require its customers prior to completing the order, as it is likely to create an unnecessary barrier that is likely to deter customers from buying. In fact, a study (see Figure 11) revealed that over 25 per cent of online shoppers would not go through with the purchase if they were forced to create an account first. Instead, e-commerce websites should either implement optional registration during checkout or avoid it altogether.
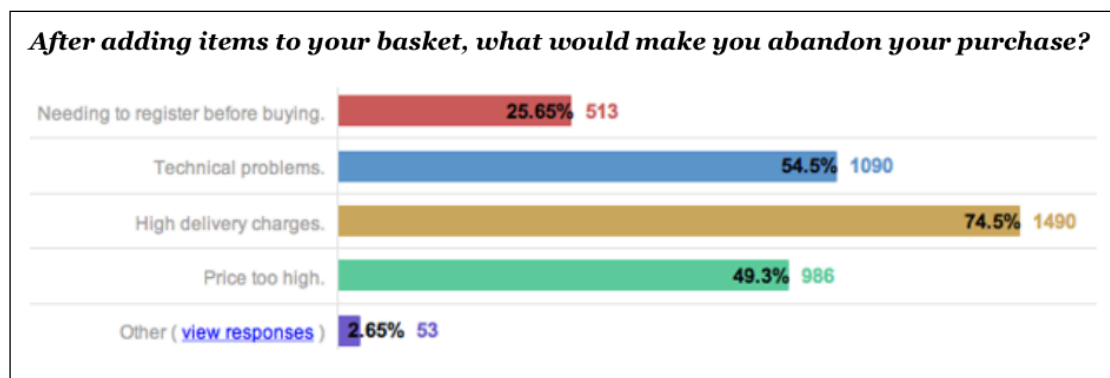

Figure 11. An Econsultancy study (2011, 85) revealed why online shoppers abandon their shopping carts

Once the customer left the basket to start the checkout process, the reasons for abandonment change. Econsultancy (2011, 92) revealed that first-time shoppers are likely to leave during the checkout process if they

- Discover hidden charges that were not mentioned before
- Have concerns about the security of payment
- Notice lack of contact details;
- The process takes too long or they have difficulties filling in forms.

As security of payment is still a concern for many shoppers, it is necessary to be able to provide customers with several alternative payment methods. According to Alternative Payments, 2014, there are more than 200 payment methods in the world, and 83%

of online shoppers consider having a range of payment alternatives to be important. It has been discovered that providing 4 or more payment methods may increase conversion rate by as much as 12% (Alternative Payments, 2014). Over 55% of EU transactions in 2012 were made by direct debit or credit transfers, and 36% were made by credit cards (Alternative Payments, 2014). However, these numbers are less significant than they appear, since variation between different countries is substantial. For example, according to DIBS Payment Services (2013), online bank payments were the preferred method in Finland (40% preferred it), while in Denmark only 2% chose bank payments as their method of preference. E-commerce platform service providers often limit which payment methods a merchant can accept, although paid extensions are usually available.

In order to maximize their conversion rates, merchants have implemented a number of techniques to avoid abandonment during the checkout process, such as removing site navigation and site search options to avoid distracting the customer. At the same time, including contact details, security-ensuring images, and making the checkout process more transparent, as seen in the example of John Lewis in Figure 12, is likely to decrease abandonment during the checkout process.
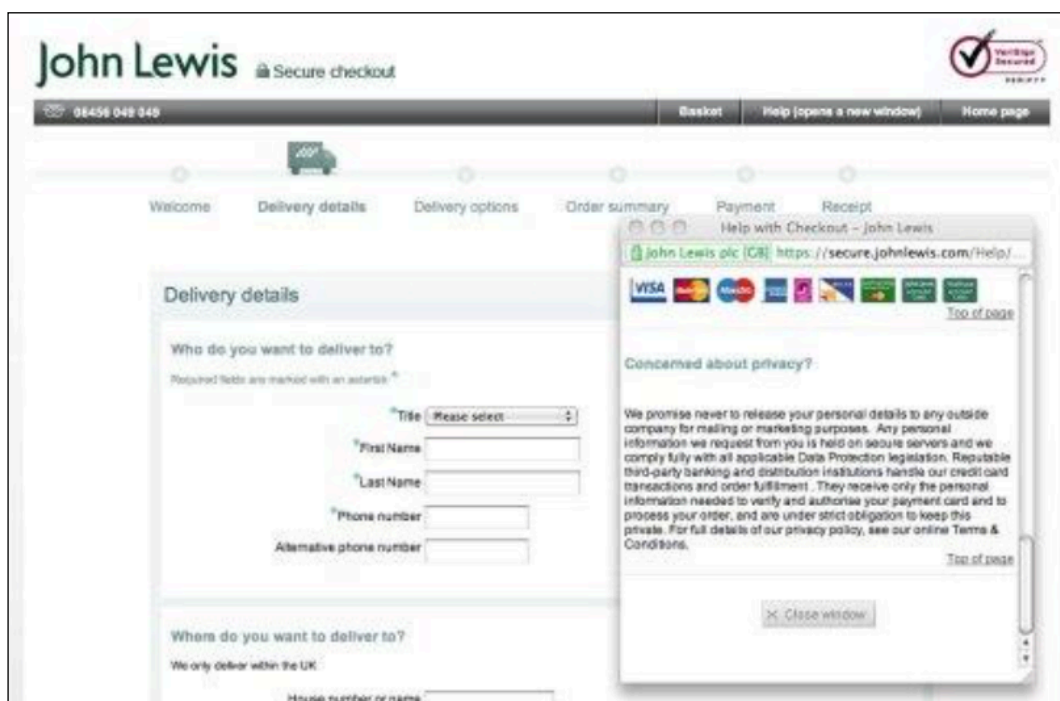

Figure 12. John Lewis implements a number of techniques to ensure that customers don't abandon the purchase during the checkout process

1.4.2   Traffic building

In order to produce a sale, Ryijypalvelu-PR Oy's website first has to attract people that are within its target group and likely to be interested in buying a ryijy or similar house decorations.

There are several tools available for traffic building on a website, either on the Internet or offline, and ensuring that the correct mix of these techniques is used will produce an adequate amount of relevant traffic at a reasonable cost. (Chaffey and Smith, 2013)

The fact that Ryijypalvelu-RP Oy sells luxury products means that it needs to modify its marketing messages accordingly. Arora (2013) suggested implementing 8 principles of luxury brand marketing, although noting that the degree of to which each of these principles is significant may vary in different companies or markets. The 8 Principles of luxury marketing are:

1. Highlighting the superiors experience the product in question can deliver;
2. Highlighting the rich history of the product in question;
3. Highlighting the limited availability of the product in question;
4. Distinctive character that differentiate the product in question from its competition;
5. Getting the support of a celebrity for product promotion;
6. Choosing selling locations that would agree with the brand image;
7. Implementing public relations campaigns to deliver messages that cannot be transmitted through advertising;
8. Selecting prices so they are not too low but at the same time justified by the presence of other seven principles of luxury brand marketing.

The specific channels for attracting relevant audiences to an e-commerce website include:

- Search engine techniques;

- Social media marketing;
- Blogging.

These techniques will be described in the following sections.

1.4.2.1 Search engine marketing

The first way to increase the flow of relevant audiences to Ryijypalvelu-RP's website is to ensure that people who searching online for a store that sells ryijys or similar home decorations will come Ryijypalvelu-RP's website.

Search engine optimization (SEO) allows a website improve its natural position in search engine results pages through the following methods:

- Checking and ensuring that the website is included in search engine indexes;
- Identifying keywords related to Ryijypalvelu-RP's market and optimizing the website to make more accessible for search engines;
- Ensuring that other relevant websites have hyperlinks to Ryijypalvelu-RP's website and that Ryijypalvelu-RP's website has links to other relevant websites;
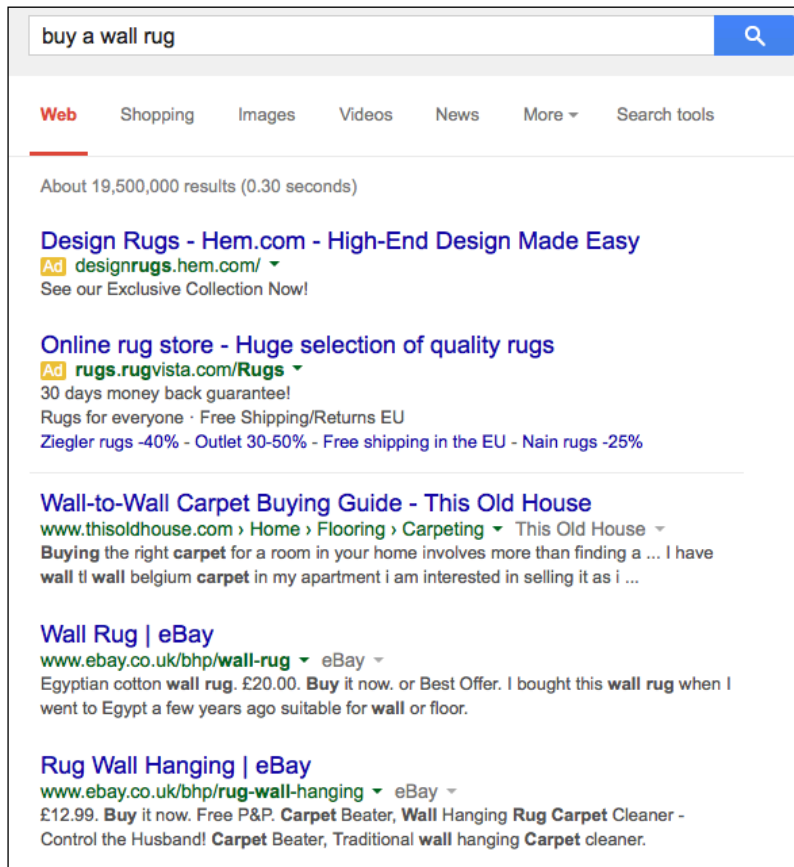
Figure 13. A Google search for "buy a wall rug" reveals two Pay Per Click ads (with a yellow "Ad" icon before hyperlink to the advertiser's website) followed by natural search engine results

E-commerce platforms such as Shopify and Bigcommerce already have a number of features that help optimize the website for search engines.

A Pay Per Click (also referred to as PPC) is a form of advertising that is highly targeted, meaning that only people that search for a particular keyword will be shown the advertisement, and involves payment by advertiser only when his or her ad is clicked, as opposed to paying for displaying the advertisement in a magazine or newspaper (see Figure 13).

Pay Per Click advertising has an advantage over Search engine optimization by being highly predictable, simple to use, fast, and accountable, although it may be competitive and highly expensive for certain popular keywords.

1.4.2.2 Blogging techniques

Creating new unique pages frequently, i.e. blogging, will increase the number of in-dexed pages by search engines, and therefore, may lead to more visitors to Ry-ijypalvelu-RP Oy's website. Educative, and/or interesting content on the website also increases the chances of it being shared over social networks, which will bring more potential customers to the website. (Eridon, 2013)

Currently Ryijypalvelu-RP Oy has a blog that can be found at ryijypalvelu.blogspot.fi (see Figure 14), but it is not frequently updated and does not have content that that is likely to be shared. Blogging in English would likely bring a larger audience who are interested in rug making or other similar crafts.
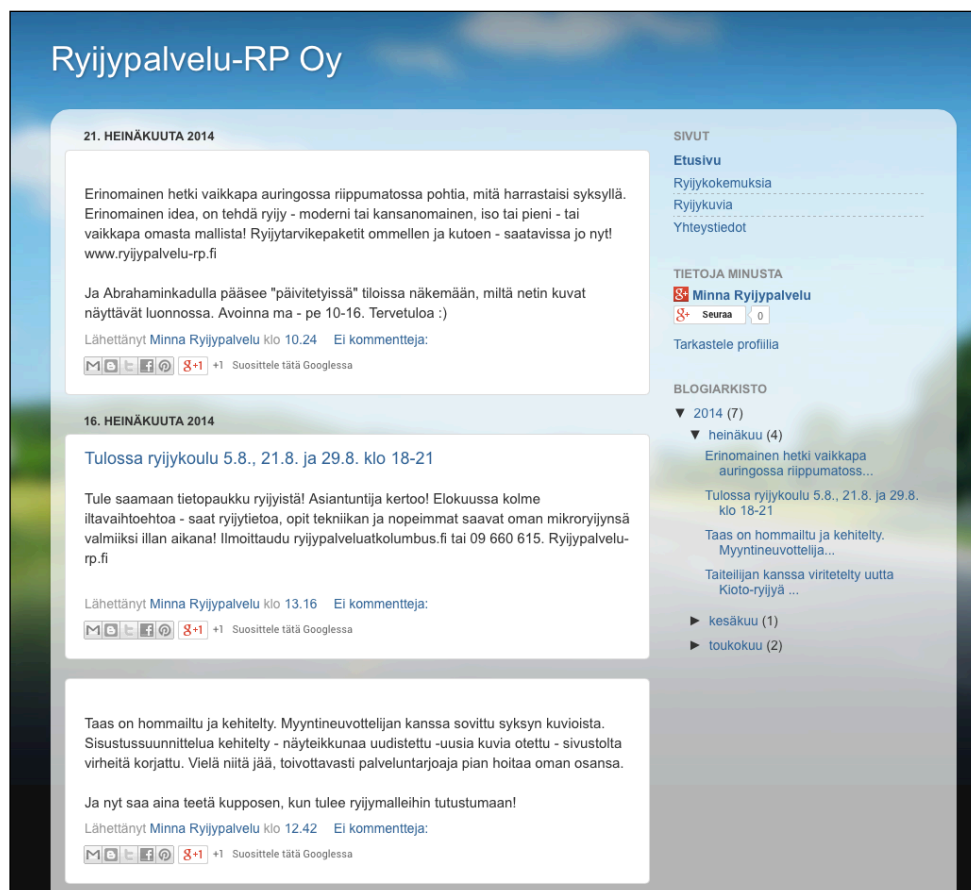

Figure 14. Ryijypalvelu-RP Oy's blog, updated infrequently, is unlikely to bring any new customers to its website

Anderson (2013) recommends creating blog content by providing educational articles, e.g. rug weaving tutorials from Ryijypalvelu-RP Oy, conducting interviews of experts

or customers, or running experiments that readers with similar interests may find interesting.

Besides bringing traffic to the website, a so-called landing or call-to-action button / link to relevant products on the e-commerce site can be placed after each blog post that would ensure increase in sales (see Figure 15)

1.4.2.3   Social media

Social media websites such as Facebook and Twitter are among the most popular websites on the Internet. Therefore, social media offers a terrific opportunity for interacting with potential and existing customers.

Presence on the social media will help to attract new customers, lead their interaction with the company to a purchase decision, and encourage existing customers to tell about their experiences with the company. In addition to that, using social media for business is considerably cheaper than paid advertising, although it is more time-consuming.

According to Conley (2014), successful use of social media for businesses should incorporate:

1. Focusing on specific target audiences and knowing which social network each target group prefers;
2. Incorporating call-to-action buttons on social media in order to "push" the audience to take a specific action, such as buying a product (see Figure 15)
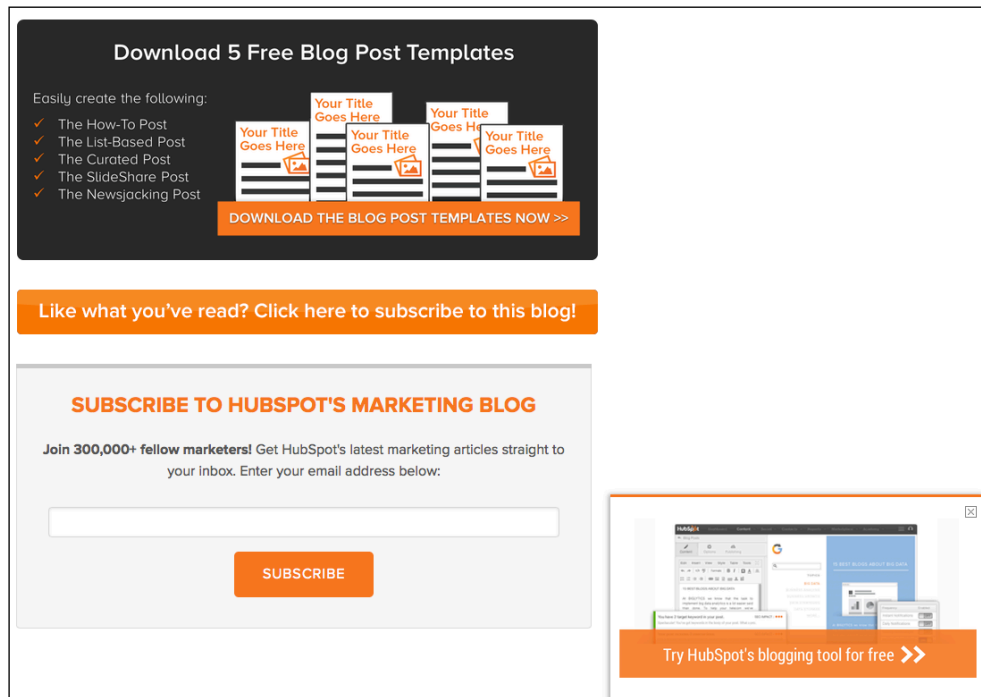
Figure 15. Call-to-action buttons at the end of a blog post at blog.hubspot.com

3. Including "share" and "like" buttons on the website and blog posts in order to encourage people tell others about their findings;

4. Spending a minimum of 15 to 30 a day on social media activities;

5. Responding to comments or feedback, even if they are negative;

6. Joining specific groups or communities that would help deliver the business message to specific target audiences;

7. Considering paid targeted advertising on social networks.

Ryijypalvelu-RP Oy is already present on Facebook, as seen in Figure 16, but only has 75 followers to date. The presence on Facebook could be improved to include foreign audiences by posting in English, being more active in other similar groups on Facebook, implementing targeted advertising, and having more content that the visitors would consider useful.
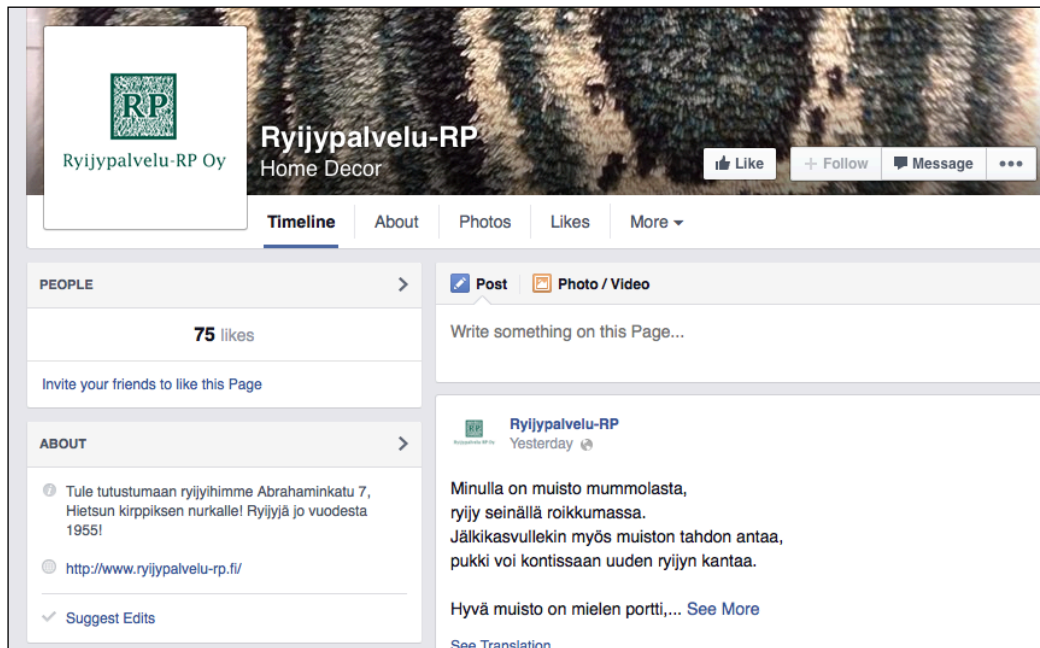
Figure 16. Ryijypalvelu-RP Oy's Facebook page

The best way to find out which social network to use in order to reach a target group of customers is to look at country-specific social media use and to interview already existing customers. For example, eMarketer (2014) found that 82% of Internet users in Finland used Facebook at least once a day. The data for other significant social networks use in Finland can be seen in Figure 17.
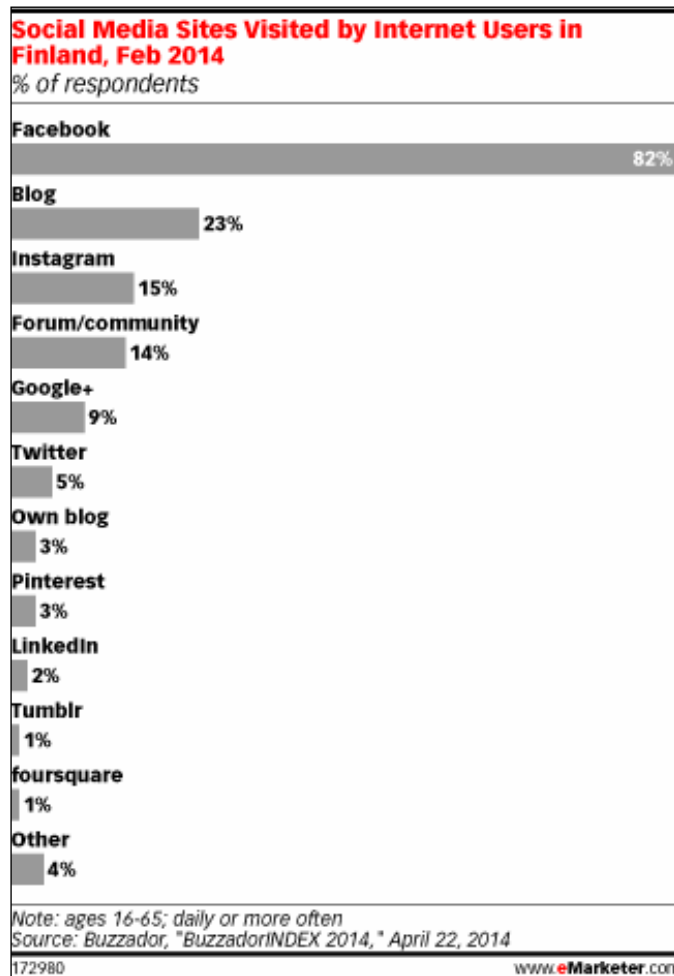
Figure 17. Ryijypalvelu-RP Oy's Facebook page

1.5   Project schedule and costs

As every e-commerce website is unique, only a rough estimate can be given on how long the development can take. A strict schedule and budget usually fail to account for unexpected events.

Table 1 contains a schedule and estimated costs for developing an e-commerce website.

Table 1. E-commerce development schedule

Activity	Estimated period of time	Estimated cost
Choosing and subscribing to an e-commerce platform solution, such as Bigcommerce	1-7 days	€ 0 to 170 per month, possible commission and paid extensions, if necessary
Initial design set up and testing	2-3 months	Labour hours
Product photography and details	1-3 months	Photo equipment may be needed, plus labour hours
Pay-per-click advertising set up	1-2 weeks	Depends on the amount of visitors from advertising and competitiveness
Setting up payment system	~1 week	Usually 1-3% of every transaction
Social media, blog set up and updating	1 week + regular updates	Labour hours

1.6   Conclusion

The project proposal analyzed the current online presence of Ryijypalvelu-RP Oy, listed possible reasons for its ineffectiveness, and proposed developing a modern e-commerce and implementing various online marketing techniques with the goal of widening the company's customer base and increasing revenues.

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