B2B E-commerce Implementation

– A case study of Star Laundry Solutions

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Abstract

This thesis investigates the way to implement a valuable e-commerce solution. With the growing importance of information technologies in business practices, more and more companies are adopting e-commerce as a selling and ordering process. However, depending on the market environment, the level of success of the implementation may differ. The purpose of this study is therefore to examine what are the conditions required for a successful B2B e-commerce implementation in different market contexts.

Theories related to the impact of markets’ contexts on e-commerce, the business process, and the drivers and enablers of e-commerce have been considered. Thereafter the current situation of Star Laundry Solutions (SLS) has been studied. The context of different markets – France, United Kingdom, Turkey - where they have dealers, the business process drivers of implementations and success factors of a valuable e-commerce solution have been investigated. The result of the empirical studied are analyzed in comparison with the theoretical findings. Through this method, the main research question of the thesis, namely “What are the necessary conditions to implement a value-adding e-commerce solution in different market contexts?” can be answered.

Several conditions have been identified in order to succeed the implementation and bring value to the different players along the supply chain, from the manufacturer to the end-customer. The market should first answer different criteria. Further, future users of the web solution must support the implementation, trust between parties must also emerge from the implementation, and additional information must be provided on the website such as product numbers (PNCs), products’ availability and delivery times.

The provided recommendations of this thesis regarding the features of the web solution, the range of products that dealers and importers should be able to order online and the range of companies that should be allowed to use the web solution in Turkey.

Keywords: e-commerce, implementation, web orders, market context, business process, business-to-business, laundry systems, supply chain, interorganizational trust, drivers, success factors, barriers, enablers, success, failure, emerging market, mature market.

Note: The actual name of the company has been modified due to their recent request.
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## Abbreviations

<table>
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<tr>
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<th>Full Form</th>
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<tbody>
<tr>
<td>B2B</td>
<td>Business to Business</td>
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<td>B2C</td>
<td>Business to Customers</td>
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<td>E-business</td>
<td>Electronic Business</td>
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<tr>
<td>E-commerce</td>
<td>Electronic Commerce</td>
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<tr>
<td>ICT</td>
<td>Information Communication Technology</td>
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<td>IS</td>
<td>Information Systems</td>
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<td>IT</td>
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<td>MNCs</td>
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<td>PNCs</td>
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<td>SLS</td>
<td>Star Laundry Solutions</td>
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<tr>
<td>SMEs</td>
<td>Small &amp; Medium Sized Enterprises</td>
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<tr>
<td>UK</td>
<td>United Kingdom</td>
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1 INTRODUCTION

1.1 Research Background

In recent years, rapidly developing communication technologies and increasing internet penetration have contributed to the growth of electronic commerce worldwide. The business world has been affected deeply by the emergence of e-commerce, more importantly it has become a major trend especially among multinational companies (MNCs). Since the latter are conducting business in many countries and working through various partners such as suppliers, dealers, importers and sales companies, the coordination between these actors has become vital so as to be successful in the competitive environment. An integrated supply process with a well designed e-commerce infrastructure may improve their performance and minimize costs.

The increasing importance of innovative information communication technology (ICT) for economies and societies has been attracting considerable attention both from academia and practitioners. Innovations in electronic commerce have a key role to play in managing inter- organizational networks of supply chain members\(^1\). The evolution of electronic commerce technologies is having a « considerable impact on the communication patterns in supplier networks in many industries »\(^2\). Therefore several reasons make this topic an interesting phenomenon to study.

Firstly, this topic is important because e-commerce is a source of several valuable advantages for both customers and suppliers, mainly about time and cost savings and treatment efficiency. It is much less costly to place a web order, and there are likely to be fewer errors in orders placement\(^3\).

The implementation of B2B e-commerce is expected to result in a reduction of the transaction costs that are incurred by firms, thereby lowering barriers to their participation in international trade. It is also expected to provide opportunities for producer firms in developing countries to enhance their international profile and to develop direct trading relationships with international buyers and sellers\(^4\).

Furthermore thanks to e-commerce, a company is able to receive all their orders on the same platform, and following the same codes, that makes it much easier to treat than to analyze fax

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1 McIvor & Humphreys (2004), Page 242
2 Baron et al (2000), page 90;
3 McIvor & Humphreys (2004), Page 242
4 Kaplan & Sawhney (2000), Page 74

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orders, e-mail orders, phone orders and some web orders.

Cisco Systems reports in *The Economist* that one-quarter of its orders used to have to be reworked because of errors in telephone and fax ordering system. When it switched to online ordering, the error rate fell to 2 per cent, saving the company $500 million. Research carried out by Aberdeen Group (1999) has shown that B2B e-commerce can lead to average 5-10 per cent price reductions for products and services through lower material and service costs, reductions in acquisition and order fulfillment cycle times of 50-70 per cent, reductions in processing costs of 70 per cent per order, and improved inventory management practices.

Secondly, e-commerce can also reduce the costs of closely integrating buyers and suppliers and through electronic networks firms can achieve greater integration at the buyer-supplier interface. For example, e-commerce technologies can enhance the customer's information management and transaction processing efficiency that in turn improves customer demand forecasting and fosters closer relationships with suppliers.

The third reason why B2B e-commerce is an area of interest is that it is increasingly becoming the standardized way to orders products. Therefore, innovations in this field may give a company a competitive advantage over his competitors. Orders are in most of the cases placed daily, or several times a day, hence if a company disposes of an easy-to-use, quick and accurate web-order platform, it may attract some new customers that have difficulties with their ordering process. The lack of precision leads to delays and dissatisfaction.

### 1.2 Problematization

This thesis deals with the issue of the implementation of e-commerce in different market environments. It is generally accepted that business practices vary across different markets. Research suggests the reason is because various practices are affected by the institutions prevailing in the markets. Several studies show that firms from different markets operate according to “different underlying principles and exhibit dissimilar inter-firm business practices.” Market context influences behaviors and interest of people for a certain business practice; such as e-commerce. The problem can therefore be seen as to:

- Find out how different markets are influenced by their context.

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5 McIvor & Humphreys (2004), Page 242  
6 McIvor & Humphreys (2004), Page 265-266  
7 Jansson, Johanson, Ramström (2007), Page 957
E-commerce is a business practice tightly linked to supply chain process. Indeed, by ordering and selling differently, with a lesser number of intermediaries involved in the treatment process, the logistic of the operations has to be adapted. That may lead to more important restructurings within a company, involving several services and activities. That is why, in order to foresee adaptations required, it is essential to:

– Understand how the order-to-delivery process is working.

There is a great paradox of e-commerce that despite its benefits such as making information widely available, reducing the difficulty of purchasing, marketing and distribution, allowing buyers and sellers to find and transact business with one another more easily, it is difficult for companies to capture those benefits as profits. This means that e-commerce implementation per se is nothing advantageous for a company. It may be a basis to set up a competitive advantage over competitors and improve the business channel functioning, however the advantage can be effective only if other processes are undertaken around it to make it a valuable tool.

Furthermore, managers are told that the use of e-commerce is already leading to the “reshaping of customer and supplier relationships, the streamlining of business processes and, in some cases, even the restructuring of whole industries”. Numerous phenomena encourage e-commerce implementation; they may come from the market as from suppliers. Therefore drivers of implementations have to be studied. This is the third problem stated:

– Find out why companies choose to implement e-commerce, and what are the conditions required for the implementation of an effective e-commerce solution.

### 1.3 Research problem

Considering the background described in the previous parts and the problems raised by various authors, the main problem of this thesis is to find out:

**What are the necessary conditions to implement a value-adding e-commerce solution in different market context?**

To understand the main problem, four research questions have to be answered:

**Question 1:** How does the market context influence the business practices?

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8 Power (2005), Page 97
9 Daniel & Grimshaw (2002), page 134
**Question 2:** What does the business process look like in different contexts?

**Question 3:** What are the drivers for e-commerce implementation?

**Question 4:** What are the enablers of a successful B2B e-commerce implementation for both suppliers and dealers?

### 1.4 Purpose

By answering all these questions, the purpose of this thesis can be seen as trying to understand under which conditions a successful e-commerce solution can be implemented in order to bring value to different actors in the supply chain in different market contexts. Therefore the purpose will be reached through:

- Describing what can be the positive outcomes of the implementation of a structured e-commerce service, for suppliers as well as intermediaries to customer.

- Analyzing the situations in different markets to find out if the conditions are favorable to implement e-commerce.

- Recommending how an effective solution may be implemented in different market contexts.

### 1.5 Delimitations

- Geographical narrowness of the data collection

The empirical data will be collected only in France and the United Kingdom, and will be used as a basis to generalize to mature markets. As well, Turkey will be our only mirror to emerging country markets.

- The sampling restriction

Due to time limitations only a handful of dealers, out of several dozen has been interviewed in each country. The results of these interviews will yet be generalized to each country.

- The information asymmetry

Due to the fact that interviews have been conducted by different members of the team in different countries, and that time may have lacked to obtain all the information needed, it occurs that we have some
information for a certain country that we don't have for some others. Therefore, every data cannot be compared between every country.

1.6 Outline of the thesis

Chapter 1 – Introduction
Chapter 2 - Methodology
Chapter 3 – Theoretical Framework
Chapter 4 – Case & Empirical Study
Chapter 5 - Analysis
Chapter 6 - Conclusions
Chapter 7 - Recommendations
2 METHODOLOGY

2.1 The Research Strategy

According to Yin (2003), there are five different strategies of doing research: experiment, survey, archival analysis, history and case study. In general, case studies are the preferred strategy when 'how' or 'why' questions are being posed, when the investigator has little control over other events, and when the focus is on a contemporary phenomenon within a real life context.” (Yin, 2003). Firstly, our research questions include how questions and secondly, our topic is a contemporary phenomenon. For these reasons the case study approach has been regarded as the most suitable for this thesis. There are however some drawbacks to be acknowledged in doing case studies.

A major weakness is found when a case study is simply a rich description of contemporary events where the reader is expected to draw his/her own conclusion. Consequently, the main argument against the case study method is that it provides little basis for scientific generalization because the situation described is too specific (Timlon, 2005).

The case study of this thesis is characterized by a single and unique embedded case since we analyzed a case of Star Laundry Solutions (SLS) mainly with its logistics and supply chain departments.

2.2 Scientific Approach

There are three scientific approaches when conducting a research, namely, exploratory, descriptive and explanatory. The initial stage was exploratory where authors identified, defined and structured the research problem. In the descriptive stage, the empirical data gathered from the interviews were presented and explained. Finally, the authors used an explanatory approach to assess and discuss the analysis of the empirical data by taking theoretical framework into consideration.

While conducting research, there are three ways of scientific reasoning. These are inductive, deductive and abductive reasoning. A case study is inductive, if no specific theories exist on which the case can be built on, and the researcher therefore uses the case study for developing a new theory. A deductive case study is based on “grounded theories”, i.e. developing propositions from current theory and testing them in the real world (Dubois & Gadde, 2002). Dubois and Gadde introduce the notion of systematic combining which is a process where theoretical framework, empirical fieldwork, and case analysis evolve simultaneously, and it is particularly useful in order to develop new theories. The main characteristic of this approach is a continuous movement between an empirical world and a model world. During this
process, the research issues and the analytical framework are successively reoriented when they are confronted with the empirical world (Dubois and Gadde, 2002).

In this study, the abductive reasoning, combining inductive and deductive reasoning was used. After starting with inductive reasoning the authors switched their way to deductive reasoning. When empirical data was collected, the authors returned to theories related to their empirical findings and went back and forth between theory, case study and analysis in order to homogenize their study.

2.3 Research Method

Basically, there are two different ways of conducting research: quantitative and qualitative research. Qualitative research is an effort to understand situations in their uniqueness as part of a particular context and the interactions there. In contrast to quantitative research, which takes apart a phenomenon to examine component parts (which become the variables of the study), qualitative research can reveal how all the parts can work together to form a whole (Merriam, 1998). The authors used qualitative method in order to address their “How” research problems.

2.4 Data Collection

2.4.1 Primary Data

Merriam (1998) states that it is advisable to use several sources of data when doing a case study in order to gain a deeper understanding of the case. The authors have realized interviews in three countries, Turkey, France and UK. The interviewees were among different players of the industry: importers, dealers, competitor’s dealers and end customers.

With regard to the researcher’s desire for structure, Merriam (1998) makes a distinction between different kinds of interviews: highly structured questionnaire-driven interviews are opposed to unstructured open-ended conversational formats. In our case study, we preferred semi-structured conversational manner. We got prepared for the interviews with structured questionnaire; however, we had also open-ended questions so as to understand the respondent’s perspective better.

Firstly, the authors and their supervisor went to SLS logistics center to make an interview with the managers responsible for supply chain management and e-commerce implementation. The purpose of this interview was also to get insight about the research topic and clarify the required steps to be taken in the following stages of the study.
The first chain of interviews was held in Turkey. Within three days, two Turkish authors of this thesis and their supervisor made interviews with 3 importers of SLS, three competitors (one local producer and two importers of competitors’ brand) and one end-customer. The length of the interviews varied between one and two hours. After getting the respondents’ permission, all the interviews were tape-recorded. It is said that almost 60-70% of the information collected during interviews cannot be kept or remembered even if notes were taken. Therefore, most of the interviews were transcribed in order to make it easier to retrieve any information needed for this thesis.

Besides, since the respondents had different roles in the industry the authors prepared different questionnaires and asked them the most suitable questions so as to get more relevant and valid answers for the study.

When two of the authors were in Turkey, the third author started phone interviews with five dealers of SLS in France. The interviews were made in French given the facts that it was easier to communicate with the respondents in their own language. Then the interviews were translated into English and transcribed as done for the interviews in Turkey.

The last chain of interviews was made in UK with three dealers of SLS and also SLS sales office face-to-face within four days. The same process of transcription was applied to these interviews as well.

2.4.2 Secondary Data

In order to collect information about Turkish market regarding especially tourism industry and some statistics, the authors benefited from internet, books, journals, newspapers and reports.

2.5 Quality of Research

According to Merriam (1998) validity and reliability can be achieved through careful attention to a study’s conceptualization, the way in which the data was collected, analyzed, and interpreted, and the way the results are presented. Yin (2003) suggested four tests in order to assess the quality of research: construct validity, internal validity, external validity, and reliability.

2.5.1 Validity

There are three types of validity which are constructing, internal and external validity.

Construct validity refers to be the legitimate analytical interference between theories in the theoretical construct. Theoretical frameworks are supposed to match to reach high construct validity in a case study.
In this study, we divided the theoretical chapter into three complementary building blocks. The theories and related articles were selected based on their relevance regarding the building blocks.

Merriam (1998) describes internal validity as dealing with the question of how research findings match reality, meaning how congruent the findings are with reality. The interviews made with many companies during this study and their answers to the questions can be treated as the information reflecting the reality in the related research topic. The empirical data collected from the interviews is built upon the answers of the questionnaires based on the theories studied in the theoretical framework.

According to Yin (2003), external validity refers to what extent the empirical findings and conclusions of a research can be generalized. Since the research topic, which is how to implement a valuable e-commerce solution successfully, is studied with only one example of case company which is Star Laundry Solutions, this study cannot be generalized to other companies fully. However, the findings can be used as a source for the further case studies in the related subjects.

### 2.5.2 Reliability

According to Yin (2003), a case study is reliable if it would lead to the same findings and conclusions if another researcher would conduct the study again. Merriam (1998) states that what actually makes a study reliable is the consistency between the data collected and the results found. In this study, many interviews were made with different respondents having different roles in the industry. In order to provide reliability, the responses of different interviewees were compared with each other to find a common pattern.
3 THEORETICAL FRAMEWORK

Through this chapter different theories concerning market context, business process and e-commerce implementation will be introduced in order to give basis to the later analysis of the empirical findings.

3.1 Market Context

Fairchild et al (2004), state that electronic markets allow the participating buyers and sellers to exchange information about prices and product offerings via an inter-organizational information system.\(^{10}\)

Since commercial use of the Internet started to develop around 1994 there has been widespread media coverage of the use of e-commerce. Managers are told that the use of e-commerce is already leading to the reshaping of customer and supplier relationships, the improving business processes and, in some cases, even the restructuring of whole industries.\(^{11}\)

3.1.1 Success Factors

Fairchild et al (2004), claim that a company’s information system (IS) must be discriminating and selective. It should focus on ‘success factors’. The concept of success factors in the IS literature is well established for numerous contexts, for example, requirements analysis, IS planning and project management. Success factor research has also been actively pursued in the fields of enterprise resource planning and electronic data interchange, which might be considered forerunners to the e-markets concept. Success factors can also be viewed as “situated exemplars that help extend the boundaries of process improvement, and whose effect is much richer if viewed within the context of their importance in each stage of the implementation process”\(^{12}\).

Based on the literature review, 17 success factors for electronic markets were identified, as shown in Figure 1. Success factors related to the context refer to those conditions under which the electronic market operates, basically beyond the control of the market maker, which have an effect on the possible success

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\(^{10}\) Fairchild et al (2004) Page 63
\(^{11}\) Daniel & Grimshaw (2002) Page 133
of that market. Success factors related to the processes are factors which characterize the trading processes on the market, and which are basically under the control of the market maker.  

Context-related success factors include the following:

Motives of stakeholders: Electronic markets need to understand the motives of stakeholders for participation in order to position the benefits appropriately.

Critical mass: According to Fairchild et al (2004), the importance of the benefits realized by individual participants in an electronic market system increase as more organizations join the system. The reason for an electronic market to be self-sustaining can be understood from the viewpoint of network externalities, where the utility of a user from the consumption of a good increases with the number of users who are consuming it. Fairchild et al (2004) Page 67

Complexity of product description: Complexity of product description refers to the amount of information needed to specify the attributes of a product in enough detail to allow potential buyers to make a selection. Because highly complicated product descriptions require more information exchange, they increase the coordination costs. Therefore, buyers of products with complex descriptions are more likely to work with a single supplier in a close, hierarchical relationship.

Asset specificity: Asset specificity is an aspect or feature of an asset (such as a specialized machine) that makes it useful for one or few specific purposes, and which therefore cannot easily be sold off quickly in a fire-sale. Transactions involving asset-specific products often involve a long process of development and adjustments for the supplier to meet the needs of the buyer, a process that favors

Figure 1 Success factors of electronic markets, segmented into context and process

![Success Factors Diagram]

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15 http://www.businessdictionary.com
the continuity of relationships found in a hierarchy. In contrast, e-markets are proposed to be more suitable for sourcing goods with low asset-specificity.

*Frequency of purchase:* Frequency of purchase affects the benefits to be obtained through routinization. The lower the frequency, the greater the incentive to try to get the best price each time through a (spot) market transaction.

*Value of products:* In the case of high value products even small savings in prices for each purchase, due to comparison among suppliers, can offset the opportunity costs of long term relationship.

*Market variability:* Electronic markets have the potential to significantly reduce search costs. This is especially true in those markets where buyers and sellers have to conduct an extensive search to find a trading partner. An electronic market has the possibility to be able to reduce these costs.

*Regulations:* Statutory government support is important for the success of an electronic market, because of the high initial costs and the problem of free-riders, where outsiders can use the system without making any contribution.\(^{(16)}\)

In the next part, the theories related to business process will be introduced.

### 3.2 Business Process

According to Yang et al (2006), the buyers’ overall satisfaction has become the major reason for continuous improvement efforts. Moreover, it is essential for the suppliers to identify the buyers’ expectations and improve their business performance accordingly. The essential of business process is how to do things. It has been defined as “a set of actions and dynamic factors starting with the identifications of a set of logical motives for action and ending with the specific commitment to achieve a defined business outcome”. It is critical for the suppliers to improve business service quality along the business process, especially when it becomes difficult to differentiate their core services alone.\(^{(17)}\)

According to Soliman and Janz (2004), organizations are giving more importance to closer supplier–customer relationships in order to improve operations efficiently. Moreover, this closeness in supplier–customer relationships is seen as the basis of a supply chain. The main objective of supply-chain management is “to unite trading partners along the supply chain into a seamless integrated flow of information and physical distribution. The supply chain encompasses all activities associated with the bi-

directional flow and transformation of goods from the raw materials stage, through to the end user, as well as the associated information flows.\textsuperscript{18}

### 3.2.1 The steps in business process

![Figure 2](image-url) Supply chain processes and e-procurement strategies. Puschmann & Alt, (2005)

“Typically, a company’s procurement function is subdivided into strategic and operational processes since activities and priorities in these two areas are entirely different” (Figure 1.1). Strategic aspects are frequently neglected in the process and more time and cost is spent for operational steps. “The use of Internet technologies in procurement is aimed at realizing faster and more efficient operational procurement processes which bypass the purchasing department and enable those people to concentrate on more strategic tasks.”\textsuperscript{19}

Subramaniam & Shaw, (2002) claim that “B2B processes differ along several dimensions, such as specificity, structure, variation in demand, frequency of orders, value of product, amount of human intervention required, and complexity of the tasks involved.” In this sense, the type and complexity of process are important in the supply chain management.\textsuperscript{20}

### 3.2.2 Type of process

According to Subramaniam and Shaw (2002) identify two types of procurement on two ends of a continuum; “structured and unstructured, where existing systems and procedures determine the value of e-procurement.”\textsuperscript{21}

On the one end, the procurement processes are highly automated in terms of need identification, ordering, and fulfillment. “If the demand is regular and the product specifications do not change over time,

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\textsuperscript{18} Soliman & Janz (2004) Page 698
\textsuperscript{19} Puschmann & Alt (2005) Page 123
\textsuperscript{20} Subramaniam and Shaw (2002) Page 28
\textsuperscript{21} Subramaniam and Shaw (2002) Page 29
organizations can reduce their transaction costs by negotiating a long-term contract with a supplier and designing an automated procurement process for reordering.” This is called structured procurement.

On the other end of the continuum, there are products that are not suitable for automated procedure. Companies often allow customers to take advantage of the best deals available at the time of ordering. Besides, there are very broad procurement rules to be followed by the users. This type of procurement is called unstructured.22

Structured ordering procedures reduce the time users and procurement staff spend for searching and processing activities for each transaction. The frequency and repetitive nature of the orders reduce the possibility of errors during the process. “The use of the Web is mainly to replace paper based manual communication with electronic communication.” On the other hand, it is difficult to build a well-functioning automatic procedure to meet unstructured procurement needs since every user request must be processed individually. More time is spent in searching and processing for each transaction, which increases labor cost. “The greater variety of these requests and the higher human intervention increase the incidence of errors, and more staff time is spent in error resolution. Web-enabling unstructured procurement affects savings in the staff resources used for search, input, processing, and error resolution. Thus, the use of the Web for unstructured processes results in more value than its use for more structured processes.”23

3.2.3 Complexity of process

“The complexity of a transaction refers to the need for additional efforts to process the transaction successfully. As a required item or ordering process becomes more complex, the transaction costs increase because of the greater search time, increased coordination requirements, need for more data processing, and the higher probability of errors. But if the transaction volume is insignificant, the organization cannot expect significant value from the use of the Web even for complex procurement. Thus the realized value depends not just on the complexity of the procurement process, but also on the transaction volume of this procurement category.”24

Fairchild et al, (2004) state that “highly complex product descriptions require more information exchange and thus increase the coordination cost advantage of hierarchies over markets. The complexity of product description refers to the amount of information needed to specify the attributes of a product in enough

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24 Subramaniam and Shaw (2002) Page 30
detail to allow potential buyers to make a selection. Because highly complicated product descriptions require more information exchange, they increase the coordination costs.”

In the following part theories regarding e-commerce implementation will be presented.

3.3 Implementing a value adding e-commerce solution

3.3.1 Defining e-commerce

Various authors have studied the interest of transactions made through electronic means. Thus it is common to face the terms “e-business” and “e-commerce” that could be used interchangeably depending to the authors. However the differentiation that generally emerges is that e-business is regarded as a broader concept. Hinton & Barnes (2009) defines it as “the use of internet-based ICTs to conduct business (including sharing information, maintaining relationships and conducting transactions) within and between organizations”

By contrast, e-commerce refers only to activities, internal as well as external, that assist organizations to do business, it is introduced by Baron et al (2000) as “the use of electronic systems in the exchange of goods/services/information” and can be categorized as either oriented toward end-customers (B2C) or B2B oriented. Given this classification, e-commerce can be seen as being part of e-business, restrained to activities which are linked to exchanges between actual and potential partners.

E-commerce concerns all activities which support the trading process, not only the mere buying and selling process. This definition highlights the fact that e-commerce encompasses a number of more specific activities. Bakker et al (2008) first mention e-procurement as a sub-set of e-commerce that “refers to all technology-based purchasing solutions to simplify transactions within and between organizations”.

Now that the notion of e-commerce has been clarified, the drivers of implementation stated in the literature, closely linked to the expectations of positive outcomes, are going to be discussed.

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26 Hinton & Barnes (2009), page 331
27 Baron et al (2000), page 93
28 Cullen & Taylor (2009), page 1158
29 Cullen & Taylor (2009), page 1158
30 Bakker et al (2008) page 314
3.3.2 Drivers of the implementation and expected benefits

This part presents an overview of the reasons pushing companies to set up an e-commerce solution, these reasons are called drivers and are from various nature. McIvor & Humphreys (2004) who studied in this field state the different drivers have a common interest. They say that if “significant interest has grown in the potential use of the Internet at the buyer-supplier interface” it is due to the “potential benefits associated with the open systems protocol”\textsuperscript{31}.

According to Kaplan & Sawhney (2000), by bringing together large numbers of buyers and suppliers and automating transactions, electronic markets expand the choices available to buyers, enlarge the potential customer base and reduce transaction costs for all participants. It reduces procurement costs, both by making it easier to find the lowest prices and through efficiency gains\textsuperscript{32}.

McIvor & Humphreys (2004) follow up this idea by stating that as it is much less costly to place an order online also because information exchanges are less costly and is more effective than through older traditional methods such as faxes and voice mail. As a result of such cost savings, B2B commerce could increase the level of output in the developed economies. Furthermore there are likely to be fewer errors in orders and invoicing\textsuperscript{33}.

Power (2005) put the emphasis on two issues. First one, based on Gagliardi (1996) is the level of information inefficiency, and therefore opportunity that are observable in companies’ supply chains generally. Secondly, he highlights the idea that the potential for deployment of IT has a significant impact on time-based performance\textsuperscript{34}.

It has also been regarded that the evolution of electronic commerce technologies is having a considerable impact on the communication patterns in supplier networks in many industries\textsuperscript{35}. Therefore an implication of e-commerce is its capability to reduce the costs of vertical integration. Besides, McIvor & Humphreys (2004) add that “through electronic networks, firms can achieve an integration effect by tightly coupling processes at the interface between stages of the value chain”\textsuperscript{36}. In the domain of supplier-customer relationship, e-commerce is also seen as useful to enhance the relational process, for example entering into a new dialogue with customers and improving relationships with suppliers. To them larger companies

\textsuperscript{31} McIvor & Humphreys (2004), page 241
\textsuperscript{32} Kaplan & Sawhney (2000), page 74
\textsuperscript{33} McIvor & Humphreys (2004), page 242; Baron et al (2000), page 93
\textsuperscript{34} Power (2005), page 97
\textsuperscript{35} McIvor et al (2000)
\textsuperscript{36} McIvor & Humphreys (2004), page 242
are likely to benefit particularly from the ability to simplify complex processes and the ability to address their larger supplier base.\(^{37}\)

A study by Daniel & Grimshaw (2002) comparing e-commerce adoption by SMEs and larger firms showed that large firms have certain intentions when they adopt e-commerce, the most stated one is presented below:

- 56.6% of them want to enhance their customer service
- 51.1% seek to improve their internal operation efficiency
- 46.2% think it will help them face the competitive pressure
- 37.2% want a better communication with their customer
- 36.7% seek to improve their market reach

However the results obtained by this study show that there is a gap between the expected benefits and the realized benefits. Indeed, when questioned about the actual benefits they could realize thanks to e-commerce, the following proportions answer by the affirmative:

- 30% improved their interaction with customers
- 9% personalized their customer service
- 17% accessed to global market
- 15.3% use their staff time more efficiently\(^{38}\)

These results highlight that e-commerce implementation *per se* is not necessarily a source of profit generation. Thus, while the benefits of e-system implementation are widely espoused, it transpires that “this is one area of the literature that appears strong on rhetoric, but weak on weight of real evidence”\(^{39}\).

Companies have difficulties to realize the benefits expected because they need a favorable context to be realized, success factors must be set up.

### 3.3.3 Success Factors of the implementation: enablers and barriers

“Organizations that implement e-commerce with trading partners can reap substantial benefits. There are, however barriers to implementation and difficult organizational issues that need to be addressed in order to ensure these potential benefits are realized.”

\(^{37}\) Daniel & Grimshaw (2002), page 134
\(^{38}\) Daniel & Grimshaw (2002), page 140
\(^{39}\) Power (2005), page 99
“Deployment of IT will need to be associated with a process improvement program before real gains can be expected to be realized”\(^\text{41}\).

These statements highlight the conditional nature of the benefits realization from e-commerce implementation. Indeed some factors need to be set up along with the e-commerce solution to succeed. Therefore some factors can be seen as enablers of success while some others are barriers; the borderline between them may be hardly defined due to the fact that relatively to some factors, the presence or absence of the latter will be an enabler or a barrier. Accordingly this part is about regarding to the literature to find what is commonly seen as a success factors for the e-commerce implementation.

As seen in the previous part, the diffusion of e-commerce between partners can create significant benefits, but the extent of diffusion depends on a range of internal and external factors\(^\text{42}\). These include competitive pressure, customer support and internal support to the system, compatibility, resource intensity and benefits potential. Power (2005) mentions that Australian research in this area further reinforces these findings, where similar barriers to adoption have been identified\(^\text{43}\). He adds that “in order to be able to implement B2B e-commerce enabling technologies, individual organizations need to have some understanding of the implications, as well as the range of options available”. Levels of understanding of the technologies, their applications, and their benefits would therefore be related to the quality of such decisions\(^\text{44}\).

Some other inputs are given by Gilmour (1999) who conducted a study to assess how companies add value by a strategic supply chain management. Using surveys and workshops, he concluded that cost reduction and containment were not sufficient to sustain competitive advantage. In order to know sustainability, a more effective strategy is to add value through logistics, particularly through improving organizational capabilities in the areas of IT and areas such as teamwork, and performance measurement\(^\text{45}\).

The issue of capital investment is also raised by Power (2005) who refers to an Andersen Consulting report (Anderson Consulting, 1994) which has identified inaccurate data, existing systems infrastructure and long-time established business practices as the major barriers to implementation of advanced technologies.
technologies and innovative management approaches\textsuperscript{46}. He also put the emphasis on the gap existing in the literature concerning empirical evidences on successful investment profiles. This is a significant gap as it follows that if organizations are to reengineer their process, they also need to decide where to invest. Choices for investment can cover issues as diverse as software and hardware choice, use of consultants, training, process reengineering and outsourcing.

Finally, the last success factor required to benefit from the implementation that will be discussed in this part is the issue of trust. Inter organizational trust has received a considerable attention from multiple authors. While this attention has increased the complexity of trust, it also highlights its importance in uncertain environments. Pavlou (2002) refers to the strategy and marketing literature to state that “inter organizational trust has been related to desirable outcomes such as competitive advantage firm performance, conflict and opportunism reduction satisfaction, and other favorable economic outcomes”. Trust is also regarded as reducing the financial costs of an exchange, resulting in efficient transactions. From his research Pavlou (2002) claims that “sociologists argue that trust is embedded in the social context of buyer–seller relationships that modifies economic activity and creates social capital. In the organizational literature, trust has been posited to operate as a governance mechanism, diminishing opportunism in exchange relations and promoting cooperation”\textsuperscript{47}. In sum, inter organizational trust has been associated with fundamental positive outcomes

These factors must be taken in consideration when implementing an e-commerce system for a B2B usage. However once the system has been implemented, the issue is to find out if the solution is actually beneficial for the company, that is why the success must be measured.

\textbf{3.3.4 Measuring the success of the implementation : A system evaluation}

Hicks (1999) identifies the goal of strategic supply chain planning as being “. . . to arrive at the most efficient, highly profitable supply chain system that serves customers in a market”\textsuperscript{48}. E-commerce and supply chain management being closely linked, companies need to be able to evaluate the completion of this objective.

According to Standing & Lin (2007) the major tangible benefit of B2B e-commerce is cost savings. However, many of the major benefits organizations can gain from B2B e-commerce investments are intangible and cannot easily be estimated in advance and calculated in financial terms. These benefits are

\textsuperscript{46} Power (2005), page 99
\textsuperscript{47} Pavlou (2002), page 218
\textsuperscript{48} Hicks (1999), page 26
spread across a range of factors, including better supplier relationships, improved quality of systems, greater efficiency, and more employee satisfaction\textsuperscript{49}. Cullen & Taylor (2009) argue in this direction that appropriate performance measures need to be developed in order that managers may practically monitor the performance and success of their use of such systems\textsuperscript{50}.

The quantity of studies that focus on the early stages of system implementation contrarily to its on-going use is an issue that turns out being problematic for defining success. Where e-commerce implementation is seen as project criteria such as on-time, within-budget completion; the meeting of system requirements; and system quality can be applied\textsuperscript{51}. Nevertheless, even in this case, it is not obvious: Loh and Koh (2004), for example, fail to define successful implementation; instead they implicitly seem to regard success as lack of failure\textsuperscript{52}.

In the IS literature there is a considerable body of work that considers how IS may be evaluated. Without digging too deeply into this literature, Cullen & Taylor acknowledge the importance accorded to the DeLone and McLean IS success model\textsuperscript{53}. This was originally developed in 1992, but was later revised to take into account the growth in e-commerce\textsuperscript{54}. Widely cited and used, it evaluates IS success using six constructs:

1. System quality
2. Information quality
3. Service quality
4. Use
5. User satisfaction
6. Net benefits

The first three constructs reflect characteristics of the IS itself, while the latter three represent dimensions which reflect the successful use of the IS. Thereby these measurable constructs give an overview of the implementation of a system from its development, to the impact of its use on staff and organization. The latter impacts represent the most important success measures, as they capture the balance of positive and negative impacts of e-commerce on customers, suppliers, employees, organizations, markets, industries, economies and even societies\textsuperscript{55}.

\textsuperscript{49} Standing & Lin (2007), page 108
\textsuperscript{50} Cullen & Taylor (2009), page 1162
\textsuperscript{51} Cullen & Taylor (2009), page 1162
\textsuperscript{52} Loh & Koh (2004), page 3452
\textsuperscript{53} Cullen & Taylor (2009), page 1162
\textsuperscript{54} Delone & McLean (2003), page 6
\textsuperscript{55} DeLone & Mclean (2003), page 25
The model is represented by Figure n°3

![Diagram](image)

**Figure 3** E-commerce system evaluation

### 3.4 Summary

#### 3.4.1 Market Context

E-commerce usage provides a relationship among customers and suppliers as well as the possibility to exchange information about products and services. The market situation affects this relationship among players of the market.

According to Fairchild et al (2004) if a company’s information system is discriminating, selective, they should focus on ‘success factors’. Success factors for the business process and e-commerce implementation are classified in two sections; which are context-related and process-related success factors. There are 17 success factors in total, from which we will focus on context-related factors to understand what an adequate market context is for an efficient business process and successful implementation. They are; motives of stakeholders, critical mass, complexity of product, asset specify, frequency of purchase, value of products, market variability, and government regulations. Understanding these success factors permits to find out if they facilitate to implement e-commerce and a successful business process. In figure 4, success factors on market context for an efficient business process and successful e-commerce implementation are displayed:
In today’s competitive business environment, suppliers need to improve their business processes in order to differentiate themselves from their competitors. In this sense, the supply-customer relations have become crucial in improving the flow and transformation of goods as well as the associated information.

A company’s procurement function consists of two sections, which are strategic and operational processes. In order to allocate more time and labor force to strategic process, companies need to automate operational process by the help of Internet technologies.

Subramaniam and Shaw identify two types of procurement; structured and unstructured. If the demand is regular and product does not change over time, the business process can be automated easily and called as structured procurement. When the products are not suitable for any level of automated procedure, then the process is named as unstructured procurement.

In this regard, the type and complexity of the procurement becomes important since the value created by e-commerce mainly depends on what kind of procurement and to what extent it is complicated. On the other hand, the realized value of use of e-commerce depends not only the complexity of the process but also the transaction volume of the procurement.
3.4.3 Implementing a valuable e-commerce solution

3.4.3.1 The drivers of the implementation

Implementing an e-commerce service for companies B2B activity is in the majority of the case driven by supplying companies themselves because they seek to realize benefits and improve their competitiveness.

The pursuit of cost reduction is seen as one of the most important drivers. Costs reduction are expected to rise from several sources: facilitating the encounter of new customers, the use of the internet process over faxes and voicemails and an increased efficiency and accuracy of exchanges, leading to fewer mistakes and wastes of time.

Another important driver is the ability to improve the internal functioning of the organization. A sharper information, with quicker treatment time permit to operate faster and more efficiently. This way companies can provide a better customer service, by freeing some time to spare to them, and by responding quicker to their demand, such as quicker deliveries.

Finally the customer service can also be improved by a better vertical integration of the processes along the value chain, improving the communication in the supplier/buyer interface and enhancing the relational process by closer relationships.

3.4.3.2 The success factors of a valuable implementation: enablers and barriers

If implementing an e-commerce solution seems to be a mean to catch numerous benefits, it is often that companies fail to it. Indeed there are some factors that must not be neglected to succeed the implementation. These factors include technical factors such as understanding the technology and its application, by improving staff capabilities regarding to the information technologies that are to be installed, but it also encompasses broader factors. Indeed implementing an isolated e-commerce solution is no way to improve one's competitiveness if it is not coupled with an adaptation and improvement of the logistic strategy, it also has to be compatible with customers’ activity and supported by them as well as internally. Moreover, as direct contact tends to disappear it is crucial that organizations trust each other to sustain their business relations. Finally, we can mention that companies need to know where to invest before implementing their system to avoid financial waste that would make the solution costly rather than cost-efficient.
3.4.3.3 *Measuring the success of implementation*

Once the system has been implemented, it is crucial to know if the expected benefits were obtained. That's why a 6-step-evaluation has to be made. The company first has to check the quality and reliability of the system, information provided and service, this will drive them to realize their level of satisfaction about it, and the way they use it. The final stage is to conclude about the actual benefits realized from this use.

Now that the theoretical framework has been presented and in the following section the findings of the field study realized are to be described.
4 EMPIRICAL DATA

This chapter will present empirical findings related to our case company, Star Laundry Solutions. The findings are based on interviews of importers, sales offices, customers and competitors. Firstly, the company SLS; then Turkey, France and UK market for professional laundry systems will be described related to our first research question. Further, the business processes of these countries will be defined by the information from importers, sales offices and dealers. The chapter ends with our empirical findings concerning e-commerce implementation.

4.1 Case company

Star Group is one of the world leading household appliances manufacturers. Each year, they sell more than 40 million products around the world such as cookers and cook tops, ovens, fridges and freezers, dishwashers, washing machines, tumble dryers, room air conditioners and vacuum cleaners. Accordingly, their turnover exceeded 105 billion SEK in 2008, with a staff of more than 5,000 employees.

This thesis focuses on SLS that is part of the Star Group. This branch is the leading supplier of professional laundry equipment worldwide. It provides tailored solutions to the specific need of individuals businesses, everything from the laundries of apartment houses, hotels and health care institutions to commercial laundry operations and coin-operated launderettes. It employs around 1100 employees in three manufacturing entities, in France, Sweden and Thailand. Customers are reached worldwide thanks to a network of 19 national sales companies spread around the world and 120 importers.

After implementing an e-commerce solution for spare parts in 2000, SLS is now investigating the implementation of a web ordering process for dealers to order finished goods. This way their objective is to bypass the intermediation of sales company in the business process. However their concern is to know if it can be a success, and under which conditions the implementation can be successful. As they seek to implement it in different markets, this study investigates the case of France, UK and Turkey.

4.2 Market Context

The following will be a presentation of interviews that have been conducted to understand the market context in Turkey, France and UK. We will define the three countries market context by using the interviews.
4.2.1 Turkey

SLS have three importers in Turkey; *SLS Turkey*, *Tripa* and *Aygenteks* whom buy products directly from Sweden and sell to dealers and end-customers. In additional to these importers, we interviewed with three biggest competitors and one end-customer in Turkey; *Permak, Atlantik, Tolon* and *PAK Laundry*.

### 4.2.1.1 SLS Turkey

Firstly we interviewed with Semih Ercan, country manager of SLS Turkey which sells professional laundry machines under 100 kg to hotels, hospitals, and commercial laundries for 25 years in Turkey. Mr. Ercan says that:

“Today, the laundry equipment market value is 60 million euro. Because of 2008-2009 economic crises, the market has shrunk by around 10-15%, but probably it will recover. SLS’ market share in laundry business is 5%. I don’t think that we can increase our market share, because Turkey is a producing country and has a lot of experience in industrial production. Turkish producers have a big interland to sell out, which makes them even better in production due to the low labor cost, etc. Therefore, the import of goods is difficult. Moreover, our price is 25% higher than the one of our nearest competitor.”

Mr. Ercan perceives that there is a change in the market and claims that big laundries will be increasingly important and linen rent out business will be more favorable. Even big hotels keep only small laundries and close up the in-house facilities. Hotels are increasingly outsourcing. He adds that:

“We sell few products to commercial laundries because they use equipment like tunnel washers that we don’t have in our production scale. We don’t have machines bigger than 100 kg which is our disadvantage for commercial laundry segment.”

### 4.2.1.2 Tripa

The second importer of SLS is Tripa which is a company established one year ago located in Ankara, capital city of Turkey. Tripa has twenty dealers all around Turkey by which the products are marketed. Tripa cannot reach all the whole local market, thereupon requires dealers’ help. However, the latter remains independent. Turgut Senturk, general coordinator of the company, was the one who has been working for SLS Turkey for 4 years. He says that:
“In Turkey during the last two years, new laundry projects stopped. During the last ten years, there was an improvement with ten new projects. But now the market is getting smaller, maybe in 5 years it will start to increase again. We have replacement projects.”

Mr. Senturk claims that there are some local companies that are selling their products in lower prices, so Tripa cannot fight them. In order to gain market shares, he thinks that SLS products should be sold cheaper. The main local competitors of SLS are Tolkar and Tolon.

4.2.1.3 Aygenteks

Aygenteks is another importer which has been working with SLS for more than ten years. The main business of Aygentex is textile, so they sell a small range of SLS products. They are selling a textile testing machine of SLS; Ahmet Cenap Aygen, who is a textile engineer and owner of the company, answered our questions. He says that:

“We mainly focus on selling textile testing products. We have a small role in SLS activities in Turkey, not the main laundry purposes. Laundry is not our business. We buy testing machine from SLS and we know all product numbers of the products, because we don’t sell a big range.”

However, given that laundry is not their main business, they cannot provide much relevant information.

4.2.1.4 Competitors and End-Customers

Some of the biggest dealers competing with SLS in Turkey are Permak, Atlantik and Tolon. The authors had the opportunity to make interviews with these companies and also with an end-customer, Pak Laundry, which is one of the biggest commercial in Turkey.

Permak is the main distributor of Girbau in Turkey, Ozcan Atac who is the vice general manager of the company claims that:

“Turkey is different from Europe maybe because of culture; so the professional laundry market is decreasing. Hotels are outsourcing to big laundries because of high rents Even if the number of tourist has been increasing especially this year in Istanbul because of being the cultural capital of Europe, the laundry service is going towards outsourcing.”

Abdullah Cil is general director of Atlantik which is the distributor of ADC, Lapua and Danube. He tells about SLS products that:
“Today, Turkish laundry sector is still in the beginning stage of industry life cycle compared to Europe. In Europe, there are big laundries. In Turkey, the major customer segments are hotels and hospitals; but Turkish laundry market will develop at least by 20%, especially in industrial segment.”

One of the biggest local competitors of SLS is Tolon, Efe Tolon as sales director of Istanbul, answered our questions. Mr. Tolon thinks that Turkish market value is about $50 million. There is no growth in the market because hotels prefer outsourcing. He claims that 60% of hotels are outsourcing. If they sell to a hotel, they can sell full equipment but if they sell to the commercial laundry they have been established before and they do not buy a lot of machines in the long run. In case they get a big customer, they would add one more machine in a year. Hotels prefer outsourcing but it doesn’t increase sales, in the contrary they decrease. Related to SLS he adds that Turkish professional laundry sector is looking for cheaper machines and good after sales service; but SLS cannot satisfy these needs.

PAK is one of the biggest commercial laundries in Istanbul with sixteen tonnage of washing per day. Kutluhan Usta, the general coordinator of the company helped us with the questions. He claims that hotels prefer outsourcing laundry, he adds:

“The argument is basically, they are opening a new hotel and they don’t want to spend money on these machines or the laundries that they have been using are old, they need to invest but they don’t want to invest. They want us to do it for them. It is cheaper, but it is not in better quality. They can save time and money.”

He says that they have some SLS machines, but they would not buy again because of high prices, he adds that they are happy with local customers. When we asked the questions about buying products by using e-commerce he states that:

“I would not buy professional laundry products by using e-commerce because of the price, mass production; also you need to trust the company about delivery time and installation time. If it is a 40000 Euros machine and if you don’t deliver, that is a problem. When I say mass production, I mean that if it is equipment that SLS produces 100 to 1000 a year, that is not mass production for me, I need to talk with someone from the company. I said the price is also important; I can buy a standard machine up to 10000 Euros.”
4.2.2 France

We made interviews with three dealers of SLS in France; which are Coadou Sarl, Mesrel and Sodibel. In this part we will present the French sales offices market context ideas.

4.2.2.1 Coadou Sarl

Mr. Coadou, who answered the questions, is the owner of Coadou Sarl Company. For the situation of the market he says:

“The situation concerns integrated laundries were the situation is better, although there is a real phenomenon of outsourcing to private laundries or companies like Elis. We will still serve nursing houses for many years, but we have to develop global concepts more than only products. The approach to the market is different, with a study of customers’ needs. We also suffer from budget limitations by the local authorities, and to focus on their core business.”

4.2.2.2 Mesrel

Mesrel is the second dealer, Mr. Paulus, manager in the company, considers the market is steadily growing due to the growth in population. He says that half of the sales concern the replacement market and half are newly created.

4.2.2.3 Sodibel

We interviewed with Mr. Chalais, general manager of Sodibel, who thinks that the market has developed positively in the last year. However, he foresees complication for the future because the market can be regarded as stagnant nowadays.

Concerning their pricing, they cannot sell higher than the public price, the value of discount varies from customer to customer. If they are dealing with a customer on which they don't have a strong competition because they are established for a long time they make a reasonable discount. If it is a new customer, they are eager to offer a higher discount to make the deal. It can go up to 30%, depending on the installation, if it is a simple one they can afford doing a large discount, if it is more complicated, automatically it will be lesser.

4.2.3 UK

The perception of Red Squared and Wilson Electric is presented in this part.
4.2.3.1 Red Squared

Red Squared is a company focusing more on design, supply, and project management of professional laundries. Kevin Geehan is general manager of the company and sees a new trend on the market from outsourcing to in-house laundries. He furthers that servicing a whole package, providing quick answer and a strong name is what is perceived as value in the eye of customer.

4.2.3.2 Wilson Electric

We interviewed Karl Wilson, owner of the company, he states that:

“We are working a lot on technology improvements for our service, we’d like to be able to give customers more information, they are now demanding a lot more from a service organization. The value for me is the quality of service, we're not the cheapest organization, but we aim to make our customers' life easier, that's why we tailor our products to customers' needs. Some just want to go ahead and replace their machine, some others need a quote, and I think it's something that big organizations are losing.

4.3 Business Process

4.3.1 Turkey

The business process is divided into 4 phases: order entry, inventory, shipping and returns. In order to be clearer, we examined the phases of business process under two sections, one is for spare parts and the other is for finished goods.
|-----------------------------|--------------------------|---------------------|-----------------------|
| **Order entry**             | • Place orders for spare parts by e-commerce  
• Place orders for finished goods by e-mail  
• No need to check availability for spare parts  
• Check availability for finished goods by internet  
• Order confirmation: Yes, satisfactory  
• Changes in order: For spare parts, not often (sometimes to cancel)  
For finished goods: No | • Place orders for spare parts by internet  
• Place orders for finished goods by e-mail  
• No need to check availability for spare parts  
• Check availability for finished goods by internet  
• Order confirmation: Yes, satisfactory  
• No changes in order | • Place orders spare parts by e-mail although it has online access code to place in by e-commerce  
• Place orders for finished goods by e-mail  
• Order confirmation: Yes, satisfactory  
• No changes in order |
| **Inventory**               | • No follow-up of orders.  
• In case of any delay, SLS Turkey and customers are informed.  
• No stock | • No follow-up of orders | • No follow-up of orders |
| **Shipping**                | • For spare parts under $100, no customs.  
Above $100, custom clearance is needed.  
• The spare parts are carried by DHL.  
• For finished goods,  
The center arranges shipment with a freight forwarder (STS)  
• Delivery time for A products is 3 weeks, for B products is 6 weeks.  
• The freight expense is really low. | • Shipment of spare parts by DHL  
• For finished goods, STS (Scandinavia) carries goods to Turkey and calls local forwarder (Yurtici Kargo) that carries goods to end-customer.  
• Technicians go to the customer and make installation. | • Shipment of spare parts by DHL  
• For finished goods, the center arranges shipment to Turkey  
• Aygenteks arrange inland transportation by minitrucks and use local forwarders.  
• Want wooden packaging.  
• The freight expense is reasonable. |
| **Product returns**         | • No returns | • No returns | • No returns |

Table 1 Business process matrix of three importers of SLS in Turkey
4.3.1.1 Order entry

During the phase of order entry for spare parts, SLS Turkey and Tripa use the e-commerce tool. SLS Turkey receives the orders from service partners through partner.com and places them manually through SLS website. Tripa place the orders through internet as well. However, Aygenteks does not use e-commerce even though it has access to the code to use it. The reason of not using e-commerce for spare parts is that they rarely order and they feel more secure when placing the orders by e-mail. For finished goods, all three importers place the orders by e-mail. They receive the orders from end customers and send them to the center by e-mail.

None of importers needs to check the availability of spare parts. SLS says that the center always keeps the spare parts in their stock (99%) and according to Tripa; there is a spare part catalogue. They check the availability of finished goods in the internet.

All of the importers are satisfied with confirmation of orders. Aygentex gets confirmation sometimes directly from the center and sometimes from Burcin Akkan (Area Manager of SLS).

In general, there are no changes in orders. SLS Turkey expresses that if there is a change in an order, they send an e-mail to avoid any misunderstanding. However if the change is urgent such as cancellation of an order, they prefer to call the center so as to be able to cancel it in the same day.

4.3.1.2 Inventory

None of the importers needs to follow-up of their orders since goods in general arrive in time. In case of any delay, the center informs SLS Turkey which then informs the customer. Sometimes, there may be delay for spare parts, but they don’t need to contact center. Neither SLS Turkey nor Aygenteks keeps stock for laundry equipment.

4.3.1.3 Shipping

For spare parts under $100, there is no customs clearance. Over $100, customs clearance is needed. The spare parts are carried by DHL. For finished goods, the center has an agreement with a freight forwarder which is called “STS”. The center arranges the shipment to Turkey, including the freight expense in the invoice price of the good. When the goods arrive in Turkey, a local forwarder (Yurtici Kargo) carries the goods to the customer. The freight expenses are reasonable. According to SLS Turkey, it is really low. All spare parts arrive one week after the order. The delivery time for A type products is three weeks and for B
type products it is six weeks. Aygenteks also needs wooden packaging in order to be sure that the goods are transported safely without any damage.

4.3.1.4 Returns

There is no product returns for all three importers. Tripa says that they always give right pnc numbers to center so there is no wrong machine.

4.3.1.5 Competitors’ importer: Atlantik

Atlantik provides not only products but also laundry solutions from feasibility analysis to installation and after sales service. However, it doesn’t use e-commerce in placing orders and lists some reasons. The general director emphasizes that there are many options on the machines and it would be hard to clarify the specifications of the machines. The customers may require a special option on the machines. However, he states that for standard machines such as up to 40 kg and for spare parts it might be used, but he generally sells machines bigger than 40 kg.

Besides, the laundry product manufacturers might change their suppliers and thus, the numbers on spare parts might also change. Moreover, there might be need to negotiate the price with the customers (e.g. discounts).

4.3.2 France

|----------------------------|---------------------|----------------------|-------------------|
| Order entry                | ● Place orders for spare parts by e-commerce  
● Place orders for finished goods by fax  
● Check availability for spare parts with a call the center  
● Order confirmation: By fax, satisfactory  
● Changes in order: Very rare  | ● Place orders for spare parts by e-commerce  
● Place orders for finished goods by post mail or fax  
● Check availability for finished goods by calling Troyes  
● Order confirmation: By e-mail, satisfactory  
● Changes in order: Sometimes (less than 10% of all orders)  | ● Place orders for spare parts by e-mail  
● Place orders for finished goods by fax and also by post mail  
● Ask for a confirmation when the delivery times are tight  
● Changes in order: Very rare. For example, when the customer changes the energy he consumes (gas,
<table>
<thead>
<tr>
<th>Inventory</th>
<th>Follow up spare parts order by internet</th>
<th>Follow up of orders by e-mail</th>
<th>Need to follow up the order. Receive a weekly report of our ongoing orders, products, customers and deadlines.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipping</td>
<td>Spare parts coming to the warehouse</td>
<td>Products that don't need handling received at Sodibel’s place. Products that need handling, delivered at the customer's place. SLS manage the shipping</td>
<td>Spare parts: 90% at our office, 10% at the customer's. Finished goods to the customer. Customers call to have the installation. Transportation booked by SLS</td>
</tr>
<tr>
<td></td>
<td>Finished goods are shipped directly to the end customer</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The customer calls for installation when the products have arrived. SLS is in charge of organizing and booking the shipping</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product returns</td>
<td>Almost never</td>
<td>No return of end products. May occur with spare parts in case of errors in the order by the customer. No credit notes</td>
<td>Very rare. In case of having a product with technical problems, they change them. No credit notes</td>
</tr>
<tr>
<td></td>
<td>SLS sends a carrier to take the wrong piece back</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>No Credit Notes issued</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 2** Business process matrix of three dealers of SLS in France

### 4.3.2.1 Order entry

Companies are ordering two different kinds of products, finished goods and spare parts; the ordering process differs between them. Orders for spare parts are placed via the web through the electronic-shop of SLS, and finished goods are ordered via fax generally, but also by post and email in a lesser proportion.

However all the information necessary for dealers is not proactively provided therefore they need to call the sales company in order to check the availability of the finished goods as well as the delivery times.
Once the order has been placed, a confirmation of the order is sent to the dealers, informing them about the delivery date, that are met in most of the cases, and that their order is being treated. In case that the delivery date has to be changed, dealers are also warned by email about it.

Changes in orders occur very rarely for all dealers, that is a source and a consequence of valuable dealer-supplier relationship. It may happen if the customer changes his energy supply and therefore need machines adapted to his new type of energy (gas, electricity), but it’s a phenomenon that remains marginal, and when informed early enough, it is not a source of problem for the sales company to adapt the delivery.

4.3.2.2 Inventory

Concerning the follow-up or orders it appears that different dealers use different means. Indeed it has been found that some dealers are following their spares via the web, while others just refer to the email confirmation they have received earlier, to which SLS is used to meet the deadlines. Finally, some other dealers receive a weekly report of their ongoing orders that allow them to plan their deliveries.

4.3.2.3 Shipping

All the dealers interviewed told us that the transportation of goods is arranged by SLS. The spare parts come to their facilities and the finished goods go directly to the customers who then call the dealers to make installation. They highlight the importance of coordination with the carrier so as to send the technical team to the end-customer in time. Therefore, it is important to know the carrier’s contact number and the time the goods will be delivered. SLS communicate date of delivery and contact of the driver. As an example, Sebi keeps 90% of the spare parts in its office, the rest 10% of the spare parts and finished goods go to the end customers.

4.3.2.4 Product returns

Product returns rarely occur, it may be due to a human error of the customer or the dealer, who placed a wrong order or to change the product in case of any technical problems. When it happens for spare parts, SLS send a carrier to take the wrong pieces back. None of the dealers issues credit notes to the customers.

4.4 Current situation and e-commerce

Through this part, the data collected regarding the issues faced by companies, their perception about e-commerce for finished goods and their experience of web-orders with spare parts are presented.
They will be presented country by country and summarized.

### 4.4.1 France

<table>
<thead>
<tr>
<th>Company</th>
<th>Sodibel</th>
<th>Mesrel</th>
<th>Coadou</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market evolution and Problems encountered</td>
<td>- Demand turns to prices - More exigency, better informed customers - Want to track orders via internet</td>
<td>- Dealers pretext the crisis to slash their prices - Customers buy a machine but also a top quality service.</td>
<td>- Different expectations depending on the size of the machine. - Public organizations have budget reductions. - Customers better informed - Hard to determine the needs. - Customers need to trust the product/service. - Customers use the competition to pull down the prices. - Deliveries too long - Still have to call</td>
</tr>
</tbody>
</table>

| Perception and expectations about e-commerce for finished goods | - Ask for the implementation. - Easier with finished goods than spare parts: less references - Quicker, save paper, more serious and more reliable. | - SLS is leader in France, need to innovate first - A big advantage: 24/7 - Check he availability and lead time. Customers want precision and quick answers | - Would like to be able to order online the products that represent 80% of the French Market, to find the PNCs and check the delivery times - May answer customers quicker about the deliveries and be able to track orders |

| The experience of e-commerce with spare parts | 1. **System Quality:** - Easy-to-use solution - Very quick orders when they know the PNCs 2. **Information Quality:** - May be hard to find the PNCs, should be easier - Call much less SLS now - More convenient when they have the PNC 3. **Service Quality:** - Rarely wrong parts are received - SLS respond quickly 4. **Use** - 99% of the time 5. **User satisfaction** - Satisfied of this system 6. **Net Benefits** - Obvious time savings - Reduced delivery times. - No significant cost saving, only the phone - Similar information quality | 1. **System Quality** - Very quick order treatment, sometimes impressive 2. **Information Quality** - Need electrical patterns. Lack of information - Call much less. 3. **Service Quality** - Rare wrong parts received - Orders can be modified before it is sent. 4. **Use** - Use it in every situation 5. **User satisfaction** - Satisfied 6. **Net Benefits** - Great time saving. - Has time to manage better his company, source of cost savings. - Faster deliveries and customer service - Low freight cost - Consider the company more competitive. | 1. **System Quality** - Quick treatment of the order when parts are available. - Easy-to-use platform 2. **Information Quality** - Right information, very fast when they have the PNCs. 3. **Service Quality** - Rare wrong parts are received. - Need to know delivery times when parts are not available. 4. **Use** - 100% of their orders. 5. **User satisfaction** - Satisfied 6. **Net Benefits** The following information could not be obtained from the company. |

| Table 3 | The matrix summarizing three interviews in France related to e-commerce implementation | | |
4.4.1.1 Market evolution and problems encountered

A common pattern in term of market evolution emerges from the interview realized, as well as the new issues dealers have to face nowadays.

When asked about the recent change in the demand, dealers seem to accord on an increased exigency of customers. Indeed, thanks to the new information technologies, especially internet, they can have an instant access to a broader range of suppliers; they are much better informed and increasingly using their knowledge of the competition to obtain better transactions. They negotiate prices more, by telling that they have an offer by a competitor, and would like to know what the dealer can offer of better value. Dealers report that they are therefore increasingly looking for a price before looking for a product. Price has become a crucial variable in purchasing, and that may lead SLS to lose market shares, because their products are more expensive than their competitors, “10 to 20% above the market”, says Mr. Coadou, Manager of Coadou SARL.

Therefore if the difference cannot be made on the price, the offer has to bring more value, quality, reliability, service associated. And this is also an issue regarded which customers have more expectations. They want the best quality of product and services at the lowest price, and buy a concept more than only a product. They want to buy and then have no issue to face regarding their laundry, because it is not their core business, so they cannot afford losing time on laundry issues, the service provided must fix everything.

4.4.1.2 Perception and Expectations about e-commerce use for finished goods

Dealers agree on the utility on an e-commerce solution to order their finished goods, and all have high expectations about it.

They see e-commerce as a mean to know the delivery dates quickly after the order, according to them this is a crucial issue because customers, as they are getting more exigent, want to know their delivery date as soon as they order their product. To them, an e-commerce solution would be the perfect way to get this information quickly, rather than waiting during several days for the sales company of SLS to inform them of the delivery date via email. They currently have to call the sales company to follow if their delivery date will be met.

The other expectations are related to their need to follow their orders. They would like to have a tracking function online to be able to know where is their product, if it is in the manufacturing stage, manufactured, ready to be delivered and so on.
Accessing a list of products to find the PNCs they are looking for is also an important issue to them.

Finally the last main argument why they consider web-orders as a good solution to stop wasting time on placing their orders by fax, a web-order is seen as much quicker, paper saving and more accurate, because there is no need to interpret it, and it cannot be lost as a paper order can.

4.4.1.3 The experience of web orders with spare parts

System Quality: All the dealers agree that the web solution is easy-to-use, and that orders are treated very fast, however only in the condition that parts are available and when they know the PNCs. Furthermore it happens that the website crashes, but it is quickly repaired and is not a bothering problem.

Information Quality: In terms of general use, dealers are satisfied with the information provided, that permits them to place their order quickly, and reduced their need to call the sales company, their conversations deal with details and punctual difficulties encountered. When they don't have the PNCs of the parts they want to order, they may still have to call and spend more time, to obtain the right reference and place their order.

Service Quality: The service is of good quality, all of them report that they rarely receive misorders, with wrong or missing parts, that may make them lose 1 or 2 days to supply customers. However the fact that delivery times are not mentioned in case of absence of stock make it impossible to inform customers of the delivery date, because the confirmation might come late.

Use: Dealers use the service to its maximum extent, in 100% of the case except the few times when they have to call the sales office for the reasons mentioned above.

User satisfaction: They are satisfied with the system and recognize that it is more efficient than competitors' ordering process. However, SLS never realized any satisfaction survey about it.

Net Benefits: Every dealer realized time savings due to the fact that they could get rid of typing, printing and sending faxes, or calling for references, this is the most obvious realized benefit for them. Of importance as well, dealers can be supplied earlier, generally one day earlier, because of the speed of order treatment, therefore they can equally supply their customers earlier for more satisfaction. Companies however have divergent inputs about cost savings, some see them as not obvious while others can extend their time saving to a longer time to take care of managerial task such as cost control, and from a better cost management, realize cost savings. The flows of information are regarded as an equivalent quality, because before the implementation, they use to deal with professional who were able to provide them with the right information.
4.4.2 United Kingdom

In the United Kingdom, data have been collected through four interviews, three dealers, OPL, Red Squared Food Service and Laundry Solutions, and Karl Wilson's Electrics, and the sales company SLS UK.

<table>
<thead>
<tr>
<th>Company</th>
<th>Karl Wilson's Electrics</th>
<th>Red Squared</th>
<th>SLS UK</th>
</tr>
</thead>
</table>
| Market evolution and Problems encountered | - Harder competition.  
- Council's budget reductions  
- Partner/Competitor of SLS  
- Too short guarantee for SP  
- No stock. Cannot trust the availability of products, give bad confidence to salesmen.  
- SLS management changes too often  
- SLS fear that they follow their leads and sell Miele | - Trend from outsourcing to in-house laundries for hotels.  
- Customers seek energy efficiency and long-term use.  
- Don't have to sell cheap but emphasize on quality.  
- Delivery is too long. | - Problem Direct sales force/dealers  
- Lead not followed by the dealer: lost sale.  
- Lost orders because of machines unavailability. Used to have stock and 24 hours deliveries, now 1 week the quickest.  
- Deliveries may be subcontracted 4 times, lot of damages.  
- Too many different PNCs |
| Perception and expectations about e-commerce for finished goods | - Very useful: would like to receive an acknowledgment of deliveries  
- Enter a PNC to check the delivery date, quicker answer to the customer  
- Want a proactive system, automatic information from a track and trace system  
- Different information should be sent to different persons | - Want to track their deliveries online.  
- Respond faster to customers  
- Check the stock, earliest and latest delivery date, date of arrival in stock.  
- Have a price list of products they use to buy with PNCs.  
- Know the carriage cost, give option and price to the client | For dealers:  
- Tracking their order, check stocks and quicken the ordering process.  
- Still have to find PNCs by themselves, must stick to their list.  
- Mistake on a big machine order: too costly |
| The experience of e-commerce with spare parts | - Functional solution  
- Fast deliveries  
- May have to return some parts sometimes but it's not such an issue, guarantee is. | - Impact on their own job:  
- Stop checking orders.  
- More time to be proactive, improved customer service.  
- Harder to coordinate orders  
- Needs support from logistics | A lot of mispicks, waste some time  
- Want more stock to fasten deliveries  
- Customers can't see the freight cost, Should be improved. |

Table 4 The matrix summarizing three interviews in UK related to e-commerce implementation

4.4.2.1 Market Evolution and problem encountered

The main issue that has been mentioned by all three dealers and also by SLS UK is the issue of stock. Indeed the head office of SLS in Sweden does not allow dealers to hold stock in their premises. Dealers report that it is a source of many delays in deliveries, or too long delivery times for basic products with at least a week of shipment that can lead to customers' dissatisfaction and further, customer’s loss. This is
the reason given by dealers to explain how SLS lost the leadership of the UK market to competitors. They consider necessary that salespeople would be able to know at the moment they are actually doing the sale, the availability of a product and the delivery time, to adapt the conditions to the customer.

Concerning the market evolution, it appears that competition is increasing, mainly competitors selling cheaper products than SLS that makes it crucial to insist on the cost savings that an energy efficient and reliable machine can provide them. It is not possible to sell cheap SLS machines, that doesn't vehicle an image of premium brand, the only way is to insist on future savings and the quality of products and services included in the cost.

Another concern of dealers is to see councils' and public organizations' budget reductions due to the current political turbulence and future change that may occur, that would be a possible source of outsourcing laundry systems again to focus on core activities. However the current trend seems to be rather to build in-house laundries.

Finally, the fact that SLS in the UK sell through both dealers and direct sales force make relationships between them confusing, due to the fact that they can be both partners and competitors in this situation. That is why SLS is increasingly encouraging sales through dealers, to have a clearer and smoother sales system.

4.4.2.2 Perception and expectations about e-commerce for finished goods

In the UK as well as it was in France, dealers have a lot of positive expectations in placing web orders for finished goods. These benefits are equally acknowledged by SLS UK, which looks favorably forward to an e-commerce solution.

The major benefit expected for dealers is the possibility to track their order by using PNCs, and the possibility to check the availability of products prior to ordering. This will permit them to answer their customers about the delivery times much quicker, to know the earliest and latest delivery date depending on the availability. They consider it a crucial help in order to increase their competitiveness regarding SLS products.

The e-commerce solution should also provide them price lists with the PNCs of the products they are used to purchase, as well as the carriage cost of deliveries.
SLS UK agrees with the importance of these benefits for dealers as well as for them. By stopping managing the order placement, they would free time slots to provide a better service to their dealers and customers; they could be proactive, what Karl Wilson from Karl Wilson's Electrics is exactly requiring. However the sales company sees limitations to the use of e-commerce for finished goods, the biggest machines should not be available online because a mistake on such an order would be too much costly to fix, due to the fact that they require a special transportation. They also highlight that a support in logistics from the center is necessary for an efficient solution, to help them coordinate the transportation and notify dealers in case of delays.

4.4.2.3 The experience of e-commerce with spare parts

Concerning the use of e-commerce for spare parts, few information has been collected from dealers, but when questioned, Karl Wilson's Electrics and OPL answered positively about it. They appreciate the functionality of the system and the quick deliveries when parts are in stock. Paradoxically, the return we received from the sales company is that there are a lot of problems with the system, mainly a lot of mispicks leading to waste of times when sending back the products. They also complain about the lack of stock for spare parts, because a part that is not stocked can take 26 to 52 days to be supplied.

4.4.3 Turkey

The interviews we have been doing in Turkey did not give us a lot of information about the implementation of e-commerce, because the emphasis at that time of our study, was on the market situation, however the information received are presented in the following part.

4.4.3.1 Market situation and problems encountered

There are a lot of local manufacturers of laundry systems in Turkey, and these companies are selling much cheaper products than SLS. As an emerging country the main focus of customers remains the price, they want to purchase cheap products, what SLS does not offer, that has been at the origin of customers loss for certain importers such as Aygentex.

However new sanitary regulations are arriving in Turkey from the EU, that is an opportunity for SLS, because their state-of-the-art machines already follow high standards of quality.

Regarding their relationships with other countries, Turkish companies deal more comfortably with Turkish states, such as Kazakhstan or Turkmenistan, than with Western companies because their cultures
and business mores are much closer. Turkish customers are also reticent to purchase machines produced in Eastern Asia because they consider these countries are competitors.

### 4.4.3.2 About e-commerce

The little information we received about e-commerce came from Atlantik, a dealer competing with SLS, he mentioned that it is something difficult to implement in Turkey because they don't trust these systems, Aygentex also state in this way that they are more confident with emails than with the e-shop. Besides they state that culturally, Turkish organizations like to negotiate the prices, something that is not possible in an automatic online system.

Finally we learnt from SLS Turkey that there is no need for them to have to follow up the orders because they are directly informed by center in case of problem on the deliveries.

<table>
<thead>
<tr>
<th>Company</th>
<th>Tripa</th>
<th>Aygentex (Textile industry, sell laundry system for textile testing)</th>
<th>SLS Turkey</th>
</tr>
</thead>
</table>
| **Market situation and problem encountered** | -Much cheaper competition  
-Plunging market  
-Turkish customers don't want to purchase machines produced in Thailand, they want to fight Thai competitors | -Feel closer when doing business with surrounding countries than with Europe or America. Closer cultures.  
-Lose some new customers due to the high price. | -New regulations from EU, advantage for SLS  
-Hotels are increasingly outsourcing. |

| **About e-commerce** | -Don't use e-commerce for spares, too low volume and lack of trust | -Don't need to check stocks  
-Don't need to follow up the order because the center informs them if there is something wrong.  
-Order spares via SLS website | |

**Table 5** The matrix summarizing three interviews in Turkey related to e-commerce implementation.

### 4.5 Summary

#### 4.5.1 Market Context

This chapter will present empirical findings related to our case company, Star Laundry Solutions (SLS). The findings are based on interviews of importers, sales offices, customers and some competitors. Firstly, SLS Company; then Turkey, France and UK market for professional laundry systems will be described related to our first research question, which is “How does the market context influence the business
practices?” By the answers of Turkish importers, competitors and end-customer; it is observable that the professional laundry market is in a changing process to tunnel machines and industrial commercial laundries. Hotels prefer outsourcing laundries rather than establishing in-house laundry because of high costs and investment. Importers, dealers and end-customers are looking for cheaper prices for professional laundry equipment which directly affect the market activities and demand in the sector. The frequency of purchase is decreasing and customers are looking for some other values like after sale services, additional to economic products. When we talk about France, dealers claim that there is a dilemma between in-house and outsourcing laundries. They think that if customers are satisfied by prices and services, the demand would increase and in-house laundry number would follow the same evolution. But they think that the sector is stagnant now. On the contrary UK dealers think that the new trend is going from outsourcing to in-house laundries.

4.5.2 Business Process

The market structure for SLS is different in Turkey from France and UK. Three independent importers are selling SLS’ products. On the other hand, in France and UK, dealers supply end-customers with SLS products and there is a sales company above them.

The operations in the business process are grouped in 4 steps; order entry, inventory, shipping and product returns.

The importers and dealers interviewed place orders for spare parts through e-commerce. However, they place orders for finished goods by e-mail and/or fax. Turkish importers don’t need to check availability of spare parts since they have not experienced any problem, which could stem from the low volume of sales. Regarding finished goods, they check availability by sending e-mails. In France and UK, dealers call the center for availability. Order confirmation is done via e-mail or fax. Besides, all these importers and dealers rarely make changes in orders.

While the importers in Turkey don’t need to follow up the orders, the dealers in France and UK use internet to track their orders. This situation can also be attributed to the difference in sales volume between Turkey and other mature markets.

Turkish importers sometimes have problems related to customs since spare parts above $100 needs custom clearance that may take time due to some import regulations. The products imported from Asian countries are investigated more carefully and sometimes not allowed to be imported. Besides, SLS is in charge of organizing and booking the shipping for all three countries. The finished goods are delivered
directly to customers while spare parts are mostly carried to the importers/dealers’ premises (warehouse or office). When the goods arrive, customers call importers/dealers for installation. The freight expenses are included in the invoice price of the products.

The rate of product returns is very low. In case of any technical problems or wrong orders for spare parts, SLS sends a carrier to take the wrong piece and change it. The importers and dealers have not experienced any bad experience regarding this issue.

4.5.3 Current situation and implementation

New issues of the market

A general feedback of the companies interviewed is that competition increased during the last years, and customers’ exigency has arisen. Nowadays, customers are better informed, know the market and its players better, and therefore seek to obtain the best purchasing conditions, they want a top quality of products and service to the lowest price. The price dimension is even the most crucial in Turkey where, as an emerging market, purchasers look first for a price before a top quality that they cannot afford.

Drivers and motives for implementation

In France and UK, that represent mature markets in our study, the implementation of an e-commerce solution for finished goods is seen as a great opportunity to improve the process. Dealers are expecting different advantages from the web solution. A successful solution would permit them to answer customers’ inquiries much faster for a better satisfaction. Another issue of importance is the gain of time and reliability realized through web orders over fax and paper orders.

However in Turkey, representing emerging markets here, e-commerce does not attract dealers in the same way, they do not trust totally these kinds of systems, and they need to negotiate prices, what is not possible via the web.

If dealers from mature markets see advantages in a web solution, it would be also advantageous for sales companies, it would give them more time to be proactive and deliver a better service to their customers.

Success factors of the implementation

Dealers consider that in order to bring them value, the system should inform them about the availability of products, the delivery date since the moment the product is purchased as well as a tracking function.
The sales company interviewed in UK warns that to be functional, a logistical support from the center is vital.

*The success of spare parts web-ordering solution*

The feedback received from France and UK about spare parts web-orders is very positive, it is a functional system of which they are satisfied. French dealers highlight the time savings they could realized thanks to it, time savings in their orders and time savings in deliveries, so they could supply their customers earlier. Although every dealer interviewed mentioned mispicks, it is a rare occurrence that is due to human mistakes, independently from the quality of the e-commerce solution.
5 ANALYSIS

In this chapter our empirical data will be compared with the theoretical framework in order to examine to what extent they overlap. This chapter contains our analysis of market context, business process and e-commerce implementation in Turkey, France and UK. After analyzing the market context for all countries, business processes of these countries will be analyzed. Then e-commerce implementation will be discussed in an analytical manner. The chapter will end with the fundamentals of our analysis.

5.1 Market Context

Fairchild et al (2004), state that electronic markets allow the participating buyers and sellers to exchange information about prices and product offerings via an inter-organizational information system. This inter-organizational information system is a part of market context, and the focus of this thesis is on the professional laundry sector in Turkey, France and UK.

By understanding the market context of these countries, it will be analyzed if they are appropriate for e-commerce implementation and how they can create successful e-commerce process. From the literature there are 17 success factors which are divided into two groups; context-related and process-related success factors, of which the context-related factors will be analyzed since they are more relevant and important regarding the market context.

![Figure 5 Success factors of electronic markets, segmented into context and process](image)

Success Factors

Among context-related success factors, the focus will concern the motives of stakeholders, critical mass, complexity of product description, asset specificity, frequency of purchase and value of products. Meanwhile, market variability and government regulations will be excluded. Market variability means
that by using e-commerce companies can increase the number of customers and suppliers, but in this case study, the supplier SLS uses e-commerce for only current customers by giving them account names and passwords, therefore they have control upon their customer base. Fairchild et al (2004) explains that government regulations are mainly for protection of the system and interception of free-riders which are mostly related to technological issues, what is out of this study’s scope.

**Motives of stakeholders:**

According to Fairchild et al (2004), if electronic markets understand the motives of stakeholders for participation, they would position the benefits appropriately. When we examine Turkish importers, they believe that by using e-commerce, it is easier to find product numbers. This explains that by using e-commerce dealers can save time, which can be a beneficial for them. Based upon empirical findings in France and UK, it transpires that dealers think that by using e-commerce for spare parts, they gained numerous benefits such as time saving, cost benefits, no paper wasting, less confusion for orders and less risk of mistake. This will be analyzed more deeply in the third part of this chapter.

**Critical mass:**

According to Fairchild et al (2004), the importance of the benefits realized by individual participants in an electronic market system increase as more organizations join the system. The reason for an electronic market to be self-sustaining can be understood from the viewpoint of network externalities, where the utility of a user from the consumption of a good increases with the number of users who are consuming it. Based on the empirical data, in Turkey only importers are able to use e-commerce, dealers do not. Dealers send their orders to importers and importers can send the orders by e-commerce. In France and UK, the situation is different, dealers have their own accounts to log in and order spare parts. Utility of e-commerce consumption increases, when the users increase. In Turkey, the number of e-commerce users is low, while in France and UK every dealer does. So, in Turkey if the dealers start to use e-commerce, the utility of e-commerce consumption would also increase.

**Complexity of product description:**

Complexity of product description refers to the amount of information needed to specify the attributes of a product in enough detail to allow potential buyers to make a selection. Because highly complicated product descriptions require more information exchange, they increase the coordination costs. Therefore, buyers of products with complex descriptions are more likely to work with a single supplier in a close, hierarchical relationship. Although e-commerce facilitates the process while the description of products is
complex, Mr. Usta from PAK laundry as end-customer in Turkey says that when the product is bigger and more complex, he would rather not use e-commerce, because he needs to ask a lot of questions directly. On the other hand, Mr. Senturk claims that he would buy all products in range, because it is easier to get information by e-commerce. He also adds that it is easy to order spare parts because there is a list of PNCs available for all spare parts and it is much easier to order by e-commerce. France and UK dealers think that by using e-commerce, they can decrease the risk of mistake and confusion for orders; but they do not perceive it as enabling coordination costs reductions. In addition to this, companies spend longer time to explain complicated products and in this process there would be more information exchange between companies, that can increase time consumption and coordination costs. Thus, all importers and dealers benefit by using e-commerce because the product descriptions are complicated and e-commerce would be a means to assist them.

**Asset specificity:**

Asset specificity is an aspect or feature of an asset (such as a specialized machine) that makes it useful for one or few specific purposes, and which therefore cannot easily be sold off quickly in a fire-sale\(^56\). Fairchild et al explains that transactions involving asset-specific products often involve a long process of development and adjustments for the supplier to meet the needs of the buyer, a process that favors the continuity of relationships found in a hierarchy. In contrast, e-markets are proposed to be more suitable for sourcing goods with low asset-specificity. When we look for the description of Fairchild et al (2004), we can analyze that a part of the product range is suitable for the case. Products below 40 kg and spare parts can be defined as low asset-specific products. Mr. Usta states that he would buy small products such as 9 kilos machines or spare parts by using e-commerce, it shows that for low asset-specific products and spare parts, companies would prefer to order through e-commerce. All companies interviewed in three countries use e-commerce for spare parts –in a lesser proportion in Turkey compared to France and UK – because it is suitable for sourcing goods with low asset-specificity. As a consequence, the case company is suitable to use e-commerce for some products end products and also for spare parts.

**Frequency of purchase:**

Frequency of purchase affects the benefits to be obtained through routinization. The lower the frequency, the greater the incentive to try to get the best price each time through a market transaction. The Turkish market for professional laundry equipments is seen as likely to grow in the near future. Even though Mr.

\(^{56}\) http://www.businessdictionary.com
Tolon explains that commercial laundries are on the way of industrialization and that hotels prefer outsourced laundries - 60% of the hotels prefer outsourcing now - other companies we interviewed in Turkey observe a rise in private hospital sector and hotel industry. This situation affects directly the frequency of purchase in Turkey. In France different dealers gave different answers, while Mr. Paulus says that market is steadily increasing; Mr. Coadou and Mr. Chalais claim that market is stagnant. In UK dealers say that the new trend is in-house instead of outsourcing that shows that there will be an increase in the market and it will affect the frequency of purchase. Thus, there will be an increase of purchases products in Turkey and UK which facilitates the e-commerce usage because of routinization behavior. Higher frequency of purchasing could be vital for the case company in addition to importers and dealers to obtain better relationships and fixed prices.

Value of products:

Fairchild et al (2004) states that in the case of high value products even small savings in prices for each purchase, due to comparison among suppliers, can offset the opportunity costs of long term relationship. In line with this, electronic markets will likely be chosen by buyers of high value products. Our case company has products with high value and for all three countries, and the product range is similar. UK, France and Turkey cannot use e-commerce for finished products which are high value products; they use e-commerce only for spare parts. As a consequence, if the case company creates an opportunity to use e-commerce for finished products, importers and dealers may be able to realize small savings in prices for each purchase and they could offset the opportunity costs in the long run.

The analysis of the business process regarded in this case study is now to be realized.

5.2 Business Process

According to Yang et al, it is critical for the suppliers to improve business service quality along the business process, especially when the suppliers find it difficult to differentiate themselves on their core services alone. The companies interviewed in Turkey, France and UK emphasize the importance of service quality and business process in order to be able to compete and survive in today’s competitive business environment.

Soliman and Jazz explain that the business process can be improved through integrated flow of information and physical distribution between supplier and buyer. All the dealers and importers
interviewed agree on the importance of business process improvement. In this context, information flow among supplier, importer/dealer and customer seems much more important than physical distribution of the products. This is also supported by the vice manager responsible for logistics department of SLS, claiming that the information flow constitutes 95% of all business process while only 5% is related to material flow. However, they are closely related to each other since if the flow of information between these actors does not work properly, this will eventually affect physical distribution of the products, e.g. delivery time. Therefore, the communication between supplier and buyer seems very crucial in improving business process.

5.2.1 The steps in business process

The companies interviewed stress the time spent on operative functions in the business process. Their aim is to reduce the wasted time for these functions and improve the quality and accuracy of information flow as well. As stated by Puschmann and Alt, the business process is divided into two parts: strategic and operative. Strategic part includes the steps such as product specification, assessment of quotations and negotiation. The rest of the business process includes some operational tasks such as order placement, delivery and payment.

Based on the empirical findings obtained during the interviews, companies aim to reduce costs and increase the efficiency of operational steps. This can be done by automating these steps and reallocating the time and labor force to strategic part of the business process. The dealers in France and UK claim that an effective bi-directional information flow between SLS center and their sales force could be used as a tool to differentiate themselves from competitors and capture more customers. Thus, the speed, quality and accuracy of information exchanged between these partners, especially related to the steps in the operative part of the business process can help dealers improve the relations with their customers.

The steps in operative section of business process include activities such as placing orders, checking availability, receiving confirmation, tracking the orders, delivering the products and payment. The dealers in France need to check the availability and delivery times of orders in order to give a quick response to the customers. The order tracking is also important in furthering the flow of information to the dealer and customer, which helps in creating value for the customer. In UK, dealers mention the same potential improvements in business process and additionally stress the necessity of sending the right information to the right person. On the other hand, Turkish importers don’t have very much feedback in improving business process because their sales volume is not high enough and the process is not highly sophisticated
either. Some other issues such as price and changing market conditions are even regarded as of higher priority over business process.

After emphasizing the importance of improving business process, now it comes to how to implement it. According to Subramaniam and Shaw, the use of the Web is mainly to replace paper based manual communication with electronic communication. This tool is often used especially through e-mail, but final aim is to automate the business process with a successful e-commerce implementation. This part will be elaborated in the next section of the analysis part. Before switching to that part, some essentials of the business process have to be introduced.

### 5.2.2 Type and complexity of process

The type and complexity of the business process are essential in deciding if Web can be used and if used then the question is to know to what extent it can be benefited from. Subramaniam and Shaw identify two types of procurement: structured and unstructured. The structured procurement means that the process required is highly automated in terms of need identification, ordering and fulfillment. The demand is regular and the product specifications do not change over time. The spare parts and the standard machines can be considered in the structured procurement category. The importers in Turkey and dealers in France and UK have already been using web solution for spare parts, but not for finished goods.

On the other end of the continuum, there are some products that are not much suitable for automated procedure. The business process for this kind of products is more complicated and has very broad procurement rules to be followed by both suppliers and customers. This type of procurement is called unstructured. The range of machines over 40kg capacity in professional laundry systems is considered non-standard machines. This type of machines has many options on it which offers several alternative choices of combination to the customers.

Regarding the unstructured procurement, it would be useful to give some examples from empirical data obtained during the interviews. Atlantik, which is a Turkish importer of competitor’s products, states that it is almost impossible to use e-commerce for finished goods because the complexity of the business process is high and customers want to negotiate the price of the product. He attributes complexity of the process partly to the existence of various options on the machines which makes it hard for the customers to choose the right one by themselves. Fairchild refers to this issue by stating that highly complicated product descriptions require more information exchange. Besides, the UK sales company supports this
idea from a different perspective by claiming that bigger machines shouldn’t be sold online because it would be too costly to fix a mistake due to the fact that they require a special transportation.

Regarding the price negotiation step of the process, Atlantik’s opinion fits well to what Subramaniam and Shaw emphasize. They state that there are some products which are not suitable for any level of automated procedure. Since the buyers want to take advantage of the best deals available at the time of ordering, very little benefit will be derived from tying such procurement to product-specific purchasing steps. However, it should be noted that the negotiation step falls under strategic procurement section of the business process.

On the other hand, there is a counter argument by Sodibel, French dealer, expressing that it is easier to order finished goods than spare parts by using e-commerce tool. He bases his statement on the fact that there are fewer references for finished goods than those for spare parts, meaning that there are much spare part codes than finished goods’. However, the rest of the interviewees state that if the necessary conditions are provided, it would be beneficial to use e-commerce for finished goods as well. These conditions and requirements will be analyzed at length in the next part.

Furthermore, it is worth to note that the transaction volume is as important as the complexity of the process, which is also emphasized by Subramaniam and Shaw. They state that the realized value of e-commerce depends not only on the complexity of the procurement process, but also on the transaction volume of this procurement category. In this sense, the current situation in Turkey where there is a low sales volume doesn’t allow importers to take full advantage of e-commerce solution for finished goods.

5.3 E-commerce implementation

5.3.1 Drivers of the implementation

By comparing the theoretical motives for e-commerce implementation and the actual expectations of dealers, a lot of analogies are emerging.

5.3.1.1 Gains of efficiency and cost savings

Firstly, McIvor & Humphreys (2004) as well as Kaplan & Sawhney (2002) emphasize the potential gains of efficiency and cost savings expected when e-commerce is implemented. This idea has been mentioned by numerous dealers interviewed, French and English, they agree on the fact that placing a web order is a faster operation than having to call and send a fax. The French dealer Sodibel goes further by saying that the current system is not serious. Indeed it can happen that a fax order gets lost or does not end up in the right office, therefore, the big advantage of e-commerce would be the normalized aspect of the order and
the ordering process. An automatic system would strongly reduce the occurrence of such mistakes or misinterpretations during the order treatment. Indirect cost savings would then emerge from time savings and process improvement, however, none of the company interviewed seems to expect to increase their level of output, a motive that is linked to cost savings in the literature. Thus, dealers seek more to improve the efficiency of the ordering system rather than realizing important financial savings, which is not their main priority. Cost savings must be an outcome of organizational savings, as a secondary benefit rather than a target.

5.3.1.2 Information efficiency and opportunity
Another matching point between authors' statements and dealers’ expectations is, raised by Power (2005), the issue of the information efficiency and opportunity along organizations' supply chains. Indeed dealers in France and UK are looking forward to using a system that would provide them more information than they currently receive, or receive the same information quicker. What may be the biggest expectation about the e-shop is the possibility to receive the information concerning the availability of products, the delivery time and delivery date directly at the moment of the order. Being able to give this information immediately to the customers would be a source of competitive advantage for dealers in an increasingly competitive market where the difference is more and more expected to be on the service than on the products. About this point, Kevin Geehan, manager of Red Squared Solutions Ltd. mentions that customers remember whom they receive the quickest quote from, for instance.
Still regarding the information opportunity that an internet solution can fulfill, dealers are expecting to have a simple system online to find their products' PNC, which would avoid them to call the sales company and lose some time, to ask them.
Finally another expectation from the dealers' side regarding information quality is the ability to be able to track their order online via the e-shop, to be able to reach the necessary information for them as well as for customers, and to save calling time.

Thereby, an e-commerce solution is an actual means to increase the efficiency of the information flow by proactively providing information that dealers need and it is accordingly an opportunity to facilitate their order placements.

5.3.1.3 Improving their time-based delivery performance
Power (2005) also insists on the link between IT and time-based delivery performance. It has been proved with spare parts that a 24/7 available system, allowing dealers to order their products after the working hours, is a means to see their order treated one day faster than with a traditional order. Companies
therefore received their products one day earlier than they would have without e-shop. Thus, an earlier reception leads to a quicker delivery to customers, and is an indicator of better performance.

5.3.1.4 Communication patterns’ evolution
The last issue discussed by authors and treated by companies interviewed is the issue of the communication patterns’ evolution, stated by McIvor et al (2000), and McIvor and Humphreys (2004). The ordering process will be simplified because with the e-shop, dealers will be directly linked to the center of SLS, meaning that the sales companies' intermediation would be bypassed. This solution will free time for the sales companies to become more proactive, as Suzanne Fox, from SLS UK, explained to us.

Therefore, a direct communication would emerge between the center and dealers, while it is the opportunity for sales companies to become more proactive and increase dealers’ satisfaction, take more time to talk with them and find out how to improve the process.

5.3.2 Success Factors of the implementation: enablers and barriers
As seen in the theoretical chapter, if benefits of e-commerce are largely expected, their realization depends on several factors.

5.3.2.1 Competitive pressure
Power (2005) stresses a list of enablers of success, among them; firstly the competitive pressure is mentioned. As it has been seen through the previous chapter, every company interviewed described an increasing competition, in France, UK and also in Turkey, coupled to a growing importance of the price characteristic, especially in Turkey, where as an emerging country, price is the most important variable in purchases. Therefore, SLS needs to implement a valuable solution to cope with this pressure.

5.3.2.2 Customer’s support
The second requirement stated by Power (2005) for an effective implementation is customers’ support. Dealers, who can be seen as customers for SLS, in France and UK were all very positive about the capability to order their finished goods online, as described in the previous part; they see a lot of potential benefits in its use. Some of them, such as Sebi, have even been begging for it for several years, while some others take kindly to this possibility, like English dealers. However, the situation seem to be different from Turkey's side, by listening to their point of view, it appears that Turkish companies are not ready to switch to web ordering, for a question of cultural practice of bargaining prices, a possibility that disappears with web ordering, as well as for a question of trust in web shops.
Thereby, conditions seem to be more favorable in mature markets rather than in emerging markets such as Turkey. Customers are more eager to use an electronic system because buying online is nowadays parts of the daily life in mature markets, while it is still developing with more difficulties in emerging markets, due to the weaker support of customers.

### 5.3.2.3 Interorganizational trust

According to Pavlou (2002), sharing trust between organizations creates a social capital leading to positive outcomes in the interorganizational relationships, and to a greater extent for their business and profits. It is also an issue that has been raised by French, UK and Turkish dealers. In Turkey they hardly trust e-commerce, indeed they prefer to have a direct contact with the supplier. It is for them the only way to ensure that their demand is heard and that business is done in good conditions. In France, contrarily, they trust more a web order than a paper order because the latter may get lost and the risk of misinterpretation remains. For UK, the information of the website related to stock and delivery times principally must be reliable, they need to trust them in order to perform good sales, they need to have confidence in the information they can provide to the customers.

Thus the issue of trust is central in doing business and therefore in the e-commerce implementation. In order to bring positive outcomes, the system has to create an atmosphere of trust between parties. If it is not trustworthy, the system can hardly succeed and companies will not be eager to use it, as it is currently the case in Turkey.

### 5.3.2.4 Technology understanding

Power (2005) relates the success of B2B e-commerce implementation to the level of understanding of technologies, their implication, and the range of options available. In the case of SLS, this means that not only the usage of e-commerce as e-procurement for finished goods must be set up, but the system also has to provide a broader service than just a click-ordering. As begged from different dealers interviewed, in order to be more satisfying, helpful, and increase their competitiveness, the web solution should also provide them an easy access to PNCs, products availability and delivery times they could communicate to customers right after the order.

### 5.3.2.5 The value of logistics

In order to build a sustainable competitive advantage, Gilmour (1999) highlights the additional value that must be provided by logistics. As sales company will benefit of more time to lubricate the business process, it would transpire that they could be in charge of organizing the logistics of the operation better. However, Suzanne Fox, from SLS UK explains that taking care of the logistics without seeing the orders anymore would be a much more complicated task because they no longer know what they are concretely dealing with. There is a contradiction between the help they should be able to provide due to the fact that
they dispose of more time, and the capability they lose by not placing the orders anymore. Therefore their suggestion is that SLS's center should be helpful to organize the logistics, by communicating directly with dealers.

Accordingly, the issue of logistics can be seen as of crucial interest. Firstly, it is an efficient way to build a sustainable advantage by smoothing the order to delivery process. Secondly, e-commerce implementation would lead to a change of responsibility, from sales companies to the center, as wished so by sales companies. However, there are so many dealers in each country that the question would be to know how the head office could find the resource and time to perform this new task. Thus there is an obvious need to know what would be the exact responsibility of one another prior to the implementation, to avoid important gaps or overlaps in task performed by different members of the supply chain.

5.3.2.6 Capital investment
The final issue to study here is the question of the capital investment when implementing e-commerce. Power (2005) states that when organizations are about to reengineer their process, they have to know where they will invest their capital. It encompasses investments in software, hardware, consulting, outsourcing, etc. SLS launched an e-commerce solution for the first time two years ago in 2008, in UK, that has been dropped because it was a failure because dealers did not use it or too few used due to the fact that the IT system was not functional enough, with a lot of lost orders, said Suzanne Fox from SLS UK. The reason for this failure is probably that the implementation has not been enough studied as a whole concept encompassing several issues along the business process and the supply chain. Therefore this time, in order to avoid wasting money in implementing an ineffective system, customer’s expectation has to be studied more tightly as well as all the issues concerning the process reengineering. The center has to know what and how to implement. In this sense, they can use the experience they have had of e-commerce with spare parts as a basis, which has been implemented 10 years ago. The next part will be an evaluation of this system.

5.3.3 Measuring the success of the implementation: a system evaluation
The model used to measure the success of the system is the one drawn by DeLone & McLean (2003). It is made of six dimensions, the first three blocks concern the quality of the system, the information and the service provided. At the same time, they are the sources of intention to use the system, and user satisfaction. Finally, the result of these variables is the net benefits which is the most important characteristic capturing the balance of the positive and negative impact of the solution. The presence of dominant net benefits creates a virtuous loop of use, satisfaction and further benefits.

The issue here is to measure the success of the implementation of e-commerce for spare parts, because it can be used as a basis to build the e-shop for finished goods. The experience and feedback are necessary
to create a valuable solution for finished goods and to know what is perceived as value and the obstacles to dodge.

Dealers interviewed in France and UK are all using this solution to order their spare parts, while in Turkey we could not obtain any feedback of companies using it, for reasons evoked in the previous parts, e.g. they are not eager to use it.

Concerning the quality of information, system and service, dealers accord their point of view on the fact that this platform is easy-to-use, with a fast order treatment that is fully satisfactory. However, they also mention the difficulties they have to face when they do not know the PNC of the ordered parts. They have to look further in the system to open views of products, but that is not always necessary, so in some cases they still have to call the sales company in order to get answer to their requests. The information provided however reduced, to a great extent, their need to call, and they call only for very specific questions.

Due to the performance of this solution, every dealer interviewed considered to be satisfied with it, in France as well as in UK, they use it as much as possible; it can be summarized by the French dealer Sebi who uses it “99% of the time”.

The most important issue is then to determine the net benefits captured by dealers. From the answers we received from France and UK, they all consider this solution as beneficial, for several reasons and to a certain extent. Indeed the most valuable and obvious advantage perceived was the time savings of the online ordering process which helps to get rid of wasting time for typing, faxing and sending written orders. However, the cost savings do not seem to be directly captured or at least perceived by the dealer. They assume they realized cost savings as an outcome of time savings, but it is not something they can measure clearly. The fact that spare parts orders represent a small amount of money in their entire turnover probably reduces the capacity to realize important cost savings.

Another benefit that has been identified by Hicks (1999) is the improvement of the supply chain to serve customers more efficiently. Dealers affirmed that due to the speed of order treatment through e-commerce, combined to the 24/7 feature, they are able to receive their parts one day before the date they would have received it through traditional ordering means. They can therefore serve their customers one day before as well, and quick answers in turn increase customers’ satisfaction.

Consequently, the solution for spare-parts can be regarded as successful, because dealers actually realized benefits from it, even though some points can still be improved, regarding the information provided, such as PNCs. The pursuit of sustainable benefits leads them to use this system as much as they can, and a virtuous loop is set up.
5.4 Summary

5.4.1 Market Context

Market context has an effect on e-commerce business process and implementation. In this part we analyzed context-related success factors to see the situation in Turkey, France and UK. By understanding the market context of these countries, we will analyze if they are appropriate for e-commerce implementation and for successful e-commerce business process.

- By motivation of stakeholders, company would show benefits of e-commerce to the dealers, they can utilize by using e-commerce.
- By critical mass, the case company aims to increase the number of users in market; there are many users of e-commerce in France and UK while in Turkey there is only one importer. If SLS tries to increase the usage of e-commerce, the consumption would increase.
- When products are complex to describe, it takes longer time and increases the coordination costs. While some importers think that it is a better way not to use e-commerce for complexity products, e-commerce would facilitate by reaching product numbers easily, paying less coordination cost and spending less time.
- SLS has a wide product range; dealers tell that they would not prefer e-commerce to order asset specific products. Spare parts and products below 40 kg are more appropriate for ordering through e-commerce.
- E-commerce would be more efficient by high frequency of purchase, it is said that in UK and Turkey, the professional laundry sector is increasing, while there are dilemmas in France market. That shows that there will be an increase of purchasing; when there is a routinization, e-commerce would be vital for case company in addition to the dealers and importers for better relationship and prices.

- Value of products is another vital point, SLS have numerous valuable products but all three countries just use e-commerce for spare parts. Using e-commerce for also high value of products can bring opportunities related to costs.

5.4.2 Business Process

- The companies interviewed in Turkey, France and UK all emphasized the importance of improving business service quality and business process in order to differentiate themselves and survive in today’s competitive business environment.
- The information flow among suppliers, importers/dealers and customer seems very crucial in improving business process.
Type of procurement

- Puschmann and Alt divide business process into two parts: strategic and operative.
- Companies aim to reduce cost and increase efficiency of operational steps by automating them and reallocate time and labor force to the strategic part of the business process.
- Dealers in France and UK stress on the importance of improving operational steps in the business process so that they could create value for the customers. However, the importers in Turkey couldn’t give any noteworthy feedback about this issue mainly due to low sales volume.

Type and complexity of process

- Subramaniam and Shaw identify two types of procurement: structured and unstructured.
- In structured procurement, the process required is highly automated, the demand is regular and the product specifications do not change over time. The spare parts and standard machines can be considered in this category.
- The business process for products which are not much suitable for automated procedure is more complicated. This type of procurement is called unstructured. The range of machines over 40 kg capacity in professional laundry systems is considered non-standard machines.
- Regarding unstructured procurement, there are different opinions from companies interviewed. Some of them states that e-commerce cannot be used for finished while another one claims it is easier to use e-commerce for finished goods than spare parts. However, most of the respondents agree that if the necessary conditions are provided, it would be beneficial to use e-commerce for finished goods as well.
- Besides, according to Subramaniam and Shaw, the transaction volume is as important as the complexity of the process. This approach can be partly useful to explain why it is not easy to take full advantage of e-commerce in Turkey for now.

5.4.3 E-commerce implementation

Drivers of the implementation

- According to French and UK dealers, the major impact of the implementation is the opportunity to improve the efficiency of the orders by quickening the process and automating the information treatment.
- The e-commerce system can provide proactively more information to dealers. They want to be able to use it as a tracking device; find the PNCs, and know the availability of products and delivery dates immediately. If the web solution does not provide this information, a major information opportunity would not be fulfilled.
Dealers expect to be able to improve their time-based delivery performance, as they could do it with e-commerce for spare parts.

For the sales company, the evolution of the communication pattern with a direct contact between the factory and the dealers is regarded as a positive outcome. It will give them more time to be proactive and improve their relational and assistance work, what should accordingly increase the company's performance.

**Success Factors of the implementation**

- The competitive pressure stated by Power as a motive of success is obvious in this market, with an increasingly strong competition and higher exigency from end customers. Therefore the environment fosters the implementation of a valuable solution.
- The customer's support is also present in France and UK, where dealers are looking forward to using the system, which is a necessary pre-requisite for success. However the situation in Turkey is different, e-commerce is not seen as a trustworthy system, and companies are not eager to use it. That would make the implementation difficult in Turkey and to a greater extent to emerging countries.
- Interorganizational trust may be the core issue of the implementation, it's an issue raised by every country regarding different problems. Therefore the system implemented has to answer customer's expectations on these different points, because a lack of trust jeopardized the sustainability of the business.
- The solution must provide more information than just an e-procurement functionality.
- A logistic support must be ensured, but the head office of SLS may be overwhelmed by the quantity of support expected if sales company no longer takes care about it. The issue of logistic adaptation to e-commerce is crucial, and members of the supply chain have to know their new role, to avoid information inefficiency and confusion.

**Measuring the success of the implementation**

- Dealers in UK and France are very satisfied with the spare parts' web ordering system; it is fast and easy to use.
- They consider they captured several benefits from it. They first highlight the time savings associated with web orders, but contrarily to the emphasis of the literature on cost savings, they consider them more indirect and unclearly measurable. Indeed time savings often lead to cost savings, but are hardly converted in financial savings. The time-based delivery performance could be also improved due to the speed of orders' treatment, for a better customer's satisfaction.
6 CONCLUSION

Through this last chapter, conclusions emerging from our case analysis are going to be drawn. The research problem of this thesis as well as the different research questions can thereby be answered. Finally, from these conclusions, some recommendations to the case company will be given.

6.1 Conclusions of the study

The answer to the Research Problem will emerge from this part, concluding the different research questions’ answers.

The Research Problem this thesis was dealing with was the following:

**What are the necessary conditions to implement a value-adding e-commerce solution in different market contexts?**

This problem had been divided into 4 major questions that are answered in the following pages:

**Question 1:** How does the market context influence the business practices?

Market context helps to understand different business practices of a specific sector in a country. There are some success factors related to market context for an efficient business process and successful e-commerce implementation.

Companies know that there will be some benefits by using e-commerce. Nevertheless, they can still choose the traditional ways of ordering in Turkey; while the mature countries that have been using e-commerce for spare parts are satisfied with it and do not look for another tool. If the company motivates the stakeholders about the advantages of using the system, dealers would prefer to use it more.

The number of e-commerce users is an important issue in a country; when the number of organizations increase, the importance of realized benefits increase. In Turkey there is only one importer using e-commerce while in France and UK all dealers are using it. Company can increase the number of users by explaining the benefits of e-commerce.

Complex products make ordering process longer and increase coordination costs; therefore e-commerce can be a good solution as an ordering tool. E-commerce may facilitate the ordering process to find
products in details and get more information as it will be concluded in further on. Having complex products can therefore be a motive to use e-commerce for all three countries.

From a wide range of products, the case company has asset specific products - which are used for specific purpose and cannot easily be sold - and products with low asset-specificity. E-commerce is more appropriate for products with low asset specificity; since the case company uses e-commerce for spare parts in all three countries, it can also be used for the products below 40 kg.

The increase in all three markets would affect the frequency of purchase in a positive way, which is vital to set up routinization. When dealers start to purchase more, it can create an opportunity to agree fixed prices and to improvement relationships between buyer and supplier.

Value of products is an important factor which can be divided between high value and low value products. It is believed that by using e-commerce for high value products, there can be cost savings for companies. Company has high value products, but they use e-commerce only for spare parts. If the company starts to use e-commerce for finished products, dealers can realize small savings. In the long run, the results can be seen in a more efficient way.

**Question 2:** What does the business process look like in different contexts?

The increasing competition in today’s business environment forces companies to differentiate themselves through improving the business process. It aims to introduce e-commerce solution in order to automate the business process.

In this sense, companies aim to improve the bi-directional information flow between the center and dealers/importers. Since they have many dealers spread over many countries, it would be hard to sustain an effective communication without automated procedure. Therefore, it is very significant to automate the business process through an e-commerce platform.

Within the entire business process, there are some steps starting from product specification to payment and after-sales service. However, the process can also be divided into two parts; strategic and operational. Companies are focusing on improving the operational part of the business process and use the time and cost saved by means of e-commerce for improving the strategic part as well such as expanding their customer base and thereby increasing their market shares in every country it is operating. This will also create value for the customers by exchanging and reaching high quality and more accurate information in a faster way.
On the other hand, there are some differences in practices regarding the business process in different markets. The business process in mature markets such as France and UK is more sophisticated than in emerging markets e.g. Turkey.

Another difference between Turkey representing emerging country markets and France & UK as mature markets could be the sales volume. Unless the sales figures in Turkey reach high levels, the business process cannot be as much sophisticated as it is in France and UK. However, it seems that along with sales increase in Turkey, the process will eventually become more complicated.

The type and complexity of procurement is also important since the products vary in terms of size, the number of options available and regularity of purchases. As seen earlier on, the spare parts and machines up to 40 kg capacity are less complex and seem more suitable for an automated procedure while the machines above 40 kg require more steps to be followed that make it unstructured in the procurement procedure. By the use of e-commerce for finished goods, companies can reallocate the resources previously used in operational steps to the strategic steps and create more value in the entire business process.

**Question 3: What are the drivers of e-commerce implementation?**

Through this study, various motives of implementation, and adoption of e-commerce for different members of the value chain, manufacturer, sales companies and dealers, have emerged.

**Drivers of implementation in mature markets**

In France and UK, that represent western mature markets through this thesis, e-commerce is perceived as a means to increase the efficiency of the system as a whole, through numerous dimensions. Firstly, the different actors want to quicken the ordering process by automating the solution. A web ordering solution will enable them to order their goods in a few clicks, when in the past it required more time to fill out and send faxes, or even longer when orders were send via post mails. Time saving is therefore a major driver for e-commerce implementation. On the one hand, it frees time for dealers, who place their orders quicker. On the other hand, sales companies are not in charge of managing and transferring the orders to the center, they can consequently deeply improve the quality of service to the dealers by being proactive.
Consequently time saving provides broader value than just time flexibility. It leads in the same time to a better quality of service as well as cost savings, the latter are not seen as a primary driver of e-commerce adoption for dealers, but are a certain valuable secondary outcome.

Secondly, the 24/7 aspect of the web solution is also looked kindly at due to the fact that the time constraint disappears to place the orders while the speed of treatments increases. Therefore dealers can satisfy their customers better, by being able to receive the order products earlier.

Finally, the system’s efficiency may also be enhanced due to the information the web-shop can provide automatically to dealers. Some information they obtain with difficulties or not as fast as they wish without using e-commerce can be available on the internet solution. In order to bring value to dealers, and further to end-customers, a solution for finish goods must provide some basic information to dealers. This crucial issue is discussed in the next part related to the success factors of the implementation.

**Barriers to implementation in Turkey**

In Turkey, the situation can be seen as contrary. Indeed, dealers can catch the interest of e-commerce, but they do not seem to think that the implementation is an absolute necessity necessary, and their expectations are not as high as the one encountered in mature markets. The low volume of sales, the lack of trust in online systems and the impossibility to negotiate prices via e-commerce are regarded as barriers to the implementation. E-commerce is not a practice widely espoused by Turkey, therefore a same solution implemented in Turkey and mature markets is likely to capture different results. This study highlighted the difficulties to implement such a solution in an emerging country where there is a strong resistance to change, symbolized by the lack of trust in electronic systems.

**QUESTION 4: What are the enablers of a successful B2B e-commerce implementation for both suppliers and dealers?**

Through this thesis the value added by e-commerce to the different members of the supply chain has been coupled to different success factors. If success factors are established, the implementation is likely to be value-adding and successful.
Customers’ support is a crucial success factor. As it has been seen through this study, mature markets are encouraging e-commerce implementation because they perceive it as valuable. Accordingly they will use it and strive to improve the system as much as they can. However in emerging markets, as it has been studied in Turkey for our case, there is a lack of customers’ support. In this situation, the use of e-commerce can be jeopardized because customers in different markets do not have the same expectations, and an adaptation of the system may be envisaged to meet their needs.

To create support, the web solution has to create trust between organizations along the supply chain. It is also a major issue, because trust leads to positive results and sustainable business. The necessity of trust in business making is present in every country whatsoever, yet, our study showed that there are differences between western countries and Turkey.

Indeed, in Turkey e-commerce as a whole does not appear to be a trustworthy means to do business, because the contact with the supplier is indirect, conclusively dealers prefer to place physical orders. It is therefore necessary to prove them how much trustworthy an e-shop may be in order to turn them toward e-commerce. However other issues will remain as they still will not be able to negotiate prices through this means.

In France and UK, what we can generalize to European mature markets, trust in the solution as a system is present, a web order is seen as systematic and therefore more serious and professional as a paper order, which is radically different to the situation in Turkey. However, what they expect to have confidence in is the information provided by the web shop. If dealers can trust the information they receive, and further forward to end-customers, they can increase SLS's sales. If they receive uncertain information, they can lead the end-customer to another product from another company they trust more. The information provided by the e-shop must therefore be absolutely trustworthy.

This information provided must be relevant; displaying precise information may lead to sustainable competitive advantages. Indeed providing online an easy access to PNCs, availability of products and delivery times would be a great opportunity for dealers. Disposing of this information would enable them to answer their customers much faster about which products they can be delivered and when. This will ensure their satisfaction, in an increasingly competitive environment where time turns out to be an absolutely crucial issue.
Implementing such a solution also creates a need to reorganize the logistical responsibility between the different players along the supply chain. Indeed sales companies drop the responsibility of managing the orders and organizing transportation when e-commerce is implemented. In order to succeed, tasks need to be clearly separated between sales companies and the head office prior to the implementation to smooth the order-to-delivery process.

Finally, companies have to know where to invest the money in. Indeed, if too few means are spent in order to ensure the value of the system they implement, it may lead to failure. The project as a whole has to be studied, the users’ needs and expectations are crucial to investigate; otherwise a solution that does not meet their needs can be implemented. In this situation, they will not use it because they have no interest in it, and the investment would have been a waste.

Now that these conclusions have been drawn, some recommendations answering the research problem emerged.

6.2 Recommendations to the case company

Through this last part of the thesis, the authors provide some input to the case company SLS to give them direction for a successful implementation in different markets. France and UK being regarded as close markets in terms of development, volume and expectations, they are treated simultaneously. Turkey, being in a totally different situation, is treated independently.

France & UK, mature markets:
– The web solution should provide an easy access to PNCs dealers are used to order. A personal page with the products they are used to order must be available online, so they do not have to call anymore to find a PNC. A general list including all the product numbers must also be present, with clear research criteria to help dealers find the PNC they are looking for.
– Stock levels and delivery times should also be indicated before the order. It is a mean to answer customers fast, which is highly valuable for them.
– A tracking system should be available, thanks to it, dealers can know exactly where their product is and when it will be delivered, they can share this information with customers to improve their communication.
The platform should enable dealers to order every type of machine online, independently from its size. If a dealer knows the product he needs, then the automatic system will bring him more value, because bigger machines, above 40 kilos, take longer time to be ordered via traditional ways, due to the high number of specifications required. However, given that a mistake on these products may be highly prejudicial, customers must be clearly warned about this issue, and only order big machines in situation of perfect certainty, when they already have all the knowledge necessary. They have to be aware of their responsibility in case of mistake, and be charged to repair it.

SLS has interest in contacting a consultant to study the whole project and avoid wrong investments.

**Turkey:**

Efforts and investments can be made in Turkey in order to educate importers about the benefit they can catch by using e-commerce. SLS should have figures to prove that e-commerce can be valuable for them; positive figures can decrease the resistance to change, because even though purchasers are aware of the advantages, they do not take the step forward yet. It may be a long process, but both parties can find advantages in changing the situation. To start up the change, SLS may have to give incentives to use e-commerce, such as discounts.

One importer out of three uses e-commerce in Turkey. SLS should provide an opportunity to use e-commerce not only for importers but also for dealers, the user number would increase and routinization can be created. This routinization can help both SLS and dealers for an easier business process.
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APPENDIX

Appendix 1 – Questionnaire for Interviews with Local Dealers

The Local Market and Dealer

1. What is your core business?
2. What kind of products do you offer (product range) to whom (different customer/segments) and from whom (different suppliers)? What is the percentage for each supplier? What is the major difference between the suppliers?
3. How has the market developed in recent years and how do you think it will develop in the future (in volume)? What kind of market would you say it is? (new/replacement; growing/mature)
4. What is driving the demand on the market (regulations, customer needs, customer purchasing pattern, new competitors, substitute products etc.)?
5. Have you observed any major changes in the market recently? Do you foresee any in the near future?
6. What is perceived as value in the eyes of your customers? What are their needs? What are they demanding? Has the demand changed recently? Do you foresee any changes in the future?
7. What is capacity to satisfy the customers’ needs? What are your competitive advantages, i.e. what do you do different from the competitors? Who are your main competitors?
8. What is your turnover? Are you profitable?
9. What is a typical customer for you? Expectations, requirements and purchasing flow (volume)?

The Business Process (order-to-delivery/return)

Marketing and Sales

1. How do you sell your products? How do you find and contact the customers? Support from SLS?
2. Do you use a customer master (salesman for each customer/contact details/customer account with need profile/financial data for each customer/products and lead times/terms of shipping/)? How many new customers do you have annually? How many do you lose? Why?
3. Do you have commercial contracts with your customers? What do they stipulate?
4. How do you receive the orders from your customers?
5. How do you translate the orders into product numbers? How do you find the pnc:s? Also for bought in products? How many new pnc:s do you have annually?
6. How do you decide and set the prices? (marketing analysis/list price). Is you price list in PRMS or excel?
7. Do you work with discounts? How?
8. How do you negotiate price with SLS?
9. What is your delivery time to your customers? (for ABC and SP espc VP) How do you calculate it (manually/automatically)? How do you measure it?
10. Do you make customer surveys? What is the result?

Order entry

11. How do you place you orders both spare parts and finished goods today with SLS? (PRMS/e-com/EDI/fax/phone etc). How would you like to place them? Why?
12. Do you check for availability? How? Satisfactory?
13. What does the order consists of?
   a. Order header
   b. Customer number = invoice payer
   c. Delivery address (updated country and postal codes?)
   d. Warehousing (direct delivery or local warehouse)?
   e. Payment terms
   f. Carrier/delivery terms
   g. Price
   h. Volume
   i. Special charges
   j. Packaging (wooden)
   k. Requested date
14. Do you receive a confirmation? (scheduled date/confirmed lead time) Satisfactory?
15. How often do you need to make changes in an order? Why?
16. What happens then?
17. How late can you change an order?

Inventory

18. Do you normally/need to follow-up on an order? Why? What do you want to know?
19. How do you do that? Time?

Shipping

20. How do you receive the products?
21. When do you know they have arrived?
22. How do you book transports?

Product returns

23. How do you handle product returns? Why do you get them?
24. How do you approve of them?
25. Do you issue credit notes?
26. How can the whole process be improved?

Relationship with SLS

27. When you have placed an order, why turn to SLS?
   a. Look for price
   b. Look for order – what in it?
   c. Changes – why?
   d. Look for spare part catalogue?
   e. Other info?
28. How often? Time?
29. What kind of help do you get? Satisfactory? Do you have to ask the same question more than one time?
30. What kind of questions do you not ask because you know you will get no answer?
31. What works well and what can be improved?
32. Is there something you would like to have from SLS?
33. Is there something you would like to give to SLS?

Appendix 2 – Questionnaire for interviews with End-customers

Current situation

1. What is your core business?
   a. What do you do/kind of services do you provide and for whom (tourists/business people)?
b. How is your business (read volume/number of occupancy)? Are you profitable?

c. Do you use online marketing for your business?

2. How many beds do you have (for hotels)? What is your classification?

3. How many kilos laundry do you wash (annually)?
   a. What does it consists of?

4. How often do you wash?

5. What kind of laundry systems do you have? How long have you had it?
   a. How does it work? Good/bad?

6. What made you decide to purchase it?
   a. Did you consider outsourcing your laundry?
   b. What are the risks of not having it in-house (be able to control it)?

7. What is the cost of washing your laundry?

8. Can you describe the purchasing process at the time of purchase? Did SLS contact you or did you contact them? Why?

9. Do you have any relationship with SLS in Sweden/logistics center or just with dealers?

10. How do you order spare parts?
    a. Do you get them on time when you need them? If not, why?
    b. Could you imagine ordering the laundry solution on the web? Why?

11. How often do you speak with/meet people from local SLS? What do you talk about?

12. What kind of support do you get from the local SLS organization? Do they understand your needs/requirements? What do you need/want to have?

13. What is good with SLS and what can be improved?

14. What does the SLS brand mean to you? In comparison with the competitors? Why do you prefer SLS? What is different/better with SLS compared to the competitors?

**Future situation**

15. What are the trends that have the greatest impact on your business?

16. Will the nomination for Istanbul as ‘the Culture Capital of Europe 2010’ have any impact on your business? Will it increase the number of guests in your hotel? For the future?

17. Do you foresee any other changes in your business? Why?

18. What consequences will it have for your need of laundry solutions?

19. If there are any changes in your need for laundry solutions, what will you do about it? Will you contact local SLS? Or do they keep track on your situation?
20. If you were to buy a new laundry solution, would it be from SLS? Why?

Appendix 3 – Questionnaire regarding e-commerce implementation

1. System Quality:

What are for you the characteristics of a valuable e-commerce solution?

Is SLS solution available 24/7? Does it ever crash and make it impossible to order?

How long after your order placement is the order treated? Are you satisfied with it?

Is the platform easy to use? How long did it required to master the tool? Are you well guided during the order placement?

2. Information Quality:

Does the website provide all information you need or do you still need to call?

Is the information too much technical or is it adapted to purchasers? How much knowledge about the product does it require to place a web order? Is it a brake to web ordering?

Is it overloaded with information or only relevant information is given?

Does the web solution inspire security? Can it be a brake to web ordering?

Since it has been implemented, do you still communicate as much with SLS? Are your conversations more accurate? Is it more pleasant and convenient to do business this way?

3. Service Quality:

Can it be some differences between the order placed and what is received? Do SLS stick to what they assure on the website?

If there is a problem during the ordering process, leading to a misorder, do SLS understands and help you out to solve the problem? Do they respond quickly in case of problem?
4. Use:

How do you actually place an order? Is it a long process?

How often do you visit the website and how many orders a day do you place through this process?

Do you want to use it as much as possible, or is it still necessary to order via traditional ways? Why?

5. User Satisfaction:

Are you satisfied with this facility? Do you use it increasingly often? Why?

Do SLS provide satisfaction surveys?

Did SLS contact you before implementing their solution to know your expectations?

6. Net Benefits:

Did the solution make you realize some cost savings? If yes, on which activity?

Did the solution make you realize some time savings? If yes, for whom? What did employees then do during the time that was freed?

Have you noticed some major improvements since e-commerce has been implemented? Did it reduce your supply time? Your own delivery time? Are there fewer delays in your orders? Is there less confusion in the orders?

Do you consider your company more competitive now?
On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterised by high quality and a competitive portfolio of skills.

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