The Evolution of E-Commerce
- How to develop a successful Strategy? -

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Baltic Business School
Thinking of you

Electrolux
ABSTRACT

E-commerce presents a new format for doing business. It creates an efficient, yet complex, system providing potential time and cost savings. The main question is then how a comprehensive strategy is developed to outline the new process. Whether an MNC can successfully develop an e-commerce strategy or not, depends on their understanding of customers within their global environment and the secure transfer of customer information. They must adjust their company operations to concentrate on identifying sources of customer relationship management, such as segmentation, needs and abilities, benefits, values, buying behaviour and trust aspects. Companies need to differentiate their e-commerce approaches from their competition, in order to enable and motivate their transition to an online system.

In the case of our methodology, a qualitative, single case study approach of Electrolux Professional Laundry Group was used. Interviews of their customers and sales offices from around Europe determined their understanding and opinions of the closure of warehouses to concentrate on e-commerce within the company. Findings indicate that there is a need to clarify the role of the system, the safety of the customer’s information and how it relates to the responsibilities of the sales offices in question. In addition, customers must be carefully researched in order to make the new system congruent with their purchasing preferences and abilities. Once created, a clear model is established to determine their affects on the process of creating a successful e-commerce strategy.

Due to the increasing presence of e-commerce amongst competition in Electrolux’s industry, the need to develop a detailed e-commerce strategy is crucial. Their products and services are some of the highest-rated in the industry, but their e-commerce system needs to be improved to match the standards of their well-known brand name. Therefore, careful development of their e-commerce operations will require detailed attention to every stage of the strategy process.
ACKNOWLEDGMENTS

The development of this thesis would not have been possible without the help and guidance of the people who were involved in this study. We would like to acknowledge and extend our gratitude and deepest appreciation to everyone that supported us on this journey.

First of all, we would like to thank our professor and advisor, Joachim Timlon, for providing us a challenging yet contemporary topic of research. His assistance supplied us the necessary resources to develop our work, including contact with Electrolux, moral support and guidance in all stages of the writing process. His enthusiasm for the particular subject inspired our research and composition. We would also like to extend our thanks to the head of our master’s program, Prof. Hans Jansson. His teachings and leadership over the past year have taught us the knowledge and motivation to develop this thesis to the best of our ability. The concept of innovation that was repeatedly introduced in this course encouraged us to consider unique approaches to our writing. Also, we would like to thank our program coordinator, Terese Johansson, for all of her assistance and support this year.

Additionally, we are grateful to Electrolux for both their guidance and the contacts they provided to their sales offices and customers around Europe. Each interview provided us with distinctive information that made this thesis possible.

Lastly, we must thank our families in Germany and the USA for their support while away from home, and our friends for their support throughout this entire process.

Högskolan i Kalmar, May 2009

Corey Olson & Antonia Rödel
ABOUT THE THESIS

Title: The Evolution of E-Commerce: How to develop a successful Strategy?

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Supervisor: Joachim Timlon

Program: Growth through Innovation and International Marketing; 60 ETCS; Spring semester 2009

Aim: The aim of this research is, to provide companies a profound understanding of how to develop a successful e-commerce strategy and how to motivate and enable customers to finally use this solution.

Methodology: An abductive approach with expansion of systematic combining is used to present the case of Electrolux Professional Laundry Systems.

Conclusion: MNCs should investigate the relationship between customer segmentation, and their approach to using the online ordering system. Further, they should determine the effectiveness of the information flow from buyers to sellers. Finally, they should transfer this information into a stepwise e-commerce strategy creation process.

ABOUT THE AUTHORS

Corey Olson: was born March 16th 1984 in Minneapolis, Minnesota, USA. He graduated in 2006 with a Bachelor of Business Administration in marketing and psychology from the University of Minnesota. He was able to gain international experience by studying at Curtin University, in Perth, Australia. Since graduating, he has worked as an associate marketing manager for over two years at a national events company. His working experience included the development and advancement of an e-commerce system specifically designed to promote marketing tools to reduce cost and inefficiency within the company. This thesis has allowed him to develop his past knowledge of the subject by introducing a new international perspective to his research.

Antonia Rödel was born April 4th 1985 in Marktredwitz, a little town in the south of Germany. She graduated in June 2008 with a Bachelor of Business Administration in Health Management from the University of Applied Sciences Krems/Austria. During her studies, she could gain academic and international experiences as an exchange student at the University of Applied Sciences in Rovaniemi/Finland. Her motivation for writing this thesis lies in her very deep interest in international marketing issues and customer motivation, which she gained during multiple internships in multinational companies. Through researching and writing for this thesis, she gained good and new knowledge within the marketing and strategy field. She would like to continue her career in the international marketing field within the healthcare sector.
ABBREVIATIONS

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<th>Full Form</th>
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<tr>
<td>B2B</td>
<td>Business-to-Business</td>
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<tr>
<td>CRM</td>
<td>Customer Relationship Management</td>
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<tr>
<td>EPLS</td>
<td>Electrolux Professional Laundry Systems</td>
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<tr>
<td>MNC</td>
<td>Multinational Company</td>
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<tr>
<td>OTP</td>
<td>Order-to-Payment</td>
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<tr>
<td>SWOT</td>
<td>Strength, Weakness, Opportunity and Threat</td>
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1 INTRODUCTION

The introduction chapter presents the research background and purpose for composing this thesis. First, background information, trends and drivers about the concept and field of research are described, concluding with concept definitions. The second section describes the three most important problems associated with e-commerce and their affects. The third section highlights the action research question and lastly, the purpose for creating the thesis is more clearly defined. Finally, an overview of the structure of the thesis is provided to better understand the following chapters.

1.1 BACKGROUND

E-commerce is representing a new way of conducting business transactions, including buying, selling, or exchanging products, services, and information, usually through communications networks such as the Internet, intranet, and extranet. According to Dou & Chou (2002), e-commerce provides the business world with functions like electronic delivery of information, products, services, or payments; automation of business transactions and workflow; reduction in service costs while improving the quality of goods and increasing the speed of service delivery; and the use of online services. Furthermore, e-commerce is rapidly reshaping the marketing domain and many of its traditional practices, such as business-to-business transactions. (Dou & Chou, 2002)

One reason why research on e-commerce is essential to study is that since the beginning of e-commerce in 1995, it has introduced enormous changes to business firms, markets and consumer behaviours. In 2008, the Nielsen Rating System documented that 875 Million consumers across the world shopped online, which is an increase of 40% in the past two years (Nielsenmedia.com). According to the same study, over 85% of Internet users either purchase or browse for products online. According to Turban (2008), B2B e-commerce represents the largest industry segment, estimating that world-wide B2B transactions exceeded $8.5 trillion in 2005. E-commerce has moved into the mainstream of
multi-national corporations, which possess the market brands and financial resources required for the long-term establishment of e-commerce technologies and methods. (Laudon & Traver, 2007). In addition to the growth of the global industry, Laudon & Traver (2007) identify five consequential trends, including: brand extension, increased complexity, decreased operating expenses, new market entrants and life cycle efficiency.

In addition, the e-commerce solution can speed up and facilitate the whole process of ordering, as well as other business processes. This means that the lead-time can be decreased, because the ordering of products is more efficient. Strategic alliances, supply chain integration, and access to global networks, are trends presenting purchasers, suppliers and distributors more efficient channels (Archer & Yuan, 2006).

The third reason why e-commerce is an interesting area of research is because e-commerce can reduce purchase prices and cycle times of sales companies by benefiting from the digital market’s liquidity and transparency. Furthermore, these companies can eliminate unnecessary steps within the buying processes through a streamlined electronic workflow, which could lower their purchasing costs, reduce their inventory and warehouse costs, improve their efficiency of logistics and procurement, lower their marketing costs, and enhance their sales in the market. (Dou & Chou, 2002)

The overwhelming drivers experienced in the creation of the e-commerce solution will affect the entire industry. The driving forces of e-commerce address a variety of factors effecting the business environment. The drivers are a combination of the changing environment, operating pressures, cooperation of organizations, change requirements, cost reduction and efficiency drivers, and lastly, competitiveness. All of these factors determine whether a business is willing or able to take the next step to develop a new system (Turban, 2008). Each force provides a variety of motivators when entering the e-commerce segment, including:
Introduction

### Business Pressure
Turban et al. (2000) separates business pressures into three segments, including: market, technological and societal. For example - According to Hong & Zhu (2006) many e-commerce systems fail because they lack secure financial and customer support. Gefen & Heart (2009) discuss the impact of the e-commerce expansion in relation to the cultural interchange of the different societies involved. In addition, Archer & Yuan (2006) discuss the importance of an organizations balance of product technology, including the innovation and replacement of inefficient products.

### Organizational Responses
Current solutions and responses must be re-organized, changed and eliminated to assure that the company will be prepared to deal with all possible scenarios. Three major components are to consider when formulating the responses, including: reengineering of the business process, awareness of the system and adaptation solutions, and finally, dedicated improvement efforts.

### Cost/Efficiency
Cost and efficiency drivers represent performance measures (Gunasakaran et al. 2005). Additionally, Chaffey (2002) questioned daily Internet to determine the cost/efficiency components of the Internet and he determined five drivers: Increased speed of supplies, delivery of goods, reduces sales and purchasing costs, and operating costs.

### Competitiveness
Competitiveness drivers define the relationship between an e-commerce system and its environment. Chaffey (2000) divided the drivers into three specific categories, including: customer demand, improved quality and range or products, and to avoid losing market share to other companies utilizing e-commerce.

<table>
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Table 1: E-commerce drivers

In conclusion, e-commerce solutions present many changes in terms of business firms, markets and customer behaviour, in addition to a restructuring of the ordering process. Overall, the unique complexities, potential benefits and drivers of e-commerce create an interesting and essential field of research.
1.2 PROBLEMATIZATION

In recent years, e-commerce has become more successful globally. According to Chaffey (2002), we live in an era of ‘e-everything’, where companies face the danger of being swept away by the flood of information urging them to adopt everything from e-commerce, e-procurement, e-logistics to e-business. One reason for that is the speed with which Internet use has grown and spread during the last decade. Andy Grove, Chairman of Intel, one of the early adopters of e-commerce, made the following meteorological analogy with the Internet.

"Is the Internet a typhoon force, a ten times force, or is it a bit of wind? Or is it a force that fundamentally alters our business?" (Grove, 1996)

This statement summarizes how companies have to respond to digital technologies and that the impact varies through time from inconsequential for some companies to significant for others. Unfortunately, a large portion of companies do not realize the importance of strategies and techniques that assess the importance of the impact and control of the technology. But, how could companies develop such e-commerce strategies? This leads to the problem concerning e-commerce, namely:

- Absence of e-commerce strategies and coordinated techniques in companies

Furthermore, the B2B branch of e-commerce is seen as more lucrative than business-to-consumer e-commerce because it is ten times bigger than the retail market. Moreover, business consumers are usually less changeable than retail consumers are. Through business-to-business e-commerce, a broad range of applications are covered and allows companies to establish electronic relationships with their distributors, resellers, suppliers, and other partners. The Internet gives B2B e-commerce players the opportunity to link their companies to the digital market easily and cheaply. But, implementing a new system affects the companies’ structures and they have to find a solution to motivate and pursue their partners and customers to use these e-commerce solutions in order to improve efficiency. According to Jones et al. (2000), trust in information services and technologies has become an increasingly important issue and this development of trusts between customers, partners and stakeholders has become essential to the expansion e-business marketing. However, companies do not yet understand how to motivate their customers to use the e-commerce strategy and the importance of trust within this venture. Therefore, the question is how companies can
motivate their partners, suppliers, distributors, etc. to use their e-commerce solutions, when they instead could have a direct contact with the sales offices.

- Low motivation of customers, suppliers, etc. to use e-commerce solutions

According to Archer & Yuan (2000), interorganizational information systems have been used since the early 1970s within the B2B e-commerce environment. The purpose of these information systems is to link one or more companies to their customers or suppliers. The interorganizational information systems utilize standard protocols to share information between participating companies through computer-to-computer exchange of electronic documents relating to purchasing, selling, shipping, receiving, inventory, financial and other activities. However, the variety of application of the information systems is enhanced from simply handling transaction data to supporting all forms of information exchange, including procurement transactions, supply chain management, sourcing information, new product development, shared electronic mail, etc. The difficulty within the B2B e-commerce field is therefore to manage this exchange of different kind of information in order to safeguard and maintain the information flow.

This leads to the following problem:

- High complexity of information flow

In conclusion, the importance of studying the e-commerce movement is significant for companies to identify the following three main problems: The first problem is an overall absence of strategy and technique; secondly, low levels of motivation from customers, suppliers, etc. must be outlined to develop a strategy, and lastly, the safeguarding of customer information.
Figure 1 illustrates a summary of a company’s problems:

![Diagram showing e-commerce problems]

Source: own model

### 1.3 RESEARCH PROBLEM

**How to develop an e-commerce strategy for the effective start-up and continued use of an e-commerce solution for customers?**

In order to solve the main thesis problems, the following two fundamental research questions have been posed:

- How to enable and motivate the customer to start using the e-commerce solution?
- How to safeguard the customer information flow, which previously flowed via local offices?
1.4 PURPOSE

The purpose of this thesis is therefore to develop an e-commerce strategy for the effective start-up and continued use of an e-commerce solution for customers, to order finished products directly from the production.

This purpose will be accomplished through:

- Establishing and describing different customer segments according to their ability to specify their demands and needs and to correctly place an order within the existing system.
- Specifying and analyzing the customer demands for e-commerce in order to simplify the information flow as much as possible.
- Recommend how to develop the e-commerce strategy for the customer’s use of an online system when ordering finished goods.

1.5 DELIMITATIONS

Taking into account the limited time and resources, the following implements boundaries to the scope of the research conducted:

- Investigating MNCs that are interested in developing an e-commerce strategy
- Concentrating on MNCs that possess available Internet resources, and a desire to reduce operating costs and increase the efficiency of the selling process
- Focusing on the relationships between the EPLS sales offices and their customers, and how network changes will affect that relationship
- Emphasizing the needs and preferences of private and public B2B relationships by studying their buying behavior, enablers and motivators for online purchasing
1.6 **OUTLINE OF THE THESIS**

The thesis consists of six chapters, including:

- **Chapter 1 – Introduction**
  Nature of the study, research background, purpose, problem definition and research problems.

- **Chapter 2 – Methodology**
  Methods employed to research the questions. Including: strategy, method, approach, design and quality.

- **Chapter 3 – Theoretical Framework**
  Discusses important examples of theory to be used when answering the research question.

- **Chapter 4 – Empirical Study & Case**
  Provides information about the specific case company and empirical findings related to the research subject.

- **Chapter 5 – Analysis**
  EPLS empirical findings as they relate to the theoretical framework previously defined.

- **Chapter 6 – Conclusions & Recommendations**
  Finalize answers to the research questions and suggestions for the case company.
2 METHODOLOGY

The purpose of this chapter is to explain how we conducted our research. First, our research approach, strategy and method will be described. Followed by our data collection approach and a discussion of how we will achieve high standards of quality and trustworthiness throughout our research. The chapter closes with our research model and a brief summary.

2.1 RESEARCH APPROACH

According to Downward (2003), a distinction between three research approaches can be made: induction, deduction and abduction. The induction approach is defined as a research approach whereby the researcher collects data and then develops theory as a result of data analysis, or “research-then-theory strategy”. Deduction on the other hand is more a “theory-then-research strategy”, whereby a theory is developed and then a research strategy is developed to test the theory. (Downward, 2003) Abduction can be seen as a mixture of the inductive and deductive approach and is according to Downward (2003), the most frequently used approach in a case study. The abductive approach’s starting point is similar to the induction approach in the empirical findings. However, the abductive approach does not refuse new adequate theoretical directions, which might arise during the research process. (Downward, 2003)

In order to combine these processes, Dubois and Gadde (2002) explain the systematic combining approach. According to them, systematic combining is a process in which the theoretical framework, empirical findings and the case analysis are developed simultaneously. Moreover, the systematic combining is a grouping of theory and reality, and direction and redirection. The matching of theory and reality can be seen as a process of going forward and backward between framework, empirical evidence and analysis. The direction and redirection process is essential in terms of conducting the matching process.
The combination process enables the investigator to consider new information, broadening or narrowing the research spectrum and redirecting the initial focus.

In our research, we use an abductive approach with the expansion of systematic combining. Therefore, we developed our theoretical framework, empirical findings and case analysis simultaneously during our research process. Before we constructed our main and research problems, we received basic information about the current situation from our case company (e.g. Competitor Analysis, Surveys), which was determined to be the starting point by the empirical findings. First, we present a combination of industry theory in order to objectively interpret the answers to our research questions, by using an inductive approach. Secondly, a deductive approach was used to determine our existing information, or the theoretical framework and empirical study. Third, the analysis chapter used an inductive approach to compare the findings from our theoretical and empirical data in order to study the differences between the two chapters. Finally, our main problem and research questions were answered in the conclusion by shifting the approach again to a deductive one. During this whole process, we matched the empirical data and the theory together by going backward and forward between the theory, the empirical data and the analysis.

2.2 RESEARCH STRATEGY

As researchers contemplate using a qualitative or quantitative research method, they also have to create the right research strategy. According to Yin (2003) there are five different research strategies, between which researchers can choose, including experiment, surveys, archival analysis, history and case study. To choose the right strategy, researchers have to know the differences between these five research strategies, which are illustrated in Table 2.
Further, Yin (2003) suggests that the research strategy should be based on the type of the research question and the type of problems investigated in the research. The strategies mentioned above, provide an exploratory, explanatory and descriptive purpose for the research.

Regarding our main research question, ‘How to develop an e-commerce strategy for the effective start-up and continued use of an e-commerce solution for customers?’ it can be defined as a how-question, and involves a contemporary event (developing an e-commerce strategy). In our research we are unable to control behaviour events of our case company, e.g. their operating environment. Therefore, the most practical approach to pursue would be a case study.

### 2.2.1 Case Study

A case study is, according to Yin (2003), a type of qualitative study that investigates a real environment without set rules between phenomenon and context. In addition, the method uses several sources of evidence. Merriam (1998) mentions that case studies are designed to describe how something has been implemented, or to give feedback.
The case study method also has disadvantages, as explained by Yin (2003). The most common drawback is that the case study researcher does not follow organized procedures, or has allowed vague evidence or one-sided views to influence the direction of the findings and conclusions. Another disadvantage of case studies is that they do not build a profound basis for scientific generalizations. Another issue concerning cases studies is that they are very time consuming and often turn into massive, unreadable papers. (Yin, 2003)

This thesis, as previously explained in Table 2, uses a case study as a research strategy. Furthermore, our research requires an in-depth understanding of a specific phenomenon in a certain case company, namely e-commerce strategies in MNCs. In our opinion, the case study is the most suitable research strategy for our approach due to the complexity of our research questions. Beyond that, the case study strategy is important in order to achieve a holistic view of the different dynamics influencing the development of an e-commerce strategy, such as CRM, buying behaviour, and the stepwise process to develop an e-commerce strategy. Therefore, our results gained from this practice can also be useful for other firms, which want to implement an e-commerce strategy. This does not limit our case study to just the needs of the studied case company.

2.2.2 Case study design

Yin (2003) defines the research as a “plan that guides the investigator in the process of collecting, analyzing and interpreting observations” (Yin, 2003, p.21). Yin (2003) explains further, that there are different ways of designing case studies, which can be divided into four types: single or multiple cases with holistic or embedded designs. Yin (2003) first distinguishes between single-case and multiple-case design. Single case designs are often used, when the case confirms or defies a theory, characterizes a unique or extreme case, fills a revelatory purpose, or when the case is the longitudinal case (studying the same single case at two or more different points in time). The multiple case study design is used, when one study exists of more than one study. (Yin, 2003) Thus, the first decision to make, when designing a case study, is whether to use a single or a multiple design. Given that our case study is based on a well-structured theory, we use an abductive approach that analyses our case company as one single unit, or a single case design.
Yin (2003) further explains the holistic versus embedded case studies, which is the second decision to be made when designing a case study. Although the case study focuses on one single company, the analysis can consist of results about one or more subunits. In this case, it would be an embedded case study design, no matter how the subunits are selected. Contrary, a holistic design would have been chosen, if the case study investigates the global nature of a company or program. Since we are examining the global nature of developing an e-commerce strategy for our case company, we use a holistic case study design. Thus, our thesis utilizes a holistic single case design.

2.3 RESEARCH METHOD – QUANTITATIVE VERSUS QUALITATIVE

There are two different research methods present, namely quantitative and qualitative research. According to Merriam (1998), quantitative research takes apart a phenomenon to examine elements and turn into variables of research. Qualitative research, according to Merriam (1998), shows how all the elements work together to form a whole. The qualitative research is often characterized as adjusting an inductive research strategy whereas the quantitative approach is characterized as deductive. Thus, the qualitative research method offers a more holistic, broader and more in depth approach of the research questions. Due to this, our research problem cannot be answered by quantitative research and therefore we choose the qualitative research approach in order to give appropriate answers to our research problems. Merriam (1998) emphasizes that there are three concerns regarding the qualitative approach: reliability, validity and generalization, the sensitivity and the integrity of the researcher and the ‘unusual problems of ethic’. Throughout our case-study, we found out that our sensitivity and integrity might influence our research and to minimize this influence, we tried to be as objective as possible. The reliability, validity and generalization problem will be discussed in detail later on in this chapter. The ‘unusual problems of ethic’ does not have any serious influence on our research, since we are not researching within an ethical sensitive field.
2.4 DATA COLLECTION

Data Collection builds the basis of all research. There are several ways of collecting data for a research. Merriam (1998) distinguishes between two different techniques for data collection: primary and secondary. Primary data is so-called first hand data collected by the researchers themselves. It includes information, which is collected for the specific research such as interviews. The secondary data collection on the other hand includes information, which already exists and is not produced by the researcher. Secondary data is often represented in the form of publications like articles, reports or literature. (Merriam, 1998)

The most common strategy is, according to Merriam (1998) a combination of both techniques. Therefore, we use both techniques, the primary and secondary data collection, in order to increase the validity of our thesis. Moreover, Yin (1994) states that any finding and conclusion is likely to be convincing and accurate, when it is based on several data sources. Yin (1994) mentions six ordinary sources of evidences, when doing case studies: physical artifacts, participant-observation, direct observation, interviews, archival records and documentation. We conducted interviews with sales offices and customers as a source of evidence in order to accrue the validity of our thesis. By using interviews as a source of evidence our case study is strengthened, since, according to Yin (2003), the researchers not only get insight into the phenomenon to study, but also receive suggestions and access to supporting sources, which can be mainly used to discover new dimensions of the research problems.

2.4.1 Primary data

Primary data is information, which is collected for a specific purpose. Although, this type of data is expensive and time consuming in terms of collecting, it is recent and has not been collected by someone before. Primary data can be collected in many different ways, for instance via interviews or observation. (Merriam, 1998) The primary data of our thesis is based on telephone-interviews with Western European sales offices and customers from our case company. Interviews as a data collecting method have advantages and disadvantages. We mainly benefited from the interviews by receiving data that relates to our research problems and are crucial to answer specific questions. The main drawbacks were the high time consumption of coordinating and conducting the interviews and our
little experience in conducting interviews. Yin (2003) states that interviews are the most essential sources in terms of case study information as they usually are unlimited and focused. Focused interviews are performed in a shorter time-period and are based on a set of questions to be answered, such as protocol. It is important, that the questions within these interviews are precise, easy to understand and not leading. Open-ended interviews on the other hand are, according to Yin (2003), based on broader discussion topics. We developed our interview guidelines before conducting any interviews and decided to construct it based on our research questions and research problems. Even though we had our interview guidelines with the questions, we initiated open-ended discussions in order to encourage interviewees to elaborate of discussions to provide the most possible valid answers. This can also be related to Fisher (2004), who discusses the differences of semi-structured and structured interviews. In our case, we chose to have a mixture of both types. In order to structure our interviews, we used the pre defined question guideline, which helped us to keep on track and for the later interpretation of the interviews. In addition, we used the semi-structured nature in order to discuss questions requiring more detailed or further questions, which came up during the interviews. Finally, in order to facilitate the transcription of the interviews and stay focused during the interviews, we recorded all of our interviews with a digital voice recorder.

2.4.2 Secondary Data

Secondary data is, according to Yin (1994), any data, which has been collected and published earlier by another person and for a different purpose. This data can be used as part of the study and to provide essential background information. Our secondary data contains books, articles, Internet material and internal case company material.

We used the secondary data in the form of Internet sources, books, journals and articles, for writing the theoretical background and providing the foundation of our analysis. Furthermore, we received internal material (Survey Reports, Competitor Analysis) from our case company in order to get a better overview of the company and its current activities within the e-commerce field. We used most of the internal material in our empirical evidence, in order to provide a better understanding of our case company and their current situation.
Since secondary data is not specifically collected for this thesis, we used acknowledged sources by well-known authors in this research field in order to minimize the risks of errors or misleading information from secondary sources in the study.

2.5 QUALITY OF RESEARCH

When doing research it is important to determine the validity and reliability of the study. Yin (2003) presents four tests, which are used to establish the quality of empirical research and case studies, as they are one type of this research: construct validity, internal validity, external validity and reliability. In order to protect the security and trustworthiness of the case study, we will consider the tactics and aspects of guaranteeing and enhancing the validity and reliability.

2.5.1 Construct Validity

This first test assumes acceptable analytical deductions between different theoretical concepts and empirical data and it further highlights why they were selected (Merriam, 1998). In addition, Yin (2003) points out that this test on the construct validity is especially problematic in case study research since subjective judgments are used when gathering data. Several tactics are utilized in order to increase the construct validity:

- Using multiple sources of evidence
- Establishing a chain of evidence to show how each link in the chain relates to each other
- Using key information and significant figures to review the case study report

In order to increase the construct validity in our thesis, we used multiple sources of evidence in form of existing and approved books, articles and Internet sources. Furthermore, we used the following books and articles as main guides in order to support our theoretical results: Payne & Frow (2005) for the CRM Model and the Information Management (Chapter 3.2 & 3.3) and Chaffey (2002) for the Strategy Process Model (Chapter 3.4). We chose different theoretical models to illustrate and visualize the different aspects of our research questions, to provide a suitable approach. Specifically, the
theoretical chapter is structured around the CRM- and the Strategy-Process-Models, and their components. Additional, the chain of evidence is realized, when an independent observer is able to follow the analysis from the original data, to coding and structuring, and to pattern matching (Yin, 2003). For our study, we decided to split up the analysis and each member will independently review the others’ analysis in order to assure the chain of evidence.

Thus, the construct validity in our research is high and biases are reduced to a minimum.

2.5.2 Internal Validity

According to Merriam (1998), the internal validity relates to question of how to match research findings with the reality and how congruent they are with the reality. Consequently, the higher the internal validity is, the more strategically essential the conclusions and recommendations are for the case company. The researchers are playing the role of an interpreter or translator of the case studied, because data cannot speak its self. There are six basic strategies for an investigator to increase the internal validity: (Merriam, 1998)

- **Triangulation:** The validity of the research can be enhanced by using more than one researcher, several sources of data, or numerous methods to confirm the emerging findings.

- **Member checks:** Carrying out checks with people from whom data were derived if the results are credible.

- **Long-term observation:** Researcher is collecting data over a period of time.

- **Peer examination:** The researcher asks colleagues to comment on the findings.

- **Participatory or collaborative modes of research:** Involving other participants in all phases of the research process

- **Researcher’s biases:** Clarifying the researcher’s worldview, assumptions and theoretical orientation at the beginning of the study.

Internal validity is essential for our thesis, especially for the recommendations we give to our case company about how to develop an e-commerce strategy. Furthermore, it shows
how well our theoretical concept explains our research questions and how trustworthy our conclusions will be. In order to reach a high level of internal validity we used different tools, such as:

- **Triangulation method**: By using more than one researcher, a variety of different books, articles, Internet sources, as well as internal case company sources (e.g. Annual Report, Surveys) and different methods to confirm the findings (e.g. Interviews) we increased our internal validity.

- **Researcher’s biases**: By working as an international research pairing with different worldviews and assumptions from Germany and USA, we decrease potential research bias. In addition, multinational representation of the case company and interviewees creates neutral opinions.

In order to safeguard the internal validity of our research, we conducted interviews and reviewed surveys to reflect the opinions of customers.

Thus, we consider our internal validity as acceptable due to the facts mentioned above.

### 2.5.3 External Validity

According to Yin (2003), the next step of the qualitative study is the external validity. This perspective deals with the issue of knowing whether the findings of a particular case study can be applied to other cases. Merriam (1998) further argues that qualitative research as a single-case or a small random sample is chosen because of the interest of getting a profound understanding of the particular case, and not generalizations.

Merriam (1998) describes two strategies, which can be used for increasing the possibility of generalization of a single case study:

- **Rich, thick description**: The description explains the situation in order to give others the possibility to compare their situations with the case and whether findings can be transferred.

- **Modal category**: The description of how typical an event, program or individual is compared to others.

Throughout these methods, readers have the chance to make relevant comparisons related to their individual situations.
In order to specify conditions under which these conclusions are valid it is necessary to have a profound knowledge about the company’s current e-commerce activities. In this case, translating our findings to different companies requires all of the following aspects:

- Company has introduced a concept to reduce costs
- Online-ordering capabilities (Spare parts system in place)
- Do not have a current e-commerce strategy, but experiences managing an online ordering system

Therefore, we deem that our external validity is high because our theory, empirical data, and analysis can be generalized to other multinational companies within every industry, under the same conditions as listed previously.

2.5.4 Reliability

According to Merriam (1998), reliability refers to the extent to which research findings are replicable. In other words, the reliability test checks if a later researcher followed previous procedures and conducted the same case study over again, that they should receive the same findings and results (Yin, 2003). The aim of reliability is, according to Yin (2003), to reduce the errors and biases in a study. Reliability concerns the data collection process and in order to assure the dependability of the data collected and utilized, the researchers can use the following techniques (Merriam, 1998):

- **The investigator’s position**: The researchers should give information and explanation about the assumptions and theory behind their study, the base for selecting information and a description of them and the context from where data were gathered.

- **Triangulation**: This refers to several methods of data collection and analysis.

- **Audit Trail**: This requires the investigator to provide detailed explanation about how data was gathered, categories derived and how decisions were made throughout the inquiry.

We are aware that errors may occur regarding our interview interpretations, which concerns reliability. In some cases, the use of translators due to language barriers could affect the reliability because of accurate information translation. In order to avoid this,
repeat clarifications were requested to determine answer consistency. Furthermore, we have recorded the interviews with the interviewee’s approval in order to minimize the risk of misinterpretation. In addition to the voice recorder, notes were taken during the interview to record as much information as possible. Following the interview, we immediately recorded the interview data into written manuscripts. Finally, we had the option to send follow up questions to the respondents, relating to any doubts generated during the reviews.
2.6 **RESEARCH MODEL**

This research model (Figure 2) outlines and summarizes our complete methodology concept.

![Research Model Diagram](image)

*Source: own model*

**Figure 2: Research Model**
2.7 METHODOLOGY SUMMARY

First, we regarded our research approach, where we used an abductive approach with expansion of systematic combining for our research. Therefore, our theoretical framework, empirical evidence and case analysis were developed simultaneously. Our initial point can be located in the empirical findings and consequently, the empirical data and theoretical framework were matched by going backward and forward between our theory, empirical data and analysis.

Secondly, we chose the case study strategy as our research strategy since our research has a descriptive approach and requires a profound understanding of a certain phenomenon (e-commerce) in a case company. In order to obtain this deep understanding, we use a qualitative research method because we are aiming for a specific result at the end of our research.

Third, we examined our case study design, determined to be a holistic single case design. We used the single case design, because of our abductive approach, the fact that our case study is based on a well-formulated theory and the analysis of our case company as one single unit. Furthermore, we investigate the global nature of developing an e-commerce strategy for our case company and for that reason we used a holistic approach regarding our case study design.

Regarding the collection of our data, we used primary data in the form of a mixture of structured and semi-structured phone-interviews. This primary data built the basis for our empirical evidence. Moreover, we used Internet sources, books, journals and articles as secondary data. Besides, we also received internal material from our case company in order to get a better overview about their current e-commerce activities. The secondary data was mainly used in order to write the theoretical background and provide a foundation for our case analysis.

In order to safeguard the quality, secure and trustworthiness of our case study, we considered several tactics and aspects of guaranteeing and enhancing the validity and reliability. Thus, existing and approved literature and company material were used to enhance the construct validity of our thesis. For increasing the internal validity, we involved triangulation methods (sources of information and data and researcher’s biases
strategy). Our **external validity** can be seen as high, since our theory, empirical data, and analysis can easily be connected to other companies. We tried to **avoid errors** in our interview interpretations by recording the interviews and taking written notes. Furthermore, we always made clarifications through repetitions and wrote down the interview data into written manuscripts. We also had the possibility to re-contact the interviewees in case of doubt or further questions.

This chapter concluded with a figure of our **research model**, which illustrates and summarizes our methodology concept.
3 THEORETICAL CHAPTER

This chapter aims to give a theoretical base for understanding the concepts of electronic commerce and how strategies are formed. This chapter begins with a clear definition of the concept. The first part of the chapter focuses on the motivators and enablers of the subsequent strategy. Specifically, customer segmentation, customer strategy, value creation process, benefits, needs and organizational buying behavior concepts will be expanded. Additionally, the safeguarding of customer information via information management will be described. The second part concentrates on the development process of an e-commerce strategy as it relates to its operating environment. The development will be reviewed in the four stages strategy process model of an MNC. In conclusion, the theoretical framework guides and inspires the remaining thesis’ research as a part of the empirical analysis and a factor in the conclusions and recommendations provided by this paper.

3.1 GENERAL DEFINITIONS AND CONTENT OF THE FIELD

Laudon & Traver (2007) state that there are many discussions about the meaning and limitations of e-commerce and e-business, including the three represented in Figure 3. The following presents definitions found in literature.

![Figure 3: Three alternative definitions of the relationship between e-commerce and e-business](source)

Source: Chaffey, 2002, p.8
3.1.1 What is e-commerce?

The concept of e-commerce is typically perceived as retail purchases from companies such as Amazon. But, in order to create a clear definition, a variety of articles and governing organizations were consulted, including Peter Drucker’s description of the Internet revolution:

“The truly revolutionary impact of the Internet Revolution is just beginning to be felt. But it is not ‘information’ that fuels this impact. It is not the effect of computers and data processing on decision making, policymaking, or strategy. It is something that practically no one foresaw or, indeed even talked about 10 or 15 years ago; e-commerce – that is, the explosive emergence of the Internet as a major, perhaps eventually the major, worldwide distribution channel for goods, for services, and, surprisingly, for managerial and professional jobs. This is profoundly changing economics, markets and industry structure, products and services and their flow; consumer segmentation, consumer values and consumer behaviour; jobs and labour markets. But the impact may be even greater on societies and politics, and above all, on the way to see the world and ourselves in it.”

(Drucker, 2002, pp.3-4)

According to Turban et. al. (2008) e-commerce is “the process of buying, selling, transferring, or exchanging products, services, and/or information via computer networks, including the Internet.” Conversely, there are incompatible definitions of e-commerce in literature, for example Zwass (1998) refers to e-commerce as “the sharing of business information, maintaining business relationship, and conducting business transactions by means of telecommunications networks.”

The main commonality of definitions illustrates that e-commerce is not limited to the actual buying and selling of products, but also pre-sale and after-sale activities along the supply chain (Chaffey, 2002). The remainder of the role of e-commerce should be defined in relation to the concept of e-business, defined in the following section.

3.1.2 What is e-business?

A review of literature pertaining to e-business reveals similarities and differences to e-commerce, in addition to a large variety of available definitions. According to Laudon & Traver (2007) e-business refers to the ‘digital enablement of transactions and processes within a firm, involving information systems under the control of the firm.’ In most
examples, e-business does not include commercial transactions involving exchanges of value across organizational boundaries.

In addition, The Department of Trade and Industry defines e-business as the following:

“When a business has fully integrated information and communications technologies (ICTs) into its operations, potentially redesigning its business processes around ICT or completely reinventing its business model… e - business, is understood to be the integration of all these activities with the internal processes of a business through ICT.”

(Chaffey, 2002, p.8)

This definition emphasizes the interactions of technology and a full array of business processes, and it also emphasizes a concentration on system innovation. Lastly, Turban et al. (2008) refers to e-business as “a broader definition of e-commerce that includes not only the buying and selling of goods and services, but also servicing customers, collaborating with business partners, and conducting electronic transactions within an organization” (Turban et al., 2008, p.4). Similar definition characteristics create a need for a clear differentiation between the two in this paper.

3.1.3 Conclusion Definitions about E-commerce and E-business

Consideration of multiple literature sources (Chaffey, 2002; Laudon & Traver, 2007; Turban et al., 2008 & the Department of Trade & Industry) provided general definitions of e-commerce and e-business.

**E-commerce** is a subset of e-business, specifically focused on the actual ordering of products online, including an identification and focus on exceeding customer needs. Ordinarily, **E-commerce** is undertaking business electronically by completing business processes over electronic networks.

Conversely, **E-business** incorporates all internal and external electronic activities, including: servicing customers, marketing, inter-organizational and partner collaborations.

Due to the close relationship of e-commerce and e-business, the needs of both must be considered when constructing a successful commerce strategy.
3.1.4 Business-to-Business E-commerce

The focus of this work is on the B2B commerce of an MNC, because it is the largest form of e-commerce. However, for the sake of completeness, a table that can be found in Appendix 8.2, summarizes and describes briefly the most common types of e-commerce.

According to Turban et al. (2008), B2B e-commerce represents “Transactions between businesses conducted electronically over the Internet, extranets, intranets, or private networks” (Turban et al., 2008, p.219). In this form of e-commerce, all of the participants are either businesses or other organizations, between which the selling processes take place. A business in this context refers to any organization, private or public, for profit or non-profit. (Chaffey, 2002 & Turban et al., 2008) Referring to Turban et al. (2008), the main characteristics of B2B e-commerce is that companies try to automate trading or communication and collaboration processes electronically in order to improve them.

3.2 CUSTOMER RELATIONSHIP MANAGEMENT

According to Payne & Frow (2005), the definition of customer relationship management (CRM) originated to address the creation of a virtual vendor and customer community. In theory, the CRM concept is viewed as a form of electronic relationship marketing. Specifically, they define CRM as a strategy concerned with the creation of shareholder value. The unity of IT and marketing cooperate to form long-term customer and stakeholder relationships. Overall, CRM attempts to understand the actions of customers via information of processes, people, organizations and capabilities, including our first research question, how to enable and motivate the end-consumer to use the e-commerce solution. They continue to say that one of the main limitations of the CRM theory is a general confusion of how to utilize CRM. Company strategies tend to fail because they are fragmented, unfocused and uninspired without proper direction. This statement includes our second research question, how to safeguard the information from the customer. With that in mind, three perspectives of the CRM theory have been identified, including (Chaffey, 2002):
Once determined, the CRM strategy incorporates five specific processes that address the strategy, highlighted in Figure 5:

The first process relates to the **business and customer strategies**. Specifically, the business strategy is identified by the company vision, environmental analysis and the impact of technology on its operations. In relation, the customer strategy analyzes the choice and characteristics of the customers in order to identify customer segments, discussed earlier in the paper.
3.2.1 Customer Segments

The customer strategy analyzes the choice and characteristics of the customers in order to create customer segments. The purpose of the segment is to target and monitor specific customers with the help of internal departments, including: IT, marketing, maintenance and sales support. (Payne & Frow, 2005) Furthermore, the strategy may also consider the specific demographics of its average users in specific regions, including: age, social group and sex. Moreover, MNCs have the ability to divide customers into smaller segments based on their web-usage-related lifestyle, themes of Internet usage, Internet attitude, and psychographic and demographic characteristics (Turban et al., 2008 & Brengman et al., 2005).

The customer segmentation for the purposes of an e-commerce strategy generates according to Brengman et al. (2005), four online shopping segments (tentative shoppers, suspicious learners, shopping lovers and business users) and three online non-shopping segments (fearful browsers, technology muddlers, and adventurous browsers). A more detailed explanation, based on Brengman et al. (2005), of the different segments can be found in the Appendix 8.4. Each segment has a different purpose for using the website, but they can all be magnified and studied in order to define the customer’s personal environment. Due to market segmentation, companies have the possibility to differentiate their products to fit the needs of the customers in each segment. Referring to Laudon & Traver (2007), segmenting and targeting are not new methods, but the Internet offers a new opportunity for “very fine-grained segmenting down to the level of the individual.” Thus, with enough personal information, companies can personalize market messages on the Internet to exactly fit an individual’s needs and wants. (Laudon & Traver, 2007)

According to Chaffey & Smith (2008), these customer segments can be created by building customers profiles. In order to segment customers, companies need to know, who is online and their profiles. Furthermore, they need to know each customer segment and the number that use digital channels, including who:

- have access to which channel(s)
- are influenced by using which channel(s)
- purchase using which channel(s)
In order to profile online business users, the following organization characteristics are useful:

- Size of company (employees or turnover)
- Industry sector and products
- Organization type (private, public, government or non-profit)
- Division
- Country and region

Customers can also be profiled according to their readiness to purchase. Companies also need to know the following Individual variables:

- Names
- Role and Responsibility from job title, function or number of staff managed
- Role in buying decision (purchasing influence)
- Department
- Product Interest
- Demographics: age, sex and possibly social group

Therefore, business users of the Internet can be profiled as followed:

- **The percentage of companies with access**
  Since in the most developed countries more than three quarters of businesses have Internet access, the Internet can be seen as a very effective tool in terms of reaching companies. But it does not necessarily reach the right people in the buying unit, because of the fact, that not every employee has Internet access.

- **Influenced online**
  The Internet is essential when it comes to identifying suppliers, especially for larger companies, which identify the majority of their suppliers online.

- **Purchase Online**
  In terms of access device and purchase method, e-mail and the Web are generally used for buying online. Extranets and electronic data interchange are in that case less important, since these are the preserve of larger companies.

**In conclusion,** companies always need to be updated in terms of online status and the percentage of offline purchases that are influenced by browsing the Internet. Furthermore, companies need to research their customer demographics and psychographic segments and
need to know why certain customer segments buy or do not buy. (Chaffey, 2002; Chaffey & Smith, 2008)

### 3.2.2 Value Creation Process

In the value creation process of the CRM theory, programs are developed in order to achieve the goals of the implemented strategy. Table 3 defines the three elements:

<table>
<thead>
<tr>
<th>Elements</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value to the customer</td>
<td>This relates to the benefits the customer receives. Specifically, the fulfilment of customer needs, product performance and price, to determine the value of a product. For this, the importance of product attribute preferences must be exploited in the strategy.</td>
</tr>
<tr>
<td>Value from the customer</td>
<td>Customer retention and creation, communication, and/or co creation determine the value of the customer relationship, including: reduced costs and feedback.</td>
</tr>
<tr>
<td>Management of the strategy</td>
<td>The value proposition aspect of the CRM translates the business and consumer strategies into value statements.</td>
</tr>
</tbody>
</table>

Table 3: Value Creation Process

### 3.2.3 Multi-channel Integration Process

Once the strategies and value statements are created the multi-channel integration process translates them into value-added activities for practical use. Specifically, this process determines the issues related to the interactions of separate channels and the benefits associated with the identification of them. The ultimate goal of the CRM integration process is to present a unified view of the MNC, devoid of inconsistencies between channels. According to Friedman and Furrey (1999), most companies enter a market with a hybrid of channels. Some examples include: sales force, outlets, telephony, direct marketing, e-commerce and mobile-commerce. Even though we plan to specify the e-commerce system in our CRM strategy, interactions with all channels is expected. According to Payne & Frow (2005), the “perfect customer experience” can only be achieved if all channel interactions for a customer are appropriate. Hence, information sharing amongst all channels is necessary to avoid any inconsistencies that may damage the relationship (Payne & Frow, 2005).
3.2.4 Information Management

Referring to our second research question, the following description of information management described both the process and the outcomes of information in e-commerce. According to Payne & Frow (2005): the process concentrates on the collection, collation and use of consumer information to generate appropriate customer insight and marketing responses. This process includes both the accurate retrieval of the information, storing and combination of information amongst customers. In order to understand the information flow, it has been stated in five different categories, including: data repository, IT systems, analytical tools, front and back office participants and CRM technology market penetration. Figure 4 describes the process in more detail:

<table>
<thead>
<tr>
<th>Information Management</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data repository</td>
<td>The appropriate storage of company wide data in electronic warehouses assists the information flow. Data pertaining to orders, communications and shipping is stored in a central location accessible within the company.</td>
</tr>
<tr>
<td>IT systems</td>
<td>Regarding the hardware and software involved in the e-commerce system, integration of technology is required to maintain a functioning network. Internally, equipment must be able to store the previously mentioned data, as well as remain compatible with the intermediaries and customers purchasing their products. For example, the creation of an online ordering system that is compatible with various software standards of the diverse client base. This includes a web ordering system that can be accessed by both standard and advanced systems. When an order is placed the information is sent directly from the buyer to the seller’s corporate database and then is automatically sent to production. Manufacturing and sales have the ability to follow-up whenever needed.</td>
</tr>
<tr>
<td>Analytical tools</td>
<td>They represent a combination of the data repository and the IT system. The purpose of these tools is to develop the software and hardware to analyze the data provided by their buyers. These tools are necessary to convert ordinary data into something like a customer profile.</td>
</tr>
<tr>
<td>Front and Back office participants</td>
<td>The front office software deals specifically with customer interactions, including website interface and communication technology, whereas back office participants are based on internal administration, including: HR, procurement, warehouse management, logistic software and financial.</td>
</tr>
<tr>
<td>CRM technology market penetration</td>
<td>The information process of the CRM strategy attempts to ensure that orders will be handled from the front end ordering process, to the back end order fulfilment. This strategy essentially safeguards the information as it flows between contact points in an MNC.</td>
</tr>
</tbody>
</table>

Table 4: Information Management Process
The information flow represents a variety of important elements to maintain the safety of an order-produce-send process.

### 3.2.5 Performance Assessment

The performance of the CRM strategy determines their impact on shareholder results (Archer & Yuan, 2006). In order to consider these results, the links between the different segments of the CRM model must be compared, and discrepancies weaken the model (Payne & Frow, 1999). For example, in the case of e-commerce, without the proper segmentation of customers, identification of customer needs and abilities, value creation process and channel integration, their model lacks potential motivating factors. (Turban, 2008).

According to Ambler (2002), standard CRM performance assessments are not well developed or communicated. Despite the creation of a strategy, the proper measurements are not utilized and assessments are incomplete.

### 3.2.6 Trust Aspect

McKnight et al. (2002) stated that trust cannot be considered in a single dimension, because it is a combination of multiple trust types. They state that different forms of trust must be addressed and satisfied in order to sustain repeat customers. Competence, expertness, morality and reliability are examples of trust factors that must be addressed by the website, communication of orders and delivery of goods.

The following table includes the official definitions of the trust-types and how they relate to e-commerce (dictionary.com):
<table>
<thead>
<tr>
<th>Type</th>
<th>Definition</th>
<th>Indication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competence</td>
<td>Possession of required skill, knowledge, qualification, or capacity</td>
<td>- Familiarity – past transaction and product use</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Clear purchasing information and product descriptions</td>
</tr>
<tr>
<td>Expertness</td>
<td>Special skill or knowledge in a specific field</td>
<td>- Industry awards or certification</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Advanced technical information</td>
</tr>
<tr>
<td>Dynamisms</td>
<td>The motivating or driving forces, physical or moral</td>
<td>- Clearly defined motivations for the sale and purchasing of a product</td>
</tr>
<tr>
<td>Goodwill</td>
<td>A good relationship, as of a business with its customers.</td>
<td>- Support intentions – provided to customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Quality feedback opportunities</td>
</tr>
<tr>
<td>Benevolence</td>
<td>Favourable motives and not being opportunistic or manipulative. Very similar to goodwill.</td>
<td>- Clear product definitions and uses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Reasonable pricing</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>The quality or state of being responsive.</td>
<td>- Return or maintenance information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Local contacts</td>
</tr>
<tr>
<td>Integrity</td>
<td>The quality or condition of being whole or undivided; completeness.</td>
<td>- Adherence with a corporate code</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Confidence in products</td>
</tr>
<tr>
<td>Morality</td>
<td>A doctrine of systems of morals.</td>
<td>- Clearly defined product features and policies abided by – similar to benevolence</td>
</tr>
<tr>
<td>Credibility</td>
<td>Worthy of belief or confidence.</td>
<td>- Company image or reputation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Successful purchases</td>
</tr>
<tr>
<td>Reliability</td>
<td>Dependable in achievement, accuracy and quality.</td>
<td>- On-time and efficient delivery and ordering</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Honesty in web information and personal interactions</td>
</tr>
<tr>
<td>Dependability</td>
<td>Efficient and reliable.</td>
<td>- High-quality products and</td>
</tr>
<tr>
<td>Type</td>
<td>Definition</td>
<td>Indication</td>
</tr>
<tr>
<td>--------------</td>
<td>---------------------------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Predictability</td>
<td>Provide accurate future information.</td>
<td>- Product functionality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Shipping and service information</td>
</tr>
<tr>
<td>Openness</td>
<td>Without restrictions to who may participate.</td>
<td>- Information for all experience levels – product and Internet</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Access to all portions of the website</td>
</tr>
<tr>
<td>Carefulness</td>
<td>Secure in ones actions.</td>
<td>- Assurance of information security</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– both for browsing and ordering security</td>
</tr>
<tr>
<td>Attraction</td>
<td>To draw, attract, allure or entice.</td>
<td>- Visual impressions of the website</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– clarity, enjoyment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Repeat customers – based on positive experience</td>
</tr>
</tbody>
</table>

Table 5: Trust Dimensions

In the analysis portion of the article, we will discuss specific examples of each trust-type as it relates to an MNC, and how they have been achieved or should be further identified.

3.3 BUYING BEHAVIOR

The following chapter will explain more detailed the organizational buyer behavior in the online environment as well as the online buying process. The customer behaviors are essential to understand how to motivate customers for using e-commerce and the comprehension of the online buying process is an important aspect in terms of developing a successful e-commerce strategy.
3.3.1 Organizational Buyer Behavior

“Understanding consumer motivation is not an option – it is an absolute necessity for competitive survival and is now critical because of the proactive role of the customer.”

(Chaston, 2000)

This statement represents the importance of understanding the novel buyer behaviour in the online environment. According to Chaffey (2000), in order to affectively communicate with customers, they must understand their purpose online.

Turban et al. (2008) stated that organizations purchase large amounts of direct materials, which they either consume or use in their production process or operations. Besides this, they also buy indirect materials, like PCs, delivery trucks, and office supplies in order to support their production and operation processes. Compared to the individual consumers, the number of organizational buyers is much smaller, but their transaction volumes are larger and the terms of negotiations and purchasing are more complex.

The organizational buying behaviour can be illustrated and described in Figure 6:

---

Figure 6: Organizational Buying Behaviour

Source: Turban et al., 2008, p.180
This model illustrates how buyers make purchasing decisions. According to Turban et al. (2008), once they understand the decision making process of their customers they can customize their special promotions and advertising accordingly. The organizations buyer model is divided into the following parts:

- Independent variables, which can be seen at the top of the model.
- Organizational influence module includes the organization’s purchasing guidelines and constraints (e.g. contracts with certain suppliers) as well as the purchasing system, which is used.
- Intervening variables, which are variables controlled by the vendor. They are divided into market stimuli and e-commerce Systems.
- The decision making process, which is located in the centre of the model is influenced by the independent and intervening variables. Here the possibility of group decision making must be taken into consideration. This process ends with the buyer’s decisions (shown at the right side) resulting from the decision making process and describe types of decision made by the buyers.

The model identifies some of the variables in each category. (Turban et al., 2008) The introduction of e-commerce creates new variables to be considered when analyzing the buying process. The following section focuses specifically on the online buying process.

3.3.2 The online buying process

In order to develop an e-strategy that supports each stage of the purchasing process, companies must understand how customers use new media in their buying process. Figure 7 illustrates a simplified model of the buying process, which is used to develop the appropriate tactics. (Chaffey, 2002) Each stage and corresponding tactics of the buying process are summarized in Table 6.
Figure 7: The simple buying process

<table>
<thead>
<tr>
<th>Stage</th>
<th>Tactics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Problem recognition</td>
<td>Traditional advertising mediums are necessary to increase the awareness of existing digital channels, and their features.</td>
</tr>
<tr>
<td>2. Information (or supplier) search</td>
<td>Customer search behaviours must be considered. Specifically, direct information seeking is the most important action for B2B products, including website and sales contacts. Online searching methods must also be developed.</td>
</tr>
<tr>
<td>3. Evaluation</td>
<td>The content of the site should communicate obvious brand features and benefits to impact brief visits to the website, but in-depth information should also be possible. In this content, it is necessary to consider different customer buying behaviours according to Internet experience.</td>
</tr>
<tr>
<td>4. Decision making</td>
<td>In order to influence the decision making process it is useful to use other channels in order to give mixed mode messages which strengthen the features and advantages of the product. Consequently, companies need to provide incentives in order to capture a postal or e-mail address and deliver more detailed brochures by post or provide a number for follow-up purposes.</td>
</tr>
<tr>
<td>5. Purchase</td>
<td>To create repeat customers the purchasing experience is important. The process must be professional and customer-need oriented and alternative channels should be provided for customers’ concerned with security.</td>
</tr>
</tbody>
</table>
To understand the methods and purposes of online purchases the customer needs must be determined. In the case of B2B e-commerce, the organizational purchasing methods create a unique scenario.

Lastly, the benefits and limitations of e-commerce are compared to determine their importance when developing the strategy.

### 3.4 THE E-COMMERCE STRATEGY PROCESS

The e-commerce strategy process is demonstrated following with a strategy process model. This model provides a framework, which illustrates a logical order to follow. Furthermore, it ensures that all key activities of an e-commerce strategy are included and that it can be developed as part of a process of constant improvement.

In literature, a variety of strategy process models exist. Inclusion of all steps of the process would go beyond the scope of this thesis, but a comparison of alternative models defines the following common elements (Chaffey, 2002):

1. The internal and external environment scanning or analysis is needed.
2. Clear statement of vision and objectives are necessary
3. The strategy development can be specified into strategy option generation, evaluation and selection.
4. After the strategy is developed, the strategy is activated as strategy implementation.
5. Control is necessary to monitor operational and strategy effectiveness problems and adapt the operations or strategy accordingly.
Moreover, the models recommend that these elements, though generally sequential, the stages are also interactive. In the e-commerce strategy there is an emphasis on restructuring and re-sourcing with new technology to create an infrastructure of knowledge management, in order to achieve quality customer service. (Chaffey, 2002)

This part of the chapter is structured according to the following four-stage strategy process model (Figure 8) by Chaffey (2002), which is based on existing models and a review on newer models. The use of the two-ways arrows in the model show that the different stages are not separated but that each stage represents integrated elements. The arrows in the model highlight, according to Chaffey (2002), an important distinction in the way in which strategy process models are applied.

The following details the first three stages of the strategy model.

Figure 8: Four-stage strategy process model

Source: Chaffey, 2002, p.168
3.4.1 Strategic Analysis

The strategic analysis involves a collection and review of information about an organization’s internal resources, processes and marketplace activities. Furthermore, it reviews the competitive environment (microenvironment), including: customer demand and behaviour, competitor activity, marketplace structure and relationships with partners and suppliers. The environment in which a MNC operates is also reviewed in the strategic analysis in terms of economic development and regulation by governments.

Figure 9 summarized the elements of the strategic analysis for e-commerce.

Figure 9: Elements of strategic situation analysis for the e-commerce

Appendix 8.3 describes the tools for internal resources and techniques. In addition, the ‘Model of uncertainties and abilities of buyers and sellers’ is detailed explained to assist in answering the research question; how to enable and motivate customers to use e-commerce solutions?
3.4.1.1 The External Environment

The creation of an e-commerce strategy is dependent on environmental considerations. In order to create a successful strategy or marketing approach an MNC must carefully consider the various actors in specific organizational fields (Jansson, 2007), including micro and macro-environmental institutions. In the micro-environment, interactions with customers, competitors, intermediaries, suppliers and the organization itself, create unique scenarios. In the macro-environment, the e-commerce strategy must consider both the local and international conditions, including economic, legislative and cultural factors. In addition, the strategy must address the societal influences relating to morals and ethics, and finally, the advancement of their technology impacts the long-term growth of an e-commerce system.

In Figure 10 the influences of the environment on the commerce strategy are displayed:

The influence of the environment on an MNC’s e-commerce strategy creates a need to both monitor and understand the environmental institutions so that they can react quickly and efficiently to any issues. According to Jansson (2006), “An important part of environmental analysis is therefore to study whether the institutions identified, described
and explained reproduce themselves into the future, or become modified, transformed or deinstitutionalized.” Specifically, Chaffey (2002) states that all environmental influences must be considered because they represent reasons why online activity is either encouraged or resisted against. Following the factors governing the adoption of an e-commerce are described:

- **Cost of access:** Strongly influenced by geography, including ownership of home computer and the quality and reliability of the Internet source.

- **Value Proposition:** Customers must determine an objective for being online, whether it is low prices or detailed information.

- **Ease of use:** Generally related to the cost of access, the access to equipment and Internet connections will determine the ease of use, in addition to clear websites and instructions.

- **Security:** Relating to regulations, different government, legislative and ethical standards attempt to persuade customers that their information is safe online.

- **Fear of the unknown:** Developing nations or countries less dependant on e-commerce will have a more difficult time adopting the foreign medium.

Finally, research of each segment releases the constraints of uncertainty for the company and the freedom to rely on their e-commerce strategy (Chaffey, 2002).

3.4.1.2 **Internal Resources: Model of uncertainties and abilities of buyers and sellers**

In order to understand customer needs and abilities for the e-commerce solution, the model of uncertainties and abilities of buyers and sellers will be used for illustration.

Referring to Ford et al. (2003) relationships can be used as a device to influence customers and suppliers, as well as other types of counterparts, such as regulating authorities or research institutes. This influence is based on the respective problems, uncertainties and abilities of the two counterparts. According to Ford et al. (2000) it seems to be obvious that a customer expects a supplier to provide a solution to their problems or uncertainties. On the other hand, the seller has its own similar problems and uncertainties and it relies on the reciprocal skills of the customers. Thus, the analysis of problems and skills, which each counterpart brings to their relationship, is a useful way to examine how companies relate to each other. Through this examination, it can also be shown how buying and selling
companies face similar problems in business markets and how the tasks of relationship management are similar for both of them.

Figure 11 shows how customers and suppliers relate to each other.

![Figure 11: Model of abilities and uncertainties](Source: Ford et al., 2000, p.18)

3.4.1.2.1 Buyers’ Uncertainties and Sellers’ Tactics

**Buyers’ Uncertainties**

According to Ford et al. (2000), the buying situation is uncomplicated, when it knows exactly what it needs, when the market is reasonably stable and when there are a number of reliable suppliers from which to choose. However, traditionally buyers face at least three types of uncertainties:

1. **Need uncertainty**: A buyer faces need uncertainty, when there are difficulties in specifying requirements, especially when they are new or complex, or when complex technologies are involved. Ford et al. (2000) suggest that a buyer with high need uncertainty should ‘get into bed’ with existing relationships, or one with strong abilities or reputation.

2. **Market uncertainty**: Another uncertainty a buying company may face relates to the nature of the supply market. Either they have many purchasing possibilities or quickly evolving technologies can present decisions difficult. In the case of market uncertainty, a buyer cannot afford to ‘get into bed’ with one supplier. This would, as stated by Ford et al. (2000), limit its access to different types of
offerings, or the supplier itself may become obsolete in a fast changing market. Hence, the buyer is encouraged to use a wide range of suppliers.

3. **Transaction uncertainty**: According to Ford et al. (2000), a buyer faces transaction uncertainty when they are confronted with four specific uncertainties, including: supplier trust, order tracking, quality standards and/or price. When a buyer has transaction uncertainty, it will need to closely monitor their suppliers. (Ford et al., 2000)

Uncertainties provide instability in any business relationship, but they are likely to decline when customers become more familiar with product design, use and alternatives. (Ford et al., 2000)

**Sellers’ Tactics**

There are two existing strategies, with them business marketers can benefit from the buyers’ uncertainties:

1. **Manipulation of uncertainties**: First, the seller attempts to increase the buyer’s uncertainty by highlighting the intrinsic complexities in what otherwise appears to be an uncomplicated purchase. This strategy creates more opportunities to reach buyers in a competitive industry. Conversely, the reduction of market uncertainty can increase the comfort of current customers. One example would be to share specific company information, for example – where the product is manufactured. Uncertainty is mainly based on the relationship the buyer and the seller possess (Ford et al., 2000).

2. **Use of abilities**: Second, the supplier could try to establish a relationship with customers who have particular uncertainties by using either its *problem solving ability* or its *transfer ability*.

When a customer has a high need or market uncertainty, the *problem solving ability* is most valuable to the customer. In this case, the buying company trusts the sellers to provide them with the solution to the problem of what to buy. The *transfer ability* of suppliers tends to become more essential to customers as their need and market uncertainties decline. In this situation, the supplier’s ability to provide a solution to their transactions uncertainties is more important. The transfer ability is able to deliver a quick solution including low price and long-term costs. (Ford et al., 2000)
3.4.1.2.2 Sellers’ Uncertainties and Buyers’ Tactics

Sellers’ uncertainties

The seller also experiences a number of uncertainties.

1. **Capacity uncertainty**: This uncertainty refers to the amount of particular products or services they will be able to sell within the next year. This uncertainty capacity tends to be high in markets with a large number of sellers, possessing undifferentiated skills, or where the customers are large and concentrated. In this case, a seller must build close relationships with customers in order to ensure regular order volumes, even if at a lower price. (Ford et al., 2000)

2. **Application uncertainty**: It is challenging for a seller to determine how a customer uses all of the functions associated by their product. A supplier that has a high application uncertainty must therefore develop strong mechanisms for scanning its customer relationships to identify the necessary changes needed. (Ford et al., 2000)

3. **Transaction uncertainty**: Buyer needs and purchasing abilities are undefined when dealing with unfamiliar customers. Research of transaction trends relating to specific buyer demographics provide the seller transaction assurance. (Ford et al., 2000)

Buyers’ Tactics

1. **Manipulation of uncertainties**: In addition to the seller, buyers also attempt to manipulate the uncertainties of their counterparts. A buyer, for instance, can decrease a seller’s capacity uncertainty by reducing the instability of the market in which it operates. Moreover, assurance that the buyer will not radically change its purchasing behaviour reduces their supplier’s application uncertainty. (Ford et al., 2000)

2. **Use of abilities**: According to Ford et al. (2000), buyer’s more adept to e-commerce, or abilities, attract attention from suppliers more willing to address their needs. The importance of the abilities depends on the uncertainties of the seller. The **demand ability** of a customer makes it possible to offer the seller both the quantity and the type of demand, which meets its needs. In terms of quantity, the customer is able to assist in solving the supplier’s capacity problem. However, a customer’s demand ability also supports the seller’s application uncertainty as it recognizes how the supplier’s offering can be used, or adapted, to meet customers’ need.
The transfer ability is a buyer’s skill as a relationship partner. This includes its abilities and reliability in transferring information on volume and timing, its skills in logistics and ability to pay its bills. (Ford et al., 2000)

When the external opportunities and the internal resources have been reviewed, it is helpful to map the strengths of the internal resources against the external opportunities in order to identify competitor weaknesses. To identify internal strengths the core competences model is employed. According to Chaffey (2002), core competencies are resources, which include knowledge, skills or technologies, which provide a particular advantage to customers, or increase the customer value relative to competitors. The customer value is dependent on product quality, service quality, price and fulfilment time. Therefore, to understand core competencies it is necessary to understand the differences between the organization and its competition. Finally, the core competencies should be emphasized in objective setting and strategy definition. (Chaffey, 2002)

3.4.2 Strategic objectives

In stage 2, the objectives of the strategy are created, communicated and defined. Figure 12 highlights some of the objective covered in this section.

![Figure 12: Elements of strategic objective setting for the e-business](source: Chaffey, 2002, p. 183)
The research and establishment of strategic objectives allows for a comparison of the overall results of the strategy (Chaffey, 2002). Once the objective deficiencies have been identified, the MNC is able to make appropriate modifications. First, in order to evaluate the goals, the objectives must be created. According to DeLone & McLean (2004), clear research of fundamental MNC elements create the objectives. For example - vision and mission statements display desired outcomes for the company.

Lynch (2000) described vision as an image of a desirable future for the MNC. According to Chaffey (2002), Table 7 describes the e-commerce vision in four parts, including:

<table>
<thead>
<tr>
<th>Vision Element</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevance</td>
<td>The company must determine how the new technology will impact the business. By this, they mean how it will be accepted by their network.</td>
</tr>
<tr>
<td>Change</td>
<td>How the new strategy will affect the current strategy. For example, online ordering and supply chain management.</td>
</tr>
<tr>
<td>Value</td>
<td>The stakeholder is provided a specific window for the value of their investment.</td>
</tr>
<tr>
<td>People</td>
<td>Appropriate people should maintain the network. For example - technical specialties and distribution relationships.</td>
</tr>
</tbody>
</table>

Table 7: Vision in E-commerce

In general, the predictions are based on a variety of strategic decisions, including: the compliment or replacement of traditional methods. Once the categories are defined, a mission statement will focus the MNC’s activities and change their priorities to meet the goals outlined by the vision statement (Jaworski & Rayport, 2002).

The vision and mission statements are influenced by e-commerce objectives. Chaffey (2006) grouped them into six important categories and relating strategies, represented in Table 8:
### Objectives and Corresponding Strategies

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Description</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand geographic market</td>
<td>The objective is to expand the virtual network of consumers with the reduction of physical barriers.</td>
<td>Achieve a defined amount of new users from a determined amount of new countries.</td>
</tr>
<tr>
<td>Increase small-scale purchases</td>
<td>Utilize website faculties to increase the ease of impulse purchasing.</td>
<td>Increase online revenue of both replacement and standard finished goods.</td>
</tr>
<tr>
<td>Retain customers</td>
<td>Create an ordering platform with opportunity for sales support.</td>
<td>Create customer retention goals and track repeat purchases from the Internet.</td>
</tr>
<tr>
<td>Efficient raw material procurement</td>
<td>E-procurement development.</td>
<td>Reduce costs of raw materials by increasing efficiency.</td>
</tr>
<tr>
<td>Reduce delivery time/cost</td>
<td>Increase information transfer efficiency and necessary resources.</td>
<td>Specify desirable time and costs associated with the delivery system.</td>
</tr>
<tr>
<td>Increase partner network efficiency</td>
<td>Utilize partners with specific knowledge in the e-commerce field.</td>
<td>Reduce costs of transition fees and employee education with the help of partners already in the industry.</td>
</tr>
</tbody>
</table>

Table 8: Objectives and Corresponding Strategies *(Source: Chaffey, 2002)*

Chaffey (2002) states that a large amount of emphasis has been placed on the pursuit or maintenance of specific objectives or competitive advantages, but successful companies attempt to achieve a variety of objectives at the same time.

The creation of a vision, mission and objectives allow a company to formulate their own e-commerce strategy. The next section details that process.

#### 3.4.3 Strategy definition

According to Grant (2008), a business strategy “in its broadest sense, is the means by which individuals or organizations achieve their objectives. By ‘means’ Grant is referring to the plans, polices, and principles that guide and unify a number of specific actions.”
Since the Internet has an impact on strategic competitiveness and long term profitability, many businesses are taking a focused look at the impact of the Internet and e-commerce. Therefore, for these companies, an e-commerce strategy is “the formulation and execution of a vision of how a new or existing MNC intends to do business electronically.” (Turban et al., 2008) The process of establishing an e-commerce strategy is explained in detail in this chapter. According to Chaffey (2002), the definition of a strategy is the formulation, review and selection of company actions in order to achieve strategic objectives. Furthermore, the strategy is developed to exploit opportunities and manage threats in the business environment in light of corporate strengths and weaknesses. The vision, mission and objectives, which were explained in the previous stage, build the basis for a strategy definition. The end-result of this strategy is likely to be a list of e-commerce applications or projects, to be implemented. (Turban et al., 2008; Chaffey, 2002)

In order to develop an e-commerce strategy management must review six important decisions. As shown in Figure 13, each definition will be created, evaluated and selected based on validity.

![Figure 13: Elements of strategy definition for the e-commerce](Source: Chaffey, 2002, p.188)
3.4.3.1 Decision 1: E-commerce priorities

According to Chaffey (2002), the e-commerce strategy should refer to the priority of different strategic objectives, such as those mentioned in Chapter 3.4.2. If the priorities are on the sell-side (eg. Objectives: develop revenue from new geographical markets), then resources must be allocated appropriately.

As stated by Gulati & Garino (2000), e-commerce strategy priorities can be summarized as ‘Getting the right mix of bricks and clicks’. ‘Bricks and mortar’ and ‘clicks to mortar’ determines whether the MNC is a born-on-the-Net or a move-to-the-Net business. ‘Bricks and mortar’ enterprises are traditional organizations with limited online presence. Once a ‘brick and mortar’ store transitions online, it becomes a ‘click and mortar’ enterprise, thus a business, which combines an online and offline presence. An Internet MNC that is only present online is referred to as ‘clicks only’. However, this form is rare, since most companies need inbound and outbound phone connections. (Turban et al., 2008; Chaffey, 2002) Figure 14 represents the potential progression of a ‘brick and mortar’ company.

Figure 14: Strategic options for a company in relation to the importance of the Internet as a channel
Thus, if the company goal is to reach a high online revenue contribution (of more than 70%) then there is an incentive to transform from ‘bricks and clicks’ to ‘clicks only’. (Chaffey, 2002)

3.4.3.2 Decision 2: Organizational Restructuring

Decision 2 is closely related to decision 1, how restructuring can achieve the objectives. Restructuring includes the following methods: (Gulati & Garino, 2000)

1. In-house division (integration): Internet Trading Channels
2. Joint venture (mixed): Dual online presence
3. Strategic partnership (mixed): Purchasing the appropriate resources
4. Spin-off (separation): Create increased online presence

According to Gulati & Garino (2000), the integration approach requires the leverage of existing brands, shared information and economics of scale (e.g. purchasing and distribution of efficiencies). Furthermore, the spin-off approach provides a better focus, more flexibility for innovation and the possibility of funding through flotation. Separation is preferable in situations where: (Gulati & Garino, 2000)

- a dissimilar product mix or customer segment will be offered online
- differential pricing is necessary between offline and online
- additional funding or specialist workforce need to be attracted
- there is a main channel conflict
- the Internet threatens the present business model

Changes in the organization structure include establishing a new department, by creating a new strategic business unit to form independent companies (Chaffey, 2002). As already mentioned in this chapter, there are also several options for internal restructuring such as the creation of an in-house division. However, these options and approaches for restructuring organizations in response to e-commerce transformation are part of change management issues and will not be considered further in this thesis.
3.4.3.3 Decision 3: Business and revenue models

Chaffey (2002) refers to the review of opportunities from new business and revenue models in creating a strategy. Unless a company innovates, competitors and industry entrants could affect their market share. Conversely, improper business innovation and/or distribution models threaten extensive losses. In addition, a ‘wait and see’ method provides information about the mistakes to be avoided. Thus, the correct evaluation of business and revenue models is important. E-commerce solution providers often use this strong counter-argument in order to persuade companies to buy their solutions. (Chaffey, 2002)

3.4.3.4 Decision 4: Marketplace restructuring

Chaffey (2002) reviewed new business and revenue models through disintermediation\(^1\) and reintermediation\(^2\) within a marketplace. These options can be viewed from a buy-side and a sell-side perspective:

**Sell-side:**
- Disintermediation (sell-direct)
- Partner with new online or existing intermediaries
- Create new online intermediary (countermediation\(^3\))
- Do nothing!

**Buy-side**
- Disintermediation (buy-direct, bypassing distributors)
- Buy through new intermediaries for example B2B exchanges
- Do nothing!

Tactics are necessary for all these options in order to manage the channel conflicts that could arise as a consequence of restructuring. (Chaffey, 2002)

---

\(^1\) Disintermediation (‘cutting out the middleman’): Elimination of intermediaries (e.g. distributors, brokers) between sellers and buyers (Turban et al., 2008; Chaffey, 2002)

\(^2\) Reintermediation: Establishment of new intermediary roles (between customers and suppliers) for traditional intermediaries that have been disintermediated, or for newcomers. (Turban et al., 2008; Chaffey, 2002)

\(^3\) Countermediation: Creation of a new intermediary by an established company (Chaffey, 2002)
3.4.3.5 **Decision 5: Market and product development strategies**

In addition, the use of new technologies can increase the scope of their business. Similar to decision 1, this decision is a balance between doing-nothing and a fear of a poor return on investment for strategies that fail. According to Chaffey (2002), the model of Ansoff (1957) is still useful in terms of discussing market and product development using electronic technologies.

Figure 15 displays options a B2B company should considered in the context of e-commerce:

![Figure 15: Assessment of risk for market and product development for a B2B Company](image)

1. **Market penetration**: The digital channels can be used to sell more existing products into existing markets. The online channels can support, combine or enhance the market share with additional promotion and customer service facilities.

2. **Market development**: In this case, online channels are used in order to sell into new markets. The main benefit is low cost global advertising without a supporting sales infrastructure in the customer’s country.
3. **Product development**: New digital products or services can be developed for specifically for delivery via the Internet. This includes classic information products, for example, the online trade magazine Construction Weekly, which has diversified to an interactive B2B portal, or Construction Plus. This innovation was specifically created for the Internet, creating potential revenue streams.

4. **Diversification**: This category represents new products being developed and sold in new markets.

3.4.3.6 **Decision 6: Positioning and differentiation strategies**

Product quality, service quality, price and fulfilment time, represent four product variables relative to competitors (Chaffey, 2002). As mentioned in Deise et al. (2000), it is helpful to review these variables as an equation of how they combine to influence customer perceptions of value or brands.

\[
\text{Customer value (brand perception)} = \frac{\text{Product quality} \times \text{Service quality}}{\text{Price} \times \text{Fulfilment time}}
\]

According to Chaffey (2002), strategies should review the degree to which enlargements in product and service quality can be coordinated by reductions in price and time. Chaston (2000) identifies four options for strategic focus to position a company in the online marketplace. Further, he points out that these options should build on existing strengths, but can utilize the online facilities to increase the positioning as follows:

- **Product performance excellence**: Improve by offering online product customization
- **Price performance excellence**: Utilize the facilities of the Internet to provide encouraging pricing to reliable customers or to decrease prices where the demand is low.
- **Transactional excellence**: For instance, this can be offered through matching pricing information with dynamic accessibility information on product stock, orders and delivery expectations.
- **Relationship excellence**: Enable customers to review their individual sales order history and place repeat orders by using personalization features.
In conclusion, the first three stages of the strategy model allow a MNC to assess their current and future interactions with the market.

3.5 THE BENEFITS AND LIMITATIONS OF E-COMMERCE

Knowing the benefits and limitations of e-commerce solutions build an essential basis for companies in order to convince customers, societies, etc. form their online solutions / strategies. Therefore, the following chapter will provide a collection of general benefits and limitations of e-commerce as well as specific advantages and disadvantages for different segments.

3.5.1 Benefits from e-commerce

The evolution of e-commerce presents a variety of organization, consumer and society benefits. These benefits are unique due to the nature of e-business, and they are essential for the continued growth of the industry. Consequently, a large amount of companies tend to migrate to e-commerce due to industry trends and not a clear focus of the benefits or idea how to drive revenue (Hong & Zhu, 2006). In addition, MNC size, experience and management influence the benefits and adoption philosophy of an industry (Hong & Zhu, 2006). As technology continues to advance, infrastructures develop and familiarity increases, benefits will become more stable and continue to increase. In addition to an incentive to create a commerce system, benefits also work as performance measures to ensure the system is functioning properly (Turban et al., 2000).

In general, countless authors document similar yet different benefits of the e-commerce system, but a combination of research from eight different authors (Chaffey, Davies, Turban, Ho et al., McKnight et al., Archer & Yaun, Derfler and Hong & Zhu) focuses on nine common benefits. The nine benefits in Table 9 can be further categorized as organization, customer and society benefits, to clearly define their role in the incentives of the commerce system:
<table>
<thead>
<tr>
<th><strong>Organization Benefits</strong></th>
<th><strong>Description</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost saving</td>
<td>Lower costs associated with marketing, supply-chain management, materials, inventory and labour, reduce business costs (Davies, 2006).</td>
</tr>
<tr>
<td>Time saving</td>
<td>Faster response, increased flexibility and reduced delivery time and processing. This includes the different portions of the network including customers (Chaffey, 2002).</td>
</tr>
<tr>
<td>Network growth</td>
<td>Lower barriers for customers outside of their normal sales range, plus access to external partners and those associated with e-commerce (Derfler, 2000). Ho et al. (2007) defines the <em>endogenous</em> and <em>exogenous growth</em> theories. This article establishes a <em>mixed theory</em> proposing that growth in e-commerce is as a result of benefits from inside and outside of the home country of operation. They attempt to explain the importance of creating a collaborative network despite geography.</td>
</tr>
<tr>
<td>Image/Brand enhancement</td>
<td>Ability to keep up-to-date with the current trends, display their company as sophisticated via a website and an increase of customer awareness (Chaffey, 2002).</td>
</tr>
<tr>
<td>Strategic advancement</td>
<td>This relates to a new strategy that includes the means to achieve the stated benefits, including: efficiency and organization of the new process (Archer &amp; Yuan, 2006, 2000).</td>
</tr>
<tr>
<td>Increased sales</td>
<td>The organization of benefits such as cost savings and network growth.</td>
</tr>
<tr>
<td><strong>Customer Benefit</strong></td>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>Customer service</td>
<td>Easy access to maintenance and sales resources create efficient response time (McKnight et al., 2002).</td>
</tr>
<tr>
<td>Quality improvement</td>
<td>Increases in efficiency, feedback and customization. The electronic interchange makes this possible (Davies, 2006).</td>
</tr>
<tr>
<td><strong>Society Benefit</strong></td>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>Global connection</td>
<td>Briefly highlighted in the organizational and customer benefits. This medium provides increased opportunities for communication between countries, specifically developing nations. The connection allows different cultures the opportunity to purchase foreign products and acculturate (Hong &amp; Zhu, 2006).</td>
</tr>
<tr>
<td><strong>Disputable benefit</strong></td>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>Secure transfer of information</td>
<td>The e-commerce system has the ability to potentially be one of the safest forms of information transfer. The secure tracking and maintenance of customer</td>
</tr>
</tbody>
</table>
order’s remains more efficient than email, phone or faxing, but until Internet security is improved the information is still unsafe. Data corruption and hacking pose a major concern because it is currently difficult to defend against. Increasing updates to security software shows an effort, but unless properly encrypted the information can be subject to Internet theft (Davies, 2006).

Table 9: E-commerce Benefits

The benefits overlap with corresponding limitations, discussed in the following section.

3.5.2 Limitations from e-commerce

Limitations are common when establishing a new technology. A review of six related articles (Chaffey, Gefen & Heart, Hong & Zhu, McKnight et al., Laudon & Traver and Davies) provide four common limitations to e-commerce, summarized in Table 10:

<table>
<thead>
<tr>
<th>E-commerce limitations</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of universal standards</td>
<td>Relating to the secure transfer of information, standards vary based on the country. In addition, buyer and seller safety and contract concerns are difficult to standardize based on the overlap of countries. One of the main requirements for a customer to begin purchasing online is their trust of the seller (Gefen &amp; Heart, 2009).</td>
</tr>
<tr>
<td>System standards</td>
<td>Different nations have access to varying technology and thus the experience and quality of the system must be considered (Hong &amp; Zhu, 2006). Conversely, Laudon &amp; Traver (2007) argue that because there is one set of technology standards for the system to operate, it might be more standardized than traditional mediums. The first example refers to geographical consequences as they relate to technology and the second focuses specifically on the design of the media technology.</td>
</tr>
<tr>
<td>Expense and inconvenience</td>
<td>The adaptation of the new system requires costs and learning experience in order to operate. The length of time required for most companies to break-even on their e-commerce platform is lengthy (Davies, 2006). Companies must be willing to incur initial costs if they hope to eventually create a consistent revenue stream (Hong &amp; Zhu, 2006).</td>
</tr>
<tr>
<td>Customer apprehension</td>
<td>Evolution has created interest in a majority of the population, but there are still a large amount of customers that require personal contact. In general, most of them have not come to trust the new system (Gefen &amp; Heart, 2009).</td>
</tr>
</tbody>
</table>

Table 10: E-commerce Limitations

The limitations are intricate due to the mixing of cultures. A comparison of the benefits and limitations of a specific company will be reviewed in the analysis chapter.
3.6 **SUMMARY**

This chapter has provided the theoretical basis for our thesis. In order to solve our main research problem, **how to develop an e-commerce strategy for the effective start-up and continued use of an e-commerce solution for customers**, the analytical part of our case study will be structured according to the following synthesis model. Subsequently, our questions, stated in chapter one, will be answered based on our theoretical research.

![Synthesis Model](source: own Model)

**Figure 16: Synthesis Model**

- [3.2.1 Customer Segmentation](#)
- [3.4.1.2 Customer Needs and Ability Model](#)
- [3.5.1 Customer Benefits](#)
- [3.2.2 Value Creation Process](#)
- [3.2.6 Trust Aspect](#)
- [3.3.1 Organizational Buying Behavior](#)
- [3.2.4 Information Management](#)
- [3.3.2 Online Buying Process](#)
- [3.4.1 Strategic Analysis](#)
- [3.4.2 Strategic Objectives](#)
- [3.4.3 Strategic Definition](#)
How to enable and motivate customers to start using e-commerce solutions?

• By creating **customer segments**, companies can generate different online shopping segments and thus they are able to adapt their products or websites to the specific customer needs of each segment.

• By understanding the **customer needs and abilities** (Model of uncertainties and abilities of buyers and sellers) for e-commerce solutions, companies can analyse the issues and skills each counterpart brings to their relationships and can respond in a certain way to it, e.g. through adapting their products or website to the needs and abilities of their customers.

• By identifying the **customer benefits** of e-commerce solutions, companies know the incentives of e-commerce for their customers and can react on it.

• By **creating value** for the customer, companies can determine the value of their products or their website e.g. through fulfilling the customer needs, the product or website performance and the price.

• By understanding the **organizational buying behaviour** and the customer decision-making process online, organizations can affectively communicate with their customers and can further customize their special promotions and advertisings.

• By addressing and satisfying different forms of **trust**, companies can achieve a trusting relationship with their customers, which is essential within e-commerce.

These aspects summarize what organizations have to consider when they want to enable and motivate their customers to start using an e-commerce solution.
How to safeguard the information flow from the customers, which previously flowed via local offices?

- **Information management** focuses on the collection, spread and use of consumer information in order to create suitable customer insight and marketing replies. It is an essential tool to retrieve, store and combine information amongst customers. For understanding the information flow, it is important to know the related categories: data repository, IT systems, analytical tools, front and back office participants and the CRM technology market penetration.

These points must be taken into consideration when safeguarding the information flow from the customers.

How to develop an e-commerce strategy for the effective start-up and continued use of an e-commerce solution for customers?

The two previous research problems, led us to this main research question. Based on the customer motivation and ability as well as on the safeguard information flow, an e-commerce strategy can be developed according to the following aspects.

- By understanding the **online buying process** and the way customers use the online tools, organizations can develop an e-commerce strategy that fosters each stage of the buying process.

- By using an **e-commerce strategy model**, which provides a framework and a logical order to develop an e-commerce strategy in four stages (strategic analysis, strategic objectives, strategy definition and strategy implementation).

- By reviewing the competitive environment as well as the wider environment in form of a **strategic analysis** based on e-commerce, companies gain an in-depth insight into their external environment and their internal resources. This knowledge is essential for the right development of an e-commerce strategy.

- By creating, communicating and defining **objectives** for an e-commerce strategy, organizations are able to make appropriate modifications. The objectives are
accompanied by the formulation of a vision and mission statements. These three elements build a foundation for the formulation of an e-commerce strategy.

- By defining an **e-commerce strategy**, companies have to review six essential decisions:

1. Companies have to formulate their e-commerce strategy according to the priority of different strategic objectives. These **e-commerce priorities** can be summarized as “Getting the right mix of bricks and clicks”.

2. Companies have to decide how to **restructure their organization** in order to achieve their e-commerce objectives.

3. Before formulating their e-commerce strategy, companies have to review their opportunities of new **business and revenue models** in creating a strategy.

4. Companies have to review the new business and revenue models by **restructuring the marketplace** with disintermediation and reintermediation.

5. Companies have to regard their **market and product development strategies** before formulating an e-commerce strategy.

6. Through reviewing their **positioning and differentiation strategies**, organizations have consider the extent to which improvements in product and service quality can be matched by reducing price and time.

These points illustrate, which stages companies have to follow and which aspects they have to consider, when developing an e-commerce strategy.
4 EMPIRICAL CHAPTER

The empirical chapter will present data relating to our case study at Electrolux Professional Laundry Systems. The findings are based on information provided by the case company and interviews of sales offices and customers. The first portion addresses the goals of Electrolux Group, and then the Electrolux Professional Laundry Systems division is introduced. Once the general case information has been provided, data from past surveys and research has been compiled to represent the thoughts and opinions of past customers regarding Internet usage, online ordering and website knowledge. Lastly, interviews were conducted with six Electrolux sales offices, one franchise, five customers and a technical contractor. The interviews discuss the concepts of online ordering with representatives from five countries. This information creates a basis for the next chapter of analysis.

4.1 THE CASE COMPANY ELECTROLUX

In 1908, Axel Wenner-Gren, the founding father of Electrolux had the dream of improving quality of life and established the principles by which the MNC still thrives today. His dream had fundamental impact on homes around the world and today more than 90 years later, Electrolux is a global leader in household appliances and appliances for professional use. Electrolux sells 40 million products in more than 150 markets every year. The company focuses on thoughtfully designed innovations, based on extensive consumer insight in order to meet the real needs of consumers and professionals. The “Thinking of you” slogan expresses Electrolux’s intention to sustain permanent customer focus, whether it is a question of product development, design, production, marketing, logistics or services.

Electrolux’s product range includes refrigerators, dishwashers, washing machines, vacuum cleaners and cookers. In 2008, Electrolux had 55,000 employees and sales of SEK 105 Billion. Electrolux products are divided into two categories, including: consumer and professional products. Consumer products consist of products for kitchens, fabric care and
cleaning, whereas the professional products consist of corresponding products for professional users, e.g. industrial kitchen, restaurants and laundries. (Electrolux Homepage; Annual Report, 2008)

This thesis focuses on the Electrolux Professional Laundry Systems (EPLS), which is detailed in the following.

EPLS sells and produces kitchen, laundry and floor-care appliances for various markets. As previously mentioned, the 2007 group sales totals reached SEK 105 billion. But, EPLS sales only accounted for 2% of the total. The EPLS internal network includes headquarters in Ljungby, Sweden, three manufacturing entities in France, Sweden and Thailand, and 19 sales companies around the world. In total, the segment has approximately 1280 employees. (Electrolux Homepage; Annual Report, 2008)

4.1.1 Manufacturing & Sales Offices

The three manufacturing locations specialize in the production of different washer and dryer components. In France, 210 employees specialized in the production of barrier washer extractors, bed-type ironers and cylinder-type ironers, in two regional facilities. Similarly, Thailand manages 160 employees focusing on the production of tumble dryers and extra-spin washer extractors. Lastly, the Swedish division is one of the world’s largest producers of washer extractors and tumble dryers. The division is divided into a production unit, consisting of 380 people (300 in production and 80 in R&D), and a sales- and service organization employing 70 persons. Furthermore, sales offices around the world keep in close contact with customers, in order to manage sales and provide direct customer support.

4.1.2 Customers

EPLS identifies 15 different industry segments as customers, in addition to the traditional consumer. Within each industry, EPLS has created specific product portfolios in order to satisfy the needs of the various industries. In addition, products have been adapted for the specific needs of the segments, including micro fibre washers designed to launder equipment (mops & rags) used by cleaning companies. EPLS customers represent a variety
of industries and business partners, including Hotels, care homes, hospitals, sports & leisure, work wear, public sector, cleaning companies, education, prisons, dairy farms, hairdressers, nuclear industry, oilrigs, maritime and the food industry. In general, consumers prefer practical and user-friendly products, but design is increasingly becoming a priority amongst consumers. Geography is a main factor in customer identification. A majority of consumers currently reside in North America, Europe and Japan, but the Latin American, Eastern European and Asian markets are also increasing.

In general, consumers can also be segmented by those that concentrate on water usage and sustainability and those only looking for an effective machine. Water conscience consumers demand a different variety of machines in order to fulfil this need. (Electrolux Homepage; Annual Report, 2008)

4.1.3 Competitors

EPLS has the largest global share in top-loading washing machines, as well as environmentally-conscience machines. They remain strong in other segments of the industry, but they also have steady competition around the world. Each market presents different competitors, including their main competition in the USA - Alliance, Scandinavia - Miele and Japan - Girbau. Deregulation and lower entry barriers have increased the amount of competitors in the industry. A commitment to quality and excellence and a commitment to innovation attempt to separate the EPLS brand from other companies in the industry. (Electrolux Homepage; Annual Report, 2008)

4.1.4 Commitment to Quality & Excellence

EPLS has committed itself to excellence in the industry with various environmental certifications, including: ISO14001 Environmental Management System and ISO9001 Quality Management System, over 10 manufacturing certificates and product guarantees for their customers:

“To meet and exceed the quality standards imposed by the market, through Electrolux Laundry Systems Policies & Procedures and local Quality Management Systems.”
Henceforth, they state that habitual servicing and maintenance options increase the quality potential of the products when used. ELPS has also garnered a lot of public relations attention regarding their products and/or services in order to emphasize this commitment on a larger scale.

In addition, EPLS attempts to train customers on the proper uses of their products and providing important care tips (Electrolux Homepage; Annual Report, 2008).

4.1.5 Commitment to Innovation

“Draw your laundry” is one feature that has been created to separate EPLS products from their competitors. In addition to internal research and development, the feedback and recommendation of their customers provide improvement recommendations to be used in product development.

“When you choose Electrolux laundry Systems you get an essential resource, a partner that is committed to providing support throughout every phase of your laundry operation. This is our idea of a total laundry solution. “

EPLS emphasizes that they look beyond just supplying a product to be used by a customer, but to create a complete solution to satisfy the customers’ needs, improve the customization of their products and incentives future purchases. Customer feedback is their first stage of product development:

Additionally, EPLS has introduced new concepts to increase the efficiency and interest for their cleaning system, including: Lagoon – Wetcleaning, Barrier Concept, Efficient Floor Cleaning, Clean Room Concept, Laundry Information System Concept and the Towel Concept. Each concept is created to maximize a certain segment of their business. For example, the Clean Room Concept relates to businesses that need sterility to operate, like a hospital. The concept assists the customer in purchasing the correct products for the desired environment to be achieved. Lastly, the Design Lab is a yearly competition utilizing the talents of university students in designing new product concepts for EPLS. Each idea presents an innovative solution to accomplish the needs of their customer.
According to ELPS, they have created new machines that make washing easier for consumers, and that is the number one goal. As they stated, “Products with new functions drive growth.”

4.1.6 Information Management

The efficient management of customer orders requires the documentation of specific information to be passed throughout the network. The introduction of an information technology management system has created a template for order coding and delivery information for ELPS products. The following details are included, decreasing the risks of lost information and delayed delivery: First, correct customer information should be provided, including a specific customer number – invoice payer, address for delivery, updated with country and postal codes. Secondly, the shipment details must be outlined based on the customer request, including preferred date of product shipment to the customer, and selection of one of the three types of delivery, including: ground shipment, sea shipment and air shipment. Thirdly, storage of the products before shipment should be detail to clarify the shipment route including, warehouse location, type of shipment (direct or indirect), and where the product is being sent from (local warehouse or manufacturing). Lastly, the terms of the agreement must be negotiated and documented including, payment terms, shipment terms, detailed information about the order or product number code to identify the product type, quantity ordered, price of the order, special charges, product packaging – either in a standard or wooden box and order date.

In order to make this information transfer as clear and safe as possible it must be uniform so that all employees can easily read and understand the purpose of the document. Text lines detailing the order, clear and bold head lines and finally order lines to clarify any questions about the actual transaction. This strict process is meant to avoid any delays, cancellations or misuse of customer information. In addition, the use of Secure Socket Layers encryption security and strict terms & conditions for online ordering, attempt to protection the use of their ordering system. Information management will continue to develop while the company and Internet users become more experienced and aware of their security requirements (Electrolux Homepage; Annual Report, 2008, internal presentation).
In conclusion: EPLS is one of the most successful companies within its industry. Recent economic downturns and the division’s small company share increase the incentive to innovate and expand sales. Recent changes in the relationship between the manufacturer, sales warehouse and the successful sales of spare parts on the Internet pose a unique situation for the EPLS sales network, and will be discussed in the case background.

4.2 INTRODUCTION OF THE CASE

Discussions about the current case of EPLS depend on an understanding of the past and current ordering processes for finished goods. The following will explain the evolution of the procedure:

4.2.1 The Ordering Process

In the past, EPLS sales offices and manufacturing locations worked closely to fulfil customer orders and assure product and delivery efficiency. The relationships between the two segments were coordinated through an IT Order-to-Payment (OTP) process to manage stock amounts. The OTP process consists of forecasting, order entry, production planning, capacity calculation, purchasing, goods reception, storage, production and stocking of finished goods. Furthermore, sales entry and documentation of finished goods consisted of telephone, email or fax requests made to sales representatives. Once the order was received, local stock was consulted and if absent, a request was sent to manufacturing. Delivery efficiency was dependant on the proper handling of product orders by the sales office, available onsite stock and turnaround from the manufacturing plant. Miscommunication between the two offices created delays and distrust affecting the sales process. In order to avoid unnecessary issues and cater to a technologically advanced segment of customers, a new ordering system was considered.

4.2.2 The Introduction of E-commerce

Recently, ELPS announced the closing of sales office warehouses in order to reduce costs and encourage direct orders from manufacturing to create a more efficient process. ELPS has planned an initiative to more efficiently satisfy the needs of customers for information,
services and the ordering of finished goods via an e-commerce platform. Currently, an e-commerce strategy is being developed. For example, the spare part ordering system is managed by an online platform accessible on the company website. Despite the warehouse closings, the sales offices will continue managing portions of the customer sales responsibilities, but few products will be stored and distributed from the individual sales offices.

4.2.3 The Purpose
The purpose of the e-commerce system for finished goods is to increase delivery times with direct communication between the customer and the manufacturer, secure the transfer of information using standardized protocols, reduce the costs associated with the sales office warehouses, identify the needs of customers, expand business to business relationships, and maintain the market share created by the surge of e-commerce amongst competition. In addition, ELPS plans to expand their market reach by offering their products in previously unobtainable markets.

The following empirical data provides industry, customer and employee information regarding current and future impacts of an online ordering system.

4.3 EPLS E-COMMERCE STATISTICS
For our later case analysis, it is necessary to understand customer’s business processes, to see their internal and external level of business integration and to understand their current and future Internet usage habits. Therefore, the following statistical data will be provided in order to gain a deeper insight of EPLS current e-commerce activities and forecasts about future development, especially in the area of on-line ordering activities. The data is collected from the EPLS e-business Survey Report (2001) and the EPLS Online Survey Report (2004).

The target group of the EPLS e-business Survey consisted of existing and potential customers, with insight into future development, business strategy and Internet usage as target groups. Furthermore, the Survey attended to the top-ten countries in turnover and
profit excluding Japan, US, France. Thus, the following countries were represented: Germany, Italy, Finland, Norway, Sweden, England and Denmark. The major segments in the survey were apartment house laundry (AHL), hotel, catering, launderette, hospital, nursing home and architects.

4.3.1 E-Media Usage Today and Tomorrow

Figure 17 represents the current and future trends in online procedures performed when using e-media between partners and/or suppliers. The data in the left diagram (E-Media use today) displays that there was an overwhelming amount of e-mail users, or 80.2%, when the survey was first conducted, but only 37.6% of users had begun ordering online.

According to the right diagram (E-Media use tomorrow), e-media usage was predicted to change in the near future. Hence, out of the total group from the EPLS e-business survey, more than 50% stated that they will use e-media for information and transaction exchange purposes concerning orders, purchases, payment and regular e-mail.

4.3.2 Electronic media used today and tomorrow between partners and or suppliers

In Figure 18 can be seen a significant discrepancy between the responses per country according to the e-media use today. Finland, for instance, was 8 times more likely to use electronic payments compared to Italy, and two times more likely in England than Sweden.
Future e-media use between partners and/or suppliers is illustrated in Figure. Specifically, country behaviour can be defined in two groups. Italy, according to the survey, does not use e-media to a great degree, whereas the other countries have similar future expectations. Furthermore, it can be seen that, all countries will increase their online orderings to a large extent.

All the facts from Chapter 4.3.1 and 4.3.2, were relating to general topics, which could include purchasing general commodities such as food, etc. From now on, all data refers to what the (potential) customers see as adding value to their business from EPLS electronic systems.
4.3.3 Relevant e-business solutions

Regarding Figure 20, one general conclusion can be made: namely that on-line financing and Laundry Partner Access is considered to be ‘nice to have’, whereas among others, the on-line ordering is on a ‘prefer to have’ level. According to the EPLS e-business Survey Report (2001), the other function areas of Figure 20 are rather similar, thus, Figure 21 represents an in-depth analysis per segment combining the ‘prefer to have’ and ‘must to have’ segments.

All these applications are stated as ‘badly needed’ by more than 20%. Aside from the catering segment, the ‘on-line ordering’ segment shows a clear grouping where the different segments agree on the importance.

![ELS function rating](image)

Source: EPLS e-business Survey, 2001

Figure 20: EPLS function rating
Besides the EPLS e-business Survey, an EPLS Online Survey was conducted in 2004 to determine what could be improved and what could be left untouched on the company webpage. Current users provided helpful insight about the website, including what they think about the site in general, what they would like to see improved and which information they see as not relevant. For our later analysis about the EPLS website, it is essential to get a better understanding of which pages they determined useful and irrelevant. This provides the users immediate impressions on the website, including positive features and missing functions.

The EPLS Online Survey addressed current and potential customers, business partners and EPLS team members, or anyone with login access to the website. This resulted in a very diverse test group, consisting of people from various countries and backgrounds. The major segments of this survey are the same as in the EPLS e-business Survey.

The following summarizes the most important results of this survey.

![Requested functions per segment](source: EPLS e-business Survey, 2001)
4.4.1 Visitors

When recommending a redesign of the website it is important to understand the identity of the website visitors. Regarding Figure 22, it shows that the customer (36%) and the business partner (33%) segments represent the common users in relationship to EPLS.

![Figure 22: Customer relationship with EPLS](image)

4.4.2 Reason of visiting the EPLS Homepage

Figure 23 illustrates that the majority of customers (32%) visit the website to search for technical information regarding machine purchases. The second most frequent group is customers, who think about purchasing laundry equipment.

![Figure 23: Reasons of visiting the EPLS Homepage](image)
4.4.3 Services

As shown in Figure 24 and Figure 25, there are similarities between the employee and customer objectives when visiting the website. The customer segments (77.4%) and the employee segments (76.6%) use the website for product information. 67.8% of the employee segment and 77.4% of the customer segment benefit of the featured technical documentation. (EPLS Online Survey Report, 2004) Regarding the online ordering feature, there is no common often-used feature among the employees or the customers.

Regarding further development of the two sections, both groups highlighted the technical documentation as most important and the product information area as second most important. Regarding the online ordering feature, it is remarkable, that the employee segments want to develop this area to a higher extent than the customer segment.

Figure 24: Service comparison – employees
4.4.4 Room for improvements

The employee and the customer segments were asked if the website was missing anything. The following table summarizes their answers.

<table>
<thead>
<tr>
<th>Missing features on the ELS Website</th>
<th>Employee Segment</th>
<th>Customer Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplicity</td>
<td>Ability to search by PNC number</td>
<td></td>
</tr>
<tr>
<td>Case studies or references</td>
<td>More information about ongoing marketing activities</td>
<td></td>
</tr>
<tr>
<td>More technical information on older products</td>
<td>Board and Management pictures and general information regarding ELS</td>
<td></td>
</tr>
<tr>
<td>Faster updates on technical issues</td>
<td>More information on older models</td>
<td></td>
</tr>
<tr>
<td>Communication methods</td>
<td>Spare part catalogue</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local contacts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Software, technical, product, and tools updates – maintenance relevance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Know-how videos</td>
<td></td>
</tr>
</tbody>
</table>

Figure 25: Service comparison - customers
Further comments

<table>
<thead>
<tr>
<th>Employees</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Should subscribe certain areas better</td>
<td>The information is too slow, when navigating</td>
</tr>
<tr>
<td></td>
<td>difficult to make orders</td>
</tr>
<tr>
<td>Changes or Adds should be marked</td>
<td>The look and feel must be improved</td>
</tr>
<tr>
<td>Slow when searching for technical problems</td>
<td>Does not match the product information the</td>
</tr>
<tr>
<td></td>
<td>retailer and distributors have</td>
</tr>
<tr>
<td>Reduce amount of layers and navigation bar</td>
<td>Takes to long to get information</td>
</tr>
<tr>
<td>size</td>
<td></td>
</tr>
<tr>
<td>Add additional information to the segment</td>
<td></td>
</tr>
<tr>
<td>solutions, e.g. Equipment suggestions and what</td>
<td></td>
</tr>
<tr>
<td>to pay attention to</td>
<td></td>
</tr>
</tbody>
</table>

Table 11: Missing features on the EPLS Website

When summing up all of these responses, the following observations and desired improvements become evident:

- **Older products**: There is a great demand among customers and employees for information regarding older products, which are not produced anymore.

- **Speed**: Both segments consider the website too slow in terms of loading times.

- **Contact information**: Contacting the local supplier should be simplified on the website.

- **Structure**: The structure is often described as too complex to locate information quickly.

- **Updates**: Both customers and employees wanted more updates regarding product information, technical issues and news.

- **Technical information/Product information**: The respondents have a high demand for more technical and product information.
4.5 THE STANDPOINT OF EPLS SALES OFFICES ABOUT ONLINE ORDERING SYSTEMS

Interviews were conducted with five sales offices and one franchise, provided by Electrolux, representing five different countries in Western Europe, including:


4.5.1 Online ordering of EPLS products

Sales companies discussed the possibilities of an online ordering system, their current ordering process and their opinions regarding the case initiative.

4.5.1.1 Finished Goods

Opinions about the viability of an online ordering system varied amongst sales offices, but the main concern was the customer’s ability to make purchases on the Internet. In one case, Mr. Andrew Jell discussed the possibilities of an online ordering system for finished goods, but only if their customers had the knowledge to successfully place an order. He goes on to describe frustration in the ordering process as a detractor, and that the proper experience is required before they can make proper orders.

More specifically, Mr. Hans Mellner stated that:

"Is it a good idea when we do it with dealers but not with customers? When it goes to end-customers, they don’t know the type of machines or spare parts they are interested in every particular case…we are not selling just a finished product - we sell the whole solution."

Mr. Harald Heske clearly rejected the idea of online ordering for finished goods:

"It cannot happen via order or via Internet. Nowadays we have to fight for every order because our customers receive different offers from the competitors. We have to convince our customers to buy our units."
He described the online system as lost sales potential because of the absence of personal contact with the customer.

Conversely, Mr. Adam Murphy favors the idea of the ordering system:

“Ordering finished goods online would be a way of cutting down on paper. This would allow the company to be more aware of what is happening on the ground...”

He goes on to state that as long as sales contacts are available whenever the customer has any issues the system can be an advantage for the company. Lastly, Mr. Philippe Caraminot and Pascale Kerneis both agree that simple or standard products can be ordered. As long as the product information is clearly stated, such as the PNC, they will have the means to complete a transaction.

From a franchiser’s perspective, Mr. Alvar Thomas states that a majority of business must be done over the Internet. With potential access and directed advertising (Google), the ability of customers to order any type of product on the Internet is available.

4.5.1.2 Current Ordering Process

Sales offices use a range of different ordering techniques, but all of them have a signature method that differs from the rest of the offices.

Hans Mellner described their ordering system as internalized within the sales office. They do not offer any sort of online services, including spare parts, and orders are received and processed by their sales team via email, fax or telephone. Similarly, Harald Heske described the use of email, fax and/or telephone, but also online ordering for spare parts.

Conversely, Andrew Jell spoke enthusiastically about their online ordering for spare parts and their planned expansion to offer finished goods. But, when it came to their customer ordering process he described a unique perspective:

“We usually sell on a consultation basis, as opposed to just sending the product, which differentiates us from our competitors. We understand the customer needs. We will then give the customer a quotation. After that the salesman fill out an internal order form which will be processed through the system and the customer will sign off.”
He describes an interactive sales process that would only be practical if the sales office remained in close contact with their customers despite the transition to online ordering.

In addition, Philippe Caraminot and Pascale Kerneis describe a simple and efficient system for online orders. In contrast, Mr. Juan Prado Lopez and Ms. Pilar Lanau Pons of the Spain office claim that a majority of spare parts orders are placed directly from the technicians, but they do not use the Internet. Technicians prefer to call and have the personal contact of the sales office, thus the spare parts online ordering system is unsubstantial. Similarly, customer calls are utilized for sales to a majority of the customer segment.

According to Alvar Thomas, they sell a majority of products online or through trade shows, or retail shops. He believes that Internet remains the most important platform, but personal contact is still necessary to retain relationships.

4.5.1.3 **Online ordering is the future**

The impressions that sales offices had about the importance of online ordering in the future and their related support, were documented. The opinions expressed were split between positive and negative feelings. Elaborating on the standpoint of the French sales office:

> “If we are talking about the direct orders, the whole solution and all the products should be ordered via Internet. So everything should be ordered in one goal.”

They go on to mention that despite this process, the sales offices must still remain in control. This is a big step being taken and to further advance any changes they must carefully manage the transition.

As mentioned previously in this chapter, Andrew Jell was a strong supporter of the online ordering process. He stipulates that as long as the transition is done properly the future potential is evident.

In contrast, Harald Heske had more reserved feelings about the transition because the customers will not be prepared to order something so complicated online. In order to sell the highly technical products personal interaction will always be needed to regulate and encourage customer purchases.
4.5.2 Swedish Manufacturing Plant

Once the opinions about the online system were determined, the interviews were directed to trust issues that the sales offices had with the Swedish manufacturing plant in Ljungby and how that would reduce the potential for the online system.

4.5.2.1 Relationship

When asked about their relationship with the manufacturing plant, Adam Murphy became very agitated:

“The only thing(s) they will give them are pamphlets and useless information. They usually promise actions, but they never follow-through and thus they don’t depend on them.”

Furthermore, the issue of trust was repeatedly mentioned and Murphy was adamant firm that it was lacking. The mention of an online ordering process was quickly rejected because he felt that issues that are more important must be addressed, like on time and accurate shipment of products. Unless they could be depended on to help in the sales process and deliver quality products, there was little need for an online system distributing orders directly to Sweden.

The next question related to their overall opinion of the current ordering situation and the proposed changes.

4.5.2.2 Overall Opinion

The question was asked to concentrate on any additional items that should be addressed as well as gain insight to the interviewee’s synopsis once the discussion about the new system had been completed.

In continuation from the previous section, Adam Murphy was aware of the changes in warehousing and he spoke in length about the changes:

“…in May 2008 it was agreed that we could hold the products locally, the high-moving items, which we started to do. We started to get back the customers’ confidence. We could compete with our competitors and we can get the product to the customer in a very quick period of time. But now the
decision was taken not to hold the products locally again. So it's gone back to Sweden and we are starting to suffer.”

In general, Philippe Caraminot and Pascale Kerneis state that with direct delivery the sales companies will be positively affected:

“It will even make the life of sales people easier if the customer gets the information how to deal with putting the order directly to Ljungby.”

Additionally, Harald Heske described the different manufacturing plants and their impact on their decision to adopt a system that would go there directly:

“As far as a product is from Ljungby, we are relatively safe. The production unit in Ljungby is reliable. We also have other factories in France and in Thailand. That is much more difficult.”

He described how customers are more apprehensive knowing that the products are not coming from the Swedish location and the online ordering system will provide little assurance to this matter. The long delivery times and quality standards reduced when products are shipped from these facilities make encouraging there customers to order difficult.

Lastly, he addresses the issue of safeguarding the information flow and how the online system would be beneficial. Instead of the orders going to the sales office and then diverted to the manufacturer, the communication would be direct and order or product answers would be provided quick and efficiently. Similarly, Alvar Thomas related this to the format of the EPLS website. The benefits of the online ordering system are valid, but unless the EPLS website is easy to transfer information it will not matter to the customer. They urge EPLS to stop from constantly changing their website, inform there customers with more ordering information and allow free range of browsing on the website, including the required password for the Lagoon Shop.

In conclusion: The information from the interview discusses various opinions about the implementation of an online ordering system, and the affects their relationships with the manufacturing plant will have on the process. In order to further investigate this case the customer perspective will be provided in the next section.
4.6 THE OPINION OF EPLS CUSTOMERS ABOUT ONLINE ORDERING SYSTEMS

Interviews were conducted with five customers and one technical contractor, provided by the sales companies in our interviews. Customers represent four Western European countries, including:

Harri Puputti (Finland) – Process Development and Environmental Issues, Peter Metsälä (Finland) - ISS Palvelut, Ralph Brinkmann (Germany) - Maschinen- Handel & Elektro Service, Mrs. Krüger (Germany) – Elektro Krüger GmbH, Adam Elphinstone (England) – Southern Contracts, Victor Lopez (Spain) – Technical installation

4.6.1 Ordering Process

Following questions were asked in order to find out more about the preferred ordering process of customers in terms of finished goods and spare parts.

4.6.1.1 Finished Goods

According to everyone interviewed, all finished goods are ordered directly from the local sales office by a variety of methods, including: Mr. Puputti of Process Development and Environmental Issues stated that product orders depended on the customer and type of product being ordered, but email, fax, or direct telephone contact are normally used. Further, standard orders are usually placed through fax or email, but orders that are more complicated require the transfer of more complex information and hence the telephone is necessary in order to ensure that the correct order is placed. Similarly, Mr. Brinkmann Maschinen – Handel & Elektro Service stated that various methods are used to order, but everything is done with the assistance of the German sales office. Lastly, Mr. Peter Metsälä of ISS Palvelut states that direct emails are the most efficient option.

4.6.1.2 Spare Parts

Mrs. Krüger of Elektro Krüger GmbH orders spare parts via the online system. She went on to say that, finished good orders are still placed with the sales office, but the efficiency
of the online spare parts ordering system is very successful. Additionally, Brinkmann stated that spare parts are completely ordered from the Internet. He mentions that the ordering process allows the customer full access to the complete range of products and that they will continue to order online in the future.

Providing an internal perspective, Mr. Victor Lopez of the technical contractor was asked to detail his routine for spare parts ordering. He made it clear that all orders were done through phone calls and email, but nothing was done over the Internet, nor considered as an option.

4.6.2 Internet Usage

The following questions related to their impressions of the Internet usage in terms of information search, the online ordering and complexity of finished goods and sales support.

4.6.2.1 Information Search

When Brinkmann was asked about searching for information on the Internet he replied, “Of course, it’s my job.” This definitive statement was in reference to his responsibility to research all available sources for information about the products they are purchasing. In reply, Adam Elphinstone of Southern Contracts replied that searching for information on the Internet would be very helpful, but specific information is difficult to find when searching, including local dealer information. Lastly, Mrs. Krüger stated that they do search for information about the EPLS products on a regular basis. In general, a majority of the customers at least attempt to search for product information online.

4.6.2.2 Online Ordering of Finished Goods

A majority of the customers were open to the idea of ordering finished goods online, but they each had specific objections to the current system. Mr. Puputti stated that ordering finished goods via email was much easier and that the EPLS website was not developed enough for them to consider ordering a finished good online. He then stated that despite the
condition of their website, he believes that it is very possible for finished goods to be ordered online in the future. But, Mr. Puputti emphasized that personal contact with the company would be required if they were to order online. Despite the fact that the product was ordered on the website they should still have access to sales members to ask questions when needed.

Similarly, Mr. Elphinstone stated that the online ordering of spare parts was helpful and convenient for his company, and he sees no reason why the same cannot be possible for finished goods. But, he states that the website is difficult to navigate and it does not properly represent stock amounts, making it difficult for him to place orders online. In addition, he stated that ordering products via a phone call to his sales representative is simpler than ordering the product online. In relation, he stated that the local sales contact information was much too difficult to locate on the website, affecting both direct calls and online ordering. Mr. Metsälä states that this process has much potential but until the website is improved they will not be ordering online.

Lastly, Brinkmann stated that finished goods are not ordered on the Internet because of the ordering structure, more specifically:

“This procedure is given by the ELS administrative structure and everything is fine with that. There is a team which I trust completely and they are sticking to appointment and delivery times and so on.”

He goes on to discuss the trust and confidence he has in the German sales team and that there is little reason to change a successful process.

In conclusion, opinions about Internet information and ordering vary depending on the customer. Overall, whether interested in online ordering or not, customers are mainly concerned with the impact that this will have on their relationship with the local sales office.

4.6.2.3 Complexity of the Finished Goods

Customers concerned with the Internet’s ability to satisfy their ordering needs discussed the issue of product complexity and customizability. Mr. Brinkmann was quoted as saying, “Business is done by people but not by a computer.” He states that there should be a party
that knows more about the product than he does while ordering, but the computer cannot
provide that. He refers specifically to supplementary products and special equipments that
cannot be satisfied by a website.

4.6.2.4 Sales Support
Mr. Brinkmann said that with close support from a sales member Internet ordering might
be a possibility. The sales member should be monitoring their online orders to make sure
that no mistakes have been made, in addition to answering real-time questions before the
order is actually placed. In summation, they would be happy to type the order via the
Internet as long as the same amount of support is supplied than if the order would have
been made directly over the phone. In conclusion, the interview data presents a thorough
customer perspective of the ordering process and specifically online ordering. In the next
section, the key findings of the empirical data will be summarized.

4.7 SUMMARY OF THE EMPIRICAL FINDINGS
The empirical study describes relations between the case company, current market
conditions and the sales offices and customers directly affected by the introduction of e-
commerce. First, we describe the relationship between Electrolux and the focus of our
study, ELPS. The following section identifies current conditions and their relationship to
the case initiative being researched. Once the case company has been researched, the
results of the EPLS e-business Survey and the EPLS Online Survey conducted by the
company was presented.

The following key findings of the EPLS e-business Survey, representing a present and
future study of the Internet usage, are essential for the later analysis:

- The present and future e-media usage in terms of e-mail, ordering etc. was
  predicted to increase in the future and become a more important aspects of
  their business interactions.

- Finland and Germany users were considered the strongest current and potential e-
  media users, and e-media usage in Italy was considerable less.
- On-line-Ordering is on a ‘prefer-to-have’ level and is mostly requested in the catering segment. The other segments show a similar grouping about the importance of on-line ordering.

Regarding the EPLS Online Survey about the purpose and uses of their website, the following findings could be made:

- Customers and business partners are the most common visitors on the EPLS Website.
- Technical and product information are the most important features when visiting the website.
- On-line ordering is seen as a not-often used feature among the users of the website.
- In order to increase the likelihood of the website usage, EPLS could find out the following items to improve: simplicity, processing speed and appropriate information (technical, product and contact).

Finally, once the case and industry information was adapted, interviews were conducted and compared to fellow responses in order to identify comparing or contrasting statements. The following tables represent the answers presented by each participant, which is organized based on their roles as a sales office or customer, and their country of origin:
### 4.7.1 Sales Company Interview Results

<table>
<thead>
<tr>
<th>Country</th>
<th>Subject</th>
<th>Finland</th>
<th>Germany</th>
<th>England</th>
<th>France</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Sales Office</td>
<td>Sales Office</td>
<td>2 Sales Offices</td>
<td>Sales Office</td>
<td>Franchise</td>
</tr>
</tbody>
</table>

#### Online Ordering

<table>
<thead>
<tr>
<th>Viability</th>
<th>Finland</th>
<th>Germany</th>
<th>England</th>
<th>France</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Possible for dealers, but not customers</td>
<td>Lost sales potential without contact</td>
<td>Jell: Possible as long as they are trained</td>
<td>Murphy: As long as sales contacts remain available, save costs</td>
<td>Simple, standard products are possible if clearly identified</td>
<td>This is possible with the current infrastructure (such as Google)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current process</th>
<th>Finland</th>
<th>Germany</th>
<th>England</th>
<th>France</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email, fax or telephone, nothing offered online</td>
<td>Email, fax phone for finished goods but online for spare parts</td>
<td>Jell: Online spare parts and development for finished goods</td>
<td>Efficient online and personal contact</td>
<td>Trade shows and retail stores</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Future expectations</th>
<th>Finland</th>
<th>Germany</th>
<th>England</th>
<th>France</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer's need for personal interaction for their product</td>
<td>Customer’s won’t be prepared for online ordering</td>
<td>Jell: Great potential with careful transitioning/training</td>
<td>Could be done online</td>
<td>Most business will be done via the Internet</td>
<td></td>
</tr>
</tbody>
</table>

#### Swedish Manufacturer

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Finland</th>
<th>Germany</th>
<th>England</th>
<th>France</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional relationship</td>
<td>Shipments and dealings are relatively safe</td>
<td>Jell: n/a</td>
<td>Murphy: Strong distrust, claims they do little to help</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall opinion</th>
<th>Finland</th>
<th>Germany</th>
<th>England</th>
<th>France</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>Customer's are apprehensive that it could increase order times</td>
<td>Jell: n/a</td>
<td>Murphy: Does not trust that ELPS will deliver products with the closure of the warehouse</td>
<td>Could be a huge benefit reducing order complexity and sales responsibility</td>
<td>EPLS website must be simplified and restructured for ordering</td>
</tr>
</tbody>
</table>
### 4.7.2 Customer Interview results

<table>
<thead>
<tr>
<th>Subject</th>
<th>Country</th>
<th>Finland</th>
<th>Germany</th>
<th>England</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1) Process Development &amp; Environmental issues</td>
<td>1) Maschinen-Handel &amp; Elektro Service</td>
<td>Southern Contracts</td>
<td>Technical contractor</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2) ISS Pavelut</td>
<td>2) Elektro Krüger GmbH</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Order process</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Finished goods</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1) Email, fax or telephone</td>
<td></td>
<td>1) Every order is with the assistance of the German sales office</td>
<td>Sales office</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>2) Emails to the sales company</td>
<td></td>
<td>2) Via the sales office</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Spare parts</strong></td>
<td>1) N/A</td>
<td></td>
<td>1) Completely from the Internet</td>
<td>Ordered online</td>
<td>Phone calls and emails, but this is not possible over the Internet</td>
</tr>
<tr>
<td></td>
<td>2) N/A</td>
<td></td>
<td>2) Always placed online</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Internet usage</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Information search</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1) N/A</td>
<td></td>
<td>1) Of course, it is our job to source everywhere we can</td>
<td>They would like to gather information online but it is difficult to locate, especially local dealer contacts</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>2) N/A</td>
<td></td>
<td>2) They search on a regular basis</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Online ordering</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1) Possible with training and experience, but personal contact is still required</td>
<td></td>
<td>1) ELPS procedures discourage the ordering of finished products online</td>
<td>Spare parts ordering online is simple and efficient and with website improvements finished goods can be as well</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>2) Possible if the website is restructured and simplified</td>
<td></td>
<td>2) N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Product complexity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1) N/A</td>
<td></td>
<td>1) More complex products are very difficult to order online</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>2) N/A</td>
<td></td>
<td>2) N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sales support</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1) Always necessary to make a sale</td>
<td></td>
<td>1) Close contact required to monitor that they are not making mistakes when ordering online</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>2) Necessary if they hope to have their customer's purchase online</td>
<td></td>
<td>2) N/A</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5 ANALYSIS

In this chapter, the empirical findings are compiled to answer our research problems. Furthermore, the results of the empirical data are analyzed based on the theoretical framework from the previous chapter. The chapter contains our analysis of customer motivators and enablers, safeguarding of information and finally, the e-commerce strategy creation process. The chapter is formatted to reflect the theoretical model presented in chapter 3.6. The first half of this chapter presents theoretical and empirical findings to identify and assess customer enablers and motivators and information security, in order to identify relevant segments of an e-commerce strategy. Finally, theoretical research and empirical findings collaborate in the analysis of the e-commerce strategy creation process. The analysis assumes a pre-existing EPLS e-commerce strategy in order to properly understand the relationships between the empirical and theoretical data. Finally, the roles of the research problems in the strategy creation process are recognized for further understanding, future conclusions and recommendations.

5.1 E-COMMERCE STRATEGY ENABLERS AND MOTIVATORS

In order to answer the first research question “How to enable and motivate customers to start using e-commerce solutions?” a variety of different customer attributes, including customer strategy, segmentation, value creation, benefits, buying behaviours and customer needs will be analyzed in the following.

5.1.1 Customer Segmentation

According to Payne & Frow (2005) the purpose of the segments are to target and monitor specific customers with the help of internal departments. EPLS has segmented customers by their industry, 15 segments in total. EPLS has created a website to attract them with personalized information to make their online shopping experience more comfortable.
Specifically, their website offers product information for a specific industry of operation. Brinkmann Maschinen of Handel & Elektro Service stated that the website provides their MNC complete information on products relating to his company. In addition, Laudon & Travor (2007) state that the use of Internet related segmentation can allow companies to segment customers down to the individual. As represented in the customer interviews, each company had a different opinion or appreciation of the EPLS website. In order to properly create a sustainable e-commerce strategy customer hesitation will be analyzed, such as an inability to access portions of the website or a lack of support from the sales company. Conversely, according to Mr. Mellner of the Finnish sales office, the concept of the online ordering system is imperfect because customers are unable to identify the specific products that they must access for their company. Despite the customer’s approval of the website, the Finnish sales office stated that the products were not clearly organized. The opinion gap between the sales office and the customers show conflicting conclusions throughout their sales network.

5.1.2 Customer needs and abilities model

Ford et al. (2003) states that relationships can be used to influence customers and suppliers, in addition to other portions of the network. EPLS customer needs are analyzed to understand the requirements of their network to determine how they can be enabled to operate the new system. Figure 26 displays the interactions between the seller and the buyer and what uncertainties and abilities are most relevant in the case of EPLS:
5.1.2.1 Buyers’ Uncertainties and Sellers’ Tactics

Buyer uncertainties

The goal of a buying company is to operate in an uncomplicated market, including need, market and transaction uncertainty.

1) **Need uncertainty**: this is an important issue for the centralization of their ordering system. EPLS customers have repeated their needs and wants for contact with sellers in order to ease the purchasing process. According to the interviews, there were customers that were unable to navigate the website to find the proper information, thus representing a clear demotivation and need for sales support. EPLS has added features to their online ordering system, such as designing their complete laundry system, to assist the customer while displaying the depth of their product offerings. In addition, the EPLS reputation attracts first-time purchasers due to their strong brand presence and history of quality products.

2) **Market uncertainty**: increasing the size and pace of the EPLS market creates a turbulent supply market. According to Ford (2000), in order for the suppliers to survive, they must limit their offerings in order to maintain their strength in that portion of the market. EPLS has access to a variety of different suppliers and potential improvements. There is a risk to change their supplying company, but increased accessibility to suppliers creates cost saving opportunities.
3) **Transaction uncertainty**: Ford (2003) stated buyers should closely interact with their suppliers to ensure their skill and to monitor their delivery, quantity and price. This uncertainty is not stable because repeated purchases increase the trust levels of the buyers. As Mr. Heske stated, the increase of direct ordering will increase secure transactions.

**Seller tactics**

In order to identify and take advantage of the previously stated uncertainties, the following strategies can be employed:

1) **Manipulation of uncertainties**: EPLS’s e-commerce strategy addresses the uncertainties of their customers in order to modify their website and role of their sales contacts. In order to take advantage of the uncertainties they can be exploited. In the case of need uncertainty, key word searches and other Internet advertising sites assist in directing them to EPLS’s website.

2) **Use of abilities**: Once EPLS has made contact with their potential customers they attempt to address their needs with the use of website assistance, such as the design software or technical information, this way they employ problem solving ability. In addition, when EPLS identifies that they are not the least expensive answer to a customer’s need, they have supplied customers’ alternative connections or **transfer ability**. In the case of the Spanish sales office, when they were unable to place an order in the guaranteed timeframe they connected their customer with a company that could. This enforces the “thinking of you” slogan, increasing the likelihood that they will consider purchasing from EPLS in the future.

5.1.2.2 **Sellers’ Uncertainties and Buyers’ Tactics**

**Seller Uncertainties**

1) **Capacity uncertainty**: According to Ford (2003), in the case of a competitive industry, companies attempt to ensure regular order volumes from their customers in order to maintain sales levels. Because EPLS creates a high quality product with extensive service support, there are less short-term purchases. All of their customers and sales offices have not as well received the transitions they have made to the online ordering systems. But, their emphasis on innovating their products and customer services increase potential sales.
2) **Application uncertainty**: Customer relationships must be analyzed to be aware of changing demands in product applications. EPLS’s product specialization features allow customers to personally adapt their products to address their changing needs. In addition, sales offices maintain a connection with there customers for the purposes of feedback.

3) **Transaction uncertainty**: The online ordering system requires the customer to provide valid forms of payment when purchasing. This secure transaction network reduces the transaction uncertainty. In addition, according to all sales offices that were interviewed, orders are still placed via traditional methods. EPLS orders are designed to be entered into a universal program that tracks their progress.

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**Buyer tactics**

4) **Manipulation of uncertainties**: Certain customers have created close relationships with EPLS in order to decrease any capacity or application uncertainties experienced. EPLS’s loyal customers provide feedback in order to determine the proper solutions for related uncertainties.

5) **Use of abilities**: By addressing their uncertainties, EPLS customers increase their attractiveness for sellers in the industry by being efficient buyers. This increased attractiveness results in an expanded competitive environment and more leverage to manipulate when purchasing. In addition, supplier feedback about the operations of the e-commerce system creates opportunities for it to increase its efficiency potential, as stated in the surveys.

This model allows EPLS to follow its internal strengths as they relate to their competition in the market place.

---

5.1.3 **Customer Benefits**

Hong & Zhu (2006) stated that customer benefits influenced the adoption of an e-commerce strategy due to their importance to the success of an online system. In relation to customer value, EPLS understands that the current and potential benefits of the strategy increase customer motivation. Their customers and sales offices realized that the evolution of the system was dependant on benefit fulfilment. Phillippe Carminot & Pascal Kerneis of
the French sales office stated that the entire ordering solution should be moved to the Internet to create the most beneficial and efficient system possible for their customers. In addition, Mrs. Krüger stated that the benefits of the online ordering system are efficiency and dependability, both necessary benefits to create their satisfaction with the system. Generally, nine types of benefits were described in reference to the online system, including:

<table>
<thead>
<tr>
<th>Organization Benefit</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost saving</td>
<td>EPLS’s supply chain management process has simplified and decreased due to the new ordering methods, in addition to decreased inventory charges based on the closing of the warehouses. Also, lower costs associated with marketing and labour reduces business costs (Davies, 2006).</td>
</tr>
<tr>
<td>Time saving</td>
<td>The EPLS statistics supported the statement that Internet service would decrease the delivery and processing times currently witnessed. EPLS’s manufacturing plant’s production and sales office efficiency is dependant on proper order documentation. The concept of the electronic system is to ensure that both requirements are met.</td>
</tr>
<tr>
<td>Network growth</td>
<td>Ho et al. (2007) defines the <em>endogenous</em> and <em>exogenous growth</em> theories. This article establishes a <em>mixed theory</em> proposing that growth in e-commerce is as a result of benefits from inside and outside of the home country of operation. They attempt to explain the importance of collaboration in order to succeed. In the case of EPLS, they attempt to first gain the strength and support of their sales members regarding the online system, otherwise the different parts of the company will be working against each other’s goals. The Spanish sales office reiterated its differences from other sales offices and unique needs.</td>
</tr>
<tr>
<td>Image/Brand enhancement</td>
<td>Ability to keep up-to-date with the current trends, display their company as sophisticated via a website and an increase of customer awareness (Chaffey, 2002). In addition, Mr. Alvar Thomas of the EPLS franchise stated that the use of online searching mediums will drastically increase their brand recognition, and reconfiguration of marketing strategies, such as key word search, smoothes the transition.</td>
</tr>
<tr>
<td>Strategic advancement</td>
<td>This relates to a new strategy that includes the means to achieve the stated benefits, including efficiency and organization of the new process (Archer &amp; Yuan, 2006, 2000). EPLS understands the efficiency and organization potential of their e-commerce strategy and that they must continue to support and promote the medium with both customers and apprehensive sales offices in order for it to eventually reach its full potential.</td>
</tr>
</tbody>
</table>
Mr. Murphy states that the move to the paperless ordering system will save costs and potentially reduce frustration on the behalf of the customers.

The difficulty associated with a new strategy such as e-commerce leaves a muddled idea of customer service in the mind of the customers, and false impressions about the product. Mr. Elphinstone stated that the inability of customers to locate feedback information will in fact decrease the customer service ratings. Conversely, Mr. Brinkmann states that the standardization of the services under the new strategy will actually increase their connection with EPLS.

In order to efficiently create this strategy, EPLS offers customer service opportunities.

Increases in efficiency, feedback and customization are made possible by electronic interchange (Davies, 2006). Customized programs and electronic feedback mediums will boost the ability of EPLS to gain quality insight from their customers, while increasing the order efficiency by decreasing the size of the order network.

The connection allows different cultures the opportunity to purchase foreign products and acculturate (Hong & Zhu, 2006). The boundary expansion associated with the sales of their products can be very beneficial. Direct interaction from the customer orders and the manufacturer make new transactions feasible for EPLS.

Mr. Heske described the e-commerce system as a safe way to transfer information because of the direct communication of orders between the customers and manufacturers. EPLS is attempting to create that direct connection with the closure of warehouses and implementation of an e-commerce strategy. This reassurance must be provided to all customers to quell any doubts in relation to working with the new ordering system.

### Table 12: Analysis of e-commerce benefits

<table>
<thead>
<tr>
<th>Increased sales</th>
<th>Mr. Murphy states that the move to the paperless ordering system will save costs and potentially reduce frustration on the behalf of the customers.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Benefit</strong></td>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>Customer service</td>
<td>The difficulty associated with a new strategy such as e-commerce leaves a muddled idea of customer service in the mind of the customers, and false impressions about the product. Mr. Elphinstone stated that the inability of customers to locate feedback information will in fact decrease the customer service ratings. Conversely, Mr. Brinkmann states that the standardization of the services under the new strategy will actually increase their connection with EPLS. In order to efficiently create this strategy, EPLS offers customer service opportunities.</td>
</tr>
<tr>
<td>Quality improvement</td>
<td>Increases in efficiency, feedback and customization are made possible by electronic interchange (Davies, 2006). Customized programs and electronic feedback mediums will boost the ability of EPLS to gain quality insight from their customers, while increasing the order efficiency by decreasing the size of the order network.</td>
</tr>
<tr>
<td><strong>Society Benefit</strong></td>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>Global connection</td>
<td>The connection allows different cultures the opportunity to purchase foreign products and acculturate (Hong &amp; Zhu, 2006). The boundary expansion associated with the sales of their products can be very beneficial. Direct interaction from the customer orders and the manufacturer make new transactions feasible for EPLS.</td>
</tr>
<tr>
<td>Disputable benefit</td>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>Secure transfer of information</td>
<td>Mr. Heske described the e-commerce system as a safe way to transfer information because of the direct communication of orders between the customers and manufacturers. EPLS is attempting to create that direct connection with the closure of warehouses and implementation of an e-commerce strategy. This reassurance must be provided to all customers to quell any doubts in relation to working with the new ordering system.</td>
</tr>
</tbody>
</table>

### 5.1.4 Value Creation Process

According to Friedman and Furrey (1999), specific goals are developed to ensure the success of a strategy. In the case of EPLS, an analysis of the value to and from their
customers, and the subsequent management of the strategy defines the expectations of their e-commerce strategy.

<table>
<thead>
<tr>
<th>Elements</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value to the customer</td>
<td>EPLS has determined that the benefit of their products, or competitive advantage, rely on their product quality, timely service and reasonable pricing. The surveys and interviews determine that the prices of their products are medium to high, but the value provided by the quality and efficiency of their product purchases exceeds costs. In order to exploit the customer attribute preferences they implemented programs for customers to both design their own machines and also to enhance their entire laundry system via their website. These unique programs are enhanced through their exploitation in the e-commerce strategy.</td>
</tr>
<tr>
<td>Value from the customer</td>
<td>The e-commerce strategies focus is on the maintenance of existing customer relationships to avoid costs related to the development of new customers. Customers of EPLS have repeatedly stated that they prefer constant contact with the sales companies, no matter the medium of purchase. If they are unable to provide this type of contact, they will be less likely to make any purchases. The development of the online system increases their need to communicate and interact with their customers.</td>
</tr>
<tr>
<td>Management of the strategy</td>
<td>Management of the relationship between providing customer value and being a recipient is regulated by the CRM theory. In order to create realistic customer strategies EPLS sales offices play a significant role. According to Mr. Heske of the German sales office, the online system creates an imbalance of the customer values process, because personal contact provides customers the necessary amount of value in opposition to their competition. Without the support of the sales people at EPLS, there is less chance that perspective customers will understand the value of utilizing an e-commerce system.</td>
</tr>
</tbody>
</table>

Table 13: Analysis of Value Creation Process

In the case of the value process, they signify a portion of the motivators and enablers of the e-commerce strategy. Unless their customers assume shared value, they will attempt to move their services elsewhere.
5.1.5 Trust Dimension

This aspect is important in the development of EPLS’s strategy due to the unfamiliarity of their customers with the online ordering system. McKnight et. al (2002) states that trust must be analyzed in a variety of different dimensions in order to achieve the complete trust of their customers. EPLS has difficulty convincing sales offices and/or customers about the reliability, credibility, competence...of the online ordering system. Unless they achieve trust at a majority of the trust levels, they will not trust the e-commerce strategy. For example: the survey conducted in 2004 on the ELPS website led to a variety of conclusions that affected the concept of trust previously proposed by McKnight et. all (2002). According to the recent interviews of current EPLS customers, the different segments of trust must be re-evaluated. In addition, we have analyzed the online ordering services in relation to the answers provided by both parties. The following table determines whether the trust type has been achieved according to the majority opinions of each source:

<table>
<thead>
<tr>
<th>Type</th>
<th>2004 Survey</th>
<th>Customer Interviews (2009)</th>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competence</td>
<td>No</td>
<td>No</td>
<td>The website is difficult to navigate and it does not properly represent stock amounts, making it difficult for him to place orders online. (Adam Elphinstone of Southern Contracts)</td>
</tr>
<tr>
<td>Expertness</td>
<td>No</td>
<td>No</td>
<td>More technical transactions still require the use of the telephone. (Harri Puputti of Process Development &amp;</td>
</tr>
<tr>
<td>Type</td>
<td>2004 Survey</td>
<td>Customer Interviews (2009)</td>
<td>Analysis</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------</td>
<td>----------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Environmental issues)</td>
<td>This issue focuses less on the content of the website but the unfamiliarity of the customers. Users consider EPLS an expert in the field, but as Brinkmann states, that he trusts the German sales office and that he would like to continue with this secure transaction.</td>
</tr>
<tr>
<td>Dynamisms</td>
<td>No</td>
<td>No</td>
<td><em>Business is done by real people, the computer can’t provide all of the necessary information about the technical products.</em> (Brinkmann Maschinen of Handel &amp; Elektro Service)</td>
</tr>
<tr>
<td>Goodwill</td>
<td>No</td>
<td>No</td>
<td><em>If they offered more support intentions by the company when purchasing the product.</em> (Brinkmann Maschinen of Handel &amp; Elektro Service)</td>
</tr>
<tr>
<td>Benevolence</td>
<td>Yes</td>
<td>Yes</td>
<td><em>We continue to search for product information online and place orders for spare parts.</em> (Mrs. Krüger of Elektro Krüger GmbH)</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>No</td>
<td>No</td>
<td>Searching for information on the</td>
</tr>
<tr>
<td>Type</td>
<td>2004 Survey</td>
<td>Customer Interviews (2009)</td>
<td>Analysis</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------</td>
<td>--------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Internet</td>
<td></td>
<td>Internet would be very helpful, but specific information is difficult to find when searching, including local dealer information. (Adam Elphinstone of Southern Contracts)</td>
<td>ordering online. This means that they were either unable to find the correct person to speak with when browsing the website or they did not receive a desirable response from the company once ordered.</td>
</tr>
<tr>
<td>Integrity</td>
<td>Yes</td>
<td>Yes</td>
<td>In this case Mr. Elphinstone stated that the website was difficult to navigate and undesirable in many of its ordering features. That said, he also stated that once he figured out how to order he was confident that the correct part would be delivered at the quality level that he desired.</td>
</tr>
<tr>
<td>Morality</td>
<td>Unknown</td>
<td>Unknown</td>
<td>Closely related to benevolence, there were no concrete statements or questions asked about a moral standing of the website. The website was considered to have integrity and benevolent features, but morality cannot be considered the same because it addresses the ethics of the website beyond the ordering process.</td>
</tr>
<tr>
<td>Credibility</td>
<td>Yes</td>
<td>Yes</td>
<td>Customers realized that the online ordering system was becoming a focus of the ordering process. Despite apprehension to change their methods, and/or their frustration with the website formatting. They realize that it will become a credible solution in the ordering process.</td>
</tr>
<tr>
<td>Type</td>
<td>2004 Survey</td>
<td>Customer Interviews (2009)</td>
<td>Analysis</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------</td>
<td>----------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Reliability</td>
<td>No</td>
<td>No</td>
<td>In both cases, the answer can be interpreted as no, but that is based on their attachment to the original ordering process. In some cases, the online system was considered worthy, but in many like Mr. Metälä, a close attachment to their current process left them unwilling to make a change.</td>
</tr>
<tr>
<td>Dependability</td>
<td>No</td>
<td>Yes</td>
<td>Originally, the survey displayed a less than positive opinion about the dependability of the website ordering process, but with experience that has changed for those actually involved. Mrs. Krüger stated that the system is completely dependable for spare parts, and most who do not agree are not actively using it just yet.</td>
</tr>
<tr>
<td>Predictability</td>
<td>Unknown</td>
<td>Unknown</td>
<td>The survey does not clearly state the opinions of customers in relation to predictability, but the customer interviews discussed it to a certain extent. The answer depends on the way in which this term is portrait. According to Mr. Puputti, the lack of continuous support from the sales representatives makes this process much less predictable. But, if we consider predictability based on delivery times the answer may vary.</td>
</tr>
<tr>
<td>Openness</td>
<td>No</td>
<td>Unknown</td>
<td>Despite password to enter a portion of the website, once granted access the customers claim that there is a complete range of products to be viewed. The issue is that in order to</td>
</tr>
<tr>
<td>Type</td>
<td>2004 Survey</td>
<td>Customer Interviews (2009)</td>
<td>Analysis</td>
</tr>
<tr>
<td>--------------</td>
<td>------------</td>
<td>----------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Carefulness</td>
<td>N/A</td>
<td>Unknown</td>
<td>In both cases, customers say little about the trust factor as it applies to the transfer of their information. Many customers show apprehension to the ability of their information to remain safe on the Internet, but the ability of EPLS to create that certainty is also in doubt according to both the surveys and customer interviews.</td>
</tr>
<tr>
<td>Attraction</td>
<td>No</td>
<td>No</td>
<td>One main concern in the survey and a topic of conversation with our customers is the attractiveness of the website. Originally, the survey stated that the pages were too long and filled with information, but now the customers state they are very brief and information is difficult to locate in this format.</td>
</tr>
</tbody>
</table>

**Table 14: Analysis of Trust Dimensions**

According to Mr. Jell of the English sales office, any customer dissatisfaction relating to the implementation and continued use of the online ordering process will make it more difficult to entice the majority of loyal customers. Despite the differing opinions, as many issues should be addressed to satisfy the needs of everyone when possible. In regards to website formatting, trust evaluation remains rather objective because of the variety of personal preferences. But, the analysis can conclude that a few shortcomings seem to be universal, such as customer support related to online ordering, local sales contacts, and the...
inexperience of customers. These findings will be discussed more thoroughly in the conclusion of this paper.

5.1.6 Organizational Buying Behaviour

According to Chaston (2000), understanding consumer motivation is not an option. Chaffey (2000) states that in order to communicate with customers an MNC must first understand their purpose online. According to Turban et al. (2008), once they understand their purpose online they can customize their promotions and advertising accordingly. The following table defines the different factors of the decision process, but extensive research must be done in order to summarize each factor. The answers represent the specific identities and profiles of EPLS customers:

<table>
<thead>
<tr>
<th>Factor</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Influences</td>
<td>Age, gender, ethnicity, education, lifestyle, psychological makeup, knowledge, values and personality. Determining this information on an Internet platform is difficult, but customer surveys and feedback provide an idea. For example: EPLS’s understanding of the knowledge and experience levels of customers related to technical information offered online.</td>
</tr>
<tr>
<td>Market Stimuli</td>
<td>Price, brand, promotion, advertising, product quality and design. The EPLS brand is well recognized for their quality products/design and midline pricing. They manage to meet the main requirements of a successful online ordering system, but without increased promotion both from the media and sales representatives, customers will be unwilling to participate.</td>
</tr>
<tr>
<td>Interpersonal Influences</td>
<td>Authority, status and persuasiveness are all portions of the influences. EPLS’s status and persuasiveness are prospects of their brands and close relationships between sales offices and they customers. But, the global expansion of the influences encourages political and legal compromise in all countries.</td>
</tr>
<tr>
<td>Organizational Influences</td>
<td>Policies and procedures, organizational structure, centralized decentralized structure and systems and contracts are the main influencers. The strict policies and procedures determine that the organizational structure was adapted to cooperate with a new structure of going.</td>
</tr>
</tbody>
</table>
Factor | Description
---|---
Buyer Decisions | Why/why not? What to buy? Where? When? How much, these are the questions that the survey attempts to address and feedback from the customers to the sales offices. For example, decisions based on industry type display that service management is extremely important in the catering industry.

E-commerce System: | Lastly, attention to the logistics of the direct ordering process, technical and customer support provided to assist customers in the transition to a new ordering program.

Table 15: Analysis of organizational buying behaviour among EPLS customers

First, we attempted to understand the different customer attributes of the traditional customers and how the information will be compiled for each individual, in order to customize marketing promotions.

5.2 SAFEGUARDING CUSTOMER INFORMATION

Safeguarding customer information addresses the second research question presented in our thesis. The following compares the purpose of information management and EPLS’s approach to managing the order and customer information.

According to Payne & Frow (1999) information management depends on a careful process of collection, collation and use of consumer information. In addition, the process includes accurate retrieval, sorting and combination of the user information. EPLS has created a template for order coding, delivery information and storage in order to secure delivery and information transfer in the company. This process includes the accurate documentation of customer information in a standard program, shipment details and tracking, appropriate contract details (for example – payment details), and the long-term storage of the customer information for exploitation in the future.

EPLS has enacted this standard to assure customers that their network provides security to avoid any delays, cancellations or misuse. Therefore, Harald Heske of the German sales office stated that the e-commerce format does provide more information security for their customers because of the direct transmission of the order to the manufacturer. Currently,
sales offices record orders in individual methods depending on their location, and that proves difficult when transmitting the orders and maintaining the customer information.

Lastly, Payne & Frow (1999) state that extensive research and support of secure Internet software and hardware is required to ensure the safety of the data once in the companies’ database. The use of Secure Socket Layers (SSL) encryption security and strict terms and conditions for online ordering, attempt to protect the use of their ordering system. EPLS is in the initial stages of their e-commerce development and their goal is security, creating a need for electronic infrastructure investment and development. They recognize the importance of this assurance when developing an e-commerce strategy.

**In conclusion**, the CRM concept attempts to understand the actions of their customers to avoid strategies that are fragmented, unfocused and uninspired without the proper direction. EPLS understands that without the knowledge and input of their customers their strategy will not be successful. In order to consider their strategy the research questions were first answered in an attempt to clarify two important influencers on the strategy creation process. Without the knowledge of their customers or the information management associated with the online system, a strategy would be incomplete. The following describes EPLS’s strategy creation process.
5.3 E-COMMERCE STRATEGY DEVELOPMENT

The following analysis concentrates on the online buying process and how it relates specifically to the EPLS customer. The next section will analyze the first three stages of the strategy process model and how they relate to our main research question “How to develop an e-commerce strategy for the effective start-up and continued use of an e-commerce solution for customers?”

5.3.1 Online Buying Process

According to Chaffey (2002), in order to develop a complete e-commerce strategy the buying process must be determined:

![Modified Online Buying Process Model]

The **first stage** is problem recognition. Interview and survey results have indicated a variety of problems that lead to the sale of EPLS products, including the need to improve
or replace existing washing machines or spare parts. The *second stage* is information search. Key word searches were identified as important devices for customers to locate the EPLS product, in addition to previous brand awareness. In addition, the results of the survey determined that customers planned to increase their search for products online in the future. Evaluation is the *third stage* of the process. The importance of finding correct information and future contacts reflect the reliability of the company website. Numerous complaints from customers stating that they are unable to locate the appropriate information or local sales contacts and reduced customer satisfaction while browsing the website. The *fourth stage* is the decision process. The evaluation of the website remains important, but online features also influence their decision process. Online concepts designed to promote the use of the EPLS products influence the buying process by introducing new and improved products and benefits to customers. Mr. Brinkmann also states that clear company policies and procedures represented on the website increase the credibility of the website. The *fifth stage* of the buying process is the actual purchase of the product. This segment is dependence on customer accessibility, understanding and online purchasing support. All aspects of the feature have repeatedly been considered incomplete. Mr. Puputti addressed both questions about the website. First, he stated that despite his interest in purchasing online, his difficulty to locate the products and then create orders on their website was a deterrent. In addition, he said that unless there is more customer support or interaction with the sales company they will not feel comfortable placing the orders online. Lastly, *post-sales support* is evident by Mr. Puputti’s previous comment. Mr. Brinkmann stated that if EPLS were to offer more after-sales service and support they would be more likely to purchase products from the website. This need was a common theme regarding the customer’s answer.

Now that we have analyzed the buying process of EPLS customers, we can use these characteristics and assumptions to influence important parts of the strategy process. According to this analysis, unless each point of the online buying process is identified, the purchasing chain is at risk to be severed.
5.3.2 Strategy Process Model

This section of the chapter reviews the concept of strategy creation and the influence it has on EPLS’s e-commerce strategy. Each stage represents specific sections relating to the analysis, objectives and definition of the strategy. In addition, the influence of the two research questions on the formation of the e-commerce strategy will become evident.

5.3.2.1 Stage 1: Strategic Analysis

The following focuses on the analysis of ELPS’s e-commerce environment. In order to properly understand their fit, institution models are analyzed to determine the factors influencing their business. Before we can understand the purpose and importance of their e-commerce strategy the actors must be determined.

Jansson (2007) stated that in order to create a successful strategy a MNC must consider all of the actors in an organizational field. According to Chaffey (2002), the analysis of the e-commerce strategy consists of the EPLS macro environment (external), micro environment and internal resources and the environmental factors.

Figure 28 refers to the macro and micro influencers of EPLS’s e-commerce strategy. EPLS’s environment is analyzed to identify the influences supplied by each segment.
5.3.2.1.1 Macro-environment:

The segment is divided into four categories, including:

*Technology*

Chaffey (2002) stated that technology will affect the long-term growth of the e-commerce industry. Specifically, the companies that are able to innovate and identify their customer needs the fastest will be more successful. EPLS’s drive to innovate and distance themselves from their competition is a valuable capability for their long-term success. EPLS continues to introduce innovative features to their website, such as the “design your own room” concept, in order to drive more demand to their website and satisfy/create their customer’s technology needs. Mr. Elphinstone states that if the finished goods ordering process can be as efficient and simple as ordering spare parts, he sees no reason why they would not take advantage. Currently, the trend in the industry is to develop online ordering
systems to compete with various competitors. EPLS’s research on competitors’ websites reveals a strong intention to compete with the technology trends in the market. The company states that new functions drive growth, and EPLS has taken every opportunity to fulfill this need by using internal product development, development projects with students and feedback from their customers. They continue to innovate new methods for developing the technology feedback necessary to create new and advanced products for the market.

**International Specific**

EPLS’s e-commerce strategy introduces their product to a new segment of geographically challenged customers. Specifically, **economic, legal and cultural factors** play an important role in the success of their business. In addition to new customers, EPLS still maintains a presence in many countries around the world, presenting a vast amount of challenges to their business. EPLS’s sales offices are required to adapt to the processes of their foreign components, including manufacturing, to satisfy the regulations of each region. The introduction of the new online system will both unite their customers from an international perspective, but also increase the complexity of their business.

**Country Specific**

Despite the goal to create a companywide union of ordering procedures, EPLS considers the differences represented by each country. For example, the sales office responsibilities and processes in Finland are very different from Spain or England, because they have adapted to their local cultures. The goal of EPLS is to identify the localized adoptions being made and how they potentially interrelate with each other. The survey done by EPLS highlights the different respondents by country, including the increasing use and interest of online ordering in Finland, and the stagnate development of the online ordering process with customers in Italy. In general, the survey states that a majority of the countries have similar interests in the development of the website and/or ordering process and despite these differences, creating opportunities for the entire sales network. Almost 80% of people surveyed in Finland stated they would increase online ordering in the future and only 40% in Italy made that same commitment.
Society

In addition, specific societies consider the use of online ordering more difficult than others do. These differences also present EPLS with the need for moral and ethical restrain in its operations, thus creating a universal company code. The purpose of this code is to identify the deficiencies identified in the customer relationship management theory in order to maintain customer satisfaction. In this, EPLS information management procedures discussed previously create a standardized ordering system that can be monitored and tracked at all times from different portions of the MNC network.

5.3.2.1.2 Micro-environment:

The EPLS micro-environment is a complex network of actors from around the world. According to Chaffey (2002), the environment represents the organization, customers, competitors, intermediaries and general public. Each segment plays an important role in the success of the company. For EPLS, the e-commerce strategy attempts to identify all of their needs to ensure they are incorporated in the process. First, one of the key points of these interviews was to gain the insight of the organization’s sales, manufacturing, technical and even franchise offices. In addition, the input of the customers helps to define their readiness for changes to the ordering system. In general, members of both segments are still unprepared for the closing of the warehouses and the introduction of the online system There assurance is an important issue that is considered. Similarly, the intermediaries and the suppliers depend on constant interaction to maintain the efficiency of their orders. Without their support, ELPs would be unable to deliver their products on time. Additionally, competitor intentions are researched and studied by ELPS. They realize that they will not exclude everyone from the industry and they will lose market share, but their intention is to innovate and maintain quality products in order to distance their product. Lastly, the public at large is continuously updated by their interactions with the local media, including press releases and announcements on their website. In order to solidify their presence and image EPLS takes advantage of the ability to promote themselves to the public.

Overall, EPLS has a positive presence in their micro-environment, but there are always problems and issues that must be resolved in the future. Mr. Brinkmann stated that they
trust the EPLS team completely, but there are technical issues that need to be worked out and their current success creates less motivation to change.

In the following section internal resource assessments will be analyzed to further define their relationship with the micro-environment.

5.3.2.1.3 Internal resources:

According to Chaffey (2002), specific tools should be used when analyzing the feasibility of an e-commerce strategy. EPLS’s internal resources regard the analysis of their e-commerce strategy through a variety of techniques, including resource, portfolio, demand, competitive and SWOT analysis. All types of analysis are useful in determining EPLS’s affect on their environment. Specifically, the following concentrates on a SWOT (strength, weakness, opportunity or threat) model relating to their online features. According to Chaffey (2002) the value of a SWOT is not only the analysis of current situation, but also as a tool to formulate strategies.

The following **SWOT analysis** of the EPLS website was created based on an analysis of responses from the surveys and customer interviews:
The first portion of the analysis discussed the strengths and opportunities. Customers value the website segmentation, company background and customization options. Focus on the needs of the individual customer assists them to purchase the appropriate products. Similarly, the customization and system design options increase the value of EPLS products because they account for the individual and not the industry. Lastly, the extensive company background information and strong brand name work to increase the trust dimensions of the Internet user. Conversely, the main weaknesses and threats discussed are ease-of-use, information clarity and ability to make local contacts. According to our data, the online ordering system in its current form does not allow users the ability to browse certain information without becoming registered by the company, reducing their freedom to shop for products beyond the general product descriptions. In addition, the customers state that they have difficulty locating information (including, contact, product and ordering) on the complex website, despite the large amount of information present.
The SWOT analysis provides answers from customers with a varying amount of trust and experience. The ability for an experienced customer to locate local representatives is less difficult because they are both familiar with the online system and the sales office in question. That said, other customers have no online experience and they are testing the EPLS product for the first time, changing the individuals response to the website.

5.3.2.1.4 Environmental factors

According to Chaffey (2002), research of each factor determines the uncertainties relating to the e-commerce strategy. The following table analyzes the five most common factors as they relate to the ELPS environment:

<table>
<thead>
<tr>
<th>Factor</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of access</td>
<td>A segment of EPLS customers reside in regions that are not as privy to the use of the Internet. The difficulty to ensure quality and reliability of electronic purchases depends on the development of the specific areas the customer resides. The introduction of the online ordering process allows them access to a completely new geography of customers, but they must attempt to make purchasing as universal as possible to include the customer’s lacking standard equipment/connection. Mr. Puputti stated that the increase in product complexity created a need for using the telephone because the online software was not that advanced and human interaction was required.</td>
</tr>
<tr>
<td>Value proposition</td>
<td>The survey conducted by EPLS determined that between 40% and 60% of customers are online to search for product information, and 40% to 45% purchase online. Mr. Elphinstone recognizes the value of an online ordering system, but unless the proper information is clearly identified, there will be little reason for them to use the program. In addition, a majority of those surveyed and interviewed customers feel that the required information on the website is lacking and thus is less compelling to use.</td>
</tr>
<tr>
<td>Ease of use</td>
<td>A majority of customers and sales offices noted that the website was too difficult to use. The survey results also present disturbing opinions relating to their requests for improvement, including more technical, ordering and marketing information, clear ordering instructions, consistency and contact with local representatives. EPLS’s website is considered confusing and difficult to use by many, and subsequently reducing the appeal.</td>
</tr>
<tr>
<td>Security</td>
<td>EPLS’s ordering system is associated with a large network from different parts of the world. They attempt to implement a standard ordering process including the support of the customers, sales offices, manufacturers, distributors, technical services and more. But, regulations, different government, legislative and ethical standards make this process difficult. Mr. Heske stated that the</td>
</tr>
</tbody>
</table>
Fear of the unknown

Mr. Murphy states that the current ordering system is working efficiently, and the closure of their current warehouses makes their customers uncomfortable once again to order online. The customers, sales offices and even nations are still apprehensive to use an online ordering process because it will take time to adopt the foreign medium Mr. Murphy also states that without the proper care and support of the Internet costs savings would be difficult to come back to.

Table 16: Analysis of EPLS environmental factors

5.3.2.2 Stage 2: Strategic Objectives

DeLone & McLean (2004) state that research of MNC elements lead to the development of the objectives, including the company vision and mission statements. Without a conclusive mission or vision for the company, the strategy lacks direction. In the case of EPLS, their slogan “Thinking of You” defines their goal in business. They attempt to make a high quality and innovative product, with efficient service and delivery time, and reasonable pricing. In the case of e-commerce, the strategies vision reflects four specific elements, including:

- **Relevance**: EPLS promotes its strategy to customers so that it details the relevance or purpose it has on the company. In the case of EPLS, their attempt to create a less costly, flexible and direct ordering system make the change very relevant to potential customers.

- **Change**: The new EPLS strategy affects the current strategy at the core, by removing the warehouses and pressing the online ordering system. The learning curve for both sales offices and customers is substantial, but in the end they must be on the same page for it to work.

- **Value**: The value timeframe for EPLS is ongoing do to its slow introduction and development. The e-commerce strategy takes time for the system to adapt and for customers to become comfortable ordering online.

- **People**: The importance of internal acceptance and knowledge of the system is defined by the people that are in charge of running the operations. EPLS’s sales offices are the first impression for most customers and thus very important.
The mission statement of EPLS is to fulfill all of the elements of the vision when possible, including training of the sales staff, relevance and change promotion and efficient system adoption to create the quickest returns possible. Once both elements have been determined, the strategy objectives can be defined:

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand geographic market</td>
<td>EPLS’s strategy creates the ability to approach new markets and potential sales regions.</td>
</tr>
<tr>
<td>Increase small-scale purchases</td>
<td>The high-tech functions of the EPLS products make it difficult to increase one-time purchases exponentially. But, the presence of the simplified ordering method encourages the possibility.</td>
</tr>
<tr>
<td>Retain customers</td>
<td>The strategy is dependant on their ability to support purchases and at the same time maintain their customers for repeat purchases.</td>
</tr>
<tr>
<td>Efficient raw material procurement</td>
<td>EPLS is able to reduce the amount of materials purchased because of office supply savings, but new product efficiencies promote the savings of raw materials.</td>
</tr>
<tr>
<td>Reduce delivery time/cost</td>
<td>EPLS’s central objective is to use this direct system to quickly place direct orders without any expenses delivering the order.</td>
</tr>
<tr>
<td>Increase partner network efficiency</td>
<td>EPLS has utilized their new system to create partners to assist in innovation and product development, including their University coop.</td>
</tr>
</tbody>
</table>

Table 17: Analysis of strategic objectives

EPLS’s strategy remains dependant on the achievement of their objectives. The strategy is in the beginning stages of development so it is difficult to define their progress as sales offices and customers are slowly becoming aware of the benefits this sort of software can have in their purchasing process. According to Mr. Carminot & Mr. Kerneis, ultimately this system will simplify the jobs of the sales office and increase the satisfaction of customers. They state that the continued improvement and implementation of an organization e-commerce strategy should be the final objective.
5.3.2.3 **Stage 3 – Strategy definition**

Six key e-business strategic decisions allow EPLS to generate, evaluate and select the most appropriate options for their strategy. The strategic decisions include e-business priorities, business and revenue models, marketplace restructuring, market and product development, positioning and differentiation, and organizational restructuring.

5.3.2.3.1 **E-business Priorities**

First, in order to determine EPLS’s experience in the market place their online commitment must be evaluated (Gulati & Garino, 2000). They can be defined as a *click and mortar* enterprise that includes limited increasing Internet activity and reliability. EPLS’s goal of an expanded presence on the web includes an exponential amount of change required to meet these goals. Their Internet system is a complementary aspect of their operations, which is supported by the sentiments of customers and sales members to gradually develop their online operations to ensure that all parties are comfortable with the changes. EPLS must also keep in mind the different opinions of their network, including Mr. Carminot & Mr. Kerneis’s request to have all direct orders placed via the Internet. But, Mr. Mellner believes that because of the competitive environment they experience all sales should be achieved with personal contact, in order to show their commitment. Both opinions reflect the different priorities members of their network have relating to an e-commerce strategy.

5.3.2.3.2 **Organizational Restructuring**

According to Gulati & Garino (2000), the Internet threatens the present business model. In the case of EPLS, this transition is evident in the closure of warehouses and expansion of online services. They also state that these changes depend on shared information and economies of scale. The purpose of the online ordering system created by EPLS is to create direct information links in a more efficient economy to save costs and increase flexibility. Their strategy must identify the restructuring as a major central point for the change, to define the affects that it will have on the company’s future operations. Many sales offices are apprehensive to give up their rights to hold products locally. Mr. Murphy states that
their office finally has an efficient system of order deliveries based on their agreement with EPLS to assume local product rights in May 2008. With these changes, they increased customer trust and satisfaction by ensuring deliveries would be made on time. Now that the delivery process has been removed once again they are very sceptical that this restructuring is truly in the best interest of their operation.

5.3.2.3.3 Business and Revenue Models
Chaffey (2002) states that the creation of business and revenue models is important for developing a strategy. The correct evaluation of the e-commerce solutions includes the input of all members of their operating network, including the sales offices, manufacturing plants, technical contracts, distributors and intermediaries. All changes to the EPLS system are affected by the diversity of their operating members and surrounding environment. Standard or generic modelling of the EPLS business or revenue process will not reflect the interactions of all business elements.

5.3.2.3.4 Marketplace Restructuring
Another theoretical method to document the changes of the e-commerce strategy is the marketplace restructuring. The purpose of this process is to specifically study the role that the intermediary plays in the new network. This process separates the sell-side and buy-side perspectives of the environment to understand both elements of the marketplace. In the case of EPLS, disintermediation is the result of the Internet selling process, to increase the efficiency of direct sales. Mr. Heske describes the benefits of the direct connection created in the marketplace. This reduces the confusion customers can experience on the behalf of multiple sales mediums. According to the surveys, there is a trend of increasing need and want for direct information from the company website. This reduces the potential introduction of confusing information to the customers, including one comment on our survey relating to contradictory information from the seller and the retailer. On behalf of the customers, buy-side restructuring also represents disintermediation for willing participants. According to most of their customers, they current place orders directly through the EPLS sales office, but the strategy directs their attention straight to the
website. As previously stated in the chapter, accessibility of the sales company becomes more important once customers begin to depend on the online process.

5.3.2.3.5 Market and Product Development Strategies

According to the model by Ansoff (1957), there is a variety of different development strategies that can be identified by EPLS’s e-commerce strategy today:

![Modified Product and Market Development Model](image)

**Figure 29: Modified Product and Market Development Model**

*Market development* is represented by EPLS’s expansion of market reach and segmentation. According to the vision of the EPLS e-commerce strategy, their ability to sell products in underdeveloped markets increases their sales probabilities. Expansion is originally gradual, but a word-of-mouth and targeted marketing campaign to potential customers will see geographic interest increase. In relation to customer segments, one of the objectives of this strategy is also to accomplish short-term sales without the costs of placing orders via a sales office. Increasing product innovation initiatives, such as web features, creates new appeals to market.
EPLS’s strategy is intent on creating a safe and efficient system to fulfill the needs of their current customers. In addition, the new strategy will appeal to new market segments with increased product visibility, and it is their mission to continuously innovate in order to remain a leader in the industry.

5.3.2.3.6 Positioning and Differentiation Strategies

Chaston (2000) states that four differentiation strategies should be explored in reference to existing company strengths. Specifically, he refers to online facilities to increase the strength of their e-commerce strategy, including:

*Product performance excellence* is addressed and enhanced through the offerings of product customization on the EPLS website. By this, customers can adjust the performance requirements of their products in order to fulfill their required needs to the machines best ability. Increased customer satisfaction relating to the performance of their products has increased their likelihood of repeat purchasing.

*Price performance excellence* utilizes the online ordering features to provide reliable and discounted product prices when available. The e-commerce system creates product discounts relating to the costs savings achieved in both the production and shipment of the product.

*Transaction excellence* is impacted by the question of information security that is addressed in the e-commerce strategy. Careful product and order documentation and tracking increase the probability that the delivery times will be exactly as scheduled. Because EPLS has extensive documentation and tracking of their products, they are able to identify, address and improve on any issues in the delivery process.

*Relationship excellence* is achieved through the personal features of the online ordering system. Customer profiles retain past ordering history in order to increase their efficiency when making repeat purchases. In addition, accessibility of the sales office assures customers that they will have options if at any point they feel uncomfortable with their online purchases.
EPLS has attempted to develop each option previously documented, but until they can make their sales employees and current customers feel comfortable placing orders on the website, they will not achieve excellence. According to Mr. Heske, there is doubt whether or not that customers can ever feel comfortable purchasing products online.

5.4 ANALYSIS SUMMARY

The analysis is structured to reflect the CRM Model (Figure 5), therefore theory and empirical data analyze the two research questions, or the enablers and motivators and safeguarding information. The analysis outlines specific customer segments, needs and abilities, benefits, value creation process, trust dimensions and finally the organizations buying process. The findings from this analysis reflected the first research question addressed. All segments of the model were observed to reflect EPLS and their customers.

**How to enable and motivate customers to start using e-commerce solutions?**

The customer segmentation process analyzed that EPLS attempts to address individual purchasers with the creation of 15 industrial *customer segments*. Careful segmentation provides them the ability to design their website to motivate each segment with custom products and information. Once targeted, they created techniques to focus on the *customer needs and abilities* of the specific segments. Their focus included an analysis of their uncertainties model, which targeted both general and individual needs. By determining their needs and abilities it both enables and motivates their use of the online ordering system.

Once needs and abilities were identified, *customer benefits* were analyzed in order to clarify their motives for using the online ordering features. The benefits were identified as cost saving (supply chain efficiency, materials), time saving (information transfer), network growth (sales office collaboration), enhanced brand image (Internet search), strategic advancement (appeal to customers and sales offices), increased sales (happy customers), customer service (open communication), quality improvement (feedback and
customization), globalization (expanded market) and secure information transfer (order procedures).

Commonly the value creation process included value from the customer, value to the customer and management make up the value creation process. To increase value to and from the customer, EPLS implemented programs for customers to both design their own machines and also to enhance their entire laundry system while providing product feedback and improvement options. This value transfer enables the customer to construct products that they require. In relation, the trust dimensions were analyzed to determine whether the 15 segments of trust had been achieved. According to the analysis, seven of the 15 were not, four were unknown and four were achieved. Without the trust dimensions fulfilled, customers are less motivated to visit or perform repeated business with EPLS.

Lastly, complimentary to the CRM model, the organizational buying behaviour was analyzed to determine profiles of the EPLS purchasing behaviour. Five common factors were related, including: individual influences, market stimuli, interpersonal influences, organizational influences, buyer decisions, finally, universal adoption and implementation of all ordering procedures and standards. All factors describe specific enablers and motivators for the buying process.

Overall, each element of the CRM model collaborates to either enable and/or motivate buying in their use of an e-commerce format. According to this analysis additional information regarding trust and abilities need to be obtained before this question is completely answered.

**How to safeguard customer information?**

The last segment of the CRM model related to our second research question or, safeguarding customer information. EPLS has created a standard procedure to secure delivery and information transfer in the company. Standardized, accessible and direct information increase transfer security and efficiency. Secure software and Internet programs decrease the likelihood of the improper treatment of customer data.
The analysis of customer information and the development of the EPLS information transfer procedures create a process for the safe transfer of information from the buyer to the seller, answering the question.

**How to create an e-commerce strategy?**

By analyzing the two research questions in the CRM model, analysis of the strategy creation process reflects findings from the previous analysis. The *strategy model* was used to identify the strategy development and three stages of the creation process. In order to determine the development, the *online buying process* was first analyzed.

**Online buying process**

The process determined that EPLS customers go through six stages before they purchase online. First, they recognize a problem, second they search for information online, and third, they evaluate potential solutions. The fourth step relates to their decision to purchase a product, and finally, post-sale support from the sales offices and technical resources. Analysis of the EPLS process shows a small influence with the use of minimal online promotion and website development. In addition, complaints about post-sale support determine shortcomings in the strategy.

**Strategic process model**

**Stage 1 Analysis:** The *e-environment* is influenced by technological, societal, international and country specific segments. EPLS’s focus on innovation and ethical and moral code while doing business, which is affected by the international and country factors. In addition, customer, intermediaries, suppliers, the general public and even the company create a micro-environment. Interactions between each segment were analyzed according to the outlined sales process and the opinions of the customers and the public. The information created via this analysis is required in an e-commerce strategy.
Additionally, the internal resources of EPLS were discussed in a *SWOT analysis* created with the assistance of past surveys and customer interviews. A majority of strengths, weaknesses, opportunities and threats were complimentary, such as the opportunity to order products online and the threat of a confusing website interface. Finally, the *environmental factors* are considered important to the analysis of the strategy, including the cost of access, value proposition, ease of use, security and fear of the unknown.

**Stage 2 Objectives:** To analyze EPLS’s objective, their *vision and mission statements* were necessary. The vision statement reflected four important parts or performance, change, value, people. Once determined the mission statement outlined actions to achieve the vision. Once both were determined, the main *objectives* of the online strategy were reviewed. Geographic expansion, increased small-scale purchases, retain customers, efficient purchase of raw materials, reduce delivery time/cost and increased partner network efficiency. This increases the scope of the strategy creation.

**Stage 3 Definition:** Six e-business tools were utilized in order to analyze the definition of the e-commerce strategy, including: *e-business priorities* (a click and mortar company), *organizational restructuring* (create organizational flexibility), *business and revenue models* (including all members of their business network), *marketplace restructuring* (result of the Internet selling process), *market and product development strategies* (representing their geographical development), and finally, *positioning and differentiation strategies* (highlighting their product, price, performance and relationship excellence). The analysis of these tools presented important information, which are necessary in order to create a complete strategy.

In conclusion, the analysis is based on EPLS’s current network of e-commerce activities spanning a large majority of the globe. Their unique situation provides them the resources to develop an e-commerce strategy, but a lack of capabilities to utilize resources to their full advantage. For example, they have the resources to maintain an online ordering system, but they are currently incapable of enabling or motivating their customers to take
full advantage. In addition, their sales network consists of offices around the world, creating a complex and diverse information flow from customers. This diverse base of customers interacts with specific sales offices that represent different regions of Europe. Communication with those offices is incomplete, as their relationship with the manufacturing locations is that of distrust and disapproval in most cases. Due to the closure of the individual warehouses and the filtering of transactions directly to manufacturing, this creates an uneasy relationship between the two members of their network. In addition, despite the resources that would allow them to become involved in the development of the e-commerce system, they continue to use traditional methods of business in order to avoid any changes. Lastly, the resources discussed pertain mainly to a website that doesn’t fulfill customer expectations due to their inability to navigate the site. This detraction, in combination with the sales office, creates incentives for the original order and payment systems to remain functional.

This chapter analysed the research question and as they relate to the e-commerce strategy creation process of EPLS. Based on this, the following chapter will provide conclusions, in order to show the gap between their current e-commerce activities and the development of an e-commerce strategy.
6 CONCLUSIONS AND RECOMMENDATIONS

The purpose of this chapter is to provide an answer to the primary research question in the thesis, ‘How to develop an e-commerce strategy for the effective start-up and continued use of an e-commerce solution for customers?’ Furthermore, in order to answer this, the thesis has been divided into three research questions, to be concluded on in the following chapter. The structure of the conclusion reflects the theoretical synthesis and the summary of our empirical analysis. Finally, the conclusions result in the presenting of a model to outline the development of an e-commerce strategy. The second part of this chapter will provide recommendations for EPLS how to develop a successful e-commerce strategy. The recommendations are based on comparisons of the theoretical, empirical, analytical and conclusion chapters.

6.1 CONCLUSION

The following chapter answers the research questions in the order they were presented in our theoretical model. Once answers have been presented, the main question of how to develop an e-commerce strategy is addressed.

The conclusions are based on the theoretical, empirical and analytical findings already presented in the study. Therefore, by separating and categorizing the results of our case company, the conclusions are generalized in order to include all MNCs that want to implement an e-commerce strategy.

Question 1: How to enable and motivate customers to start using e-commerce solutions?

Throughout our research, we worked with different kind of theories and models, and empirical data, which will now assist us in answering our first research question. In general, MNCs determine what enables and motivates their customers to start using e-
commerce solutions, by segmenting them into different groups to analyze their buying behavior. Based on our previous analysis, customers can be segmented into different industry or product segments. In addition, needs and uncertainties within the online ordering process support the customer enablement and motivation process. For example, one uncertainty within e-commerce is that customers are unsure that they have placed the correct order, and if not, will there be a contact person available to support them in this process. By understanding the abilities customers need to place orders correctly, they can be enabled to utilize an e-commerce solution. Furthermore, the customer motivation process is facilitated when MNCs understand the benefits a customer receives by using an e-commerce system, as well as the value they receive through ordering online. For example, customer benefits include quality improvement and order efficiency. Conversely, the value customers experience through e-commerce is the opportunity to customize the products to their own specific needs. Lastly, another essential aspect to enable and motivate the customer is to establish a certain level of trust between the customer and the seller. In order to make this happen, they concentrate on fulfilling the different trust elements as they relate to their ordering system, including competence and/or reliability.

Concerning the evidence from our study of EPLS, it can be shown that in order to answer this question, each part of the customer relationship management process is necessary to be reviewed to enable and motivate their purchases. Eventually, if they plan to develop a successful strategy, it will depend on the cooperation and willingness of their customer base.

**Question 2: How to safeguard the information flow from the customers, which previously flowed via local offices?**

The problem with safeguarding the information flow relates to the complex transfer of information between the buyer and the seller. After researching and analyzing this transmission, it was determined that to safeguard the information flow from the customer, the information management process needed to be solidified and adapted to the new e-commerce environment for an MNC. The information flow is safeguarded by creating a special process or system of order entry that tracks whether or not the order information from the customer to the seller is circulated to the correct location. Therefore, MNCs use
the online system to make sure that their information is secure, solidifying the e-commerce solution by reducing the complex distribution of information.

In the case of EPLS, they have developed a universal order information transfer method, which increased the security of the storage and distribution of data. But, their relationship between the sales office and the manufacturing plant is still unstable. Thus, in many cases, the sales offices feel that the manufacturers are unable to handle and deliver their orders in a proper timeframe, and therefore they attempt to keep the ordering process internal as long as possible. In general, the cooperation of the sales offices in the input process is a main security concern because their proper handling of orders affects the information flow.

*Main research question: How to develop an e-commerce strategy for the effective start-up and continued use of an e-commerce solution for customers?*

The previous discussion of our research questions focuses on areas that are important variables of the e-commerce strategy development. In order to develop an e-commerce strategy we investigated the necessary stages of the creation process. In order to answer this question, we created the following model, which illustrates the different stages MNCs have to consider to develop the successful e-commerce strategy.
First, after developing customer and business strategies to motivate customers to use e-commerce solution, the value the customers receive when using this solution has to be determined. Finally, as was concluded in the first question, an information management process must be created to safeguard the information customers provide to the MNC. The steps are in place to ensure MNCs that their customers trust and rely on the e-commerce solutions, furthermore, the MNCs determines the specific abilities of the customer segments. This step is in reference to their abilities to specify their customers’ needs and their ability to place orders successfully. The second step to developing an e-commerce strategy for an MNC is to determine and understand the specific buying behaviors of their customer segments. This understanding includes an analysis of individual influences, market stimuli and/or organizational influences. Therefore, the two previously mentioned steps are necessary to build a foundation for creating the final e-commerce strategy within the four stages.
Finally, the development of the four stages process, including: strategic analysis, strategic objectives, strategy definition and strategy implementation, develop a logical framework for the MNCs strategy process.

In the first stage MNCs analyze their external environment and their internal resources. Through the e-environment analyses, MNCs observe the influence of the technological, societal, international and country specific segments on e-commerce. By analyzing the internal resources, e.g. a SWOT or competitor analyses, MNCs get a deeper insight in their business and the impact of introducing a new order and delivery solution. For example, in the case of EPLS, their technology proceeds ahead of the product innovation trends by using external feedback and design ideas from customers to develop their products. However, their website is yet to be considered user-friendly, highlighted by an attempt to apply internal resources, such as the SWOT analysis. Potential benefits considered, consistent confusion and/or misinformation when searching the website risks the implementation of a strategy.

In the second stage of the process model, the strategic objectives are carefully aligned with the purpose of MNCs, in order to determine direction and progress. In order to create accurate objectives for the e-commerce strategy, a company vision and mission statement is reflected. By clearly defining the strategic objectives, the MNC is able to measure the success of the strategy, and highlight ways to update and improve it. Without the objectives, the e-commerce strategy would lack structure and direction, thus forgetting its main purpose. Regarding our case company’s vision, their e-commerce strategy will create a less costly, more flexible and direct ordering system, by changing the current ordering process from warehouse to online based. Their vision and mission statement factor into objectives like geographic expansion to new customer segments, increased small-scale-purchases due to less complicated ordering, retention of customers via successful transactions, etc.

In the third stage, MNCs define important elements of an e-commerce strategy based on the following six decisions:

1. MNCs decide their e-commerce priorities by evaluating their online commitment in terms of click and mortar companies. Thus, they determine a proper balance of Internet and traditional sales. In the case of EPLS, it can be seen that they do
not yet have found a proper balance in order to formulate operations within a strategy to address both methods of sales.

2. After the creation of this balance, MNCs decide a proper way to *restructure their organization* in order to formulate the e-commerce strategy.

3. In order to create a complete perspective of the MNCs’ networks, *business and revenue models* reflect the influence of all participants and geographies. It is important for a complete strategy to view this change from all different perspectives of those involved.

4. By *restructuring the marketplace*, MNCs study the role that intermediaries play in their new networks. Thus, Internet ordering allows MNCs to distribute product orders without the dependence on intermediaries, or disintermediation, increasing their flexibility in the ordering process.

5. Geographic expansion while distributing the same range of products creates a *market development strategy* for MNCs. The transition to an e-commerce system increases their international presence to previously untouched markets.

6. *Positioning and differentiation strategies* are what drive the creation of the new strategy. MNCs reduces price and time by increasing network efficiency. Furthermore, MNCs offer customization tools to their users as well as transaction excellence in order to differentiate themselves from others and to develop a successful e-commerce strategy.

MNCs consider all stages in order to make the most comprehensive strategy possible. In regards to our case company, it has identified a majority of the definitions, but lacks in some stages, such as market development. They continue to expand the reach of their product to customers around the world, but the geographic expansion has not been taken into consideration and customers from a variety of markets are not able to achieve the same type of sales support as those with a representative sales office. Also, their e-commerce priority has not been determined and still remains unbalanced in the eyes of the sales companies. Despite the slow introduction of the electronic system and the rapid closing of warehouses, there has been no expectations or projections made about the future role of e-commerce sales in their traditional network. In order to create a successful strategy a balance will be achieved so that resources can be allocated appropriately.

The successful *implementation* of an e-commerce strategy requires a variety of control mechanisms to determine the success of the process and to continuously update the MNC on the progress achieved in the new strategy. In regards to our case company, it has not
starting to use the appropriate control mechanisms yet and the success of the online system remains undetermined.

In summary, MNCs follow the process that has been presented in the model above in order to crate a comprehensive and successful e-commerce strategy.

Regarding our case company EPLS, they have many of the tools in place, such as an online system, but important elements such as the support of their sales offices are still required before a complete strategy is presented. This shows the main gap between the empirical data and the actual analysis. Despite their interest in the creation of an e-commerce strategy, they still have not taken any initial steps in order to organize or formulate any of their developments into a strategy.

6.2 RECOMMENDATIONS

The research presented in this study addressed important factors for the creation of an e-commerce strategy. Therefore, in order to develop a successful e-commerce strategy, EPLS should follow the single step model presented above. First, they must identify customer segments and their needs and abilities, by researching their buying behaviours and understanding the customer benefits associated with e-commerce. Second, EPLS has to create customer value in order to enable and motivate them to use the e-commerce solutions. Furthermore, the MNC must make sure that the information flowing to the customer is transparent and safeguarded, in order to avoid any miscommunication. Once the customer segments have been identified and it has been determined that the information is safeguarded, they must construct the four stages process model to incrementally create the new e-commerce strategy.

Therefore, recommendations are based on our previous research, but the following describe specific recommendations that EPLS must consider.
Establish Commitment of Sales Offices

The conclusion of this case made it clear that most of the sales offices were not committed to the implementation of the online ordering process. Because the sales offices are the closest link to the customers, their approval and commitment to the new system is an important influence on its success. Therefore, the first step that EPLS should take is to **reach out to their sales offices to convince them of the importance of their participation in the creation of this system, as well as their requirement to adapt their operations.** For example, we recommend that EPLS send personal representatives to appeal to and provide training for the individual sales offices because some feel that they receive no attention from the corporate offices, and thus are resistant to cooperating with them in the future. Consequently, achieving the commitment of the sales offices allows EPLS a direct link to their customers.

Once committed, the second step that the sales office can take is to **provide their customers assurance that they will be making the correct decision when placing orders online, and that they will also be available to answer any questions or provide support when necessary.** We also recommend that the sales office reassure their customers that their order information is secure and that their deliveries will be made on-time. By committing the sales offices to the online ordering system they are able to motivate their customers as well as provide the assurance necessary when transitioning to a new ordering process.

Clarify the website ordering process

Another conclusion from our research is the inability of customers to place orders on the EPLS website. A recommendation to increase the likelihood that customers will make online purchases is to create a **website that is easy to manage for all levels of Internet experience and geographies.** First, the website should present clear directions on how to place orders, including locating a product and entering in the proper details online. To make this possible, we recommend that the EPLS online stores are available to all customers looking to purchase products, because once an ID and password are required they could lose interest, e.g. the online store. In addition, complaints of extensive drop-
menus and layered product information create a need for obvious help features, to once again reassure the customers that they are not lost while searching the website. Finally, we recommend that EPLS utilizes extensive customer feedback regarding their website and online ordering pages to determine the most appropriate construction of the page. By following these recommendations, EPLS will enable their customers to purchase from their website.

### Create incentives for customers to purchase online

The final recommendation is in reference to a lack of customer incentive to purchase online. By implementing this strategy EPLS must be aware of the inexperience and apprehension of their repeat customers. As discussed in our interviews, many customers feel comfortable ordering directly from the sales offices and see no reason to risk changing that process. EPLS must offer clear incentives to these customers that directly result from placing orders online. For example, price discounts, multiple purchase discounts, custom features and product delivery warranties. The message must include the incentive and also the general benefits to ordering products from the website. This way, once they have had a positive experience, they will be less likely to require the same benefit when placing an order in the future. Price discounts and multi-purchase discounts are motivate customers to save money, but are not reasons for them to continue purchasing in the long-term. Custom features, as designed on the website, and extensive product delivery warranties are important to offer the customer each time that they order from the EPLS website. Once the customer knows that they have the freedom to personally design their products, and that they will be covered throughout the delivery process, they become motivated to repeat the purchasing process. In general, customers need convincing reasons to place future product orders online and an incentive program is one method to convince them of its usefulness.

In order to make these incentives relevant EPLS must make their customers aware that they exist. This can be accomplished by promoting them directly on the website, in targeted promotions or via the sales offices. As we had discussed previously in the recommendations, the direct link between the sales offices and their customers provides an opportunity to advertise new incentive offers. Also, to further entice customers that are
browsing the EPLS website, promotions should be displayed for them to read throughout their shopping experience. That incentive can potentially be all they need to continue browsing, or to place an order.

The following model displays the different recommendations necessary to eventually develop a complete e-commerce strategy. The outer recommendations refer to the parts of our theoretical model from the analysis in the paper. Fulfilling each recommendation eventually allows the company to create a Four-Stage-Process-Model, leading to a strategy. The interior recommendations are more specific and short-term action oriented. In order to advance any strategy that is created, the interior recommendations must be dealt with, otherwise there will not be a successful strategy created.

![Figure 31: The Recommendation Model](image-url)

Source: own model
7 REFERENCES

Articles:


**Books:**


**Internet-sources:**

www.nielsenmedia.com/nc/portal/site/Public/menutemenuitem.55dc65b4a7d5adff3f65936147a062a0/?vgnextoid=0bfef2731110c7110VgnVCM100000ac0a260aRCRD

www.laundrysystems.electrolux.com

8 APPENDIX

8.1 DEFINITIONS OF E-COMMERCE

In addition, governing political organizations have defined the term e-commerce to assist in the international approach to the new approach. The UK government defined e-commerce as:

“The exchange of information across electronic networks, at any stage in the supply chain, whether within an organization, between businesses, between businesses and consumers, or between the public and private sector, whether paid or unpaid.”

Finally, the European Union has created an e-commerce definition focused on specific job functions. This definition explains the range of business activities that occur through e-commerce:

“Electronic commerce refers to any activity which involves enterprises interacting and doing business with customers, with each other or with administrations by electronic means. It includes electronic ordering of goods and services which are delivered using traditional channels such as post or couriers (indirect electronic commerce), on-line ordering, payment and delivery of intangible goods and services such as software, electronic magazines, entertainment services and information services (direct electronic commerce), electronic fund transfers, electronic share trading, electronic bills of lading, commercial auctions, collaborative design and engineering, on-line sourcing, public procurement, direct consumer marketing and after-sales service.”

8.2 DIFFERENT TYPES OF E-COMMERCE

There is a variety of different types of e-commerce in the literature, which are summarized in the following table. In most of the cases, the different types of e-commerce are distinguished by the nature of the transactions or the market relationships (who is selling to whom).

<table>
<thead>
<tr>
<th>Business-to-Consumer (B2C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2C e-commerce is the most discussed type of e-commerce. In B2C e-commerce businesses sell services or products to individual consumers. (Chaffey, 2002; Laudon &amp; Traver, 2007; Turban et al., 2008)</td>
</tr>
<tr>
<td><strong>Example:</strong> Amazon.com</td>
</tr>
</tbody>
</table>
## Business-to-Business-to-Consumer (B2B2C)

In B2B2C e-commerce “a business provides some product or service to a client business” (Turban et al., 2008, p.8). Furthermore, the client business sustains its own customers to whom the service or product is provided without putting any value in it. The customers in that case, could also be their employees. (Turban et al., 2008)

**Example:** Airlines and travel units, which provide travel services like airline tickets or hotel rooms to business partners e.g. travel agencies, who then sell the services to their customers.

## Consumer-to-Business (C2B)

In C2B e-commerce, individuals use the Internet to sell products or services to organizations or individuals, who seek sellers to bid on products or services they need. (Turban et al., 2000; Turban et al., 2008)

**Example:** priceline.com

## Mobile Commerce (M-commerce)

M-commerce refers to the use of wireless digital devices to enable transactions and activities on the Web. Several m-commerce applications involve mobile devices (e.g. cell phones, Blackberries). M-commerce transactions are mainly done, when people are away from home or their offices and can be conducted both on wireless or wireline systems.

**Example:** People can use Internet-enabled call phones to do their banking businesses. (Laudon & Traver, 2007; Turban et. al, 2008)

## Intrabusiness (organizational) e-commerce

This form of e-commerce includes, according to Turban et al. (2000; 2008), all internal organizational activities, which involve the exchange of services, information, or goods among a range of units and individuals in an organization. Theses internal organizational activities can vary from selling corporate products to employees to online trainings.

**Example:** Intrabusiness e-commerce is usually performed via intranets or corporate portals.

## Business-to-Employees (B2E)

The B2E e-commerce can be seen as a subset of the intrabusiness e-commerce, in which the company distributes services, products or information to individual employees such as mobile employees (field representatives). (Turban et al., 2008)

**Example:** Maybelline
<table>
<thead>
<tr>
<th>Collaborative Commerce (C-commerce)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within c-commerce individuals or groups communicate or collaborate online.</td>
</tr>
<tr>
<td><strong>Example:</strong> business partners from different locations create a product together via Web. (Turban et al., 2008)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consumer-to-Consumer (C2C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The C2C e-commerce provides a way for consumers to sell products directly to each other via online markets. (Laudon &amp; Traver, 2007)</td>
</tr>
<tr>
<td><strong>Example:</strong> e-bay.com</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Peer-to-Peer (P2P)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The P2P e-commerce use peer-to-peer technology, which makes it possible for Internet users to share files and computer resources directly without having to go through a central Web server. This technology can be used in C2C, B2B and B2C.</td>
</tr>
<tr>
<td><strong>Example:</strong> In a C2C peer application, people can exchange music, videos, software, and other digitizable goods electronically. (Laudon &amp; Traver, 2007; Turban et al., 2008)</td>
</tr>
</tbody>
</table>

### 8.3 TOOLS FOR INTERNAL RESOURCES AND TECHNIQUES

<table>
<thead>
<tr>
<th>Internal resource techniques</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resource Analysis</strong></td>
</tr>
<tr>
<td>According to Chaffey (2002), the resource analysis reviews the technological, financial and human resources of an organization and how they are utilized in business processes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Portfolio Analysis</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Chaffey (2002) states, that the analysis of the current portfolio of business applications within a business is used to assess the capabilities of current information systems for future strategies. B2B e-commerce, recent applications for human resources, financial management and production line management systems will continue to support the operations of the business and will not be a priority for future investment. On the contrary, to accomplish competitive advantage, applications for maintaining a dynamic customer catalogue online, online sales and collecting marketing intelligence about customer buying</td>
</tr>
</tbody>
</table>
behaviour remains important. Applications such as logistics and procurement will also be essential in an e-commerce context. (Chaffey, 2002)

### SWOT Analysis

The purpose of the SWOT analysis is to analyse the external opportunities and threats and to relate them to the internal strengths and weaknesses (Turban et al., 2008). Transferring this to an e-commerce context, a SWOT Analysis can combine corporate, marketing, supply chain and information systems issues. The value of a SWOT is not only the analysis of current situation, but also as a tool to formulate strategies. (Chaffey, 2002)

### Demand Analysis

According to Chaffey (2002), demand analysis is the demand assessment of e-commerce services amongst existing and potential customer segments. Thus, it examines the current and projected customer use of each digital channel within different target markets. This can be determined by asking the following questions for each market: (Chaffey, 2002)

- What percentage of customer businesses has access to the Internet?
- What percentage of members of the buying decision in these businesses has access to the Internet?
- What percentage of customers is prepared to purchase your particular product online?
- What percentage of customers with access to the Internet are not prepared to purchase online, but are influenced by web-based information to buy products offline?
- What are the barriers to adoption amongst customers and how can we encourage adoption?

### Competitor analysis

The competitor analysis is an important tool in the e-marketplace due to the dynamic nature of the Internet medium. The competitor analysis for e-commerce reviews e-businesses services offered by existing and new competitors and adoption by their customers. This makes it possible to launch new services and change promotions more rapidly than through print communications. This analysis should be done on a regular basis. With a competitor analysis grid, a company has the possibility to highlight points of differentiation between competitors and the target firm and to visualize it in a table (= grid). Thus, the company’s most significant competitors are entered in the columns, and the key factors for comparison are entered in the rows. These key factors might include e.g. mission statements, customer relationship strategies, strategic partners, etc. An additional column includes the company’s data on each factor in order to highlight the significant similarities and differences. (Turban et al., 2008; Chaffey, 2002)

### E-commerce specific techniques

### Stage models of e-commerce development

The stage models are helpful in order to review how advanced a company is in its use of
information and communications technology (ICT) to support processes. When assessing the current use of ICT within a company it is instructive to analyse the extent to which an organization has implemented the technological infrastructure and support structure to achieve e-commerce. Furthermore, when companies devise the strategies and tactics to reach their goals they may return to the stage models in order to indicate at which level of innovation they are looking to achieve in the future. (Chaffey, 2002)

### Assessing competitive threats

This technique is based on Michael Porter’s five forces model, which provides a valid framework for reviewing threats coming up in the e-commerce era. The competitive threats to e-commerce can be grouped into:

- buy-side threats: supplier threats; intermediary threats
- sell-side threats: customer threats; intermediary threats
- competitive threats: new digital products, new entrants, new business models

The main differences from the traditional Porter’s Five Force Model are the distinction between competitive threats from intermediaries (or partners) on the sell-side and buy-side. (Chaffey, 2002)

### 8.4 ONLINE SHOPPING SEGMENTS

<table>
<thead>
<tr>
<th>Online Shopping Segment</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tentative Shoppers</td>
<td>Do not really enjoy online shopping, although they have some shopping experiences and are not afraid to supply their credit card number. They are not really convinced that online shopping is more convenient or provides better offers. Furthermore, they are not eager to explore new websites and do not see the Web as a real contribution to their life. They have e-mail contacts, but they do not excel in online informative, social, entertainment or business activities.</td>
</tr>
<tr>
<td>Suspicious Learners</td>
<td>The suspicious learner is the least computer and Internet-literate. Compared to the other segments, they are the most fearful ones and have the most negative opinion on Internet logistics, the online shopping offer, and the convenience of the Internet. In addition, they are the least likely to practice online window-shopping, purchase, and they are the least frequent Internet users.</td>
</tr>
<tr>
<td>Shopping Lovers</td>
<td>They love all facets of Internet shopping (the convenience, the offers, and the possibility of window-shopping). Besides, their frequently online purchases, they use the Internet for exploring new websites, inform their selves and for fun and business</td>
</tr>
<tr>
<td>Online Non-Shopping Segment</td>
<td>Description</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Fearful Browsers</td>
<td>They are very computer literate and often practice “Internet-window-shopping.” They do not buy online when they distrust the security on the Internet. Furthermore, they dislike shipping charges, and are unwilling to buy things without seeing them in person.</td>
</tr>
<tr>
<td>Technology Muddlers</td>
<td>They do not spend much time in the Internet, are computer illiterate, and are not interested in enhancing their computer knowledge. Therefore, it is an uninteresting target for online retailers.</td>
</tr>
<tr>
<td>Adventurous Browsers</td>
<td>They are on the edge of making an online purchase. They are convinced of the convenience of online shopping and do not fear logistics or security problems. Furthermore, they see themselves as computer experts, spend a lot of time window-shopping, and use the Internet for business, leisure, and information seeking activities. There is a likelihood that they will purchase online soon.</td>
</tr>
</tbody>
</table>

Business Users: Confident computer and Internet users, who use the Internet mainly for competitive and business purposes. They see the Internet as a contribution to their life and are eager about exploring new websites.
8.5 INTERVIEW QUESTIONS

8.5.1 Questions for Sales Companies:

- Do you offer customer online ordering?
- Will online ordering be possible for finished goods?
- Do you support an online ordering system?
- How is your relationship with Sweden, can it handle the change in production?
- How can the information flow be safeguarded?
- What are your overall opinions about the changes?

8.5.2 Customer Surveys

- How do you place orders for EPLS products?
- Do you order/find information on the Internet?
- Do you need sales support?
- How about finished goods?
- Would you prefer selling on the Internet?
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